CITATION: Lozovski v. Equityline Mortgage Investment Corp., 2026 ONSC 1611
COURT FILE NO.: CV-25-735286-00CL
DATE: 20260323

ONTARIO

SUPERIOR COURT OF JUSTICE [Commercial List]

BETWEEN:	)	
	)	
ALEXANDRA LOZOVSKI, ERIC BARAPP, 2806569 ONTARIO INC., NICK RANIERI, NELLI GRIU, VLADISLAV ANDREYEV	)	*Matthew Harris*, for the Applicants
Applicants	)	
	)	*Gleb Bazov*, for the Respondent Equityline Mortgage Investment Corporation
– and –	)	
EQUITYLINE MORTGAGE INVESTMENT CORPORATION and ELLE MORTGAGE CORPORATION	)	*Glenn E. Cohen*, for the Respondent Elle Mortgage Corporation.
Respondents	)	
	)	
	)	**HEARD:** March 10 and 11, 2026

JUSTICE JANA STEELE

REASONS FOR DECISION

[1] The applicants seek the appointment of Harris & Partners Advisory Inc. as receiver and manager over the properties and assets of the respondent, Equityline Mortgage Investment Corporation ("EMIC").

[2] The receivership order sought is substantially in the form of the Commercial List Model Order. However, there is also a significant investigative component to the proposed receivership.

[3] The respondent, EMIC, opposes the application.

[4] The respondent Elle Mortgage Corporation ("Elle") seeks certain carve out language from the order in the event the court makes the receivership order. Specifically, Elle does not oppose the appointment of a receiver over EMIC, provided that the appointment will not stay, or in any way interfere with, Elle's continued enforcement of certain mortgages it holds with Equityline Services Corporation ("ESC"). Counsel for Elle and the applicants agreed that if the receivership order was granted, they would coordinate on the carve out language. If they are unable to do so, they may schedule a case conference with me.

[5] The applicants rely on affidavit evidence of only one of the Applicants, Nick Ranieri, plus affidavit evidence on behalf of the proposed receiver. However, Mr. Ranieri loaned money to EMIC with an entity known as Hallmark Housekeeping Services Inc. ("Hallmark"). Although both Mr. Ranieri and Hallmark were defined in the applicable loan documentation as the "Lender", and there were no powers given to one to act without the other, Hallmark was not named in the application. Accordingly, a preliminary issue was whether Hallmark ought to have been included. After receiving additional affidavit evidence, I was satisfied that the application could proceed. This issue is discussed further below.

[6] The respondent, EMIC, also brings a motion seeking an order staying the application, or striking the applicants Mr. Ranieri, Alexandra Lozovski, and Eric Barapp on the basis that there is significant overlap between the application and an action started by, among others, Mr. Ranieri, Ms. Lozovski and Barapp Law Firm PC. The issue on the motion was intertwined with the application and both proceeded together.

[7] For the reasons set out below, the receivership order is granted and EMIC's motion is dismissed.

Background

[8] The applicants are investors or shareholders of EMIC.

[9] EMIC is a mortgage investment corporation formed pursuant to the laws of Ontario under the *Business Corporations Act,* R.S.O. 1990, c. B.16. EMIC was incorporated on January 18, 2018. It carries on business as a mortgage investment corporation as defined in subsection 130.1(6) of the *Income Tax Act* (Canada).

[10] The other respondent, Elle Mortgage Corporation ("Elle") has two directors and officers, Elliot Kirshenblatt and Terry Waldman.

[11] EMIC is part of a group of companies known as the "EquityLine Group", which operates in the mortgage services sector. The other companies in the group are EMC and EquityLine SPV Limited Partnership[1] ("ESLP").

[12] ESC is the entity responsible for managing mortgages and overseeing day-to-day administration activities, including the ongoing management of EMIC's mortgage portfolio. EMIC's mortgages are, and always have been, administered by ESC.

[13] As at September 30, 2023, EMIC's Q3 Financial Statements show an amount of approximately $3.82 million owing from ESC to EMIC.

[14] Elle holds certain mortgage assets that it shares on an 80/20 (approx.) basis with ESC, an affiliate of EMIC. Elle has been enforcing on the defaulted mortgages.

[15] EMIC is the beneficial owner of certain mortgage loans ("Mortgage Loans"). Legal title to the Mortgage Loans was held by a third-party custodian, Computershare Trust Company of Canada ("Computershare") pursuant to a Custodial Agreement. Computershare terminated the agreement with EMIC, claiming that it had breached its obligations. On termination of the agreement, the mortgages were returned to EMIC.

[16] The applicants have all – in their own name or through affiliates – joined civil litigation against EMIC, ESC, Elle, and other defendants, including every director and officer of EMIC (the "Parallel Action").

[17] Of the initial ten applicants, only six remain. Alex Makronets, Daniel Slobodscoy, Valdimir Dagaev, and Polina Dagaev have withdrawn from the application in favour of starting separate civil litigation against EMIC and are participating in the Parallel Action.[2]

[18] The investment made by Mr. Ranieri into EMIC, which was secured by a General Security Agreement and an assignment of certain mortgages, is in the amount of approximately $400,000 plus interest[3]. Mr. Ranieri's evidence is that the mortgages that were assigned to him have either been discharged without notice and the resulting funds have been withheld, or the assigned mortgages have been transferred to other entities.

---

[1] By court Order, dated August 8, 2024, KSV Restructuring Inc. was appointed as the receiver and manager of all of ESLP's assets and properties.

[2] In addition to the Parallel Action, the following proceedings have been commenced:

i. *Alexander Makaronets and Daniel Slobodscoy v. Equityline Mortgage Investment Corporation*, Newmarket, CV-24-00003483-0000, (S.C.).

ii. *Vladimir Dagaev and Polina Dagaev v. Equityline Mortgage Investment Corporation*, Newmarket, CV-24-00005328-0000, (S.C.).

[3] The Debenture that was issued on Feb. 23, 2024 to Hallmark and Mr. Ranieri, was in the principal amount of $800,000, with a maturity date of April 22, 2024.

[19] In or around July 2024, EMIC stopped making payments to the applicants.

[20] On or about July 26, 2024, the Jamaican Stock Exchange issued a notice of market suspension related to EMIC's Class A Preferred Shares, because of the withdrawal by EMIC's auditors of the recently filed audit report.

[21] Article 6.3(a)(iv) of Mr. Ranieri's and Hallmark's debenture provides that where there has been an event of default, the Lender may take various enforcement actions, including instituting court proceedings for the appointment of a receiver.

[22] Mr. Ranieri issued a notice under s. 244 of the *Bankruptcy and Insolvency Act* on or about October 29, 2024.

[23] On or about November 1, 2024, EMIC entered into an agreement allowing Harris & Partners Advisory Inc., as the consultant for Mr. Ranieri, to complete a review of EMIC's books and records. Adam Fisher, a licensed insolvency trustee with Harris & Partners Inc., provided affidavit evidence.

Analysis

[24] As noted above, the applicants seek the appointment of a receiver over EMIC.

[25] EMIC raises several technical issues that I will first address before dealing with the issue of whether it is "just or convenient" to appoint a receiver.

Can the application proceed notwithstanding the fact that Hallmark is not a party?

[26] EMIC submits that the application is flawed because Hallmark is not named as an applicant or a respondent.

[27] As noted above, the applicants' affidavit evidence is primarily from Nick Ranieri, who is a co-lender with Hallmark. The applicable agreement defines "Lender" as Mr. Ranieri and Hallmark.

[28] The applicants filed evidence during the application, with leave of the court, regarding Hallmark. I had asked whether Hallmark was even aware of the proceedings. Because Hallmark was the co-lender with Mr. Ranieri, Hallmark ought to have been named as either an applicant or respondent. I allowed Hallmark's evidence to be filed and determined that the application could proceed.

[29] Hallmark's evidence is that it requested payment from EMIC and was paid out after the maturity date. Further, Hallmark had knowledge of the application and decided not to be part of the application. In addition, Hallmark consents to and supports the receivership application.

[30] EMIC's position is that the application should be stood down and Hallmark added as a party or the application should be dismissed.

[31] EMIC argues that where there is a jointly held obligation, all co-lenders must be joined in the proceeding. EMIC relies on *Alberta Treasury Branches v. Ghermezian*, 2000 ABCA 228. In *Ghermezian*, the Alberta Court of Appeal noted at para. 15 that "[a]s a general rule, all parties to a contract must be before the court to enable it to fully adjudicate the issues in question." The Alberta Court of Appeal further noted, at para. 15, the following reasons for this general requirement:

> (i) No injustice is done to any party to an action or other interested persons;
>
> (ii) The parties are not prejudiced by not having all the proper parties before the court;
>
> (iii) All interested parties will be bound by the decision so there is no risk of subsequent proceedings by persons not before the court and thus avoid the need for multiple suits; and,
>
> (iv) The court will be able to effectively adjudicate all issues in question.

[32] In *Sheldon Larder Mines Ltd. v. Armistice Resources Ltd.*, 2003 CanLII 20705, at paras. 18-19, Greer J. relied on *Ghermezian*. She dismissed the plaintiff's motion for summary judgment, and noted, among other things, that there was the issue of whether there were other parties that should have been joined and whether the debt was joint.

[33] I agree that, generally speaking, all parties to a contract need to be before the court for it to adjudicate issues regarding the contract. However, that is not what is being asked here. I am being asked by one of the lenders (among other applicants) to appoint a receiver.

[34] Hallmark was aware of the application, and although it supports the application, it did not wish to participate. There is no prejudice to Hallmark.

[35] Further, as noted by counsel for the applicants, Rule 1.04 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, requires that the Rules be "liberally construed to secure the just, most expeditious and least expensive determination of every civil proceeding on its merits" and that in applying the Rules, "the court shall make orders and give directions that are proportionate to the importance and complexity of the issues, and to the amount involved, in the proceeding."

[36] The Supreme Court of Canada in *Hryniak v. Mauldin*, 2014 SCC 7, [2014] 1 S.C.R. 87, at paras. 30-32, noted that the proportionality principle "can act as a touchstone for access to

civil justice," and that judges ought to "actively manage the legal process in line with the principle of proportionality."

[37] It would not be proportional, given the record before the court, and the new evidence regarding Hallmark's knowledge and consent of these proceedings, for this matter to be dismissed or stood down because Hallmark was not named as a party.

[38] I am satisfied that the application can proceed even though Hallmark was not named as a party.

Was EMIC provided with the appropriate s. 244 Notice?

[39] EMIC also points to the notice provided by Mr. Ranieri under section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3 (the "*BIA*") and argues that it was deficient.

[40] Under section 244 of the *BIA*, a secured creditor who intends to enforce its security is required to provide notice to the debtor in the prescribed form.

[41] Section 244 of the *BIA* provides:

> (1) A secured creditor[4] who intends to enforce a security on all or substantially all of
>
> a. The inventory,
>
> b. The accounts receivable, or
>
> c. The other property
>
> of an insolvent person that was acquired for, or is used in relation to, a business carried on by the insolvent person shall send to that insolvent person, in the prescribed form and manner, a notice of that intention.
>
> (2) Where a notice is required to be sent under subsection (1), the secured creditor shall not enforce the security in respect of which the notice is required until the expiry of ten days after sending that notice, unless the insolvent person consents to an earlier enforcement of the security.

[4] ***Secured creditor*** is defined in s. 2 of the *BIA* to mean "a person holding a mortgage, hypothec, pledge, charge or lien on or against the property of the debtor or any part of that property as security for a debt due or accruing due to the person from the debtor, or a person whose claim is based on, or secured by, a negotiable instrument held as collateral security and on which the debtor is only indirectly or secondarily liable ...".

(3) For the purposes of subsection (2), consent to an earlier enforcement of a security may not be obtained by a secured creditor prior to the sending of the notice referred to in subsection (1).

[...]

[42] The application is made under section 243 of the *BIA* and s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c (the "*CJA*"). Section 243 of the *BIA* provides:

(1) Subjection to subsection (1.1), on application by a secured creditor, a court may appoint a receiver to do any or all of the following if it considers it to be just or convenient to do so:

a. Take possession of all or substantially all of the inventory, accounts receivable or other property of an insolvent person or bankrupt that was acquired for or used in relation to a business carried on by the insolvent person or bankrupt;

b. Exercise any control that the court considers advisable over that property and over the insolvent person's or bankrupt's business; or

c. Take any other action that the court considers advisable.

(1.1) In the case of an insolvent person in respect of whose property a notice is to be sent under subsection 244(1), the court may not appoint a receiver under subsection (1) before the expiry of 10 days after the day on which the secured creditor sends the notice unless

a) the insolvent person consents to an earlier enforcement under subsection 244(2); or

b) the court considers it appropriate to appoint a receiver before then.

[...]

[43] EMIC submits that because the only affidavit evidence filed was by Mr. Ranieri, there is no other "secured creditor" that the court can consider for the purposes of the *BIA* notice. EMIC further submits that because the *BIA* notice provided by Mr. Ranieri does not name Hallmark, it is deficient, and proper notice has not been provided under the *BIA*, and therefore, no receiver may be appointed under s. 243.

[44] EMIC argues that a key purpose of the s. 244 notice is to provide the "insolvent person with an opportunity to negotiate and reorganize financial affairs": *Josephine V. Wilson Family*

Trust v. Swartz, (1993) 16 O.R. (3d) 268 (S.C), at p. 6. In that case the Court noted that the protection of the notice was not needed once the debtor became bankrupt.

[45] The applicants point to s. 187(9) of the *BIA*, which provides:

> No proceeding in bankruptcy shall be invalidated by any formal defect or by any irregularity, unless the court before which an objection is made to the proceeding is of the opinion that substantial injustice has been caused by the defect or irregularity and that the injustice cannot be remedied by any order of that court.

[46] The section 244 notice was provided by Mr. Ranieri; however, the co-lender, Hallmark, was not included in the notice. There is no evidence that the technical deficiency in the notice somehow prevented EMIC from negotiating and reorganizing its financial affairs. EMIC was aware that the debt was held by both Mr. Ranieri and Hallmark, when EMIC received the notice from Mr. Ranieri. There is no injustice that has been caused by the technical defect in the s. 244 notice.

[47] Accordingly, having concluded that to the extent that there was any deficiency in the s. 244 notice, no injustice has been caused, I am satisfied that the applicants may seek the appointment of a receiver under s. 243 of the *BIA*, provided that it is "just or convenient to do so," (discussed below).

[48] EMIC had also argued that s 101 of the *CJA*[5] was not available as a standalone means to obtain the receivership order because it only applies to interlocutory orders: *Royal Bank of Canada v. CFNDRS Inc.*, 2017 ONSC 7661, 22 C.P.C. (8th) 300. However, because s. 243 of the *BIA* is also available in the instant case, the applicable test remains whether it is "just or convenient" to appoint the receiver.

Is the requested receivership appointment duplicative of the discovery mechanism in the Parallel Action?

---

[1] [5] Section 101 of the *CJA* provides:

> (1) In the Superior Court of Justice, an interlocutory injunction or mandatory order may be granted or a receiver or receiver and manager may be appointed by an interlocutory order, where it appears to a judge of the court to be just or convenient to do so.
>
> (2) An order under subsection (1) may include such terms as are considered just.

[49] EMIC submits that the appointment of a receiver with investigatory powers would allow the applicants to duplicate what would be permitted in the regular course through discovery mechanisms in the Parallel Action under the *Rules*.

[50] EMIC states that there is nothing further to investigate or determine and states that:

a. EMIC is insolvent, and its mortgage assets are in default.

b. Oral and documentary discovery mechanisms under the *Rules* are extensive, and dozens of relevant parties have been joined in the Parallel Action, such that the potential for investigation and information-gathering in that proceeding is far more substantial.

[51] I disagree. The civil proceedings may take years. A receiver can be appointed now and, among other things, start investigating EMIC's bank accounts and records to try to determine what has become of the investors' funds, and what assets, if any, EMIC has that can be realized upon and distributed to EMIC's creditors.

[52] The appointment of a receiver, with broad powers, is not duplicative of the civil proceedings, where, among other things, damages are sought.

Is it just or convenient in the circumstances to appoint a receiver?

[53] The applicants seek the appointment of a receiver. The order sought is in the form of the Commercial List Model Order.

[54] Under s. 243(1) of the *BIA* and s. 101 of the *CJA* the court may appoint a receiver where it is "just or convenient" to do so.

[55] In determining whether it is "just or convenient" to appoint a receiver, the Court must consider "all of the circumstances but in particular the nature of the property and the rights and interests of all relevant parties:" *Bank of Montreal v. Sherco Properties Inc.*, 2013 ONSC 7023, at para. 41. Although the appointment of a receiver is generally an extraordinary remedy, the extraordinary nature of the remedy is reduced where the applicant is seeking to enforce a term of the bargain with the debtor: *Sherco Properties*, at para. 42.

[56] Osborne J. (as he then was), in *Canadian Western Bank v. 2563773 Ontario Inc.*, 2023 ONSC 4766, at para. 9, set out the following factors that the court has taken into account when determining whether it is just or convenient to appoint a receiver:

a. Whether irreparable harm might be caused if no order is made, although as stated above, it is not essential for a creditor to establish irreparable harm if a receiver is not appointed where the appointment is authorized by the security documentation;

b. The risk to the security holder taking into consideration the size of the debtor's equity in the assets and the need for protection or safeguarding of assets while litigation takes place;

c. The nature of the property;

d. The apprehended or actual waste of the debtor's assets;

e. The preservation and protection of the property pending judicial resolution;

f. The balance of convenience to the parties;

g. The fact that the creditor has a right to appointment under the loan documentation;

h. The enforcement of rights under a security instrument where the security-holder encounters or expects to encounter difficulties with the debtor;

i. The principle that the appointment of a receiver should be granted cautiously;

j. The consideration of whether a court appointment is necessary to enable the receiver to carry out its duties efficiently;

k. The effect of the order upon the parties;

l. The conduct of the parties;

m. The length of time that a receiver may be in place;

n. The cost to the parties;

o. The likelihood of maximizing return to the parties; and

p. The goal of facilitating the duties of the receiver.

[57] At para. 10 of *Canadian Western Bank*, Osborne J. cites with approval the following quote from *Pandion Mine Finance Fund LP v. Otso Gold Corp.*, 2022 BCSC 136, 96 C.B.R. (6th) 273, at para. 54, regarding the above factors: "these factors are not a checklist but a

collection of considerations to be viewed holistically in an assessment as to whether, in all the circumstances, the appointment of a receiver is just or convenient."

[58] The applicants seek the appointment of a receiver over EMIC's assets, but there will also be a significant investigatory component to the receivership. Penny J., in *East Guardian v. Mazur*, 2014 ONSC 6403, at para. 75, noted that while proof of fraud is an important consideration, it is not an essential condition to the appointment of an investigatory receiver because the creditor often does not have the information about the debtor's conduct while the debtor holds all the information. He further stated that: "The appointment of a receiver with investigatory powers can equalize this informational imbalance."

[59] Mr. Ranieri states that it is necessary and appropriate to appoint a receiver (i) to review and assess the true status of the mortgages pledged as collateral, and to preserve the value of the mortgages, and (ii) for the protection of EMIC's estate and the realize on the collateral subject to his and the other creditor's security for the benefit of all stakeholders.

[60] EMIC's position is that there is nothing further to investigate or determine. However, as noted, while there is an investigatory component to the proposed receivership, the proposed receivership is not merely investigatory.

[61] EMIC relied on *Akagi v. Synergy Group (2000) Inc. et al.*, 2015 ONCA 368 in arguing that a receiver should not be appointed. The instant case is distinguishable from *Agaki*. In *Agaki*, the orders were sought and obtained under s. 101 of the *CJA*. Mr. Agaki was an unsecured judgment creditor. As discussed above, Mr. Ranieri, a secured creditor, relies on both s. 243 of the *BIA* and s. 101 of the *CJA*. Further, in *Agaki*, the applications were *ex parte*, and, as stated by Blair J.A., at para. 4, "the receivership order morphed into a wide-ranging 'investigative receivership', freezing and otherwise reaching the assets of 43 additional individuals and entities (including authorizing the registration of certificates of pending litigation against their properties)."

[62] I am satisfied that it is just or convenient to appoint a receiver. EMIC is in default of its obligations to the debenture holders and does not appear to have any prospect of curing further defaults. EMIC's audit opinion was first qualified and then withdrawn by Grant Thornton LLP. Under the debentures, the holders are entitled to seek the appointment of a receiver upon an event of default. Among other things, the Financial Services Regulatory Authority ("FSRA") has refused to renew the mortgage broker license of EMIC's principal, Sergiy Shchavyelyev ("Sergiy").[6] Adam Fisher's evidence is, among other things, that it would be useful to review

[6] FSRA's February 6, 2026 Announcement states that:

EMIC's 2023 audited financial statements where the financial statements were subsequently withdrawn. His evidence is that certain debts shown as owing from Sergiy's service corporation are "highly problematic and irregular." As noted above, EMIC is insolvent and its mortgage assets are in default. In examination, Sergiy stated that "Right now, currently, there is – all the mortgage portfolio is fully in default and in collections." Further, although requested, Sergiy has not provided a ledger for EMIC, or certain other financial documents for EMIC.

[63] The situation here is that EMIC and Sergiy have all the information regarding, among other things, why the audited financial statements were withdrawn, and information regarding the corporate accounts, including the significant amount purportedly owing to EMIC from ESC.

[64] In the circumstances, I am satisfied that it is appropriate to appoint a receiver.

[65] EMIC submits that the receiver should not be appointed because certain of the applicants do not come to court with clean hands. Sergiy's evidence is that Eric Barapp has sent him disgusting threats by text, including threatening him and telling him to commit suicide. There is no doubt that many of the texts and emails sent by Mr. Barap in evidence are grossly inappropriate. Mr. Barapp did not provide any evidence. While the emails and texts sent by Mr. Barapp were not appropriate, this does not disentitle the applicants from the appointment of a receiver to, among other things, investigate what has happened to their money, and determine what, if any, property is remaining for distribution to EMIC's creditors. The receiver, a third-party licensed trustee, will have the power, among other things, to determine what assets, if any, EMIC has for distribution to its creditors, and the priorities, and investigate and hopefully provide the investors with the information they are missing.

[66] The receivership order shall issue in the form sought by the applicants, subject to the addition of the carve out language related to Elle's mortgages.

The Financial Services Regulatory Authority of Ontario, FSRA, has refused to renew the mortgage brokerage license of Sergiy Shchavyelyev (Shchavyelyev).
Shchavyelyev is no longer suitable to be licensed under the *Mortgage Brokers, Lenders and Administrators Act, 2006*, S.O. 2006, c. 29, as amended (the Act) because he contravened the Act and regulations as follows:

- His past conduct affords reasonable grounds for the belief he will not deal or trade in mortgages in accordance with the law and with integrity and honesty, contrary to section 10 of Ontario Regulation 409/07.
- Made false statements or provided false information with respect to the application for the licence, contrary to section 10 of Ontario Regulation 409/07.
- Failed to notify FSRA of a lapse in E&O coverage for the Brokerage and Administrator, contrary to section 13 of Ontario Regulation 193/08 and section 29(1) of the Act.
- Failed to comply with FSRA's requirements of principal brokers, contrary to section 7(6) of the Act, and failed to ensure the Brokerage complied with the E&O and Annual Information Return requirements, contrary to sections 2(1) and 2(2) of the Ontario Regulation 210/07.

Shchavyelyev did not request a hearing before the Financial Services Tribunal or contest FSRA's proposal.

Justice Jana Steele

Released: March 23, 2026

CITATION: Lozovski v. Equityline Mortgage Investment Corp., 2026 ONSC 1611
COURT FILE NO.: CV-25-735286-00CL
DATE: 20260323

ONTARIO

SUPERIOR COURT OF JUSTICE [Commercial List]

BETWEEN:

ALEXANDRA LOZOVSKI, ERIC BARAPP, 2806569 ONTARIO INC., NICK RANIERI, NELLI GRIU, VLADISLAV ANDREYEV

Applicants

– and –

EQUITYLINE MORTGAGE INVESTMENT CORPORATION and ELLE MORTGAGE CORPORATION

Respondents

REASONS FOR DECISION

Justice Jana Steele

Released: March 23, 2026