

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE RECEIVERSHIP OF EQUITYLINE
SPV LIMITED PARTNERSHIP**

B E T W E E N:

EQUITABLE BANK

Applicant

and

EQUITYLINE SPV LIMITED PARTNERSHIP

Respondent

**FACTUM OF THE RECEIVER, KSV RESTRUCTURING INC.
(Rectification of Land Titles Register and Ancillary Matters)
Returnable October 6, 2025**

October 3, 2025

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PART I - OVERVIEW

1. KSV Restructuring Inc. (“**KSV**”), the Court-appointed receiver and manager (in such capacity, the “**Receiver**”) of EquityLine SPV Limited Partnership (“**EquityLine**”), brings this motion for, among other things:
 - (a) an order directing the Land Registrar to rectify the register pursuant to section 57(13)(b) of the *Land Titles Act*, R.S.O. 1990, c. L.5 (the “**LTA**”) by deleting certain instruments from title to the Jank Property;¹ and
 - (b) an ancillary order:
 - (i) authorizing the Receiver to make interim distributions to the Applicant, Equitable Bank, up to the amount of the secured indebtedness owing to it by EquityLine;
 - (ii) approving the fees and disbursements of the Receiver, and its counsel, Thornton Grout Finnigan LLP (“**TGF**”), up to August 31, 2025; and
 - (iii) approving the First Report, the Supplement, the Second Report and the Third Report, and the activities described therein.
2. An interested party to these receivership proceedings, Margaret Ellen Jank, alleges she is a victim of a fraudulent mortgage scheme targeting elderly homeowners in Ontario. Specifically, Ms. Jank claims that a mortgage registered against her property in the amount of \$335,000 for the benefit of EquityLine, was procured through forgeries of her signature.

¹ All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Third Report of KSV Restructuring Inc., in its capacity as receiver and manager of EquityLine SPV Limited Partnership dated September 19, 2025 (the “**Third Report**”).

3. To this end, Ms. Jank previously brought a motion to lift the stay of proceedings against EquityLine to advance her civil claim seeking, amongst other things, the deletion of the impugned mortgage from title to her property. On May 13, 2025, rather than lifting the stay of proceedings, the Court directed the Receiver to review the available evidence and determine, within 60 days, whether the impugned mortgage should be deleted from title to Ms. Jank's property.
4. In accordance with the Court's direction, and based on the evidence provided to the Receiver by Ms. Jank and EquityLine, the Receiver has concluded that the impugned mortgage on Ms. Jank's property constitutes a "fraudulent instrument" within the meaning of the LTA and ought to be deleted from title on this basis. The Receiver's determination is predicated on the expert handwriting evidence provided by Ms. Jank, which concluded that her signature appearing on key mortgage documents was forged.
5. The findings of the expert were reinforced by the circumstances of the alleged fraud, including (i) the manifest unsuitability of the mortgage, such as its above-market 10.99% interest rate and substantial fees, to purportedly finance home repairs Ms. Jank did not solicit; and (ii) the involvement of certain intermediaries who have since been subject to professional discipline and/or criminal charges in connection with similar mortgage schemes perpetrated against elderly homeowners in Ontario.
6. EquityLine disagreed with Ms. Jank and delivered its own evidence to the Receiver. However, the competing evidence advanced by EquityLine, at most, suggests that EquityLine may not have knowingly participated in the alleged fraud against Ms. Jank. This is insufficient to outweigh Ms. Jank's evidence or independently establish the

legitimacy of the impugned mortgage. Therefore, on the balance, it is apparent to the Receiver that the mortgage is a fraudulent instrument and that the land titles register ought to be rectified through deletion of the impugned mortgage from title to Ms. Jank's property.

7. In addition, the Receiver also seeks an ancillary order (i) authorizing interim distributions to Equitable Bank, EquityLine's only secured creditor; (ii) approving the Receiver's reports and the activities described therein; and (iii) approving the fees and disbursements of the Receiver and those of its counsel, TGF. The ancillary relief will not prejudice any stakeholders. The Receiver has acted reasonably, prudently and not arbitrarily within its mandate at all times, and its fees and those of its counsel are reasonable. No stakeholder has opposed the ancillary relief. The ancillary relief should therefore also be granted.

PART II - SUMMARY OF FACTS

A. Background

8. Prior to the commencement of these receivership proceedings, EquityLine was in the business of funding residential mortgages.² On or about August 5, 2021, EquityLine pledged its portfolio of residential mortgages (the "**EquityLine Mortgages**") to Equitable Bank as security for a loan advanced to it by Equitable Bank (the "**EQB Loan**").³ As part of the security package in favour of Equitable Bank, legal title to the EquityLine Mortgages was transferred to Computershare Trust Company of Canada ("**Computershare**") as custodian for EquityLine.⁴

² First Report of KSV Restructuring Inc., in its capacity as receiver and manager of EquityLine SPV Limited Partnership, dated October 2, 2024 (the "**First Report**"), at section 2.0, Appendix B to the Third Report, Motion Record of the Receiver dated September 19, 2025 ("**MR**"), Tab 2, pp. 67-70.

³ First Report, at section 2.3, paras 2-4, Appendix B to the Third Report, MR, Tab 2, p. 69.

⁴ First Report, at section 2.3, para 3, Appendix B to the Third Report, MR, Tab 2, p. 69.

9. Equitable Bank subsequently became aware that some of the EquityLine Mortgages were in default, and that mortgage enforcement proceedings were commenced in Computershare's name without Computershare's knowledge or authorization of same, including an action against Ms. Jank (as discussed below).⁵ Equitable Bank accordingly issued a demand under the EQB Loan as a result of EquityLine's defaults.
10. On August 8, 2024, the Court granted an order appointing KSV as the Receiver over the assets, undertakings and properties of EquityLine (the "**Receivership Order**").⁶ The Receivership Order applies to the EquityLine Mortgages held by Computershare as custodian for EquityLine.⁷ The Receivership Order also contains a standard stay of proceedings against EquityLine.⁸

B. Relevant History to the Receiver's Motion for Title Rectification

11. On or about May 27, 2022, a charge in the amount of \$335,000 was registered on title to the property of Ms. Jank, municipally known as 132 Swift Crescent, Guelph, Ontario and legally described under PIN 71493-1567 (LT) as Lot 33, Plan 61M59, Guelph (the "**Jank Property**") under instrument number WC674138 in favour of Computershare.⁹ At the same time, a notice of assignment of rents was registered as instrument number WC674142. On October 11, 2022, two transfers, instruments WC686902 and WC686903, were registered on title to the Jank Property, with Computershare remaining as the

⁵ First Report, at section 3.2.1, Appendix B to the Third Report, MR, Tab 2, p.70.

⁶ Appendix A to the Third Report, MR, Tab 2, pp. 44-60.

⁷ Appendix A to the Third Report, para 4, MR, Tab 2, p. 48.

⁸ Appendix A to the Third Report, para 10, MR, Tab 2, p. 50.

⁹ Appendix E to the Third Report, MR, Tab 2, pp. 96-99.

chargee.¹⁰ The \$335,000 charge, notice of assignment of rents and transfers are collectively hereinafter referred to as the “**Jank Mortgage**”.

12. On or about December 19, 2022, a mortgage enforcement action was commenced in Computershare’s name against Ms. Jank, alleging that she had defaulted on the Jank Mortgage. Terry Walman acted as purported counsel to Computershare. Computershare denies being aware of, or authorizing, this enforcement action.¹¹
13. Ms. Jank defended the action and, on or about February 14, 2023, brought a motion for an injunction enjoining Computershare from enforcing on the Jank Mortgage. Ms. Jank’s injunction motion was supported by two affidavits from her daughter, Paula Fazari, Ms. Jank’s litigation guardian and power of attorney for property.¹² The action was ultimately discontinued by Computershare.¹³
14. On July 19, 2024, Ms. Jank commenced a separate action against, among others, EquityLine, Danielle Harrison and Aid Almusri, seeking, among other things, deletion of the Jank Mortgage from title to the Jank Property (the “**Jank Action**”).¹⁴
15. The Jank Action was stayed as against EquityLine by the Receivership Order.¹⁵
16. On May 13, 2025, Ms. Jank brought a motion to lift the stay of proceedings against EquityLine in order to bring a motion for partial summary judgment to discharge the Jank

¹⁰ Appendix E to the Third Report, MR, Tab 2, pp. 96-99.

¹¹ Appendix G to the Third Report, para 10, MR, Tab 2, pp. 108-109.

¹² Appendix H to the Third Report, MR, Tab 2, pp. 112-130.

¹³ Appendix J to the Third Report, MR, Tab 2, p. 137.

¹⁴ Third Report, section 2.1, MR, Tab 2, pp. 29-30.

¹⁵ *Ibid.*

Mortgage (the “**Lift Stay Motion**”). Ms. Jank’s Lift Stay Motion was supported by an affidavit from her son-in-law, John Fazari.¹⁶ The Receiver opposed the Lift Stay Motion on the limited basis that it would be more efficient, timely and consistent with the single proceeding model to adjudicate Ms. Jank’s request within the receivership proceedings.¹⁷ The Court concurred with the Receiver’s position on the Lift Stay Motion and ordered the following process to adjudicate Ms. Jank’s request:

- (a) immediately following the issuance of the endorsement, the Receiver shall solicit, in writing, the positions of EquityLine’s principal, Sergiy Shchavyelyev, and Mr. Walman on Ms. Jank’s request, and Mr. Shchavyelyev and Mr. Walman shall have 30 days to respond;
- (b) the Receiver will review EquityLine’s books and records relating to Ms. Jank, as well as the evidence proffered by Ms. Jank in support of her request;
- (c) within 60 days of the Lift Stay Motion, the Receiver shall advise Ms. Jank of its position on Ms. Jank’s request to delete the Jank Mortgage;
- (d) if the Receiver concludes that the Jank Mortgage should be deleted, then the decision shall be binding, and the Receiver shall arrange for the deletion of the Jank Mortgage; and

¹⁶ Appendix G to the Third Report, para 10, MR, Tab 2, pp. 104-111.

¹⁷ Appendix D to the Third Report, at section 3.0, MR, Tab 2, pp. 92-94.

- (e) if the Receiver determines that the Jank Mortgage should not be deleted, Ms. Jank may bring a motion seeking to set aside that determination and an order requesting that the Jank Mortgage be deleted.¹⁸

- 17. In accordance with the Court's direction, the Receiver's counsel issued letters to Mr. Shchavyelyev and Mr. Walman requesting their response to Ms. Jank's request. On June 6, 2025, Mr. Shchavyelyev responded with his position opposing deletion of the Jank Mortgage.¹⁹ The Receiver delivered a follow-up letter to Mr. Shchavyelyev with additional questions, which were not met with a response from Mr. Shchavyelyev. Mr. Walman has not provided his position to the Receiver.²⁰
- 18. The Receiver reviewed the competing evidence put forward by Ms. Jank and Mr. Shchavyelyev (elaborated below) and, based upon same and in accordance with the Court's direction, has concluded that the Jank Mortgage ought to be deleted from title to the Jank Property for being a fraudulent instrument under the LTA. Pursuant to section 57(13)(b) of the LTA, the Court may order rectification of the land titles register by directing the deletion of a fraudulent instrument from title. The Receiver brings this motion for such an order.

C. Summary of the Evidence Provided by Ms. Jank and Mr. Shchavyelyev

- 19. The evidence of Ms. Jank and Mr. Shchavyelyev is more extensively set out in the Third Report. The salient aspects of their evidence are summarized below.

¹⁸ Appendix F to the Third Report, para 6, MR, Tab 2, pp. 102-103.

¹⁹ Appendix J to the Third Report, MR, Tab 2, pp. 134-137.

²⁰ Third Report, at section 2.3, para 6, MR, Tab 2, p. 31.

(i) *Evidence of Ms. Jank*

20. Ms. Jank is 75 years old, lives alone and suffers from diminished capacity. Accordingly, her daughter, Ms. Fazari, acts as Ms. Jank's litigation guardian and power of attorney for property.²¹ The evidence of Ms. Jank is established by affidavits from her daughter and son-in-law.
21. Beginning in December 2021, Ms. Jank began to receive unsolicited visits at her home from two men that she could only identify as "Matthew" and "Zeeshan".²² Matthew and Zeeshan advised Ms. Jank that certain Notices of Security Interest ("NOSIs") were registered against her home, and that it was advisable that she advance them money to participate in a class action to have the NOSIs deleted from title to her home. Ms. Jank paid Matthew and Zeeshan \$10,000, and over the ensuing months, they made repeated follow-up visits to her home.²³
22. On or about March 17, 2022, a mortgage application was filled out by Aid Almusri, a then-licensed mortgage broker with The Mortgage Maven. The application contained an email address that did not belong to Ms. Jank.²⁴
23. At some point during this period, Danielle Harrison, an individual formerly licensed as a lawyer by the Law Society of Ontario, became involved and purported to act on behalf of Ms. Jank. Ms. Jank states that she never met Ms. Harrison and did not retain her.²⁵

²¹ Third Report, at section 2.4, para 3, MR, Tab 2, p. 31.

²² Appendix H to the Third Report, para 19, MR, Tab 2, pp. 116-117.

²³ *Ibid* at paras 19-22.

²⁴ *Ibid* at para 23.

²⁵ *Ibid* at para 27, p. 118.

24. In April 2022, a series of mortgage documents were purportedly signed by Ms. Jank. Ms. Jank denies ever signing those documents.²⁶ A Document Examiner Letter and Report by Brenda Petty, a Certified Questioned Document Examiner-Diplomate by the International Association of Document Examiners, dated February 13, 2023 (the “**Examiner’s Report**”), reviewed five of the most important mortgage documents and concluded that all five were forgeries: (i) Declaration of Ms. Jank dated April 21, 2022; (ii) Acknowledgement and Direction dated April 21, 2022, purporting to authorize the registration of the Jank Mortgage; (iii) Acknowledgement and Direction dated April 21, 2022, purporting to authorize the registration of the notice of assignment of rents; (iv) Acknowledgement dated April 21, 2022, regarding Ms. Jank’s purported receipt of the Standard Charge Terms; and (v) Mortgage Commitment Agreement dated April 6, 2022.²⁷
25. There are additional documents that were purportedly executed by Ms. Jank via DocuSign, a software which Ms. Fazari attests that Ms. Jank would not know how to operate.²⁸
26. On May 27, 2022, the Jank Mortgage was registered on title to the Jank Property, accompanied by the following conditions:
- (a) 10.99% interest rate;
 - (b) monthly interest-only payments of \$3,068.40, of which six months were paid in advance as an interest reserve;
 - (c) a broker fee of \$23,700; and

²⁶ Third Report, at section 2.4, paras 9-11, MR, Tab 2, p.32.

²⁷ Third Report at section 2.4, para 12, MR, Tab 2, p. 33; and Appendix L to the Third Report, MR, Tab 2, pp. 197-233.

²⁸ Third Report, *supra* note 26.

(d) a lender fee of \$16,750.²⁹

27. A few days later, on June 2, 2022, \$273,039.93 representing the proceeds of the Jank Mortgage was deposited into Ms. Jank's account. At this time, certain individuals appeared at Ms. Jank's home advising that the class action was successful, but that she would need to use the proceeds towards home services repairs. They instructed Ms. Jank to arrange for bank drafts in the amount of \$250,000 to be made out to the "CARA Group". These funds were later withdrawn from Ms. Jank's account on June 8, 2022.³⁰ Ms. Jank ultimately paid out the residual amounts of the proceeds for the Jank Mortgage to these same individuals over the following months.³¹

(ii) *Evidence of Mr. Shchavyelyev*

28. Mr. Shchavyelyev opposes the deletion of the Jank Mortgage. In his response to the Receiver dated June 6, 2025, through his counsel, Judy Hamilton, Mr. Shchavyelyev argues that EquityLine and its counsel, Haskell Nussbaum, were entitled to rely on the documents and representations provided by Ms. Jank's purported solicitor, Ms. Harrison, who attested to Ms. Jank's execution of the mortgage after verifying her identity.³²

29. Mr. Shchavyelyev acknowledged in his letter that, at the time, Ms. Harrison's licence to practise law was suspended pending a final determination by the Law Society of Ontario regarding alleged misconduct in her representation of several elderly homeowners.

²⁹ Appendix H to the Third Report, para 26, MR, Tab 2, p. 118.

³⁰ *Ibid* at paras 31-36, pp. 119-120.

³¹ *Ibid*.

³² Appendix J to the Third Report, MR, Tab 2, pp. 134-137.

However, he maintained that there is no evidence that EquityLine, or its counsel were aware of, or should have detected, any fraud.³³

30. Mr. Shchavyelyev stated that Ms. Jank did receive the proceeds from the Jank Mortgage, and her chosen use of those funds was outside of EquityLine's control. Finally, Mr. Shchavyelyev suggests that the Receiver should invoke title insurance and compel the insurer to defend Ms. Jank's allegations of fraud.³⁴
31. Mr. Shchavyelyev did not challenge the specific evidence put forward by Ms. Jank, including the Examiner's Report, which concluded that Ms. Jank's signature was forged on key documents relating to the Jank Mortgage.

D. Disciplinary Proceedings Against Ms. Harrison and Mr. Almusri

32. Ms. Jank's purported counsel, Danielle Harrison, and her mortgage broker have each been the subject of professional disciplinary proceedings arising from their involvement in the mortgage fraud scheme targeting elderly homeowners in Ontario. In Ms. Harrison's case, she was also criminally charged as of October 2024.³⁵
33. A summary of the disciplinary proceedings against Ms. Harrison before the Law Society of Ontario (the "LSO") and against Mr. Almusri, before the Financial Services Regulatory Authority of Ontario ("FSRA") is set out below.

³³ Appendix J to the Third Report, MR, Tab 2, pp. 134-137.

³⁴ *Ibid.*

³⁵ Appendix G to the Third Report, para 7, MR, Tab 2, p. 7.

(i) *LSO Proceedings Against Ms. Harrison*

34. On May 4, 2023, the Law Society Tribunal suspended Ms. Harrison’s licence to practise law on an interim basis pending the adjudication of serious misconduct allegations.³⁶ The Tribunal proceeded to a full hearing, and on July 31, 2025, released its decision on the merits, finding that Ms. Harrison had committed professional misconduct by acting in conflicts of interest, knowingly assisting in dishonest and fraudulent conduct, commissioning false statutory declarations, and failing to produce required trust records.
35. The Tribunal found that Ms. Harrison acted as solicitor for both private lenders, including Canada’s Choice Capital and Canada’s Choice Investments, and for elderly homeowner borrowers who were induced into high-interest, high-cost mortgages to finance home repairs they did not seek out. In doing so, she acted in a conflict of interest by simultaneously representing lenders advancing mortgages and borrowers whose equity was being stripped to pay off dubious pre-existing NOSIs.³⁷ While she may have been an “unwitting dupe” at the outset, by mid-June 2021, there were clear red flags of predatory lending such that she was reckless in ignoring the risk of fraud.³⁸ By December 10, 2021, following complaints from the Advocacy Centre for the Elderly, she was on direct notice of fraudulent practices but continued to act, which the Tribunal held to be reckless.³⁹ By February 15, 2022, despite further warnings and a police investigation, she was wilfully blind to the fraud being perpetrated by her lender clients, deliberately avoiding

³⁶ *Law Society of Ontario v Harrison*, 2025 ONLSTH 98 [*Harrison*] at [para 12](#).

³⁷ *Ibid* at para [47](#), and [343](#).

³⁸ *Ibid* at paras [5](#) and [343](#).

³⁹ *Ibid* at para [6](#) and [343](#).

confirmation of what she suspected.⁴⁰ By April 14, 2022, the Tribunal found that she had actual knowledge of her clients' fraudulent conduct and nevertheless continued to act, thereby facilitating further frauds.⁴¹

36. The penalty phase of the disciplinary proceedings has yet to conclude.
37. Some of the documents comprising the Jank Mortgage are dated April 2022. By this time, the Tribunal found that Ms. Harrison was at minimum wilfully blind to the fraudulent scheme being carried out by her lender clients, and that by April 14, 2022, she had actual knowledge of their fraudulent conduct. Accordingly, the documentation for the Jank Mortgage was finalized at the time Ms. Harrison was either deliberately ignoring, or fully aware of, the risk of fraud.

(ii) *FSRA Proceedings Against Mr. Almusri*

38. On August 10, 2023, FSRA issued a Notice of Proposal against mortgage broker Aid Almusri, alleging multiple contraventions of the *Mortgage Brokerages, Lenders and Administrators Act*, 2006, S.O. 2006, c. 29 in connection with high-cost private mortgages advanced to vulnerable homeowners.⁴² The allegations included that Mr. Almusri failed to take reasonable steps to determine whether the mortgages were suitable for the borrowers, failed to disclose material risks and conflicts of interest, and provided false or deceptive information to lenders and borrowers in support of mortgage transactions.⁴³

⁴⁰ *Harrison* at paras [7](#) and [343](#).

⁴¹ *Ibid* at paras [8](#) and [343](#).

⁴² [Notice of Proposal](#) (FSRA) dated August 22, 2023 (the “**Notice of Proposal**”)

⁴³ Notice of Proposal at paras [71](#), [81](#), [88](#) and [94](#).

39. On March 4, 2024, Mr. Almusri entered into Minutes of Settlement with FSRA. In that settlement, he admitted to specific contraventions of the Act, including: (i) failing to take reasonable steps to ensure the suitability of mortgage products for borrowers; (ii) failing to disclose material risks; and (iii) furnishing inaccurate information to lenders.⁴⁴
40. On March 11, 2024, FSRA issued a Final Order implementing the settlement, which imposed an administrative monetary penalty of \$30,000 and confirmed that Mr. Almusri's mortgage agent licence would not be renewed.⁴⁵

E. Interim Distributions and Approval of Fees and Activities

41. The Receiver has generated approximately \$3.27 million (net of professional fees) from its activities since its appointment.⁴⁶ The Receiver is in receipt of a security opinion from its counsel, TGF, confirming that Equitable Bank's security is valid and enforceable, and further that Equitable Bank is the sole secured creditor of EquityLine.⁴⁷ The Receiver is not aware of any other secured claims against EquityLine.⁴⁸ Accordingly, the Receiver seeks the authority to make interim distributions to Equitable Bank up to the amount of the secured indebtedness owed to it.
42. A summary of the Receiver's activities since its appointment is set out further in the Third Report.⁴⁹ The Receiver submits that all its activities were reasonable and fell squarely

⁴⁴ Minutes of Settlement and Undertaking dated March 4, 2024 at para 12.

⁴⁵ [Final Order \(Administrative Penalties\)](#) dated March 11, 2024 and [Final Order \(Refusal to Renew Licence\)](#) dated March 11, 2024.

⁴⁶ Third Report, at section 5.0, para 1, MR, Tab 2, p. 40.

⁴⁷ *Ibid* at para 2.

⁴⁸ *Ibid*.

⁴⁹ Third Report, at section 4.0, para 1, MR, Tab 2, pp. 39-40.

within its mandate and orders of this Court and seeks approval of same and the Reports it has filed within these proceedings.

43. Pursuant to the Receivership Order, the fees and disbursements of the Receiver and its counsel were authorized to be paid on a periodic basis based on the fees and expenses incurred during the administration of the receivership. The Receivership Order also requires the Receiver and its counsel to pass accounts. Accordingly, the Receiver seeks approval of the following:

- (a) For the period of May 2, 2024, to August 31, 2025, fees of the Receiver in the amount of \$295,325.50, plus disbursements in the amount of \$2,324.34 and HST in the amount of \$38,694.48 for a total of \$336,344.32;⁵⁰ and
- (b) For the period of May 24, 2024, to August 31, 2025, fees of TGF in the amount of \$268,515, plus disbursements in the amount of \$8,055.50 and HST in the amount of \$35,954.23, for a total of \$312,524.73.⁵¹

PART III - STATEMENT OF ISSUES

44. This factum addresses the following issues that are before the Court in respect of this motion:

- (a) Should the Court order the rectification of the register by directing the Land Registrar for Land Registry Office No. 61 to delete the Jank Mortgage pursuant to section 57(13)(b) of the LTA?

⁵⁰ Appendix O to the Third Report, MR, Tab 2, pp. 238-270.

⁵¹ Appendix P to the Third Report, MR, Tab 2, pp. 271-274.

- (b) Should the Court authorize the Receiver to make interim distributions to Equitable Bank up to the amount of the secured indebtedness owed by EquityLine to Equitable Bank?
 - (c) Should the Court approve the reports filed by the Receiver in these receivership proceedings and the activities described therein?
 - (d) Should the Court approve the fees and disbursements of the Receiver, and those of its counsel?
45. The Receiver submits that the answer to each of the foregoing questions is “yes”.
46. As a preliminary matter, section 57(14) of the LTA stipulates the Director of Titles must be put on notice and added as a party to any proceeding seeking rectification of the register pursuant to section 57(13)(b). The Receiver believes the joinder requirement is redundant in these receivership proceedings, as all interested parties, including the Director of Titles, have the same participatory rights as any named party. In order to avoid confusion and relieve the Director of Titles from being named as a party to further matters in the receivership proceedings which it may have no interest in, the Receiver seeks to dispense with the joinder requirement. To this end, the Receiver has been in communication with counsel to the Director of Titles who advised that, in these specific circumstances, only, they do not oppose joinder being dispensed and that notice is sufficient.

PART IV - LAW & AUTHORITIES

A. Rectification of the Land Titles Register through Deletion of the Jank Mortgage

47. Section 57(13)(b) of the LTA authorizes the Court and/or the Director of Titles to direct the rectification of the register if it is satisfied that a “fraudulent instrument” has been registered on or after October 19, 2006.⁵²

48. A “fraudulent instrument” is defined in the LTA as an instrument:

- (a) under which a “fraudulent person” purports to receive or transfer an estate or interest in land;
- (b) that is given under the purported authority of a power of attorney that is forged;
- (c) that is a transfer of a charge where the charge was given by a fraudulent person; or
- (d) that perpetrates a fraud as prescribed with respect to the estate or interest in land affected by the instrument.⁵³

49. A “fraudulent person” is defined as a person who executes or purports to execute an instrument, if:

- (a) the person forged the instrument;
- (b) the person is a fictitious person; or

⁵² [Section 57\(13\)\(b\)](#) of the *Land Titles Act*, R.S.O. 1990, c. L.5 (the “LTA”).

⁵³ [Section 1](#) of the LTA.

- (c) the person holds oneself out in an instrument to be, but knows that the person is not, the registered owner of the estate or interest in land affected by the instrument.⁵⁴

50. In *1168760 Ontario Inc. v. 6706037 Canada Inc.*, 2019 ONSC 4702,⁵⁵ the Divisional Court held that the authority of the Court to order rectification of the register pursuant to section 57(13)(b) is to be construed narrowly in light of three principles of the LTA:

- (a) the mirror principle, whereby the register is a perfect mirror of the state of title;
- (b) the curtain principle, which holds that the purchaser need not investigate past dealings with the land or search behind the title as depicted in the register; and
- (c) the insurance principle, whereby the state guarantees the accuracy of the register and compensates any person who suffers a loss as a result of inaccuracy.⁵⁶

51. Specifically, the Court held that the provisions relating to “fraudulent instruments” under the LTA were not meant to be broadly interpreted as providing a remedy for real estate fraud generally. Rather, they are intended to provide a remedy to the specific issue of someone purporting to transfer an interest in land they do not possess, such as by assuming a false identity or forging a document.⁵⁷

52. These principles were upheld by the Court of Appeal for Ontario in *Froom v. Lafontaine*, 2023 ONCA 519 (“*Froom*”), stating “...the LTA does not provide a remedy for all

⁵⁴ *Ibid.*

⁵⁵ *1168760 Ontario Inc. v. 6706037 Canada Inc.*, [2019 ONSC 4702](#) [*1168760 Ontario Inc.*]

⁵⁶ *Ibid* at [para 14](#).

⁵⁷ *1168760 Ontario Inc.* at [para 32](#).

frauds...and the fact that a fraud might have been perpetrated is not in itself enough to invalidate an instrument”.⁵⁸

53. Nonetheless, forgeries are a category of “fraudulent instrument” expressly legislated in the definition of same under the LTA and accepted by the courts in *1168760 Ontario Inc.* and *Froom*. The Court in *1168760 Ontario Inc.* defined forgery in the real estate case as “...an act whereby an impostor signs the name of a person with lawful title in order to cause an instrument to be registered on title” [citations omitted].⁵⁹ In cases of alleged forgeries under the LTA, the “issue is of authenticity, not truth”.⁶⁰
54. Courts have ordered the rectification of the register pursuant to section 57(13)(b) on the basis of forged signatures having been used to complete mortgage documentation.⁶¹
55. As set out above, the Examiner’s Report concludes that Ms. Jank’s signature was forged on five key documents relating to the Jank Mortgage. Authenticity, not truth, is therefore the central issue with respect to those documents.
56. The findings in the Examiner’s Report are corroborated by the highly irregular circumstances of the Jank Mortgage, including its manifestly unsuitable terms for someone of Ms. Jank’s means, and the involvement of professionals who have since lost their licences for misconduct in comparable schemes, among them the lawyer who purported to act for Ms. Jank.

⁵⁸ *Froom v. Lafontaine*, 2023 ONCA 519 at [para 28](#).

⁵⁹ *1168760 Ontario Inc.* at para [41](#).

⁶⁰ *1168760 Ontario Inc.* at [para 42](#); *Froom* at para [41](#).

⁶¹ *Sun v. Ryan Mortgage Income Fund Inc.*, 2024 ONSC 1168 at [para 6](#).

57. Further, Ms. Jank's evidence was also unchallenged: Mr. Shchavyelyev did not address the forgeries, essentially arguing that EquityLine was unaware of the fraud. In light of the expert evidence and the context in which the Jank Mortgage was procured, the Receiver concludes that it is a fraudulent instrument and that the register should be rectified with its deletion.

B. Authorization for Interim Distributions Without Further Court Order

58. The Receiver seeks to make interim distributions to Equitable Bank up to the amount of the secured indebtedness owed to it by EquityLine, without further court order. Interim distribution orders are commonly granted in insolvency proceedings,⁶² including those that permit interim distributions from time to time up to the secured amount of the indebtedness owed to the senior secured creditor.⁶³
59. In determining whether to authorize an interim distribution, the Court will consider the validity and enforceability of the relevant security, interest savings and the liquidity of the debtor after making the distribution.⁶⁴
60. Each factor is satisfied in the instant case. The Receiver has obtained a security opinion from its counsel, TGF, confirming that Equitable Bank holds a valid and enforceable security interest over all of EquityLine's present and after-acquired property, and that it is

⁶² *Windsor Machine & Stamping Limited (Re)*, 2009 CanLII 39772 (ON SC) at para [13](#); *AbitibiBowater inc. (Arrangement relatif à)*, 2009 QCCS 6461 at [paras 70-75](#) [*AbitibiBowater*]; *Ontario Securities Commission v. Bridging Income Fund L.P.*, 2022 ONSC 4472 at [para 12](#); and *GE Canada Real Estate Financing Business Property Company v. 1262354 Ontario Inc.*, 2014 ONSC 1173 (CanLII) at [para 53](#).

⁶³ *Receivership of JD Norman Canada, ULC*, CV-21-00656820-00CL, Interim Distribution Order of Justice Cavangh issued November 16, 2021 at [para 3](#); and *Receivership of Toolplas Systems Inc. and Tool Processing Solutions Inc.*, CV-21-00658065-00CL, Distribution Order of Justice Wilton-Siegel dated June 23, 2021 at [para 4](#).

⁶⁴ *AbitibiBowater* at [paras 70-75](#).

the sole secured creditor. Interim distributions will generate substantial interest savings while preserving sufficient liquidity to administer the receivership. Authorizing future distributions without the need for repeated court motions will further benefit the estate. It will ensure that ongoing interest savings are realized promptly and will avoid the delay and professional costs of returning to court for substantively identical relief.

C. Approval of the Receiver's Reports and Activities

61. The Receiver seeks approval of its activities as set out in the Third Report. There are good policy and practical reasons to grant such approval. In *Target Canada*,⁶⁵ Morawetz RSJ (as he then was) accepted that the approval of a monitor's activities,
- (a) allows all stakeholders to move forward confidently with next steps in the proceeding;
 - (b) brings their activities before the court, "allowing an opportunity for the concerns of the court or stakeholders to be addressed, and any problems to be rectified in a timely way;"
 - (c) provides certainty and finality, as all parties have an opportunity to raise specific objections and concerns;
 - (d) enables the court to satisfy itself that the monitor's activities have been conducted prudently and diligently;
 - (e) provides for protection for the monitor not otherwise offered by statute; and

⁶⁵ *Re Target Canada Co*, 2015 ONSC 7574 [at paras 12](#) and [22-23](#) [*Target Canada*]. See also *Laurentian University of Sudbury*, [2022 ONSC 2927](#) at paras 13-14 [*Laurentian*].

- (f) protects creditors from delay in distribution that would be caused by the re-litigation of steps taken to date and/or potential indemnity claims by the monitor.

- 62. The same principles apply in a receivership.⁶⁶
- 63. The activities of the Receiver described in the Third Report were undertaken in good faith and in furtherance of the Receiver's mandate, as well as in accordance with orders of this Court.
- 64. Among other things, the Receiver has (i) corresponded extensively with Equitable Bank and its counsel regarding all aspects of the receivership to ensure transparency and creditor oversight; (ii) demanded repayment of \$1.6 million that Mr. Shchavyelyev wrongfully diverted, and coordinated with Equitable Bank and counsel in respect of that recovery effort; (iii) notified mortgage borrowers of the receivership and convened calls to confirm mortgage status, enforce payment obligations, and secure repayment of interest and principal; (iv) engaged an agent to conduct site visits of unresponsive borrowers' properties and reviewed the agent's findings to protect the security of the mortgage portfolio; (v) arranged for the payout and discharge of two mortgages to facilitate realization and maintain title integrity; and (vi) responded to Ms. Jank's Lift Stay Motion and prepared this motion for rectification of title, including this Third Report and supporting motion materials filed with the Court.⁶⁷

⁶⁶ *Hanfeng Evergreen Inc (Re)*, 2017 ONSC 7161 at [para 15](#).

⁶⁷ Third Report, at section 4.0, para 1, MR, Tab 2, pp. 39-40.

D. Approval of Fees and Disbursements

65. The invoices for the fees and disbursements described above are set out in the affidavits of Mitch Vininsky sworn September 19, 2025, and Rebecca Kennedy sworn September 19, 2025.
66. In *Laurentian*, Morawetz CJ accepted that on a motion for fee approval the “overriding principle” is reasonableness. The Court should not engage in a docket-by-docket or line-by-line assessment of the accounts as minute details of each element of the professional services rendered may not be instructive when viewed in isolation. The focus should be on what was accomplished, and not how much time it took.⁶⁸
67. The following factors provide guidance regarding evaluating the quantum of fees:⁶⁹
- (a) the receiver’s knowledge, experience and skill;
 - (b) the diligence and thoroughness displayed;
 - (c) the responsibilities assumed;
 - (d) the results of the receiver’s efforts; and
 - (e) the cost of comparable services when performed in a prudent and economical manner.
68. Applying these factors, it is submitted that the accounts of the Receiver and TGF are fair and reasonable. The fees and disbursements were necessary to fulfill the Receiver’s

⁶⁸ *Laurentian* at [para 9](#) citing *Re Nortel Networks Corporation et al*, [2017 ONSC 673](#) [*Nortel*] and *Bank of Nova Scotia v Diemer*, 2014 ONCA 851 at [para 45](#).

⁶⁹ *Confectionately Yours Inc (Re)*, 2002 CanLII 45059 at [paras 42-54](#), [219 DLR \(4th\) 72 \(ONCA\)](#); *Laurentian* at [para 10](#); *Nortel* at [para 14](#).

mandate under the Receivership Order, as well as subsequent orders issued by the Court. No evidence to the contrary has been advanced and no stakeholder opposes the approval of the Receiver's fees.

PART V - ORDER REQUESTED

69. The Receiver respectfully requests, and recommends, that this Court grant the Orders substantially in the form of Tabs 3 and 4 of its Motion Record dated September 19, 2025.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 3rd day of October, 2025.



Rebecca Kennedy/Derek Harland/Denna Jalili

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Lawyers for the Court-appointed receiver of
EquityLine SPV Limited Partnership, KSV
Restructuring Inc.

SCHEDULE “A”

LIST OF AUTHORITIES

1. *Law Society of Ontario v. Harrison*, 2025 ONLSTH 98.
2. *1168760 Ontario Inc. v. 6706037 Canada Inc.*, 2019 ONSC 4702.
3. *Froom v. Lafontaine*, 2023 ONCA 519.
4. *Sun v. Ryan Mortgage Income Fund Inc.*, 2024 ONSC 1168.
5. *Windsor Machine & Stamping Limited (Re)*, 2009 CanLII 39772 (ON SC)
6. *AbitibiBowater inc. (Arrangement relatif à)*, 2009 QCCS 6461
7. *Ontario Securities Commission v. Bridging Income Fund L.P.*, 2022 ONSC 4472
8. *GE Canada Real Estate Financing Business Property Company v. 1262354 Ontario Inc.*, 2014 ONSC 1173
9. *Re Target Canada Co.*, 2015 ONSC 7574.
10. *Laurentian University of Sudbury*, 2022 ONSC 2927.
11. *Hanfeng Evergreen Inc. (Re)*, 2017 ONSC 7161.
12. *Re Nortel Networks Corporation et al.*, 2017 ONSC 673.
13. *Bank of Nova Scotia v. Diemer*, 2014 ONCA 851.
14. *Confectionately Yours Inc. (Re)*, 2002 CanLII 45059 (ONCA), 219 D.L.R. (4th) 72.

I certify that I am satisfied as to the authenticity of every authority.

Note: Under the Rules of Civil Procedure, an authority or other document or record that is published on a government website or otherwise by a government printer, in a scholarly journal or by a commercial publisher of research on the subject of the report is presumed to be authentic, absent evidence to the contrary (rule 4.06.1(2.2)).

Date October 3, 2025



Signature

SCHEDULE “B”

TEXT OF STATUTES, REGULATIONS & BY - LAWS

Land Titles Act, R.S.O. 1990, c. L.5

“fraudulent instrument” means an instrument

- (a) under which a fraudulent person purports to receive or transfer an estate or interest in land, (b) that is given under the purported authority of a power of attorney that is forged, (c) that is a transfer of a charge where the charge is given by a fraudulent person, or (d) that perpetrates a fraud as prescribed with respect to the estate or interest in land affected by the instrument; (“acte frauduleux”)

“fraudulent person” means a person who executes or purports to execute an instrument if,

- (a) the person forged the instrument,
- (b) the person is a fictitious person, or
- (c) the person holds oneself out in the instrument to be, but knows that the person is not, the registered owner of the estate or interest in land affected by the instrument; (“fraudeur”)

Rectification of register

57 (13) Subject to subsection (14), the Director of Titles may, in the first instance or after a reference to a court, or a court may direct the rectification of the register if,

- (a) a registered instrument would be absolutely void if unregistered;
- (b) the Director of Titles or a court, as the case may be, is satisfied, on the basis of evidence that the Director of Titles specifies or the court orders, that a fraudulent instrument has been registered on or after October 19, 2006; or
- (c) the effect of the error, if not rectified, would be to deprive a person of land of which the person is legally in possession or legally in receipt of the rents and profits. 2006, c. 34, s. 15 (6).

Notice to Director of Titles

57 (14) A court shall not direct the rectification of the register under clause (13) (b) unless the applicant in the proceeding before the court has given notice of the proceeding to the Director of Titles and the Director of Titles is a party to the proceeding. 2006, c. 34, s. 15 (6).

EQUITABLE BANK
Applicant

and

EQUITYLINE SPV LIMITED PARTNERSHIP
Respondent
Court File No. CV-24-00721560-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at TORONTO

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