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2501-06120

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JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF SUNTERRA FOOD CORPORATION, TROCHU  
MEAT PROCESSORS LTD., SUNTERRA QUALITY FOOD  
MARKETS INC., SUNTERRA FARMS LTD., SUNWOLD FARMS  
LIMITED, SUNTERRA BEEF LTD., LARIAGRA FARMS LTD.,  
SUNTERRA FARM ENTERPRISES LTD., SUNTERRA  
ENTERPRISES INC.

APPLICANT

**NATIONAL BANK OF CANADA**

RESPONDENTS

**SUNTERRA FOOD CORPORATION, TROCHU MEAT  
PROCESSORS LTD., SUNTERRA QUALITY FOOD MARKETS INC.,  
SUNTERRA FARMS LTD., SUNWOLD FARMS LIMITED,  
SUNTERRA BEEF LTD., LARIAGRA FARMS LTD., SUNTERRA  
FARM ENTERPRISES LTD., SUNTERRA ENTERPRISES INC., RAY  
PRICE and DEBBIE UFFELMAN and CRAIG THOMPSON**

DOCUMENT

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**AFFIDAVIT #1 OF RICHARD DEAN CHAN  
SWORN AUGUST 29, 2025**

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**NATIONAL BANK OF CANADA**

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**AFFIDAVIT #1 OF RICHARD DEAN CHAN**  
**Sworn on August 29, 2025**

I, RICHARD DEAN CHAN, of the City of Richmond, in the Province of British Columbia,  
SWEAR AND SAY THAT:

1. I am the Vice President, Special Asset Management Unit ("**SAMU**"), with National Bank of Canada ("**NBC**"), previously Canadian Western Bank ("**CWB**"). NBC is a Schedule I bank incorporated under the *Bank Act*, S.C. 1991, c. 46, as amended, with its head office in the City of Montreal, Quebec. Until March 1, 2025, CWB was also a Schedule I bank incorporated under the *Bank Act*. On March 1, 2025, CWB and NBC amalgamated and continued under the name "National Bank of Canada". Until March 1, 2025, the dealings between NBC and the Respondents were between the Respondents and NBC's predecessor, CWB, and thereafter were between the Respondents and NBC. References in this Affidavit to NBC include, as and where applicable, matters including CWB prior to amalgamation.
2. SAMU is the division within NBC that is responsible for managing borrowers who have breached covenants in their lending and other agreements with NBC. At the time the Canadian Sunterra Entities (as defined below) first became involved with SAMU in September 2023, I was the head of SAMU with CWB. I assigned day to day conduct of the file to one of my direct reports, Mr. Rodney Randal, who reported to me with respect to the credit from time to time.
3. More particularly, when the Canadian Sunterra Entities were referred to SAMU, they had breached certain financial covenants in their loan agreement which, in turn, caused NBC concern with respect to their ability to perform their obligations to NBC. The matter of the 2023 financial covenant breach was resolved by NBC waiving such breach, but the overall concerns remained such that the Canadian Sunterra Entities remained managed by SAMU.
4. I first became directly involved with the Canadian Sunterra Entities in February 2025, when serious concerns came to light as a result of cheques drawn by Sunterra Farms Iowa, Inc. ("**Sunterra Iowa**"), and Sunwold Farms, Inc. ("**Sunwold US**", Sunterra Iowa and Sunwold US are collectively referred to as, the "**US Impugned Entities**"), on their accounts at Compeer Financial, PCA ("**Compeer**"), in favour of Sunterra Farms Ltd. ("**Sunterra Canada**") and Sunwold Farms Limited ("**Sunwold Canada**", Sunterra Canada and Sunwold Canada are collectively referred to as, the "**Canadian Impugned Entities**", and the US Impugned Entities and the Canadian

Impugned Entities are collectively referred to as, the "**Impugned Entities**"), were returned by Compeer resulting in an unauthorized overdraft in the amount of approximately US \$43 million.

5. I am responsible for overseeing the cheque kiting investigation and monitoring of the Canadian Sunterra Entities' restructuring efforts. Raymond Pai is part of the NBC SAMU team responsible for this matter and reports directly to me. I have reviewed the Affidavit #2 of Raymond Pai, sworn August 29<sup>th</sup>, 2025 (the "**Second Pai Affidavit**"), and confirm the facts set out therein are correct to the best of my knowledge .

6. As a result of my role as described above, I have had direct oversight of the accounts of Sunterra Food Corporation ("**Sunterra Food**"), Trochu Meat Processors Ltd. ("**Trochu Meat**"), Sunterra Quality Food Markets Inc. ("**Sunterra Markets**"), Sunterra Canada, Sunwold Canada, Sunterra Beef Ltd. ("**Sunterra Beef**"), Sunterra Enterprises Inc. ("**Sunterra Enterprises**"), Sunterra Farm Enterprises Ltd. ("**Sunterra Farm Enterprises**"), Lariagra Farms Ltd. ("**Lariagra Canada**"), Lariagra Canada, Sunterra Farm Enterprises, Sunterra Enterprises, Sunterra Beef, Sunwold Canada, Sunterra Canada, Sunterra Markets, Trochu Meat, and Sunterra Food are collectively referred to as, the "**Canadian Sunterra Entities**"). My involvement includes having reviewed the analysis of the cheque kiting scheme that occurred between Sunterra Canada, and Sunwold Canada on the one hand, and Sunterra Iowa, and Sunwold US, on the other.

7. Lariagra Farms South, Inc. ("**Lariagra US**", Lariagra US, Sunterra Iowa, and Sunwold US are collectively referred to as, the "**US Sunterra Entities**") is another Sunterra entity located in the United States that has had involvement in the matters.

8. As part of the ongoing investigation, monitoring and management described above, I have reviewed the books and records maintained by and in the possession of NBC, in the ordinary course of business, which relate to the Canadian Sunterra Entities and the US Sunterra Entities. Based on the above and including such review, I have personal knowledge of the matters and facts hereinafter sworn to, except where stated to be based on information and belief, in which case, I believe same to be true.

#### **The Unauthorized Overdrafts and the Impugned Transactions**

9. Sunterra Canada and Sunwold Canada operated bank accounts with NBC (the "**NBC Accounts**").

10. As at February 14, 2025, Sunterra Canada and Sunwold Canada had accumulated unauthorized overdrafts (the “**Unauthorized Overdrafts**”), in their NBC Accounts, in excess of US\$43 million.

11. Sunterra Iowa and Sunwold US each hold Farm Cash Management Accounts with Compeer (collectively, the “**Compeer Accounts**”).

12. NBC has reviewed the NBC Accounts for transactions from January 1, 2023 to and including February 28, 2025 (the “**Updated Review Period**”). Based upon my review of the NBC Accounts, for the Updated Review Period, the following transactions are of note:

- (a) Sunterra Canada received incoming cheques, mainly from the US Impugned Entities’ Compeer Accounts, in the aggregate amount of approximately \$7.78 billion, and issued outgoing cheques, mainly to the U.S. Impugned Entities’ Compeer Accounts, in the aggregate amount of approximately \$7.73 billion; and,
- (b) Sunwold Canada received incoming cheques, mainly from the US Impugned Entities’ Compeer Accounts, in the aggregate amount of approximately \$2.77 billion, and issued outgoing cheques, mainly to the US Impugned Entities’ Compeer Accounts, in the aggregate amount of approximately \$2.76 billion

(collectively, the “**Impugned Transactions**” and the cheques comprising same are collectively referred to as, the “**Impugned Cheques**”).

### **The Respondents’ Admissions**

13. Immediately upon discovering the Unauthorized Overdrafts, NBC contacted Ray Price (“**Price**”).

14. On Friday, February 14, 2025, Price advised NBC, by email (the “**February 14 Email**”), that, among other things, the Unauthorized Overdrafts were caused as a result of Sunwold Canada and Sunterra Canada operating on a cash tax basis, while the US Sunterra Entities operated on an accrual basis. Price further advised that as a result, Sunterra Canada, Sunwold Canada, and the US Sunterra Entities would move cash from the US Sunterra Entities to Sunterra Canada and Sunwold Canada, but in order to keep the US Sunterra Entities with the appropriate cash, they would move money back down to the US Sunterra Entities on an “advance” basis. A

true copy of the February 14 Email, with commercially sensitive information redacted, is attached as Exhibit "CCC" to the Second Pai Affidavit.

15. Furthermore, in the February 14 Email, Price admitted that these intercompany transfers "grew beyond what they were meant to be", as Sunterra Canada, Sunwold Canada, and the US Sunterra Entities continued to make sure that they had the money they needed.

16. On February 17, 2025, which for context, was the Family Day Holiday Monday, a virtual meeting was held among myself, Raymond Pai, Price, and his brother, Arthur Price. At the time, Arthur Price advised that he was retired from active management of the Sunterra Group but continues as the Chairman of the Board of Directors. The virtual meeting was in the nature of an introductory call and an outline of preliminary information requests and discussions surrounding the path forward. Among other things, I advised:

- (a) NBC would be engaging FTI Consulting Canada Inc., as financial advisor, effective immediately and required the Canadian Sunterra Entities to cooperate with FTI;
- (b) any shortfall or overdraft in the NBC Accounts needed to be resolved immediately; and,
- (c) NBC requested the Canadian Sunterra Entities and the US Sunterra Entities provide consent to NBC and Compeer, being the holder of the Compeer Accounts, to facilitate and allow Compeer and NBC to discuss all aspects of the Impugned Transactions.

17. During this preliminary call, Price did not speak, which I found to be curious in the circumstances, given my understanding that Price was the Chief Financial Officer and Arthur Price noting that he had retired from active management.

18. On February 24, 2025, an in-person meeting was held among Arthur Price, Glen Price, myself, Raymond Pai, and Dustin Olver of FTI Consulting Canada Inc. (who was then acting in the capacity as financial advisor to NBC's counsel). In the meeting, among other things, Arthur Price advised:

- (a) the Impugned Transactions and Unauthorized Overdrafts were caused by Price;

- (b) they were unaware of the Impugned Transactions undertaken by Price, and were upset and disappointed with Price for having undertaken the Impugned Transactions;
- (c) the Impugned Transactions were a mistake;
- (d) if NBC requested it, Price would be removed as a signatory on all Canadian Sunterra Entities' banking transactions;
- (e) the Canadian Sunterra Entities would fully cooperate with FTI Consulting Canada Inc., including by providing timely responses for requests for information;
- (f) the Canadian Sunterra Entities would provide written consent to NBC and Compeer, being the holder of the Compeer Accounts, to facilitate and allow Compeer and NBC to discuss all aspects of the Impugned Transactions; and,
- (g) the Canadian Sunterra Entities would provide information to NBC relating to the Impugned Transactions, including, without limitation, by providing up to date account statements for the Compeer Accounts.

### **Conclusion**

19. I swear this Affidavit in support of NBC's Claim, and for no other or improper purpose.

SWORN BEFORE ME at the City of )  
Vancouver, in the Province of British )  
Columbia, this 29<sup>th</sup> day of August, 2025. )

A NOTARY PUBLIC )  
in and for the Province of British Columbia )

  
RICHARD DEAN CHAN

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