

FORM 10
[RULE 3.25]

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ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFF

COMPEER FINANCIAL, PCA

DEFENDANT

**SUNTERRA FARMS LTD., SUNWOLD
FARMS LIMITED, SUNTERRA
ENTERPRISES INC., RAY PRICE and
DEBBIE UFFELMAN**

DOCUMENT

STATEMENT OF CLAIM

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

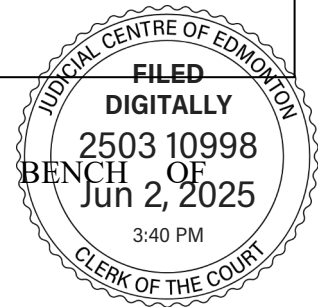
BENNETT JONES LLP
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NOTICE TO DEFENDANTS

You are being sued. You are a defendant.

Go to the end of this document to see what you can do and when you must do it.

Statement of facts relied on:



Overview of Claim

1. This Action arises from the perpetration of a sophisticated international fraudulent Cheque Kiting Scheme (as detailed and defined herein) perpetrated against the plaintiff, Compeer Financial, PCA (“**Compeer**”), the result of which is that Compeer is currently facing losses of more than USD \$36,500,000.
2. The perpetrators of the Cheque Kiting Scheme include Sunterra Farms Ltd. (“**Sunterra Canada**”) and Sunwold Farms Limited (“**Sunwold Canada**” and, together, the “**Canadian Sunterra Entities**”), which are members of the Alberta-based “**Sunterra Group**” that is ultimately owned by the Price family.
3. The fraudulent and oppressive conduct of the Canadian Sunterra Entities, and the United States-based members of the Sunterra Group that were Compeer’s customers, was undertaken by Ray Price (“**Price**”) and Debbie Uffelman (“**Uffelman**”), who were directors and/or officers of corporations in the Sunterra Group, including the Canadian Sunterra Entities. Price and Uffelman were directly and personally involved with the signing and delivery of cheques, and lending and financing documents, to Compeer.
4. Through their direct and personal involvement, Price and Uffelman not only caused the Canadian Sunterra Entities to perpetrate the Cheque Kiting Scheme, but sought to conceal the Cheque Kiting Scheme from Compeer. Their fraudulent conduct gives rise to the liability of the Canadian Sunterra Entities, as well as their personal liability.
5. In addition, Sunterra Enterprises Inc. (“**Sunterra Enterprises**”), which is another member of the Sunterra Group and the holding company of Compeer’s customers, provided contractual guarantees for amounts owing to Compeer. It has failed to satisfy those guarantees despite Compeer’s demands made in April 2025. Sunterra Enterprises is therefore also liable for Compeer’s losses.
6. By way of this Action, Compeer seeks a declaration that the Cheque Kiting Scheme constitutes fraud and judgment in the amount of its losses and related expenses, plus related relief, including an award of punitive damages reflecting its status as the victim of the fraudulent Cheque Kiting Scheme and the egregiously wrongful conduct of the defendants.

The Parties

7. Compeer is an instrumentality under the laws of the United States, with its headquarters in Sun Prairie, Wisconsin. It is a member-owned, Farm Credit cooperative serving and supporting agriculture and rural communities. Compeer provides loans, leases, risk management, and other financial services throughout 144 counties in Illinois, Minnesota and Wisconsin.
8. The Canadian Sunterra Entities are incorporated under the laws of the Province of Alberta. They carry on the business of owning and operating Alberta livestock facilities at which sows give birth to piglets, which are then sold to the U.S. Sunterra Entities (defined below).
9. Sunterra Enterprises is incorporated under the laws of the Province of Alberta. It is a holding company that holds the shares of, among other entities:
 - (a) Sunterra Farms Iowa, Inc. ("**Sunterra U.S.**"), a corporation incorporated under the laws of the State of Iowa; and
 - (b) Sunwold Farms, Inc. ("**Sunwold U.S.**"), a corporation incorporated under the laws of the State of South Dakota(together, the "**U.S. Sunterra Entities**").
10. The U.S. Sunterra Entities, along with another member of the Sunterra Group, Lariagra Farms South, Inc. ("**Lariagra U.S.**"), a corporation incorporated pursuant to the State of South Dakota, were at relevant times customers of Compeer. The U.S. Sunterra Entities and Lariagra U.S. are now in receivership in the jurisdiction of the U.S. Federal Court located in the State of South Dakota, as described herein.
11. The Canadian Sunterra Entities, Sunterra Enterprises, the U.S. Sunterra Entities, and Lariagra U.S. are various of the members of the Sunterra Group, a group of related entities ultimately owned and controlled by the Price family. The business of the Sunterra Group includes a multifaceted, and fully integrated, farm to market enterprise across multiple sectors of the agricultural and food distribution industries.

12. Price is a member of the Price family who resides primarily in the Province of Alberta. At relevant times, he was the President of the Sunterra Group. Price was among the officers and/or directors, and the ultimate beneficial owners, of each of the Canadian Sunterra Entities and Sunterra Enterprises. He was also an officer and/or director, and an ultimate beneficial owner, of each of the U.S. Sunterra Entities and Lariagra U.S.
13. Uffelman is an individual who resides primarily in the Province of Alberta. At relevant times, she was the Vice President, Corporate Finance and/or Chief Financial Officer of the Sunterra Group, with knowledge and oversight of, and responsibility for, the finances of the Sunterra Group at large, including each of the Canadian Sunterra Entities, Sunterra Enterprises, the U.S. Sunterra Entities and Lariagra U.S.

Compeer's Provision of Products and Services to the Sunterra Group

14. Since in or around 2005, Compeer provided revolving lines of credit ("RLOCs") to the U.S. Sunterra Entities and Lariagra U.S. At relevant times, Compeer extended the RLOCs pursuant to a "Promissory Note/Loan Agreement" that was respectively entered into from time-to-time by each of the U.S. Sunterra Entities.
15. The purpose of the RLOCs was to fund the operations of the U.S. Sunterra Entities and Lariagra U.S. At relevant times, those operations consisted of:
 - (a) Sunterra U.S. is a pig management company. It managed approximately 500,000 pig spaces, of which approximately 110,000 were in South Dakota and housed pigs owned by Sunwold U.S. or Lariagra U.S. Sunterra U.S.'s revenues were generated by management fees it charged for managing pigs; and
 - (b) Sunwold U.S. and Lariagra U.S. are "wean-to-finish" operations. They purchased weaned pigs (from Canadian members of the Sunterra Group), and then raised those pigs to market weight in contract nursery and finishing barns in South Dakota.
16. Consistent with their prior arrangements, on October 7, 2024, Compeer entered into Promissory Note/Loan Agreements with the U.S. Sunterra Entities and Lariagra U.S. for the purpose of establishing RLOCs with each of those entities.

17. The three RLOCs established by Compeer on October 7, 2024 allowed for borrowing up to a combined USD \$11,500,000, as follows:
 - (a) Sunterra U.S. established a USD \$500,000 RLOC:
 - (b) Sunwold U.S. established a USD \$7,000,000 RLOC; and
 - (c) Lariagra U.S. established a USD \$4,000,000 RLOC.
18. Each Promissory Note/Loan Agreement provided a Maturity Date of May 1, 2025, and was executed by Price in his capacity as President/Secretary, and by Uffelman in her capacity as Chief Financial Officer.
19. Each of the foregoing RLOCs was secured by a “Security Agreement” under which the U.S. Sunterra Entities and Lariagra U.S. granted Compeer a senior, perfected security interest in various items of personal property, including the 110,000 pigs in South Dakota.
20. The Security Agreement of Sunterra U.S. was executed by Price in his capacity as President, and by Uffelman in her capacity as Chief Financial Officer, on September 26, 2023. The combined Security Agreement of Sunwold U.S. and Lariagra U.S. was executed by Price in his capacity as President/Secretary, and by Uffelman in her capacity as Chief Financial Officer, on October 7, 2024.
21. The RLOCs were also coupled with financial products called “Farm Cash Management” accounts (“**FCM Accounts**” and, together with the RLOCs, the “**Compeer Accounts**”). The FCM Accounts allowed the U.S. Sunterra Entities and Lariagra U.S. to deposit excess funds and earn interest on those funds, similar to a money market account.
22. When the Compeer Accounts were in a net borrowing or “draw” position, Compeer was owed funds under the Promissory Note/Loan Agreements, as secured by the collateral under the Security Agreements. When the Compeer Accounts were in a net positive or “balance” position, interest would be earned and paid to the U.S. Sunterra Entities and Lariagra U.S. on the positive balance.

23. Importantly, the Compeer Accounts included cheque writing privileges. More specifically, the RLOCs and FCM Accounts worked together, allowing the U.S. Sunterra Entities and Lariagra U.S. to write cheques in amounts equal to the combined total of their credit limit (USD \$11,500,000) and any positive balance in their FCM Accounts.
24. In this way, for example, if Sunwold U.S. was in a net “draw” position of USD \$5,000,000 (on a RLOC of USD \$7,000,000), it could write cheques up to USD \$2,000,000 against its Compeer Accounts. By contrast, if Sunwold U.S. had a net “balance” of USD \$5,000,000, they could write cheques up to USD \$12,000,000 against their Compeer Accounts.
25. Each of the foregoing lending arrangements were the subject of a “Continuing Guaranty Agreement” between Compeer and Sunterra Enterprises, as follows:
 - (a) On September 26, 2023, Sunterra Enterprises guaranteed the indebtedness of Sunterra U.S. owing to Compeer in an unlimited amount;
 - (b) On August 28, 2023, Sunterra Enterprises guaranteed the indebtedness of Sunwold U.S. owing to Compeer in the amount of USD \$3,000,000; and
 - (c) On August 28, 2023, Sunterra Enterprises guaranteed the indebtedness of Lariagra U.S. owing to Compeer in the amount of USD \$3,000,000(together, the “**Guarantees**”).
26. Compeer relied on the Guarantees, which expressly acknowledged that they were being provided to induce Compeer to extend or continue the provision of credit through “future loans and advances” to the U.S. Sunterra Entities and Lariagra U.S. Each Continuing Guaranty Agreement that gave rise to the Guarantees was executed by Price in his capacity as “President” of Sunterra Enterprises.

The Canadian Sunterra Group Members’ Arrangements with National Bank of Canada

27. During the period that Compeer provided the Compeer Accounts, Canadian Western Bank (which has since amalgamated and continued under the name “National Bank of Canada” (“**National Bank**”)) extended secured credit and provided commercial banking services,

including the operation of bank accounts (the “**National Bank Accounts**”), to Canadian members of the Sunterra Group, including the Canadian Sunterra Entities.

28. Like how the Compeer Accounts provided the U.S. Sunterra Entities (and Lariagra U.S.) with cheque writing privileges, the National Bank Accounts also provided the Canadian Sunterra Entities with cheque writing privileges.

The Historical Operation of the Compeer Accounts

29. Over the years, Compeer’s relationship with the U.S. Sunterra Entities and Lariagra U.S. became longstanding and one that Compeer reasonably afforded considerable respect and trust. The reasons included what Compeer understood to be its regular, open and transparent engagement with Price and Uffelman, in their roles as officers and/or directors of the U.S. Sunterra Entities, Lariagra U.S., and other Sunterra Group members.
30. In engaging with Compeer, Price and Uffelman had – and made clear to Compeer that they had – deep, firsthand knowledge of the Sunterra Group’s affairs, including the integrated financial affairs of the Sunterra Group’s members. At the same time, Compeer understood Price to be well-known and reputable in the industries in which the Sunterra Group operated, and understood Uffelman to have long been Price’s trusted second-in-command.
31. Price and Uffelman consistently signed and/or delivered to Compeer the financial records required by the Promissory Note/Loan Agreements. Such financial records related to, among other things, the creditworthiness of the U.S. Sunterra Entities and Lariagra U.S., and compliance of Sunwold U.S. and Lariagra U.S. with their covenants under the Promissory Note/Loan Agreements (the “**Covenants**”).¹
32. Having received such financial information and records, Compeer applied its usual processes and, by doing so, consistently understood that Sunwold U.S. and Lariagra U.S. were generally in compliance with the Covenants, as required by the Promissory Note/Loan

¹ The Covenants did not apply to Sunterra U.S. because it primarily operated a swine management company with limited assets that consisted almost entirely of the accounts receivable for the management fees it received.

Agreements. When there was non-compliance with the Covenants, such non-compliance was addressed to Compeer's satisfaction.

The Sunterra Group's Use of Cheques for Intercompany Transactions

33. Over the years, and increasingly so in recent years, Compeer raised with Price and Uffelman the manner in which the U.S. Sunterra Entities' Compeer Accounts were used in connection with the Sunterra Group's approach to intercompany transactions between its U.S. and Canadian operations.
34. In particular, the U.S. Sunterra Entities regularly used cheques drawn on the National Bank Accounts of the Canadian Sunterra Entities to make deposits into their Compeer Accounts. Similarly, the Canadian Sunterra Entities regularly used cheques drawn on the U.S. Sunterra Entities' Compeer Accounts to make deposits into their National Bank Accounts. Most or all such cheques flowing in both directions were signed by Uffelman, with the knowledge of and at the direction of Price, who oversaw the Sunterra Group's affairs.
35. Compeer was required to undertake a time-consuming, manual, and broadly inefficient process to verify, clear, and settle cheques presented by the U.S. Sunterra Entities and drawn on the National Bank Accounts. This was particularly the case compared to alternative methods of cross-border intercompany transactions such as wire transfers.
36. In addition, the underlying funds from a cheque drawn on the National Bank Accounts were not available to Compeer until the cheque was verified, cleared, and settled by Compeer in the Compeer Accounts. Such a delay from when a cheque was deposited until the funds were made available is referred to as the "float" and could take up to a few days.
37. Like many commercial banking customers at Compeer and elsewhere, the U.S. Sunterra Entities were not subject to holds on funds deposited via cheque during the float. Accordingly, the cheques deposited by the U.S. Sunterra Entities and drawn on the Canadian Sunterra Entities' National Bank Accounts resulted in funds being immediately available for use, in the amount of the face value of the cheques, by way of conditional credit, before the underlying funds were cleared and settled by Compeer.

38. Similarly, Canadian Sunterra Entities were not subject to holds on funds deposited into their National Bank Accounts during the float, including on any cheques drawn on the U.S. Sunterra Entities' Compeer Accounts.
39. Prior to 2025, Compeer understood that the float and corresponding conditional credit resulting from the use of cheques drawn on the Canadian Sunterra Entities' National Bank Accounts, as well as the inefficiencies that resulted from relying on cross-border cheques, was the cause of overdraft positions that at times occurred on the RLOCs, particularly as the Sunterra Group's business appeared to grow over time.
40. Compeer retained discretion regarding how to respond to any such overdraft. Prior to February 2025, overdrafts on the RLOCs were promptly remedied through the deposit of further amounts via cheque by the U.S. Sunterra Entities. With that being the case – and given Compeer's longstanding relationship with the Sunterra Group, and its understanding that the overdraft resulted from the Sunterra Group's typical use of cheques being sent from Canada to the United States – Compeer exercised its discretion to take no further action in response to the overdrafts at that time.
41. Compeer nonetheless raised with Price and Uffelman the manner in which the U.S. Sunterra Entities' Compeer Accounts were used in connection with the Sunterra Group's approach to cross-border intercompany transactions, including potential alternatives that would see the U.S. Sunterra Entities move away from reliance on cheques for such transactions, to achieve a more efficient process that was less likely to result in overdrafts.
42. Although Price and Uffelman advised in response that there were legitimate business reasons for the Sunterra Group's approach and use of cheques, and that they were pursuing alternatives to using cheques, at all relevant times the U.S. Sunterra Entities continued to rely on cheques drawn on, and deposited to, their Compeer Accounts.
43. Ultimately, at Compeer's insistence, Price and Uffelman committed that the Sunterra Group would implement an alternative to undertaking intercompany transactions by cheques by the end of 2024. By that agreed-upon deadline, however, the Sunterra Group remained reliant on cheques for such transactions, and Price and Uffelman requested a brief

extension to implement an alternative to the use of cheques for cross-border intercompany transactions. Given the history of the relationship, Compeer permitted that brief extension.

The Events of Early 2025

44. In the early weeks of 2025, despite Price and Uffelman having committed that the Sunterra Group would imminently implement an alternative to undertaking cross-border intercompany transactions by cheques, the Sunterra Group's use of cheques drawn on and deposited to the U.S. Sunterra Entities' Compeer Accounts accelerated. In this regard:
- (a) Between January 1, 2025 and February 10, 2025, 474 cheques were drawn on the U.S. Sunterra Entities' Compeer Accounts, in the total amount of USD \$431,301,200, all for deposit into the Canada Sunterra Entities' National Bank Accounts; and
 - (b) During the same period, the U.S. Sunterra Entities deposited 472 cheques in the total amount of USD \$432,359,712.35 into their Compeer Accounts, all drawn on the Canadian Sunterra Entities' National Bank Accounts.
45. These simultaneous transfers occurred nearly daily throughout this period, and averaged approximately 18 cheques for a total amount of USD \$16,588,508 out of the U.S. Sunterra Entities' Compeer Accounts *each day*. In total, in just over the first month of 2025, USD \$863,660,912 was deposited into the Compeer Accounts and the National Bank Accounts, which greatly exceeded the total revenue of the entire Sunterra Group for the fiscal year ending December 31, 2024, which was CAD \$143,968,018.
46. As a result, by February 10, 2025, Compeer was aware that, contrary to the commitments of Price and Uffelman to implement an alternative approach, the U.S. Sunterra Entities:
- (a) Used the cheque-writing features on their Compeer Accounts to write even more cheques each day, which were being deposited the same day (apparently reflecting that the cheques were being signed in Alberta, primarily by Uffelman) into the Canadian Sunterra Entities' National Bank Accounts;

- (b) Simultaneously sent Compeer even more cheques each day drawn against those same National Bank Accounts to pay down its RLOCS and/or increase the balance in their FCM Accounts with Compeer;
 - (c) Transacted funds through the Compeer Accounts in the January 1, 2025 to February 10, 2025 period in a volume that outpaced the annual reported and projected revenues and other financial metrics of the Sunterra Group; and
 - (d) Issued cheques in denominations generally ranging between USD \$800,000 and USD \$990,000, and no single cheque exceeded USD \$1,000,000.
47. The denominations of the cheques was significant because a cheque deposited across international lines for USD \$1,000,000 or more would have triggered additional scrutiny by the United States Bulk Exchange, which Price and Uffelman sought to avoid.
48. As a result, on February 11, 2025, Compeer personnel spoke with Price by videoconference in an effort to better understand the Sunterra Group's cheque-writing activity.
49. During that conversation, despite his direct, personal involvement with the Sunterra Group and the U.S. Sunterra Entities' Compeer Accounts (and his active coordination with Uffelman), Price stated that he was unsure of the reason for the activity other than to say that it was a "timing" issue. He further advised that he would have to consult with other Sunterra Group personnel to further advise Compeer about the reason for the activity.
50. Compeer was not satisfied with, and was concerned by, Price's statements made during the February 11, 2025 videoconference. As a result, later that day, Compeer notified Price in writing that it was exercising its right to terminate cheque-writing privileges for the Compeer Accounts, while also stating that it would consider permitting cheques to be written for necessary operational expenses, such as to feed animals.
51. In accordance with its written notice, on February 11, 2025, Compeer took action to ensure that cheques written on the Compeer Accounts would need to be manually approved by Compeer, so that Compeer could actively monitor all cheque-writing activity.

52. Despite its written notice, later on February 11, 2025, Compeer learned that 18 cheques had been drawn on the U.S. Sunterra Entities' Compeer Accounts for intercompany transfers to the Canadian Sunterra Entities' National Bank Accounts totaling USD \$16,302,000. Compeer relied on its written notice to dishonour those 18 cheques.
53. On the morning of February 12, 2025, Compeer received another batch of cheques totaling approximately USD \$9,000,000 drawn on the Canadian Sunterra Entities' National Bank Accounts to pay down the U.S. Sunterra Entities' RLOCS and/or increase the balance in their FCM Accounts with Compeer.
54. Later on February 12, 2025, having received that batch of cheques, Compeer personnel had another videoconference with Price. During that call, Price admitted:
 - (a) The U.S. Sunterra Entities were moving funds back and forth between Compeer and National Bank to ensure that the U.S. Sunterra Entities had sufficient funds to avoid causing their RLOCs at Compeer to go into an overdraft position;
 - (b) The U.S. Sunterra Entities should not have done what they did;
 - (c) The practice of sending cheques back and forth between the same accounts was "wrong";
 - (d) If Compeer deposited the USD \$9,000,000 in cheques received earlier that day but did not permit new cheques to be drawn on the Compeer Accounts to be immediately deposited in the Canadian Sunterra Entities' National Bank Accounts, those National Bank Accounts would go into overdraft;
 - (e) If Compeer did not allow the U.S. Sunterra Entities to move money from Compeer to National Bank, then they would not have enough money to cover their operational expenses;
 - (f) That he felt "badly" that Compeer had been paying interest to the U.S. Sunterra Entities for the positive FCM Account balances; and

- (g) That he believed that Compeer was holding more than USD \$20 million in positive FCM Account balances that he wanted sent back to the National Bank Accounts, at least in part, to cover the overdraft position of the Canadian Sunterra Entities at National Bank.
55. Price's request amounted to seeking to have Compeer to continue the conduct that he knew, and had admitted to Compeer, constituted a fraudulent cheque kiting scheme, the particulars of which are pleaded further below.
56. After the February 12, 2025 videoconference, Compeer confirmed to Price that it would not deposit the USD \$9,000,000 in cheques that had been presented to Compeer for deposit drawn on the Canadian Sunterra Entities' National Bank Accounts.
57. On February 13, 2025, Compeer personnel spoke again with Price. At that time, Price advised that the Canadian Sunterra Entities' National Bank Accounts were overdrawn by approximately USD \$21 million, and those entities needed money sent back from Compeer to cover those overdraft positions.
58. In response, Compeer advised Price that it could not release any funds unless it could verify that there were good and valid funds in the National Bank Accounts from which the cheques delivered to Compeer would be drawn. Compeer requested that Price consent to Compeer communicating directly with National Bank to verify the existence of such funds, but Price would not provide that consent.
59. Similarly, since Compeer was restricted from sharing information about the U.S. Sunterra Entities with National Bank, Compeer repeatedly requested consent from Price and from other principals of the Sunterra Group, namely Price's brothers Arthur Price and Glen Price, to communicate directly with National Bank, but those requests were refused.
60. On February 10, 2025, the Compeer Accounts of the U.S. Sunterra Entities and Lariagra U.S. had a combined positive balance of approximately USD \$21,000,000 in funds payable to the U.S. Sunterra Entities and Lariagra U.S., comprised of:

- (a) A positive FMC Account balance of approximately USD \$14 million in favour Sunterra U.S.;
 - (b) A positive FMC Account balance of approximately USD \$10 million in favour of Sunwold U.S.; and
 - (c) A draw of approximately USD \$3 million on the RLOC of Lariagra U.S.
61. However, during the week of February 24, 2025, Compeer determined that National Bank had dishonoured 65 cheques totaling USD \$59,900,000 that had been previously credited by Compeer to the U.S. Sunterra Entities' Compeer Accounts.
62. As a result, the approximately USD \$21,000,000 positive cash balance that was showing as owed to the U.S. Sunterra Entities and Lariagra U.S. was immediately wiped out and, instead, there was more than USD \$30,000,000 of debt owing from the U.S. Sunterra Entities and Lariagra U.S. This was the case despite their combined credit limit of only USD \$11,500,000 with Compeer.
63. After accounting for additional deposits and withdrawals from the U.S. Sunterra Entities' Compeer Accounts, the total indebtedness of the U.S. Sunterra Entities and Lariagra U.S. to Compeer at the time of this statement of claim is over USD \$36,500,000.
64. Compeer repeatedly requested additional information from Price and Arthur Price about the Sunterra Group's finances in Canada and its financial position with National Bank, but Price and Arthur Price continued to refuse to permit Compeer to communicate substantively with National Bank and refused to provide transparency about the Sunterra Group's financial condition or Compeer's exposure to additional losses. Such refusals impeded Compeer's ability to understand the true use of the Compeer Accounts.

The Fraudulent Cheque Kiting Scheme

65. The foregoing circumstances resulted in disclosure of the fact that at least Price and Uffelman caused at least the U.S. Sunterra Entities and the Canadian Sunterra Entities to perpetrate a highly-sophisticated and fraudulent cheque kiting scheme against Compeer (the "**Cheque Kiting Scheme**"). The same conclusion has been reached by National Bank,

which was the other victim of the Cheque Kiting Scheme. The time at which the Cheque Kiting Scheme commenced is not currently known to Compeer, but with the information now known to Compeer, it appears likely to have been going on for years.

66. In summary, the Cheque Kiting Scheme consisted of fraudulent conduct that took advantage of the float and the corresponding conditional credit that was provided by Compeer and National Bank in connection with the deposit of cheques by the U.S. Sunterra Entities (in the case of Compeer) and the Canadian Sunterra Entities (in the case of National Bank). It required the continuous issuance of additional cheques, as between the U.S. Sunterra Entities on one hand, and the Canadian Sunterra Entities on the other hand, to satisfy amounts drawn by existing cheques with new conditional credit accrued with the issuance and deposit of new cheques.
67. The Cheque Kiting Scheme was undertaken, and could only have been undertaken, deliberately and with sufficient knowledge of the manner in which Compeer and National Bank respectively verified, cleared, and settled cheques, including regarding the extension of conditional credit and the lack of holds on cheques during the float. Only Price and Uffelman (and potentially others from the Sunterra Group) had such knowledge, which resulted from the manner in which they caused cross-border intercompany transactions to be conducted by cheque using the Compeer Accounts and the National Bank Accounts.
68. More specifically, the Cheque Kiting Scheme was undertaken as follows:
 - (a) The Canadian Sunterra Entities would issue a first set of cheques payable to the U.S. Sunterra Entities from their National Bank Accounts knowing that those cheques could not be satisfied by the balances in their accounts;
 - (b) For the reasons described above, the denominations of those cheques ultimately would be in amounts close to – but not exceeding – USD \$1,000,0000, which was a deliberate tactic to transact significant funds while evading detection of the fraud;
 - (c) Once the first set of cheques was deposited to the U.S. Sunterra Entities' Compeer Accounts, those entities would immediately issue a second set of cheques payable to the Canadian Sunterra Entities knowing that the funds were only available in

their Compeer Accounts to clear the cheques by virtue of the conditional credit from depositing the first set of cheques from the Canadian Sunterra Entities;

- (d) The second set of cheques from the U.S. Sunterra Entities would then be immediately deposited into the Canadian Sunterra Entities' National Bank Accounts so that the funds available by virtue of the conditional credit from that second set of cheques would be available to backstop the amounts required to satisfy the first set of cheques payable from the National Bank Accounts; and
 - (e) In this way, the fact that the Canadian Sunterra Entities' National Bank Accounts did not have sufficient funds to satisfy the first set of cheques payable to the U.S. Sunterra Entities was concealed from both Compeer and from National Bank.
69. Unbeknownst to Compeer until February 2025, the foregoing fraudulent process appears to have been undertaken at least hundreds of times, resulting in thousands of cheques amounting to billions of dollars being issued over the course of the Cheque Kiting Scheme.
70. Consistent with the foregoing, intercompany transactions described above had no legitimate commercial purpose. Rather, the purpose of those transactions was fraudulent and undertaken to illegitimately access credit and misappropriate funds from Compeer (and National Bank), and to fraudulently conceal that the Cheque Kiting Scheme was ongoing.
71. Accordingly, at least each of the U.S. Sunterra Entities and the Canadian Sunterra Entities knowingly and deliberately participated in the Cheque Kiting Scheme. They did so with the knowledge and at the direction of at least Price and Uffelman.
72. Given the nature of the Cheque Kiting Scheme, each and every time the Canadian Sunterra Entities issued a cheque to the U.S. Sunterra Entities, the issuing entity made a representation that it had the capacity to honour the cheque that was being issued.
73. Such representations were false and were known to be false at all relevant times by Price, who exercised control over the affairs and finances of the U.S. Sunterra Entities and the Canadian Sunterra Entities. Price also repeatedly engaged with Compeer regarding the Sunterra Group's use of cheques to undertake intercompany transactions, knowing (but

omitting to advise Compeer) that such transactions had no legitimate purpose but were instead being undertaken in furtherance of the Cheque Kiting Scheme.

74. Such representations were also known to be false at all relevant times by Uffelman, who also exercised control over the affairs and finances of the U.S. Sunterra Entities and the Canadian Sunterra Entities, and who personally signed the cheques used to perpetrate the Cheque Kiting Scheme. Uffelman also repeatedly engaged with Compeer regarding the Sunterra Group's use of cheques to undertake intercompany transactions, knowing (but omitting to advise Compeer) that such transactions had no legitimate purpose but were instead being undertaken in furtherance of the Cheque Kiting Scheme.
75. In addition, given the nature of the Cheque Kiting Scheme, each and every time Price and Uffelman knowingly caused or permitted the Canadian Sunterra Entities to deposit a cheque drawn on the U.S. Sunterra Entities' Compeer Accounts, they did so knowing that there were inadequate funds in those accounts and that they were defrauding Compeer.
76. The knowledge and direct personal involvement of Price and Uffelman, all of which is binding on the Canadian Sunterra Entities, also includes:
 - (a) The Sunterra Group utilized a unified accounting system that integrated all financial activities, including the activities of the U.S. Sunterra Entities and the Canadian Sunterra Entities. As a result, those with access to, knowledge of and responsibility for the financial activities of the Sunterra Group – including Price and Uffelman – knew that there were insufficient funds at Compeer and National Bank to cover the cheques used to perpetrate the Cheque Kiting Scheme, consistent with all such cheques being fraudulent misrepresentations;
 - (b) Price and Uffelman executed the Promissory Note/Loan Agreements with Compeer on behalf of the U.S. Sunterra Entities and Lariagra U.S. on October 7, 2024 (and previously). They did so knowing they were perpetrating the Cheque Kiting Scheme and intending to use the RLOCs provided pursuant to those Promissory Note/Loan Agreements to continue to perpetrate and conceal the Cheque Kiting Scheme;

- (c) Price and Uffelman executed the Security Agreements on behalf of Sunterra U.S. on September 26, 2023, and Sunwold U.S. and Lariagra U.S. on October 7, 2024 (and previously). They did so knowing they were perpetrating the Cheque Kiting Scheme and intending to use the Security Agreements to purport to provide security in connection with the RLOCs, and thereby continue to perpetrate and conceal the Cheque Kiting Scheme;
 - (d) Price executed the Continuing Guaranty Agreements on behalf of Sunwold U.S. and Lariagra U.S. on August 28, 2023, and Sunterra U.S. on September 26, 2023 (and previously). He did so knowing that he and Uffelman were perpetrating the Cheque Kiting Scheme and intending to use the Guarantees to purport to provide further security or financial backing in connection with the RLOCs to thereby continue to perpetrate and conceal the Cheque Kiting Scheme;
 - (e) Price and Uffelman repeatedly provided (or caused to be provided) financial information and records to Compeer. They did so knowing that they were actively perpetrating the Cheque Kiting Scheme, doing so was a means of maintaining and concealing their perpetration of the Cheque Kiting Scheme using the Compeer Accounts, and at least certain such financial information and records were false due to the Cheque Kiting Scheme; and
 - (f) Misrepresentations and omissions by Price and Uffelman to actively conceal the approach to cross-border intercompany transactions and the role of cheques in undertaking those transactions.
77. The funds misappropriated from Compeer by way of the Cheque Kiting Scheme were received or applied for the ultimate benefit of at least the U.S. Sunterra Entities and the Canadian Sunterra Entities. In addition, prior to discovery of the Cheque Kiting Scheme, the U.S. Sunterra Entities generated profits derived from the misappropriated funds, including interest payments on the fraudulent positive balances in the FCM Accounts, all of which was known by Price and Uffelman as it occurred.

78. Further particulars of the manner in which the Cheque Kiting Scheme was undertaken is within the knowledge of those individuals who undertook such fraudulent conduct, including Price and Uffelman, including others who participated with them.

Compeer's Response to the Cheque Kiting Scheme To Date

79. On March 10, 2025, Compeer issued notices of default and demands for accelerated payment to the U.S. Sunterra Entities and Lariagra U.S. However, the U.S. Sunterra Entities and Lariagra U.S have failed to respond to or satisfy those demands, in whole or in part.
80. On March 18, 2025, Compeer filed a complaint in South Dakota State Court against the U.S. Sunterra Entities and Lariagra U.S. It did so out of concern about the well-being of the pigs under those entities' control, which formed Compeer's collateral. Compeer understood that the pigs lacked feed and veterinary care, and were potentially not being kept warm. Compeer alleged that its claims against the U.S. Sunterra Entities and Lariagra U.S. arose from "a check kiting scheme involving billions of dollars fraudulently transferred by the Defendants and their principals between Canada and the United States." The case was later removed to the U.S. District Court, District of South Dakota.
81. On March 28, 2025, the U.S. District Court granted Compeer's motion and appointed Pipestone Management II, LLC as the receiver of the U.S. Sunterra Entities and Lariagra U.S. (the "**U.S. Receiver**") with duties that include investigating the Cheque Kiting Scheme. In its Opinion and Order appointing the U.S. Receiver, the U.S. District Court recited the facts put forward by Compeer in respect of the Cheque Kiting Scheme and concluded: "The evidence at the hearing supports the facts from the pleadings [of cheque kiting] cited above and is hereby incorporated by reference into this Opinion and Order."
82. Compeer has continued to advance funds to the U.S. Sunterra Entities and Lariagra U.S. necessary to advance the mandate of the U.S. Receiver, including caring for the pigs. Although the U.S. Receiver is also mandated to investigate the Cheque Kiting Scheme and help maintain the value of the relevant personal property that is to secure any indebtedness

to Compeer, the realizable value of that property is significantly less than the USD \$36,500,000 currently owing to Compeer.

83. In addition, on April 11, 2025, Compeer made a demand of Sunterra Enterprises on the Guarantees in the amount of USD \$25,729,079.66, which was the amount for which Sunterra Enterprises was liable at that time (accounting for the limits on the Guarantees and accumulated interest, which is now greater). In breach of the Guarantees, Sunterra Enterprises has neglected or refused to pay any amounts under the Guarantees.
84. Separately, National Bank brought an application in Alberta for the appointment of a receiver over all members of the Sunterra Group. In that application, National Bank's position, and its evidence, was that the "members of the Sunterra Group appear to have conducted a highly sophisticated cheque kiting scheme...involving bank accounts in Canada and the United States", and described Compeer as a victim of that scheme.
85. National Bank's application was initially dismissed and its appeal of that dismissal was adjourned after the Canadian members of the Sunterra Group – including the Canadian Sunterra Entities and Sunterra Enterprises – successfully applied for protections under the *Companies' Creditors Arrangement Act*. The initial order rendered in that proceeding permits the issuance of this statement of claim without leave of the Alberta court.
86. The affidavit filed by National Bank in support of its application includes as an exhibit an email dated February 14, 2025 from Price to National Bank personnel with the subject line "Sunterra Overdraft Situation". In that email, Price again admits to the Cheque Kiting Scheme: "We then would pay from the U.S. to Canada, but in order to keep the U.S. entities with appropriate cash, we would move money back down on an 'advance' basis. It obviously grew beyond what it was meant to be as we continued to make sure that both entities had the money they needed. I apologize for what ended up happening."

Fraud, Deceit, and Fraudulent Misrepresentation

87. As a result of their perpetration of the Cheque Kiting Scheme, the currently-known particulars of which are pleaded herein, the Canadian Sunterra Entities, Price, and Uffelman are liable to Compeer in fraud, deceit, and fraudulent misrepresentation.

88. The conduct of the Canadian Sunterra Entities, Price, and Uffelman pleaded herein amount to representations and omissions made to Compeer that constitute fraud, dishonest dealings, knowingly false representations, including by the non-disclosure of facts, and deprivation by deceit. All such conduct was undertaken with knowledge of its falsehood, or recklessly, without belief in its truth, with intention that it should be acted on by Compeer, which is what occurred.
89. Compeer relied on the false representations to its detriment by permitting the U.S. Sunterra Entities and Lariagra U.S. to access their respective RLOCs and the conditional credit that resulted from the Sunterra Group's use of cheques to further the Cheque Kiting Scheme.
90. The result of Compeer's detrimental reliance on such fraudulent and deceitful conduct is that Compeer suffered losses for which the Canadian Sunterra Entities, Price, and Uffelman are jointly and severally liable.

Civil Conspiracy

91. As a result of their perpetration of the Cheque Kiting Scheme, the currently-known particulars of which are pleaded herein, the Canadian Sunterra Entities, Price, and Uffelman are liable to Compeer for unlawful conduct conspiracy.
92. The Canadian Sunterra Entities, Price, and Uffelman agreed to engage in unlawful conduct that they knew (and in fact intended) or should have known would likely cause injury to Compeer. Their unlawful conduct, namely the Cheque Kiting Scheme, is actionable. It amounts to fraud, deceit, and fraudulent misrepresentation, and all such conduct was directed towards Compeer.
93. The Canadian Sunterra Entities, Price, and Uffelman acted in concert with a common design in pursuing the Cheque Kiting Scheme with the intention of inducing Compeer to advance funds based on false and misleading representations, knowing that there were insufficient funds in the accounts from which the cheques were to be drawn. In doing so, they engaged in unlawful conduct, specifically the Cheque Kiting Scheme.

94. By engaging in their conspiracy, the Canadian Sunterra Entities, Price, and Uffelman caused Compeer to suffer losses for which they are jointly and severally liable.

Oppression

95. As a result of their perpetration of the Cheque Kiting Scheme, the currently-known particulars of which are pleaded herein, the Canadian Sunterra Entities, Price, and Uffelman engaged in oppressive conduct that entitles Compeer as a creditor of the Canadian Sunterra Entities, and their affiliates, including Sunterra Enterprises, the U.S. Sunterra Entities, and Lariagra U.S., to compensation as an aggrieved person pursuant to section 242 of Alberta's *Business Corporations Act*.

Damages

96. Due to the Cheque Kiting Scheme, Compeer has uniquely suffered losses of at least USD \$36,500,103.19. The other victim, National Bank, has no losses arising from the Cheque Kiting Scheme. This amount is the total indebtedness to Compeer of the U.S. Sunterra Entities and Lariagra U.S., the latter of which would not have been extended credit if not for the conduct of undertaking and concealing the Cheque Kiting Scheme. The Canadian Sunterra Entities, Price, and Uffelman are jointly and severally liable for such losses.
97. Compeer has also incurred compensable and ever-increasing expenses arising out of its investigation of the Cheque Kiting Scheme, and its funding of the appointment and activities of the U.S. Receiver. The Canadian Sunterra Entities, Price, and Uffelman are jointly and severally liable for such losses.
98. As a result of the fraudulent and high-handed conduct of the Canadian Sunterra Entities, Price, and Uffelman, Compeer is entitled to recover punitive and/or exemplary damages.

Breach of the Guarantees

99. Sunterra Enterprises provided the Guarantees to induce Compeer to extend or continue to extend credit to the U.S. Sunterra Entities and Lariagra U.S. Pursuant to the Guarantees, Sunterra Enterprises unconditionally, absolutely, and irrevocably covenanted and agreed

to, among other things, pay and punctually perform the obligations of the U.S. Sunterra Entities and Lariagra U.S. subject to certain caps in liability contained therein.

100. Despite Compeer having demanded payment under the Guarantees on April 11, 2025, Sunterra Enterprises has neglected or refused to pay any amounts to Compeer. Sunterra Enterprises is therefore liable to Compeer under the Guarantees in the amount of at least USD \$25,729,079.66, plus additional accumulated interest. Compeer is therefore entitled to judgment against Sunterra Enterprises.

Remedy sought:

101. Compeer seeks the following relief:

- (a) A declaration that at least Sunterra Canada, Sunwold Canada, Price, and Uffelman have committed fraud;
- (b) Damages in the amount of at least USD \$36,500,103.19 and such further or other amount as may be determined (plus contractual interest of 9% under the Promissory Note/Loan Agreements) from the Canadian Sunterra Entities, Price, and Uffelman arising from their fraudulent and oppressive conduct, namely their perpetration of the Cheque Kiting Scheme, and in respect of Compeer's resulting expenses;
- (c) Damages in the amount of at least USD \$25,729,079.67 and such further or other amounts as may yet determined (plus additional contractual interest of 9% under the Promissory Note/Loan Agreements) from Sunterra Enterprises for its breach of the Guarantees or, alternatively, amounts owing under the Guarantees;
- (d) Punitive damages in the amount of at least CAD \$1,000,000;
- (e) A declaration that Compeer is entitled to trace the funds advanced as a result of the Cheque Kiting Scheme and a declaration that those funds are held in trust as a constructive trustee for Compeer;

- (f) An order for an accounting of any profits or benefits realized by the Canadian Sunterra Entities, Price, or Uffelman from the funds obtained as a result of the Cheque Kiting Scheme and the disgorgement of same;
- (g) An order, to the extent necessary, declaring that Compeer is entitled to pierce the corporate veil of the Canadian Sunterra Entities to enforce their claims and seek damages against Price and/or Uffelman;
- (h) In the alternative to the contractual interest stated above, interest pursuant to the *Judgment Interest Act*, R.S.A. 2000, c. J-1;
- (i) Costs on a solicitor-client basis; and
- (j) Such further and other relief as counsel may advise and this Honourable Court shall permit.

NOTICE TO THE DEFENDANTS

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a Statement of Defence or a Demand for Notice in the office of the clerk of the Court of King's Bench at Edmonton, Alberta, and serving your Statement of Defence or a Demand for Notice on the Plaintiff's address for service.

WARNING

If you do not file and serve a Statement of Defence or a Demand for Notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the Plaintiff against you.