

As the investment arm of Peguis First Nation, CPIC remains focused on:

- following good business practices;
- following due process with reference to our legal parameters set out in our bylaws and articles of incorporation; and,
- cooperating with the Council and other parties to try to get us through the current financial crisis in the \$140 million indebtedness to Bridging Finance Inc. (BFI).

Approximately 90% of CPIC Board over the past 7 months has been devoted to supporting and responding to Peguis First Nation requests for information to provide authorities engaged in the BFI debt.

Background

As reported in the last update, BFI is a company that manages debt and provides loans at high interest rates (11% plus prime, essentially 14%). Peguis made a number of borrowings in 2017 – 2019 in the amount of \$93.25 million. The BFI debt has now grown – with compounded interest - to over \$140 million. In April, the Globe and Mail newspaper reported that BFI had been placed under the control of a receiver following allegations that the money manager improperly used investor funds to benefit some of its founders and executives. The Ontario Securities Commission appointed PriceWaterhouseCoopers (PWC) LLP as the receiver and tasked with the company with selling off BFI and its assets to recover funds for investors. Within weeks, the Receiver fired the CEO, David Sharpe, and his wife, Natasha Sharpe, CIO, and took over management of the company.

Peguis First Nation, being one of the borrowers, has met with the

Receiver PWC on several occasions regarding its loans and has had to disclose its financial status including business interests, revenue streams and assets. (Peguis pledged assets as collateral against the BFI borrowings, collateral is something you promise to give a lender if you cannot repay a loan.) More recently, PFN has provided documentation to the Receiver to explain its position and how it plans to repay its debt. As of today, PFN has not disclosed this document to Peguis citizens because the Council is still in discussions, but CPIC is advised this will come in time. At minimum, the plan should identify revenue streams that could be directed at loan repayment, assets (collateral) that could be liquidated toward loan repayment and how much can be repaid annually and for how many years. (See SIDEBAR: What is a General Security Agreement and how does this apply in the current Peguis BFI debt?)

Peguis negotiating team and CPIC role

Chief and Council has hired a team of lawyers, accountants, engineers and real estate specialists to work under the Hon. Murray Sinclair, the lead, to negotiate a solution to the BFI debt. CPIC has been asked to cooperate by supplying information and documents to close gaps in the team's work. CPIC has sent hundreds of documents and thousands of pages to the offices of Honourable Murray Sinclair and even went so far as to prepare a table listing documents and where missing Band Council Resolutions (BCR's) could be found.

CPIC has met with Chief and Council and its advisors on several occasions, with some meetings getting very heated in the effort to first, nail down the facts and second, to answer outstanding questions from the Peguis negotiating team. CPIC has the following

concerns with this process:

the board has shared thousands of pages of documents with the Peguis BFI negotiating team but whether documents reach all team members is unclear. It appears that key documents get stuck in Andrew Marquess's desk and are not reaching the legal team. Certain key documents provided to Mr. Marquess were not shared with his legal team members. This is a fact.

It appears it's in the interest of external consultants to keep things muddy to prolong the search for information while billable hours charged to Peguis pile up.

In some cases, legal positions and resolutions are being drafted by accountants and non-lawyers with potential legal consequences. CPIC is not certain whether the documents have had the scrutiny of Peguis lawyers. In one case, CPIC was told to sign a board resolution prepared by Marquess that directed CPIC Board to dissolve itself and turn over all assets to a bearer's trust with the band as the beneficiary. CPIC lawyer warned the board this amounts to a fraudulent conveyance which, if executed, could result in personal liability of Board members.

CPIC is unclear as to who is leading the BFI negotiations. On several occasions including the band meeting of Sept. 2, Andrew Marquess presented himself as the lead negotiator in the ongoing discussions. This does not inspire confidence that Peguis First Nation is coordinating its information gathering and not duplicating effort.

On July 5th, Peguis FN held a ZOOM meeting which was a public meeting. Peguis Band members were invited to pre-register and approximately 90 odd persons accessed the meeting and were able to post question to the chat box during the meeting. So far those ques-

tions have remained unanswered. (See the October, 2021 issue of Terra Indigena at www.terraindigena.ca for more on this.)

On Friday Nov 14, CPIC met on a zoom call with PWC. It was agreed future meetings with PFN Chief and Council and advisors should include CPIC and focus on the repayment of the debt and coming up with a realistic plan for debt repayment.

On Saturday Nov 20th, CPIC met with the Hon. Murray Sinclair and his assistant Brenda Johnson. Both parties left the meeting satisfied there was good exchange of views, documents were shared that filled in information gaps, and agreement was reached to share additional documents and to meet again. CPIC Board members are encouraged by the meeting results and look forward to an ongoing process to make sure all questions are answered and documents within CPIC possession are appropriately shared with the Hon. Murray Sinclair.

Other issues

The \$1.5 million statement of Claim

The statement of claim, which was put in abeyance in August 2021, remains active and has not been withdrawn as of yet. More information on this is available at our website: www.chiefpeguisinvestments.ca.

PDC rent arrears

Over \$600, 000 in lease and operating expenses are owed by PDC to CPIC which has not been paid in two years. CPIC is considering eviction so that the business of leasing and earning revenues on leased space can proceed. This is in accordance with best business practices. Peguis borrowed money to build and renovate office space for lease

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as a revenue-generating opportunity for the community. Running such a business entails leasing and collecting rents, otherwise, the business will fail. More information can be read at our website.

Going forward

CPIC Board looks forward to further meetings with PWC, PFN and the Honourable Murray Sinclair to assist the process of document searches, planning, and in the bigger picture, organizing business arrangements to address the BFI debt.

The Board is encouraged by the news that PFN has now advertised for an electoral officer to conduct trustee elections to fill the vacancies on the Chief Peguis Investment Trust. This board of trustees is entity that CPIC must report to and flow revenues to as directed and which body is responsible for deciding how and where revenues are to be flowed to Peguis for housing and other departments. Having a full board of trustees will facilitate CPIC and PFN address the BFI debt.

Peguis First Nation Financial Statements for the year ended March 31, 2021

CPIC Board members are pleased to see the Financial Statements for 2021 are posted on the PFN website in November, and not later. However, there is a glaring omission that should be corrected. This is as follows:

- 1. The Warman Rd investment, and,
- 2. \$10 million equity investment in MJardin (Growforce).

Without this information, the Peguis band members do not have the full picture of their finances for 2021.

It is hoped that this error will be remedied as soon as possible to give members the full picture of the community’s financial well being.

Murray Sinclair to chair negotiations on federal compensation for First Nations kids

The Canadian Press

Nov 11, 2021

The former chair of the Truth and Reconciliation Commission (TRC) will aid talks between the federal government and child welfare advocates in hopes of securing an agreement to compensate First Nations children.

“While I cannot talk about the discussions – I believe Murray Sinclair brings the experience, wisdom and spirit to guide us through this process to achieve the best outcomes for children, youth and families,” says Cindy Blackstock, executive director of the First Nations Child and Family Caring Society (FNCFC), one of the plaintiffs in the case.

The Liberal government says Murray Sinclair will chair discussions between the sides including lawyers representing plaintiffs in a related class-action lawsuit as they

try to settle the matter outside of court by the end of December.

Sinclair, a former senator, led the TRC that spent from 2008 to 2015 investigating the experiences of thousands of Indigenous Peoples sent to residential schools as children. He is a highly respected voice on matters of reconciliation between Indigenous and non-Indigenous people.

“I’m very optimistic that we’ll be able to have an agreed-upon solution in the time frame that we’ve set,” Indigenous Services Minister Patty Hajdu told The Canadian Press in an interview.

She said it’s been made clear to the government negotiators that they are to be “solution-focused” in their deliberations.

Sinclair’s role in the talks comes after the Liberal government appealed a Federal Court ruling last month upholding orders for it

to pay \$40,000 each to thousands of individual First Nations children removed from their homes, as well as to some of their relatives.

The compensation stemmed from an earlier finding by the Canadian Human Rights Tribunal that Ottawa discriminated against First Nations kids by knowingly and willfully underfunding child and family services on reserves.

Advocates say this lack of funding led to families being needlessly separated, which caused suffering. The issue has gone on for years, with the original complaint of discrimination brought forward in 2007 by the FNCFC and the Assembly of First Nations.

The tribunal also ruled the federal government needed to expand its criteria of Jordan’s Principle, a measure stipulating that jurisdictional disputes should not get in the way of providing services to First Nations children.

What is a General Security Agreement?

A general security agreement (GSA) represents a special agreement that allows you to secure a commercial business loan with certain types of collateral. If you default on the loan, your creditor may reclaim the asset noted in the security agreement as repayment.

These agreements can secure current or future debts, and the underlying property can be tangible assets of your business, including:

Machinery

Equipment

Inventory

Investors may use intangible assets as a guarantee for the loan, such as:

Accounts receivable

Trademarks

Intellectual property

Stocks

Bonds

Vaccine Clinics

December Schedule

5 – 11 years olds, 12 – 18 & 18 +
Vaccines

Vaccines: Pfizer, Moderna, and Flu
Vaccines

1st, 2nd, & 3rd dose available

December 1 and 2, 2021

Peguis Recreation Gym (old
School), 1:30 pm – 7:00 p.m.

December 6, 8, 13,15, 20, 22, 2021

Every Monday & Wednesday
throughout December

Peguis Recreation Gym (Old
School), 1:30 – 4:00 p.m.

For more information, please
consult the peguisfirstnation.ca
website.