

Chief Peguis Investment Corp update October 25, 2021

Since our last community update in March 2021, important developments have occurred which, as required by our bylaws, need to be communicated to Peguis Band members.

Peguis Council decision to restructure business entities

On Oct. 12, Peguis Chief and Council advised by way of their lawyer, Murray Sinclair, their plans for addressing the BFI debt (\$140 million) which is being processed by court-appointed receiver PriceWaterhouseCooper (PWC). The letter advised that Chief Peguis Investment Corp (CPIC), its assets and revenues are to be dissolved and the assets it manages liquidated, and all proceeds be turned over to PFN to facilitate negotiations with PWC in settling the debt owed by our community to BFI. The CPIC was given 7 days to reply.

CPIC is considering a number of options that include measures to safeguard assets and revenues that are transferred to Peguis First Nation (PFN) and that follow due process. CPIC handling of assets and revenues is governed by the terms of the Chief Peguis Investment Trust (CPIT) and cannot simply hand over assets and funds to PFN when demanded by PFN council. CPIC is considering under what conditions can the Board of Directors comply with the Chief and Council request. Some conditions that could be applied are as follows:

- The consent of PriceWaterhouseCooper, the court-appointed receiver of Bridging Financing Inc (BFI) to any proposed transaction or arrangement between CPIC and PFN;
- Approval by a court order through an application by PFN, CPIC and CPIT;
- That an election be held as soon as possible to fill vacancies in the CPIT so that CPIT can approve any arrangement;
- That PFN report the misappropriation of funds in the loan of \$1.5 million by CPIC to Peguis Development Corp (PDC) in March 2019 and seek ways to recover the funds from Mr. Wayne Allery. This would begin to lay a foundation of trust and restore confidence which the council has lost in the management and stewardship of public funds.

The CPIC board wants to make

Who is CPIC and what is its mandate?

Chief Peguis Investment Corporation (CPIC) was created in June of 2012 to:

- be the investment arm of Peguis First Nation by searching out and finding investment opportunities and building businesses.
- look for opportunities in real estate, wholesale, retail, hospitality and business holdings.

CPIC Board of Directors

The Board of Directors of CPIC reports to the Chief Peguis Investment Board of Trustees established under the Chief Peguis Investment Trust Constitution and Bylaws. These bylaws can be viewed at: www.chiefpeguisinvestments.ca.

Recently, the council appointed additional Directors. The full complement of directors are as follows: Chair - Don Wilson, Vice-chair - Albert Sutherland, Treasurer - Noah Wilson, Secretary - Rhonda McPherson and Jim Wastasecoot.

CPIC Board of Directors report to the Chief Peguis Investment Trust Board of Trustees. Presently, the trustee positions remain vacant, although, the council has committed to holding trustee elections to fill them.

sure that due process is followed and that funds and assets under its management are properly transferred and safeguarded. Other conditions may be requested and could include an audit of other entities such as PDC.

2. CPIC Board statement of Claim filed in Court of Queen's bench.

The statement of claim is currently in abeyance since August 2021 to allow time for discussions to occur between CPIC and PFN on how the missing funds of \$1.5 million are to be recovered. Since then, the CPIC has not been able to recover the funds and will be reflected in our financial statements.

The statement of Claim arose out of a decision by Chief and Council in March 2019 to build a new Midway consisting of a motel and restaurant in front of the Peguis Mall and a Home Hardware regional store near the Community Hall. PDC requested a loan to accelerate construction by bulk-ordering sup-

plies and materials. The loan was provided by CPIC from BFI funds. The monies flowed but no materials were ordered.

Having exhausted all other avenues to recover the funds, including chief and council discussions to no avail, the Board of Directors took legal action.

3. Leasehold arrears

CPIC is managing properties at various locations including 1075 and 1065 Portage Ave Winnipeg. A number of tenants are running behind in their rents, among them, PDC which has not paid rents for over two years. CPIC must follow best business practices and has no option but to enforce the rules of landlord and tenant relationship in these circumstances. If the rents are not paid, CPIC must again resort to the rules and issue eviction orders unless rents are paid.

CPIC will update community members on these items going

forward.

3. CPIC record of upward trend

CPIC has made great strides in the direction of profitability since 2017 when management new managers were hired. The corporation would have registered a profit in the last fiscal year (2020) had PDC paid lease arrears (\$600,000) and had PDC repaid the loan (\$1.5 million) provided it by CPIC in 2019. In the previous update, CPIC reported on the status of all investments the Board managed for PFN. The update can be viewed on our website, www.chiefpeguisinvestments.ca.

What ventures is CPIC currently managing?

This information is presented in the following chart.

