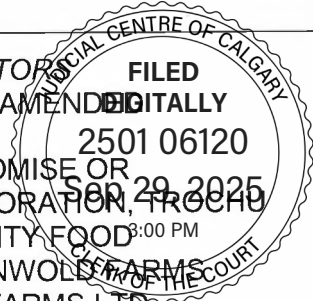


Clerk's Stamp

COURT FILE NUMBER 2501-06120
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE COMPANIES' CREDITOR
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 **AFFIDAVIT #2 OF RICHARD DEAN CHAN
SWORN SEPTEMBER 29, 2025**

PARTY FILING THIS DOCUMENT **NATIONAL BANK OF CANADA**

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AFFIDAVIT #2 OF RICHARD DEAN CHAN
Sworn on September 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. References in this Affidavit to NBC include, as and where applicable, matters including CWB prior to amalgamation.

2. I am authorized by NBC to swear this Affidavit: (i) to supplement my Affidavit sworn August 29, 2025 (the "**First Chan Affidavit**"), and (ii) in reply to: (a) the Affidavit sworn by Debbie Uffelman, on September 19, 2025 ("**Uffelman's Affidavit**"); (b) the Affidavit sworn by Ray Price, on September 18, 2025 ("**Ray Price's Affidavit**"); and (c) the Affidavit sworn by Arthur Price, on September 18, 2025 ("**Arthur Price's Affidavit**")

3. In particular, this Affidavit is sworn to: (i) reply to the evidence contained in Uffelman's Affidavit and Ray Price's Affidavit, with respect to the availability of cross-border funds transfers; and, (ii) reply to the evidence contained in Arthur Price's Affidavit, with respect to the management of the Canadian Sunterra Entities' file by SAMU.

4. This Affidavit responds to:

- (a) Uffelman's Affidavit and Ray Price's Affidavit, regarding the availability of means of transferring funds between the Canadian Sunterra Entities' CWB accounts and the US Sunterra Entities' accounts with Compeer Financial, PCA; and,
- (b) Arthur Price's Affidavit, regarding the management and decision making of SAMU, with respect to the Canadian Sunterra Entities.

5. My silence on any given point does not indicate acceptance of the version of events stated in Uffelman's Affidavit, Ray Price's Affidavit, Arthur Price's Affidavit, or the Affidavit sworn by Craig

Thompson, on September 19, 2025 ("**Thompson's Affidavit**"). In particular, but without limitation, I disagree with the description, as set forth in Arthur Price's Affidavit, of the meeting held between representatives of the Canadian Sunterra Entities and representatives of NBC, on February 24, 2025, in respect of which I have previously given evidence.

6. For convenience, capitalized terms used herein but not otherwise defined have the meanings ascribed to them in the First Chan Affidavit.

Electronic Funds Transfers

7. At paragraph 32 of Uffelman's Affidavit, Uffelman states that, "We discussed some of the challenges, such as the inability of CWB to effect electronic funds transfers with institutions in the US (as was our understanding)", and at paragraph 84 of Ray Price's Affidavit, Ray Price states that he "explained that CWB were not able to conduct electronic funds transfers to the US".

8. Those statements are not correct.

9. From the commencement of the banking relationship between CWB and the Canadian Sunterra Entities to the present, there were ways in which funds could be electronically transferred between the Canadian Sunterra Entities and the US Sunterra Entities, without using cheques. Specifically, the Canadian Sunterra Entities had access to wire transfers.

10. Wire transfers are an electronic process for transferring funds between accounts, including internationally. The key characteristics of wire transfers are as follows:

- (a) wire transfers are available for NBC (and previously CWB) customers to wire funds to beneficiaries in the United States;
- (b) wire transfers send funds immediately between accounts, without having to print or use cheques, and without requiring clearing time or holdbacks as they are immediately deducted from the outgoing account;
- (c) wire transfers require minimal time to be processed, which depends upon, among other factors, the intermediary bank and the time the transfer is submitted;
- (d) wire transfers were at all relevant times available to transfer funds from the Canadian Sunterra Entities' NBC accounts to the US Sunterra Entities' accounts held with Compeer Financial, PCA;

- (e) there are no limitations inherent to the wire transfer system which would prevent transfers from NBC (and previously CWB) to Compeer Financial, PCA, and I have confirmed that wire transfers would permit funds to be transferred to that institution;
- (f) wire transfers can be initiated by NBC business customers using an online tool, without having to attend at a NBC branch. Customers may also add wire transfer beneficiaries to their accounts without having to attend at a NBC branch. Although the Canadian Sunterra Entities did not request that NBC enable their access to wire transfers through online banking, this service was available and could have been enable upon the customer's request. By way of example, Soleterra d'Italia Ltd., an entity related to the Canadian Sunterra Entities, had requested (and was granted) access to wire transfers through online banking; and,
- (g) there is no limit to the amount of funds that can be transferred using a single wire transfer, but the funds must be available in the customer's account to be sent by wire. As a result of there being no limit on the funds transferred, there is no need to complete multiple transactions to transfer any given amount of funds.

11. The use of wire transfers would resolve any issues regarding transaction limits, holdbacks, clearing processes, and similar matters, that could otherwise apply to the use of cheques to frequently transfer funds between multiple accounts.

12. Based upon my review of Uffelman's Affidavit and Thompson's Affidavit, I understand that in order to facilitate the physical delivery of cheques: (i) pre-signed blank CWB cheques were typically held and completed in the United States by U.S.-based employees of the Sunterra Group and subsequently couriered to the Mankato, Minnesota branch of Compeer Financial, PCA for deposit; and, (ii) Compeer cheques were typically completed in Canada by Canadian employees of the Sunterra Group and physically deposited at a CWB branch. In contrast, wire transfers do not require the physical delivery of an instrument or the involvement of local employees or courier services to complete. Utilizing wire transfers to complete cross-border transactions would be significantly more efficient and convenient than utilizing multiple physical cheques.

SAMU Management of the Canadian Sunterra Entities

13. Arthur Price's Affidavit contains various assertions regarding the management and operation of NBC, and previously CWB, including with respect to assumptions by Mr. Price

concerning the internal policies of NBC. Those assertions are incorrect. Specifically, in response to paragraphs 20, 38, 100, and 101 of Arthur Price's Affidavit:

- (a) management of the Canadian Sunterra Entities' accounts with CWB was transferred to SAMU in September 2023;
- (b) Rodney Randall, who at the time was a CWB employee with SAMU, was initially responsible for overseeing the file;
- (c) the SAMU team which is currently responsible for the management of the Canadian Sunterra Entities' file, after the Unauthorized Overdrafts were incurred in February 2025, includes Raymond Pai and myself, who were both employed by CWB prior to the amalgamation of CWB and NBC;
- (d) following discovery of the Unauthorized Overdrafts in February 2025, I was responsible for the oversight of the Canadian Sunterra Entities' accounts and day to day conduct of the file was assigned to Raymond Pai, who reported directly to me;
- (e) decisions made with respect to the management of the Canadian Sunterra Entities' bank accounts, including the decision to freeze the accounts, were made by Raymond Pai or myself. Specifically, the decision to freeze the Canadian Sunterra Entities' bank accounts, including the Canadian Impugned Entities' accounts, was made by me with the concurrence of my supervisor, Alexandre Leblanc. Mr. Leblanc's job title is Vice President, Special Loans, and he has responsibility for overseeing all SAMU files nationally;
- (f) at all times following the discovery of the Unauthorized Overdrafts, in my position as Vice President of SAMU, I have: (i) regularly reported to Alexandre Leblanc regarding the status of the file; and, (ii) had and exercised authority, under Mr. Leblanc's supervision, to make all decisions with respect to the credit facilities and accounts of the Canadian Sunterra Entities;
- (g) as the extent of the Impugned Transactions and the Impugned Cheques became more apparent, the credit risk correspondingly increased, but the Canadian Sunterra Entities' file did not exceed the limits of my authority for decision-making, at any time;

- (h) I first informed my supervisor, Alexandre Leblanc, of the developments concerning the Canadian Sunterra Entities' loan on or around February 14, 2025, and have since kept Mr. Leblanc apprised of certain decisions I made with respect to the management of the file;
- (i) to my knowledge, supervision and management of the Canadian Sunterra Entities' file has never been escalated to any individual beyond the conversations I had with Alexandre Leblanc. I am advised, by Mr. Leblanc, that, for informational purposes, he has reported material developments in relation to the Canadian Sunterra Entities' file to certain members of NBC's senior management, but such individuals have not played any role in the account management strategy or decision-making. The individuals who have received such reports from Mr. Leblanc do not include Laurent Ferreira or Nizar Araji. Supervision and management of the file has at all times remained within SAMU, which is the standard operating procedure for SAMU files;
- (j) since the acquisition of CWB by NBC, there have been no changes in policies or procedures that are relevant in any way to the matters at issue or that have affected the manner in which SAMU generally or that I in particular have addressed these matters. For instance, the Canadian Sunterra Entities' accounts continued to operate under CWB procedures and using CWB's systems, up until the migration to NBC systems scheduled to occur on September 26 to September 28, 2025;
- (k) I am advised by Alexandre Leblanc that, as of September 9, 2025 when Mr. Leblanc made enquiries of NBC's Chief Executive Officer, Laurent Ferreira, and NBC's Chief Compliance Officer, Capital Markets, Nizar Araji, neither Mr. Ferreira nor Mr. Araji have been involved in the management of the Sunterra Entities' SAMU file with NBC, nor did they have any knowledge of the file, prior to such enquiries being made. At no point in time prior to these enquiries did they request any information concerning the file, nor were they presented with information outside of what was publicly available in newspapers;
- (l) I am informed by Alexandre Leblanc that: (a) NBC's Chief Executive Officer, Laurent Ferreira, resides in Westmount, Québec and his place of work is the head office of NBC located at 800, St-Jacques Street, Montréal, Québec, H3C 1A3 (the

"National Head Office"); and (b) NBC's Chief Compliance Officer, Capital Markets, Nizar Araji, resides in Montréal, Québec and his place of work is the National Head Office; and,

- (m) Nizar Araji is the Chief Compliance Officer of NBC's Capital Markets division. The Canadian Sunterra Entities' file does not involve NBC's Capital Markets division and does not fall within Mr. Araji's responsibilities.

Conclusion

14. 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 29th day of September,)
2025.)

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



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