CITATION: *Rona Inc. v. 11449346 Canada Inc. et al*, 2026 ONSC 5877
COURT FILE NO.: CV-26-00102600-0000
DATE: 2026/10/20

SUPERIOR COURT OF JUSTICE - ONTARIO

RE: Rona Inc., Plaintiff

-and-

11449346 Canada Inc. o/a P3 Panel Company, 12574764 Canada Ltd. o/a United Structural Components, United Edge Structural Components LP, Dylan James Sliter, Stephanie Ferrante, in her capacity as trustee of the estate of Stefano Ferrante, and Marcin Kozniewski, Defendants

BEFORE: Justice A. Doyle

COUNSEL: Meghan Fougere for the Plaintiff

Sean Patton and Chris Trivisonno for the Defendants, Messrs. Ferrante and Kozniewski

HEARD: October 15, 2026 at Ottawa

REASONS FOR DECISION

[1] The plaintiff, Rona Inc., has brought a motion for default judgment against the defendant Dylan James Sliter. He was noted in default on March 13, 2026 and has been given notice of this motion but he has failed to engage with the plaintiff or counsel.

[2] The defendants 11449346 Canada Inc. (P3 Panel Company) and 12574764 Canada Ltd as a general partner for United Edge Structural Components (United Edge) failed to pay monies owing to the plaintiff for the supply and shipping of construction materials pursuant to separate contracts. Both corporate defendants have since been deemed bankrupt and proceedings against them are stayed.

[3] The defendants Stephanie Ferrante, in her capacity as Estate Trustee of the Estate of Stefano Ferrante and Marcin Kozniewski, have filed a statement of defence and crossclaim. Any decision in this motion will not be binding on these aforementioned individual defendants.

2026 ONSC 5877 (CanLII)

[4] By way of background, the plaintiff and P3 Panel Company entered into an agreement whereby the plaintiff would supply and ship construction materials from time to time for various projects. The credit application (commercial) dated December 15, 2022 signed by Mr. Sliter on behalf of P3 Panel Company stipulated that the corporate defendant was "consistently building various projects in Eastern Ontario".

[5] Mr. Sliter personally guaranteed P3 Panel Company's obligations and payments "personally, unconditionally and irrevocably".

[6] The plaintiff supplied materials to P3 Panel Company at various times from May 2024 to February 2025.

[7] P3 Panel company failed to pay the plaintiff's invoices and as of February 2025, the amount due is $858,618.97 (including HST).

[8] On April 8, 2024, United Edge contracted with the plaintiff for the supply and shipping of various construction materials from time to time by the plaintiff to United Edge for various projects. Again it was in the form of a credit application (commercial) with terms and conditions as in the contract with P3 Panel Company. Mr. Sliter did not sign a personal guarantee for this contract.

[9] From November 2024 to February 2025, the plaintiff supplied United Edge with materials and this defendant company failed to pay the plaintiff's invoices. As of February 2025, the amount owing to the plaintiff is $564,685.65 (including HST).

[10] The cumulative amount is $1,423,304.62 plus 26.82% interest per annum.

[11] The plaintiff is also seeking a declaration that any monies received or receivable by the defendants to pay for the supply of materials and or services to improvements or any portion thereof, being improvements to which the Plaintiff supplied materials to the corporate defendants for which the plaintiff is owed money constitute a trust fund or trust funds for the benefit of the plaintiff.

2026 ONSC 5877 (CanLII)

[12] The plaintiff is seeking a declaration that Mr. Sliter was as at all material times a director, officer, and person having control of the corporate defendant who assented to and acquiesced in conduct that he reasonably ought to have known amounted to breaches of trust pursuant to the *Construction Act*, R.S.O. 1990, c. C.30 (*Act*) in respect of improvements to which the plaintiff supplied goods and materials.

[13] Therefore, the plaintiff requests judgment against Mr. Sliter for $1,423,304.62 for breaches of trust pursuant to the *Act* in relation to the projects.

Discussion

Legal Framework

[14] Rules 19.02 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194 provides the consequences of noting default:

> 19.02 (1) A defendant who has been noted in default,
>
> (a) is deemed to admit the truth of all allegations of fact made in the statement of claim; …

[15] Rule 19.05 (1) provides that:

> 19.05 (1) Where a defendant has been noted in default, the plaintiff may move before a judge for judgment against the defendant on the statement of claim in respect of any claim for which default judgment has not been signed.

[16] Rule 19.06 provides that:

> 19.06 A plaintiff is not entitled to judgment on a motion for judgment or at trial merely because the facts alleged in the statement of claim are deemed to be admitted, unless the facts entitle the plaintiff to judgment.

Pleadings

[17] The Statement of Claim claims as against Mr. Sliter with respect to the contract with P3 Panel Company include:

2026 ONSC 5877 (CanLII)

> 1(a) Compensation for breach of trust jointly and severally pursuant to the *Act*, in the amount of $858,618.97;
>
> 1(c) a declaration that any monies received or receivable by the P3 defendants (includes Mr. Sliter) to pay for the supply of materials and/or services to improvement or any portion thereof, being the improvements to which the plaintiff supplied materials to these defendants and for which the plaintiff is owed money by them constitute a trust fund or trust funds for the benefit of the plaintiff pursuant to the Construction Cct or alternatively a trust fund at common law;
>
> 1(d) a declaration that all monies payable that were in the hands of the defendants constitute a trust fund or trust funds for the benefit of the plaintiff pursuant to the Act or common law
>
> A declaration that these defendants are liable for any breach of trust committed by the P3 Panel company pursuant to the Construction act or common law.

[18] The claims against United Edge and Mr. Sliter for the amount of $564,685.65 mirror the above claims.

[19] The plaintiff also claims as against Mr. Sliter personally (in addition to the personal guarantee), the damages for breach of contract, breach of duty of good faith and honest performance and/or unjust enrichment.

[20] Commencing at paragraph 25, the statement of claim specifically alleges that any funds received or receivable by the defendants in respect to the improvement to which the plaintiff materials were supplied were impressed with a trust pursuant to the *Act.*

[21] The plaintiff has not provided particulars with respect to the specific projects and/or improvements. These are facts known to the defendants. In the statement of claim, the plaintiff seeks an order to produce this information.

[22] Further the plaintiff pleads that as subcontractor within the meaning of the *Act*, it is a beneficiary of the trust or trust funds so created.

2026 ONSC 5877 (CanLII)

[23] Para 28 particularizes the breach of trust committed by Mr. Sliter which includes commingling of trust funds and use of trust funds inconsistent with the act and failure to reserve trust funds.

Personal Guarantee

[24] The court finds that Mr. Sliter is responsible as guarantor of the contract between P3 Panel Company and the plaintiff. The record indicates that $858,618.97 is due. The total interest due as of October 15, 2026 is $350,208 for a total of $1,208,827. Judgment will render on that basis with respect to this contract.

[25] Mr. Sliter did not sign a guarantee for the contract between United Edge and, as set above, the plaintiff seeks relief pursuant to the trust provisions of the *Act* on amounts owing on both contracts.

Trust claim

Legal framework

[26] As set out in Rule 19.06, a plaintiff is not entitled to judgment merely because the facts alleged in the statement of claim are admitted. The admitted facts must entitle the plaintiff to the judgment.

[27] The relevant provisions under the *Act* are sections 8 and 13.

[28] Section 8 reads:

> 8 (1) All amounts,
>
> (a) owing to a contractor or subcontractor, whether or not due or payable; or
>
> (b) received by a contractor or subcontractor,
>
> on account of the contract or subcontract price of an improvement, including any holdback amount that is owed to or received by the contractor or subcontractor, constitute a trust fund for the benefit of the subcontractors and other persons who have supplied services or materials

2026 ONSC 5877 (CanLII)

> to the improvement, who are owed amounts by the contractor or subcontractor. R.S.O. 1990, c. C.30, s. 8 (1); 2017, c. 24, s. 66; 2024, c. 20, Sched. 4, s. 8.
>
> (2) The contractor or subcontractor is the trustee of the trust fund created by subsection (1) and the contractor or subcontractor shall not appropriate or convert any part of the fund to the contractor's or subcontractor's own use or to any use inconsistent with the trust until all subcontractors and other persons who supply services or materials to the improvement are paid all amounts related to the improvement owed to them by the contractor or subcontractor. R.S.O. 1990, c. C.30, s. 8 (2); 2017, c. 24, s. 66.

[29] Section 13 reads:

13 (1) In addition to the persons who are otherwise liable in an action for breach of trust under this Part,

> (a) every director or officer of a corporation; and
>
> (b) any person, including an employee or agent of the corporation, who has effective control of a corporation or its relevant activities,
>
> who assents to, or acquiesces in, conduct that he or she knows or reasonably ought to know amounts to breach of trust by the corporation is liable for the breach of trust. R.S.O. 1990, c. C.30, s. 13 (1).
>
> (2) The question of whether a person has effective control of a corporation or its relevant activities is one of fact and in determining this the court may disregard the form of any transaction and the separate corporate existence of any participant. R.S.O. 1990, c. C.30, s. 13 (2).
>
> (3) Where more than one person is found liable or has admitted liability for a particular breach of trust under this Part, those persons are jointly and severally liable. R.S.O. 1990, c. C.30, s. 13 (3).
>
> (4) A person who is found liable, or who has admitted liability, for a particular breach of a trust under this Part is entitled to recover contribution from any other person also liable for the breach in such amount as will result in equal contribution by all parties liable for the breach unless the court considers such apportionment would not be fair and, in that case, the court may direct such contribution or indemnity as the court considers appropriate in the circumstances. R.S.O. 1990, c. C.30, s. 13 (4).

2026 ONSC 5877 (CanLII)

[30] In *Toro Aluminum Ltd. v. Revah*, [1999] O.J. No. 5346, the court stated at para.8:

> The trust provisions of the *Construction Lien Act* provide additional protection for trades and suppliers on construction projects beyond the right to file liens against the property. Essentially, a contractor or subcontractor who receives money on account of its contract, holds that money in trust for those who provided services or materials on the project. The trustee must, subject to certain exemptions, use those monies first to pay those who provided services and materials. Failure to do so constitutes breach of trust. Where the contractor receiving the money is a corporation, a director, officer or person effectively controlling the corporation who assents to or acquiesces in conduct, knowing it amounts to breach of trust by the corporation, will also be personally liable for breach of trust: *Construction Lien Act*, ss. 8(1)(b), 8(2) and 13(1); *St. Mary's Cement Corporation v. Construct Ltd.* (1997) 1997 CanLII 12114 (ON CTGD), 32 O.R. (3d) 595 at 599 to 601 and 615 to 618 and cases referred to therein.

[31] In *Emco Corporation v. Total Air Solutions Inc.* 2019 ONSC 1636, the Plaintiff, a supplier of plumbing materials, alleged that the defendants failed to pay $96,569.92 for materials supplied under a contract. The individual defendant, as the sole officer and director of the corporate defendant, provided a personal guarantee for the payment. Additionally, the plaintiff alleged that the defendants breached trust provisions under the *Construction Lien Act* by failing to hold funds received for the materials in trust for the Plaintiff. The defendant had been noted in default.

[32] The court found that the plaintiff was entitled to judgment for breach of contract as the facts in the statement of claim supported the claim for unpaid materials and the personal guarantee provided by the individual defendant. But the claims under the *Construction Lien Act* were dismissed because the plaintiff failed to provide evidence linking the materials supplied to a specific improvement or project, as required under the Act.

[33] The court found the plaintiff's "bald assertion of a breach of trust in the statement of claim does not provide a sufficient basis to find" that the defendant had committed a breach of trust under s. 8 (Para. 16).

[34] The statement of claim alleged that the defendants failed to pay and that the amount of the claim on account to the supply of the " plumbing equipment and related materials constitutes a

2026 ONSC 5877 (CanLII)

trust fund or trust funds for the benefit of the plaintiff, and the defendants or either of them are in breach of their obligations pursuant to the provisions of the *Construction Lien Act*."

[35] A contractor's or subcontractor's failure to pay for materials or services does not necessarily mean that there has been a breach of trust under section 8 of the *Act.* (para.11)

[36] A retailer of construction goods is not protected under the *Act*. The *Act* was not intended to apply to retailers who sell to members of the public in general and who have no direct connection to any improvement to any premises. (para 12)

[37] A supplier of construction goods to a construction project has a reasonable expectation of protection under the *Act.*

[38] In *Central Supply Co. (1972) Ltd. v. Modern Tile Supply Co. Ltd*. 2001 CanLII 5037 (ON CA), [2001] O.J. No. 3575, paras. 19-20, the Ontario Court of Appeal stated:

> 19 In my view, therefore, the Act requires that a supplier must intend that the material sold be used for the purposes of a known and identified improvement before a lien or trust arises. Where the supplier is selling material or services without any regard to the purpose or site for which the material is destined, it is deemed to be selling on the credit of the buyer alone, without access to the lien or trust remedies under the Act. The trust provisions of the Act, therefore, create a trust only for the benefit of persons who have supplied services or materials to the improvement, not for the benefit generally of persons who supply contractors. (See Kuchar, supra, at p. 31 C.L.R. and McGuinness, supra, at p. 229 C.L.R.)

[39] In *Sunview Doors Ltd. v. Academy Doors & Windows Ltd*., 2010 ONCA 198, para. 23, the Ontario Court of Appeal stated that a supplier must be able to link the material to the improvement for which the subcontractor was owed money or has been paid.

[40] In that case, the plaintiff, a manufacturer of custom sliding patio doors, supplied these doors to the defendant, a subcontractor engaged in retrofitting and renovating buildings.

[41] Sunview knew that the doors Academy ordered were for specific improvements because of the information provided respecting dimensions, colour and door opening direction.

2026 ONSC 5877 (CanLII)

[42] The plaintiff did not know the specific locations where the doors were installed, as the defendant picked up the doors from the plaintiff's facility. The defendant failed to pay for the doors, leading the plaintiff to claim breach of contract and breach of trust under the *Construction Lien Act*.

[43] The trial judge allowed the breach of contract claim but dismissed the breach of trust claim, holding that the plaintiff did not intend the materials to be used for a known and identified improvement. The Divisional Court allowed the plaintiff's appeal, finding that the plaintiff was entitled to the benefit of the statutory trust under s. 8(1) of the *Construction Lien Act*,

[44] In dismissing the appeal, the Court of Appeal stated that the statutory trust under s. 8(1): does not require a supplier to intend that materials be used for a known and specific improvement at the time of supply. Instead, it is sufficient if the supplier can link the materials to an improvement for which the subcontractor was paid or owed money. The defendant's deliberate frustration of the plaintiff's attempts to obtain disclosure further supported the plaintiff's entitlement to the trust.

[45] In *Matthews Equipment Limited v. Yalda Contracting Inc*. 2021 ONSC 1823 the defendant company entered into a credit agreement with the plaintiff to rent construction equipment for various projects in Ontario. The plaintiff delivered the equipment and invoiced the defendant, but the defendant failed to pay for the rentals. The plaintiff alleges that the Defendants breached the trust provisions of the *Construction Act* by misusing funds received for the projects.

[46] The Court determined that the Defendants breached the credit agreement by failing to pay $72,669.83 for the equipment rentals. Under the *Act*, the funds received by the defendant company for the projects constituted a trust for the benefit of the plaintiff. The defendants failed to disburse the trust funds properly, breaching their trust obligations. The individual defendants, as officers and directors, were also liable for the breach.

[47] In that case, the defendant failed to provide evidence of how the funds that they received in relation to the projects in which the plaintiff provided equipment were properly disbursed from the trust. The defendant failed to satisfy its obligations under s. 8 of the *Act.*

2026 ONSC 5877 (CanLII)

[48] The decision of Justice Molloy of the Ontario Court (General Division) in *St. Mary's Cement Corp. v. Construc Ltd.*, 1997 CanLII 12114 stands for the proposition that the plaintiff must show (i) that defendant received money on account of its contract(s) for the project and that (ii) the plaintiff supplied materials on that project and was not paid. The onus then shifts to the defendant to show that its payments of trust funds complied with the legislation.

Conclusion

[49] In this case, the statement of claim specifically pleads that Mr. Sliter received and appropriated or converted an amount equal to or greater than the indebtedness to the plaintiff. Unlike the *Emco* case, particulars of the claim have been provided in detail.

[50] Mr. Sliter as director of the corporate defendants was the directing mind. He was a director, officer, or person having effective control of the corporate defendants or their relevant activities and that he assented to or acquiesced in conduct that he knew or reasonably ought to know amounts to breach of trust by corporate defendants.

[51] The corporate defendants were contractors or subcontractors on the project. The proposal documents indicate the financial framework and outstanding debts.

[52] The plaintiff supplied materials to the corporate defendants who have not paid for them. The contract stipulates that the materials were for construction sites in Eastern Ontario.

[53] The corporate defendants received or were owed amounts on account of its contract price for the project.

[54] Having established that there was an existence of a trust under s. 8(1) of the *CLA*. The onus then shifts to the corporate defendants to demonstrate that trust monies have been properly applied: *Airex Inc. v. Ben Air System Inc.,* 2017 ONCA 390at paras. 16-17; *Sunview Doors Limited v. Pappas,* 2010 ONCA 198, at paras. 83-84; *St. Mary's Cement Corp. v. Construc Ltd.,* 1997 CanLII 12114 (ON CTGD), [1997] OJ No 1318 (Gen Div) at paras. 10-11.

2026 ONSC 5877 (CanLII)

[55] The statement of claim requested this information but the corporate defendants have been found to be bankrupt. Mr. Sliter did not respond to the statement of claim nor respond to the motion record. The plaintiff also correspondent with his previous counsel but was not met with a response.

[56] Mr. Sliter has not opposed the motion nor tendered evidence of how these trust funds were used.

[57] Personal liability arises under s. 13(1) of the *Act* for directors or officers and persons with effective control who assent to, or acquiesce in, a breach of trust. Mr. Sliter had effective control and knew or ought to have known of the breach.

[58] Liability under s. 13 of the *Act* does not require proof of actual knowledge, recklessness, or wilful blindness to any actual breach of the trust. Since the trust is statutory, those individuals identified in s. 13(1) are deemed to have knowledge of the existence of the trust. It is only necessary to demonstrate assent or acquiescence to support liability. The threshold of assent to or acquiescence in conduct amounting to breach of trust by the corporation is a lower standard than common law liability imposed on a stranger to a trust: *Baltimore Aircoil of Canada Inc. v. ESD Industries Inc.*, 2002 CanLII 49492 (Ont SCJ) at paras. 39-40.

[59] I am satisfied from the evidence that Mr. Sliter was a director and person having effective control of the corporate defendants.

[60] Accordingly, the court grants final judgment as follows:

- Judgment against Mr. Sliter personally on the P3 Panel Company debt as guarantor in the amount of $858,618 plus interest as of October 15, 2026 of $350,208 for a total of $1,208,827;
- Declaration that Mr. Sliter as director officer and person having control of the corporate defendants who assented to and acquiesced in conduct that he reasonably ought to have known amounted to breaches of trust pursuant to the Act in respect of improvements to which the plaintiff supplied goods and materials, that is the projects;
- Judgment for the amount owing on the United Edge is $564,685 plus interest of $217,837 for a total of $782,522;

2026 ONSC 5877 (CanLII)

- In total, this court grants judgment in favour of the plaintiff against Mr. Sliter in the amount of $1,991,350 for breaches of trust pursuant to the *Act* in relation to the projects inclusive of interest; and

- This court order does not bind the remaining defendants Mr. Kozniewski and Stephanie Ferrante in her Capacity as Trustee of the estate of Mr. Ferrante.

Costs

[61] This is a case for costs to be awarded on a substantial indemnity. Mr. Sliter has flagrantly ignored all efforts made by the plaintiff to engage him or his previous counsel.

[62] The plaintiff provided the original statement of claim and the reissued statement of claim and wrote to his previous counsel. He was also served with factum and supplementary motion record and he was fully aware of the proceedings and deliberately chose to ignore these proceedings and failed to respond. By doing so, he failed to provide particulars regarding the trust funds and neglected his responsibility and obligation as director under the *Act.*

[63] The plaintiff also sent court documents to the trustee in bankruptcy counsel.

[64] The court has reviewed the costs outline and notes the discounted rate provided by counsel to the plaintiff. Counsel is a senior counsel with expertise in construction claims which involves a remedial legislation with some complexities.

[65] I note the amounts are significant, the materials filed are extensive, this issues are important to the plaintiff.

[66] Accordingly, the plaintiff is awarded costs for fees and disbursements in the amount of $22,700.37 (incl. HST)

Justice A. Doyle

Date: October 20, 2026

2026 ONSC 5877 (CanLII)

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COUNSEL: Meghan Fougere for the Plaintiff

Sean Patton and Chris Trivisonno for the Defendants, Messrs. Ferrante and Kozniewski

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REASONS FOR DECISION

DOYLE J.

Released: October 20, 2026