



**Supplement to the  
Fourth Report to Court of  
KSV Restructuring Inc.  
as Receiver and Manager of  
EquityLine SPV Limited Partnership**

March 30, 2026

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

**B E T W E E N:**

**EQUITABLE BANK**

**APPLICANT**

**- AND -**

**EQUITYLINE SPV LIMITED PARTNERSHIP**

**RESPONDENT**

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**IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1) OF *THE BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**SUPPLEMENT TO THE FOURTH REPORT OF  
KSV RESTRUCTURING INC.  
AS RECEIVER AND MANAGER**

**MARCH 30, 2026**

## **1.0 Introduction**

1. This report (the “**Supplemental Report**”) supplements the Receiver’s Fourth Report to Court dated January 5, 2026 (the “**Fourth Report**”) and is intended to be read in conjunction with the Fourth Report.
2. Unless otherwise stated, capitalized terms used in this Supplemental Report and not otherwise defined have the meanings given to them in the Fourth Report.

### **1.1 Purpose of this Supplemental Report**

1. The purposes of this Supplemental Report are to:
  - a) provide an overview of developments since the date of the Fourth Report, including unsuccessful efforts to settle the terms of the Mortgage Adjudication Protocol with the Title Insurers; and
  - b) update the Court on the recent arrest of the Debtor’s principal, Sergiy Shchavyelyev, by York Regional Police.

## 1.2 Restrictions

1. This Supplemental Report is subject to the restrictions set out in Section 1.2 of the Fourth Report, which are incorporated herein by reference.

## 1.3 Court Materials

1. Court materials filed in these proceedings are available on the Receiver's website at: <https://www.ksvadvisory.com/experience/case/equityline>.

## 2.0 Developments since the Fourth Report

1. The motion for approval of the Mortgage Adjudication Protocol has been adjourned twice at the request of the insurers for the Impugned Mortgages, First Canadian Title Company Limited ("**FCT**") and TitlePLUS (together, the "**Title Insurers**"), who oppose its terms. Since the Fourth Report, the Receiver has made extensive efforts to address the objections of the Title Insurers and reach a consensual protocol, including by providing all relevant documentation in its possession and implementing substantial revisions to the Mortgage Adjudication Protocol to accommodate their concerns. In doing so, the Receiver has proceeded on the basis that it is an insured under the applicable title insurance policies, with the express qualification that its obligations under the title insurance policies cannot conflict with the duties it owes to the Debtor's stakeholders.
2. Despite the Receiver's efforts, the Title Insurers have rejected the Mortgage Adjudication Protocol and instead propose their own protocol (the "**Insurer Protocol**"). The Insurer Protocol contemplates a lengthier process than the Mortgage Adjudication Protocol and would not be conducted in the receivership proceeding. In the Receiver's view, the Insurer Protocol includes steps that are either not needed or more appropriately addressed in the Mortgage Adjudication Protocol and further, the costs of carrying out same would be far disproportionate to the relatively modest amounts at issue.
3. To accommodate the dual objectives of: (i) ensuring an expeditious and just resolution to the allegations made by the Objecting Mortgagors, many of whom are elderly and have expressed a need to sell their homes to transition to assisted-living accommodations; and (ii) implementing a process that is proportionate to the amounts at issue, the Receiver recommends the Mortgage Adjudication Protocol be approved. Further, the Mortgage Adjudication Protocol is procedurally fair and exceeds the adjudication process previously approved by this Court for other Impugned Mortgages, and the Receiver has made revisions to the protocol to accommodate certain of the Title Insurers' concerns.

## 2.1 First Adjournment

1. The Fourth Report of the Receiver was filed in support of the Receiver's motion returnable January 13, 2026, for an order approving the Mortgage Adjudication Protocol. The Receiver served its motion record on January 5, 2026.

2. The Title Insurers sought an adjournment to the motion on the basis that they were not previously made aware of the claims made by the Impugned Mortgages and/or that all defendants to the allegations made by the Objecting Mortgagors (the “**Interested Parties**”) must be on notice of the motion to approve the Mortgage Adjudication Protocol.
3. As the Receiver advised counsel to the Title Insurers, the Receiver had submitted claims to the Title Insurers, particularly FCT, in respect of each of the Impugned Mortgages over a year prior to the hearing, and the insurers were aware of the allegations and the receivership. Attached hereto as **Appendix “A”** is a copy of an email chain between counsel for the Receiver and FCT between November 2024 – July 2025 demonstrating same.
4. The Receiver agreed to adjourn the motion to negotiate a consensual path forward with the Title Insurers and to provide notice to the Interested Parties.
5. Pursuant to an endorsement of Justice Kimmel dated January 13, 2026 (the “**First Kimmel Endorsement**”), counsel for both the Title Insurers and Objecting Mortgagors were required to assist the Receiver in its efforts to put the Interested Parties on notice. The parties were required to return to Court on February 2, 2026, to provide an update on how matters were progressing. The First Kimmel Endorsement is attached hereto as **Appendix “B”**.
6. During this time, the Receiver also revised the terms of the Mortgage Adjudication Protocol to address concerns expressed by the Title Insurers regarding the lack of documentary disclosure as a “threshold issue”. Specifically, the Receiver agreed to provide all relevant and non-privileged materials in its possession within 15 days of the delivery of the Mortgagor Materials. The Receiver invited the Title Insurers to revise the draft of the Mortgage Adjudication Protocol with any further comments. Attached hereto as **Appendix “C”** is a copy of the redline of the Mortgage Adjudication Protocol appended to the aide memoire of the Receiver dated January 30, 2026.

## 2.2 Second Adjournment

1. On January 30, 2026, the Receiver served the revised Mortgage Adjudication Protocol to the Service List, which includes all of the Interested Parties that the Receiver was able to contact pursuant to the 20 notice packages it delivered. None of the Objecting Mortgagors or the Interested Parties opposed the Mortgage Adjudication Protocol on its proposed terms (one Interested Party, Seun Olowolafe, expressed jurisdictional objections).
2. Leading up to the February 2<sup>nd</sup> hearing, the Title Insurers raised a second “threshold issue”: the identity of the “insured” under the policies. The Receiver agreed to a further adjournment of the motion for the approval of the Mortgage Adjudication Protocol to resolve this second threshold issue with the Title Insurers.
3. A hearing date was set for March 13, 2026 to decide this second threshold issue pursuant to an endorsement of Justice Kimmel dated February 2, 2026 (the “**Second Kimmel Endorsement**”). A copy of the Second Kimmel Endorsement is attached hereto as **Appendix “D”**.

4. Prior to the March 13, 2026 hearing, the Receiver and the Title Insurers engaged to attempt to resolve the second threshold issue. Under the title insurance policies, there can be more than one “insured” and the Receiver and the Title Insurers agreed that the Receiver was an “insured” and the second threshold issue did not need to be argued. Accordingly, the March 13, 2026 hearing date was vacated. Sample copies of each of the FCT and TitlePLUS policies are attached hereto as **Appendices “E”** and **“F”**, respectively. Attached hereto as **Appendix “G”** is a copy of the email chain between counsel for the Receiver and Title Insurers confirming agreement on the second threshold issue.
5. The discussions between the Receiver and the Title Insurers subsequently focused on the terms of a process to adjudicate the Impugned Mortgages and the purported first threshold issue that no protocol can commence until the Title Insurers have received all of the documents they requested.
6. As set out further below, the Title Insurers did not view the further changes the Receiver made to the Mortgage Adjudication Protocol as satisfactory, nor do they believe that the delivery by the Receiver of all relevant documents in its possession satisfied the outstanding “threshold issue”. The Title Insurers instead insist on their form of protocol, the most recent version of which is attached hereto as **Appendix “H”**.

### **2.3 Delivery of Documents and Information to the Title Insurers**

1. Since the date of the Fourth Report, the Receiver has worked with the Title Insurers to deliver all relevant documents in its possession.
2. The Title Insurers have requested extensive documentation from the Receiver for each of the eight (8) Impugned Mortgages. A copy of the email from counsel for FCT setting out these requests is provided as **Appendix “I”**, together with the attachment referenced in the Insurer Protocol.
3. The Receiver previously delivered documentation to the Title Insurers, specifically:
  - a) Notice of potential claims were sent to the Title Insurers on November 7, 2024;
  - b) Individual claim letters were sent to FCT on (i) January 24, 2025 in respect of 22 Lord Roberts Drive, 30 Cherrywood Avenue, 99 Kalmar Avenue and 123 Southmoor Drive; and (ii) January 30, 2025 in respect of 7044 Leeming Street;
  - c) Individual claim letters were sent to TitlePLUS (LAWPRO) on (i) January 9, 2025 in respect of 132 Swift Crescent; and (ii) January 24, 2025 in respect of 17-280 Thaler Avenue and 19-700 Paisley Road.
4. The Receiver provided supporting documentation to FCT via ShareFile and FileDrop links on July 2, 2025; such documentation was not provided to TitlePLUS as it was not requested at the time.

5. The title insurance policies only require an “insured” to provide reasonable documentation requested or to grant permission to the Title Insurers to obtain same from third parties. Nevertheless, in response to the Title Insurers’ requests, the Receiver provided all of the relevant documents in its possession for each of the Impugned Mortgages, including:
  - a) underwriting files, appraisal reports, legal reports, commitment letters, acknowledgments and directions;
  - b) post-funding mortgagor payment history, SPV TD account ledger, TD account statements/transactions, financial statements, reporting templates, default correspondences;
  - c) letters and emails to and from mortgagors’ counsel;
  - d) copies of all pleadings;
  - e) correspondences and documents between the warehouse lender, EQB, and the Debtor, including monthly reporting, weekly arrears trackers and draw requests;
  - f) correspondence and all documents between the title custodian, the Debtor and the mortgagors;
  - g) letters to various lawyers;
  - h) discovery materials and the responses to undertakings delivered thereto pursuant to the Investigative Powers Order; and
  - i) an exhaustive summary of the litigation pertaining to the mortgages of the Mortgage Portfolio excluding the Impugned Mortgages.
6. The Receiver further advised the Title Insurers that, to the extent that there remained any deficiencies, such missing documents are not in the possession of the Receiver. The Receiver has granted permission to the Title Insurers to obtain relevant documents in the possession of third parties. The Receiver has also invited the Title Insurers to revise the Mortgage Adjudication Protocol with steps requiring the production of such documents from these third parties, or to seek a Court order in respect of same. Attached hereto as **Appendix “J”** are emails from counsel for the Receiver to counsel to the Title Insurers dated March 11 and 12, 2026 in this regard.
7. The Title Insurers maintain that the Receiver has not complied with its obligations under the title insurance policies. A copy of the letter from counsel for FCT dated March 26, 2026 in this regard is provided as **Appendix “K”**.
8. The Receiver responded on March 30, 2026 to advise that it has provided all relevant documents in its possession and has complied with its obligations in this respect under the title insurance policies. A copy of the letter from counsel to the Receiver is attached hereto as **Appendix “L”**.

## 2.4 Further Changes to the Mortgage Adjudication Protocol

1. The Receiver has substantially revised the Mortgage Adjudication Protocol to attempt to address the concerns of the Title Insurers. A clean version of the Mortgage Adjudication Protocol, together with a redline to the version served on January 30, 2026, are attached hereto as **Appendix “M”**. The changes made to address the concerns of the Title Insurers include:
  - a) **Introduction of a Summary Trial:** The Mortgage Adjudication Protocol was changed such that all Impugned Mortgages that are not resolved at mandatory mediation proceed to a summary trial, rather than an approval motion.
  - b) **Affidavit of Documents:** The inclusion of the requirement that, along with their affidavit evidence setting out the case for fraud, the Objecting Mortgagors provide an affidavit of documents.
  - c) **Receiver’s Disclosure Report:** The Receiver will provide a disclosure report confirming that the documents it produces comprise all relevant and non-privileged information in its possession.
  - d) **Recommendation of Title Insurers’ Preferred Mediator:** The Title Insurers recommended that Chris Papadopolous be appointed as mediator. The Receiver accepted their recommendation.
  
2. The Title Insurers continue to view the Mortgage Adjudication Protocol as inadequate; however, they have not provided any comments on the Mortgage Adjudication Protocol. On March 19, 2026, counsel to FCT delivered a letter (the “**March 19 Letter**”) advising that the Insurer Protocol “...is the more appropriate form of protocol, subject to further discussion of minor modifications to address concerns that do not affect the Insurers’ contractual rights”. Attached hereto as **Appendix “N”** is a copy of the March 19 Letter.
  
3. The March 19 Letter sets out five reasons for the Title Insurers’ insistence that the parties proceed with the Insurer Protocol. The Receiver’s response to each is set out below:

Title Insurer Argument	Receiver’s Response
The protocol must provide for threshold documentary disclosure as (purportedly) required by the title insurance policies	As set out above, the Receiver has provided to the Title Insurers all of the documents in its possession. The title insurance policies do not require the Receiver to retrieve documents that are solely in the possession of third parties. The Mortgage Adjudication Protocol requires the Objecting Mortgagors and Interested Parties to provide an affidavit of documents and affidavit evidence setting out their position in respect of an Impugned Mortgage.
Formal pleadings are necessary to trigger the duty to defend and existing pleadings may need to be amended with the invocation of title insurance	The title insurance policies do not require a formal pleading to trigger the Title Insurers’ obligations under their policies. The policies require a claim or a potential claim against the insured be reported. To qualify as an “Objecting Mortgagor”, such mortgagor must have alleged fraud, which triggers the Receiver’s duty to report the claim, and the Title Insurers’ rights and obligations under the policy are engaged.

The protocol cannot prevail over the title insurance policies	The Mortgage Adjudication Protocol is an efficient and fair process to have the claims of the Objecting Mortgagors determined. The Receiver is a court officer and owes duties to all stakeholders, not simply the Title Insurers. The Mortgage Adjudication Protocol exceeds the procedural requirements approved by the Court in respect of the Jank Mortgage, at a hearing attended by counsel for TitlePLUS. The Mortgage Adjudication Protocol is in the best interests of all stakeholders of the Debtor.
The Receiver cannot absolve itself of the Debtor's conduct	The Mortgage Adjudication Protocol allows for a determination of whether the Debtor was involved in the alleged fraudulent conduct with respect to the Impugned Mortgages. If such a determination is made, the Title Insurers can rely on their rights under the title insurance policies to assert any defence to a claim under the policies.
A summary trial must have fulsome evidence	The Mortgage Adjudication Protocol provides that the process for summary trials will be established by the Court at a future case conference. Any process that is developed must be proportionate and reasonable.

### 3.0 The Receiver Recommends Approval of the Mortgage Adjudication Protocol

1. In addition to the reasons set out in the Fourth Report, the Receiver recommends approval of the Mortgage Adjudication Protocol for the following reasons:
  - a. The Mortgage Adjudication Protocol provides for the complete resolution of all claims related to an Impugned Mortgage, including any corresponding title insurance claims submitted by the Receiver. The Insurer Protocol only provides for the adjudication of the Impugned Mortgages, without a process governing coverage disputes. Any potential coverage dispute should be resolved within the Mortgage Adjudication Protocol to ensure a fair and cost-effective resolution of all issues.
  - b. The primary parties involved in the events underlying each Impugned Mortgage, being the Objecting Mortgagors and Interested Parties, have either supported the terms of earlier versions of the Mortgage Adjudication Protocol (in the case of the Objecting Mortgagors) or have not opposed (in the case of the Interested Parties).
  - c. The Insurer Protocol is inconsistent with the single proceeding model for insolvency proceedings, as the process it contemplates is, in effect, multiple standalone proceedings with the Receiver as a common party, all to be transferred and adjudicated on the Commercial List.

- d. The Insurer Protocol requires many unnecessary procedural steps, including:
  - i. Requiring numerous steps to be taken with respect to all proceedings related to the Commercial List, including orders transferring the proceedings to the Commercial List and orders continuing such proceedings. The Impugned Mortgages are proposed to be adjudicated under the Mortgage Adjudication Protocol and the multiple litigation steps contemplated by the Insurer Protocol would add cost and delay. The proceedings are currently stayed by the Receivership Order;
  - ii. Providing for the amendment of pleadings 30 days after the delivery of the affidavit of documents. Amended pleadings are not necessary as the claims will be dealt with by the Mortgage Adjudication Protocol;
  - iii. Providing for a supplemental affidavit of documents 20 days after the delivery of amended pleadings. As set out above, amended pleadings are not necessary. The Receiver will initiate the process by delivering a notice of claim, in respect of which the Objecting Mortgagors must provide affidavit evidence in support of their allegation that their respective Impugned Mortgage is fraudulent, along with an affidavit of documents. Interested Parties are thereafter required to provide their own affidavit evidence and affidavit of documents. There is no need for a supplemental affidavit of documents; and
  - iv. Cross-examinations on affidavit of documents. The Mortgage Adjudication Protocol provides the Title Insurers with the opportunity to deliver written interrogatories to the Receiver in respect of the Receiver's disclosure report within 7 days. To the extent that the Title Insurers wish to cross-examine any affiant of the Objecting Mortgagors or Interested Parties on their affidavit of documents, that process can be decided by the judge presiding over the pre-trial case conference.
- e. The resolution of the fraud allegations with respect to the Impugned Mortgages requires an expedited and streamlined process that balances the rights of the Interested Parties and Title Insurers. This objective is especially pressing in the current circumstances, as many of the Objecting Mortgagors are elderly and have expressed a need to transition to assisted living communities. Further, the proposed process must also be proportional to the relatively modest amount at stake; the Impugned Mortgages, collectively, total just over \$4 million, averaging \$501,875 each. The revised Mortgage Adjudication Protocol establishes a fair process that appropriately balances these considerations and the interests of all stakeholders, including the Title Insurers. On the other hand, the version proposed by the Title Insurers overly complicates this process, both in terms of the timeline and costs, and severely prejudices the Debtor's stakeholders.

#### 4.0 Arrest of Debtor's Principal

1. On March 6, 2026, an investor in the MIC sent an email to the Receiver, among others, with a press release from the York Regional Police confirming the arrest of Mr. Shchavyelyev, which had occurred on December 11, 2025. Copies of the email and press release are provided as **Appendices "O"** and **"P"**.

2. The Receiver does not have any additional information regarding Mr. Shchavyelyev's arrest beyond what is set out in the press release. The Receiver notes that, based on the press release, Mr. Shchavyelyev's arrest appears to be in respect of allegations that he had defrauded investors in respect of EquityLine Group's publicly listed mortgage investment entity, EquityLine Mortgage Investment Corporation. The subject of Mr. Shchavyelyev's arrest does not appear to relate to Mr. Shchavyelyev's involvement with the Impugned Mortgages.

## 5.0 Conclusion

1. Based on the foregoing, the Receiver recommends that the Court make an Order approving the Mortgage Adjudication Protocol.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
SOLELY IN ITS CAPACITY AS RECEIVER AND MANAGER OF  
EQUITYLINE SPV LIMITED PARTNERSHIP  
AND NOT IN ITS PERSONAL CAPACITY**