



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

October 11, 2024

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COURT FILE NUMBERS: CV-24-00721560-00CL

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

B E T W E E N:

EQUITABLE BANK

APPLICANT

- AND -

EQUITYLINE SPV LIMITED PARTNERSHIP

RESPONDENTS

**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 FIRST REPORT OF
KSV RESTRUCTURING INC.
AS RECEIVER AND MANAGER**

OCTOBER 11, 2024

1.0 Introduction

1. This report (the “**Supplemental Report**”) supplements the First Report to the Court dated October 2, 2024.
2. Unless otherwise stated, capitalized terms in this Supplemental Report and not otherwise defined herein have the meanings given to them in the First Report.

1.1 Purposes of this Report

1. The purposes of this Supplemental Report are to:
 - a) provide the Court with an update on the site visits conducted by the Receiver’s agent to the properties associated with the borrowers who have not responded to the Receiver’s communications;

- b) update the Court on mortgage repayments; and
- c) summarize correspondence sent to the Receiver from an investor in the MIC.

1.2 Restrictions

1. This Supplemental Report is subject to the restrictions in Section 1.2 of the First Report.

1.3 Currency

1. All currency references in this Supplemental Report are in Canadian dollars.

2.0 Site Visits

1. The Receiver engaged Richmond Advisory Services Inc. (“**RAS**”) to inspect the properties of the unresponsive borrowers and advise them of the receivership.
2. The inspections were performed on October 3 and October 4, 2024. The properties inspected are as follows:

(unaudited; \$000s) Property	Position	Principal	Debt funded by EQB	Debt funded by the MIC
69 Fenwood Heights	Second	340	170	170
33 Fieldside Drive	Second	366	183	183
12 Harewood Ave	First	920	736	184
135 Ben Sinclair Ave	Second	180	90	90
18 Furness Crescent	Second	358	179	179
1096 William Street	First	1,000	800	200
1096 William Street	Second	280	140	140
15 Hooper Street	First	550	440	110
216 Bay Street	First	592	474	118
475 Catherine Street	First	640	512	128
		5,226	3,724	1,502

3. RAS’s findings from the inspections are summarized below:
 - a) **69 Fenwood Heights** – The property is vacant. A notice by Apex Property Management (“**Apex**”), a property management firm, was posted on the front door, on behalf of the first mortgagee. Information about the first mortgagee was not disclosed to RAS.
 - b) **33 Fieldside Drive** – The property is in good condition and occupied by tenants. The tenants did not provide any further information to RAS.
 - c) **12 Harewood Ave** – The property is vacant. A notice was posted by Apex. Apex did not disclose who contracted it.
 - d) **135 Ben Sinclair Ave** – The property is vacant. A notice was posted by Apex. Apex did not disclose who contracted it.

- e) **18 Furness Crescent** – The property is in good condition and occupied by the borrower. RAS delivered a notice to the individual occupying the property. The Receiver has not received any communication from the borrower.
 - f) **1096 William Street** – The property is in excellent condition and occupied by tenants. The tenants refused to accept a notice from RAS.
 - g) **15 Hooper Street** – The property is vacant. A notice was posted by Apex. Apex informed RAS that it was contracted by the Debtor. The exterior of the property appeared to be undergoing renovations and was unfinished.
 - h) **216 Bay Street** – The property is in very poor condition and is occupied by squatters. Evidence of drug use was apparent. The electricity had been cut off and a generator was provided by the City of Ottawa.
 - i) **475 Catherine Street** – The property is in very poor condition and boarded up. A notice was posted by Apex. Apex informed RAS that it was contracted by the Debtor. The property has suffered from two fires and is not liveable.
4. Of the three properties that are tenanted, the legal counsel for the borrower of 1096 William Street advised the Receiver that the borrower intends to make ongoing monthly mortgage payments. The borrowers on the other two properties remain unresponsive.
5. An updated status of the properties is provided in the table below.

(unaudited; \$000s) Property Status	Number of Properties	Principal	Debt funded by EQB	Debt funded by the MIC
Attended by Apex	5	2,630	1,948	682
Occupied by Squatters	1	592	474	118
Tenanted, Responsive	1	1,280	940	340
Tenanted, Unresponsive	2	724	362	362
	9	5,226	3,724	1,502

6. On October 3, 2024, the Receiver sent an email to Shchavyelyev to inquire about whether a blanket mortgage insurance policy was in place as the Receiver is concerned that the vacant and derelict properties are uninsured by the borrowers. A follow-up email was sent on October 7, 2024, requesting information on whether any third parties have been contracted to secure any of the mortgaged properties. A copy of the email is attached as Appendix “A”. Shchavyelyev has not responded to the Receiver.

3.0 Repayments

1. As of the date of the First Report, the Receiver had collected approximately \$203,000 as a partial mortgage repayment, attributable to a portion of the \$1.6 million of Discharged Mortgages.

2. Since the First Report, Walman advised the Receiver that two other mortgages held by the MIC (and not the Debtor) have been repaid and that funds totaling approximately \$650,000 would be transferred to the Receiver on the condition that such funds reduce the balance owing to the Debtor by the MIC. The additional funds were transferred to the Receiver on October 10, 2024.

4.0 MIC Investor

1. On October 10, 2024, an investor in the MIC sent an email to the Receiver to advise that, among other things, he has significant concerns with the management of the MIC, the use of proceeds raised from investors and Shchavyelyev's lack of disclosure. A copy of the email is provided as Appendix "B".
2. The investor advised the Receiver that he and other investors in the MIC, who collectively advanced several million dollars, support the relief being sought and that he may file an affidavit with additional information on the MIC's practices.

5.0 Conclusion

1. For the reasons provided in Section 3.5 of the First Report, the Receiver continues to recommend that the Court issue an amended receivership order (i) over Services Co. and the MIC, and (ii) authorizing the Receiver to exercise investigative powers.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

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

Appendix “A”

Tony Trifunovic

From: Mitch Vininsky <mvininsky@ksvadvisory.com>
Sent: October 7, 2024 12:52 PM
To: Sergiy Shchavyelyev
Cc: Noah Goldstein; Tony Trifunovic; Rebecca Kennedy
Subject: RE: Insurance

Sergiy, please respond today on this.

Also, please let us know if Equityline has engaged any third parties to secure any of the remaining properties subject to a mortgage. If it has, which firm was engaged and which properties did it secure?

-----Original Message-----

From: Mitch Vininsky
Sent: October 3, 2024 9:47 PM
To: Sergiy Shchavyelyev <sergiy@equitylinemic.com>
Cc: Noah Goldstein <ngoldstein@ksvadvisory.com>; Tony Trifunovic <ttrifunovic@ksvadvisory.com>
Subject: Insurance

Sergiy, do you have a blanket mortgage insurance policy? Please send us a copy if you do.

Mitch Vininsky
KSV Advisory Inc.
220 Bay Street, Suite 1300
Toronto, ON M5J 2W4
T 416-932-6013
C 416-254-4912

Appendix “B”

Tony Trifunovic

From: Eric Barapp <ebarapp@gmail.com>
Sent: October 10, 2024 8:37 AM
To: mvininsky@ksvadvisory.com; ngoldstein@ksvadvisory.com;
ttrifunovic@ksvadvisory.com
Cc: Mauro DiBenedetto; Vlad Dagaev; Alexander Makaronets; Boris Lozovski; Daniel Slobodskoy; Matthew Ewing; Mark Simone; Mary Moncada; Judy Hamilton; Sergiy Shchavyelyev
Subject: re: Motion

Hi,

I understand you have a motion coming up to take over the MIC and Equityline Services Corp.

Sergiy has not only been evasive with you, he has been evasive with investors. He has even suggested that he is using my money for “expensive escorts in Miami”. He has delayed, deceived investors and lied about action plans, timelines. The same thing he has done with you.

If you plan to take over the MIC, please keep in mind we have a large suspicion that funds were moved out for personal gain including buyer luxury vehicles. A forensic accountant would need to be assigned for the MIC to see where the funds were moved.

We also have a suspicion that some of the mortgages under Elle Mortgages are not really Elle Mortgages but rather that of Equityline including Serges personal property in East Gwillimbury - if they are not then Sergiy was clearly running some type of Ponzi scheme. Walman and Demitchev are in our opinion involved, we don't know in what capacity, but are definitely in on the scheme.

Equityline bookkeeper is a person of key interest. Mary Moncada - she must know where money was diverted or at least have an idea as she wrote all the cheques.

Let me know if you need anything. Also I think the RCMP needs to get involved to investigate Sergiy for his actions, as in our opinion the mortgages have either been masked or pure fraud was taking place. We are all puzzled why Sergey has not fled the country.

If you need me or any of the other investors to provide a written statement to Sergiys conduct please let us know we are more than happy to help. Also the chief portfolio manager Arthur who was on the previous financial reports claims to know nothing about the portfolio and never having worked for the company. I have messages from him to prove that.

Also Sergiy was residing at 135 Ben Sinclair Ave till your investigations must have spooked him. A witness can come forward and verify that.

Anything you guys need me and the investors can come and help you. Sergiy has played the same tactics with us as he has played with you. He sets up a meeting, lies during the meeting and then tries to deceive, delay and deny things after. If you need any evidence from investors we are more than happy to provide.

Any settlement with the MIC needs to be approved by the OSC but we think they are being deceived as much as everybody else has. Sergiy has continued making efforts to try to raise capital from investors and lists equitylinemic as a company that he owns on whats app for that purpose. His kids attend private school and he continues to drive luxury vehicles while giving no redemptions for anybody and giving no monthly payments to investors.

Thanks

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Eric Barapp, BAS, JD
Personal Injury Lawyer