

Affidavit #2 of Chris McPhedran  
Sworn September 24, 2009

No. S8547  
Campbell River Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**RE: CAMPBELL RIVER T.V. ASSOCIATION**

**AFFIDAVIT**

I, **CHRIS McPHERAN**, of the accounting firm of Chan Nowosad Boates ("CNB"), of 980 Alder Street, in the City of Campbell River, in the Province of British Columbia, **MAKE OATH AND SAY THAT:**

1. I am a Chartered Accountant and an associate in the accounting firm of CNB. As such, I have personal knowledge of the matters and facts hereinafter stated, except where the same are stated to be based on information and belief, in which case I believe them to be true.
2. CRTV is a non-charitable society duly incorporated under the laws of British Columbia and having a registered office within British Columbia at 906 Island Highway, Campbell River, British Columbia V9W 2C3.
3. CNB was appointed as liquidator of the assets of Campbell River T.V. Association ("CRTV") on May 11, 2009 by an order of this Honourable Court.
4. By Order of this Honourable Court made September 14<sup>th</sup>, 2009, CNB was authorized to make an interim distribution of part of the assets of CRTV to the debenture holders and to the ordinary members of the Society.
5. At the time that the liquidators sought the approval of the Court to make that interim distribution, we indicated to the Court that we were withholding \$1,615,075.00 for future contingencies.

6. Two Affidavits were filed by members of CRTV in response to the proposed interim distribution. True copies of those Affidavits sworn and filed by Gurdeep Sidhu and John Howard St. Amour are now produced and shown to me and marked as Exhibit "A" and "B" to this my Affidavit.
7. It is the intention of the liquidator to seek directions from the Court on the issue which is raised by Mr. St. Amour and Mr. Sidhu. That issue is whether corporate members of the Society should be entitled to participate in the distribution of the assets of the Society upon the dissolution of the Society.
8. The By-Laws of the Society at the time that CNB was appointed liquidator provided that the assets of the Society be distributed, upon dissolution, to only the ordinary members of the Society. The By-Laws excluded the other two categories of members (honourary members and corporate members) from participation in the distribution.
9. The Society was incorporated in 1957. Originally, there was only one category of membership. A set of By-Laws enacted in 1971 created five different classes of membership, "honourary", "junior", "senior", "ordinary" and "corporate". The rights of three of those classes of membership (junior, ordinary and corporate) included the right to participate in the distribution of the assets of the Society upon dissolution. Those 1971 By-Laws remained in force with only minor variations not relevant to the issue before the court until March, 2005. There was a change in the By-Laws made at a special meeting of CRTV in March, 2005. The By-Laws were substantially revised. The revised bylaws eliminated the right of corporate members to participate in the distribution of the assets of the Society upon dissolution. The Notice to the members advertising the special meeting did not make mention of the intended change in these rights of the corporate members.
10. It is the intent of the liquidator to seek the directions of the Court with respect to whether the liquidator should follow the provisions of the By-Laws as they were in force at the time that the liquidator was appointed or, alternatively, whether the corporate members (they are 376 in number) should be treated in the same fashion as the ordinary members.
11. If the Court gives directions to the liquidator requiring the liquidator to distribute an equitable share of the net sale proceeds to each of the corporate

members, then the liquidator asks the Court to direct the liquidator to pay-out \$3,375.00 to each corporate member (this is the same amount as the Court approved for distribution to each ordinary member). If the Court grants those directions, then the liquidator would pay-out to each of the 376 corporate members the sum of \$3,375.00 which would result in a total pay-out of \$1,269,000 reducing the amount held-back for contingencies to \$346,075.

**SUBSTITUTIONAL SERVICE**

12. On August 31<sup>st</sup>, 2009, the Court made an Order allowing the liquidator to serve notice of the application to approve an interim distribution of the assets to the ordinary members by substitutional service in essentially the same terms as is sought in the present application seeking leave to serve the members with notice of the liquidator's intention to seek the Court's directions. I refer to my affidavit No. 1 for the reasons that the liquidator is seeking leave to serve the members of CRTV with notice of the application set for hearing on October 13<sup>th</sup> as well as any further applications.

13. Pursuant to the provisions of the Act and the Order of this Honourable Court made May 11<sup>th</sup>, 2009, it will be necessary for the liquidator to return to Court at least one additional time to seek final approval of the activities of the liquidator in winding up and dissolving the Society. Rather than requiring the liquidator to seek another substitutional service Order for that anticipated final Court appearance, I ask the Court to grant the liquidator the right to serve notice of any necessary Court applications upon the membership in a like-manner to that granted in the Order made August 31<sup>st</sup>, 2009.

**SWORN BEFORE ME** at the City )  
of Campbell River, in the Province of )  
British Columbia, this 24<sup>th</sup> day )  
of September, 2009. )

\_\_\_\_\_)  
A Commissioner for Taking Affidavits )  
Within British Columbia )

Patrick J. FIELD  
906 Island Highway  
Campbell River, B.C. V9W 2C3  
Barrister & Solicitor

  
\_\_\_\_\_  
**CHRIS MCPHEDRAN**

CANADA

PROVINCE OF

BRITISH COLUMBIA

TO WIT:



) IN THE MATTER OF  
 ) In the matter of, CRTV LIQUIDATION  
 ) THROUGH Chan Nowosad Boates,  
 ) BC Supreme Court Action S-8547  
 ) (Sept 14, 9:45) City of Campbell  
 ) River

I, Gurdeep Sidhu authorized signatory of Gurdeep Sidhu, Notary Corporation of 1007 Shoppers Row, Campbell River, B.C. V9W 2C7

Do solemnly declare that I am a claimant and the facts of the event are as follows:

1. My corporation became member of CRTV Association in July 2005 and have been a continuous member since then;
2. The proposal made by CRTV to sell it's assets to Shaw Communications included information about the distribution of CRTV Association's assets. CRTV publicly stated that all members will receive their share of the distribution of the proceeds;
3. My corporation became aware that, along with other non-individual members, it is being excluded from the members that will receive the distribution of the assets;
4. I believe that the liquidator is proposing an unfair distribution by excluding the non-individual members of the society;
5. I request the court to require the liquidator to include all members in their list of payment recipients.

AND I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the "Canada Evidence Act"

DECLARED BEFORE ME at Campbell River, in the Province of British Columbia, this 17 day of September, 2009.

A Commissioner for taking Affidavits in British Columbia

SHARON L. ALTHOUSE

~~JOANNE L. JOHNSON~~, Notary Public

850B - 12th Avenue  
 Campbell River, BC V9W 6B5  
 PH. (250) 286-3636

Witness as to execution only  
 no advice sought or given

Gurdeep Sidhu  
 authorized signatory of Gurdeep Sidhu, Notary Corporation

This is Exhibit A referred to in the Affidavit

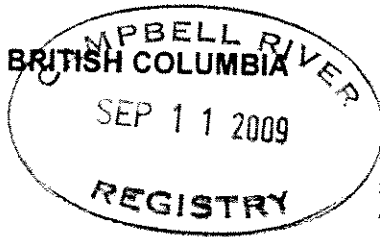
Chris McPhedran  
 Made before me on September 24, 2009

A Commissioner for Taking Affidavits  
 within British Columbia

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 ) In the matter of, CRTV LIQUIDATION  
 ) THROUGH Chan Nowosad Boates,  
 ) BC Supreme Court Action S-8547  
 ) (Sept 14, 9:45) City of Campbell  
 ) River

I, John Howard St. Amour authorized signatory of 591102 BC Ltd. resident of unit 204, 501 9<sup>th</sup> Avenue, Campbell River, B.C. V9W 4B5

Do solemnly declare that I am a claimant and the facts of the event are as follows:

1. My firm 591102 BC Ltd. (DBA. Pier Street Computers) held an account with CRTV for approximately 9 yrs. We paid our \$100 membership fee, and of course, all of our bills through the years;
2. When the sale of CRTV's assets was being processed, CRTV had publicly stated that all members will receive their share of the distribution of the proceeds. I understood that my firm was a member, and that CRTV was a co-op. I was happy to be a part of it, and promoted it widely. It should be noted that my firm is in a position to recommend internet service providers. We regularly assured people of the quality of CRTV's service. Also, we regularly help and advise people with their computer and internet problems, helping the whole system run better;
3. This is why I was surprised to find out that my firm does not qualify for a dividend pay-out under the terms outlined;
4. I was told by a representative of the liquidator that corporations simply do not qualify;
5. I find this completely unfair, as corporations are in fact valid members of the community. My firm, like many others in Campbell River, contributes greatly to the richness and well being of this community through donations, and the essential services we provide;

This is Exhibit B referred to in the Affidavit of

Chris Mc Pherson

Made before me on September 24, 2009

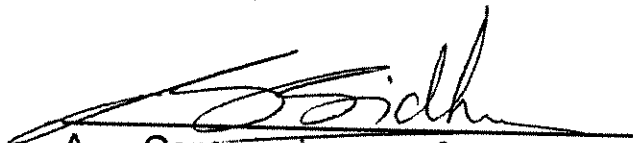
A Commissioner for Taking Affidavits  
 within British Columbia

A handwritten signature in black ink, appearing to be "J. Paul", written over the Commissioner's name and date.

6. It is my understanding that a corporation is a legal entity under Canadian law and therefore should be able to be a member of a non-profit society – in equal standing. Other Non-Profit societies afford corporate members equal standing (National Geographic Society, Ducks Unlimited etc.....). The distribution suggested by the settler is not a fair distribution and prejudice against members that are corporations;
7. It should also be noted that several of the other corporations that will be denied their dividend are in fact charities or non-profit societies themselves. Obviously, valued members of this community, as well.

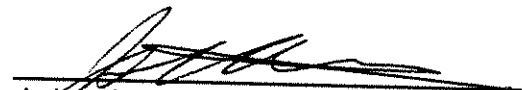
AND I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the "Canada Evidence Act"

DECLARED BEFORE ME at )  
 Campbell River, in the Province of )  
 British Columbia, this 11<sup>th</sup> day of )  
 September, 2009. )



A Commissioner for taking  
 Affidavits in British Columbia

**GURDEEP SIDHU**  
 NOTARY PUBLIC  
 1007 Shoppers Row  
 Campbell River, B.C. V9W 2C7  
 (250) 287-3445

  
 John Howard St. Amour authorized  
 signatory of 591102 BC Ltd.

