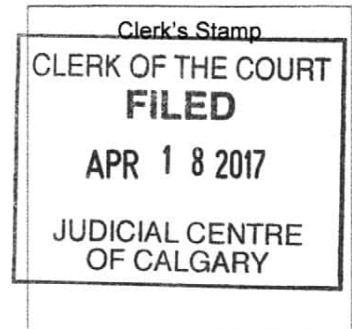


COURT FILE NUMBER 1501 – 00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTER CALGARY
IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C.
1985, C. c-36, as amended



APPLICANTS LUTHERAN CHURCH – CANADA, THE
ALBERTA-BRITISH COLUMBIA
DISTRICT, ENCHARIS COMMUNITY
HOUSING AND SERVICES, ENCHARIS
MANAGEMENT AND SUPPORT
SERVICES, AND LUTHERAN
CHURCH-CANADA, THE ALBERTA-
BRITISH COLUMBIA DISTRICT
INVESTMENTS LTD.

DOCUMENT **AFFIDAVIT OF SHARON SHERMAN**
ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS DOCUMENT
Allan Garber Professional Corporation
Barrister and Solicitor
Suite 108, 17707 105 Avenue
Edmonton, AB T5S 1T1
Attn: Allan A. Garber
Tel: (587) 400-9310
Fax: (587) 400-9313
File No.: 156-2015AG

AFFIDAVIT OF SHARON SHERMAN

Sworn on April 17, 2017.

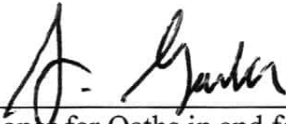
I, Sharon Sherman, of the City of Edmonton, in the Province of Alberta


SWEAR AND SAY THAT:

1. I am the daughter of Ruby Sherman, deceased. I have personal knowledge of the matters hereinafter deposed.

2. As I stated in my Affidavit sworn on March 1, 2016, my mother made two deposits in the CEF – one in the amount of \$75,000.00 and the other in the amount of \$220,286.00 – on the understanding that interest earned on the deposits would be used to help pay for my mother's care and accommodation at the Prince of Peace Manor. I became a joint owner of the account in 2008 to help my mother handle her financial affairs.
3. At a meeting I attended on April 18, 2015, I asked Mr. Sherban who he represented: the District or the Depositors? His answer was "the Depositors." He also stated he would work to get the money back in the hands of the depositors as quickly as possible. He said they were going to be fully transparent to the Depositors.
4. When the CCAA proceedings continued to drag out, my mother's hope that there would be a quick solution vanished. She was terribly worried and stressed about her financial situation.
5. My mother stopped making rent payments in November, 2015 because it was clear that Encharis was not going to keep their end of the bargain, which was to apply interest on the CEF deposits against my mother's accommodation charge. Without the monthly income, it was no longer sustainable for my mother to pay full rent.
6. The day before she passed away at the age of 95, she said "The Lutheran Church needs to make this right."
7. To my mom, the emergency fund was an offensive offer to grovel for money rightfully hers. She was deeply betrayed by the Lutherans, no longer trusted them, and did not want the District to have access to ANY further information. Her reaction of "betrayal" is expressed in her own hand writing at the top of the first letter received from the District dated January 5, 2015 (**Exhibit "A"** to this my Affidavit).
8. The Application form for Emergency Funding was very detailed and invasive of her privacy.
9. Paragraph 10 of Mr. Sherban's Affidavit is false. Neither the Convenience Payment nor the First Distribution went to my mother's estate. She was alive, and the payments went to her and were deposited into her bank account.
10. The shares in NewCo (now Sage) are of questionable value. We have received no financial information or statements from Sage.
11. I find it reprehensible that Mr. Sherban would question the financial needs of the CEF depositors when his company, Kluane Partners, is benefitting from the collapse of the CEF and is receiving monthly payments from the Depositor's money. Kluane is still being paid a total of \$29,400.00 per month even though most of the assets have been sold. This is the Depositor's money! I question whose interests Kluane is serving.

12. I attach as **Exhibit "B"** to this my Affidavit an email dated March 28, 2017 from Joseph Sithole (of Deloitte) to Mr. Georg Beinert, the chair of the District Subcommittee. I received a copy of this email on March 28, 2017.
13. I do not want my Affidavit to be confidential. I want the public to know what is happening.
14. I make this Affidavit in support of an Application to lift the stay of proceedings in the CCAA matter.

SWORN BEFORE ME at)
)
Edmonton, Alberta, this 17 day of April,)
2017.)
)
)
)
)
_____)
(Commissioner for Oaths in and for)
the Province of Alberta))
)
)
Allan A. Garber)
Barrister and Solicitor)
)


_____)
Sharon Sherman)

This is Exhibit " 71 " referred to in the

Affidavit of
Sharon Sherman
Sworn before me this 17 day
of April A.D., 2017
A. Gardner
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta



Summary of the Situation and Options

Trust Letter
(Betsey)

The Situation:

The CEF is currently holding deposits valued at \$95.89M, with estimated redemptions of \$929,000 per month. CEF's current cash and marketable securities total \$7.8M. The rest of the Fund is invested in assets whose collective value falls below the total deposits of \$95.89.

Should withdrawals remain the same, the CEF will have a cash flow shortage in the spring of 2015.

Where we are:

We have placed a moratorium on withdrawals.

We have assessed our options and need your help on where we go next.

No option is perfect, but we were thinking of the best possible ways to provide you with the best ways to reclaim as much as possible of your initial investment.

Our options:

Option 1

Immediate liquidation: we would sell off District assets as quickly as reasonably possible to return what is left of the cash back to all of you. The amount and timeline would be dependent on how long it would take us to sell the properties. The total amount returned could be as high as \$0.50 on the dollar, although that amount may be less.

Option 2

Restructuring: In this case, we are considering options that would allow our investors to see payments from ongoing operations at one of the District's entities, Prince of Peace Manor and Harbour, while continuing to sell off other assets for the best achievable price. Investors would receive payments from income generated at Prince of Peace and as properties are sold. Full payment could be received, but the timeline for recovery could be longer than liquidation.

During this time, we will not be issuing interest payments or redemptions.

Next steps:

We will be hosting meetings in each region to hear your opinions and determine our way forward. See meeting details below.

We encourage you to get in touch with any questions, concerns or comments either through our call centre (1-888-295-0683) or our website (www.abcdistrict.ca)

Allan Garber

From: Georg _ <alternate1517@gmail.com>
Sent: April 17, 2017 4:05 PM
To: Allan Garber
Subject: Fwd: CRO for the LCC ABC District, et al.

----- Forwarded message -----

From: **Sithole, Joseph (CA - Alberta)** <josithole@deloitte.ca>
Date: Tue, Mar 28, 2017 at 10:52 PM
Subject: Re: CRO for the LCC ABC District, et al.
To: Georg _ <alternate1517@gmail.com>

This is Exhibit " B " referred to in the
Affidavit of Sharon Sherman
Sworn before me this 17 day
of April A.D., 2017
[Signature]
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

Hello Georg,

The CRO continues with their engagement in the CCAA, and is anticipated to remain in their role to the completion of the CCAA (when all assets are liquidated and final distributions are made).

The CRO's main focus at this point in time is facilitating potential sales, settlements, and realizations on the remaining District properties, as well as overseeing District staff in the performance of their CCAA duties and requirements.

The CRO continues to be paid a total of \$29,400 per month for their work. Fees are allocated amongst the 4 companies under the CCAA.

Regards,

Joseph Sitholé

From: Georg _ <alternate1517@gmail.com>
Sent: Tuesday, March 28, 2017 3:02 PM