

CITATION: Mississippi Mills (Town of) v. 16442676 CANADA INC, 2026 ONSC 2052
COURT FILE NO.: CV-25-102349
DATE: 2026 04 07

ONTARIO SUPERIOR COURT OF JUSTICE

RE: THE CORPORATION OF THE TOWN OF MISSISSIPPI MILLS, Plaintiff

AND:

16442676 CANADA INC., 16839321 CANADA INC., 16859496 CANADA INC., GRACE BELINGA, CHINEYE E. HANUNI and ANNA ELENA THOMPSON, Defendants

BEFORE: C. MacLeod RSJ

COUNSEL: Fraser Mackinnon Blair & Rachel Kusma, for the Plaintiff (Moving Party)

HEARD: April 7, 2026

ENDORSEMENT

[1] This is a motion by the Plaintiff seeking judgment against the Defendants for funds fraudulently obtained from the Plaintiff, which is a municipal corporation.

[2] By way of background, the Plaintiff owed money to Capital Sewer Inc. for construction services and had been invoiced for \$201,285.86. There is no doubt that the municipality owed the funds and attempted to pay the invoices in good faith. As set out below, those funds were fraudulently diverted and subsequently the plaintiff had to pay them a second time to Capital Sewer Inc. which did not receive the first payment.

[3] It is not necessary to set out the facts in detail. Briefly, the plaintiff received email communication on or about April 3, 2025 from an individual impersonating the project manager for Capital Sewer Inc. The email inquired about payment of the outstanding account and directed the municipality to deposit the funds to a new bank account. Subsequently this individual provided the municipality with an electronic funds transfer form (EFT), blank cheque and account information for a bank account at an Ottawa branch of the Bank of Nova Scotia on Bank St. Although some discrepancies in the email addresses had been noted, the municipality then received assurances from what now appear to be other fraudulent email addresses. The plaintiff then paid the amount actually owing to Capital Sewer Inc. into that bank account.

[4] On April 14, 2025 the fraud was uncovered when discrepancies surrounding the payment were flagged by the plaintiff's own bank. The plaintiff then contacted Capital Sewer Inc. only to be advised that the funds were never received, and the company had not changed its banking arrangements.

[5] On June 12, 2025 the municipality commenced an action against the unknown individuals who perpetrated the fraud and on June 26, 2025 obtained a disclosure and production order directing the relevant banks to freeze the deposited funds and to disclose the names of the individuals operating the bank accounts into which the funds were deposited or transferred. (Order of Justice Carter in court file CV-25-100189).

[6] Pursuant to this order, the Plaintiff was able to obtain the names, email addresses and contact information for the defendants. Also pursuant to the order and to certain internal bank anti-fraud measures, the plaintiff was successful in freezing roughly \$166,000. That amount was held or has been returned to the Bank of Nova Scotia and remains frozen in that institution pending the outcome of this motion.

[7] Subsequently, on December 19, 2025, this action was commenced against the named defendants in place of the John Doe defendants named in the original action. The defendants were served at their last known email addresses and by courier to their last known mailing addresses as recorded in the bank records or in corporate profile reports. No response was received and none of the defendants defended the action. They were noted in default on January 13, 2026.

[8] The plaintiff now moves for default judgment to recover the \$201,285.76 fraudulently diverted by the individuals impersonating employees or officers of Capital Sewer Inc. or who were the individuals owning or controlling the bank accounts into which the diverted funds were deposited. They also seek punitive damages and full indemnity costs.

[9] While the names of the defendants may well be aliases, I am satisfied that these are the names contained in the banking and corporate records. I am also satisfied that it was reasonable to serve these individuals at the contact addresses and email addresses contained in the official records. Under these circumstances involving fraudulent electronic communication, it is entirely reasonable to permit service by email and by courier and to dispense with personal service.

[10] I have no hesitation in validating service and allowing the plaintiff to proceed on the basis of noting these defendants in default. If there is any legitimate reason that the action and the motion did not come to the notice of any of the named defendants and if any of them have a legitimate defence, protection exists under Rule 19.08.

[11] On the affidavit evidence, the plaintiff is entitled to judgment for the amount diverted. That is \$201,285.86. The plaintiff is also entitled to an order that the Bank of Nova Scotia release the frozen funds in partial satisfaction of the judgment.

[12] On the question of punitive damages, this court has recognized that simply ordering the return of fraudulently obtained funds may be an insufficient remedy. Punitive damages are appropriately awarded in a case of cyber-fraud such as this to deter such conduct and to express disapproval of “highly reprehensible misconduct that departs to a marked degree from ordinary standards of decent behaviour”.¹ While there may well be criminal proceedings against the

¹ See *The Bank of Nova Scotia v. Rosario Rosado*, 2024 ONSC 4395 (CanLII). I adopt the analysis of Charney J. at paras. 19 - 28

defendants at some point, the availability of criminal sanctions is not a bar to punitive damages in a civil proceeding.²

[13] Unfortunately, this tactic of diverting funds by impersonating individuals or businesses owed money and providing fictitious banking information seems to occur with some frequency.³ An amount of punitive damages proportionate to the size of the fraud is appropriate. I award the plaintiff the sum of \$100,000 as punitive damages.

[14] The plaintiff is also entitled to an award of full indemnity costs. Defrauding a municipality is an attack on the innocent tax payers who have to contribute to the municipal budget and fund its expenses. The costs of pursuing this matter should be born by the defendants and not the residents of Mississippi Mills.

[15] I have reviewed the costs outline. The plaintiff shall have judgement for \$22,794.97 as full indemnity costs.

Justice C. MacLeod

Date: April 7, 2026

² See *Gennett Lumber Co. v. John Doe a.k.a. Milton Harvey et al.*, 2019 ONSC 1345 (CanLII)

³ See *Satori Interréseautage Inc. v. Doe*, 2023 ONSC 1097 and I have personally heard at least four motions arising in similar circumstances in the past year.