

THE QUEEN'S BENCH
WINNIPEG CENTRE

BETWEEN:

LINCOLN WOLFE and 5606269 MANITOBA LTD.

Applicants,

-and-

**DUANNE TAYLOR, 5608067 MANITOBA LTD., TAYLOR
BROS. FARM LTD. and EDWIN POTATO GROWERS LTD.**

Respondents.

**FIFTH REPORT OF DELOITTE RESTRUCTURING INC.,
IN ITS CAPACITY AS COURT APPOINTED LIQUIDATOR OF
TAYLOR BROS. FARM LTD. AND EDWIN POTATO GROWERS LTD.**

FEBRUARY 8, 2021

LIQUIDATOR

DELOITTE RESTRUCTURING INC.
360 Main Street, Suite 2300
Winnipeg, Manitoba R3C 3Z3

Brent Warga
Ph: (204) 942-0051
Fax: (204) 947-2689
Email: bwarga@deloitte.ca

COUNSEL TO THE LIQUIDATOR

MLT AIKINS LLP
Barristers and Solicitors
3000 – 360 Main Street
Winnipeg, Manitoba R3C 4G1

Jeffrey M. Lee, Q.C./J.J. Burnell
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INTRODUCTION

1. By means of an Order (the “**Liquidation Order**”) of the Honourable Justice Toews of the Court of Queen’s Bench for Manitoba (the “**Court**”) pronounced on April 28, 2017 (the “**Date of Appointment**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as the liquidator (the “**Liquidator**”), without security, of all of the assets, undertakings, and property (the “**Property**”) of Taylor Bros. Farm Ltd. (“**TBF**”) and Edwin Potato Growers Ltd. (“**EPG**”) (collectively the “**Companies**”).
2. The Liquidation Order was signed and entered with the Court on June 5, 2017. A copy of the Liquidation Order and other information regarding the liquidation proceedings can be accessed on the Liquidator’s website (the “**Liquidator’s Website**”) at www.insolvencies.deloitte.ca/en-ca/tbf-epg.
3. The Liquidation Order was granted as a result of an application by Lincoln Wolfe (“**Mr. Wolfe**”) and 5606269 Manitoba Ltd. (“**269**”) (collectively the “**Applicants**”) pursuant to sections 207 and 210 of *The Corporations Act*, CCSM, c. C225 (“**The Corporations Act**”).

TERMS OF REFERENCE

4. In preparing this fifth report (the “**Fifth Report**”), the Liquidator has relied upon unaudited financial information, the books and records of the Companies and discussions with the shareholders and their respective legal counsel, interested parties, and other stakeholders of the Companies.
5. The financial information of the Companies has not been audited, reviewed or otherwise verified by the Liquidator as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this Fifth Report may not disclose all significant matters about the Companies. Additionally, none of the Liquidator’s procedures were intended to detect defalcations or other irregularities. If the Liquidator were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Liquidator’s attention. Accordingly, the Liquidator does not express an

opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Liquidator may refine or alter its observations as further information is obtained or brought to its attention after the date of this Fifth Report.

6. Unless otherwise stated, all monetary amounts contained in this Fifth Report are expressed in Canadian dollars.
7. Capitalized terms used in this Fifth Report but not defined herein are as defined in the various other reports filed by the Liquidator in these proceedings, and the Liquidation Order.

PURPOSE

8. The purpose of this Fifth Report is to seek the advice and direction of the Court in respect of whether the claim (the “**Taylor Claim**”) filed by Duanne Taylor (“**Mr. Taylor**”) in the EPG claims process (the “**EPG Claims Process**”) is subject to the review and determination by the EPG claims officer (the “**EPG Claims Officer**”).

BACKGROUND

9. Following the pronouncement of the Liquidation Order on April 28, 2017, as the parties were not in agreement with all of the provisions included therein, the parties agreed to work together to settle the terms at issue, with the intention of reporting back to Court with the consent of all parties.
10. By letter dated May 24, 2017, counsel for Mr. Taylor, Fast Trippier Law (“**FTL**”), wrote directly to the Liquidator (the “**May 24, 2017 FTL Correspondence**”) (attached hereto as **Appendix A**) to express its concerns, which included, *inter alia*, the following:

I have been invited by Mr. McFadyen to put my concerns in writing and I am doing so now.

1. *The liquidation order purports to give power to the liquidator to terminate employment contracts. The largest single issue involved in the arbitration which exists between my client and Mr. McFadyen's client relates to Mr. Taylor's*

employment contract. That issue has been determined by the arbitrator in favour of my client with the exception of the final determination of the amount owing. It is not possible in my view to give any power to the liquidator to interfere with or determine employment rights which have been determined and are squarely within the jurisdiction of the arbitrator.

This portion of the liquidation order must then be removed.

11. In response to the May 24, 2017 FTL Correspondence, counsel for the Liquidator, MLT Aikins LLP (“**MLT Aikins**”), wrote to FTL on May 29, 2017 (the “**May 29, 2017 MLT Aikins Correspondence**”) (attached hereto as **Appendix B**) detailing, *inter alia*, the following:

1. *Power To Terminate Employment Contracts*

As you may be aware, the draft Liquidation Order was based upon the provisions of the Model Receivership Order in use in several jurisdictions. Paragraph 12 of the draft Liquidation Order contains language derived from the Model Receivership Order and reads as follows:

12. THIS COURT ORDERS that all employees of TBF and EPG shall remain employees of TBF and EPG until such time as the Liquidator, on behalf of TBF and EPG, may terminate the employment of such employees. Nothing contained in this Order shall be deemed to constitute the Liquidator an employer, successor employer or related employer of anyone or more of the employees of TBF and EPG within the meaning of any legislation (federal or provincial) or deem the Liquidator liable for any wages, salary or employment-related compensation whatsoever, including any severance pay, termination pay, pay in lieu of notice or vacation pay; and further, the appointment of the Liquidator shall not constitute the sale of TBF and EPG for the purpose of any legislation (federal or provincial), dealing with employees or employment-related obligations.

This standard form language is important to enable the Liquidator to administer the liquidation proceedings in an orderly, efficient and business-like manner.

Your letter identifies your concerns regarding the impact of this paragraph on Mr. Taylor's claims under his employment contract. That concern is understandable and the Liquidator is certainly prepared to agree to the inclusion in the Liquidation Order of language that will protect the interests of Mr. Taylor on this issue.

However, with respect, the appropriate solution is not to demand that the entire paragraph be removed from the draft Liquidation Order. To the contrary, the appropriate solution is to suggest a paragraph that will modify the general power of the Liquidator over employees in paragraph 12 in a manner so as to protect Mr. Taylor's claim.

We suggest the following language for your consideration (proposed edits noted in bold red font).

12. THIS COURT ORDERS that, subject to paragraph 12A hereof, all employees of TBF and EPG shall remain employees of TBF and EPG until such time as the Liquidator, on behalf of TBF and EPG, may terminate the employment of such employees. Nothing contained in this Order shall be deemed to constitute the Liquidator an employer, successor employer or related employer of anyone or more of the employees of TBF and EPG within the meaning of any legislation (federal or provincial) or deem the Liquidator liable for any wages, salary or employment-related compensation whatsoever, including any severance pay, termination pay, pay in lieu of notice or vacation pay; and further, the appointment of the Liquidator shall not constitute the sale of TBF and EPG for the purpose of any legislation (federal or provincial), dealing with employees or employment-related obligations.

12A. For greater clarity, the claim of Duanne Taylor in regard to his employment contract (including the quantum of any amount which may be owing to Duanne Taylor in that regard) shall be unaffected by paragraph 12 of this Liquidation Order and shall be matters over which the arbitrator shall continue to exercise jurisdiction.

12. Following the exchange of the May 24, 2017 FTL Correspondence and the May 29, 2017 MLT Aikins Correspondence, the Liquidation Order (attached hereto as **Appendix C**) was consented to by all parties and was signed by this Honourable Court

on June 5, 2017, with the inclusion of the suggested paragraph 12A.

13. Further, by Order dated November 21, 2017, this Honourable Court approved the EPG Claims Process.
14. As detailed in the third report of the Liquidator dated May 18, 2018 (the “**Third Report**”), and the fourth report of the Liquidator dated August 27, 2018 (the “**Fourth Report**”), the Liquidator commenced the EPG Claims Process on May 15, 2018, once it was determined that a distribution would be available to the unsecured creditors of EPG.
15. At the close of the EPG Claims Process on June 25, 2018 (the “**Claims Receipt Date**”), the Liquidator had received the following claims:

Claimant	Type	Claim Date	Claim Amount	Status	Admitted Claim
Gerald and Martha Wiebe	Secured	30-Jun-18	\$ 836,415	Notice of Revision	\$ 813,928
Subtotal			836,415	-	813,928
Duanne Taylor	Unsecured	25-Jun-18	800,000	Disallowed	-
Fat Cat Farms Ltd.	Unsecured	25-Jun-18	23,026	Notice of Revision	-
Gerald and Martha Wiebe	Unsecured	30-Jun-18	3,977	Admitted	3,977
MIG Insurance	Unsecured	1-Jun-18	1,017	Disallowed	-
MNP LLP	Unsecured	25-Jun-18	16,744	Admitted	16,744
Pitblado	Unsecured	28-May-18	31,281	Admitted	31,281
R. L. Wolfe Ltd.	Unsecured (BNS Guarantee)	11-Jun-18	1,316,067	Admitted	1,316,067
R. L. Wolfe Ltd.	Unsecured (RBC Guarantee)	11-Jun-18	131,004	Admitted	131,004
Taylor Bros. Farm Ltd.	Unsecured	25-Jun-18	916,336	Admitted	916,336
Subtotal			\$ 3,239,452		\$ 2,415,409

16. As detailed in the Fourth Report, the Liquidator admitted all of the claims as filed with the exception of the following:
 - (a) The secured claim of Gerald and Martha Wiebe (the “**Wiebes**”) was revised to account for amounts owing by the Wiebes to EPG;
 - (b) The unsecured MIG Insurance claim was disallowed as the claim was filed for amounts owing by TBF and not EPG;
 - (c) The unsecured Fat Cat Farms Ltd. (“**FCF**”) claim (the “**FCF Claim**”) (attached hereto as **Appendix D**) was revised by the Liquidator by way of a Notice of Revision of Proof of Claim dated August 20, 2018 (the “**FCF Notice of Revision**”) (attached hereto as **Appendix E**) to account for amounts owing by

FCF to EPG. The FCF Notice of Revision was disputed by FCF on September 18, 2018 (the “**FCF Dispute Notice**”) (attached hereto as **Appendix F**) to the EPG Claims Officer; and

(d) The unsecured Taylor Claim (attached hereto as **Appendix G**), was disallowed by the Liquidator by way of a Notice of Disallowance of Proof of Claim dated August 20, 2018 (the “**Taylor Notice of Disallowance**”) (attached hereto as **Appendix H**), as the Taylor Claim appeared to be owing by TBF and not EPG based on the arbitration award dated August 24, 2016 (the “**Arbitration Award**”), attached as supporting evidence to the Taylor Claim. The Taylor Notice of Disallowance was disputed by Mr. Taylor on September 18, 2018 (the “**Taylor Dispute Notice**”) (attached hereto as **Appendix I**) to the EPG Claims Officer.

17. Although both the FCF Dispute Notice and the Taylor Dispute Notice (collectively the “**Dispute Notices**”) were filed with the EPG Claims Officer in September 2018, a review of the Dispute Notices did not commence until September 2020. As the August 31, 2018 Orders of the Court in these proceedings approved a reallocation of proceeds from EPG to TBF (the “**Reallocation Order**”), and the proposed distributions to be made by the Liquidator (the “**Distribution Order**”) (in accordance with the distribution schedule attached thereto), there were no residual funds expected to be available for distribution to the unsecured creditors of EPG (or TBF). Accordingly, the review of the Dispute Notices by the EPG Claims Officer was determined not to be necessary at that time.
18. On August 27, 2019, Mr. Taylor appealed the Distribution Order and the Reallocation Order. On April 27, 2020, the Manitoba Court of Appeal allowed Mr. Taylor’s appeal of the Reallocation Order and the Distribution Order, which resulted in funds being available for distribution to the unsecured creditors of EPG, and the Dispute Notices requiring a review and determination by the EPG Claims Officer.
19. On October 15, 2020, the EPG Claims Officer issued an interim report regarding the Taylor Claim (the “**Taylor Claim Interim Report**”) (attached hereto as **Appendix J**)

which stated, *inter alia*, the following:

- (a) Paragraph 11 - *Ordinarily the Claims Officer would assume that Taylor should have made every effort to set out the full particulars and quantification of his claim against EPG including all documentary evidence in order to allow the Liquidator (or the Claims Officer) the opportunity to properly assess and value the Claim. Taylor's claim does not set out those particulars but it does clearly challenge the Liquidator's jurisdiction to have his employment contract administered under the Claims Process instead of by the Arbitrator;*
- (b) Paragraph 12 - *Paragraph 12A of the Liquidation Order states as follows:*

“For greater certainty, the Claim of Duanne Taylor in regard to his employment contract (including the quantum of any amount which may be owing to Duanne Taylor in that regard) shall be unaffected by paragraph 12 of this Order and shall be matters over which the Arbitrator shall continue to exercise jurisdiction.” (emphasis added).
- (c) Paragraph 14 – *The Liquidator's Notice of Disallowance focused on one aspect of the Arbitration Award, in particular the Arbitrator's decision that it is TBF who owes Taylor under the employment contract. That is the stated basis upon which the Liquidator supports its Disallowance: there is no employment contract between Taylor and EPG because the employment contract is with TBF. However, the Arbitrator does not actually address whether there is an employment contract with EPG.*
- (d) Paragraph 16 – *Given the process contemplated under Paragraph 13 the Claims Officer must either issue a written determination if satisfied of the correct answer based upon its review of the dispute or schedule a hearing to determine whether or not Taylor has an employment contract or quantum merit claim against EPG and, if so, adduce the quantum of what that claim might be separate and apart from Taylor's award against TBF under the Arbitration Award. However, proceeding with such a hearing in face of paragraph 12A of the Liquidation Order would cause the litigants to expend considerable time and*

resources on a process that this Court may not have intended for resolution of this particular matter.

20. Based on the above, the EPG Claims Officer submitted the Taylor Claim Interim Report to assist the Court with determining whether the EPG Claims Officer has the jurisdiction to continue to adjudicate the Taylor Claim, or if the matter should be addressed by the Arbitrator (as detailed in paragraph 12A of the Liquidation Order).
21. On January 8, 2021, the EPG Claims Officer issued a final report on the FCF Claim (the “**FCF Claim Report**”) (attached hereto as **Appendix K**) which stated, *inter alia*, the following:
 - (a) Paragraph 12 - *On January 4, 2021 counsel for the Liquidator advised that the parties had reached an agreement to the effect that the Liquidator would now accept the FCF Claim without prejudice to either the Liquidator or Fat Cat's ability to raise or dispute a set off by the Liquidator and is therefore resolved. As such, the hearing scheduled with the Claims Office for January 8, 2021 would no longer be required.*
22. Accordingly, as the FCF Claim has been admitted by the Liquidator in the EPG Claims Process, the only matter before the Court is the Taylor Claim.

ADVICE AND DIRECTION

23. In accordance with paragraph 22 of the Liquidation Order, the Liquidator may from time to time apply to the Court for advice and directions in the discharge of its powers and duties, as deemed necessary.
24. As the EPG Claims Officer raised uncertainty as to whether it had the jurisdiction to adjudicate the Taylor Claim, or whether the Taylor Claim should be more appropriately determined by the Arbitrator (given paragraph 12A of the Liquidation Order), the Liquidator is seeking the advice and direction of this Honourable Court as to whether the EPG Claims Officer or the Arbitrator should adjudicate the Taylor Claim.

All of which is respectfully submitted at Winnipeg, Manitoba, this 8th day of February 2021.

DELOITTE RESTRUCTURING INC.

In its capacity as Liquidator of
Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd.,
and not in its personal capacity.



Per: Brent Warga, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix A – May 24, 2017 Letter from Fast Trippier Law (Redacted)

File No: 15,110-0-40-40

May 24, 2017

Via Email

Deloitte
2300 – 360 Main Street
Winnipeg, MB R3C 3Z3

Attention: Brent Warga

Dear Sir:

Re: Lincoln Wolfe v Duanne Taylor

I have been invited by Mr. McFadyen to put my concerns in writing and I am doing so now.

1. The liquidation order purports to give power to the liquidator to terminate employment contracts. The largest single issue involved in the arbitration which exists between my client and Mr. McFadyen's client relates to Mr. Taylor's employment contract. That issue has been determined by the arbitrator in favour of my client with the exception of the final determination of the amount owing. It is not possible in my view to give any power to the liquidator to interfere with or determine employment rights which have been determined and are squarely within the jurisdiction of the arbitrator.

This portion of the liquidation order must then be removed.

2. I have attempted to convene a further meeting with the arbitrator to resolve the outstanding issues and to at least schedule a time to resolve those outstanding issues in the arbitration process. My view is that those issues ought to be and are required to be resolved prior to the liquidation being completed so that my client is not prejudiced in the process of the liquidation. Specifically, my client is intending to be a buyer at the auction or sale process involving all of the land of Taylor Bros. Farms and Edwin Potato Growers. If such a sale process of any kind takes place with respect to the real property prior to the arbitration issues being determined, my client will be prejudiced and not likely to be in a position to purchase farm land. This is because as I have indicated above my client's claim to his employment contract has not been determined completely. The exact calculation of his employment contract rests with the calculation involving the sale of land and "net profits" of Taylor Bros. Farms and Edwin Potato Growers.

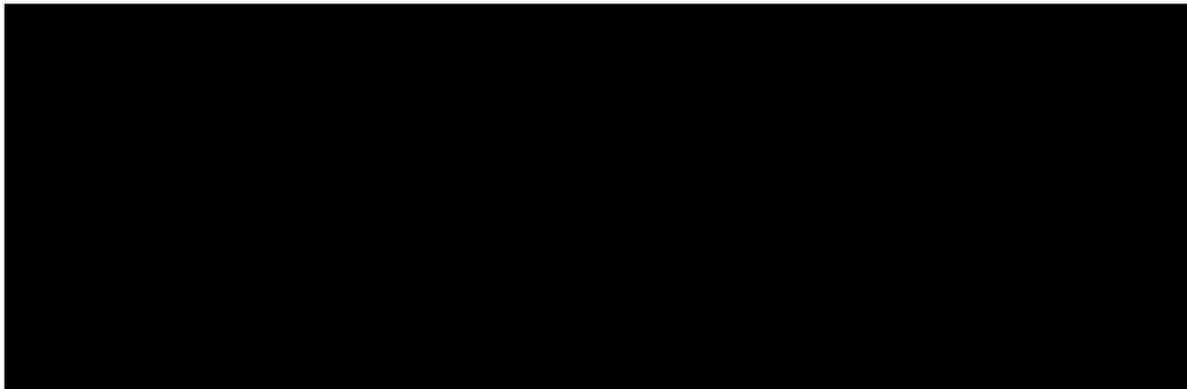
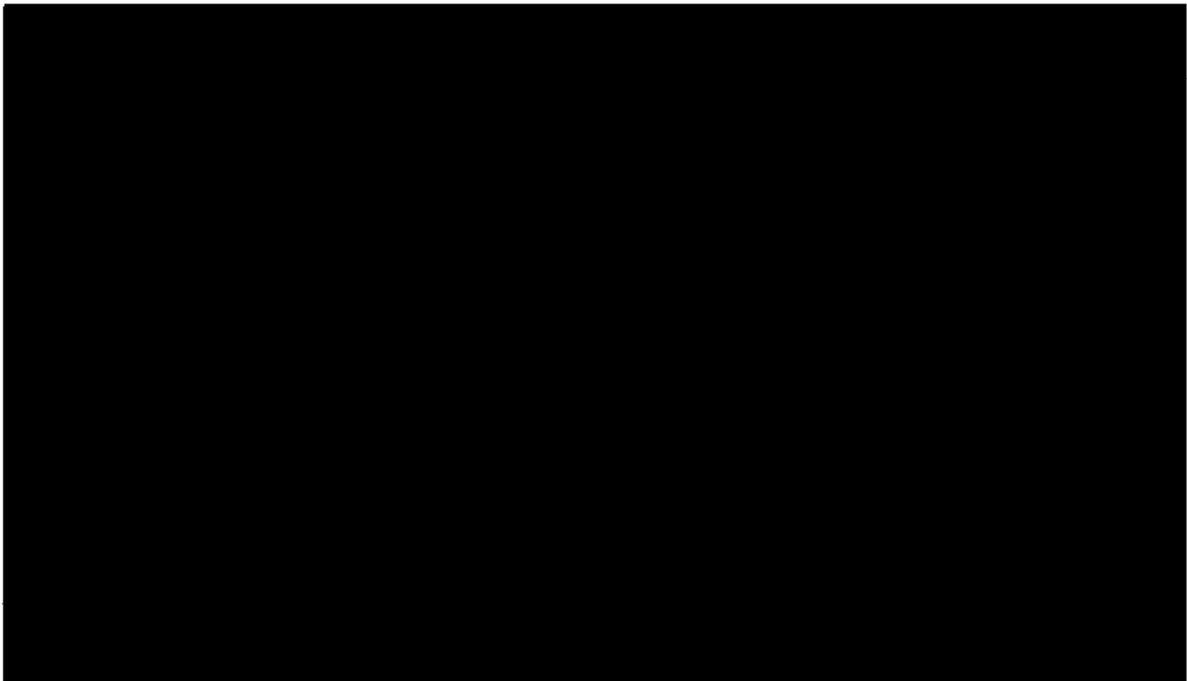
Accordingly, one of the biggest concerns that I have for my client related to the liquidation order and the process generally is with respect to timing. The liquidation cannot proceed prior to the arbitration being concluded.

Perhaps by return I can have a response from Deloitte as to their intended time line with respect to the sale process, if that sale process is to complete through liquidation at all.

I have indicated to all previously that my client has a right to appeal the decision of the Honourable Justice Toews. The time frame for doing so is ticking. I do not intend to allow the liquidation to proceed in the absence of an agreement on the matters which I have set out in this correspondence.

If the response is as I have been given so far, (that my client's rights will be determined at the arbitration subsequent to the liquidation being completed) that is not acceptable, and I intend to proceed with an appeal.

3.





4. Fat Cat Farms also carries five million dollars in liability insurance (see attached).
5. In fact it is Fat Cat Farms and my client, Duanne Taylor that have paid all the insurance and require reimbursement for that from Taylor Bros. Farms on Taylor Bros. Farms / Edwin Potato Growers properties for the last three years. This can be verified with the MIG Portage Insurance Agency specifically Mr. Ken Swidnicki who has been the insurance agent involved. This is another one of many matters that should be dealt with by the arbitrator.

I would appreciate position on these points gentlemen/counsel.

Yours truly,

FAST TRIPPIER CLUNIE WITTMAN SANTOS LLP

Per:

FARON TRIPPIER

FT /dm
enclosure

cc: Ross McFadyen
Duanne Taylor



Wawanesa Insurance

Offer to Renew-Your policy expires APR 20,17.
This offer supersedes any previous offer bearing the same number for this policy period. Payment of the premium renews your policy for the period shown. This offer to renew is withdrawn if the premium is not paid by MAY 15,17.

YOUR FARM INSURANCE POLICY

THE WAWANESA MUTUAL INSURANCE COMPANY is the licensed insurer of this policy.

NAME AND ADDRESS OF INSURED:

943 6312 2201465
FAT CAT FARMS LTD
PO BOX 1123 STN MAIN
PORTAGE LA PRAIRIE MB R1N 3B2

12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE NAMED INSURED AS STATED HEREIN

POLICY PERIOD:

FROM TO
APR 20,17 APR 20,18

POLICY NUMBER:

F 2201465 WAWANESA

MIG INSURANCE GROUP LTD.
412 SASKATCHEWAN AVE W
PORTAGE LA PRAIRIE, MB R1N 0M4
TEL. (204) 857-8100 0263123
FAX (204) 239-6500

The premises insured as Location 1 is located at
2 DRIVE IN RD PORTAGE LA PRAIRIE MB

Insurance is provided with respect to the following coverages for which an Amount of Insurance is specified, subject to all conditions of the policy.

Rating Information -----

Special Rented Dwelling, Protection Grade 1C, Frame,
Deductible \$5000 Section I, Actual Cash Value on Contents,
5.0% Inflation Protection.
Solid fuel burning stoves or furnaces must be reported to us

Section I Property Coverages	Amount of Insurance	Premium
C. Personal Property	\$75,000	\$227
D. Loss of Use	\$15,000	

Section II Liability Coverage		Premium
E. Farm Liability	\$5,000,000	\$147
Property Damage Deductible \$500 applies		
F. Voluntary Medical Payments	\$5,000	

Section I Property Coverages Additional Coverages	
Actual Cash Value on Contents Sec. I Cov. C- Location 1	INCL

Farm Property Lienholder(s)/Lessor(s):

BTW INC. PO BOX 1123 STN MAIN PORTAGE LA PRAIRIE MB R1N 3B2	Residence(s): 001
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NATIONAL LEASING A.T.I.M.A. 1525 BUFFALO PL WINNIPEG MB R3T 1L9	Item(s): 501
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WELLS FARGO 2300 MEADOWVALE BLVD MISSISSAUGA ON L5N 5P9	Item(s): 501
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(CONT'D)



Wawanesa
Insurance

Offer to Renew-Your policy expires APR 20,17.
This offer supersedes any previous offer bearing the same number for this policy period. Payment of the premium renews your policy for the period shown. This offer to renew is withdrawn if the premium is not paid by MAY 15,17.

**YOUR FARM
INSURANCE POLICY**

THE WAWANESA MUTUAL INSURANCE
COMPANY is the licensed insurer of
this policy.

NAME AND ADDRESS OF INSURED:

944 6312 2201465

FAT CAT FARMS LTD
PO BOX 1123 STN MAIN
PORTAGE LA PRAIRIE MB R1N 3B2

12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE
NAMED INSURED AS STATED HEREIN

POLICY PERIOD:

FROM TO
APR 20,17 APR 20,18

POLICY NUMBER:

F 2201465 WAWANESA

MIG INSURANCE GROUP LTD.
412 SASKATCHEWAN AVE W
PORTAGE LA PRAIRIE, MB R1N 0M4
TEL. (204) 857-8100 0263123
FAX (204) 239-6500

CAPITAL CORP
ATIMA
5045 SOUTH SERVICE RD
BURLINGTON ON L7L 5Y7

Item(s):
501

(CONT'D)

Appendix B – May 29, 2017 Letter from MLT Aikins LLP (Redacted)

May 29, 2017

Via E-Mail: ftrippier@ft-lawyers.com

Fast Trippier Law
10 Donald Street
Winnipeg, MB R3C 1L5

Attention: Mr. Faron Trippier

Dear Sir:

Re: Lincoln Wolfe v. Duanne Taylor

I have obtained a copy of your letter dated May 24, 2017 addressed to Brent Warga of Deloitte.

As you are aware, Deloitte Restructuring Inc. (the "**Liquidator**") has been appointed liquidator of Taylor Bros. Farm Ltd. ("**TBF**") and Edwin Potato Growers Ltd. ("**EPG**").

As you are also aware, we are counsel to the Liquidator. I have participated in one or more telephone conference calls with you and with other counsel and my involvement as counsel to the Liquidator is a matter of public record.

In those circumstances, I was surprised to see that you had sent your May 24 letter directly to the Liquidator and that you had not copied me with that letter.

I will assume that your decision to proceed in that fashion must have been an oversight on your part. If I am mistaken, please let me know.

For clarity, future correspondence to the Liquidator regarding this matter should be addressed to our office (as counsel to the Liquidator).

On behalf of the Liquidator, I propose to address the five points raised in your letter in the sequence in which you have raised them.

1. Power To Terminate Employment Contracts

As you may be aware, the draft Liquidation Order was based upon the provisions of the Model Receivership Order in use in several jurisdictions. Paragraph 12 of the draft Liquidation Order contains language derived from the Model Receivership Order and reads as follows:

12. THIS COURT ORDERS that all employees of TBF and EPG shall remain employees of TBF and EPG until such time as the Liquidator, on behalf of TBF and EPG, may terminate the employment of such employees. Nothing contained in this Order shall be deemed to constitute the Liquidator an employer, successor employer or related employer of anyone or more of the employees of TBF and EPG within the meaning of any legislation (federal or provincial) or deem the Liquidator liable for any wages, salary or employment-related compensation whatsoever, including any severance pay, termination pay, pay in lieu of notice or vacation pay; and further, the appointment of the Liquidator shall not constitute the sale of TBF and EPG for the purpose of any legislation (federal or provincial), dealing with employees or employment-related obligations.

This standard form language is important to enable the Liquidator to administer the liquidation proceedings in an orderly, efficient and business-like manner.

Your letter identifies your concerns regarding the impact of this paragraph on Mr. Taylor's claims under his employment contract. That concern is understandable and the Liquidator is certainly prepared to agree to the inclusion in the Liquidation Order of language that will protect the interests of Mr. Taylor on this issue.

However, with respect, the appropriate solution is not to demand that the entire paragraph be removed from the draft Liquidation Order. To the contrary, the appropriate solution is to suggest a paragraph that will modify the general power of the Liquidator over employees in paragraph 12 in a manner so as to protect Mr. Taylor's claim.

We suggest the following language for your consideration (proposed edits noted in bold red font).

*12. THIS COURT ORDERS that, **subject to paragraph 12A hereof**, all employees of TBF and EPG shall remain employees of TBF and EPG until such time as the Liquidator, on behalf of TBF and EPG, may terminate the employment of such employees. Nothing contained in this Order shall be deemed to constitute the Liquidator an employer, successor employer or related employer of anyone or more of the employees of TBF and EPG within the meaning of any legislation (federal or provincial) or deem the Liquidator liable for any wages, salary or employment-related compensation whatsoever, including any severance pay, termination pay, pay in lieu of notice or vacation pay; and further, the appointment of the Liquidator shall not constitute the sale of TBF and EPG for the purpose of any legislation (federal or provincial), dealing with employees or employment-related obligations.*

12A. For greater clarity, the claim of Duanne Taylor in regard to his employment contract (including the quantum of any amount which may be owing to Duanne Taylor in that regard) shall be unaffected by paragraph 12 of this Liquidation Order and shall be matters over which the arbitrator shall continue to exercise jurisdiction.

2. Relationship Between Arbitration Process & Timing of Sale

The arbitrator has directed the implementation of a liquidation process and has given the Liquidator a mandate to conclude that liquidation process in a timely and cost-effective manner.

The Liquidator does not have the discretion to defer selling assets until the conclusion of the arbitration process (and does not propose to do so). To the contrary, the Liquidator intends to begin its work to develop and implement a liquidation plan as soon as the formal order appointing the Liquidator has been settled.

If Mr. Taylor intends to appeal the decision appointing the Liquidator, he ought to proceed with that appeal. We see little point in the right of appeal being brandished in letters as some sort of bargaining chip.

3. [REDACTED]

[REDACTED]

[REDACTED]

4. Liability Insurance

Five million dollars in liability insurance is acknowledged and has been inserted into Clause 17 of the proposed lease between the Liquidator (as landlord) and Fat Cat Farms Ltd. (as tenant). We enclose a revised version of this proposed form of lease (in redlined version and clean copy) for your consideration.

5. Claims For Reimbursement of Insurance Premiums

If Fat Cat Farms Ltd. and Duanne Taylor have in fact paid all insurance premiums over the last three years regarding properties owned by TBF and EPG, then Fat Cat Farms Ltd. may have an unsecured claim for these amounts against the assets of TBF and EPG. The merits of any such claim can be established in due course through the liquidation process once the Liquidation Order has been settled and entered.

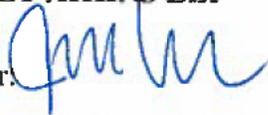
Subsequent to entry of the Liquidation Order with the Court, it is in the interest of all stakeholders that both Mr. Wolfe and Mr. Taylor cooperate with the Liquidator to realize on the assets of EPG and TBF through the liquidation process.

We trust that this letter makes the position of the Liquidator clear regarding these matters.

Yours truly,

MLT AIKINS LLP

Per:



Jeffrey M. Lee, Q.C.

JML:crb

cc. Deloitte Restructuring Inc. (Attention: Brent Warga/John Fritz)

cc. Ross McFadyen

Appendix C – Liquidation Order

THE QUEEN'S BENCH

WINNIPEG CENTRE

BETWEEN:

LINCOLN WOLFE and 5606269 MANITOBA LTD.

Applicants,

- and -

DUANNE TAYLOR, 5608067 MANITOBA LTD., TAYLOR
BROS. FARM LTD. and EDWIN POTATO GROWERS LTD.

Respondents.

APPLICATION UNDER section 207 of *The Corporations Act*, C.C.S.M. c. C225

CERTIFIED COPY
of

ORDER
(APPOINTING LIQUIDATOR)

Thompson Dorfman Sweatman LLP
Barristers and Solicitors
201 Portage Avenue, Suite 2200
Winnipeg MB R3B 3L3

(Matter No. 0121816 RAM)
(Ross A. McFadyen: 204-934-2378)
(Facsimile: 204-934-0566)
(Email: ram@tdslaw.com)
(Toll Free: 1-855-483-7529)

THE QUEEN'S BENCH

WINNIPEG CENTRE

THE HONOURABLE
MR. JUSTICE TOEWS

)
)
)

FRIDAY, THE 28th
DAY OF APRIL, 2017

BETWEEN:

LINCOLN WOLFE and 5606269 MANITOBA LTD.

Applicants,

- and -

DUANNE TAYLOR, 5608067 MANITOBA LTD., TAYLOR
BROS. FARM LTD. and EDWIN POTATO GROWERS LTD.

Respondents.

APPLICATION UNDER section 207 of *The Corporations Act*, C.C.S.M. c. C225

CERTIFIED COPY
of
ORDER (APPOINTING LIQUIDATOR)

THIS APPLICATION AND MOTION made by the Applicants for an Order providing for the liquidation and dissolution of the respondent corporations, Taylor Bros. Farm Ltd. ("TBF") and Edwin Potato Growers Ltd. ("EPG"), and appointing Deloitte Restructuring Inc. as liquidator without security, of TBF and EPG, was heard on March 15, 2017 at the Law Courts Buildings, 408 York Avenue in Winnipeg, Manitoba.

ON READING the Affidavits of Lincoln Wolfe affirmed August 6 and September 9, 2015, and the Affidavit of Lincoln Wolfe affirmed December 13, 2016 as filed in

Queen's Bench File No. CI 16-01-04369 (including the Awards of Arbitrator Harvey L. Selter dated April 20, August 24, October 5 and 17, 2016), the Affidavits of Duanne Taylor sworn August 31 and September 27, 2015, and the Affidavits of Duanne Taylor sworn December 8 and 30, 2016 and the Affidavit of Darlene Monette sworn February 24, 2017 as filed in Queen's Bench File No. CI 16-01-04369, the transcript of the cross-examination of Lincoln Wolfe on October 28, 2015, the transcript of the cross-examination of Duanne Taylor on October 28, 2015, and on reading the evidence filed in Queen's Bench File No. CI 15-01-94251 (the "**Previous Proceeding**") , namely the Affidavits of Duanne Taylor sworn March 4, 12 and 20, 2015, the Affidavit of Lincoln Wolfe affirmed March 10, 2015, the Affidavit of Gordon Daman sworn March 21, 2015 and the transcript of the cross-examination of Duanne Taylor on March 24, 2015, and on hearing the submissions of counsel for the Applicants and counsel for the Respondents Duanne Taylor and 5608067 Manitoba Ltd., and on reading the consent of Deloitte Restructuring Inc. to act as liquidator,

APPOINTMENT

1. THIS COURT ORDERS that pursuant to sections 207 and 210 of *The Corporations Act*:

(a) the assets, undertakings and property of TBF and EPG (the "**Property**"), shall be liquidated in accordance with this Order;

(b) Deloitte Restructuring Inc. (the "**Liquidator**") shall be and is hereby appointed liquidator of the Property, without security; and

(c) upon the Liquidator concluding the liquidation of all or substantially all of the Property, the Liquidator shall be at liberty to apply to this Court for an Order dissolving TBF and EPG and discharging the Liquidator.

LIQUIDATOR'S POWERS

2. THIS COURT ORDERS that the Liquidator is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Liquidator is hereby expressly empowered and authorized to do any of the following where the Liquidator may in its sole discretion consider it necessary or desirable:

- (a) to take possession of and exercise control over all or any part of the Property, wheresoever located, and any and all proceeds, receipts and disbursements arising out of or from the Property or any dealings with the Property;
- (b) to preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of TBF and EPG as required for the orderly liquidation thereof;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, legal counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Liquidator's powers and duties, including without limitation those conferred by this Order;
- (e) to receive and collect all monies and accounts now owed or hereafter owing to TBF and/or EPG and to exercise all remedies of TBF and/or EPG in collecting such monies, including, without limitation, to enforce any security held by TBF and/or EPG;
- (f) to settle, extend or compromise any indebtedness owing to TBF and EPG;
- (g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Liquidator's name or in the name and on behalf of TBF or EPG, for any purpose pursuant to this Order;
- (h) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to TBF and EPG, the Property or the Liquidator, and to settle or compromise any such proceedings.

The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (i) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Liquidator in its discretion may deem appropriate;
- (j) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (k) to report to, meet with and discuss with such affected Persons (as defined below) as the Liquidator deems appropriate on all matters relating to the Property, and to share information, subject to such terms as to confidentiality as the Liquidator deems advisable;
- (l) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (m) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of (and, if thought desirable by the Liquidator, in the name of) TBF and/or EPG;

- (n) to exercise any shareholder, partnership, joint venture or other rights which TBF or EPG may have;
- (o) to develop a plan for the liquidation of TBF and EPG, the satisfaction of TBF and EPG's liabilities, and the payment of any surplus realized thereby (the "**Liquidation Plan**"), to seek acceptance by the Applicant and the Respondents of the Liquidation Plan, and, failing such acceptance within a reasonable period of time, as determined by the Liquidator, to recommend the Liquidation Plan to this Court and to seek approval thereof from this Court;
- (p) upon the Liquidation Plan being accepted in writing by the Applicants and the Respondents; or, in the alternative, being approved by an Order of this Court, to implement the Liquidation Plan;
- (q) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations; and
- (r) to disclaim, forfeit or otherwise terminate any lease of premises or land entered into by TBF and EPG without further order of this Court;

and in each case where the Liquidator takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below) and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE LIQUIDATOR

3. THIS COURT ORDERS that (i) TBF and EPG, (ii) all of TBF and EPG's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Liquidator of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Liquidator, and shall deliver all such Property to the Liquidator upon the Liquidator's request.

4. THIS COURT ORDERS that all Persons having notice of this Order shall forthwith advise the Liquidator of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of TBF and EPG, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Liquidator or permit the Liquidator to make, retain and take away copies thereof and grant to the Liquidator unfettered access to and use of accounting, computer, software and physical facilities

relating thereto, provided however that nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Liquidator due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

5. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to such Records to the Liquidator for the purpose of allowing the Liquidator to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Liquidator in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Liquidator. Further, for the purposes of this paragraph, all Persons having notice of this Order shall provide the Liquidator with all such assistance in gaining immediate access to the information contained in the Records as the Liquidator may in its discretion require including providing the Liquidator with instructions on the use of any computer or other system and providing the Liquidator with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE LIQUIDATOR

6. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Liquidator except with the written consent of the Liquidator or with leave of this Court.

NO PROCEEDINGS AGAINST TBF OR EPG OR THE PROPERTY

7. THIS COURT ORDERS that no Proceeding against or in respect of TBF or EPG or the Property shall be commenced or continued except with the written consent of the Liquidator or with leave of this Court and any and all Proceedings currently under way against or in respect of TBF or EPG or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

8. THIS COURT ORDERS that all rights and remedies against TBF or EPG, the Liquidator, or affecting the Property, are hereby stayed and suspended except with the written consent of the Liquidator or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the *Bankruptcy and Insolvency Act*, and further provided that nothing in this paragraph shall (i) empower the Liquidator or TBF or EPG to carry on any business which they are not lawfully entitled to carry on, (ii) exempt the Liquidator or TBF or EPG from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE LIQUIDATOR

9. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by TBF and/or EPG, without written consent of the Liquidator or leave of this Court.

CONTINUATION OF SERVICES

10. THIS COURT ORDERS that all Persons having oral or written agreements with TBF and/or EPG or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to either TBF or EPG are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Liquidator, and that the Liquidator shall be entitled to the continued use of TBF's and EPG's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Liquidator in accordance with normal payment practices of TBF or EPG (as the case may be) or such other practices as may be agreed upon by the supplier or service provider and the Liquidator, or as may be ordered by this Court.

LIQUIDATOR TO HOLD FUNDS

11. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Liquidator from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Liquidator: and the monies standing to the credit of such accounts from time to time, net of any disbursements provided for herein, shall be held by the Liquidator to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

12. THIS COURT ORDERS that, subject to paragraph 12A hereof, all employees of TBF and EPG shall remain employees of TBF and EPG until such time as the Liquidator, on behalf of TBF and EPG, may terminate the employment of such employees. Nothing contained in this Order shall be deemed to constitute the Liquidator an employer, successor employer or related employer of any one or more of the employees of TBF and EPG within the meaning of any legislation (federal or provincial) or deem the Liquidator liable for any wages, salary or employment-related compensation whatsoever, including any severance pay, termination pay, pay in lieu of notice or vacation pay; and further, the appointment of the Liquidator shall not constitute the sale of TBF and EPG for the purpose of any legislation (federal or provincial), dealing with employees or employment-related obligations.

12A. For greater clarity, the claim of Duanne Taylor in regard to his employment contract (including the quantum of any amount which may be owing to Duanne Taylor in that regard) shall be unaffected by paragraph 12 of this Liquidation Order and shall be matters over which the Arbitrator shall continue to exercise jurisdiction.

LIMITATION ON ENVIRONMENTAL LIABILITIES

13. THIS COURT ORDERS that nothing herein contained shall require the Liquidator to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, *The Environment Act* (Manitoba), *The Water Resources Conservation Act* (Manitoba), *The Contaminated Site Remediation Act* (Manitoba), *The Dangerous Goods Handling and Transportation Act* (Manitoba), *The Public Health Act* (Manitoba) or *The Workplace Safety and Health Act* (Manitoba) and regulations thereunder (collectively, the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Liquidator from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Liquidator shall not, as a result of this Order or anything done in pursuance of the Liquidator's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Liquidator actually takes physical possession of the Property.

LIMITATION ON THE LIQUIDATOR'S LIABILITY

14. THIS COURT ORDERS that in addition to the rights and protections afforded the Liquidator under *The Corporations Act* or as an officer of this Court, the Liquidator shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any liability arising out of gross negligence or wilful misconduct on its part.

LIQUIDATOR'S ACCOUNTS

15. THIS COURT ORDERS that the Liquidator and legal counsel to the Liquidator shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Liquidator and legal counsel to the Liquidator shall be entitled to and are hereby granted a charge (the "**Liquidator's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Liquidator's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person. For greater clarity, the amount of the Liquidator's Charge shall not exceed \$50,000.00 (or such greater amount as this Court may be further Order authorize).

16. THIS COURT ORDERS that the Liquidator and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Liquidator and its legal counsel are hereby referred to a judge of this Court, but nothing herein shall fetter this Court's discretion to refer such matters to a Master of this Court.

17. THIS COURT ORDERS that, prior to the passing of its accounts or those of its legal counsel, the Liquidator shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements and those of its legal counsel, including legal fees and disbursements, incurred at the standard rates and charges of the Liquidator or its legal counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE LIQUIDATION PROCEEDINGS

18. THIS COURT ORDERS that the Liquidator be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed an amount equal to the sum of: (a) such amounts as the Liquidator borrows to pay municipal property tax arrears and insurance; and \$50,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Liquidator by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Liquidator's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Liquidator's Charge.

19. THIS COURT ORDERS that neither the Liquidator's Borrowings Charge nor any other security granted by the Liquidator in connection with its borrowings under this Order shall be enforced without leave of this Court.

20. THIS COURT ORDERS that the Liquidator is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Liquidator's Certificates**") for any amount borrowed by it pursuant to this Order.

21. THIS COURT ORDERS that the monies from time to time borrowed by the Liquidator pursuant to this Order or any further order of this Court and any and all Liquidator's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Liquidator's Certificates.

GENERAL

22. THIS COURT ORDERS that the Liquidator may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder, as deemed necessary and, upon rendering its final account, may apply for an order dissolving TBF and EPG.

23. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Liquidator and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance

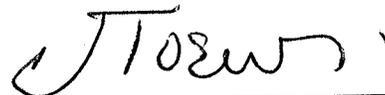
to the Liquidator, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Liquidator and its agents in carrying out the terms of this Order.

24. THIS COURT ORDERS that the Liquidator be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Liquidator is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

25. THIS COURT ORDERS that if the parties cannot agree on the issue of costs with respect to the Previous Proceeding, and the issue of costs with respect to the Applicants' motion for enforcement of the Awards of Arbitrator Harvey L. Sexter in this proceeding, such costs may be spoken to.

26. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Liquidator and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order

June 5th, 2017



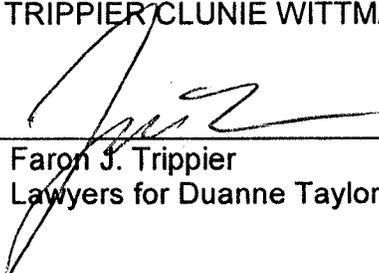
CERTIFIED A TRUE COPY

DEPUTY REGISTRAR

CONSENT AS TO FORM:

FAST TRIPPIER CLUNIE WITTMAN SANTOS LLP

per: _____


Faron J. Trippier

Lawyers for Duanne Taylor, 5608067 Manitoba Ltd. and Fat Cat Farms Ltd.

CONSENT AS TO FORM AND CONTENT:

PITBLADO LLP

per: _____


Douglas G. Ward

Lawyers for the secured creditor, the Bank of Montreal

CONSENT AS TO FORM AND CONTENT:

BOUDREAU LAW LLP

per: _____

J.R. Norman Boudreau

Lawyers for the secured creditors, Gerald Wiebe and Martha Wiebe

CONSENT AS TO FORM AND CONTENT:

MLT AIKINS LLP

per: _____

Jeffrey M. Lee, Q.C.

Lawyers for the Liquidator, Deloitte Restructuring Inc.

CONSENT AS TO FORM:

FAST TRIPPIER CLUNIE WITTMAN SANTOS LLP

per: _____

Faron J. Trippier
Lawyers for Duanne Taylor, 5608067 Manitoba Ltd. and Fat Cat Farms Ltd.

CONSENT AS TO FORM AND CONTENT:

PITBLADO LLP

per: _____

Douglas J. Ward
Lawyers for the secured creditor, the Bank of Montreal

CONSENT AS TO FORM AND CONTENT:

BOUDREAU LAW LLP

per: _____

J.R. Norman Boudreau
Lawyers for the secured creditors, Gerald Wiebe and Martha Wiebe

CONSENT AS TO FORM AND CONTENT:

MLT AIKINS LLP

per: _____

Jeffrey M. Lee, Q.C. NIGEL I. THOMPSON
Lawyers for the Liquidator, Deloitte Restructuring Inc.

SCHEDULE "A"

LIQUIDATOR CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte Restructuring Inc., the liquidator (the "Liquidator") of the assets, undertakings and properties of Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd. (collectively, the "Property") appointed by Order of the Manitoba Court of Queen's Bench (the "Court") dated the 28th day of April, 2017 (the "Order") made in an action having Court File No. CI 15-01-97066, has received as such Liquidator from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Liquidator is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly] not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of the Bank of Montreal from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Liquidator pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Liquidator to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Winnipeg, Manitoba.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Liquidator to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Liquidator to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Liquidator does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

Deloitte Restructuring Inc., solely in its
capacity as Liquidator of the Property, and
not in its personal capacity

Per: _____

Name:

Title:

Appendix D – Fat Cat Farms Ltd. Claim

PROOF OF CLAIM

**EDWIN POTATO GROWERS LTD.
(the "Company")**

PLEASE READ CAREFULLY THE ORDER AND APPENDIX A – CLAIMS PROCEDURE ALONG WITH THE INSTRUCTION LETTER ALL OF WHICH ARE ENCLOSED BEFORE COMPLETING THIS PROOF OF CLAIM.

A. PARTICULARS OF CREDITOR

- a) Full Legal Name of creditor (include trade name, if different):

Fat Cat Farms Ltd. ("FCF")

(the "Creditor") The full legal name should be the name of the Creditor of the Company, notwithstanding whether an assignment of a Claim has occurred prior to or following April 28, 2017.

- b) Full Mailing Address of the Creditor: (The mailing address should be the mailing address of the Creditor and not an assignee.)

PO Box 1123 Portage La Prairie Manitoba R1N 3C3

- c) Other Contact Information of the Creditor:

Telephone Number: **(204) 856-9575**

Email Address: duannetaylor@googlemail.com

Facsimile Number: **N/A**

Attention (Contact Person): **Duane Taylor**

- d) Has the Claim set out herein been sold, transferred or assigned by the Creditor to another party?

Yes: _____

No: **X**

B. PARTICULARS OF ASSIGNEE(S) (IF APPLICABLE): N/A

If the Claim set out herein has been sold, transferred or assigned, complete the required information set out below.

a) Full Legal Name of the Assignee:

b) Full Mailing Address of the Assignee:

c) Other Contact Information of the Assignee:

Telephone Number: _____

Email Address: _____

Facsimile Number: _____

Attention (Contact Person): _____

C. PROOF OF CLAIM

THE UNDERSIGNED HEREBY CERTIFIED AS FOLLOWS:

a) That I:

 X am a Creditor of the Company; OR

 am

_____ (state position or title)

of

_____ (name of Creditor)

b) That I have knowledge of all the circumstances connected with the Claim described and set out below;

c) Edwin Potato Growers Ltd. was and still is indebted to the Creditor as follows (*include all Claims that you assert against Edwin Potato Growers Ltd.*):

- a total of \$8,219.11 paid by FCF to Manitoba Hydro on behalf of Edwin Potato Growers Ltd.;
- a total of \$7,697.44 paid by FCF on behalf of Edwin Potato Growers Ltd. with respect to insurance payments owed to Wawanesa Farm Insurance and MIG Insurance; and
- \$7,109.03 paid by FCF on behalf of Edwin Potato Growers Ltd. with respect to land appraisals obtained from Red River Group.

Total: \$23,025.58

D. NATURE OF CLAIM AGAINST EDWIN POTATO GROWERS LTD.

(CHECK AND COMPLETE APPROPRIATE CATEGORY)

1. X UNSECURED CLAIM OF \$23,025.58 CAD.

That in respect of this debt, I do not hold any assets of the debtor as security and I do not claim a right to a priority.

2. SECURED CLAIM OF \$ CAD

That in respect of this debt, I hold assets of the debtor valued at \$ CAD as security, the particulars of which are as follows:

Give the full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attached a copy of the security documents.

E. PARTICULARS OF THE CLAIM(S)

Other than as already set out herein, the particulars of the undersigned's total Claim against the Company are:

Supporting documentation for the amount owed by EPG to FCF are attached as Schedule "A"

Provide all particulars of the Claim and supporting documentation, including the amount which should be summarized on a separate sheet and/or with copies of an account history or summary and all invoices, particulars of all credits, discounts and so forth claimed, a description of transaction(s) or agreement(s) giving rise to the Claim, and/or the name of any guarantor which has guaranteed the Claim.

F. FILING OF CLAIM

This Proof of Claim form must be received by the Liquidator by no later than **5:00 p.m. (Manitoba Time) on the Claims Receipt Date of JUNE 25, 2018**, by either personal delivery, email (in PDG format) or facsimile transmission at the following address:

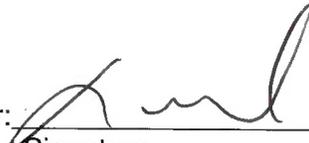
**Deloitte Restructuring Inc. as Liquidator
of Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd.
360 Main Street, Suite 2300
Winnipeg, MB R3C 3Z3**

**Phone: (204) 944-3586
Fax: (204) 947-2689
Attention: John R. Fritz
jofritz@deloitte.ca**

Unless otherwise ordered by the Court, Failure to file your Proof of Claim and any required documentation as directed in relation to any Claim by 5:00 p.m. (Manitoba Time) on June 25, 2018 will result in your Claim being forever barred and extinguished and you will be prohibited from making or enforcing a Claim against the Company and shall not be entitled to further notice of distribution, if any, and shall not be entitled to participate as a Creditor in these proceedings.

DATED this 25th day of June, 2018.

Witness: 

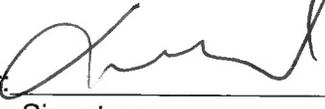
Per: 

Signature

Duanne Taylor
Print

If Creditor is other than an individual, print name and title of authorized signatory

Witness: 

Per: 

Signature

Duanne Taylor
Name

President
Title



Customer name / Nom du client TAYLOR BROS FARM LTD
 Account number / N° de compte 0316040 6517124
 Service location / Adresse de service NE 18 11 8 W
 PORTAGE LA PRAIRIE MB R1N 3A7
 Date issued / Date d'émission Apr 11 AVR 2016

Special messages / Messages particuliers

- Your account remains outstanding despite previous requests for payment. Failure to pay the outstanding account balance can jeopardize your credit rating and subject your account to legal action. Please call the phone number on the front of your billing statement or pay in person at a Manitoba Hydro Office. If payment of the arrears has already been made, please notify Manitoba Hydro immediately. If payment arrangements have already been made kindly disregard this notice.

Votre compte demeure en souffrance malgré nos demandes de paiement répétées. Tout défaut de payer le montant en souffrance de votre compte peut menacer votre cote de crédit et se traduire par une action en justice. Veuillez composer le numéro de téléphone indiqué sur le devant de votre facture ou payer en personne à un bureau de Manitoba Hydro. Si vous avez déjà payé l'arriéré, veuillez en informer Manitoba Hydro immédiatement. Si vous avez déjà pris des dispositions pour le faire, veuillez ignorer cet avis.

Electricity - General service small 3 phase / Électricité - Service général triphasé - petite puissance

Meter number / N° de compteur	Service / Pour la période		Days / Jours	Meter readings / Relevés du compteur		Multiplier / Multiplicateur	kW.h / kWh	Reading type / Type de relevé
	From / Du	To / Au		Previous / Précédent	Present / Nouveau			
749438	Mar 04 MAR/16	Apr 06 AVR/16	33	11610	11610	120	0	Actual Réel

Basic Charge / Redevance de base

\$ 14.90

1.40% Prov Tax / Taxe prov.

0.21

5.00% GST / TPS

0.75

Electricity charges / Frais d'électricité

15.86

Other charges / Autres frais

Late Payment Charge at 1.25% / Pénalité de retard à 1,25 %

60.95



2

Customer name TAYLOR BROS FARM LTD
 Nom du client
 Account number 8316848 6517194
 N° de compte
 Service location NE 18 11 8 W
 Adresse de service PORTAGE LA PRAIRIE MB R1N 3A7
 Date issued Apr 11 AVR 2016
 Date d'émission
 Amount due \$ 4,952.54
 Montant à payer
 Due date Apr 27 AVR 2016
 Date d'échéance
 Cycle number 05
 N° de cycle

**Customer service / 24 hour Trouble calls
 Service à la clientèle /
 Dépannage 24 h sur 24**

Winnipeg 204-480-5900
 Outside Winnipeg / 1-888-MBHYDRO
 Extérieur de Winnipeg (1-888-624-9376)
 Deaf access line 204-360-6154
 Ligne pour malentendants
 E-Mail address customerservice@hydro.mb.ca
 Adresse électronique

Sign up for MyBill and receive your bill and
 account information online.
www.hydro.mb.ca/mybill

Inscrivez-vous à MyBill et recevez en ligne votre
 facture et des données sur votre compte.
www.hydro.mb.ca/francals/mybill

Account summary / Sommaire du compte

Previous charges and credits / Frais et crédits antérieurs
 Previous balance / Solde antérieur \$ 4,875.73
 Balance forward / Solde reporté \$ 4,875.73

New charges / Nouveaux frais
 Electricity / Électricité (GST/TPS \$ 0.75) \$ 15.86
 Other charges / Autres frais 60.95

Amount due / Montant à payer \$ 4,952.54

Due date / Date d'échéance Apr 27 AVR 2016

LEDs will save you money on your energy bill.

Les ampoules à DEL réduiront votre facture
 d'énergie.

See important collection message on page 2.

**Voir le message important sur le recouvrement à la
 page 2.**



Mail Payment to / Envoyez le paiement par la poste à
 PO BOX 7900 STN MAIN
 WINNIPEG MB R3C 5R1

If mailing, please specify amount paid on return portion of bill and enclose with payment.
 Si vous payez par la poste, veuillez inclure le talon de la facture sur lequel le montant payé est indiqué.

EDWIN POTATO GROWERS LTD
 TAYLOR BROS FARM LTD
 PO BOX 1123 STN MAIN
 PORTAGE LA PRAIRIE MB R1N 3C5

017550

Account number/N° de compte 8316848 6517194	Payment enclosed/ Paiement ci-joint \$
Amount due/Montant à payer \$ 4,952.54	
Due date /Date d'échéance Apr 27 AVR 2016	<input type="checkbox"/> CH <input type="checkbox"/> CA <input type="checkbox"/> DR

52862 - 3 A

00000000 0831684865171945 000000000000 0000495254 0000487573 5

1:00 24 3 9001:

96

3

Transaction details (continued)

Date	Description	Amounts debited from your account (\$)	Amounts credited to your account (\$)	Balance (\$)
Value Assist® Plan Deposit Account # 0545 1998-239				(continued)
Apr 26	Online Bill Payment, MTS RES BUS	212.56		532,480.13
Apr 26	Online Bill Payment, MTS INTERNET	70.01		532,410.12
Apr 27	Pre-Authorized Payment, DEFT SETTLEMENT FLE 0070	4,655.75		527,754.37
Apr 27	Pre-Authorized Payment, DEFT SETTLEMENT FLE 0071	1,406.00		526,348.37
Apr 27	Online Bill Payment, MAN HYD 14 DGT	4,952.54		521,395.83
Apr 28	Cheque, NO.399	1,679.67		519,716.16
Apr 29	Pre-Authorized Payment, DEFT SETTLEMENT FLE 0072	2,300.00		517,416.16
Apr 29	Pre-Authorized Payment, MPI AUTOPAC PMT INS/ASS	174.99		517,241.17
Apr 29	Direct Deposit, DEFT RETURNED TXNS 0070		34.07	517,275.24
Apr 29	Plan Fee	40.00		517,235.24
Apr 29	Plan Fee		40.00	517,275.24
Apr 29	Branch Transaction Fee, BRANCH 22 ITMS AT 1.25	27.50		517,247.74
Apr 29	Pre-Authorized Payment Fee, DEFT 02 ITMS AT 1.25	2.50		517,245.24
Apr 29	Telephone/Online Banking Fee, TEL/PC 11 ITMS AT 1.25	13.75		517,231.49
Apr 29	Closing totals	1,056,874.29	1,500,142.66	

Number of items processed 89..... 5

Number of cheques or related items enclosed in your statement..... 53

Please check this statement and report any errors or omissions within 30 days of delivery.

Trade-marks

TM/® Trade-marks / registered trade-marks of Bank of Montreal.

® Trademarks of AIR MILES International Trading B.V. Used under license by LoyaltyOneInc. and Bank of Montreal.

® Registered trademark of MasterCard International Incorporated.

® ADP is a registered trade-mark of ADP North America, Inc.

NOTE: ADP Services referred to above are provided by ADP. ADP is not a member of BMO Financial Group.

® Moneris, and the Moneris Solutions logo are registered trade-marks of Moneris Solutions Corporation.

Registration numbers

GST - R100390095 QST - 1000042494

A member of BMO Financial Group 5001816 (08/03)

We're here to help®

Important Notice for Trustees

Do you have a Canadian Dollar deposit account or a term investment (e.g. a GIC) that you hold in trust for two or more beneficiaries? If so, we would like to remind you of your annual responsibility to tell us how the money in the trust deposit is to be divided amongst the beneficiaries.

4

DATE 0 3 0 2 2 0 1 7
M M D D Y Y Y Y

*****Three Thousand One Hundred Eighty-Nine and 76/100

** 3,189.76

Manitoba Hydro - 194

EDWIN

MEMO

Manitoba Hydro - 194

3/2/2017

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
05/10/2016	Bill		CAD 822.06	CAD 822.06		CAD 822.06 ✓
06/09/2016	Bill		CAD 473.17	CAD 473.17		CAD 473.17 ✓
07/12/2016	Bill		CAD 273.31	CAD 273.31		CAD 273.31
08/18/2016	Bill		CAD 644.97	CAD 644.97		CAD 644.97
08/18/2016	Bill		CAD 257.12	CAD 257.12		CAD 257.12
12/09/2016	Bill		CAD 1,436.88	CAD 1,436.88		CAD 1,436.88
01/18/2017	Bill		CAD 38.89	CAD 38.89		CAD 38.89
02/08/2017	Bill		CAD 39.38	CAD 39.38		CAD 39.38
09/12/2016	Credit		CAD -796.02	CAD -796.02		CAD -796.02
					Cheque Amount	CAD 3,189.76

BMO - Current Accou

CAD 3,189.76

Manitoba Hydro - 194

3/2/2017

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
05/10/2016	Bill		CAD 822.06	CAD 822.06		CAD 822.06
06/09/2016	Bill		CAD 473.17	CAD 473.17		CAD 473.17
07/12/2016	Bill		CAD 273.31	CAD 273.31		CAD 273.31
08/18/2016	Bill		CAD 644.97	CAD 644.97		CAD 644.97
08/18/2016	Bill		CAD 257.12	CAD 257.12		CAD 257.12
12/09/2016	Bill		CAD 1,436.88	CAD 1,436.88		CAD 1,436.88
01/18/2017	Bill		CAD 38.89	CAD 38.89		CAD 38.89
02/08/2017	Bill		CAD 39.38	CAD 39.38		CAD 39.38
09/12/2016	Credit		CAD -796.02	CAD -796.02		CAD -796.02
					Cheque Amount	CAD 3,189.76

BMO - Current Accou

CAD 3,189.76

Business Banking statement

FAT CAT FARMS LTD.
For the period ending May 31, 2016

Business Banking

5



ISN: 4415310162
Cheque #468 **1,100.00**

FAT CAT FARMS LTD.
PO BOX 1123 STN MAIN
PORTAGE LA PRAIRIE MB R1N 3C5

DATE 2016-05-25

PAY TO THE ORDER OF Sam Wolfe \$ 1100.00

One thousand one hundred DOLLARS

Bank of Montreal
180 BROADVIEW AVE. W. TEL: (416) 291-8900
PORTAGE LA PRAIRIE, MB R1N 3C5

FOR DEPOSIT ONLY
5/25/16 3:46 PM Pacific TZ
Portage Credit Union
12100-1525
West-End Branch - Portage la Prairie

000488
MAY 25 2016
PORTAGE LA PRAIRIE, MAN. 52187-873

Printer ID# 1021

000468* 005457*0010 1998*239*

ISN: 4100116574
Cheque #451 **7,697.44**

FAT CAT FARMS LTD.
PO BOX 1123 STN MAIN
PORTAGE LA PRAIRIE MB R1N 3C5

DATE 2016-05-03

PAY TO THE ORDER OF Howlata Insurance \$ 7697.44

Seven thousand six hundred ninety seven DOLLARS

Bank of Montreal
180 BROADVIEW AVE. W. TEL: (416) 291-8900
PORTAGE LA PRAIRIE, MB R1N 3C5

FOR DEPOSIT ONLY
TO THE CREDIT OF
The Howlata Mutual
Insurance Company
Branch 02
1072705A

000451
MAY 03 2016
PORTAGE LA PRAIRIE, MAN. 52187-873

Printer ID# 1021

0000451* 005457*0010 1998*239* 0000769744*

ISN: 4215206896
Cheque #455 **15,615.41**

FAT CAT FARMS LTD.
PO BOX 1123 STN MAIN
PORTAGE LA PRAIRIE MB R1N 3C5

DATE 2016-05-10

PAY TO THE ORDER OF Campbell Marc Trust \$ 15615.41

Fifteen thousand six hundred fifteen DOLLARS

Bank of Montreal
180 BROADVIEW AVE. W. TEL: (416) 291-8900
PORTAGE LA PRAIRIE, MB R1N 3C5

FOR DEPOSIT ONLY
TO THE CREDIT OF
THE ROYAL BANK OF CANADA
THE ROYAL BANK OF CANADA MUTUAL INS. CO.

000455
MAY 10 2016
PORTAGE LA PRAIRIE, MAN. 52187-873

Printer ID# 1021

0000455* 005457*0010 1998*239*

ISN: 4215206899
Cheque #456 **14,675.00**

FAT CAT FARMS LTD.
PO BOX 1123 STN MAIN
PORTAGE LA PRAIRIE MB R1N 3C5

DATE 2016-05-10

PAY TO THE ORDER OF Campbell Marc Trust \$ 14675.00

Fourteen thousand six hundred seventy five DOLLARS

Bank of Montreal
180 BROADVIEW AVE. W. TEL: (416) 291-8900
PORTAGE LA PRAIRIE, MB R1N 3C5

FOR DEPOSIT ONLY
TO THE CREDIT OF
THE ROYAL BANK OF CANADA
THE ROYAL BANK OF CANADA MUTUAL INS. CO.

000456
MAY 10 2016
PORTAGE LA PRAIRIE, MAN. 52187-873

Printer ID# 1021

0000456* 005457*0010 1998*239*





Wawanesa

Declaration effective MAY 4,16
supersedes any previous declaration bearing
the same number for this policy period.

**YOUR FARM
INSURANCE POLICY**

6

THE WAWANESA MUTUAL INSURANCE
COMPANY is the licensed insurer of
this policy.

NAME AND ADDRESS OF INSURED

483 6312 2212020
TAYLOR BROS. FARM LTD
PO BOX 1123 STN MAIN
PORTAGE LA PRAIRIE MB R1N 3B2

12:01 A.M. STANDARD TIME AT THE ADDRESS OF THE
NAMED INSURED AS STATED HEREIN

POLICY PERIOD:
FROM TO
MAY 4,16 MAY 4,17

POLICY NUMBER:

F 2212020 WAWANESA

MIG INSURANCE GROUP LTD.
412 SASKATCHEWAN AVE W
PORTAGE LA PRAIRIE, MB R1N 0M4
TEL. (204) 857-8100 0263123
FAX (204) 239-6500

S u m m a r y o f C o v e r a g e s

Description	Premium
Section I Property Coverages	\$1,815
Section II Liability Coverages	\$275
Section III Farm Property Coverages	\$4,836
Total full term premium	\$6,926.00

Main Farming Operation: Grain/Hay

Forms Applicable - YFI---- 02/15, 2040--- 01/15, 1008--- 01/15, COV E+F 01/15,
SPEC T 01/15, COV G-- 01/15, 2021--- 01/15, COV H1B 01/15, COV H1D 01/15,
1053--- 01/15, 1054--- 01/15, HMLV1-- 01/15, 3107--- 08/07*

Custom farming where your annual receipts equal or exceed \$10,000
must be reported to us

Ce contrat contient des clauses qui peuvent limiter le montant de l'indemnité.

This policy contains a clause that may limit the amount payable.

Thank you for buying Canadian

(CONT'D)

STATEMENT OF ACCOUNT

Total premium.....\$6,926.00
Service charge (each future payment).....\$5.00

Please pay upon receipt, using the payment option
of your choice:

- 1. FULL PAYMENT \$6,926.00
- or -
- 2. DOWN PAYMENT (50%) \$3,463.00
Future payment \$3468.00 DUE AUG 4,16
- or -
- 3. DOWN PAYMENT (40%) \$2,770.40
Future payment \$2082.80 DUE AUG 4,16
Future payment \$2082.80 DUE NOV 4,16

F 2212020 00 BROKER: 0263123

TAYLOR BROS. FARM LTD F 2212020 00

Payment due upon receipt (Circle one):
Full payment.....\$6,926.00
50% down payment.....\$3,463.00
40% down payment.....\$2,770.40

PLEASE MAIL PAYMENT WITH THIS STUB TO:

WAWANESA
CP/PO BOX 1530
WINNIPEG, MANITOBA R3C 2Z4

To make an online credit card payment visit wawanesa.com.
For online credit card payments and telephone or online banking,
your account number is 2212020.

PF 2212020 00 E00692600X00277040X0

7

Tasheena Henry

From: BMO Bank of Montreal <catch@payments.interac.ca>
 Sent: Monday, March 21, 2016 9:39 AM
 To: Tasheena Henry
 Subject: INTERAC e-Transfer: Red River Group accepted your money transfer.
 Importance: High

 [View in Browser](#) | [Français](#) 

Hi FAT CAT FARMS LTD.,

The money transfer you sent to Red River Group for the amount of \$3,000.00 (CAD) was accepted.

Red River Group's Message:

Thank you for your payment of \$3,000.00. I will notify the appraiser that this portion has been received and apply it to your appraisal invoice.

Please do not reply to this email.

[FAQs](#)

| This is a secure Transaction



INTERAC e-Transfer
The smart, secure way to send your own money.



www.interac.ca

Bill

8

Fat Cat Farms Ltd.
Box 1250, 780 Phillips St.
Portage la Prairie, MB R1N 3J9
Portage La Prairie, MB R1N 3C5

Date	Ref. No.
03/21/2016	

Vendor
Red River Group

Bill Due	03/31/2016
Terms	
Memo	

PAID

Expenses

Account	Memo	Amount	Customer:Job
Professional Fees		6,770.50	

Expense Total : 6,770.50

Bill Total : CAD 7,109.03

Bill 9

Fat Cat Farms Ltd.
Box 1250, 780 Phillips St.
Portage la Prairie, MB R1N 3J9
Portage La Prairie, MB R1N 3C5

Date	Ref. No.
03/21/2016	

Vendor
Red River Group

PAID

Bill Due	03/31/2016
Terms	
Memo	

Items

Item	Description	Qty	Cost	Amount	Customer:Job
GST (ITC)	GST on purchases (Input Tax Credit)		5.0%	338.53	

Item Total : CAD 338.53

Appendix E – Fat Cat Farms Ltd. Notice of Revision or Disallowance

NOTICE OF REVISION OR DISALLOWANCE OF PROOF OF CLAIM

**EDWIN POTATO GROWERS LTD.
(the “Company”)**

Name of Creditor: Fat Cat Farms Ltd.

Reference #: FCF-1

Terms in capital letters which are not defined within this Notice of Revision or Disallowance of Proof of Claim have the meaning ascribed thereto in the Order dated November 21, 2017 and Schedule A – Claims Process to the Order. Pursuant to the Order, Deloitte Restructuring Inc. in its capacity as Liquidator of the Company, hereby gives you notice that it has reviewed your Proof of Claim and has revised or disallowed your Claim as follows:

Your Claim has been revised for Distribution Purposes; or

Your Claim has been disallowed

Revision or Disallowance:

Proof of Claim as Submitted	Proof of Claim as Accepted
Unsecured \$23,025.58	\$Nil

Reason for the Revision or Disallowance:

Fat Cat Farms (“FCF”) leased land (the “**Leased Land**”) from the Liquidator for the period of May 1, 2017 to December 31, 2017 (the “**Lease Period**”).

Included in the Leased Land was cropland located at NE 18-11-8W and a yard site located thereon with an address of 47020 Road 63N (collectively the “**Serviced Land**”).

Pursuant to paragraph 12 of the lease agreement between FCF and the Liquidator, FCF was to be responsible for all rates, charges, costs and expenses as may be assessed or levied by all suppliers of utilities of the Leased Land.

The following utility costs (supporting documents attached as Exhibit A) were incurred at the Serviced Land during the Lease Period but were not paid by FCF:

Source	Billing Date	Billing Period	Billed Amount
Municipal Water	July 27, 2017	June 8 – July 31, 2017	\$8,870.30
Hydro	October 16, 2017	May 8 – October 5, 2017	442.37
Water Penalty	November 7, 2017	September 7 – October 31, 2017	336.81
Municipal Water	November 7, 2017	August 1 – October 25, 2017	12,606.68
Hydro	November 9, 2017	October 5 – November 6, 2017	69.96
Service charge	November 13, 2017	June 15 to November 13, 2017	148.60
Hydro	December 11, 2017	November 6 – December 6, 2017	1,249.01
Hydro	January 10, 2018	December 6, 2018 – January 8, 2018	835.28
Water Penalty	January 30, 2018	December 5, 2017	272.67
Water Penalty	April 16, 2018	January – April 2018	883.44
Total			\$25,715.12

Given the forgoing charges exceed the claim of FCF, the claim as against EPG has been disallowed.

IF YOU DO NOT AGREE WITH THIS NOTICE OF REVISION OR DISALLOWANCE OF PROOF OF CLAIM, PLEASE TAKE NOTICE OF THE FOLLOWING:

1. If you intend to dispute this Notice of Revision or Disallowance of Proof of Claim you must **no later than 30 calendar days** after service of this Notice of Revision or Disallowance of Proof of Claim serve on the Liquidator and the Claims Officer a Dispute Notice by personal service, facsimile, or email (in PDF format) to the address, email address or fax number indicated below. The form of Dispute Notice is enclosed.
2. If you do not deliver a Dispute Notice, the value of your Claim shall be deemed to be as set out in this Notice of Revision or Disallowance of Proof of Claim.

Address for Service of Dispute Notices:

Deloitte Restructuring Inc., as Liquidator
of Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd.
360 Main Street, Suite 2300
Winnipeg, MB R3C 3Z3

Phone: (204)944-3586
Fax: (204)947-2689
Attention: John R. Fritz
jofritz@deloitte.ca

AND

David R. M. Jackson
Taylor McCaffrey LLP
9th Floor, 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Email: djackson@tmlawyers.com
Fax: (204)953-7178

IF YOU FAIL TO TAKE ACTION WITHIN THE PRESCRIBED TIME PERIODS, THIS NOTICE OF REVISION OR DISALLOWANCE OF PROOF OF CLAIM WILL BE BINDING UPON YOU FOR DISTRIBUTION PURPOSES.

DATED this 20th day of August, 2018.

DELOITTE RESTRUCTURING INC.,
in its capacity as Liquidator
of Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd.
and not in its personal capacity.

RM OF PORTAGE LA PRAIRIE

35 TUPPER STREET SOUTH
 PORTAGE LA PRAIRIE, MB R1N 1W7
 (1) 857-3821



UTILITY BILL

BILLING DATE July 27, 2017

NAME	568100000
TAYLOR BROS FARM LTD BOX 1123 PORTAGE LA PRAIRIE, MB R1N 3C5 Canada	

Billing Period June 08, 2017 To July 31, 2017

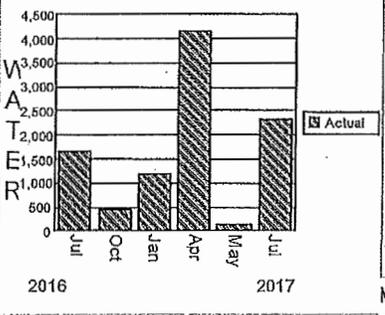
June 06, 2017	PENALTY APPLIED	Previous Balance	23,032.31
June 29, 2017	CASH RECEIPT APPLIED		287.90
		201704020	(23,320.21)
		Balance Forward	0.00

SERVICE ADDRESS
Route 3 Sequence 0 47020 ROAD 63 N

BASIC CHARGES	
5/8" WATER BASIC CARTIER RATE 52.11	31.27
CARTIER CUSTOMER SERV. CHARGE 11.73	7.04
Total Basic Charges	38.31

LEGAL DESCRIPTION
Lot Block Plan

Meter ID 63018923	WATER CONSUMPTION CHARGES	
Prev Read 6281.500 April 27	Consumption 2319.700 m	Actual
Curr Read 8601.190 July 25	5/8" WATER CARTIER RATE \$17.37	8,831.99



PST	0.00
G.S.T. 107943094RT0001	0.00
AMOUNT NOW DUE	8,870.30

MOVING - Arrange a final reading - Emerg - 204-856-6412.
 Keep yourself informed, Download the RM of Portage App and follow us on Facebook and Twitter.

AMOUNT NOW DUE
 RETAIN THIS PORTION FOR YOUR RECORDS

IMPORTANT MESSAGES

Minimum (basic) water commodity charge is for 3000 gallons or 13.63822 cubic meters for a 5/8" meter.
 The consumption reading either actual or estimate includes the basic 3000 gallons.
 To calculate billing - current read less previous read = consumption in cubic meters
 - cubic meter consumption x 219.97 = /1000 imperial gallons x rate
 - add service charge for the total amount charged for water in a reading period

PLEASE NOTE PENALTY DATE AND SUBMIT PAYMENT ON OR BEFORE THIS DATE.

RM OF PORTAGE LA PRAIRIE

35 TUPPER STREET SOUTH
 PORTAGE LA PRAIRIE, MB R1N 1W7
 (204) 857-3821



BILLING DATE July 27, 2017

PAST DUE AMOUNT	CURRENT CHARGES	AFTER PENALTY DATE PAY	LAST DATE BEFORE PENALTY	AMOUNT NOW DUE	AMOUNT PAID
0.00	8,870.30	8,981.18	August 31, 2017	8,870.30	
			Account Number		
			568100000		

TAYLOR BROS FARM LTD
 BOX 1123
 PORTAGE LA PRAIRIE, MB R1N 3C5
 Canada



Statement of Account

Business Objects

DUANE TAYLOR & LINCOLN WOLFE
BOX 1123

PORTAGE LA PRAIRIE MB R1N 3C5

RE: ACCOUNT NUMBER: 8605277 6517194

SERVICE ADDRESS: NE 18 11 8 W PORTAGE LA PRAIRIE MB R1N 3A7

Feb 2017 TO Oct 2017

STAR020A - MH08

PAID

Report last 10/16/2017
refreshed at: 11:27:19AM

Bill Issue Date	(1) Beginning Balance	(2) Payments Received	(3) Adjustments	Serv Type	Read Date/ Reading	RDG Type/ DOS	CONSL/ Multiplier	Billing Units	(4) Current Charges Description	Amount	Taxes Amount	Code	(5) Budget Amount	(6) Other Charges	(7) Ending Balance
09-Mar-2017	0.00			EL	FEB 03/17 11835.000	A		0.000	Basic Charge	6.15	0.09	P			6.55
					FEB 03/17 0.000	A	120	0.000	Demand	0.00	0.31	G			
					MAR 09/17 11935.000	A		0.000	Energy Charge	0.00					
					MAR 09/17 0.000	A	120	0.000							
10-Apr-2017	6.55			EL	APR 05/17 11955.000	A		7,200.000	Basic Charge	29.89	8.82	P			676.42
					APR 05/17 0.156	A	120	18.720	Demand	0.00	31.47	G			
									Energy Charge	599.89					
09-May-2017	676.42			EL	MAY 08/17 12040.000	A		5,400.000	Basic Charge	29.89	6.72	P		8.46	1,195.24
					MAY 08/17 0.123	A	120	14.760	Demand	0.00	23.98	G			
									Energy Charge	449.77					
09-Jun-2017	1,195.24			EL	JUN 06/17 12068.000	A		3,360.000	Basic Charge	29.89	4.34	P		14.94	1,539.74
					JUN 06/17 0.100	A	120	12.000	Demand	0.00	15.48	G			
									Energy Charge	279.85					

Type of Meter Reading (RDG Type)
A - Actual Reading/Customer Reading
E - Estimated Reading

Service Type
EL - Electricity
GS - Natural Gas

Tax Code

C - City Tax
P - Provincial Tax
G - Goods & Services Tax (GST)
Centra Gas Manitoba Inc. GST Reg# 102445418
Manitoba Hydro GST Reg# 102445418



Statement of Account

Business Objects

Feb 2017 TO Oct 2017

STAR020A - MH08

Report last 10/16/2017
refreshed at: 11:27:19AM

DUANE TAYLOR & LINCOLN WOLFE
BOX 1123
PORTAGE LA PRAIRIE MB R1N 3C5

RE: ACCOUNT NUMBER: 8605277 6517194
SERVICE ADDRESS: NE 18 11 8 W PORTAGE LA PRAIRIE MB R1N 3A7

Bill Issue Date	(1) Beginning Balance	(2) Payments Received	(3) Adjustments	Serv Type	Read Date/ Reading	RDG Type/ DOS	CONSR Multiplier	Billing Units	(4) Current Charges Description	Amount	Taxes Amount	Code	(5) Budget Amount	(6) Other Charges	(7) Ending Balance
12-Jul-2017	1,539.74			EL	JUL 10/17 12068.000 0.000	A 34 A	120	0.000 0.000	Basic Charge Demand Energy Charge	17.58 0.00 0.00	0.25 0.88	P G		19.25	1,577.70
11-Aug-2017	1,577.70			EL	AUG 04/17 12068.000 0.000	A 25 A	120	0.000 0.000	Basic Charge Demand Energy Charge	0.00 0.00 0.00				19.72	1,597.42
12-Sep-2017	1,597.42			EL	SEP 07/17 12068.000 0.000	A 34 A	120	0.000 0.000	Basic Charge Demand Energy Charge	0.00 0.00 0.00				19.97	1,617.39
11-Oct-2017	1,617.39			EL	OCT 05/17 12068.000 0.000	A 28 A	120	0.000 0.000	Basic Charge Demand Energy Charge	0.00 0.00 0.00				20.22	1,637.61
Type of Meter Reading (RDG Type)										1,442.71	0.00				
A - Actual Reading/Customer Reading										20.22					
E - Estimated Reading										72.12					
Service Type															
EL - Electricity															
GS - Natural Gas															
Tax Code															
C - City Tax															
P - Provincial Tax															
G - Goods & Services Tax (GST)															

Centra Gas Manitoba Inc. GST Reg# 102445418
Manitoba Hydro GST Reg# 102445418

RM OF PORTAGE LA PRAIRIE

35 TUPPER STREET SOUTH
 PORTAGE LA PRAIRIE, MB R1N 1W7
 4) 857-3821



UTILITY BILL

BILLING DATE
 November 07, 2017

NAME 568100000
 TAYLOR BROS FARM LTD
 BOX 1123
 PORTAGE LA PRAIRIE, MB R1N 3C5
 Canada

Billing Period August 01, 2017 To October 25, 2017

Final Bill

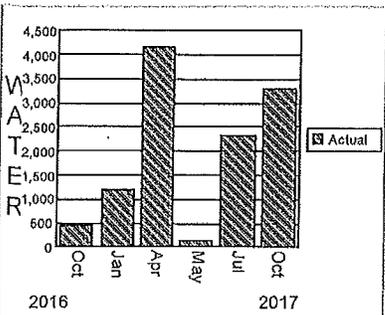
September 07, 2017	PENALTY APPLIED	Previous Balance	8,870.30	
October 05, 2017	PENALTY APPLIED		110.88	
October 31, 2017	PENALTY APPLIED		112.26	
			113.67	
		Balance Forward	9,207.11	9,207.11

SERVICE ADDRESS
 Route 3 Sequence 0
 47020 ROAD 63 N

BASIC CHARGES			
5/8" WATER BASIC CARTIER RATE	52.11	49.79	
CARTIER CUSTOMER SERV. CHARGE	11.73	11.21	
Total Basic Charges		61.00	61.00

LEGAL DESCRIPTION
 Lot
 Block
 Plan

Meter ID 63018923		WATER CONSUMPTION CHARGES		
Prev Read	8601.190 July 25	Consumption	3296.495 m	Actual
Curr Read	11897.680 October 25	5/8" WATER CARTIER RATE	\$17.37	12,545.68



PST 0.00
 G.S.T. 107943094RT0001 0.00

MOVING - Arrange a final reading - Emerg. - 204-856-6412.
 Keep yourself informed, Download the RM of Portage App
 and follow us on Facebook and Twitter.

21,813.79

AMOUNT NOW DUE

RETAIN THIS PORTION FOR YOUR RECORDS

IMPORTANT MESSAGES

Minimum (basic) water commodity charge is for 3000 gallons or 13.63822 cubic meters for a 5/8" meter.
 The consumption reading either actual or estimate includes the basic 3000 gallons.
 To calculate billing - current read less previous read = consumption in cubic meters
 - cubic meter consumption x 219.97 = /1000 imperial gallons x rate
 - add service charge for the total amount charged for water in a reading period

PLEASE NOTE PENALTY DATE AND SUBMIT PAYMENT ON OR BEFORE THIS DATE.

RM OF PORTAGE LA PRAIRIE

35 TUPPER STREET SOUTH
 PORTAGE LA PRAIRIE, MB R1N 1W7
 (204) 857-3821



BILLING DATE
 November 07, 2017

PAST DUE AMOUNT	CURRENT CHARGES	AFTER PENALTY DATE PAY	LAST DATE BEFORE PENALTY	AMOUNT NOW DUE	AMOUNT PAID
9,207.11	12,606.68	22,086.46	November 30, 2017	21,813.79	
			Account Number		
			568100000		

TAYLOR BROS FARM LTD
 BOX 1123
 PORTAGE LA PRAIRIE, MB R1N 3C5
 Canada

⑈ 568 1000000 ⑈



COPY

**Customer service / 24 hour Trouble calls
Service à la clientèle /
Dépannage 24 h sur 24**

Winnipeg 204-480-5900
Outside Winnipeg / 1-888-MBHYDRO
Extérieur de Winnipeg (1-888-624-9376)
Deaf access line 204-360-6154
Ligne pour malentendants
E- Mail address customerservice@hydro.mb.ca
Adresse électronique

**Sign up for MyBill and receive your bill and
account information online.
www.hydro.mb.ca/mybill**

**Inscrivez-vous à MyBill et recevez en ligne votre
facture et des données sur votre compte.
www.hydro.mb.ca/francais/mybill**

Customer name DUANNE TAYLOR & LINCOLN WOLFE
Nom du client
Account number 8605277 6517194
N° de compte
Service location NE 18 11 8 W
Adresse de service PORTAGE LA PRAIRIE MB R1N 3A7
Date issued Nov 09 NOV 2017
Date d'émission
Amount due \$ 69.96
Montant à payer
Due date Nov 27 NOV 2017
Date d'échéance
Cycle number 05
N° de cycle

Account summary / Sommaire du compte

Previous charges and credits / Frais et crédits antérieurs

Previous balance / Solde antérieur \$ 1,637.61
Payment / Paiement Oct 23 OCT 1,637.61 CR
Balance forward / Solde reporté \$ 0.00

New charges / Nouveaux frais

Electricity / Électricité (GST/TPS \$ 0.82) \$ 17.46
Other charges / Autres frais 52.50

Amount due / Montant à payer \$ 69.96

Due date / Date d'échéance Nov 27 NOV 2017

PAID

LEDs come in a wide range of styles and colours.

Les ampoules à DEL sont offertes en plusieurs styles et couleurs.



Customer name / Nom du client: DUANNE TAYLOR & LINCOLN WOLFE
 Account number / N° de compte: 8605277 6517194
 Service location / Adresse de service: NE 18 11 8 W
 PORTAGE LA PRAIRIE MB R1N 3A7
 Date issued / Date d'émission: Nov 09 NOV 2017

Electricity - General service small 3 phase / Électricité - Service général triphasé - petite puissance

Meter number / N° de compteur	Service / Pour la période From / Du To / Au	Days / Jours	Meter readings / Relevés du compteur		Multiplier / Multiplificateur	kW.h / kWh	Reading type / Type de relevé
			Previous / Précédent	Present / Nouveau			
749438	Oct 05 OCT/17 Nov 06 NOV/17	32	12068	12068	120	0	Actual Réel

Basic Charge / Redevance de base

\$ 16.41

1.40% Prov Tax / Taxe prov.

0.23

5.00% GST / TPS

0.82

Electricity charges / Frais d'électricité

17.46

Other charges / Autres frais

Reconnect Fee / Frais rebranchement

50.00

GST / TPS

2.50

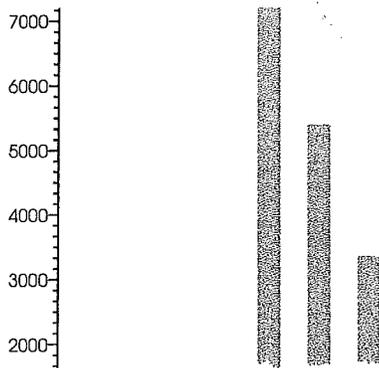
Total other charges / Total - autres frais

52.50

Consumption history / Histoire de la consommation

Electricity / Électricité (Meter : 749438)

kW.h/kWh



RM OF PORTAGE LA PRAIRIE

STATEMENT

In Account With TAYLOR BROS FARM LTD

Date	2017-Nov-13
Account #	394
GST #	107943094RT0001

Date	Reference #	Code	Description	Penalties	Original	Applied	Amount O/S
2017-05-09	201700159	Invoice	Emergency water turn off due to leal	0.00	96.20	0.00	96.20
2017-06-15	201700225	Invoice	Water turn on fee	0.00	46.20	0.00	46.20
2017-06-21	201700227	Invoice	Water turn on/off fee	0.00	51.20	0.00	51.20
2017-11-13	201700409	Invoice	Water turn off fee	0.00	51.20	0.00	51.20
Total Amount Due:							244.80

Outstanding Account

Please be advised that if this account remains unpaid as of December 29th, 2017 it will be added to your taxes.

Current	30 Days	60 Days	90 Days	Over 90
51.20	0.00	0.00	0.00	193.60

Retain this portion for your records

RM OF PORTAGE LA PRAIRIE

35 TUPPER STREET SOUTH
 PORTAGE LA PRAIRIE, MB R1N 1W7
 (204) 857-3821
 info@rmofportage.ca



STATEMENT

Date	2017-Nov-13
Account #	394
Cust #	17915

TAYLOR BROS FARM LTD
 BOX 1123
 PORTAGE LA PRAIRIE, MB R1N 3C5

Amount Owing	Amount Paid
244.80	

Please submit this portion with your payment



COPY

Customer name / Nom du client: DUANNE TAYLOR & LINCOLN WOLFE
 Account number / N° de compte: 8605277 6517194
 Service location / Adresse de service: NE 18 11 8 W PORTAGE LA PRAIRIE MB R1N 3A7
 Date issued / Date d'émission: Dec 11 DÉC 2017
 Amount due / Montant à payer: \$ 1,249.01
 Due date / Date d'échéance: Dec 27 DÉC 2017
 Cycle number / N° de cycle: 05

**Customer service / 24 hour Trouble calls
 Service à la clientèle /
 Dépannage 24 h sur 24**

Winnipeg 204-480-5900
 Outside Winnipeg / Extérieur de Winnipeg 1-888-MBHYDRO (1-888-624-9376)
 Deaf access line / Ligne pour malentendants 204-360-6154
 E-Mail address / Adresse électronique customerservice@hydro.mb.ca

Sign up for MyBill and receive your bill and account information online.
www.hydro.mb.ca/mybill

Inscrivez-vous à MyBill et recevez en ligne votre facture et des données sur votre compte.
www.hydro.mb.ca/francais/mybill

Account summary / Sommaire du compte

Previous charges and credits / Frais et crédits antérieurs	
Previous balance / Solde antérieur	\$ 69.96
Payment / Paiement Nov 23 NOV	69.96 CR
Balance forward / Solde reporté	\$ 0.00
New charges / Nouveaux frais	
Electricity / Électricité (GST/TPS \$ 58.69)	\$ 1,249.01

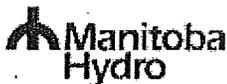
Amount due / Montant à payer \$ 1,249.01

Due date / Date d'échéance Dec 27 DÉC 2017

PAID

LEDs come in a wide range of styles and colours.

Les ampoules à DEL sont offertes en plusieurs styles et couleurs.



Mail Payment to / Envoyez le paiement par la poste à
 PO BOX 7900 STN MAIN
 WINNIPEG MB R3C 5R1

If mailing, please specify amount paid on return portion of bill and enclose with payment.
 Si vous payez par la poste, veuillez inclure le talon de la facture sur lequel le montant payé est indiqué.

DUANNE TAYLOR & LINCOLN WOLFE
 BOX 1123
 PORTAGE LA PRAIRIE MB R1N 3C5

Account number/N° de compte 8605277 6517194	Payment enclosed/ Paiement ci-joint \$
Amount due/Montant à payer \$ 1,249.01	<input type="checkbox"/> CH <input type="checkbox"/> CA <input type="checkbox"/> DR
Due date /Date d'échéance Dec 27 DÉC 2017	

MHAY

00000000 0860527765171946 000000000000 0000124901 0000000000 9



Customer name / Nom du client: DUANNE TAYLOR & LINCOLN WOLFE
 Account number / N° de compte: 8605277 6517194
 Service location / Adresse de service: NE 18 11 8 W PORTAGE LA PRAIRIE MB R1N 3A7
 Date issued / Date d'émission: Dec 11 DÉC 2017

Electricity - General service small 3 phase / Électricité - Service général triphasé - petite puissance

Meter number / N° de compteur	Service / Pour la période		Days / Jours	Meter readings / Relevés du compteur		Multiplier / Multiplicateur	kW.h / kWh	Reading type / Type de relevé
	From / Du	To / Au		Previous / Précédent	Present / Nouveau			
749438	Nov 06 NOV/17	Dec 06 DÉC/17	30	12068	12187	120	14,280	Actual Réel

Basic Charge / Redevance de base		\$ 30.89
Energy Charge / Frais d'énergie	11,000.000 kW.h x \$0.08609	946.99
	3,280.000 x 0.05976	196.01
Demand / Consommation de pointe		
Measured / Consommation mesurée	.180 x 120	
	21.600 kV.A	
Subtotal / Total partiel		1,173.89
	1.40% Prov Tax / Taxe prov.	16.43
	5.00% GST / TPS	58.69

Electricity charges / Frais d'électricité

1,249.01

Consumption history / Histoire de la consommation

	Meter number / N° de compteur	Use this year / Consommation (cette année)	Days in period / Nbre de jours	Use per day this year / Consommation / jour (cette année)	Use last year / Consommation (an dernier)	Days in period / Nbre de jours	Use per day last year / Consommation / jour (an dernier)	Use for the last twelve months / Consommation (12 derniers mois)
Electricity kW.h / Électricité (kWh)	749438	Dec 14,280	30	476.00	0	0	0.00	30,240

Electricity terminology / Terminologie de l'électricité

Balance remaining - This dollar amount reflects your original loan or other term billing less any instalments billed or additional payments on the balance as of the date on the bill; instalments billed but not yet paid are included in your Amount Due. The Balance remaining does not reflect payments made on interest or future interest calculations. If you are planning to make a partial or full payment for your loan or other term billing, please contact Manitoba Hydro for current information. / **Solde à payer** - Ce montant comprend le montant de votre prêt initial ou le montant de toute autre facturation à terme diverse moins tout versement facturé ou tout paiement additionnel appliqué au solde jusqu'à la date indiquée sur la facture. Les versements facturés encore impayés sont compris dans le montant à payer. Le solde à payer ne comprend pas les paiements appliqués aux intérêts ou aux intérêts à calculer dans l'avenir. Si vous prévoyez payer, en partie ou en entier, votre emprunt ou le montant de toute autre facturation à terme, veuillez communiquer avec Manitoba Hydro pour des renseignements mis à jour.

Basic charge - The fixed charge that pays part of the cost of providing service and does not depend on how much energy is used. It helps pay for such items as the maintenance of meters, the cost of meter reading, billing and record keeping. / **Redevance de base** - Frais fixes qui servent à payer une partie du coût de l'offre d'un service et qui ne dépend pas de la quantité d'énergie consommée. Ils servent à payer les coûts d'éléments tels que l'entretien des compteurs, le relevé des compteurs, la facturation et la tenue de dossiers.

Energy Charge - A breakdown of the costs of your electrical service calculated by multiplying the number of kilowatt-hours by a rate for that block of energy. If Manitoba Hydro provides different rates for different portions of your service, each rate calculation will appear on its own line. / **Frais d'énergie** - Répartition des coûts du service d'électricité calculés en multipliant le nombre de kilowattheures par le tarif correspondant à ce bloc d'énergie. Si Manitoba Hydro propose des tarifs différents pour des portions différentes du service qu'elle vous fournit, le calcul selon chaque tarif paraît sur une ligne séparée.

Multiplier - Each electricity meter records units of consumption. The multiplier is used to convert these units into the actual kW.h consumption used. / **Multiplicateur** - Chaque compteur d'électricité enregistre des unités de consommation. Le multiplicateur sert à convertir ces unités pour indiquer la consommation réelle en kWh.

Kilowatt (kW) - An amount of electrical power equivalent to 1,000 watts (W). / **Kilowatt (kW)** - Unité de mesure de la puissance électrique correspondant à 1 000 watts (W).



**Customer service / 24 hour Trouble calls
Service à la clientèle /
Dépannage 24 h sur 24**

Winnipeg 204-480-5900
 Outside Winnipeg / 1-888-MBHYDRO
 Extérieur de Winnipeg (1-888-624-9376)
 Deaf access line 204-360-6154
 Ligne pour malentendants
 E-Mail address customerservice@hydro.mb.ca
 Adresse électronique

**Sign up for MyBill and receive your bill and
account information online.
www.hydro.mb.ca/mybill**

**Inscrivez-vous à MyBill et recevez en ligne votre
facture et des données sur votre compte.
www.hydro.mb.ca/francais/mybill**

Customer name / Nom du client DUANNE TAYLOR & LINCOLN WOLFE
 Account number / N° de compte 8605277 6517194
 Service location / Adresse de service NE 18 11 8 W
 PORTAGE LA PRAIRIE MB R1N 3A7
 Date issued / Date d'émission Jan 10 JAN 2018
 Amount due / Montant à payer \$ 835.28
 Due date / Date d'échéance Jan 26 JAN 2018
 Cycle number / N° de cycle 05

COPY

Account summary / Sommaire du compte

Previous charges and credits / Frais et crédits antérieurs

Previous balance / Solde antérieur \$ 1,249.01
 Payment / Paiement Dec 27 DÉC 1,249.01 CR
 Balance forward / Solde reporté \$ 0.00

New charges / Nouveaux frais

Electricity / Électricité (GST/TPS \$ 39.25) \$ 835.28

Amount due / Montant à payer \$ 835.28

Due date / Date d'échéance Jan 26 JAN 2018

PAID

LEDs come in a wide range of styles and colours.

Les ampoules à DEL sont offertes en plusieurs styles et couleurs.



Mail Payment to / Envoyez le paiement par la poste à
 PO BOX 7900 STN MAIN
 WINNIPEG MB R3C 5R1

If mailing, please specify amount paid on return portion of bill and enclose with payment.
 Si vous payez par la poste, veuillez inclure le talon de la facture sur lequel le montant payé est indiqué.

DUANNE TAYLOR & LINCOLN WOLFE
 BOX 1123
 PORTAGE LA PRAIRIE MB R1N 3C5

Account number/N° de compte 8605277 6517194	Payment enclosed/ Paiement ci-joint \$
Amount due/Montant à payer \$ 835.28	<input type="checkbox"/> CH <input type="checkbox"/> CA <input type="checkbox"/> DR
Due date /Date d'échéance Jan 26 JAN 2018	

MHAY

00000000 0860527765171946 000000000000 0000083528 0000000000 8



Customer name / Nom du client: DUANNE TAYLOR & LINCOLN WOLFE
 Account number / N° de compte: 8605277 6517194
 Service location / Adresse de service: NE 18 11 8 W PORTAGE LA PRAIRIE MB R1N 3A7
 Date issued / Date d'émission: Jan 10 JAN 2018

Electricity - General service small 3 phase / Électricité - Service général triphasé - petite puissance

Meter number / N° de compteur	Service / Pour la période		Days / Jours	Meter readings / Relevés du compteur		Multiplier / Multiplicateur	kW.h / kWh	Reading type / Type de relevé
	From / Du	To / Au		Previous / Précédent	Present / Nouveau			
749438	Dec 06 DÉC/17	Jan 08 JAN/18	33	12187	12260	120	8,760	Actual Réel

Basic Charge / Redevance de base		\$ 30.89
Energy Charge / Frais d'énergie	8,760.000 kW.h x \$0.08609	754.15
Demand / Consommation de pointe		
Measured / Consommation mesurée	.166 x 120	19.920 kV.A
Subtotal / Total partiel		785.04
	1.40% Prov Tax / Taxe prov.	10.99
	5.00% GST / TPS	39.25

Electricity charges / Frais d'électricité **835.28**

Consumption history / Histoire de la consommation

	Meter number / N° de compteur	Use this year/ Consommation (cette année)	Days in period/ Nbre de jours	Use per day this year/ Consommation / jour (cette année)	Use last year/ Consommation (an dernier)	Days in period/ Nbre de jours	Use per day last year/ Consommation / jour (an dernier)	Use for the last twelve months / Consommation (12 derniers mois)
Electricity kW.h / Électricité (kWh)	749438	Jan 8,760	33	265.45	0	0	0.00	39,000

RM OF PORTAGE LA PRAIRIE

35 TUPPER STREET SOUTH
 PORTAGE LA PRAIRIE, MB R1N 1W7
 4) 857-3821



UTILITY BILL

BILLING DATE January 30, 2018

INAME	568100000
--------------	-----------

Billing Period November 01, 2017 To January 31, 2018

TAYLOR BROS FARM LTD
 BOX 1123
 PORTAGE LA PRAIRIE, MB R1N 3C5
 Canada

December 05, 2017	PENALTY APPLIED	Previous Balance	21,813.79	
December 29, 2017	TRANS FROM UTILITY TO TAX		272.67	
		568100000	(22,086.46)	
		Balance Forward	0.00	0.00

SERVICE ADDRESS
Route 3 Sequence 0 47020 ROAD 63 N

BASIC CHARGES		
	0.00	
Total Basic Charges	0.00	0.00

LEGAL DESCRIPTION

Lot
 Block
 Plan

G.S.T. 107943094RT0001	
MOVING - Arrange a final reading - Emerg. - 204-856-6412. Keep yourself informed, Download the RM of Portage App and follow us on Facebook and Twitter.	0.00

AMOUNT NOW DUE

RETAIN THIS PORTION FOR YOUR RECORDS

IMPORTANT MESSAGES

Minimum (basic) water commodity charge is for 3000 gallons or 13.63822 cubic meters for a 5/8" meter.
 The consumption reading either actual or estimate includes the basic 3000 gallons.
 To calculate billing - current read less previous read = consumption in cubic meters
 - cubic meter consumption x 219.97 = /1000 imperial gallons x rate
 - add service charge for the total amount charged for water in a reading period

PLEASE NOTE PENALTY DATE AND SUBMIT PAYMENT ON OR BEFORE THIS DATE.

RM OF PORTAGE LA PRAIRIE

35 TUPPER STREET SOUTH
 PORTAGE LA PRAIRIE, MB R1N 1W7
 (204) 857-3821



BILLING DATE January 30, 2018

PAST DUE AMOUNT	CURRENT CHARGES	AFTER PENALTY DATE PAY	LAST DATE BEFORE PENALTY	AMOUNT NOW DUE	AMOUNT PAID
0.00	0.00	0.00	February 28, 2018	0.00	

Account Number 568100000

TAYLOR BROS FARM LTD
 BOX 1123
 PORTAGE LA PRAIRIE, MB R1N 3C5
 Canada

⑈ 568 1000000 ⑈

Fritz, John X. (CA - Winnipeg)

From: Andrea McCabe <amccabe@rmofportage.ca>
Sent: Monday, April 16, 2018 14:20
To: Fritz, John X. (CA - Winnipeg)
Subject: Roll 568100 - Edwin Potato Growers - Water Bills
Attachments: 20180416123455848.pdf

Good Afternoon John,

I have attached the water bills that you requested. I can also confirm that since this amount was moved to taxes, the tax penalty per month is \$220.86 or \$883.44 in total penalty.

Please let me know if you require any other information.

Thank you,

Andrea

Andrea McCabe
Assistant Chief Administrative Officer
RM of Portage la Prairie
35 Tupper Street South
Portage la Prairie, MB R1N 1W7
T: 204-857-3821 F: 204-239-0069

www.rmofportage.ca

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

From: rmofportageprinter@gmail.com <rmofportageprinter@gmail.com>
Sent: April-16-18 11:35 AM
To: Andrea McCabe <amccabe@rmofportage.ca>
Subject: Message from "RNP0026739C593A"

This E-mail was sent from "RNP0026739C593A" (MP C5503).

Scan Date: 04.16.2018 12:34:55 (-0400)
Queries to: rmofportageprinter@gmail.com

DISPUTE NOTICE

**EDWIN POTATO GROWERS LTD.
(the "Company")**

Terms in capital letters which are not defined within this Dispute Notice have meaning ascribed thereto in the Order dated November 21, 2017 and Schedule A – Claims Process to the Order. Pursuant to the Order, we hereby give you notice of our intention to dispute the Notice of Revision or Disallowance of Proof of Claim bearing Reference #: _____ and dated _____, 2018 issued by Deloitte Restructuring Inc. in its capacity as Liquidator of the Company.

Name of Creditor: _____

Reasons for Dispute (attach additional sheet and copies of all supporting documentation if necessary):

Signature of Individual/Authorized Signing Officer: _____

(Please print name) _____

Date: _____

Telephone Number: _____ Facsimile Number: _____

Email Address: _____

Full Mailing Address:

THIS FORM AND SUPPORTING DOCUMENTATION TO BE RETURNED BY PERSONAL SERVICE, FACSIMILE, OR EMAIL (IN PDF FORMAT) TO THE ADDRESS, EMAIL ADDRESS OR FAX NUMBER INDICATED HEREIN AND TO BE RECEIVED NO LATER THAN 30 CALENDAR DAYS AFTER SERVICE OF THE NOTICE OF REVISION OR DISALLOWANCE OF PROOF OF CLAIM ON YOU.

Address for Service of Dispute Notices:

Deloitte Restructuring Inc., as Liquidator
of Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd.
360 Main Street, Suite 2300
Winnipeg, MB R3C 3Z3

Phone: (204)944-3586
Fax: (204)947-2689
Attention: John R. Fritz
jofritz@deloitte.ca

AND

David R. M. Jackson
Taylor McCaffrey LLP
9th Floor, 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Email: djackson@tmlawyers.com
Fax: (204)953-7178

Appendix F – Fat Cat Farms Ltd. Dispute Notice

DISPUTE NOTICE

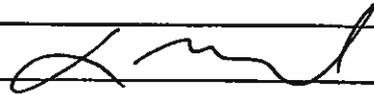
EDWIN POTATO GROWERS LTD.
(the "Company")

Terms in capital letters which are not defined within this Dispute Notice have meaning ascribed thereto in the Order dated November 21, 2017 and Schedule A - Claims Process to the Order. Pursuant to the Order, we hereby give you notice of our intention to dispute the Notice of Revision or Disallowance of Proof of Claim bearing Reference #: ECF-1 and dated August 20, 2018 issued by Deloitte Restructuring Inc. in its capacity as Liquidator of the Company.

Name of Creditor: FAT CAT FARMS Ltd.

Reasons for Dispute (attach additional sheet and copies of all supporting documentation if necessary):

See Schedule "A"

Signature of Individual/Authorized Signing Officer: 

(Please print name) Duane Taylor

Date: Sept 18/2018

Telephone Number 204-856-9575

Facsimile Number: N/A

Email Address: duannetaylor@googlemail.com

Full Mailing Address:

PO Box 1123 Portage la Prairie, Manitoba, R1N 3C3

THIS FORM AND SUPPORTING DOCUMENTATION TO BE RETURNED BY PERSONAL SERVICE, FACSIMILE, OR EMAIL (IN PDF FORMAT) TO THE ADDRESS, EMAIL ADDRESS OR FAX NUMBER INDICATED HEREIN AND TO BE RECEIVED NO LATER THAN 30 CALENDAR DAYS AFTER SERVICE OF THE NOTICE OF REVISION OR DISALLOWANCE OF PROOF OF CLAIM ON YOU.

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Phone: (204)944-3586
Fax: (204)947-2689
Attention: John R. Fritz
jofritz@deloitte.ca

AND

**David R. M. Jackson
Taylor McCaffrey LLP
9th Floor, 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Email: djackson@tmlawyers.com
Fax: (204)953-7178**

SCHEDULE "A" TO THE DISPUTE NOTICE
OF
FAT CAT FARMS LTD.

1. Fat Cat Farms Ltd. maintains its claim against EDWIN POTATO GROWERS LTD. for the total amount of \$23,025.58 (the "**Fat Cat Claim**"), and disputes the Notice of Disallowance on the following basis:
 - a) the utility costs used by the Liquidator (the "**Utility Costs**") to set off the amounts owing by Edwin Potato Growers Ltd. under the Fat Cat Claim are improperly used;
 - b) the Utility Costs are disputed by Fat Cat Farms Ltd. in their entirety. The facilities that would have required the utilities were not part of the original lease between Taylor Bros. Farm Ltd. and Fat Cat Farms Ltd. and as such the Fat Cat Farms Ltd. is not responsible for the Utility Costs;
 - c) At all times Fat Cat Farms Ltd. maintained status quo, such that it was not responsible for any Utility Costs nor did it agree to be responsible for any Utility Costs; and
 - d) the Utility Costs were billed on the account of Taylor Bros. Farm Ltd., and with respect to its land, and not on the account of Edwin Potato Growers Ltd.

Appendix G – Duanne Taylor Claim

PROOF OF CLAIM

**EDWIN POTATO GROWERS LTD.
(the "Company")**

PLEASE READ CAREFULLY THE ORDER AND APPENDIX A – CLAIMS PROCEDURE ALONG WITH THE INSTRUCTION LETTER ALL OF WHICH ARE ENCLOSED BEFORE COMPLETING THIS PROOF OF CLAIM.

A. PARTICULARS OF CREDITOR

- a) Full Legal Name of creditor (include trade name, if different):

Duane Taylor

(the "Creditor") The full legal name should be the name of the Creditor of the Company, notwithstanding whether an assignment of a Claim has occurred prior to or following April 28, 2017.

- b) Full Mailing Address of the Creditor: (The mailing address should be the mailing address of the Creditor and not an assignee.)

PO Box 1123 Portage La Prairie Manitoba R1N 3C3

- c) Other Contact Information of the Creditor:

Telephone Number: **(204) 856-9575**

Email Address: duannetaylor@googlemail.com

Facsimile Number: **N/A**

Attention (Contact Person): **Duane Taylor**

- d) Has the Claim set out herein been sold, transferred or assigned by the Creditor to another party?

Yes: _____

No: **X** _____

B. PARTICULARS OF ASSIGNEE(S) (IF APPLICABLE): N/A

If the Claim set out herein has been sold, transferred or assigned, complete the required information set out below.

- a) Full Legal Name of the Assignee:

b) Full Mailing Address of the Assignee:

c) Other Contact Information of the Assignee:

Telephone Number: _____

Email Address: _____

Facsimile Number: _____

Attention (Contact Person): _____

C. PROOF OF CLAIM

THE UNDERSIGNED HEREBY CERTIFIED AS FOLLOWS:

a) That I:

 X am a Creditor of the Company; OR

_____ am

(state position or title)

of

(name of Creditor)

b) That I have knowledge of all the circumstances connected with the Claim described and set out below;

c) Edwin Potato Growers Ltd. was and still is indebted to the Creditor as follows (*include all Claims that you assert against Edwin Potato Growers Ltd.*):

An exact calculation as to the amounts owed to Duanne Taylor on account of his employment contract cannot be determined at this time without further information from the Liquidator.

Based upon the amounts determined by the Arbitrator and the Arbitration Award, it is estimated that the amount owed to Duanne Taylor on account of his employment contract for 2008 – 2018 totals approximately \$800,000.00 - \$1,000,000.000.

This amount is owed by Edwin Potato Growers Ltd. to Duanne Taylor based upon Duanne Taylor's employment contract or, in the alternative, on a *quantum meruit* basis.

(hereinafter referred to as being the "Taylor Debt").

If the exact amount of the Taylor Debt cannot be agreed upon between the Liquidator and Taylor, the exact amount of the Taylor Debt is to be determined by the Arbitrator.

D. NATURE OF CLAIM AGAINST EDWIN POTATO GROWERS LTD.

(CHECK AND COMPLETE APPROPRIATE CATEGORY)

1. X UNSECURED CLAIM with respect to the Taylor Debt.

That in respect of this debt, I do not hold any assets of the debtor as security and I do not claim a right to a priority.

2. SECURED CLAIM OF \$ CAD

That in respect of this debt, I hold assets of the debtor valued at \$ CAD as security, the particulars of which are as follows:

Give the full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attached a copy of the security documents.

E. PARTICULARS OF THE CLAIM(S)

Other than as already set out herein, the particulars of the undersigned's total Claim against the Company are:

A copy of the Arbitration Award is attached as Schedule "A"

A copy of the Liquidation Order is attached as Schedule "B" – paragraph 12A therein provides that the claim of Duanne Taylor in regard to his employment contract shall remain a matter over which the Arbitrator shall continue to exercise jurisdiction.

Provide all particulars of the Claim and supporting documentation, including the amount which should be summarized on a separate sheet and/or with copies of an account history or summary and all invoices, particulars of all credits, discounts and so forth claimed, a

description of transaction(s) or agreement(s) giving rise to the Claim, and/or the name of any guarantor which has guaranteed the Claim.

F. FILING OF CLAIM

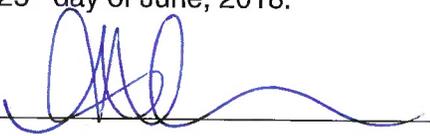
This Proof of Claim form must be received by the Liquidator by no later than **5:00 p.m. (Manitoba Time) on the Claims Receipt Date of JUNE 25, 2018**, by either personal delivery, email (in PDG format) or facsimile transmission at the following address:

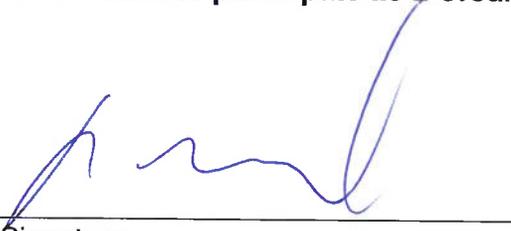
**Deloitte Restructuring Inc. as Liquidator
of Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd.
360 Main Street, Suite 2300
Winnipeg, MB R3C 3Z3**

**Phone: (204) 944-3586
Fax: (204) 947-2689
Attention: John R. Fritz
jofritz@deloitte.ca**

Unless otherwise ordered by the Court, Failure to file your Proof of Claim and any required documentation as directed in relation to any Claim by 5:00 p.m. (Manitoba Time) on June 25, 2018 will result in your Claim being forever barred and extinguished and you will be prohibited from making or enforcing a Claim against the Company and shall not be entitled to further notice of distribution, if any, and shall not be entitled to participate as a Creditor in these proceedings.

DATED this 25th day of June, 2018.

Witness: 

Per: 
Signature

Duanne Taylor
Print

If Creditor is other than an individual, print name and title of authorized signatory

Witness: _____

Per: _____
Signature

Name

Title

IN THE MATTER OF AN ARBITRATION

BETWEEN:

LINCOLN WOLFE and 5606269 MANITOBA LTD.

- and -

DUANNE TAYLOR and 5608067 MANITOBA LTD.

AWARD

INTRODUCTION

This is an arbitration of a dispute between Lincoln Wolfe ("Wolfe") and Duanne Taylor ("Taylor"). Since 2008, Wolfe, through 5606269 Manitoba Ltd. ("269"), and Taylor, through 5608067 Manitoba Ltd. ("067") have each owned 50% of the shares of Taylor Bros. Farms Ltd. ("TBF") and Edwin Potato Growers Ltd. ("EPG"). By the end of 2014, relations between them had deteriorated to a point where neither felt that they could continue in this business venture with the other.

Starting in early 2015, both parties initiated a series of applications and court proceedings; some were stayed while others were postponed. During that same time, there were also efforts to negotiate a resolution, agreements signed that would see the companies cease operations and liquidate their assets, an attempt by Taylor and 067 to exercise the "Buy-

Sell" provision in the Unanimous Shareholders Agreement ("USA"), a Notice to Arbitrate executed, and, finally, an appearance before Justice Dewar in January 2016.

Following the decision by Dewar J. to stay the application of TBF and adjourn, *sine die*, the application of EPG, the parties agreed to have all of the matters in dispute referred to arbitration. They decided to postpone a hearing on the specific issues until they received an award answering several preliminary questions including: a clarification of the current status of the USA; whether executing the Agreement for Auction restricts the rights of either party to exercise the Buy-Sell provisions in the USA; and whether the agreements signed in April 2015 remain in effect.

The Preliminary Issues were heard on March 29, 2016 with Ross McFadyen of Thompson Dorfman Sweatman LLP representing Wolfe/269 and Faron Trippier and Chelsea McCrimmon of Campbell Marr representing Taylor/067. Counsel agreed to rely on the documents that had been submitted in the earlier court proceedings as well as briefs prepared for that hearing. The only witnesses called to testify at the hearing were the parties themselves.

In an Award published on April 20, 2016, I ordered "the liquidation of all of the assets of TBF and EPG as provided by s.207 of *The Corporations Act*." However, prior to that Award being implemented, the parties and the arbitrator held a mediation session which concluded with an agreement to postpone the liquidation until a series of interim steps were completed. As summarized in an email from Ross McFadyen dated May 7, 2016, these steps include:

- an agreement that the parties would lease the lands owned by TBF and EPG for the 2016 crop year on the same terms as the previous year;
- an auction of all of the equipment by the end of July 2016;
- an agreement with FCF to lease certain equipment, up to the time that it is required for auction, on terms equivalent to those used in 2015;
- a hearing to determine the amounts owing to TBF/EPG by either the shareholders or companies controlled by them or from TBF/EPG to the shareholders and/or their companies;

- a continuation of the arbitration with a hearing on all of the outstanding issues to be held from July 5 – 12, 2016;
- a 30 day period following the publication of the Award during which Duanne Taylor could exercise the buy-sell rights provided in the USA subject to the condition that the purchase price would be paid in cash and all security and guarantees currently provided by Wolfe, 269 and RLW will be removed on closing;
- if the buy-sell is not exercised within the 30 day period, the remaining assets of TBF and EPG will be liquidated.

Prior to this hearing, counsel reached an agreement that the issues to be determined in this arbitration were:

- 1) The amount owing to or from TBF by 5608067 Manitoba Ltd. (067);
- 2) The amount owing to Taylor by TBF;
- 3) The amount owing to 5606269 Manitoba Ltd. (269) by TBF;
- 4) The amount owing to or from R.L. Wolfe Ltd. (RLW) by/to TBF;
- 5) The amount owing to TBF by Fat Cat Farms Ltd. (FCF).

Counsel also agreed that, for this part of the arbitration, they would continue to rely on the materials submitted at the March 29, 2016 hearing as well provide new briefs that would specifically address these five issues. A number of matters in this dispute arise from work done by the lawyers and accountants who were acting for TBF. While the arbitration process would have benefitted from hearing their evidence, neither side called any witnesses to testify other than the parties themselves.

ISSUE 1. AMOUNTS DUE TO OR FROM 5608067 MANITOBA LTD.

The financial statements prepared by MNP LLP show that as of December 31, 2013, 067 owed TBF \$1,465,330.00. In 2014, the balance in this account increased by an additional \$313,031.00 has remained at \$1,778,361.00 since then. Of this total, \$1,232,587.00 represents draws taken by Taylor as advances against amounts owing to him under his Employment Agreement with TBF. Those amounts and the Employment Agreement are addressed in the next section of this Award.

Taylor testified that, in addition to amounts owing to him as compensation, an adjustment of more than \$2 million is required to have the 067 shareholder account accurately reflect the value of the assets 067 contributed to TBF (Ex. 105). He claims that errors made when the accounts were initially created were only discovered when he reviewed the 2010 statements. As a result of those errors, 067 was never credited with \$578,000.00 referred to in the Asset Purchase Agreement, dated January 1, 2008 (DT Affidavit, March 4, 2015, Tab D) and the Promissory Note of the same date (Tab F). Taylor argues that 067's shareholder account also needs to be adjusted by \$1,529,633.00 based on calculations prepared by MNP as of December 31, 2013. (Tab S).

What Taylor refers to as the required "equalization dividend" differs by only \$2,000 from the amount that appears in documents prepared by Ryan Turner of MNP and forwarded to the parties on April 29, 2014. Attached to his email were a worksheet and drafts of letters, one of which was prepared for the Bank of Montreal (DT Affidavit, March 12, 2015, Tab K). The letter states:

At the request of the shareholders, as per our correspondence of April 28, 2014, we have been asked to provide direction with respect to a dividend to 5608067 Manitoba Ltd.

In order to correct the shareholder loan balances, we have been asked to prepare a dividend in the amount of \$30,552.66 per Class A Common share or a total of \$1,527,633, which are owned by 5608067 Manitoba Ltd.

This dividend will be considered payable effective May 1, 2014....

While Wolfe agrees that some adjustment to the 067 shareholder account is warranted, the parties have very different recollections of the discussions and the level of agreement reached regarding the amount required "to correct the shareholder loan balances." Taylor maintains that the \$578,000.00 owing to 067 under the terms of the Asset Purchase Agreement is separate from the MNP calculations; Wolfe claims that he never agreed to all of the items on the MNP worksheet and is still unaware of what some of those items refer to. At the hearing, Wolfe accepted that an adjustment of \$747,633, approximately 50% of the \$1,527,633 proposed by MNP, should be made to 067's shareholder account.

The positions put forward by both Taylor and Wolfe could have been strengthened by the testimony of Ryan Turner, the MNP accountant who prepared the dividend calculations and draft letters. Although Mr. Turner was scheduled to give evidence, he was not called by either party with the result that the only evidence is testimony from Taylor and Wolfe and information contained in documents from the earlier proceedings. The documentary evidence is limited and does not fully support the positions taken by either party regarding the amount of the adjustments required to the 067 shareholder account.

In his closing submission, Taylor asked that the 067 shareholder account be adjusted by

Equalization Dividend	\$1,529,633
Other MNP Adjustments	90,000
Assets rolled in from Assumption Agreement	<u>578,000</u>
Total amount owing to 067	<u>\$2,197,633</u>

As noted above, there is a difference of \$2,000 between the amount of the dividend in Tab S of the March 4 Affidavit and the one in Tab K of the March 12 Affidavit. I adopt the \$1,527,633.00 figure as it is mathematically more accurate. I also accept that the MNP calculation excludes two adjustments which, when combined, create another net balance of \$45,000.00 owing RLW to Taylor. That is the equivalent of an additional \$90,000.00 adjustment to the 067 shareholder account.

Taylor argues that the agreements dated January 1, 2008 call for 067 to receive \$578,000 for the assets that it was contributing to TBF. The Asset Purchase Agreement (Tab D), Assumption Agreement (Tab H), the Promissory Note (Tab F), and the minutes of the meeting of the TBF Board of Directors (Tab E) all support that position. However, the documents also show that MNP was aware of that 067 claim both when the adjustments to the shareholder accounts "as at December 31, 2011" were proposed and when they were revised on December 30, 2013 (Tab S). The MNP worksheet makes reference to that issue and includes a note stating:

Previously we had \$578,000 of debt to offset the assets, however this debt was already offset against the hard assets that were rolled into the company with the Section 85 rollover.

Since we can't adjust Lincoln's shareholder account down, we will make a one-sided adjustment to Duanne's.

This note, the contents of the draft letter to BMO, and the absence of any reference in Turner's covering email that the "equalization dividend" excludes \$578,000.00 owing from the purchase of 067's assets, all lead to the conclusion that MNP's proposal includes all of the adjustments necessary "to correct the shareholder loan balances". I also found Taylor's evidence on this issue to be problematic as the rationale he advanced to support a separate claim for this amount changed during the course of the arbitration. Without the benefit of testimony from Ryan Turner or other supporting material, there is insufficient evidence to support Taylor's claim for a \$578,000 adjustment to the 067 account, in addition to the equalization dividend.

In closing argument, counsel for Wolfe argued that the adjustment to the 067 shareholder account should be no more than \$747,633. During his testimony, Wolfe claimed that he could not accept several of the items in the worksheet prepared by MNP because he had "no knowledge" of what those entries represent. Those statements are not consistent with the email exchange between Wolfe and Turner in April 2014. Upon receiving the Turner proposal, Wolfe raised several concerns. These included TBF paying interest on monies advanced by RLW and/or 269, compensation for guarantees provided by Wolfe and entities he controlled that were in excess of guarantees provided by Taylor, and a concern regarding the amount of drawings Taylor was taking from TBF as advances against the compensation he was entitled to receive from TBF.

However, there is nothing in that email exchange or any of the other documents submitted that indicates that Wolfe had a lack of understanding or a particular concern with any of the items shown in the proposed reconciliation of the shareholder accounts. If there are documents that show concerns raised by Wolfe, they could have been produced at the hearing; if concerns were raised by him but not documented, the appropriate party could have been called to testimony to that effect. Since the evidence produced does not adequately support Wolfe's current position, I am satisfied that the adjustment proposed by MNP on April 29, 2014 is correct.

I conclude that the 067 shareholder account should be adjusted to reflect:

Equalization Dividend	\$1,527,633
Items Identified by MNP	<u>90,000</u>
Total Adjustment	<u>\$1,617,633</u>

This adjustment to the 067 shareholder account is separate from what is required to reflect amounts owing to Taylor under the terms of his Employment Agreement with TBF.

ISSUE 2. AMOUNT OWING TO DUANNE TAYLOR BY TBF

The parties executed a number of agreements dated January 1, 2008 including one in which Taylor Bros. Farms Ltd. agrees to employ Duanne Taylor as "manager of its farming operation". Although the parties agree that the Employment Agreement governs Taylor's entitlement to compensation, they differ on the meaning of terms contained, but not defined in the agreement. Relevant sections of the Employment Agreement include:

REMUNERATION

4. In consideration of the services to be performed by the Employee, the Employee shall be paid a gross salary of sixty thousand dollars (\$60,000.00) per annum less deductions required by law (the "Salary"). Payment of the Salary shall be by installments made bi-weekly, and shall continue during the term of this Agreement. On the 1st day of January in each year hereafter, the Salary shall be reviewed by the Employer and may be increased by an amount to be determined by the Employer.

5. In addition to the above, the employee shall be entitled to ten (10%) Percent of the annual gross profits of the Employer to be determined by the Accountants of the Employer, less the Salary paid to the Employee. For each calendar year of employment hereafter, the Employee's share of annual gross profits shall increase by one (1%) percent per year for a maximum of ten (10) years. The Accountants of the Employer shall determine the annual gross profits of the Employer within one hundred and twenty (120) days of the fiscal year end of the Employer and the Employee's share of the annual net profits of the Employer, if any, shall be paid to the Employee within thirty (30) days thereafter.

TERMINATION OF EMPLOYMENT

7. This Agreement may be terminated by the Employer or the Employee for any reason upon the giving of eight (8) weeks' written notice....

MISCELLANEOUS

13. This Agreement represents the entire agreement between the Employer and the Employee and supersedes all previous contracts, agreements, representations or promises and is binding upon the legal representatives, successors and assigns of the parties....

19. Any dispute as to the application or interpretation of any of the terms of this Agreement shall be submitted to arbitration by the parties in accordance with the Arbitration Act (Manitoba) and the arbitrator's decision shall be final and binding on the parties.

As the employer, TBF's rights and obligations contained in the Employment Agreement are subject to the terms of the Amended Unanimous Shareholders Agreement. Sections 2.7 and 3.5 of the USA are particularly relevant to the employment of Duanne Taylor.

2.7 Financial Matters. Except as otherwise provided in this Agreement, or in the usual and regular course of the Corporation's business, no Director or Shareholder may, without the unanimous consent of the Shareholders:

- (n) terminate, or substantially amend the terms of employment of, any of the Shareholders or the Principal of such Shareholder;
- (o) pay any salaries, bonuses or other remuneration of any kind whatsoever to the Directors, officers or Shareholders of the Corporation....

3.5 Employment of Duanne Taylor. Concurrently herewith, the Directors shall cause the Corporation to enter into an Employment Contract with Duanne Taylor upon substantially the same terms and conditions as are contained in a draft of such Contract which is attached hereto as Schedule 3.5....

Wolfe claims that the profit sharing referred to in Section 5 of the Employment Agreement applies only to profits earned from TBF's farm operations. He argues that it does not include profits from EPG as TBF is the only party named in the agreement and should exclude any gains realized on the sale of land as those are not linked to Taylor's role as manager of farming operations. Taylor's benefit from those profits should be limited to those he receives as a 50% shareholder of TBF.

Wolfe does not dispute Taylor's entitlement to share in the profits earned by TBF in 2008 and 2009 and he agrees that Taylor should receive the \$60,000.00 salary called for in

Section 4 of the agreement for 2010 to 2014. However, he rejects Taylor's claim for a share of the 2013 profits that came primarily from the sale of land. Wolfe also maintains that Taylor's employment came to an end on April 30, 2015 when Taylor and Wolfe signed the agreements to operate separately for that year and then liquidate all of TBF and EPG's assets. Wolfe calculates the total compensation payable to Taylor under the Employment Agreement to the end of 2014 is \$595,565.00.

In response to Wolfe's position that the agreement should apply only to TBF's profits, Taylor argues that, in all other respects, he and Wolfe always treated TBF and EPG as a single entity. Taylor also claims that both parties always recognized that increases in the value of land would be considered profits of the company; the only difference between them was when that appreciation would be recognized.

Unfortunately, section 5 of the Employment Agreement is not clear. One sentence states that profit sharing is to be based on "annual gross profits" while another refers to "annual net profits"; neither term is defined in the agreement. While Wolfe testified that he is uncertain of the meaning of either term, there is no record of his ever seeking clarification from the lawyers who drafted the agreement nor were they called to give evidence. While Taylor also admits to uncertainty about Section 5, he nevertheless claims that he is owed approximately \$2.9 million based on applying the prescribed annual percentage to his proposed application of either "gross margins" or "net earnings" of the company for each of the relevant years (DT Brief, Tab 1).

Since no objective evidence was produced to support that gross margin is synonymous with gross profits, Taylor's calculation of his compensation claim based on that approach must be rejected. The other schedule included at Tab 1, which calculates earnings based on "net earnings" is more persuasive as there is nothing in the agreement that restricts profit sharing participation to only profits generated from farm operations as Wolfe argues.

Section 5 states that additional compensation will be based on a percentage of "profits of the Employer". Had the parties wished to have a more restrictive definition of profits apply, they could have done so at the time they executed the agreement. They did not. Since the agreement does not exclude capital gains from the definition of profits, there is no

reason why profits generated by those transactions should not be included in calculating the compensation due to Taylor under the Employment Agreement.

The parties agree on the amount of compensation payable to Taylor for the years 2008 through 2012 and for 2014. While farming operations showed a profit in 2013, it was insufficient to trigger compensation beyond Taylor's base salary of \$60,000.00. However, during that year, TBF purchased and sold land from the Williams Estate and completed a sale of the Tully lands.(Ex. 111). Since neither the Employment Agreement nor the evidence presented provides sufficient support that the profits from these transactions should be excluded from the calculation of Taylor's compensation, I accept Taylor's claim for \$265,053.00 in profit sharing for 2013.

Wolfe argues that Taylor's employment and any entitlement to compensation came to an end prior to the beginning of the 2015 crop year. On April 30, 2015, Wolfe and Taylor executed a number of agreements documenting their earlier decision that TBF and EPG would cease operating and their assets would be liquidated. However, none of those agreements contain any reference to terminating Taylor's employment. TBF continues to exist as a company since the liquidation and wind-up, contemplated to be completed in 2015, have still not occurred.

Section 7 of the Employment Agreement states that termination requires "written notice" by the Employer. There is no evidence that TBF, the Employer, ever provided notice in the required manner. Moreover, decisions by TBF directors and shareholders are subject to terms in the USA which, in Section 2.7(n), states that no Director or Shareholder may "terminate, or substantially amend the terms of employment of, any of the Shareholders or the Principal of such Shareholder" without "the unanimous consent of the Shareholders". —→ *Duanne absh owner consented*.

The companies are still in business and continue to own substantial assets. As Taylor's employment has not been terminated, he is entitled to be compensated according to the terms of the Employment Agreement for both 2015 and 2016. In 2015, there were no profits from either operations or the sale of assets and Taylor is therefore entitled to the base salary for that year. Taylor's gross compensation from 2008 through to the end of 2015 is \$860,618.00.

Even though TBF had no active farming operations during 2016, Taylor is entitled to the greater of \$60,000.00 or 18% of any net profits generated by the sale of assets. By the time this Award is published, the auction of equipment owned by TBF and EPG should be complete. If so, it will then be possible to calculate both the profits generated by the auction and Taylor's entitlement to compensation under Section 5 of the agreement.

The appreciated value of the land is potentially more problematic. For land sold as part of a liquidation, the calculations of profit and compensation can be handled in the same manner as those resulting from the sale of equipment. However, as noted in the email from Mr. McFadyen following the mediation of May 7, 2016, the parties agreed:

(7) Following a decision from the arbitration from the issues to be arbitrated during July 5-8, Mr. Taylor will thereafter have "30 days to exercise the "shotgun" buy-sell notice as found in the Amended Unanimous Shareholders' Agreement..."

If all of TBF's equipment was sold at auction, the only assets remaining in the companies at the time provided for the exercise of the contemplated buy-sell notice should be land and accounts receivable, offset by liabilities to third parties and the shareholders or their related companies. If a buy-sell notice is issued, the share price contained in that notice will provide the information necessary to establish a deemed disposition price for the land, regardless of which party exercises the right to buy the shares of the other. That price, less the book value of the land and any costs associated with the transaction, can be used to establish the notional profit on the "sale" of land, a theoretical profit for TBF for 2016, and Taylor's compensation for the current year.

Although Taylor never received either the salary or incentive payments called for in the Employment Agreement, he has withdrawn substantial sums as advances against those entitlements. TBF's records show that those draws have now reached \$1,232,587.00. Once the amount of Taylor's 2016 compensation is determined, it and the \$860,618.00 that has accrued from past years must be set up as a payable by TBF. After taking the required deductions, the first \$1,232,587.00 is to be credited to 067's shareholder account to offset the draws taken by Taylor. Once those advances have been repaid, any further amounts should be paid directly to him.

If Wolfe and Taylor cannot reach agreement on the amount of TBF's 2016 profit, either realized or notional and the amount of Taylor's compensation for this year, those issues will be determined by the arbitrator, following a review of further submissions by the parties.

ISSUE 3. AMOUNTS DUE TO OR FROM 5606269 MANITOBA LTD.

The December 31, 2013 Financial Statements prepared by MNP show a balance in the 269 shareholder account of \$1,045,665.92, \$200,000.00 less than the amount owing by TBF at the end of 2012. The parties agree that the difference reflects a reallocation of the \$200,000.00 from the shareholder account to an account payable to RLW. For purposes of this arbitration, they have agreed to ignore that proposed reclassification and accept that 269 is currently owed \$1,245,665.92 by TBF.

ISSUE 4. THE AMOUNT OWING TO/FROM R.L. WOLFE LTD. BY/TO TBF

a) DEBTS ACQUIRED BY RLW FROM CREDITORS OF TBF

As outlined in Wolfe's Affidavit of August 6, 2015, TBF and EPG had a number of loans outstanding that were supported by guarantees from the shareholder companies, Taylor and Wolfe personally, and by RLW. The secured creditors included the Bank of Nova Scotia ("BNS"), Farm Credit Canada ("FCC"), and PHI Financial Services Canada Limited ("PHI"). Between December 1, 2014 and March 15, 2015, these three creditors all found TBF to be in default of its obligations and exercised their rights to increase the interest rates to the levels provided under the terms of the loan agreements. Upon default, the annual rates of interest on the loans to BNS, FCC and PHI became 19.562%, 19.5618% and 18% respectively. On April 1, 2015, BNS also filed a Statement of Claim against the borrowers and guarantors.

In his affidavit, Wolfe states that he believed the substantial differences between his and Taylor's financial positions left him significantly more exposed to potential claims from the

secured creditors. Accordingly, following TBF defaulting on these loans, Wolfe arranged for RLW to acquire TBF's indebtedness from BNS in June 2015 (Ex. H), from FCC in July (Ex. I) and PHI in August (LW Brief, Tab 3). The balances of the loans as of the time that they were acquired by RLW were:

The BNS loan	\$724,808.95
The FCC loan	\$609,573.81
The PHI loan	<u>\$161,367.34</u>
Total	<u>\$1,495,750.10</u>

While Taylor initially questioned whether RLW was entitled to benefit from purchasing some of the loans at a discount, in closing argument his counsel agreed that there is no dispute about the principal amounts owing by TBF. However, Taylor challenges RLW's right to charge TBF the same rate of interest that was charged by the original creditors once TBF defaulted on its obligations.

Taylor testified that in the summer of 2014 TBF received a term sheet from BMO that would allow the company to expand its credit facility by an amount sufficient to enable TBF to continue servicing the payments on three secured debts, albeit not sufficient to pay them off. The financing was dependant on Wolfe providing his personal and corporate guarantees. When Wolfe refused to provide additional guarantees, the offer of additional financing collapsed, leading to TBF defaulting on the three loans.

Taylor claims that even if Wolfe was no longer interested in continuing with this business relationship, he had an obligation to support TBF through an orderly wind-up of its affairs. In closing argument, counsel referred to decision in Can. Aero v. O'Malley, [1974] SCR 592 and argued that, as a director of TBF, Wolfe's fiduciary duty to act in the best interests of the corporation preclude him or a company he controls from benefitting at the expense of TBF. While it might be acceptable for third party lenders to charge TBF default rates of interest, RLW should only be allowed to charge "his own" company a "reasonable" rate of interest on those same loans.

Wolfe's response is that there was no requirement for him or RLW to provide unlimited guarantees for TBF's indebtedness. In fact, he asserts that he and RLW were already providing more guarantees than "an amount prorated to their shareholdings" as called for

in section 3.4 of the USA. Since all of the loans were in default prior to being acquired by RLW and TBF was already obligated to pay the increased rates of interest, it suffered no harm as a result of the purchase by RLW. The loans were acquired after Taylor and Wolfe had executed the April 30, 2015 agreements confirming their intent to cease operations and liquidate all of the assets of TBF and EPG during 2015. Had those agreements been implemented, the proceeds from the liquidation would have been available to retire the secured debts within a short period of time and stop the interest accruing on them.

Wolfe maintains that Taylor has been the one primarily responsible for the delays in liquidating assets and retiring TBF's indebtedness. To the extent that Taylor believes that there is a benefit to holding the secured debt, either he or FCF always had, and still have, the option to acquire a portion of these debts. On the facts of this case, Counsel for Wolfe rejects the argument that there is any basis for finding any breach of a fiduciary duty by Wolfe. While I agree that Wolfe and RLW will realize a substantial gain from purchasing these secured debts, they will not have not done so at the expense of TBF which is in the same position it was when those debts were owned by the original creditors.

The evidence shows that Wolfe is benefitting from his superior financial resources. There is none that that supports Taylor's claim that TBF should receive a reduced rate of interest solely because RLW now owns the secured debts formerly held by BNS, FCC and PHI. RLW is entitled to charge TBF interest at the rates specified in the loan agreements from the time it acquired those debts until they are repaid. Tables attached to the Wolfe brief calculate the interest that has accumulated up to July 2016. Those balances are:

	Amount Acquired	Current Balance	Current To
BNS Loan	\$724,808.95	\$908,951.01	July 15/16
FCC Loan	\$609,573.81	\$724,808.95	July 20/16
PHI Loan	<u>\$161,367.34</u>	<u>\$190,082.49</u>	July 27/16
Totals	<u>\$1,495,750.10</u>	<u>\$1,823,842.45</u>	

It is anticipated that these loans and the accumulated interest will either be repaid from the proceeds of the sale of TBF/EPG assets or accounted for in the exercise of the buy-sell agreed to during the mediation of May 7, 2016. Interest, at the specified rates, for the period from the July dates to the date of final can be calculated at that time.

b) CLAIMS FOR OTHER AMOUNTS OWING BY OR TO RLW

Separate from the amounts owing to RLW for the secured loans it acquired from TBF's creditors, Taylor asserts (DT Brief, para. 33) that RLW owes TBF more than \$1 million. This represents the total of:

- 1) a recalculation of the reconciliation of expense allocations between TBF and RLW for the years 2010 to 2014;
- 2) charges for the use of TBF equipment, inventory and labour following the last reconciliation in October 2014;
- 3) land rent for 2015;
- 4) rent for the use of equipment in 2015; and
- 5) the purchase of equipment.

The largest and most contentious amounts are those in the first two categories. In closing, Taylor's counsel argued that RLW owes TBF \$471,244.66 for the years 2010 to 2013 (DT Affidavit, March 4, 2015, Tab U). Since no other documents or witnesses were produced to support this claim, its success depends on the information contained in the affidavit itself. The relevant sections include:

Amounts Owing to Taylor Bros. Farm by Lincoln Wolfe

19. Mr. Wolfe and his related companies owe money to TBF. Attached hereto and marked as "Exhibit "U" is a copy of a calculation which I have prepared which sets out my proposed adjustments to reflect the true financial picture.

20. Exhibit "U" starts with an opening balance of \$675,788.00, an amount shown as a starting balance, showing the payable amount to Mr. Wolfe, as at December 2013, from TBF.

21. Then, I have added the amounts that Mr. Wolfe, or RLW, owe to TBF, as a result of Mr. Wolfe's unilateral decisions and the work he has done with TBF's assets that ultimately is at the expense of TBF and for the sole benefit of RLW. The notes in Exhibit "U" are my own, and reflect my calculations of the proper amounts owing to TBF by Mr. Wolfe in that regard.

22. The net result, based upon this calculation, is that Mr. Wolfe, or RLW owes TBF \$1,066,882.00.

As stated at the bottom of Exhibit "U", \$1,066,882.00 is the total of the changes proposed by Taylor. If all of these were accepted, the result would be a balance owing by RLW of

\$391,094.00. At the hearing, Taylor testified that this balance should be reduced by a further \$102,663.00.

The fundamental problem with this claim is not only in the calculations but rather with the explanatory notes in Exhibit "U" and the contents of the affidavit. Taylor states that the exhibit sets out what he refers to as "my proposed adjustments" and that the notes are "my own, and reflect my calculations of the proper amounts owing to TBF by Mr. Wolfe...". While I accept that this exhibit accurately shows the result that Taylor now wishes the reconciliation for the years in question would have achieved, he offers no evidence to show that he raised any concerns at the relevant time or that the process, as completed, did not conform to the cost sharing agreement established by the parties.

On this issue of the reconciliation process, I find that the testimony of Lincoln Wolfe more convincing. His description of the parties' decision to allocate shared costs based on seeded acreage is reasonable. It provides an efficient alternative to having to track a myriad of individual cost items and prevents having to deal with numerous disputes that would inevitably arise if the parties had to continually establish their proportionate use of shared equipment and labour. Its benefits present a reasonable explanation for why the parties would agree to include as shared costs, expenses that might benefit one operation more than the other. Finally, this approach helps one understand why the parties would also agree to include a number of costs, such as those associated with the motor home that they were knew were incurred for the benefit one or both of the shareholders personally rather than either of their farming operations.

Following a review of the evidence presented at the hearing, I am satisfied that Wolfe and Taylor both received significant benefits from their arrangement. Taylor's request to have the 2010 – 2014 cost reconciliations recalculated now could only succeed if there was evidence showing that the result of the process, agreed to by the parties was flawed. Without that evidence, Taylor's current opinion of what should have been done in the past falls far short of that requirement.

During his testimony, Wolfe acknowledged that RLW should be charged for one item on the list in Ex. U. While he agreed that an adjustment was warranted for feeding cattle belonging to RLW, Wolfe maintained that \$1,500 was a more realistic annual charge than

the \$6,000 proposed by Taylor. I find that RLW should be charged \$2,000 per year or a total of \$6,000 for three years.

Taylor also asserts that RLW owes TBF \$149,547.04 for expenses incurred following the 2014 reconciliation and \$108,212.13 for the Pickett Combine RLW acquired at the end of its lease. These demands are a reduction from the \$173,899.58 and \$273,904.99 listed in Tab 3 of Taylor's July 6, 2016 Brief which states:

52. A summary of these invoices which properly apportion expenses between the two companies is found at Tab 3 of the brief and totals, \$447,804.57.

There are problems with the nature of the charges being claimed, the rates at which the amounts are calculated, and, in some cases, the lack of any apportionment of the costs between the parties. The invoices come from TBF, a company owned equally by Taylor and Wolfe, and are to a company owned by one of TBF's shareholders. The invoices were issued only after the relationship between the shareholders had broken down and were prepared by people working for Taylor.

Several invoices charge labour at \$100 per hour. This "shop rate" is 500% of both the cost actually incurred by TBF and the rate historically used by the parties when reconciling accounts between them. These and some of the other invoices use Taylor's assessment of what market rates are for the equivalent services. He testified that using these rates was based on his belief that, since TBF was no longer operating, Wolfe's company should be treated like a third party rather than a shareholder. I find that rationale to be curiously inconsistent with the position Taylor has taken in his other claims. If TBF should be considered to still be operating for determining Taylor's compensation under the terms of his Employment Agreement, Wolfe and his companies must be considered to be current shareholders of this operating entity.

When invoice 332 relating to the Pickett Combine is removed, the invoices for services Taylor claims were provided by TBF after October 2014 total \$173,899.58. The amounts in invoices 330, 333, 335, and 338 are rejected; those in invoices 324, 325, and 328 are reduced to reflect a labour rate of \$20.00; invoices 323, 325, and 329 are adjusted to reflect the agreed 40.81% apportionment ratio. Following these adjustments, the

approved amount of these claims totals \$38,256.36, or 9.74% of the \$392,700.56 amount upon which interest was calculated in invoice 335. Interest, when recalculated to apply to the amount actually approved, becomes \$765.12. Excluding the Pickett Combine, the total of the claims allowed from Tab 3 is \$39,021.48.

Wolfe and Taylor used a number of pieces of equipment in their farming operations, some of which were acquired under capital leases. Wolfe testified that the agreement between the parties, as evidenced by past practice, was to include lease payments in the annual reconciliation and give the party named in the lease the right to exercise the purchase option at the end of the term. Included in the leased equipment is a Pickett Combine which was financed through a lease with National Leasing Group Inc. The lease documents (DT Brief, Tab 4), name R.L. Wolfe and Lincoln Wolfe as the lessee. However, TBF's banking statements show that, until the final payment in October 2014, all lease payments were actually made by TBF, not RLW.

In cross examination, Taylor agreed that this Pickett Combine was one of many pieces of equipment shared by TBF and RLW for the crop years 2009 through 2014. Accordingly, the costs associated with it, including lease payments, were included in the reconciliation of accounts for each of those years. He also acknowledged that TBF was the lessee for some leased equipment and, as such, acquired that equipment at the end of those leases with no compensation payable to RLW for its contribution of over 40% of the lease payments. Taylor argues that the lease on the Pickett combine is different from the others. Since all but the final lease payment came from TBF's bank account, he claims that RLW had no right to make the final payment and exercise the purchase option for itself.

I accept that the lease payments for the Pickett Combine should have been made by RLW and not TBF. If, as a result of making those lease payments, TBF had suffered a loss or material disadvantage, Taylor's claim might have to be considered on equitable grounds. However, these payments were all included in the annual reconciliation and TBF has not shown that it suffered any direct loss. Accordingly, there is no reason why TBF and RLW should not follow their historic practice that gives the named lessee the right to acquire the leased property at the end of the lease term. I find that RLW was entitled to purchase

the Pickett Combine and TBF has not established a claim that it should be compensated as a result of RLW exercising its right to do so.

Wolfe agrees that RLW owes some amounts to TBF for the period following the last reconciliation. The Statement of Account (LW Brief, Tab 5) includes \$260,675.28 as the proposed reconciliation for 2014. Wolfe, like Taylor, provided limited material to support his position and, as noted earlier in this Award, neither party called any other witnesses. Having to rely only on the evidence presented by the parties, I find that the statement included at Tab 5 provides the most reliable starting point for determining the balance of the account between RLW and TBF.

That statement shows a balance of \$679,465.73 owing to RLW at December 2013. While I accept the entries included in this statement of account, I agree with Taylor that interest at 7.5% is excessive in the current environment; a 6% rate is more appropriate. When 6% rather than 7.5% is applied, the closing balance in the statement of account is reduced from \$611,207.22 to \$583,214.93. Further reductions are required to reflect a \$6,000.00 charge for cattle feed, \$39,021.48 for expenses incurred after the 2014 reconciliation, and an additional \$3,601.72 interest charge for those items. The revised balance in the RLW account as of July 2016 is \$534,591.73.

ISSUE 5. AMOUNTS OWING BY FAT CAT FARMS LTD. (FCF) TO TBF

On April 30, 2015, RLW and FCF, companies owned separately by Wolfe and Taylor, signed a number of agreements whereby they would purchase certain equipment from TBF and rent other assets for use during the 2015 crop year. FCF agreed to purchase \$54,738.00 of equipment, pay \$100,000.00 for the rental of other equipment until it was sold through the planned auction, and lease a portion of the TBF/EPG land for the 2015 crop year at a rate of \$89,100.00. Including GST, these commitments total \$256,029.90.

The payments for the land lease and \$50,000 of the equipment rental were to come from proceeds of the liquidation of TBF assets. The other \$50,000 for equipment rent was to be paid on May, 15, 2015. Rather than paying the specified amount, FCF delivered a

cheque for \$11.30 along with a list of payments made by FCF or BTW, another company controlled by Taylor, to creditors of TBF that total \$49,988.70.

Since learning that Taylor had claimed a set off of virtually the entire rental payment, Wolfe has consistently maintained that it constituted a breach of the agreement. Wolfe has also questioned whether certain expenses are even applicable to TBF. However, neither the documentary evidence (LW Affidavit, August 6, 2015, Tab D), nor testimony by either party provides much assistance in clarifying the validity of the individual charges.

In his Affidavit dated September 14, 2015, Taylor states that these payments to "third party creditors" were made in "the best interest of Taylor Bros., the shareholders and in performance of the Rental Agreement." (par. 11). A review of the invoices shows that 4 represent payments to third parties and 5 are payments to FCF for wages and mileage charges.

Without additional evidence, it cannot be determined whether all of the invoices represent obligations of TBF. The limited information included with the invoices raises questions and concerns more than it provide answers. Invoice 2, is a claim to pay FCF \$7,864.20 for "Office, Auction Preparation, Inventory and Auction Move." The invoice, dated less than two weeks after the parties agreed to have an auction, shows time charges that are seem suspect in relation to the description in the invoice. Invoice 3 has FCF charging TBF labour rates at \$105.00 per hour. As discussed earlier in this Award, that rate is unacceptable when the evidence shows that past practice has been to charge at the actual cost of \$20.00 per hour. Using the lower rate would reduce the invoice by more than \$3,000.00. Three invoices, totalling \$15,173.53, are for wages to people who were working for both TBF and FCF. Some information showing how FCF determined the amount to allocate to TBF should be provided before the invoice is approved.

Whether FCF acted improperly when it made payments to itself and people in its employ, and claimed those payments as offsets to the amount it owed under the rental agreement is an issue that needs to be resolved. However, in both quantum and consequence, it pales when compared to other issues in dispute and was not adequately addressed by either party at the hearing. The validity of each of these charges is a matter that should be resolved by the parties through direct negotiations. If they cannot reach an agreement

on which of the invoices, and the amount for each, that are rightfully the responsibility of TBF, they can make additional submissions for a supplementary award.

In the agreements signed on April 30, 2015, Wolfe and Taylor agreed that FCF would pay \$100,000 for the use of specified equipment between April 30 and the auction which was intended to occur by the end of July. At a mediation held on May 7, 2016, they agreed to that the same rental rate, pro-rated to apply to the value of equipment actually being used, would apply this year. Notwithstanding two negotiated agreements using a rental rate of \$100,000 for use of the equipment for two to three month periods, Wolfe claims that FCF should be charged \$706,770.86 for using that equipment between August and November of last year. This amount is based on his assessment of "fair market value rent." (LW Brief, par. 46; Tab 6).

FCF does not dispute that, when the planned auction did not occur, it continued to use the equipment through the fall of 2015. While Taylor agrees that TBF is entitled to some additional rent, he testified the amount claimed by Wolfe is excessive. Since Taylor estimates that the equipment should sell for approximately \$1 million at auction, the rent claimed by Wolfe for the additional few months' use is equal to 70% of the equipment's current value. Taylor suggests \$50,000.00 as a reasonable rent for the equipment during the balance of 2015.

The best evidence of an appropriate rent for the use of the equipment is the \$100,000.00 that the parties themselves agreed to on two separate occasions. The makes the amount proposed by Wolfe seem punitive and Taylor's suggestion appear low. During 2015, FCF had use of the equipment for twice the length of time covered by the initial agreement. An additional rent of \$100,000 for this extended period is consistent with the rent the parties agreed to both earlier in 2015 and again in 2016.

Wolfe claims that FCF owes an additional \$215,000.00 for a quantity of chemicals that belonged to TBF and were not included in the assets purchased on April 30, 2015. (LW Brief, par.47). Although the Brief states that, in an earlier offer, FCF acknowledged that the chemical "was owned by TBF", Taylor testified that it was actually owned by BTW. He explained that the reference to TBF in the offer was for purposes of identifying where the chemical was located, not who owned it. In the absence of any other supporting evidence,

and the plausible explanation Taylor gave for the reference to TBF in the earlier offer, I conclude that this part of Wolfe's claim cannot succeed.

Wolfe claims that TBF should be compensated by FCF for not delivering all of the rented equipment to the auctioneer by the agreed deadline of June 30, 2016. On July 8, Taylor acknowledged that FCF had not delivered all of the equipment scheduled to be auctioned on July 26, 2016. He testified that the auctioneer, in verbally extending the final delivery date to July 11, agreed that it would not compromise the realizable value of the equipment at auction. While that may be the case, the deadline was part of an agreement between the parties, not between FCF and Ritchie Bros. The parties had agreed that the rent for equipment used by FCF in 2016 would be \$29,530.00 plus GST for a total of \$31,006.50. The use of the equipment for an additional 11 days represents an increase of 18% to the term. A corresponding increase in rent is \$5,315.40 plus GST for a total of \$5,581.17.

In his Brief (par. 49), Wolfe states that TBF should be awarded \$25,000.00 for the damage he claims occurred to the equipment while it was being used by FCF. This figure is an "estimate" and no evidence was produced to show that FCF's use of equipment during the rental period or the 10 day extension caused any damage or created any measurable loss to TBF. Accordingly, there is no award for this claim by Wolfe.

Under the terms of the settlement reached in the mediation, FCF was to make certain payments for the use of equipment and the lease of land for 2016. To the extent that all of those payments have not yet been made, they remain owing by FCF.

At the hearing, Taylor submitted a list of invoices totalling \$58,182.12. Although these were obligations of TBF, they were paid FCF. (Ex.109). The expenses in Ex.109 appear to be made to third parties and represent continuing, rather than any new commitments by TBF. Wolfe raised no questions regarding the legitimacy of the payments other than the costs associated with the two way radios. On balance, I accept that FCF is entitled to credit for the \$58,182.12 it paid on behalf of TBF.

The balance owing to TBF by FCF is the result of the following charges and credits:

Charges	
1. From the 2015 agreements	\$256,029.90
2. Equipment rent to November 2015	100,000.00
3. Equipment rent for 2016	31,006.50
4. Equipment rent for July, 2016	<u>5,581.17</u>
Total charges	<u>\$392,617.57</u>

Credits	
1. Payments made by FCF in 2015*	\$ 49,988.70
2. Cash payment of May 15, 2015	11.30
3. Payments made by FCF in 2016	<u>58,182.12</u>
Total credits*	<u>\$108,182.12</u>

* The amount of credit for the 2015 payments is subject to a final determination.

There remains a question regarding the validity of the \$49,988.70 that FCF claimed as off sets in 2015. If all of the 2015 payments are accepted, either as a result of negotiations between the parties or by determination of the arbitrator, the balance owing by FCF would be \$284,435.45 plus interest at 6%. The outstanding balance will increase by an amount equal to that of any adjustments made to the total of the 2015 invoices.

SUMMARY OF THE AWARDS

1. The 5608067 Manitoba Ltd. shareholder account is adjusted by \$1,617,633.00.
2. Under the terms of his employment agreement with TBF, Duane Taylor is owed:
 - a) \$860,618.00 (less statutory deductions) for 2008-2015
 - b) The greater of \$60,000.00 or 18% of TBF's profits (less deductions) for 2016.
3. TBF owes 5606269 Manitoba Ltd. \$1,245,665.92.
4. TBF owes R.L. Wolfe Ltd.
 - a) \$1,823,842.45 for the loans it acquired from the secured creditors, and
 - b) \$534,591.73 for amounts arising from transactions with TBF.
 - c) The balances in both a) and b) are subject to interest at 6% per annum from July 2016 until paid.
5. Fat Cat Farms Ltd. owes TBF an amount that is not less than \$284,435.45 or greater than \$342,446.75. The final amount is to be determined following the final resolution of the validity of payments made by FCF in 2015. The balance, when determined, will be subject to interest at an annual rate of 6%.

CONCLUSION

This arbitration has been long and challenging. Fortunately, the parties and arbitrator both benefited from the assistance of able counsel. While that made it possible to conclude most issues, some require information that was not available at the time of the hearing or by the writing of this award. Accordingly, I retain jurisdiction in this matter and remain available to provide clarification of the terms of this award, any assistance required for its implementation, and to receive further submissions on matters that remain outstanding.

While there was nothing in either the parties' conduct during the arbitration process, or in the conclusions in this award that I feel warrant an award of costs at this time, I am open to hearing from counsel on this issue. In the meantime, each party is being assessed an equal share of the cost of the arbitration.

I look forward to receiving confirmation that the remaining issues have been satisfactorily resolved or receiving the information and submissions necessary to conclude matters through a continuation of the arbitration.

This award is made and published on the 24th Day of August, 2016 at Winnipeg, Manitoba.

Harvey L. Sector
Arbitrator

Schedule "B"

File No. CI 15-01-97066

THE QUEEN'S BENCH

WINNIPEG CENTRE

BETWEEN:

LINCOLN WOLFE and 5606269 MANITOBA LTD.

Applicants,

- and -

DUANNE TAYLOR, 5608067 MANITOBA LTD., TAYLOR
BROS. FARM LTD. and EDWIN POTATO GROWERS LTD.

Respondents.

APPLICATION UNDER section 207 of *The Corporations Act*, C.C.S.M. c. C225

CERTIFIED COPY
of

ORDER
(APPOINTING LIQUIDATOR)

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THE QUEEN'S BENCH
WINNIPEG CENTRE

THE HONOURABLE) FRIDAY, THE 28th
MR. JUSTICE TOEWS) DAY OF APRIL, 2017

BETWEEN:

LINCOLN WOLFE and 5606269 MANITOBA LTD.

Applicants,

- and -

DUANNE TAYLOR, 5608067 MANITOBA LTD., TAYLOR
BROS. FARM LTD. and EDWIN POTATO GROWERS LTD.

Respondents.

APPLICATION UNDER section 207 of *The Corporations Act*, C.C.S.M. c. C225

CERTIFIED COPY
of
ORDER (APPOINTING LIQUIDATOR)

THIS APPLICATION AND MOTION made by the Applicants for an Order providing for the liquidation and dissolution of the respondent corporations, Taylor Bros. Farm Ltd. ("TBF") and Edwin Potato Growers Ltd. ("EPG"), and appointing Deloitte Restructuring Inc. as liquidator without security, of TBF and EPG, was heard on March 15, 2017 at the Law Courts Buildings, 408 York Avenue in Winnipeg, Manitoba.

ON READING the Affidavits of Lincoln Wolfe affirmed August 6 and September 9, 2015, and the Affidavit of Lincoln Wolfe affirmed December 13, 2016 as filed in

Queen's Bench File No. CI 16-01-04369 (including the Awards of Arbitrator Harvey L. Selter dated April 20, August 24, October 5 and 17, 2016), the Affidavits of Duanne Taylor sworn August 31 and September 27, 2015, and the Affidavits of Duanne Taylor sworn December 8 and 30, 2016 and the Affidavit of Darlene Monette sworn February 24, 2017 as filed in Queen's Bench File No. CI 16-01-04369, the transcript of the cross-examination of Lincoln Wolfe on October 28, 2015, the transcript of the cross-examination of Duanne Taylor on October 28, 2015, and on reading the evidence filed in Queen's Bench File No. CI 15-01-94251 (the "**Previous Proceeding**") , namely the Affidavits of Duanne Taylor sworn March 4, 12 and 20, 2015, the Affidavit of Lincoln Wolfe affirmed March 10, 2015, the Affidavit of Gordon Daman sworn March 21, 2015 and the transcript of the cross-examination of Duanne Taylor on March 24, 2015, and on hearing the submissions of counsel for the Applicants and counsel for the Respondents Duanne Taylor and 5608067 Manitoba Ltd., and on reading the consent of Deloitte Restructuring Inc. to act as liquidator,

APPOINTMENT

1. THIS COURT ORDERS that pursuant to sections 207 and 210 of *The Corporations Act*:

- (a) the assets, undertakings and property of TBF and EPG (the "**Property**"), shall be liquidated in accordance with this Order;
- (b) Deloitte Restructuring Inc. (the "**Liquidator**") shall be and is hereby appointed liquidator of the Property, without security; and

(c) upon the Liquidator concluding the liquidation of all or substantially all of the Property, the Liquidator shall be at liberty to apply to this Court for an Order dissolving TBF and EPG and discharging the Liquidator.

LIQUIDATOR'S POWERS

2. THIS COURT ORDERS that the Liquidator is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Liquidator is hereby expressly empowered and authorized to do any of the following where the Liquidator may in its sole discretion consider it necessary or desirable:

- (a) to take possession of and exercise control over all or any part of the Property, wheresoever located, and any and all proceeds, receipts and disbursements arising out of or from the Property or any dealings with the Property;
- (b) to preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of TBF and EPG as required for the orderly liquidation thereof;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, legal counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Liquidator's powers and duties, including without limitation those conferred by this Order;
- (e) to receive and collect all monies and accounts now owed or hereafter owing to TBF and/or EPG and to exercise all remedies of TBF and/or EPG in collecting such monies, including, without limitation, to enforce any security held by TBF and/or EPG;
- (f) to settle, extend or compromise any indebtedness owing to TBF and EPG;
- (g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Liquidator's name or in the name and on behalf of TBF or EPG, for any purpose pursuant to this Order;
- (h) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to TBF and EPG, the Property or the Liquidator, and to settle or compromise any such proceedings.

The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (i) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Liquidator in its discretion may deem appropriate;
- (j) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (k) to report to, meet with and discuss with such affected Persons (as defined below) as the Liquidator deems appropriate on all matters relating to the Property, and to share information, subject to such terms as to confidentiality as the Liquidator deems advisable;
- (l) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (m) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of (and, if thought desirable by the Liquidator, in the name of) TBF and/or EPG;

- (n) to exercise any shareholder, partnership, joint venture or other rights which TBF or EPG may have;
- (o) to develop a plan for the liquidation of TBF and EPG, the satisfaction of TBF and EPG's liabilities, and the payment of any surplus realized thereby (the "Liquidation Plan"), to seek acceptance by the Applicant and the Respondents of the Liquidation Plan, and, failing such acceptance within a reasonable period of time, as determined by the Liquidator, to recommend the Liquidation Plan to this Court and to seek approval thereof from this Court;
- (p) upon the Liquidation Plan being accepted in writing by the Applicants and the Respondents; or, in the alternative, being approved by an Order of this Court, to implement the Liquidation Plan;
- (q) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations; and
- (r) to disclaim, forfeit or otherwise terminate any lease of premises or land entered into by TBF and EPG without further order of this Court;

and in each case where the Liquidator takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below) and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE LIQUIDATOR

3. THIS COURT ORDERS that (i) TBF and EPG, (ii) all of TBF and EPG's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Liquidator of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Liquidator, and shall deliver all such Property to the Liquidator upon the Liquidator's request.

4. THIS COURT ORDERS that all Persons having notice of this Order shall forthwith advise the Liquidator of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of TBF and EPG, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Liquidator or permit the Liquidator to make, retain and take away copies thereof and grant to the Liquidator unfettered access to and use of accounting, computer, software and physical facilities

relating thereto, provided however that nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Liquidator due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

5. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to such Records to the Liquidator for the purpose of allowing the Liquidator to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Liquidator in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Liquidator. Further, for the purposes of this paragraph, all Persons having notice of this Order shall provide the Liquidator with all such assistance in gaining immediate access to the information contained in the Records as the Liquidator may in its discretion require including providing the Liquidator with instructions on the use of any computer or other system and providing the Liquidator with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE LIQUIDATOR

6. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Liquidator except with the written consent of the Liquidator or with leave of this Court.

NO PROCEEDINGS AGAINST TBF OR EPG OR THE PROPERTY

7. THIS COURT ORDERS that no Proceeding against or in respect of TBF or EPG or the Property shall be commenced or continued except with the written consent of the Liquidator or with leave of this Court and any and all Proceedings currently under way against or in respect of TBF or EPG or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

8. THIS COURT ORDERS that all rights and remedies against TBF or EPG, the Liquidator, or affecting the Property, are hereby stayed and suspended except with the written consent of the Liquidator or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the *Bankruptcy and Insolvency Act*, and further provided that nothing in this paragraph shall (i) empower the Liquidator or TBF or EPG to carry on any business which they are not lawfully entitled to carry on, (ii) exempt the Liquidator or TBF or EPG from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE LIQUIDATOR

9. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by TBF and/or EPG, without written consent of the Liquidator or leave of this Court.

CONTINUATION OF SERVICES

10. THIS COURT ORDERS that all Persons having oral or written agreements with TBF and/or EPG or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to either TBF or EPG are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Liquidator, and that the Liquidator shall be entitled to the continued use of TBF's and EGP's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Liquidator in accordance with normal payment practices of TBF or EPG (as the case may be) or such other practices as may be agreed upon by the supplier or service provider and the Liquidator, or as may be ordered by this Court.

LIQUIDATOR TO HOLD FUNDS

11. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Liquidator from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Liquidator: and the monies standing to the credit of such accounts from time to time, net of any disbursements provided for herein, shall be held by the Liquidator to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

12. THIS COURT ORDERS that, subject to paragraph 12A hereof, all employees of TBF and EPG shall remain employees of TBF and EPG until such time as the Liquidator, on behalf of TBF and EPG, may terminate the employment of such employees. Nothing contained in this Order shall be deemed to constitute the Liquidator an employer, successor employer or related employer of any one or more of the employees of TBF and EPG within the meaning of any legislation (federal or provincial) or deem the Liquidator liable for any wages, salary or employment-related compensation whatsoever, including any severance pay, termination pay, pay in lieu of notice or vacation pay; and further, the appointment of the Liquidator shall not constitute the sale of TBF and EPG for the purpose of any legislation (federal or provincial), dealing with employees or employment-related obligations.

12A. For greater clarity, the claim of Duanne Taylor in regard to his employment contract (including the quantum of any amount which may be owing to Duanne Taylor in that regard) shall be unaffected by paragraph 12 of this Liquidation Order and shall be matters over which the Arbitrator shall continue to exercise jurisdiction.

LIMITATION ON ENVIRONMENTAL LIABILITIES

13. THIS COURT ORDERS that nothing herein contained shall require the Liquidator to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, *The Environment Act* (Manitoba), *The Water Resources Conservation Act* (Manitoba), *The Contaminated Site Remediation Act* (Manitoba), *The Dangerous Goods Handling and Transportation Act* (Manitoba), *The Public Health Act* (Manitoba) or *The Workplace Safety and Health Act* (Manitoba) and regulations thereunder (collectively, the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Liquidator from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Liquidator shall not, as a result of this Order or anything done in pursuance of the Liquidator's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Liquidator actually takes physical possession of the Property.

LIMITATION ON THE LIQUIDATOR'S LIABILITY

14. THIS COURT ORDERS that in addition to the rights and protections afforded the Liquidator under *The Corporations Act* or as an officer of this Court, the Liquidator shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any liability arising out of gross negligence or wilful misconduct on its part.

LIQUIDATOR'S ACCOUNTS

15. THIS COURT ORDERS that the Liquidator and legal counsel to the Liquidator shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Liquidator and legal counsel to the Liquidator shall be entitled to and are hereby granted a charge (the "**Liquidator's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Liquidator's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person. For greater clarity, the amount of the Liquidator's Charge shall not exceed \$50,000.00 (or such greater amount as this Court may be further Order authorize).

16. THIS COURT ORDERS that the Liquidator and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Liquidator and its legal counsel are hereby referred to a judge of this Court, but nothing herein shall fetter this Court's discretion to refer such matters to a Master of this Court.

17. THIS COURT ORDERS that, prior to the passing of its accounts or those of its legal counsel, the Liquidator shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements and those of its legal counsel, including legal fees and disbursements, incurred at the standard rates and charges of the Liquidator or its legal counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE LIQUIDATION PROCEEDINGS

18. THIS COURT ORDERS that the Liquidator be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed an amount equal to the sum of: (a) such amounts as the Liquidator borrows to pay municipal property tax arrears and insurance; and \$50,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Liquidator by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Liquidator's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Liquidator's Charge.

19. THIS COURT ORDERS that neither the Liquidator's Borrowings Charge nor any other security granted by the Liquidator in connection with its borrowings under this Order shall be enforced without leave of this Court.

20. THIS COURT ORDERS that the Liquidator is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Liquidator's Certificates") for any amount borrowed by it pursuant to this Order.

21. THIS COURT ORDERS that the monies from time to time borrowed by the Liquidator pursuant to this Order or any further order of this Court and any and all Liquidator's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Liquidator's Certificates.

GENERAL

22. THIS COURT ORDERS that the Liquidator may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder, as deemed necessary and, upon rendering its final account, may apply for an order dissolving TBF and EPG.

23. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Liquidator and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance

to the Liquidator, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Liquidator and its agents in carrying out the terms of this Order.

24. THIS COURT ORDERS that the Liquidator be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Liquidator is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

25. THIS COURT ORDERS that if the parties cannot agree on the issue of costs with respect to the Previous Proceeding, and the issue of costs with respect to the Applicants' motion for enforcement of the Awards of Arbitrator Harvey L. Sexter in this proceeding, such costs may be spoken to.

26. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Liquidator and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order

June 5th, 2017.

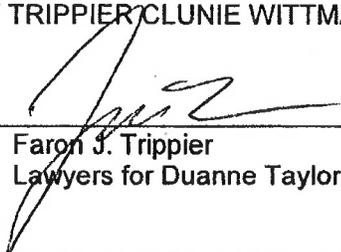
J. Toews

CERTIFIED A TRUE COPY
J. B. W.
DEPUTY REGISTRAR

CONSENT AS TO FORM:

FAST TRIPPIER/CLUNIE WITTMAN SANTOS LLP

per: _____


Faron J. Trippier

Lawyers for Duanne Taylor, 5608067 Manitoba Ltd. and Fat Cat Farms Ltd.

CONSENT AS TO FORM AND CONTENT:

PITBLADO LLP

per: _____


Douglas G. Ward

Lawyers for the secured creditor, the Bank of Montreal

CONSENT AS TO FORM AND CONTENT:

BOUDREAU LAW LLP

per: _____

J.R. Norman Boudreau

Lawyers for the secured creditors, Gerald Wiebe and Martha Wiebe

CONSENT AS TO FORM AND CONTENT:

MLT AIKINS LLP

per: _____

Jeffrey M. Lee, Q.C.

Lawyers for the Liquidator, Deloitte Restructuring Inc.

CONSENT AS TO FORM:

FAST TRIPPIER CLUNIE WITTMAN SANTOS LLP

per: _____

Faron J. Trippier

Lawyers for Duanne Taylor, 5608067 Manitoba Ltd. and Fat Cat Farms Ltd.

CONSENT AS TO FORM AND CONTENT:

PITBLADO LLP

per: _____

Douglas J. Ward

Lawyers for the secured creditor, the Bank of Montreal

CONSENT AS TO FORM AND CONTENT:

BOUDREAU LAW LLP

per: _____

J.R. Norman Boudreau

Lawyers for the secured creditors, Gerald Wiebe and Martha Wiebe

CONSENT AS TO FORM AND CONTENT:

MLT AIKINS LLP

per: _____

Jeffrey M. Lee, Q.C. NIGEL I. THOMPSON

Lawyers for the Liquidator, Deloitte Restructuring Inc.

SCHEDULE "A"

LIQUIDATOR CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte Restructuring Inc., the liquidator (the "Liquidator") of the assets, undertakings and properties of Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd. (collectively, the "Property") appointed by Order of the Manitoba Court of Queen's Bench (the "Court") dated the 28th day of April, 2017 (the "Order") made in an action having Court File No. CI 15-01-97066, has received as such Liquidator from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Liquidator is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly] not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of the Bank of Montreal from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Liquidator pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Liquidator to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Winnipeg, Manitoba.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Liquidator to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Liquidator to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Liquidator does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

Deloitte Restructuring Inc., solely in its capacity as Liquidator of the Property, and not in its personal capacity

Per: _____

Name:

Title:

Appendix H – Duane Taylor Notice of Revision or Disallowance

NOTICE OF REVISION OR DISALLOWANCE OF PROOF OF CLAIM

**EDWIN POTATO GROWERS LTD.
(the “Company”)**

Name of Creditor: Duanne Taylor

Reference #: DET-1

Terms in capital letters which are not defined within this Notice of Revision or Disallowance of Proof of Claim have the meaning ascribed thereto in the Order dated November 21, 2017 and Schedule A – Claims Process to the Order. Pursuant to the Order, Deloitte Restructuring Inc. in its capacity as Liquidator of the Company, hereby gives you notice that it has reviewed your Proof of Claim and has revised or disallowed your Claim as follows:

Your Claim has been revised for Distribution Purposes; or

Your Claim has been disallowed

Revision or Disallowance:

Proof of Claim as Submitted	Proof of Claim as Accepted
Unsecured \$800,000 - \$1,000,000	\$Nil

Reason for the Revision or Disallowance:

The SUMMARY OF THE AWARDS section, paragraph 2. of the Arbitration Award which was attached as Schedule A (the “**Arbitration Award**”) to the Claim reads as follows,

“Under the terms of his employment agreement with TBF, Duanne Taylor is owed:

- a) \$860,618.00 (less statutory deductions) for 2008-2015*
- b) The greater of \$60,000.00 or 18% of TBF’s profits (less deductions) for 2016.”*

Based on the forgoing, the claim of Duanne Taylor pursuant to the Arbitration Award is not due from Edwin Potato Growers Ltd.

IF YOU DO NOT AGREE WITH THIS NOTICE OF REVISION OR DISALLOWANCE OF PROOF OF CLAIM, PLEASE TAKE NOTICE OF THE FOLLOWING:

1. If you intend to dispute this Notice of Revision or Disallowance of Proof of Claim you must **no later than 30 calendar days** after service of this Notice of Revision or Disallowance of Proof of Claim serve on the Liquidator and the Claims Officer a Dispute Notice by personal service, facsimile, or email (in PDF format) to the address, email address or fax number indicated below. The form of Dispute Notice is enclosed.
2. If you do not deliver a Dispute Notice, the value of your Claim shall be deemed to be as set out in this Notice of Revision or Disallowance of Proof of Claim.

Address for Service of Dispute Notices:

Deloitte Restructuring Inc., as Liquidator
of Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd.
360 Main Street, Suite 2300
Winnipeg, MB R3C 3Z3

Phone: (204)944-3586
Fax: (204)947-2689
Attention: John R. Fritz
jofritz@deloitte.ca

AND

David R. M. Jackson
Taylor McCaffrey LLP
9th Floor, 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Email: djackson@tmlawyers.com
Fax: (204)953-7178

IF YOU FAIL TO TAKE ACTION WITHIN THE PRESCRIBED TIME PERIODS, THIS NOTICE OF REVISION OR DISALLOWANCE OF PROOF OF CLAIM WILL BE BINDING UPON YOU FOR DISTRIBUTION PURPOSES.

DATED this 20th day of August, 2018.

DELOITTE RESTRUCTURING INC.,
in its capacity as Liquidator
of Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd.
and not in its personal capacity.

DISPUTE NOTICE

**EDWIN POTATO GROWERS LTD.
(the "Company")**

Terms in capital letters which are not defined within this Dispute Notice have meaning ascribed thereto in the Order dated November 21, 2017 and Schedule A – Claims Process to the Order. Pursuant to the Order, we hereby give you notice of our intention to dispute the Notice of Revision or Disallowance of Proof of Claim bearing Reference #: _____ and dated _____, 2018 issued by Deloitte Restructuring Inc. in its capacity as Liquidator of the Company.

Name of Creditor: _____

Reasons for Dispute (attach additional sheet and copies of all supporting documentation if necessary):

Signature of Individual/Authorized Signing Officer: _____

(Please print name) _____

Date: _____

Telephone Number: _____ Facsimile Number: _____

Email Address: _____

Full Mailing Address:

THIS FORM AND SUPPORTING DOCUMENTATION TO BE RETURNED BY PERSONAL SERVICE, FACSIMILE, OR EMAIL (IN PDF FORMAT) TO THE ADDRESS, EMAIL ADDRESS OR FAX NUMBER INDICATED HEREIN AND TO BE RECEIVED NO LATER THAN 30 CALENDAR DAYS AFTER SERVICE OF THE NOTICE OF REVISION OR DISALLOWANCE OF PROOF OF CLAIM ON YOU.

Address for Service of Dispute Notices:

Deloitte Restructuring Inc., as Liquidator
of Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd.
360 Main Street, Suite 2300
Winnipeg, MB R3C 3Z3

Phone: (204)944-3586
Fax: (204)947-2689
Attention: John R. Fritz
jofritz@deloitte.ca

AND

David R. M. Jackson
Taylor McCaffrey LLP
9th Floor, 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Email: djackson@tmlawyers.com
Fax: (204)953-7178

Appendix I – Duanne Taylor Dispute Notice

DISPUTE NOTICE

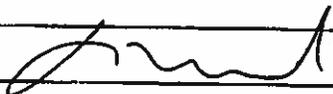
EDWIN POTATO GROWERS LTD.
(the "Company")

Terms in capital letters which are not defined within this Dispute Notice have meaning ascribed thereto in the Order dated November 21, 2017 and Schedule A - Claims Process to the Order. Pursuant to the Order, we hereby give you notice of our intention to dispute the Notice of Revision or Disallowance of Proof of Claim bearing Reference #: DET -1 and dated AUGUST 20, 2018 issued by Deloitte Restructuring Inc. in its capacity as Liquidator of the Company.

Name of Creditor: DUANNE TAYLOR

Reasons for Dispute (attach additional sheet and copies of all supporting documentation if necessary):

See Schedule "A"

Signature of Individual/Authorized Signing Officer: 

(Please print name) Duanne Taylor

Date: Sept 18/2018

Telephone Number: 204-856-9575

Facsimile Number: N/A

Email Address: duannetaylor@googlemail.com

Full Mailing Address:

PO Box 1123 Portage la Prairie, Manitoba, R1N 3C3

THIS FORM AND SUPPORTING DOCUMENTATION TO BE RETURNED BY PERSONAL SERVICE, FACSIMILE, OR EMAIL (IN PDF FORMAT) TO THE ADDRESS, EMAIL ADDRESS OR FAX NUMBER INDICATED HEREIN AND TO BE RECEIVED NO LATER THAN 30 CALENDAR DAYS AFTER SERVICE OF THE NOTICE OF REVISION OR DISALLOWANCE OF PROOF OF CLAIM ON YOU.

Address for Service of Dispute Notices:

Deloitte Restructuring Inc., as Liquidator
of Taylor Bros. Farm Ltd. and Edwin Potato Growers Ltd.
360 Main Street, Suite 2300
Winnipeg, MB R3C 3Z3

Phone: (204)944-3586
Fax: (204)947-2689
Attention: John R. Fritz
jofritz@deloitte.ca

AND

**David R. M. Jackson : .
Taylor McCaffrey LLP
9th Floor, 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Email: djackson@tmlawyers.com
Fax: (204)953-7178**

**SCHEDULE "A" TO THE DISPUTE NOTICE
OF
DUANNE TAYLOR**

1. Edwin Potato Growers Ltd. was and still is indebted to Duanne Taylor and the Notice of Disallowance is hereby disputed based on the following reasons:
 - a) The amounts claimed by Duanne Taylor not under the purview of the Liquidator under section 12A of the Order of the Court of Queen's Bench dated April 28, 2017;
 - b) The amounts claimed under the Proof of Claim in the Claims Process by Duanne Taylor were for the amounts claimed under his Employment Contract or on a *quantum meruit* basis payable from the sale of land by Edwin Potato Growers Ltd. and the sale of the assets of Edwin Potato Growers Ltd. held in or around August 2016. These matters were not decided by the Arbitrator and are not subject to the Arbitrator's award. The Liquidator cannot arbitrarily decline this claim by Duanne Taylor under the Claims Process, when the matter is outside of its jurisdiction.

Appendix J – Interim Report of the Claims Officer (Duanne Taylor Claim)

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

BETWEEN:

LINCOLN WOLFE and 5606269 MANITOBA LTD.,

Applicants,

- and -

**DUANNE TAYLOR, 5608067 MANITOBA LTD.,
TAYLOR BROS. FARM LTD. and EDWIN POTATO GROWERS LTD.,**

Respondents.

**INTERIM REPORT OF CLAIMS OFFICER
(DUANNE TAYLOR DISPUTE)**

TAYLOR McCAFFREY LLP
Barristers and Solicitors
2200 – 201 Portage Avenue
Winnipeg, Manitoba
R3B 3L3

David R.M. Jackson
Telephone - 988-0375
Fax - 957-0945

Client File No. 32608-5 DJAC

THE QUEEN'S BENCH
WINNIPEG CENTRE

B E T W E E N:

LINCOLN WOLFE and 5606269 MANITOBA LTD.,

Applicants,

- and -

DUANNE TAYLOR, 5608067 MANITOBA LTD.,
TAYLOR BROS. FARM LTD. and EDWIN POTATO GROWERS LTD.,

Respondents.

INTERIM REPORT OF CLAIMS OFFICER
(DUANNE TAYLOR DISPUTE)

1. In accordance with the Order pronounced November 21, 2017 and entered December 11, 2017 ("Claims Process Order") as amended by Order entered May 28, 2018, a Claims Process as more particularly described in Appendix A thereto ("Claims Process") was approved which, *inter alia*:

- a) Authorized the Liquidator to notify and send Claims Packages to potential Claimants;
- b) Enabled any person who had a Claim otherwise owing by either Taylor Bros. Farm Ltd. ("TBF") or Edwin Potato Growers Ltd. ("EPG") of any kind or nature to file a Proof of Claim with the Liquidator within a set time period;
- c) Authorized the Liquidator to value and classify all Claims based upon the Proof of Claim submitted including empowering the Liquidator to disallow in whole or in part the value or classification of any claim;
- d) Required that where the Liquidator disallowed a claim in whole or in part to serve the Claimant a Notice of Revision or Disallowance of Proof of Claim ("Notice of Disallowance") setting out the reasons for its determination or disallowance;

- e) The Notice of Disallowance would be final and binding unless within 30 calendar days after service of the Notice of Disallowance the Claimant provides notice in writing of its intention to dispute the matter by serving a Dispute Notice and supporting documentation ("Dispute Notice") on the Liquidator and the Claims Officer;
- f) Within 15 calendar days of receipt of the Dispute Notice, paragraph 13 of the Claims Process ("Paragraph 13") directs the Claims Officer to review the reasons for the dispute, reconsider on a summary basis the status, validity or value of the Claim and either:
 - i) Issue a written a determination of the issues raised in the Dispute Notice; or
 - ii) Schedule a hearing to determine the issues raised in the Dispute Notice with such hearing to be conducted by the Claims Officer at his discretion, as soon as such hearing can reasonably be conducted.

2. On June 25, 2018 Duanne Taylor ("Taylor") prepared and submitted a Proof of Claim with the Liquidator as a creditor of EPG for an unsecured claim, the particulars of which were stated in the Proof of Claim as follows:

An exact calculation as to the amounts owed to Duanne Taylor on account of his employment contract cannot be determined at this time without further information from the Liquidator.

Based upon the amounts determined by the Arbitrator in the Arbitration Award it is estimated the amount owed to Duanne Taylor on account of his employment contract for 2008 to 2018 totals approximately \$800,000.00 to \$1,000,000.00.

This amount is owed by Edwin Potato Growers Ltd. to Duanne Taylor based upon Duanne Taylor's employment contract or, in the alternative, a *quantum merit* basis

("Taylor Claim").

3. The Taylor Claim had scheduled to it as its supporting materials an Arbitration Award of Harvey L. Sector ("Arbitrator") dated August 24, 2016 ("Arbitration

Award") as well as a copy of the Liquidation Order in these proceedings pronounced April 28, 2017 and entered June 5, 2017 ("Liquidation Order").

4. On August 20, 2018 the Liquidator submitted a Notice of Disallowance which, *inter alia*, disallowed the Taylor Claim in full on the stated basis that the Arbitration Award upon which the Taylor Claim is based is due from TBF, not EPG.

5. Taylor filed a Dispute Notice on September 18, 2020 setting out the reasons for dispute as follows:

- a) The amounts claimed by Duanne Taylor are not under the purview of the Liquidator under Section 12 A of the Order of the Court of Queen's Bench dated April 28, 2017;
- b) The amounts claimed under the Proof of Claim in the Claims Process by Duanne Taylor were for the amounts claimed under his employment contract or on a *quantum merit* basis payable from the sale of land by Edwin Potato Growers Ltd. and the sale of assets of Edwin Potato Growers Ltd. held in or around August, 2016. These matters were not decided by the Arbitrator and are not subject to the Arbitration Award. The Liquidator cannot arbitrarily decline this claim by Duanne Taylor under the Claims process, when the matter is outside its jurisdiction.

6. Prior to expiry of the 15 days contemplated in Paragraph 13 the Claims Officer was instructed not to proceed with the Claims Process pending the outcome of other matters being taken in the Liquidation Proceedings. Subsequently, in September, 2020 the Liquidator advised the Claims Officer to resume the Claims Process and that the Court would provide further written directions confirming the Claims Officer's responsibility to proceed. In that respect the Claims Officer proposed October 15, 2020 as the deadline for complying with its Paragraph 13 obligations.

7. The Claims Officer reviewed the documentary record provided with counsel for Taylor and the Liquidator to ensure that the record was complete and provide the opportunity for counsel to agree if any other documentation should be included during the Paragraph 13 deliberations. No response was received.

8. The threshold issue is whether Taylor's claim should be addressed under the Claims Process or is it a matter over which the Arbitrator has jurisdiction.

9. Under the terms of the Claims Process any Claimant with a Claim is obliged to file its Proof of Claim with the Liquidator prior to the Claims Receipt Date failing which such Claim "will be barred and extinguished forever". Similarly, where the Liquidator has served a Notice of Disallowance on the Claimant, the Claimant must file the Dispute Notice within 30 days otherwise the Disallowance is "final, binding and conclusive".

10. Under paragraph 1 of the Claims Process, "Claim" is defined as "an amount of any kind or nature, whether unliquidated, contingent, or otherwise owing by the companies", that being either EPG or TBF. There is nothing set out in the Claims Process Order which exempts any Claimant from having to file a Proof of Claim or risk a determination that such Claim is barred and extinguished.

11. Ordinarily, the Claims Officer would assume that Taylor should have made every effort to set out the full particulars and quantification of his claim against EPG including all documentary evidence in order to allow the Liquidator (or the Claims Officer) the opportunity to properly assess and value his Claim. Taylor's claim does not set out those particulars but it does clearly challenge the Liquidator's jurisdiction to have his

employment contract claim administered under the Claims Process instead of by the Arbitrator.

12. Paragraph 12 A of the Liquidation Order states as follows:

"For greater clarity, the Claim of Duanne Taylor in regard to his employment contract (including the quantum of any amount which may be owing to Duanne Taylor in that regard) shall be unaffected by paragraph 12 of this Order and shall be matters over which the Arbitrator shall continue to exercise jurisdiction." (emphasis added)

13. While paragraph 12 of the Liquidation Order is fairly standard language from the template model Receivership Order intended to protect the Court's Officer from successor-employer and similar liabilities, paragraph 12 A discloses the Court's intention that Taylor's claim under his employment contract remains a matter over which the Arbitrator continues to exercise jurisdiction.

14. The Liquidator's Notice of Disallowance focused on one aspect of the Arbitration Award, in particular the Arbitrator's decision that it is TBF who owes Taylor under the employment contract. That is the stated basis upon which the Liquidator supports its Disallowance: there is no employment contract between Taylor and EPG because the employment contract is with TBF. However, the Arbitrator does not actually address whether there is an employment contract with EPG.

15. Nor is it clear that the Arbitration Award was the final word on the subject of Taylor's employment claims against either TBF or EPG. here appears to have been several arbitrations. For example, the Arbitrator pointed out on page 2 of the Arbitration Award that there had been a previous award published on April 20, 2016. Prior to that

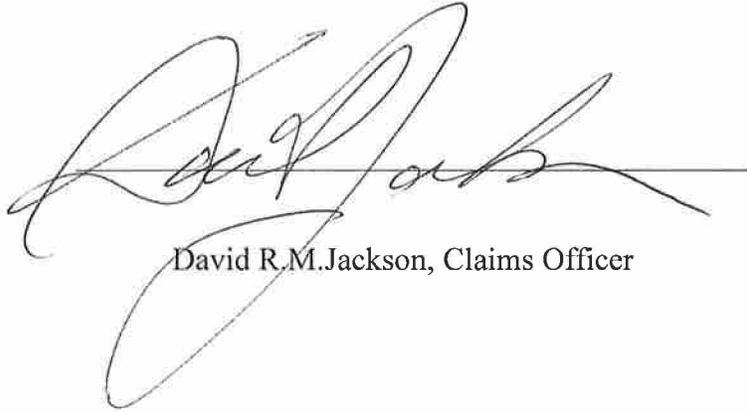
award being implemented the parties held a further mediation session which included a hearing to determine the amounts owing to and from TBF and EPG and their shareholders. At page 3 of the Award it was clear that counsel had reached an agreement to identify specific issues to be determined at the arbitration including the "amount owing to Taylor by TBF". As such, that was the specific issue addressed. Finally, in his conclusion at page 24 the Arbitrator stated:

"While that made it possible to conclude most issues, some require information that was not available at the time of the hearing or by the writing of this award. Accordingly, I retain jurisdiction in this matter and remain available to provide clarification of the terms of this award, any assistance required for its implementation, and to receive further submissions on matters that remain outstanding."

16. Given the process contemplated under Paragraph 13 the Claims Officer must either issue a written determination if satisfied of the correct answer based upon its review of the dispute or schedule a hearing to determine whether or not Taylor has an employment contract or *quantum merit* claim against EPG and, if so, adduce the quantum of what that claim might be separate and apart from Taylor's award against TBF under the Arbitration Award. However, proceeding with such a hearing in face of paragraph 12 A of the Liquidation Order would cause the litigants to expend considerable time and resources on a process that this Court may not have intended for resolution of this particular matter.

17. Accordingly, the Claims Officer submits this Interim Report to enable the Court to direct whether the Claims Officer has jurisdiction to continue with the Taylor Claim or if the matter should be addressed by the Arbitrator.

Dated at Winnipeg, Manitoba, this 15th day of October, 2020.

A handwritten signature in black ink, appearing to read "David R.M. Jackson", written over a horizontal line. The signature is fluid and cursive, with a large loop at the end.

David R.M. Jackson, Claims Officer

Appendix K – Report of the Claims Officer (Fat Cat Farms Ltd. Claim)

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

BETWEEN:

LINCOLN WOLFE and 5606269 MANITOBA LTD.,

Applicants,

- and -

**DUANNE TAYLOR, 5608067 MANITOBA LTD.,
TAYLOR BROS. FARM LTD. and EDWIN POTATO GROWERS LTD.,**

Respondents.

**REPORT OF CLAIMS OFFICER
(FAT CAT FARMS DISPUTE)**

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Fax - 957-0945

Client File No. 32608-5 DJAC

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

BETWEEN:

LINCOLN WOLFE and 5606269 MANITOBA LTD.,

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**DUANNE TAYLOR, 5608067 MANITOBA LTD.,
TAYLOR BROS. FARM LTD. and EDWIN POTATO GROWERS LTD.,**

Respondents.

**REPORT OF CLAIMS OFFICER
(FAT CAT FARMS DISPUTE)**

1. In accordance with the Order pronounced November 21, 2017 and entered December 11, 2017 ("Liquidation Plan and Sale Process Order") and as amended by Order entered May 28, 2018, a Claims Process as more particularly described in Appendix A thereto ("Claims Process") was approved which, *inter alia*:

- a) Authorized the Liquidator to notify and send Claims Packages to potential Claimants;
- b) Enabled any person who had a Claim otherwise owing by Taylor Bros. Farm Ltd. ("TBF") of any kind or nature to file a Proof of Claim with the Liquidator within a set time period;
- c) Authorized the Liquidator to value and classify all Claims based upon the Proof of Claim submitted including empowering the Liquidator to disallow in whole or in part the value or classification of any claim;
- d) Required that where the Liquidator disallowed a claim in whole or in part to serve the Claimant a Notice of Revision or Disallowance of Proof of Claim ("Notice of Disallowance") setting out the reasons for its determination or disallowance;

- e) The Notice of Disallowance would be final and binding unless within 30 calendar days after service of the Notice of Revision or disallowance the Claimant provides notice in writing of its intention to dispute the matter by serving a Dispute Notice and supporting documentation ("Dispute Notice") on the Liquidator and the Claims Officer;
- f) Within 15 calendar days of receipt of the Dispute Notice, required the Claims Officer to review the reasons for the dispute, reconsider on a summary basis the status, validity or value of the Claim and either:
 - i) Issue a written determination of the issues raised in the Dispute Notice; or
 - ii) Schedule a hearing to determine the issues raised in the Dispute Notice with such hearing to be conducted by the Claims Officer at his discretion, as soon as such hearing can reasonably be conducted.

2. On June 25, 2018 Fat Cat Farms Ltd. ("FCF") prepared and submitted its Proof of Claim with the Liquidator as a creditor of EPG for the sum of \$23,025.58 for recovery of various expenses FCF paid on behalf of EPG to Manitoba Hydro, Wawenesa Farm Insurance, and MIG Insurance and Red River Group ("FCF Claim").

3. The FCF's Claim had scheduled to it:

- Manitoba Hydro statement of April 11, 2016
- One page transaction details for Deposit Account No. 0545 1998-239
- March 2, 2017 cheque stub to Manitoba Hydro
- Business Banking Statement dated May 31, 2016
- Wawenesa Summary of Coverages for Farm Insurance Policy effective May, 2016
- E-Mail from BMO dated March 21, 2016 confirming money transferred to Red River Group; and
- Paid invoice from Red River Group to FCF

4. On August 20, 2018 the Liquidator submitted a Notice of Disallowance which, *inter alia*, disallowed the FCF Claim in full on the basis that FCF owed the Liquidator \$25,715.12 for utility costs the Liquidator paid which it says should have been paid by FCF under the terms of a Lease Agreement between FCF and the Liquidator. Attached to this Notice of Disallowance was a schedule containing the following:

- RM of Portage La Prairie Utility Bill dated July 27, 2017
- Manitoba Hydro Statement of Account October 16, 2017
- RM of Portage La Prairie Utility Bill dated November 7, 2017
- Manitoba Hydro Statement of Account dated November 9, 2017
- RM of Portage La Prairie Statement dated November 13, 2017
- Manitoba Hydro Statement of Account dated December 11, 2017
- Manitoba Hydro Statement of Account dated January 10, 2018
- RM of Portage La Prairie Utility Bill dated January 30, 2018

The Lease Agreement was not attached.

5. FCF filed a Dispute Notice on September 18, 2020 setting out its reasons for dispute as follows:

- a) The utility costs used by the Liquidator to set off the amounts owing to EPG are improperly used;
- b) The utility costs are disputed by FCF in their entirety, in particular that the facilities that have required utilities were not part of the original lease;
- c) At all times FCF maintains status quo such that it was not responsible for any utility costs and did not agree to be responsible for utility costs;
- d) Utility costs were billed on the account of TBF with respect to the land and not on the account of EPG.

6. Prior to expiry of the 15 days contemplated in paragraph 13 of the Claims Process, the Claims Officer was instructed not to proceed with the Claims Dispute process pending the outcome of other matters being taken in the Liquidation Proceedings. Subsequently, in September, 2020 the Liquidator advised the Claims Officer to resume with the Claims Dispute process and that the Court would provide further written directions confirming the Claims Officer's responsibility to proceed. In that respect the Claims Officer proposed October 15, 2020 as the 15 day deadline set out in paragraph 13 of the Claims Process to either issue a written decision or schedule a hearing to determine the issues.

7. The Claims Officer reviewed the documentary record provided with counsel for FCF and the Liquidator to ensure that the record was complete and provide the opportunity for counsel to agree if any other documentation should be included during the paragraph 13 deliberations. No response was received.

8. On October 15, 2020 the Claims Officer notified counsel for the Liquidator and FCF that it would be necessary to schedule a hearing to determine the issues raised in the Dispute Notice. A teleconference was set up on November 6, 2020 wherein the Claims Officer advised counsel that he could not make a determination without a hearing because:

- a) He had not been provided with a copy of the Lease Agreement that the liquidator relies on for the purposes of the Notice of Disallowance; and
- b) He would need to hear from both sides on:
 - i) Does the Claims Officer have jurisdiction to consider the set off asserted by the liquidator?
 - ii) Are the amounts that the liquidator proposes to set off amounts owing to EPG or TBF?

9. The Claims Officer also informed counsel that from his reading of the Notice of Disallowance the Liquidator was not actually disputing FCF's claim against EPG but simply asserting that EPG had a larger claim against FCF which would offset. Counsel for the Liquidator advised that she would confirm her position and respond before the close of business November 13, 2020.

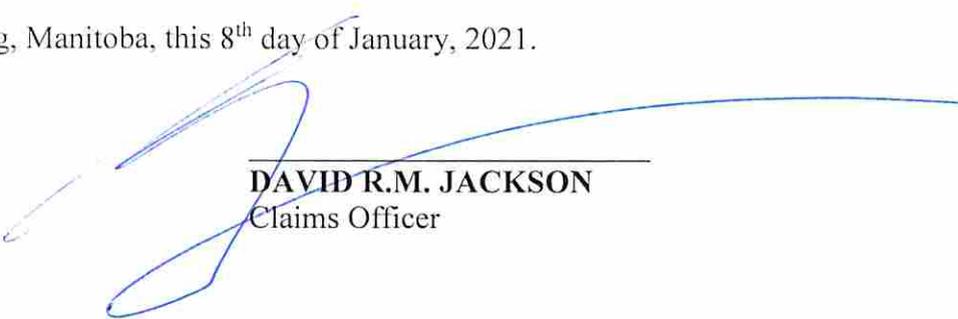
10. The Claims Officer further asked counsel whether there was any other evidence that would be required for them to make their submissions aside from the Lease Agreement which they will forward to the Claims Officer and they both agreed to advise the Claims Officer of same before the close of business November 13, 2020.

11. Counsel and the Claims Officer agreed to schedule the hearing for Friday, January 8, 2021 at 10:00 a.m. which would be held virtually.

12. On January 4, 2021 counsel for the Liquidator advised that the parties had reached an agreement to the effect that the Liquidator would now accept the FCF Claim without prejudice to either the Liquidator or Fat Cat's ability to raise or dispute a set off by the Liquidator and is therefore resolved. As such, the hearing scheduled with the Claims Office for January 8, 2021 would no longer be required.

13. The Claims Officer submits the Report in satisfaction of his obligations under the Liquidation Plan and Sale Process Order.

Dated at Winnipeg, Manitoba, this 8th day of January, 2021.



DAVID R.M. JACKSON
Claims Officer