

COURT OF APPEAL FOR ONTARIO

CITATION: World Financial Solutions Inc. v. 2573138 Ontario Ltd.,
2025 ONCA 845
DATE: 20251203
DOCKET: M56336 (COA-25-CV-0855)

Paciocco J.A. (Motion Judge)

BETWEEN

World Financial Solutions Inc.

Plaintiff
(Respondent/Moving Party)

and

2573138 Ontario Ltd. and Marguerite Alfred

Defendants
(Appellants/Responding Party)

and

Elise Blouin also known as Elizabeth Blouin also known as Susan Elizabeth
Blouin, Sieta & Pikes Development Limited, 2868395 Ontario Limited,
2664358 Ontario Limited

Third Parties
(Respondents/Moving Parties)

Daniel Waldman, for the moving party, World Financial Solutions Inc.

Manmeet Kaur Dhaliwal, for the moving parties, Elise Blouin, Sieta & Pikes
Development Limited and 2664358 Ontario Ltd.

Tom Arndt and Manmeet Kaur Dhaliwal, for the moving party, 2868395 Ontario
Ltd.

Granville Cadogan, for the responding parties, 2572138 Ontario Ltd. and
Marguerite Alfred

Heard: November 28, 2025

REASONS FOR DECISION

[1] The moving parties - the respondent World Financial Services Inc. (“World Financial”) and the respondent third parties in the underlying action consisting of Elise Blouin, Sieta Pikes & Development Limited, 286395 Ontario Limited (“286 Limited”), and 2664358 Ontario Limited (“266 Limited”) - seek orders for security for costs against the appellants, Marguerite Alfred and 2573138 Ontario Limited (“257 Limited”). They seek \$35,000 in security for costs for each of: (1) World Financial; (2) 286 Limited, and (3) the balance of the third parties.

[2] For reasons that follow I am ordering security for costs on the terms described above but reducing the security for costs order relating World Financial to \$20,000.

I. OVERVIEW

[3] The underlying litigation in this motion should have been simple. In 2017, the appellant Marguerite Alfred borrowed money through her corporation, 257 Limited, from World Financial, to acquire a resort property. Ms. Alfred personally guaranteed the loan, and mortgages were placed on the resort property and her home. Nothing has ever been paid on the mortgage, and World Financial instituted a straightforward mortgage enforcement action in March of 2018. The appellants

filed a statement of defence raising a raft of defences to the mortgage enforcement claims. As I will explain, there is good reason to believe that those defences lack merit.

[4] In November 2018, World Financial executed its right to enter the property and installed Elise Blouin as property manager. On October 28, 2021, World Financial sold the property to a company that Elise Blouin incorporated for that purpose, 286 Limited. Ms. Blouin was an undischarged bankrupt at the time.

[5] On January 31, 2023, the appellants issued a third-party claim against numerous parties, including the third parties who are bringing the instant motion. Claims made by 257 Limited against approximately half of the named third parties were dismissed on December 20, 2024, because 257 Limited failed to satisfy a security for costs order made on August 12, 2024.

[6] All the third-party claims that Ms. Alfred brought were also dismissed on April 11, 2025, based on her lack of standing to bring them. The parties to this motion are the remaining third parties in the action.

[7] On April 12, 2024, the appellants issued a Counterclaim, challenging the validity of the sale to 286 Limited. The appellants allege, among other things, that World Financial conspired with the third-party defendants, and failed to account for funds after it took possession.

[8] On April 11, 2025, the moving parties brought a motion for summary judgment against the appellants on all issues. That motion was granted on May 30, 2025: (1) dismissing the claimed defences to the mortgage enforcement action; (2) directing possession and sale of the secured properties; (3) dismissing the third-party claims, and (4) directing a reference on the accounting claims made by the appellants. Costs orders were also made.

[9] On June 30, 2025, the appellants launched their appeal, raising issues relating to:

(1) the legal status of the third party 286 Limited; Ms. Blouin's role in incorporating the company while bankrupt, and the priority of title received by 395 Limited.¹

(2) claims against World Financial, including: (a) procedural objections to the validity of the sale to 286 Limited, (b) a failure to account, and (c) the invalidity of the resort mortgage given the 25% share interest in 257 Limited given to World Financial's principal, Sunil Bhardwaj.²

(3) the motion judge ignoring and misinterpreting evidence, basing unspecified decisions on non-existent evidence, giving inadequate reasons and ignoring the law.

¹ These issues are linked primarily to Ms. Blouin's incorporation of these companies while an undischarged bankrupt, described above in para. 4.

² The appellants style this as a "shareholder oppression" claim ineligible for a security for costs order.

(4) The costs award.

[10] The respondents brought a timely motion for security for costs on September 25, 2025. It was initially scheduled to be heard in October 2025 but adjourned at the appellant's request and is now before me. I am advised that the appeal is scheduled to be argued in February, creating some urgency in this matter.

II. THE GENERAL LEGAL PRINCIPLES

[11] Before I can order security for costs the moving parties must (1) satisfy me that the legal requirements for a security for costs order are present and (2) persuade me that the order is just in the circumstances of the case, taken holistically: *Yaiguaje v. Chevron Corporation*, 2017 ONCA 827, 138 O.R. (3d) 1, at para. 22; *Thrive Capital Management Ltd. v. Noble 1324 Queen Inc.*, 2021 ONCA 474, 156 O.R. (3d) 551, at para. 17.

[12] The legal requirements to make an order for security of costs in appeals are addressed in r. 61.06(1), which provides:

In an appeal where it appears that,

- (a) there is good reason to believe that the appeal is frivolous and vexatious and that the appellant has sufficient assets in Ontario to pay the costs of the appeal;
- (b) an order for security for costs could be made against the appellant under rule 56.01; or
- (c) for other good reason, security for costs should be ordered.

a judge of the appellate court, on motion by the respondents, may make such order for security for costs of the proceeding and of the appeal as is just.

[13] In their written materials the moving parties appeared to rely on each avenue under r. 61.06(1), but during oral argument limited their application to ground (c): the “other good reason” ground. They argue that a combination of the low prospect of success on the appeal and the unlikelihood that the appellants would pay a costs award provides a sufficient basis for making the orders sought.

III. ANALYSIS

1. The legal requirements under r. 61.06(1)(c) are present

[14] A security for costs order can be granted under r. 61.06(1)(c) if there is a “fairly compelling reason” for doing so, distinct from the grounds present under rr. 61.06(1)(a) and (b) and where the order proactively addresses the unacceptable risk that costs ordered on appeal will not be paid: *Combined Air Mechanical Services Inc. v. Flesch*, 2010 ONCA 633, 268 O.A.C. 172, at para. 8; *Thrive Capital Management Ltd.*, at paras. 18, 23; *Stride v. Syra Group Holdings*, 2025 ONCA 265. There is no closed list of cases that can constitute “other good cause” under r. 61.06(1)(c), but its use should not be routine: *Thrive Capital Management Ltd.*, at paras. 18-19; *Combined Air Mechanical*, at para. 8.

[15] Ordering security for costs under r. 61.06(1)(c) is appropriate “when an appeal has a low prospect of success coupled with an appellant who has the ability to pay costs but from whom it would be nearly impossible to collect costs”:

Henderson v. Wright, 2016 ONCA 89, 345 O.A.C. 231, at para. 27; *Perron v. Perron*, 2011 ONCA 776, 345 D.L.R. (4th) 513, at paras. 21-23; *Gauthier Estate v. White*, 2022 ONCA 846, at paras. 20-21.

[16] For the reasons below, I am satisfied that “other good cause” has been shown and that it would be permissible to make the orders sought. I consider each factor in turn.

i. The distinct grounds under r. 61.06(1)(c) are present

[17] Although there is overlap between some of the other avenues for achieving a costs award and the grounds being advanced before me, I am satisfied that the basis the moving parties are relying upon – the appellants’ low prospect of success and the unlikelihood that they will pay any costs award that may be made against them – is not encompassed in those other branches. The grounds proposed by the applicants for an order pursuant to r.61.06(1)(c) are therefore distinct from grounds available under the other branches of r. 61.06(1).

[18] Specifically, the moving parties do not rely on the grounds of appeal being “frivolous and vexatious” or the insufficiency of assets in Ontario; therefore, they are not relying on the grounds in r. 61.06(1)(a) or r. 56.01(e). Nor are they relying upon the grounds in r. 56.01(1)(a), (b), (d) or (f). Although they are relying upon the unpaid order for costs in this proceeding, a basis for costs under r. 56.01(1)(c), they are not using this as a standalone foundation for the orders they seek but as

evidence to assist in establishing that the order is unlikely to be paid. Therefore, they are not relying on r. 61.06(1)(b). This places their submissions squarely under r. 61.06(1)(c).

ii. The appeal has a low prospect of success

[19] I agree with Huscroft J.A.'s observation in his motion decision of August 22, 2025, denying the appellant's motion for a stay pending appeal, that "[t]he moving parties have raised no plausible grounds of appeal". There is good reason to believe that this is so based on the following factors:

- (1) Leave has not been sought to appeal the costs award. The feasibility of the appeal of the awarded costs is therefore linked inextricably to the success of their main appeal, which has little apparent prospect of success.
- (2) The assessment issue that is the subject of several grounds of appeal in the main appeal was not resolved by the motion judge. A reference is pending. These grounds of appeal will not prove fruitful.
- (3) The remaining grounds of appeal either constitute vague assertions that have no apparent merit, represent attempts by the appellants to reargue factual findings without arguable errors, do not raise tenable defences to the claims, or are not claims the appellants likely have standing to pursue.

iii. The risk of non-payment is unacceptable

[20] The moving parties base their claim on the submission that it is unlikely that the appellants would pay costs on: (1) accumulated unpaid costs awards against the appellants in these proceedings totaling \$336,346; (2) the limited security available under the mortgages to pay the costs and the judgment; (3) the unpaid security for costs award that resulted in third party claims being struck; (4) the refusal by the appellants to disclose requested financial information, and (5) the potential for a sizeable costs award against the appellants given the complexity of the record and appeal. The risk of a sizeable costs award arises in large measure because of the appellant's litigation strategy, which the motion judge described as an effort by the appellants to complicate simple events, relying on "indirect and technically convoluted defences".

[21] I am satisfied, for the reasons raised by the moving parties, that the appellants are unlikely to pay a costs award arising from the appeal. Moreover, the appellants claimed to be impecunious in response to this motion. They cannot realistically claim that they are likely to pay a costs award in the face of this representation.

[22] The appellants, no doubt, made their impecuniosity claim in this motion to show that it would not be in the interests of justice to make such an order, given that since they cannot pay a security for costs order, making such an order would deny them access to justice on appeal. A true inability to pay is an important

consideration that must be balanced alongside protecting a party against the costs of an unmeritorious appeal, before making a security for costs order: *York University v. Markicevic*, 2017 ONCA 651, at para. 22. However, the onus of showing impecuniosity is on the party making the allegation: *Thrive Capital Management Ltd.*, at para. 26.

[23] I agree with the moving parties that the impecuniosity the appellants claim has not been proved. It is no more than a bald assertion made by parties that have refused requests to disclose financial information: see 2363523 *Ontario Inc. v. Nowack*, 2018 ONCA 414, leave to appeal refused, [2018] S.C.C.A. No. 301. I give it no credit and note that extensive legal work is still being undertaken on their behalf.

[24] The appellants argue that they would have the ability to pay the costs if the moving parties were to pay the amounts that they are owed that are the subject of their accounting claim. However, the appellants have failed to provide any realistic basis for believing that the accounting will produce funds that could be set-off by the moving parties to cover their costs.

[25] I am therefore satisfied that although the appellants must be presumed to have the ability to pay costs orders, they are unlikely to do so without a security for costs order. I am satisfied that there is a legal basis for such orders. I turn now to whether it would be just to make these orders, in all the circumstances.

2. The order is just in the circumstances

[26] The second step in the analysis requires me to determine whether an order would be just: *Thrive Capital Management Ltd.*, at para. 31, *Yaiguaje*, at para. 22.

[27] The moving parties are responding to an appeal that is unlikely to succeed, being brought by appellants who are unlikely to pay costs awards, and who are pursuing what is likely to be an expensive appeal because of the complexity the appellants have introduced to what should be straightforward proceedings: *Perron*, at para 22.

[28] In my view, justice of the case supports the security for costs orders requested, subject to one caveat relating to part of the costs that World Financial must incur, that I will address below.

i. The quantum of World Financial's security for costs

[29] Some of those costs in this appeal arise from World Financial's attempt to preserve the orders it obtained below permitting the enforcement of the mortgage. Those orders were based on claims World Financial made below as the plaintiff in the action in which the appellants were the defendants.

[30] As a matter of principle, "no party should have to give security for costs as a condition of simply defending itself ... and ... it can be said that an appeal is simply a step in the proceeding in which the defendant appealing is continuing to defend itself": *Donaldson International Livestock Ltd. v. Znamensky Selekcionno-*

Gibridny Center LLC, 2010 ONCA 137, 101 O.R. (3d) 314, at para. 13, citing *Toronto-Dominion Bank v. Szilagyi Farms Ltd.* (1988), 65 O.R. (2d) 433 (C.A.). For this reason, giving World Financial security for the cost it is incurring in attempting to preserve on appeal the enforcement order it secured below against the appellants as defendants would not be just.

[31] However, World Financial is also responding to grounds of appeal relating to the Counterclaim and its dealings with third parties linked to the third-party claims. These issues have materially complicated the appeal. The costs World Financial incurs in responding to these claims are not limited by the principle identified in *Donaldson International Livestock Ltd.* It is therefore in the interests of justice and within my discretion to impose an order for security for costs relating to those costs: *Thrive Capital Management*, at para. 31.

IV. DISPOSITION

[32] The appellants are therefore ordered to pay security for costs in favour of:

- (1) World Financial in the amount of \$20,000.
- (2) 286 Limited in the amount of \$35,000.
- (3) The remaining third parties in the collective amount of \$35,000.

[33] The security for costs attributable to each moving party shall be deposited in a form satisfactory to the moving party with the Accountant of the Superior Court of Justice within 30 days of this order. Until the security for costs has been given,

the appellants may not take any further steps in this proceeding, except a motion to review this order. If the respondents do not pay the security for costs as directed this appeal shall be dismissed without the necessity for a further motion.

[34] Costs of this motion, inclusive of applicable taxes and disbursements, are payable to World Financial in the amount of \$2,500; 286 Limited in the amount of \$2,500 and the balance of the third parties in the amount of \$2,500.

“David M. Paciocco J.A.”