

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:)	
)	
X.L.)	Alexandra Abramian, Counsel for the
Applicant)	Applicant
)	
– and –)	
)	
Z.L.)	
)	
Man Yee Shek	Respondent 1)	Self-Represented Respondents, Z.L., Man
)	Yee Shek, Samuel Property Investment
Samuel Property Investment (Canada) Inc.	Respondent 2)	(Canada) Inc.
)	
	Respondent 3)	
Chi Wo (Brian) Yip)	Pauline Cheuk Wai Leung, Counsel for the
)	Respondents Yip and 2780837 Ontario Inc.
2780837 Ontario Inc.	Respondent 4)	
)	
	Respondent 5)	
Diquan Liao)	Alexandra Abramian for Diquan Liao, for
)	service
Xueqing Zhang, Deceased	Respondent 6)	
)	
)	HEARD: In writing

RULING ON COSTS

D.A. JARVIS J.:

[1] This ruling deals with the costs associated with a 16-day trial which involved issues relating to parenting, equalization, child and spousal support and fraudulent conveyance allegations involving the spouses’ matrimonial home.¹ Reasons for Decision (“Reasons”) were released on October 16, 2025.² Primary residence of the children and sole decision-making responsibility was awarded to the wife³, the husband was ordered to pay an equalization payment, child support was ordered, the wife’s fraudulent conveyance claim against the

¹ 2025 ONSC 5880.

² The Reasons were subsequently amended to provide a deadline for delivery of the husband’s cost submissions and a divorce.

³ Reasons, at para. 23.

husband and Ms. Shek was successful, but it failed with respect to Mr. Yip and, with one exception, the balance of the claims of the husband, Ms. Shek and Mr. Yip were dismissed.⁴

- [2] Deadlines were given with respect to the delivery of submissions on costs. After release of the Reasons and before and after the deadline for delivery of the wife's cost submissions, all the respondents (except Diquan) brought a series of similar, but not identical, motions requesting, among other things, a reconsideration of the Reasons and to defer the deadline for delivery of their cost submissions pending determination of their motions. The motions were dismissed on November 24, 2025.⁵ By that time, the wife had delivered her submissions. The respondents were granted extra time to deliver their cost submissions, a deadline was set, and the wife was granted an extension of time to deliver her reply. They were also encouraged to obtain legal assistance.

Wife's position

- [3] The wife claims that she was successful on most of the issues and is, therefore, presumptively entitled to costs. She seeks \$305,837.29 on a full indemnity basis comprising fees (\$258,040), HST on the fees (\$33,545.20) and disbursements (\$14,252.08, inclusive of HST). Her Bill of Costs ("Bill") accompanies her submissions. It details the date of the legal service(s) provided, contains a brief description of the service(s), the time spent and the related fee. Statements of experience for the lawyers (two) who worked on the file are provided. The hourly rates are reasonable. The wife made three Offers to settle, one to each of the husband, Ms. Shek and Mr. Yip; all were dated May 28, 2024, five months before the trial started. Of the total fees of \$258,040 reflected in the wife's Bill, about \$122,415 were incurred before her offer and \$135,625 afterward. The Bill does not detail what disbursements fell on either side of the offer's date.
- [4] In my view, the wife's Bill was not clearly excessive or overreaching but will require some reduction and must account for her unsuccessful claim against Mr. Yip.

Offer to Settle to husband

- [5] The wife's offer comprised three parts. Part I dealt with the property issues between the parties and proposed that the husband transfer to the wife his interest in the jointly owned Osborne Family Way property ("Osborne") occupied by the children and her (in which case she would ensure that he was released from all its associated obligations), he would release to her his share (about \$278,000) of the net sale proceeds relating to the sale of the parties' Country Lane investment property ("Country Lane"), that he would pay child support of \$513 a month based on a \$30,000 income and 50% of the children's post-secondary s. 7 expenses. No spousal support would be paid. Part II of the offer proposed that the wife have sole decision-making responsibility for the children, that she have full authority to apply for, and retain, all government-issued documents for the children and that the husband have parenting time with BL and AL as arranged by the parties and in accordance with the children's wishes. Part III provided that either Part I or Part II could be accepted (but only in the Part's entirety) and that all other claims by the parties

⁴ As with the Reasons, the references to Ms. Shek and Mr. Yip include their companies for convenience of reference.

⁵ 2025 ONSC 6552.

(including those made by Ms. Shek and Mr. Yip) be dismissed. No costs would be associated with the acceptance of any Part. The offer was open for acceptance until the start of trial.

- [6] Accompanying the wife's submissions was a Schedule of Calculations comparing the trial award to her offer to settle.

Offer to Settle to Ms. Shek

- [7] The wife's Offer to Settle to Ms. Shek required her acknowledgement that the transfers of Linacre and Rose Son Motor to her were, respectively, caused by the husband to defeat the wife's equalization claim and, in the case of the company, a fraudulent conveyance. The subsequent transfer to Mr. Yip was also a fraudulent conveyance. Ms. Shek was to acknowledge that the husband continued to have full operational control of Rose Son Motor. The offer was open for acceptance until the start of trial.

Offer to Settle to Mr. Yip

- [8] The wife proposed that Mr. Yip acknowledge that the Linacre transfer was made for no consideration and his company would not be entitled to any of the proceeds from the foreclosure and sale proceedings held in trust. The offer was open for acceptance until the start of trial.

Positions of the respondents

- [9] All the respondents (except Diqian) delivered their cost submissions by the December 5, 2025 deadline ordered on November 24, 2025. None of them delivered nor made any submissions about their comparative costs of these proceedings, none referred to the details of any offer to settle they had made (no offer was made by Mr. Yip), each requested that the wife's claim for costs be dismissed and that all cost determinations be deferred until the disposition of each of their appeals from the trial judgment. Each "expressly reserved" their "right" to make full cost submissions *after* the disposition of their appeal.
- [10] There is no such "right."
- [11] In the court's November 24, 2025 dismissal of the respondent's post-trial motions, I observed that their invention (there is no other word) of novel descriptors for those motions (either a "Reconsideration" motion or a "Protective Cost Submission") were unrecognized in law. Unrecognized too is any "right" that defers the determination of the costs of a ruling in a proceeding, in this case after a lengthy trial, until disposition of an appeal of that ruling. *Family Law Rules*⁶ ("FLR") rule 24, for example, requires a court to determine costs after each step in a case. This court is obliged to assess the costs of these proceedings after determining the substantive issues; any dispute about that determination and its associated costs is a matter for an appellate court, a point made to the respondents in the court's November 24, 2025 ruling (see para. 7).

⁶ Family Law Rules, O.Reg. 114/99.

- [12] In separate submissions, the respondents variously disputed the factual findings made at trial, submitted that the wife was nowhere as successful as she claimed, that her litigation conduct (and the conduct of her counsel, in Mr. Yip's submissions) disentitled the wife to costs, that the costs claimed were excessive and, in the case of Ms. Shek and Mr. Yip, they did not address the court's concerns about AI generated hallucinations in their closing submissions. In fact, Ms. Shek continued to refer to a Supreme Court of Canada case for support of a proposition that this court had already noted was an AI hallucination (see para. 91(a) of the Reasons).
- [13] No consideration will be given to the respondents' submissions challenging findings of fact, the inferences from those facts or application of the law referenced in the trial judgment to those findings. The respondents' submissions about the wife's success, her allegations about bad faith, and the amount of costs claimed will be considered.
- [14] Fortuitously, the wife included copies of the offers made by the husband and Ms. Shek in her submissions. She did not deliver (although she was entitled to do so) any reply to the respondents' submissions.

Husband's position

- [15] The husband submitted that the calculation of the equalization payment to the wife was mathematically incorrect and made generalized statements (without more) that the wife "lost spousal support, retroactive child support, the fraudulent conveyance claim against Mr. Yip, major credibility issues, proper income imputation and multiple financial issues now under appeal" thereby limiting her cost recovery.
- [16] The husband made five Offers to Settle. None was as good or as favourable to him as the trial outcome, although it would have been helpful for him to have prepared a comparative summary.
- [17] The husband's first offer (April 13, 2023) proposed that the wife pay him \$98,290.28, release to him the entirety of her interest in Osborne and the \$355,995.40 held in trust for the parties relating to Country Lane, that he have parenting time with BL and AL every week on Sundays and that the parties repay his parents-\$83,862.07 by him and \$74,338.07 by her. The offer was open for acceptance by April 14, 2023 on a no-costs basis. There were no other terms to the offer. It was signed by the husband and his (then) solicitor of record.
- [18] The husband's second offer (May 16, 2024) contained seven Parts: one (Part B) containing alternative release provisions dealing with either a global property settlement (B.1) and the other (B.2) applying only to assets in Canada, preserving the husband's rights to pursue property claims in China. The substantive Parts (A to F) were expressed to be severable, but the wife could only accept one of B.1 and B.2. If the Offer was accepted within seven days, there would be no cost consequences, but it remained open afterwards on the basis that the wife would pay the husband's full indemnity costs from and after the seven-day deadline as agreed by the parties or as ordered by the court.
- (a) Part A of the second offer proposed a parenting schedule that involved the parties sharing decision-making responsibility for BL and AL, that the children have their

primary residence with their mother and that the father have one overnight every weekend gradually increasing to a 50/50 parenting time schedule.

- (b) Part B.1 provided that the wife would pay the husband an equalization payment of \$300,000 in exchange for withdrawing his lawsuit in China and that none of the Linacre or Rose Son Motor transfers be set aside. This was a global property settlement. Part B.2, applying only to assets in Canada, provided that the wife would pay to the husband a \$11,705.79 equalization payment, that China have jurisdiction with respect to any assets held there by either party and, as in B.1, none of the impugned property transfers be set aside.
- (c) Part C of the offer provided that there would be \$236,191.84 credited to the husband toward his equalization payment (if any).
- (d) Part D of the offer dealt with child support and proposed that there be imputed a floor \$40,000 income to the husband for 2017 to 2023. In other words, if the husband's income was less than \$40,000 in any year then his obligation would be based on that level.
- (e) Part E proposed that the wife acknowledge an income between 2017 and 2021 ranging between \$75,413 and \$200,000.
- (f) Part F proposed a spousal support release.
- (g) Part G expressed the severability and cost terms.

[19] The husband's third offer (May 29, 2024), made the day after the wife's offer, proposed the same Part A parenting schedule as his second offer. Part B proposed that he pay \$65,435.50 in full satisfaction of all property and support-related claims, a 50/50 sharing of s. 7 expenses and no spousal support. Part G (there were no Parts C, D, E or F) provided that Parts A and B were severable. No costs would be associated with the acceptance of any part. The offer was open until the start of trial. This offer was signed by the husband and the solicitor of record who signed the second offer.

[20] The husband's fourth offer (November 12, 2024) provided that the husband would pay to the wife \$59,838.54 in full and final settlement claims involving equalization, post-separation adjustments (including retroactive child support), that the wife release her interest of Osborne to the husband and that the Country Lane sale proceeds be paid to the wife. In addition, the wife would pay \$200,000 to the husband "for the money in China." The children would spend every Sunday with their father. If the offer was accepted by November 15, 2024, each party would bear their own costs. There were no other terms to the offer. It was signed by the husband. He was not represented by a lawyer.

[21] The husband delivered a fifth offer (November 19, 2024). As it was delivered the day before the trial began, it will not be considered.

[22] The husband did not provide a Bill of Costs or inform the court about his costs even though he had been serially represented by lawyers (about five) at various times throughout the proceedings.

Ms. Shek’s position

- [23] Ms. Shek submitted that the wife’s costs were “inflated, duplicative and attributable to her own litigation choices” and that she acted with such “bad faith” that she was disentitled to costs. Ms. Shek disputed that the court should order that any costs awarded be joint and severable.
- [24] Ms. Shek made two Offers to Settle. They were dated May 23, 2024, and November 12, 2024. The first offer proposed that Ms. Shek was willing to transfer Rose Son Motor back to the husband for \$30,000. The offer expired when the trial started and was expressed to being made pursuant to Rule 49 of the *Rules of Civil Procedures*⁷ (*sic*). The offer was signed by Ms. Shek and her solicitor of record. The second offer was identical to the first offer but did not identify a solicitor of record for Ms. Shek and was signed by her alone. Neither offer contained any other terms.
- [25] Ms. Shek did not provide a Bill of Costs or inform the court about her costs of these proceedings. She too had once been represented by a lawyer.

Mr. Yip’s position

- [26] Mr. Yip submitted that he fully succeeded on the only claim brought against him by the wife but stated that he would not be filing “full costs materials at this time” because he was appealing the judgment. Even so, he submitted that the wife wrongfully pursued her fraudulent claim against him, that her litigation conduct (and that of her counsel and Diquan) disentitled her to costs, there was no divided success involving him and that he intended to pursue costs after his appeal was heard.
- [27] Mr. Yip made no Offer to Settle even though he had advanced claims against the wife (which were dismissed). Nor did he provide a Bill of Costs or inform the court about his costs of these proceedings, even though he had been represented by counsel at trial.

Law/Guiding Principles

- [28] Section 18 of the *Family Law Rules* (“*FLR*”) deals with the technical requirements relating to Offers to Settle. All the Offers complied with the rule’s technical and delivery time requirements, except for the husband’s fifth offer.
- [29] *FLR* 24 deals with the cost consequences of the making, withdrawal, acceptance and rejection of offers. Sections 24(3), (4), (7), (8), (10) and (12) provide as follows:

Entitlement to costs, presumption

24 (3) Except as otherwise provided in this rule, there is a presumption that a successful party is entitled to the costs of a step in a case.

⁷ R.R.O. 1990, Reg. 194.

Divided success

(4) If success in a step in a case is divided, the court may apportion costs as appropriate.

Unreasonable behaviour by successful party

(7) A successful party who has behaved unreasonably during a step in a case may be deprived of all or part of the party's own costs or ordered to pay all or part of the unsuccessful party's costs.

Same

(8) In deciding whether a successful party has behaved unreasonably, the court may consider,

- (a) the party's behaviour in relation to the issues from the time they arose, including whether the party made an offer to settle;
- (b) the reasonableness of any offer the party made; and
- (c) any offer the party withdrew or did not accept.

Bad faith

(10) If a party has acted in bad faith, the court shall decide costs on a full recovery basis and shall order the party to pay them immediately.

Failure to accept offer

(12) A party who makes an offer in relation to a step in a case is, unless the court orders otherwise, entitled to costs to the date the offer was served and full recovery of costs from that date to the conclusion of the step, if the following conditions are met:

1. If the offer relates to a motion, it is made at least one day before the motion date.
2. If the offer relates to a trial or the hearing of a step other than a motion, it is made at least seven days before the trial or hearing date.
3. The offer does not expire and is not withdrawn before the hearing starts.
4. The offer is not accepted.
5. The party who made the offer obtains an order that is as good as or better than the offer.

[30] Rule 24 (14) frames the exercise of the court's discretion:

(14) In setting the amount of costs in relation to a step in the case, the court may consider,

(a) the reasonableness and proportionality of each of the following factors, as applicable, as it relates to the importance and complexity of the issues in the step:

- (i) Each party's behaviour.
- (ii) The time spent by each party.
- (iii) Any written offers to settle, including offers that do not meet the conditions set out in subrule 12 or the requirements of rule 18.
- (iv) Any legal fees, including the number of licensed representatives and their rates.
- (v) Any expert witness fees, including the number of experts and their rates.
- (vi) Any other expenses properly paid or payable; and

(b) any other relevant matter.

Divided success, unreasonable behaviour by the wife and bad faith

[31] The respondents dispute the wife's submissions that she was the successful party, contending that success was divided or that, particularly in the case of Mr. Yip, he submits that he was successful in defending the wife's claim that he had participated in a fraudulent conveyance scheme. Broadly speaking, there was some divided success in this case but not on the principal property issues; divided success is not equal success. Where there are several issues, the court can be guided by the most dominant in assessing liability.⁸ In this case, the dominant issues involved equalization of the spousal parties' net family properties and the wife's fraudulent conveyance claims. Less dominant (at least for the trial, and it appears for the several years leading to the trial) were the parenting and support issues. The wife succeeded on her equalization claim against the husband and against the husband and Ms. Shek with respect to her fraudulent conveyance claim. Success was divided with respect to the claims involving the wife and Mr. Yip against each other.

[32] The respondents submitted that the wife acted unreasonably. The husband submitted that the wife advanced positions unsupported by the evidence, that her litigation conduct increased costs (for example, not responding to his several offers to settle) and, among other complaints, that she refused to negotiate with him. Ms. Shek submitted that the wife misled the court about her income, refused to provide disclosure and delivered inconsistent financial statements during the case. Mr. Yip (and to a lesser extent Ms. Shek) submitted that the wife, her lawyer and Diqian engaged in serious misconduct, particularly because

⁸ *Rogers v. Rogers*, 2020 ONSC 2610, at paras. 7-10; see also *Kraemer v. Kraemer*, 2019 ONSC 2072, at para. 6.

she (the wife) pursued what he contended was a meritless claim against him about Linacre which was dismissed.

- [33] Unreasonable behavior includes behavior that: (1) is disrespectful of other participants or the court; (2) unduly complicates the litigation, (3) increases the cost of litigation.⁹ Conduct which unduly complicates or unduly lengthens and increases the cost of a proceeding constitutes unreasonable conduct under subrule 24 (14) (a) (1).¹⁰ In this case, the wife did not engage in unreasonable behaviour. Many of the respondents' concerns repeat their disagreements involving the facts found at trial or which one or more of them failed to pursue in their evidence or cross-examination of the wife. It was the husband who suppressed disclosure of the Ballard mortgage and transfer of Linacre to Ms. Shek, who told his parents not to tell the wife about these events, and it was he who, with Ms. Shek, concocted the scheme to potentially deceive a prospective lender by churning funds through fictitiously operational bank accounts for companies about which the husband's parents knew nothing. This complicated the husband's cross-examination and added to the length and cost of the trial. Mr. Yip's submission about the lack of merit in the wife's claim is the product of hindsight. Noteworthy is the court's observation (at para. 110 of the Reasons) that his purchase of Linacre was "indeed suspicious and likely [warranted] a finding of fraud" but didn't support that finding in the end.
- [34] As for the parties' competing "bad faith" submissions, behaviour warranting full recovery on that basis must be egregious; the threshold is very high. In *C.S. v. M.S.*¹¹, the Court of Appeal affirmed a full recovery award of costs where the trial judge had found that a party had acted in bad faith. The sanction is not synonymous, and should not be confused, with unreasonable behaviour, bad judgment or negligence. There must be an element of dishonesty typically involving (but not restricted to) intentional duplicity, obstruction or obfuscation.¹² The court can award full recovery costs for a part, or several parts, of the steps in the litigation where bad faith is demonstrated.¹³ In circumstances where, as in this case, the court has made a finding of fraud, it follows that full recovery, whether or not it is described as "bad faith", is mandated for that part of a case relevant to that finding.

Exercise of discretion

There are certain well-established principles guiding the court's exercise of its discretion pursuant to the *FLR*. The primary objective is to enable the court to deal with cases in a fair and timely manner. Four fundamental purposes are served: (1) to partially indemnify successful litigants for the cost of litigation; (2) to encourage settlement; (3) to discourage and sanction inappropriate behaviour by litigants; and, (4) to ensure that cases are dealt with justly.¹⁴ Family law litigants

⁹ *Beaver v. Hill*, 2018 ONSC 3352, at para. 51, rev'd 2018 ONCA 840 (on other grounds).

¹⁰ *Goldstein v. Walsh*, 2019 ONSC 3174; *Hutchinson v. Peevert*, 2021 ONSC 4587; *Jackson v. Mayerle*, 2016 ONSC 1556, 130 O.R. (3d) 683.

¹¹ 2010 ONCA 196, 262 O.A.C. 225.

¹² *Rainey v. Summers*, 2020 ONSC 7400, at para. 17.

¹³ *Scipione v. Scipione*, 2015 ONSC 5982, 68 R.F.L. (7th) 66, at para. 97.

¹⁴ *Mattina v. Mattina*, 2018 ONCA 867.

must act in a reasonable and cost-effective way; they should, and will, be held accountable for the positions they take in their litigation. As observed by Spence J. in *Heuss v. Surkos*¹⁵:

Parties to litigation must understand that court proceedings are expensive, time-consuming and stressful for all concerned. They are not designed to give individual litigants a forum for carrying on in whatever manner they may choose, oblivious to the impact of that conduct on the other side and, perhaps most importantly for the purposes of this case, oblivious to the mounting costs of the litigation. Matrimonial litigation is an occasion for sober consideration and thoughtfulness rather than intemperate behaviour.

[35] This means that a party must realistically assess the merits of their claims throughout a case and consider (or reconsider) how best they can sensibly achieve their desired outcome. As this court observed in *Gibbons v. Mulock*¹⁶:

Litigants are responsible for their litigation conduct and strategy [Citation omitted]. At each important step in a case a litigant, whether or not legally represented, must realistically assess the merits of their case, how best their desired outcome can be achieved and at what cost or risk.

[36] Finally, and as observed by the Court of Appeal in *Beaver v. Hill*¹⁷, reasonableness and proportionality frame the exercise of the court's discretion. The amount to be awarded is what the "court views as a fair and reasonable amount that should be paid by the unsuccessful [party]": *Boucher v. Public Accountants Council for the Province of Ontario*.¹⁸

[37] Offers to Settle are important. The failure to make an Offer to Settle may constitute unreasonable behaviour and may, but will not invariably, impact the quantum of costs. In *F. (H.) v. H. (M.)*¹⁹ Sherr J. observed:

4. ...it should be a fundamental step in any family law case to serve at least one offer to settle...Offers to settle play an important role in saving time and expense in a case. They are an important vehicle in promoting settlements, focus the parties and often narrow the issues in dispute.

5. ...When determining the reasonableness of a party's behaviour in the case, clauses 24 (5) (b) and (c) of the rules direct the court to examine the reasonableness of any offer made, withdrawn or not accepted. **This does not preclude the court from examining the failure of a party to make an offer to settle.** (emphasis added)

[38] Even so, in *Beaver* the court accepted that while "the presence or absence of offers to settle can properly be taken into account in fixing costs, it remains the fact that [a party is] not

¹⁵ 2014 ONCJ 141, at para. 20.

¹⁶ 2019 ONSC 1226, at para. 92

¹⁷ 2018 ONCA 840, 143 O.R. (3d) 519, at para. 4 ["*Beaver*"].

¹⁸ (2004), 71 O.R. (3d) 291 (Ont. C.A.).

¹⁹ 2014 ONCJ 526, at para 7. See also *Beaver*, at para. 15.

under any obligation to proffer an offer to settle.”²⁰ Pivotal in that case was the court’s consideration that the utility of an offer as reflecting an effort to compromise will vary depending on whether the issue(s) could have been settled in a practical way (they couldn’t in *Beaver* because a constitutional claim was involved, an all or nothing outcome; consequently, it was unrealistic to expect offers to settle to be made).

Discussion

[39] In assessing costs, I am mindful that the court has a broad overarching discretion on quantum, untethered to a detailed inquiry into individual services or steps unless there is clear overreaching. As observed by A.J. Goodman J. in *Miziolek v. Miziolek*²¹:

[32] There must be practical and reasonable limits to the amounts awarded for costs and those amounts should bear some reasonable connection to the amount that should reasonably have been contemplated. I note that it is not necessary for me to have to go through the hours, or disbursements, line by line, in order to determine what the appropriate costs are. Nor is the court to second-guess the amount of time claimed unless it is clearly excessive or overreaching. I must consider what is reasonable in the circumstances, and all the relevant factors. However, when appropriate and necessary, a court ought to analyze the Bill of Costs in order to satisfy itself as to the reasonableness of the fees and expenses submitted for consideration.

[40] Given that none of the respondents has chosen to make meaningful cost submissions, that they continue to self-represent and that each has raised issues involving the amount claimed by the wife, it seems only appropriate, and probably necessary, to analyze the wife’s Bill of Costs in the context of the parties’ success on the trial issues. The absence of comparative Bills of Costs is regrettable because those could have been a useful benchmark for determining whether the costs claimed by the wife are fair, reasonable and proportionate. It merits comment too that while the husband and Ms. Shek, and probably the wife, were conversant in the English language, neither Diquan nor Mr. Yip was, and that for the trial (and likely for the questioning but this is by no means certain) the parties testified through Mandarin and Cantonese interpreters; the husband chose often to testify in English. The need for interpreters impacted the length of the proceedings, particularly the trial.

(a) *Parenting*

[41] The wife was successful on the parenting issues. She was awarded primary residence of the children and sole-decision-making responsibility as well as the ability to apply for, obtain and hold all government documents for BL and AL. Parenting time was to be arranged between the parties in accordance with the children’s views and preferences given their ages (BL was 17 years old when the trial began in November 2024 and AL was 11 years old). These terms were contained in her offer. As observed in the Reasons, the evidence supporting this disposition was “overwhelming.”

²⁰ *Beaver* at para 15. The appellant (Beaver) had made no offer to settle.

²¹ 2018 ONSC 4372.

- [42] The father's proposals varied and, also as observed in the Reasons, showed little foresight into planning for the children. His trial position seemed more of an afterthought. The focus of his case was financial.
- [43] There are two presumptive scales to the wife's claim-before and after the date of her offer. Presumptive full recovery only obtains after the date of that offer, five years into the litigation.
- [44] There were at least six conferences before the offer. The parenting issue was noted in a case conference endorsement of McGee J. dated March 5, 2020. Most of the court's endorsement dealt with disclosure, but the parties agreed to jointly retain a parenting coordinator (about whom little was heard at trial). The parties consented to an order. The settlement conferences held by MacPherson J. on April 14, 2023 and September 28, 2023 only referenced parenting as an issue in the April conference; again, disclosure was the dominant issue. A Trial Scheduling conference on February 6, 2024 did not identify parenting as an issue. On February 7, 2024, Daurio J. dismissed a motion by the husband to set aside an order made by MacPherson J. on September 28, 2023 to which the husband (then represented by counsel) had consented. In the Trial Scheduling Conference endorsement dated April 22, 2024, only the wife raised decision-making responsibility as an issue; the husband's issues were solely financial.
- [45] The point of the forgoing is that the parenting issues before the date of the wife's offer occupied comparatively much less time than the financial issues. So too after the offer. It was my impression that by the date of the offer, the husband was far less focussed on the children than he was on the parties' financial affairs, and that his trial proposal for joint decision-making and for primary residence of AL were ill-conceived because so little thought or preparation had been given to what that involved.
- [46] The wife's Bill does not break out those services which related solely to the parenting issues before and after her offer. In my view, given the length of this case, the parties evidence about their children, the wife's offer and the husband's trial position, it would be fair and reasonable that he should pay costs of \$35,000 to the wife relating to the parenting issues.

(b) *Equalization*

- [47] A NFP statement accompanied the Reasons. Excepting the allocation of the equity in Linacre to the husband, the calculation of the net equity in Ballard (also in the husband's column), and the value of his business interest in Rose Son, none of the other assets and debts or their values was seriously disputed. Much of the case involved the wife's fraudulent conveyance claims and the intertwined financial activities of the husband and Ms. Shek and, to a lesser extent, between Ms. Shek and Mr. Yip.
- [48] The equalization payment awarded was \$552,000. The cumulative value of the wife's offer involving equalization and all other amounts due and owing between the parties, including support, was \$578,000. None of the husband's offers was close in overall value to the wife's offer. The husband could have, but chose not to, identify how the wife's offer

compared to his offers, particularly since they contained a mixture of assets, adjustments and concessions involving, for example, the ongoing legal proceedings in China.

[49] There was no mathematical error as submitted by the husband in calculating the equalization payment; the relevant figures were identified in the NFP statement. Specifically, there was no double-counting of the wife's equity in the Osborne property as contended. That equity was identified in the NFP statement (and had no impact on the calculation because the same value for the husband's half ownership of the property was reflected in his column). The reference in the wife's submissions to the total to be received by her (estimated to be \$804,631) represented the equalization payment *after* accounting for that shared equity with the husband which, if and when Osborne was sold and its proceeds equally distributed, would be added to the equalization payment and would reflect her *global* interests in land (after adjustments such as child support arrears).

[50] Much of the wife's Bill before her offer involved disclosure, the delivery, review and exchange of Requests for Information between all the parties and extensive questioning. In his April 14, 2023 settlement conference endorsement, MacPherson J. ordered (on consent) seven days of questioning all of which were concluded before the offer. It is not possible from a review of the Bill to distinguish those pre-and post-offer services which did not involve a combination of the equalization and fraudulent conveyance issues. The most sensible approach, in my view, is to determine the costs relating to the fraudulent conveyance claims, then back out fair and reasonable amounts for the equalization (where possible) and support issues and an amount for the costs associated with the wife's unsuccessful claim against Mr. Yip.

(c) *Support*

[51] The wife's position at trial was that there should be imputed to the husband an income ranging between \$546,193 to \$832,881 on a grossed-up basis. In her offer she proposed that he pay support based on a \$30,000 income. The Reasons imputed a \$90,000 income to him. The s. 7 expense ratio ordered was 35% (wife)/ 65% (husband); the wife proposed a 50%/50% ratio. The husband proposed a ratio favouring him in his second offer (he imputed a far higher income than his to the wife) and a 50%/50% ratio in his fourth offer. The wife proposed that neither party pay spousal support as did the husband in his second and third offers.

[52] The wife's position that the husband earned a grossed-up amount exceeding \$500,000 a year was unreasonable. Nothing in the family's history or lifestyle warranted such an inference, notwithstanding that the husband's financial dealings with and through Ms. Shek and other third parties was opaque and the amount of money flowing through his accounts was never satisfactorily explained despite what he claimed (and the wife disputed) was his significant disclosure.

[53] The wife is entitled to costs for the support issue, but it will be reduced because of her unreasonable trial position about the husband's income. It is also relevant that she was relieved of paying for the housing costs for the children and her in Linacre which the husband paid. Still, he should have paid something. As it is impossible to bright-line where in Bill most of the wife's costs relating to support fell, it would not be unreasonable or

unfair that the husband be required to pay \$35,000 to the wife for costs relating to the support issues.

(d) *Fraudulent conveyance claims*

[54] The wife was successful in her claim against the husband and Ms. Shek and unsuccessful with respect to Mr. Yip. In assessing her costs, several observations merit comment:

- (a) The husband chose to conceal from the wife the Ballard mortgage and the later sale of Linacre to Ms. Shek. The wife was unaware of these transactions. She was also unaware of Ms. Shek's sale of Linacre to Mr. Yip and was unaware that foreclosure proceedings had been started until she was served with a Notice Demanding Possession. This court found that the wife had proven several badges of fraud against the husband and Ms. Shek but that her claim involving Mr. Yip, while suspicious, was unproven.
- (b) The mortgaging of Ballard by the husband was an arrangement conceived by Ms. Shek. She actively participated with the husband in the scheme to obtain funding to discharge the UT mortgage on Linacre and in conceiving the fictionally operational companies nominally owned by the husband's parents. These actions complicated a determination of the equalization payment.
- (c) The determination of the equalization payment insofar as it involved values for Ballard and Linacre on the valuation date was directly related to the fraudulent conveyance evidence involving the husband and Ms. Shek.
- (d) The financing of Ms. Shek's purchase of Linacre involved the churning of funds through the bank accounts of the companies owned by the husband's parents (of which they were unaware) and used (according to the husband and Ms. Shek) funds from third parties who were only partially acquainted with the husband, and from Ms. Shek.
- (e) The husband's cross-examination was prolonged to give him an opportunity to explain his funding arrangements with Ms. Shek and third parties, none of which had been adequately disclosed before the wife's offer and which could not have been disclosed when the husband and Ms. Shek were questioned before trial because (as it became apparent at trial) the husband and Ms. Shek had to recreate their financial dealings with each other during an overnight trial break in the husband's evidence.

[55] The wife is entitled to significant recovery of the costs she incurred with respect to the equalization and fraudulent conveyance issues but on a lesser scale with respect to those costs involving issues not directly relating to them. A review of the wife's Bill before and after her offer does not suggest overreaching, although many docket entries for services by lawyers such as reviewing Requests to Admit, summarizing questioning transcripts, preparation of undertaking charts, trial document books and of affidavits for service appear to be services well within the ability of a paralegal or law clerk to perform. It is not possible though to do a line-by-line critique of the entirety of her Bill.

- [56] In my view, there should be allocated \$130,000 for the costs for the wife’s equalization and fraudulent conveyance claims involving the husband and Ms. Shek, of which \$40,000 shall be attributed to those parts of the equalization issues not directly involving the fraudulent conveyance claim and \$90,000 to the latter, for which the husband and Ms. Shek shall be jointly and severably liable.
- [57] As for Mr. Yip, the absence of any Bill from him makes it impossible to determine what costs should be awarded to him and on what scale. The absence too of an offer is a factor in determining whether he acted reasonably. There is no question, however, that he did incur costs. He was represented by counsel trial (but not for closing submissions). He was, as noted in the Reasons, a dupe of Ms. Shek and suffered financial consequences but he chose for reasons never revealed to the court not to pursue a lawsuit against her when he discovered that Linacre was tenanted when he bought it. The circumstances relating to Linacre’s purchase by him were suspicious and partly self-inflicted as were the financial consequences. Even so, he was directed twice to deliver proper submissions on costs and was encouraged to obtain legal assistance, neither of which he did. The court cannot, and will not, speculate on what costs to award him and so none will.
- [58] No claim for costs was made by Diquan.
- [59] As for the court’s concern about the use of AI-generated case law (see paras. 91 to 94 of the Reasons) by Ms. Shek and Mr. Yip, neither of them addressed that issue. Effective November 13, 2025, the Superior Court issued a practice direction for the responsible use of artificial intelligence in court for civil and family proceedings. The direction is publicly accessible on the court’s website. Part K cautions that a party’s factum or summary of argument must hyperlink cases to published websites and that “information obtained using the assistance of AI must be verified against trusted and authoritative sources.” In other words, a party is responsible for ensuring that the AI product is verifiable, that it does not include incorrect or fictitious legal authorities.
- [60] In *DJ v. SN*²², the Alberta Court of Appeal sanctioned a party \$500 for referring to non-existent authorities generated through use of Artificial Intelligence tools and specifically adverted to the Alberta Courts’ cautionary Notice about reliance on AI. In *Barrette v. Wevers*²³, the unsuccessful party submitted “at least 3 fake authorities, 2 non-existent cases and a non-existent regulation. [The party] did not acknowledge much less take responsibility for sending three sets of counsel and the Court on a wild goose chase.”²⁴ Those observations resonate in this case. Neither Ms. Shek nor Mr. Yip acknowledged their use of misleading AI-generated authorities despite those being pointed out to them and their being given an opportunity to respond. They shall each be assessed \$500 for costs for their conduct.

Determination and disposition of costs

- [61] In my view, a fair and reasonable costs award in this case to the wife is \$223,302 (say \$223,000) comprising the costs associated with the parenting (\$30,000), support (\$25,000)

²² 2025 ABCA 383, at paras. 24-26.

²³ 2025 ABKB 723 [*“Barrette”*]. _

²⁴ *Barrette*, at paras. 25-27.

and equalization (\$130,000) issues, HST on fees (\$24,050) and disbursements (\$14,252, inclusive of HST).

[62] The costs are allocated as follows:

- (a) The husband shall pay to the wife costs in the amount of \$223,000 of which \$90,000 plus HST shall be the joint and several liability of the husband, Ms. Shek and Samuel Property Investment (Canada) Inc.
- (b) Ms. Shek and Samuel Property Investment (Canada) Inc. shall be jointly and severally liable with the husband in paying the \$90,000 plus HST set out in (a) above.
- (c) The amount of \$25,000 plus HST comprising that part of the costs awarded in (a) above relating to child support shall be enforced against the husband as a support Order pursuant to the *Family Responsibility and Support Arrears Enforcement Act*.²⁵
- (d) Ms. Shek and Mr. Yip shall each pay \$500 for costs associated with their submission of AI hallucination closing submissions. These shall be paid to the Minister of Finance (Ontario) by February 27, 2026.
- (e) There shall be no award of costs to Mr. Yip.
- (f) No costs are awarded to Diquan.

[63] Ms. Abramian shall prepare the costs order and circulate it to the respondents by January 22, 2026 and copy the judicial assistant when that has been done. The respondents shall have until January 28, 2026 to approve the order, failing which it shall be issued.



Justice D.A. Jarvis

Date: January 19, 2026

²⁵ S.O. 1996, c. 31.

CITATION: X.L. v. Z.L. et al, 2026 ONSC 347
NEWMARKET COURT FILE NO.: FC-19-59414
DATE: 20260116

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

X.L. Applicant

– and –

Z.L. Respondent 1

Man Yee Shek Respondent 2

Samuel Property Investment
(Canada) Inc. Respondent 3

Chi Wo (Brian) Yip Respondent 4

2780837 Ontario Inc. Respondent 5

Diquan Liao Respondent 6

Xueqing Zhang, Deceased

RULING ON COSTS

Jarvis J

Released: January 19, 2026