COURT FILE NUMBER	2501-02733	Clerk's Stamp
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JUDICIAL CENTRE		SCAL CENTRE OF CARE FILED DIGITALLY
	IN THE MATTER OF THE COOPERATIVES ACT, SA 2001, c C-28.1	<pre>{ 2501 02733 Mar 29, 2025 </pre>
	AND IN THE MATTER OF THE RECEIVERSHIP OF PICTURE BUTTE FEEDER COOPERATIVE	12:58 PM
APPLICANT	PICTURE BUTTE FEEDER COOPERATIVE	
DOCUMENT	CONFIDENTIAL AFFIDAVIT OF TONY ANKERMANN	
ADDRESS FOR SERVICE AND	CASSELS BROCK & BLACKWELL LLP 3810, Bankers Hall West	
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OF PARTY FILING THIS DOCUMENT	Attention: Jeffrey Oliver / Danielle Marechal	
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	File No. 061429-00005	
AFFIDAVIT OF	Tony Ankermann	
SWORN ON	February 18, 2025	

I, TONY ANKERMANN, of the Hamlet of Iron Springs, in the Province of Alberta, SWEAR AND SAY THAT:

- I am the Vice-Chairman and a member of the board of directors of Picture Butte Feeder Cooperative ("PBFC"), and as such have personal knowledge of the matters hereinafter deposed to except where stated to be based upon information and belief, and where so stated I do verily believe the same to be true.
- 2. I have been authorized to swear this affidavit as a representative of PBFC.
- 3. This affidavit is being sworn further to my non-confidential affidavit sworn February 18, 2025 (the "Non-Confidential Affidavit"). Terms not otherwise defined herein shall have the meaning ascribed to them in the Non-Confidential Affidavit.

- 4. Attached hereto and marked as <u>Confidential Exhibit "A"</u> is a copy of Report of the Ministry referenced in paragraph 41 and throughout Part V of the Non-Confidential Affidavit. The Report provides a detailed summary of the Ministry's findings following the inspections performed by the Ministry between September 7, 2023, and May 15, 2024. In particular, the Report identifies the relevant provisions of FAGA and FAGR that PBFC has allegedly failed to comply with along with various governance and operational concerns raised by the Ministry.
- 5. Attached hereto and marked as <u>Confidential Exhibit "B"</u> is a copy of the Compliance Memorandum referenced in paragraph 45 and throughout Part V of the Non-Confidential Affidavit. The Compliance Memorandum is a document drafted by the FAA following its February 7, 2025 meeting with the Ministry. The Compliance Memorandum summarizes the non-exhaustive list of action items that the FAA understands the Ministry would like PBFC to undertake for the Order to be lifted.
- 6. As can be seen from the contents of both the Report and Compliance Memorandum, the Ministry has identified significant areas of operational and governance concern that, in my view, will require considerable amounts of time and expertise to address. The Board is a volunteer board of directors and lacks both the time and expertise needed to address the concerns raised by the Ministry in the Report and Compliance Memorandum. As such, it is my view that the concerns raised in the Report and Compliance Memorandum would be best addressed by a Restructuring Officer with the necessary expertise and who can carry out the changes required in an open and transparent court-process.
- I swear this affidavit in support of an order appointing A&M as the court appointed receiver-manager of the assets, undertakings and properties of PBFC and for no improper purpose.

)

)

SWORN BEFORE ME at Calgary, Alberta, this 18th day of February, 2025.

Commissioner for Oaths in and for the Province of Alberta

TONY ANKERMANN

Alberta

NATALIE ELISE THOMPSON Barrister and Solicitor Commissioner for Oaths in and for Alberta

This is <u>Confidential Exhibit "A"</u> to the Affidavit of <u>Tony Ankermann</u>, sworn this <u>18th</u> day of <u>February 2025</u> A Commissioner for Oaths / Notary Public In And For Alberta

NATALIE ELISE THOMPSON Barrister and Solicitor Commissioner for Oaths in and for Alberta REPORT ON THE INSPECTION OF

PICTURE BUTTE FEEDER CO-OPERATIVE

Date: November 18, 2024

Submitted by: Bruce Hamblin, Director, Inspection and Investigation Section Alberta Agriculture and Irrigation

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EXECUTIVE SUMMARY

This Report is based on findings of inspections of Picture Butte Feeder Co-operative ("**PBFC**") that were conducted between September 7, 2023, and May 15, 2024, by the Inspection and Investigation Section ("**IIS**") of Alberta Agriculture and Irrigation ("**AGI**").

IIS conducted a routine annual inspection on September 7, 2023. This led to further inspections lasting until October 12, 2023. That inspection culminated in a Provincial Supervisor Order dated October 19, 2023 (the "**October PSO**"). The course of that inspection led IIS to initiate a wider-ranging and deeper inspection under authority of <u>section 9</u> of the <u>Feeder Associations Guarantee Act</u>, S.A. 2009, c. F-11.1 (the "Act"). That inspection ended May 15, 2024.

Based on IIS's review of PBFC records and IIS' interviews, IIS is of the opinion that there have been numerous contraventions, by PBFC and certain members, of the Act and the <u>Feeder Associations</u> <u>Guarantee Regulation</u>, Alta Reg 13/2012 (the "Regulation").

IIS is also of the opinion that PBFC failed to conduct itself in accordance with the guidelines in the Manual of Directives and Procedures for Feeder Associations in Alberta (the "Manual") and operated in an unsound manner.

The contraventions and unsound practices that IIS believes have occurred involve members associated with the Chair, Shane Schooten ("Chairman Schooten") and board member Kevin Serfas ("Director Serfas").

Due to IIS's concerns about the governance of PBFC, IIS recommends that the Minister issue an Order under section 6 of the Act prohibiting further advances under guaranteed loans to PBFC.

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PART I. OVERVIEW

The Feeder Associations Loan Guarantee Program (FALGP)

1. Since its inception during the Great Depression in 1936, the Feeder Associations Loan Guarantee Program ("FALGP") has provided capital to farmers for the feeding of livestock through relatively easy access to low interest, leveraged financing backed by a government guarantee. The program typically finances 17% to 24% of the cattle calf crop each year, providing a significant portion of the lending requirement of the industry.¹

2. The FALGP is open to individuals, corporations, and partnerships, and joint ventures. Participants must be approved by their local feeder association. As of May 15, 2024, there were 45 feeder associations in Alberta.

Statutory and Policy Framework for FALGP

3. The FALGP is enabled by the *Feeder Associations Guarantee Act* ("Act") and the Feeder Associations Guarantee Regulation (the "Regulation"). The Act and the Regulation govern the provision of government loan guarantees to feeder associations, and the use by the feeder associations of the guaranteed loan proceeds. Feeder associations are formed or continued under the <u>Cooperatives Act</u>, S.A. 2001, c. C-28.1.

4. Among other things, the Act:

- authorizes the Government of Alberta to give guarantees with respect to loans made to feeder associations (section 2),
- defines a "feeder association" to mean an association that enters into agreements with its members to grow, finish or otherwise deal with livestock or livestock products owned by the feeder association (section 1(a)),
- provides that a feeder association may use a guaranteed loan only for a purpose provided in the regulations (section 4).

5. Among other things, the Regulation:

- prescribes the eligibility criteria for association members (section 11),
- prohibits a feeder association from using any portion of the proceeds of a guaranteed loan for a purpose other than as set out in the Regulation(<u>section 13</u>): that is, to buy livestock for supply to its feeder members for growing or finishing or both; to give advances to feeder members; and to fund the other activities listed in that section.

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Classification: Protected B

https://www.alberta.ca/feeder-association-loan-guarantee-program

6. <u>Section 11</u> of the Regulation provides that a feeder association may accept, as feeder members, only the entities described in that section. There are three general categories:

- individuals,
- corporations,
- partnerships and joint ventures.

7. An individual may become a member under one of two subcategories:

- as an individual that owns or leases land in Alberta on which the individual directly carries on the business of farming for gain or reward, or
- as an individual that is an "active shareholder" of a corporation that is a member, or is an "active member" of a partnership or joint venture referred that is a member.

8. To guide associations, the Government of Alberta has published the <u>Manual of Directives and</u> <u>Procedures</u> (revised September 28, 2021) (the "Manual"). The Manual provides specific instructions to associations and staff regarding proper risk management practices.

Picture Butte Feeder Co-operative

9. PBFC is a cooperative established in 1991 and continued in 2005 as a cooperative under the *Cooperatives Act*. As of December 31, 2023, PBFC had 167 active members and 29 inactive members, for a total 196 members.²

10. PBFC is the largest feeder association in Alberta in terms of borrowings and usage of the provincial guarantee available under FALGP. The total provincial loan guarantee available under FALGP is \$150,000,000 for the 45 feeder associations. As of January 2024, PBFC was allotted \$60,000,000 in guarantee, on the basis of which PBFC borrowed up to \$400,000,000 from its lender (lenders typically loan on a 15% ratio).³ PBFC's usage of the provincial guarantee is 10 times larger than that of the next largest feeder association. (See Tables 1.1 and 1.2.)

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PBFC Form 1 Year End Summary (January 1, 2023 to December 31, 2023)

^a In July 2024, FALGP reduced PBFC's allotment to \$50,250,000 after considering PBFC's actual usage of the guarantee.

Table 1.1: FALGP Guarantee Permitted to Associations as of January 2024

Amount of Guarantee Permitted	Number of Feeder Associations in this Category
\$60 Million	1 – PBFC
\$5.85 Million or less	44 Feeder Associations

Table 1.2: Feeder Association Loans as of January 2024

Amount of the Loan that is Guaranteed	Number of Feeder Associations in this Category
\$400 Million	1 - PBFC
\$30 to \$40 Million	4 -
\$20 to \$30 Million	8 -
\$10 to \$20 Million	15 Feeder Associations
\$1 to \$10 Million	17 Feeder Associations

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Overview of the Report

11. This Report consists of the following:

Executive Summary

Part I (Overview), this Part, gives a high-level description of FALGP and PBFC, and describes the structure of this Report.

Part II (Background) describes the impetus for the inspection and this Report.

Part III (Report Findings) summarizes the findings of the inspection conducted by IIS between September 7, 2023, and May 15, 2024.

Part IV (Conclusion and Recommendation) contains the IIS recommendation to the Minister.

Appendices 1 to 10 contain the details of the inspection.

Appendix 11 contains a glossary of terms used in this Report.

This Report is accompanied by the "Supporting Documents", which is copies of some of the PBFC records and inspector materials that are cited in the appendices. Due to the volume of materials, IIS has not included every cited record in the Supporting Documents. Cited records that are not included in the Supporting Documents are described in this Report so PBFC may find the material in its own files.

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PART II. BACKGROUND

Overview

12. This Part II describes the background for the inspection that has culminated in this Report.

Program-wide focus on improving adherence to member eligibility requirements

13. Under the Regulation, there are three general classes of members: individuals; corporations; and partnerships and joint ventures.

14. Section 11 of the Regulation sets out the member eligibility requirements for individuals:

- Individuals who own or lease land in Alberta on which the individual directly carries on the business of farming for gain or reward (section 11(1)(a)(i)),
- Individuals who are "active shareholders" of a corporation that is eligible for membership, or who are "active members" of a partnership or joint venture that is eligible for membership (section 11(1)(a)(ii).⁴

15. In this Report, "Individual Member" means a member who is eligible under section $\frac{11(1)(a)(i)}{a}$ of the Regulation.

16. The Provincial Supervisor Thomas Pack (the "**Provincial Supervisor**") identified in February 2023 at the Feeder Association of Alberta annual general meeting that the focus of the summer inspections would be on member eligibility under <u>section 11</u> of the Regulation. Inspectors would be asking administrators about their members, how they qualify and if they qualify. On July 11, 2023, the Provincial Supervisor informed PBFC's Administrator Dick Haney and Chairman Schooten, in a conference call, that the 2023 annual inspection would focus on <u>section 11</u> of the Regulation membership qualifications.

PBFC's annual inspection

17. On September 7, 2023, the Provincial Supervisor and an inspector attended at PBFC for its annual office inspection. IIS inspects records of all associations annually. Following the inspection, the Provincial Supervisor formed the opinion that PBFC and 19 members failed to comply with the Act, Regulation, or both. His opinions included the following:

- PBFC accepted members who do not meet the requirements of <u>section 11(1)</u> of the Regulation, contrary to that section.
- 2) The 19 members held memberships where it was not apparent from their conduct that the primary purpose for holding the membership was to enable the person to receive

"Active shareholder" and "active member" are defined at section 1(1) of the Regulation.

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supplies of livestock for growing or finishing or both, contrary to <u>section 11(2)</u> of the Regulation.

- PBFC supplied livestock or gave advances when PBFC was or should have been aware that the members were in contravention of the Act or Regulation, contrary to section 14(3) of the Regulation.
- PBFC failed to collect security deposits from the members, contrary to section 33(1) of the Regulation.

Provincial Supervisor Order dated October 19, 2023

18. On October 19, 2023, PBFC was served a Provincial Supervisor Order (the "October PSO") concerning 19 PBFC members named in the October PSO (the "Specified Members") for the grounds listed in the paragraph above.⁵ The Specified Members are:

- 1) CAMPSCHROER, Kevin
- 2) DAWSON, Mitch
- 3) DUNN, Mark
- 4) FRENCH, Alvin
- 5) FROESE, Issac
- 6) GARZA, Humberto
- 7) GOERTZEN, Peter
- 8) GOMEZ, Eduardo
- 9) LOCKE, Hugh
- 10) MacLEAN, Joseph

- 11) RAMONES, Jesus
- 12) RILEY, Bradley
- 13) SCHWARTZKOPF, Brian
- 14) SCHWARTZKOPF, Vera
- 15) WALK, Ashley
- 16) WALK, Cornelia
- 17) WALK, Johan
- 18) WALK, Wes
- 19) WARNER, Geertje

19. Among other things, the October PSO prohibited PBFC from supplying livestock or giving advances to the Specified Members until the member could satisfy the Provincial Supervisor that (a) the member owned or leased land in Alberta on which the member directly carried on the business of farming for gain or reward; and (b) the member could demonstrate that the primary purpose for holding their membership was for the purposes set out in <u>section 11(2)</u> of the Regulation. The October PSO permitted any one of the Specified Members an opportunity to contact the Provincial Supervisor and state their circumstance regarding their feeder loans and their eligibility. PBFC appealed the October PSO.

20. (Note: After the appeal was heard, Ashley Walk, Wesley Walk, Brian Schwartzkopf, and Bradley Riley provided information that satisfied the Provincial Supervisor that they qualify under <u>section 11(1)(a)(i)</u>.⁶ On October 17, 2024, PBFC provided IIS with documentation indicating that the remaining Specified Members (except one, who had passed away) had withdrawn their memberships.)

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⁵ October PSO. See page 1 of the Supporting Documents.

⁵ The decisions of the Provincial Supervisor are contained in letters to PBFC: Brian Schwartzkopf effective July 26, 2024; Ashley Walk, effective August 1, 2024; Wes Walk, effective August 1, 2024; Bradley Riley, effective August 2, 2024.

21. (Note: In its decision dated October 21, 2024, the appeal panel considered the appeal with respect to each of the 19 Specified Members. The appeal panel confirmed the PSO and dismissed PBFC's appeal in its entirety.)

Discrepancies in PBFC's explanation about joint venture members triggered more in-depth inspection

22. Before and during the inspection on September 7, 2023, PBFC advised IIS that many of its members qualified for membership through their participation in joint ventures with other members. After being reminded of the Regulation's limits on loans to joint ventures, PBFC changed its position to assert that all its members qualified as Individual Members, and not as active members of joint ventures.

23. The Provincial Supervisor became concerned the abrupt change in position was indication that PBFC was inappropriately administering <u>section 11(1)(a)(i)</u> of the Regulation – which PBFC claimed was the membership category for all its Individual Members – and <u>section 11(2)</u>. Therefore, IIS reviewed the PBFC active member files through the following lens:

- Does the individual own or lease land in Alberta on which the individual directly carries on the business of farming for gain or reward?
- Is it reasonably apparent that the primary purpose for holding the membership is to enable the person to receive livestock for growing or finishing or both?

24. During the inspection that culminated in the October PSO, IIS observed that numerous members had irregular arrangements with PBFC and third parties. In particular, the Specified Members had powers of attorney on file that gave Chairman Schooten or Director Serfas the ability to control the member's dealings with PBFC, including the supply of livestock and provisions of Equity Advances; those members' files included legal instruments authorizing PBFC to pay sales proceeds and Equity Advances to corporations in which Chairman Schooten or Director Serfas had a financial interest; and the livestock were sold to companies associated with Chairman Schooten.

25. These irregular arrangements prompted IIS to look more closely at PBFC's administration of its memberships. IIS began the in-depth inspection by reviewing the membership files for PBFC members who were "active" in the previous year. IIS discovered patterns among these active members, including:

- PBFC conducted transactions for certain members as groups.
- The members fell into one of two groups: one group of members with linkages to Chairman Schooten, and another group with linkages to Director Serfas.
- The files of these members included a set of legal documents, including a Power of Attorney, that were unusual for PBFC and for FALGP as a whole. The documents gave Chairman Schooten or Director Serfas control of the member's dealings with PBFC, and authorized PBFC to pay Equity Advances to companies associated with Chairman Schooten or Director Serfas, not the member.
- The members' security deposits were paid by cheques issued by corporations associated with Chairman Schooten or Director Serfas.

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- The livestock supplied on the accounts of the members were sold to a business associated with Chairman Schooten. PBFC's statements of these sales did not indicate any proceeds payable to the member.
- The group of members with linkage to Chairman Schooten had a significant number of irregular signatures in their records.
- 26. Upon discovering these patterns, IIS focussed the inspection on these groups.

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PART III. REPORT FINDINGS

Introduction

27. This Report is based on findings of an inspection of Picture Butte Feeder Co-operative ("PBFC") that was conducted between September 7, 2023, and May 15, 2024, by the Inspection and Investigation Section ("IIS") of Alberta Agriculture and Irrigation ("AGI"). IIS conducted a routine annual inspection on September 7, 2023. This led to further inspections lasting until October 12, 2023. That inspection culminated in a Provincial Supervisor Order dated October 19, 2023 (the "October PSO"). The course of that inspection led IIS to initiate a wider-ranging and deeper inspection under authority of <u>section 9</u> of the Act. That inspection ended May 15, 2024.

28. The following are the findings of IIS. The specific findings are in the Appendices.

Admitting members who are ineligible, and holding membership for an unpermitted purpose

- 29. In the opinion of IIS:
 - PBFC contravened <u>section 11(1)</u> of the Regulation by admitting members who are ineligible.
 - Members contravened <u>section 11(2)</u> of the Regulation by continuing to hold their memberships when it was not reasonably apparent from their conduct that the primary purpose for their holding the membership was to receive livestock for growing or finishing or both.
 - PBFC contravened <u>section 11(2)</u> of the Regulation by permitting those members to hold their memberships.

The findings on this topic are presented in Appendix 1 of this Report.

30. PBFC admitted members under the "individual member" category described in <u>section 11(1)(a)(i)</u> of the Regulation when those individuals did not own or lease land on which they directly carried on the business of farming. As such, it was not reasonably apparent that the individuals were holding the membership to enable them to grow or finish livestock. Many of these individuals worked for a business of Chairman Schooten or Director Serfas, or were related to an employee. Some were not aware of the value of their cattle contracts or who paid their security deposit. Some stated that another person or company was to receive profits from the livestock.

31. IIS's concerns about section 11(1) and 11(2) apply to the 19 members named in the October PSO (the "Specified Members") (listed in paragraph 18, and paragraph 93 of Article 1.1 of Appendix 1) as well as other members referred to in this Report as "Other Ineligible Members" (listed in paragraph 108 of Article 1.3 of Appendix 1).

Using guaranteed loans for unpermitted purposes

32. In the opinion of IIS, PBFC contravened <u>section 4</u> of the Act and <u>section 13</u> of the Regulation by using the proceeds of guaranteed loans for purposes other than supplying livestock to the member for

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growing or finishing, for giving advances, or for the other purposes listed in the Regulation. The findings on this topic are presented in Appendix 2 of this Report.

33. The first indication that PBFC did not supply livestock and advances to the member is in PBFC's practice of administering members in groups. IIS reviewed transactions that show that 19 Specified Members, Other Ineligible Members, and 3 former members (members total) were organized into one of two groups, which IIS⁷ calls the "**Schooten Group**" and the "**Serfas Group**":

- the "Schooten Group", consisting of listed and discussed further in Article 2.1.1 of Appendix 2 of this Report;
- the "Serfas Group", consisting of members associated with Director Serfas, as listed and discussed further in Article 2.1.1 of Appendix 2 of this Report.

PBC also used the term "Schooten Group" and "Serfas Group" on internal documents to refer to groups of members. In this Report, "Schooten Group" and "Serfas Group" mean the members identified in this Report.

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	Members in the Schooten Group		Members in the Serfas Group
1)	Mitch Dawson – Specified Member	1)	Kevin Campschroer – Specified Member
2)	Joe MacLean – Specified Member	2)	Mark Dunn – Specified Member
3)	Jesus Ramones – Specified Member	3)	Alvin French – Specified Member
4)	Ashley Walk - Specified Member	4)	Issac Froese – Specified Member
5)	Cornelia Walk - Specified Member	5)	Humberto Garza – Specified Member
6)	Johan Walk – Specified Member	6)	Peter Goertzen – Specified Member
7)	Wes Walk - Specified Member	7)	Eduardo Gomez – Specified Member
8)	Brian Schwartzkopf – Specified Member	8)	Hugh Locke - Specified Member
9)	Vera Schwartzkopf – Specified Member	9)	Bradley Riley - Specified Member
		10)	Geertje Warner - Specified Member
21) 22)	Crystal Fulford – Former member Jenna Ment – Former member		
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35. As discussed in Article 2.1.1 of Appendix 2, members in the Schooten Group are generally employees of a corporation linked to Chairman Schooten (or a relative of the employee). Members in the Serfas Group are generally employees of a corporation linked to Director Serfas.

36. The second indication that PBFC did not supply livestock and advances to the member is the existence of unusual legal instruments in the files. The overall effect of the documents, which include a Power of Attorney, is that Chairman Schooten or Director Serfas control the livestock supplied to the accounts of those members, as well as those members' dealings with PBFC (including the ability to have livestock supplied and to receive sales proceeds (if any) and Equity Advances.) The member files of almost all the Specified Members and at least half the Other Ineligible Members have the same instruments. These instruments were also in the files of three former members: Jenna Ment, Mark Weir, and Crystal Fulford. As of August 2023, the maximum value of the cattle contracts and Equity Advances available to the Specified Members for whom Chairman Schooten and Director Serfas held power of attorney was over \$120,000,000.

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37. Normally, feeder association members who are supplied livestock by their association will grow and eventually market and sell their livestock. Members carry out this work directly, or manage employees and contractors to do so on their behalf. In all instances members, are personally involved in the management and supervision of their livestock operation. This is contemplated by the Member Agreement.

38. For the 31 members (Specified Members, Other Ineligible Members, and three former members) that had Powers of Attorneys on their files, the livestock were placed in feedlots run by businesses associated with Chairman Schooten or Director Serfas. None of the members or former members interviewed by IIS stated that they were aware of what was done under the Powers of Attorneys in their files. Members stated to IIS that they did not understand what a power of attorney is, or did not know about their Loan Limits or the Livestock Supply Contracts in their name (even though the member's liability under the Livestock Supply Form promissory was in the millions of dollars). Some members denied signing the Power of Attorneys in their files.

39. Multiple members employed by Director Serfas' business stated he asked them to join PBFC. Some said they understood the purpose of their membership was to assist Director Serfas' farm. Several of the members interviewed by IIS stated they received no, or extremely limited, benefit from their participation in this arrangement. One former member, Mark Weir, stated he understood that he would receive 10% of the profit realized from the sale of his livestock, but never did.

40. The members with the Power of Attorneys in their files also had Authorizations and Directions to Pay that authorized PBFC to pay sale proceeds and Equity Advances to corporations associated with Chairman Schooten or Director Serfas. PBFC records confirm that payments were made. (As discussed in Article 10.5.4 of Appendix 10, from January to November 2022, PBFC paid over \$79,000,000 to businesses linked to Chairman Schooten, of which over \$9,000,000 appears to be Equity Advances.)

41. The third indication that PBFC did not supply livestock and advances to the member is the payment of fees and security deposits. PBFC records indicate that businesses associated with Chairman Schooten and Director Serfas paid the membership fees and security deposits for members in the Schooten Group and Serfas Group. PBFC transferred security deposits between member accounts. In many instances, there is no indication the members in question were aware funds are being received or paid on their behalf.

42. A fourth indication that PBFC did not supply livestock and advances to the member is that Chairman Schooten and Director Serfas often co-signed the Livestock Supply Forms and Equity Loan Promissory Notes of the members in the Schooten Group and Serfas Group.

43. The fifth indication that PBFC did not supply livestock and advances to the member is patterns in the purchases and sales of livestock supplied to members in the Schooten Group and Serfas Group.

 PBFC conducted group transactions for the members in the Schooten Group and Serfas Group, buying and selling livestock on behalf of several members at a time. These group purchases are documented in PBFC spreadsheets.

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- The above purchases were often from Preferred Livestock (which is the trade name of John Schooten & Sons Custom Feedyard Ltd., a corporation for which Chairman Schooten is a director).
- Of over 100 Livestock Supply Forms in the names of Specified Members, the vast majority were sold to "S&C Schooten", "John Schooten & Sons", "J&S Schooten" or "Schooten".
- PBFC's monthly Statements of Sales never indicate a payment of proceeds from the sales.

44. IIS observed other irregularities that indicate PBFC supplied livestock and advances to someone other than the member. Three former PBFC members (Jenna Ment, Crystal Fulford and Mark Weir) reviewed PBFC documents from their respective files and denied signing them. Each had a Power of Attorney dated November 19, 2019, appointing Chairman Schooten as the individual's attorney. Each individual denied signing the documents. They also reviewed Authorizations and Directions to Pay in favour of businesses associated with Chairman Schooten, purportedly signed by the members. All three denied signing them. Ment and Weir denied signing the Authorization Letters in their files.

45. Ment and Weir resigned from PBFC in 2019 and 2022, respectively. Their names did not appear on PBFC's maintained list of active members during the September 2023 inspection. However, their accounts were active through 2023. Ment and Weir reviewed other Livestock Supply Forms and Equity Loan Promissory Notes in their names dated from 2019 to 2023 purportedly bearing their signature. Among these were Livestock Supply Forms in their names dated April 5, 2023, each in the amount of \$1,997,606.52. Ment and Weir denied signing all of them.

46. The sale proceeds on all these contracts were generally paid to "Cargill", then "PBFC", "John Schooten and Sons", or "Schooten". Starting from 2020, the Schooten companies are more exclusively the buyer.

47. Certain transactions in April 2023 suggest to IIS that PBFC, in a coordinated manner, supplied livestock and advances to someone other than the member. There is an email dated April 4, 2023, from Chairman Schooten to the Board stating that he had a "time sensitive" request to increase the Loan Limits of four members of the Van Hierden family to

\$2,000,000. There are Livestock Supply Forms on the files of those four members, all dated April 4, 2023, for almost \$2,000,000 supply to each of them. There are Livestock Supply Forms on the file of Jenna Ment and Mark Weir, both dated April 5, 2023, for identical numbers of animals and price. On April 28, 2023 a cheque from John Schooten & Sons Custom Feedyard Ltd. was paid to PBFC for \$568,362.49 and identified as security for four Van Hierdens, Jenna Ment and Mark Weir.

48. The amounts of patronage dividends distributed to PBFC members demonstrate the difference in the numbers of livestock supplied to members associated with Chairman Schooten and Director Serfas versus other PBFC members. For the periods ending December 30 of 2022 and 2023, members in the Schooten Group and Serfas Group, and members with Schooten and Serfas surnames, received much larger patronage dividends than other PBFC members, and they received more of the larger payments. Members in the Schooten Group and Serfas Group received 63% of the payments over \$3,000 in 2022, and 54% of the payments over \$3,000 in 2023 despite making up just 20% of PBFC's membership.

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49. Another irregularity that indicates coordinated action is the sale of over 33,000 cattle worth over \$63,000,000 within one week in January 2024 to Gowling WLG Calgary and "Schooten & Sons" (as stated in the PBFC monthly Statement of Sales). The sellers of these cattle are Specified Members associated with Director Serfas, as well as members with Serfas surnames

Providing livestock and Equity Advances to when PBFC should have known the member was in contravention of the Regulation

50. IIS is of the opinion that PBFC contravened <u>section 14(3)(b)</u> of the Regulation by providing livestock and Equity Advances to Specified Members and Other Ineligible Members. Findings on this topic are presented in Appendix 3 of this Report. Specifically, that section does not allow an association to provide livestock or Equity Advances to a member if the association is or should be reasonably aware that the member is in contravention of the Act or Regulation. IIS is of the opinion that Specified Members and Other Ineligible Members contravened <u>section 11(2)</u> of the Regulation by holding their membership when it was not reasonably apparent that the primary purpose for their holding the membership was to receive livestock for growing or finishing or both. By supplying livestock and Equity Advances to their account, PBFC contravened this section.

Providing more Equity Advances than permitted

51. In the opinion of IIS, PBFC contravened <u>section 30(2)</u> of the Regulation, and <u>section 4</u> of the Act, by providing more equity advances to a member than permitted by the Regulation. Equity Advances can be made only if the fair market value of the livestock supplied to the member has increased. If these cattle in fact had not grown in value, as reflected by their sale price, the equity loans advanced against them should not have been made. Members in the Schooten Group and Serfas Groups received Equity Advances paid against livestock supplied to them, which indicates the fair market value of the livestock had increased. Despite this, PBFC records did not show payment of any sales proceeds to the accounts of these members. The findings on this topic are presented in Appendix 4 of this Report.

Exceeding the monetary limit

52. In the opinion of IIS, PBFC contravened <u>section 31</u> of the Regulation by supplying livestock to that other person when their monetary obligation exceeded the prescribed limit. The findings on this topic are presented in Appendix 5 of this Report.

53. A member's Loan Limit is determined by the board of the feeder association. The maximum Loan Limit for all feeder members in Alberta is set by the Regulation. (In July 2023, the Regulation was amended to raise the maximum from \$2,000,000 to \$3,000,000.) A member with a \$3,000,000 Loan Limit may be supplied up to \$3,000,000 worth of livestock purchased with guaranteed loans at any one time. (Administrative fees, interest, and other amounts owing under member agreement count towards the limit.) As the member sells livestock, the member may be supplied more livestock, up to the \$3,000,000 limit.

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54. Chairman Schooten and Director Serfas held Power of Attorney over 18 of the 19 Specified Members. Of these, 11 had a \$3,000,000 Loan Limit and seven had a \$2,000,000 Loan Limit. Together, Chairman Schooten and Director Serfas had access to \$47,000,000 worth of livestock at any one time. The Equity Advances that the Specified Members could have taken were \$35,250,000, which means Chairman Schooten and Director Serfas had access to \$82,250,000 worth of livestock and Equity Advances at any one time.

55. As of September 2023, the outstanding value of the contracts provided to the 19 Specified Members for livestock and Equity Advances totaled \$58,680,651.76, representing 24.1% of the value of livestock and equity advances provided to all PBFC members as of that date.⁸

56. Chairman Schooten and Director Serfas each have a Loan Limit of \$3,000,000. If the supplies of livestock to the Specified Members were in fact supplies to Chairman Schooten and Director Serfas, then PBFC contravened the Regulation by supplying many times more livestock to them than allowed by the Regulation.

Failing to collect security deposits from the member

57. Section 33 of the Regulation requires that a feeder association receive and hold a security deposit from a member before supplying livestock or providing an Equity Advance. This is both to provide security in the event of default, and to help ensure members are creditworthy and can meet their financial obligations. PBFC permitted third parties, namely, businesses associated with Chairman Schooten or Director Serfas, to pay the security deposits to the accounts of at least 29 members (which include Specified Members, Other Ineligible Members, and former member Jenna Ment). By allowing two business groups to provide deposits on behalf of so many members, PBFC bypassed part of the risk mitigation requirements imposed by the FALGP. The findings on this topic are presented in Appendix 6 of this Report.

Obstruction and lack of assistance for inspections

58. In the opinion of IIS, PBFC contravened <u>section 9</u> of the Act by obstructing the Minister in reviewing the operations of the association; in obtaining information from members; and in in obtaining information from other individuals. PBFC also contravened the section by failing to provide reasonable assistance to the Minister in reviewing the operations of the association. The findings on this topic are presented in Appendix 7 of this Report.

59. Several instances were identified in which PBFC acted to obstruct the inspection, or failed to provide reasonable assistance, contrary to section 9(3) of the Act.

 Office staff Terry Bodnar and Melanie Fleischhauer refused to provide statements to inspectors.

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⁸ This percentage equals \$58,680,651 divided by \$243,384,413 (the total loans and equity in September, according to the September master loan sheet.

- Chairman Schooten sent a memo to PBFC members advising them to obtain legal advice before speaking to inspectors.
- Terry Bodnar asked not to respond to AGI inspectors but to keep records of their messages.
- PBFC refused to talk to inspectors about its use of NDAs with staff.
- Rick Enns, who is suspected of signing many documents relevant to the inspection, refused to speak to inspectors, saying that Chairman Schooten's lawyer had advised Enns that the matter was "no big deal" and that the lawyers would take care of the issue.
- A motion was passed by the PBFC Board of Directors to amend 10 board meeting minutes from June to October 2023. The purpose of those amendments was not clear, contrary to past practice. IIS' request for particulars of that amendments went unanswered.

Inadequate documentation of sales

60. In the opinion of IIS, PBFC has contravened <u>section 17(3)</u> of the Regulation by failing to document the purchasers of livestock bought by PBFC with proceeds of a guaranteed loan. PBFC lacks a comprehensive system to create sales documentation for the sale of the livestock. Specifically, PBFC does not routinely keep a record of the identity of the purchaser. Interim Administrator Fleischhauer stated to IIS on April 30, 2024, "We have never required a record of where the cattle were sold or for how much, it is not our business." Further, PBFC has contravened <u>section 17(6)</u> of the Regulation by not maintaining records of the sales for seven years. The findings on this topic are presented in Appendix 8 of this Report.

Unsound practices by administrative staff

61. In the opinion of IIS, PBFC's administration engaged in unsound practices in various ways. The findings on this topic are presented in Appendix 9 of this Report. These unsound practices are a mix of unsound decisions by staff as well as unsound practices sanctioned or permitted by the Board. The deficiencies in administrative practices reflect a failure by the Board to ensure that PBFC administrative staff complied with the legislation, Manual, and sound business practices. Given the systemic nature of some practices, IIS is of the opinion that the deficiencies of the staff administrative activities could not have been addressed through mere training and supervision.

62. PBFC accepted a common set of documents for the 19 Specified Members, including a Power of Attorney, Authorization and Direction to Pay (Equity Loans), Authorization and Direction to Pay (Sale Proceeds), and Acknowledgement Letter. PBFC used the same set for other members that appear to be associated with the Chairman Schooten or Director Serfas. PBFC's extensive use of powers of attorney is unprecedented in the FALGP. The use of powers of attorney by other feeder associations is occasional and for limited purposes. PBFC knew or should have known that the members using the forms were not holding the memberships on their own behalf. Concerns should have arisen when there were indications

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that the attorney was initiating livestock sales to benefit the attorney rather than the member who gave the Power of Attorney.

63. PBFC prepared or accepted an irregular Powers of Attorney. Edwardo Gomez's Power of Attorney is dated February 16, 2021, which is approximately two years before his membership application. Mitch Dawson, Crystal Fulford, Jenna Ment, Brian Schwartzkopf and Mark Weir all have Powers of Attorneys on their files, dated November 19, 2019. This document does not match the dates of the authorizations and directions to pay and the Acknowledgement Letter on their respective files. As discussed in Article 9.3 of Appendix 9, all these documents have irregular signatures.

64. PBFC staff accepted various other documents that contained irregular signatures of the member. The documentation in question are important legal documents, including Powers of Attorney, Equity Loan Promissory Notes, and Livestock Supply Forms. IIS reviewed all PBFC Equity Loan Promissory Notes from January 2018 to December 2023. In June 2018, the signature of 17 members on Equity Loan Promissory Notes all began simultaneously changing in a consistent manner. From June 2018 to December 2023, approximately 25 signatures on Equity Loan Promissory Notes matched the members' pre-June 2018 signatures. During this same period, approximately 130 did not. Beginning November 2018, approximately 70 signatures on Livestock Supply Forms began displaying inconsistencies. These 130 Equity Loan Promissory Note signatures and 70 Livestock Supply Form signatures did not match the signatures reflected on the members' driver's licenses. Several members stated to IIS either that they were unaware they had given anyone Power of Attorney, or they denied giving anyone Power of Attorney

65. PBFC accepted documents that may not have been properly executed or witnessed. As discussed in Appendix 2, Jenna Ment, Mark Weir and Crystal Fulford denied signing the Power of Attorney, Acknowledgement Letter, and the two Authorization and Directions to Pay documents in their respective member files. The witness for these documents was Rick Enns, who is a feedlot worker employed for 11 years at the Schooten and Sons home feedlot. Enns initially spoke with IIS but later would not respond.

66. PBFC paid portions of Equity Advances, which should have been payable to the member, directly to the security deposit account of the member. This is contrary to Article 6.1.3 of the Manual, which states that security deposits cannot be financed.

67. Part of a board's responsibility is to mitigate the financial risk to the association posed by the financial defaults by members. PBFC administration did not follow the basic requirement of collecting security deposits from the member, and used inappropriate risk mitigation measures, i.e. accepting informal financial assurances from third parties, and using excessive amounts of co-signing.

 PBFC administration allowed third parties to pay the security deposits of members in the Schooten Group and Serfas Group, essentially bypassing an important measure for limiting the association's risk of default. PBFC allowed corporations associated with Chairman Schooten and Director Serfas to pay the security deposits of 17 Specified Members, 7 Other Ineligible Members, and two former members. By allowing a handful of corporations to pay the security deposits of multiple members, PBFC was concentrating the financial risk rather than distributing the risk.

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- PBFC accepted informal assurances from third parties as measure to mitigate a member's risk of default. PBFC accepted two notes from Chairman Schooten and/or his company stating that he or they would be responsible for the financial liabilities of the Walk Family and members of the Schwartzkopf family.
- PBFC had Chairman Schooten and Director Serfas co-sign for 32 other members. As of August 31,2023, Chairman Schooten and Director Serfas had the potential to co-sign for up to \$129,012,871.80 of 32 other members' liabilities. In the two months sampled by IIS, PBFC advanced over \$7.56 million worth of Equity Advances on the strength of co-signatures by two individuals who already had several million dollars of potential liability of their own. This is a high concentration of financial risk.

The risk of PBFC's measures are compounded by the fact that the companies paying the security deposits and the co-signers are operators of the feedlots where several members' livestock are placed. An event affecting the feedlot will cause financial loss to both the members, co-signer, and security deposit payer, all at the same time.

68. PBFC failed to update its sales records in a timely way. PBFC Supervisor Murray advised IIS that \$30,000,000 worth of cattle were sold sometime before March 8, 2024. PBFC did not document the sales until its April 2024 Statement of Sales. The record states the livestock were sold April 30, 2024 to "S&C Schooten".

69. PBFC administrators continued to process agreements and transactions for Jenna Ment and Mark Weir after they withdrew their memberships. Transactions totalling \$5,996,140.58 occurred after they withdrew.

70. PBFC administrative staff failed to keep adequate Board meeting minutes. Firstly, importantly policy work was not captured in the minutes. The minutes from October 2022 refer to work on a policy concerning co-signing and new member risk mitigation. The minutes for March 16, 2023, mention a draft policy. However, the meeting minutes do not explain what the Board was working on, or why. IIS has not seen any draft policy. Secondly, IIS found an instance in which a Board decision was omitted from the minutes. The record of the Board's email resolution to approve the application of Jesus Ramones was not in the package of board approval emails that PBFC provided to IIS during the inspection. The decision was not documented in the minutes for the next board meeting on October 15, 2020. Finally, the Board amended minutes without documenting what the changes relate to. After being served the October PSO on October 19, 2023, the Board meet on October 26, 2023, and amended 10 of the 15 of previous Board meeting minutes (June to October 2023). There is no record of what amendments were made or why, contrary to past practice of the Board. IIS issued a request to PBFC for the original unamended Board minutes and an explanation of the reason for the amendment. This request went unanswered.

71. Finally, IIS observed PBFC recording financial transactions, relevant to the member file, with only brief handwritten notes on cheque stubs. The lack of documentation is atypical from the financial management of other feeder associations, and impedes the ability of IIS to perform its regulatory duties.

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Unsound practices by the Board

72. In the opinion of IIS, PBFC's Board of Directors engaged in various unsound practices related to the governance and administration of PBFC. The findings on this topic are presented in Appendix 10 of this Report.

73. The Board failed to meet its responsibilities under Article 3.1.1 and Chapter 4 of the Manual (pages 9 and 15) by accepting Specified Members and Other Ineligible Members when the Board knew or should have known they were ineligible, or conversely, by failing to exercise any due diligence to verify that the individuals were eligible.

74. The Board has consistently failed to consider appropriate Loan Limits for members. The Board gave members in the Serfas Group and Schooten Group (except for two) the maximum monetary limits immediately upon joining and, for 12 members, increased those limits to the new maximum as FALGP raised the legal maximum. The standard industry practice is to not grant newer members a higher Loan Limit until they have proven they can run a livestock operation. In addition, members not in the Schooten Group or Serfas Group were generally given lower limits or their applications for increases were rejected for unclear reasons.

75. The Board allowed PBFC to enter into an increasingly high proportion of transactions with staff, directors, or parties related to them (either as family or as contracts that the staff or directors could influence). Between fiscal years 2017-18 and 2020-21, contract receivables from PBFC staff, directors, and their related parties rose sixfold from \$7,682,496 to \$47,135,711. In terms of percentage of all PBFC contract receivables, the increase was from 27% to 50%.

76. The Board failed to keep adequately detailed financial statements. In Fiscal Year 2020-21, the year after contracts receivables due from staff, directors, and related parties rose to 50%, the Board changed PBFC's financial reporting to exclude reporting on receivables from parties <u>related to</u> staff and directors (as family or contracts that they can influence). This drastically understated the extent of PBFC's economic dependence on non-arm's length transactions.

77. The Board failed to address several conflicts of interest involving Chairman Schooten and Director Serfas, despite indications that conflicts existed. As directors, Chairman Schooten and Director Serfas owe a fiduciary duty to PBFC. They are part of a board that oversees the governance and administration of PBFC. Yet, they controlled the accounts of at least 31 members through Powers of Attorney. They are also employers of many of these members. No policies or discussion documents regarding the management of these complicated and interweaving duties were identified.

78. IIS did not locate any records indicating that the Board implemented measures to address the fact that Chairman Schooten and Director Serfas have a financial interest in livestock dealers and feedlot businesses that profited from transactions by PBFC members. Article 3.6.1(a) of the Manual (page 13) states that individuals whose livelihood depends in part upon the sale of goods and services to feeder association members should not hold staff or executive positions in feeder associations. Examples given

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of such individuals include livestock dealers and custom feeders. As discussed in Article 2.3 of Appendix 2, PBFC often purchased livestock, for supply to members in the Schooten Group and Serfas Group from "Preferred Livestock", which is the trade name of John Schooten & Sons Custom Feedyard Ltd. As discussed in Article 2.1.6 of Appendix 2, PBFC then sold livestock that had been supplied to members in the Schooten Group and Serfas Group, to "Schooten & Sons", "John Schooten & Sons" or "Schooten". Livestock provided to members of the Schooten Group and Serfas Groups was predominately kept in feedlots in which Chairman Schooten and Director Serfas had a financial interest.

79. The Board did not address the fact that Chairman Schooten and Director Serfas controlled the accounts of at least 31 members, while also being responsible, as directors, for the governance and administration of the association. IIS found no records indicating that the Board took any steps to identify or mitigate potential conflicts of interests.

80. As discussed in Article 10.5.4 of Appendix 10, from January to November 2022, PBFC paid over \$79,000,000 to a corporation associated with Chairman Schooten, or to Chairman Schooten himself. This is an indicator of the magnitude of the dealings between the Schooten Group and PBFC.

81. The Board approved excessive Board compensation. In February 2022, the Board authorized payment of annual compensation to directors: \$50,000 to the Chairman, \$25,000 to the vice chairman, and \$15,000 to the other directors, plus expenses. The payments for the fiscal year ending August 31, 2022 were \$242,003, more than five times higher than for the previous fiscal year. Such payments are inappropriate for volunteer positions within a non-profit cooperative, and the levels are excessive. The payments are also inconsistent with the Manual.

82. PBFC failed to hold its annual general meeting within the timelines prescribed by the *Cooperatives Act*. PBFC's 2022 AGM was on November 29, 2022. The 2023 AGM should have been held on or before March 1, 2024. On October 22, 2024, PBFC announced the 2023 AGM will be on November 21, 2024, which is more than eight months later than allowed under the *Cooperatives Act*.

PART IV. CONCLUSION AND RECOMMENDATION TO THE MINISTER

83. On conclusion of the inspection, IIS is of the opinion that, in the period between 2018 and the end of the inspection in May 2024:

- a. PBFC breached the Feeder Associations Guarantee Act (the "Act"), Feeder Association Guarantee Regulation (the "Regulation"), and the Manual of Directives and Procedures for Feeder Associations in Alberta (the "Manual") in the numerous instances documented in this Report; and
- b. PBFC operated in an unsound manner.

84. Due to IIS's concerns regarding the governance of PBFC, IIS recommends that the Minister issue an Order prohibiting further advances under guaranteed loans to PBFC pursuant to section 6(1) of the Act.

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APPENDIX 1: Contravention of <u>section 11(1)</u> and <u>section 11(2)</u> of the Regulation: Admitting Members who are Ineligible, and Holding Membership for an Unpermitted Purpose

Overview

85. IIS is of the opinion that PBFC contravened section 11(1) of the Regulation by failing to apply membership requirements that are in the Regulation. Specifically, PBFC accepted individuals under section 11(1)(a)(i) of the Regulation when those individuals did not meet the criteria in that section.

86. IIS is of the opinion that members contravened <u>section 11(2)</u> of the Regulation by continuing to hold their membership when it was not reasonably apparent from their conduct that the primary purpose for their holding the membership was to receive livestock for growing or finishing or both.

87. In the opinion of IIS, PBFC contravened <u>section 11(2)</u> of the Regulation by permitting those members to hold their memberships.

88. This Appendix describes the review approach used by IIS, and examples of members that IIS believes are ineligible.

1.1 Specified Members

89. <u>Section 11</u> of the Regulation states who a feeder association may accept as feeder members. <u>Section 11(1)(a)</u> pertains to individuals:

Feeder membership requirements

11(1) A feeder association may accept only the following as feeder members:

- (a) an individual who is 18 years of age or older and who
 - (i) owns or leases land in Alberta on which the individual directly carries on the business of farming for gain or reward, or
 - (ii) is an active shareholder of a corporation referred to in clause (b) or an active member of a partnership or joint venture referred to in clause (c):

90. In this Report, "Individual Member" means the members who are eligible under section 11(1)(a)(i) of the Regulation.

91. Section 11(2) of the Regulation includes an additional membership requirement. The section provides:

(2) No person may hold a membership as a feeder member unless it is reasonably apparent from the person's conduct that the primary purpose for holding the membership is to enable the person to receive supplies of livestock under the Act and this Regulation for growing or finishing or both.

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92. After the September 2023 office inspection, the Provincial Supervisor became concerned that PBFC was inappropriately administering section 11(1)(a)(i) of the Regulation – which PBFC claimed was the membership category for all its Individual Members – and section 11(2) of the Regulation. Therefore, IIS reviewed the PBFC active member files through the following lens:

- Does the individual own or lease land in Alberta on which the individual directly carries on the business of farming for gain or reward?
- Is it reasonably apparent that the primary purpose for holding the membership is to enable the person to receive livestock for growing or finishing or both?

93. Based on those inspections, the Provincial Supervisor issued the October PSO suspending the Specified Members from receiving livestock or advances because the Provincial Supervisor determined that the Specified Member did not meet the criteria under section 11(1)(a)(i) or section 11(2) of the Regulation, or that there was not sufficient information in the member's file to demonstrate that they did. PBFC appealed the October PSO.⁹ The 19 Specified Members are:

- 1) CAMPSCHROER, Kevin
- 2) DAWSON, Mitch
- 3) DUNN, Mark
- 4) FRENCH, Alvin
- 5) FROESE, Issac
- 6) GARZA, Humberto
- 7) GOERTZEN, Peter
- 8) GOMEZ, Eduardo
- 9) LOCKE, Hugh
- 10) MacLEAN, Joseph

- 11) RAMONES, Jesus
- 12) RILEY, Bradley
- 13) SCHWARTZKOPF, Brian
- 14) SCHWARTZKOPF, Vera
- 15) WALK, Ashley
- 16) WALK, Cornelia
- 17) WALK, Johan
- 18) WALK, Wes
- 19) WARNER, Geertje

94. (NOTE: After the appeal hearing for the October PSO, Ashley Walk, Wesley Walk, Brian Schwartzkopf, and Bradley Riley provided information that satisfied the Provincial Supervisor that they qualify under section 11(1)(a)(i) of the Regulation.¹⁰ On October 17, 2024, PBFC informed IIS that the remaining Specified Members (except one, who had passed away) had withdrawn their memberships.)

95. In the opinion of IIS, PBFC contravened <u>section 11(1)</u> of the Regulation by admitting the Specified Members when they did not meet the criteria under that section.

96. In the opinion of IIS, the Specified Members contravened <u>section 11(2)</u> of the Regulation by holding a membership where it is not reasonably apparent that the primary purpose for holding the membership is to enable the member to receive supplies of livestock for growing or finishing or both.

⁹ The panel issued a decision dated October 26, 2024, that confirmed the October PSO.

¹⁰ The decisions of the Provincial Supervisor are contained in letters to PBFC: Brian Schwartzkopf effective July 26, 2024; Ashley Walk, effective August 1, 2024; Wes Walk, effective August 1, 2024; Bradley Riley, effective August 2, 2024.

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1.2 Examples of Specified Members

97. Below are examples of Specified Members for whom the Provincial Supervisor determined that there was not enough information in these members' records to reasonably conclude that the Specified Member met the criteria under <u>section 11(1)(a)</u> or <u>section 11(2)</u> of the Regulation, or there was information that the Specified Member likely did not meet one or both criteria.

1.2.1 Jesus Ramones

98. Administrator Haney brought Jesus Ramones' application to the Board by email on April 20, 2020. Administrator Haney stated that Ramones is the feedlot manager at Mossleigh Schooten Lot. The email by Administrator Haney states, "The cattle will be fed and risk managed under the Schooten umbrella and will provide the opportunity for Chairman Schooten to profit share with one of his senior employees." There is no information in the email that indicates Ramones was carrying on the business of farming.¹¹ The Board approved the application on April 21, 2020, through email with a Loan Limit of \$2,000,000 plus equity draws.

99. In an interview on September 28, 2023, Ramones stated to IIS that he does not own a farm and has been an employee of "Schootens".

100. The Board approved Ramones' membership in the absence of information that he was farming. The Board had no discussion about the information in the email that he was a worker and not a farmer. Ramones' statement to IIS confirmed that he did not farm.

1.2.2 Ashley, Cornelia, Johan and Wes Walk ("Walk Family")

101. On April 9, 2020, in the submission to the Board, Administrator Haney reported that the Walk Family "have recently sold their Agricultural operation and are seeking to shelter the income they have received through cattle purchases... Shane has agreed to manage all facets of the undertaking... Wes Walk partners with Shane in Arrow Corral Cleaning... The cattle will be fed on one of Shane's facilities."¹²

102. The Board approved the application on April 9, 2020. Ashley Walk, Cornelia Walk, Johan Walk, and Wes Walk were approved for a limit of \$2,000,000 each.

¹¹ Email dated April 20, 2020 from Administrator Haney, re: "BMO Wealth Position and Member Application". See page 5 of the Supporting Documents.

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¹² Email dated April 9, 2020 from Administrator Haney, re: "Walk and Houelling Loan Requests". See page 8 of the Supporting Documents.

103. The Board approved the Walk Family's memberships in the absence of information that they were farming. The Board had no discussion about the information in the email that they had no agricultural operation at the time, and were joining PBFC for tax reasons.

1.2.3 Geertje Warner

104. PBFC staff Terry Bodnar emailed Geertje Warner's application to the Board on May 17, 2019. The email states Warner is an office administrator for Serfas Farms. There is no information in the email that indicates Warner is carrying on the business of farming.¹³

105. The Board approved the application on May 19, 2019, through email. The Board had no discussion about the information in the email that she was a worker and not a farmer.

1.2.4 Peter Goertzen

106. On September 27, 2023, Peter Goertzen was interviewed by IIS. Goertzen stated that he was an employee of Serfas Farms for approximately 16 years. He stated he did not own, rent or lease land and was not a farmer. He stated that, approximately three or four years ago, Goertzen was asked if he would be willing to take up a membership at PBFC because the farm (Serfas Farms) was in a place of expansion. Goertzen said he joined PBFC while giving full control to Director Serfas. Serfas Farms paid for his membership and provided the security deposit. Goertzen stated all profits go to "the farm" and "they" give Goertzen \$3,000 a month spending limit on the farm account as a "thank you" for doing that. Goertzen also receives \$3,000 a year. Goertzen stated that any profits that the money brings or any risks that are involved is all on Director Serfas and Serfas Farms.

1.2.5 Hugh Locke

107. On September 26, 2023, Hugh Locke was interviewed by IIS. Locke stated that he does not farm or own or lease land for farming. He has been employed at Master Feeds for 22 years. Director Serfas is his son-in-law. Locke stated he became a member of PBFC six or eight years ago. He advised that Serfas Farms gets the money. Locke said he thought he had paid the membership fees, but did not know who paid for the security deposit.

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Email dated May 7, 2019 from Terry Bodnar, re: "New member application". See page 12 of the Supporting Documents.

1.3 Other Ineligible Members

108. In addition to the 19 Specified Members, IIS also has concern that other PBFC members do not meet the criteria for individual membership under section 11(1)(a)(i) of the Regulation– which is the membership category into which PBFC has accepted these members – and are maintaining their memberships contrary to section 11(2) of the Regulation. Those Other Ineligible Members are:

This Report refers to the above individuals as "Other Ineligible Members". For the Other Ineligible Members, IIS concerns are in the same vein as for the Specified Members: either there is not enough information in these members' records for anyone to reasonably conclude that the member met both criteria, or IIS obtained information that the members likely did not meet one or both criteria.

109. In the opinion of IIS, PBFC contravened <u>section 11(1)</u> of the Regulation by admitting the Other Ineligible Members when they did not meet the criteria under that section.

110. In the opinion of IIS, these Other Ineligible Members contravened $\frac{\text{section } 11(2)}{\text{section } 11(2)}$ of the Regulation by holding a membership where it is not reasonably apparent that the primary purpose for holding the membership is to enable them to receive supplies of livestock for growing or finishing or both.

1.4 Examples of Other Ineligible Members

111. Below are examples of Other Ineligible Members for whom IIS determined that there was not enough information in these members' records to reasonably conclude that the member met the criteria under section 11(1)(a) or section 11(2) of the Regulation, or there was information that the member likely did not meet one or both criteria.

1.4.1

112. applied for membership on

board meeting, the Board gave

113.

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114.

1.4.2

115. PBFC approved PBFC approved

116. IIS initiated inquiries

1.4.3

117. The Board approved

IIS interviewed

14				
15				
16				
17	See Foot	tnote 1	A	
	See Foo	mote 1		

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000036

1.4.4

118. IIS interviewed

119.

120.

121. IIS interviewed

1.4.5

122. The Board approved The Board minutes state

123. In his interview with IIS,

124.

125. applied

and was approved

The PBFC membership fee is \$300.

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1.4.6

126.

127. IIS interviewed

128. The Board approved the applications of

129. In his interview with IIS

130.

131.

132. are involved in numerous transactions discussed later in this Report.

 19
 Livestock Supply Forms:
 , and
 in the amounts of
 and

 Equity Loan Promissory Notes:
 dated
 in the amounts of
 and

²⁰ Cheque dated from S&C Schooten Farming Ltd. to PBFC.

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1.4.7	
	applied to PBFC on
	He was approved on
1.4.8	

135. The Board approved with a

-

136. On IIS contacted

137.

21

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APPENDIX 2: Contravention of section 13 of the Regulation: Using Guaranteed Loans for Unpermitted Purposes

Overview

138. <u>Section 4</u> of the Act and <u>section 13</u> of the Regulation prohibit a feeder association from using any portion of the proceeds of a guaranteed loan for a purpose other than buying livestock for supply to its feeder members for growing or finishing or both; giving advances to feeder members; or funding the activities listed in that section.

139. IIS is of the opinion that PBFC conducted transactions to provide livestock and advances to someone other than the member in question, contrary to <u>section 4</u> of the Act and <u>section 13</u> of the Regulation.

140. IIS reviewed records of Specified Members and Other Ineligible Members that indicate that:

- PBFC organized and administered these members²² in groups associated with either Chairman Schooten (which PBFC referred to as the "Schooten Group") or Director Serfas (the "Serfas Group"), as discussed further in Article 2.1 of this Appendix. Those members were included in group transactions with others within the Group, including transferences of security deposits and purchases and sales of livestock.
- The members' files contained identical legal documents that, among other things, allowed Chairman Schooten or Director Serfas to control the livestock supplied in the name of those members, and to control those members' dealings with PBFC.
- In most instances, the members did not pay their own application fee or security deposits.
- PBFC had Chairman Schooten or Director Serfas co-sign the members' promissory notes for livestock supply and for Equity Advances.
- PBFC sold those members' livestock to a corporation associated with Chairman Schooten.
- Over a period of six years, PBFC records indicate no profits were paid to Specified and Other Ineligible Members upon sale of livestock supplied to them, unlike the case for other members.
- Livestock supplied to former member Jenna Ment was sold to a corporation associated with Chairman Schooten at a price that did not yield any profit or loss to the member.

22 Excluding

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141. IIS noted other irregularities that may indicate that PBFC used guaranteed loans for providing livestock or advances to someone other than the member. These include:

- Transactions conducted in the name of Jenna Ment, Mark Weir, and Crystal Fulford after they had withdrawn from PBFC.
- These members denied signing several documents purporting to bear their signature, including Powers of Attorney and Livestock Supply Forms.
- The rushed application to increase the Loan Limits of four members on April 4, 2023, and the same-day supply of over 3,000 cattle to them and Jenna Ment and Mark Weir (both of whom had ceased to be members).
- In January 2024, PBFC recorded the sale of over 33,000 cattle worth over \$63,000,000 in one week to Gowling WLG Calgary, a law firm, and to "Schooten & Sons". The sellers are Serfas Group Specified Members, one Other Ineligible Member, and members with Serfas surnames. IIS has found no record of the true purchaser of the cattle recorded as sold to the law firm.
- IIS found a contract between Preferred Livestock and "The S&C Schooten Group" in the membership file of a Specified Member.

2.1 Indications PBFC used proceeds of a guaranteed loan to provide livestock and advances to someone other than the member

142. Section 4 of the Act states:

Purpose requirement

4 A guaranteed loan may only be used by a feeder association for a purpose provided for in the regulations.

143. Section 13 of the Regulation states:

Use of guaranteed loan proceeds

13 No feeder association shall use any portion of proceeds of a guaranteed loan for a purpose other than

- (a) the purchase of livestock for supply to its feeder members for growing or finishing or both,
- (b) giving advances.
- (c) funding or participating in approved projects,
- (d) the purchase of price insurance in respect of livestock referred to in clause (a) from the Agriculture Financial Services Corporation established by the Agriculture Financial Services Act or a similar entity approved by the President of Treasury Board and Minister of Finance, or
- (e) paying administrative costs, if any, associated with a purpose referred to in clause
 (a), (b) or (c).

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144. For the reasons set out below, it appears to IIS that PBFC did not use the proceeds of guaranteed loans to supply livestock to the members themselves, for the purpose of growing or finishing the animals.

2.1.1 PBFC organized members into groups

145. As discussed further below, IIS reviewed documents that indicated that Specified Members and Other Ineligible Members²³ were in one of two groups²⁴:

- a group that this Report will call the "Schooten Group", consisting of members linked to Chairman Schooten; and
- a group that this Report will call the "Serfas Group", consisting of members linked to Director Serfas.

146. PBFC conducted group transactions for members in the Schooten Group and Serfas Group, buying and selling livestock on behalf of several members at a time.

24 The terms "Schooten Group" and "Serfas Group" were also found on internal PBFC documents.

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²³ Excluding

Schooten Group

147. Based on the inspections up to May 14, 2024, there are nine Specified Members, 11 Other Ineligible Members, and three former members that IIS categorizes as the "**Schooten Group**". (See table below.) Most of them are employees of a Schooten & Sons Feedyard Ltd. or relatives of an employee (Chairman Schooten is a director of that corporation.)

	Member	Specified or Other Ineligible Member	Connection to Chairman Schooten
1)	DAWSON, Mitch	Specified Member	Employed by Schooten & Sons Feedyard Ltd. as Grain, Logistics and Feed Manager
2)	MacLEAN, Joe	Specified Member	Employed by Schooten & Sons Feedyard Ltd. as Feedlot Worker
3)	RAMONES, Jesus	Specified Member	Employed by Schooten & Sons Feedyard Ltd. as Feedlot Manager
4)	WALK, Ashley	Specified Member	Relative of Wes Walk
5)	WALK, Cornelia	Specified Member	Relative of Wes Walk
6)	WALK, Johan	Specified Member	Relative of Wes Walk
7)	WALK, Wes	Specified Member	Employed by Schooten & Sons Feedyard as Operations Manager. Partners with Chairman Schooten in Arrow Corral Cleaning;
8)	SCHWARTZKOPF, Brian	Specified Member	Rents land to a Schooten company
11)			
12) 13) 14) 15) 16) 17) 18) 19)			
12) 13) 14) 15) 16) 17) 18) 19) 20)	FULFORD, Crystal	Former member	Former spouse of Brian Schwartzkopf
12) 13) 14) 15) 16) 17) 18) 19)	FULFORD, Crystal MENT, Jenna	Former member Former member	Former spouse of Brian Schwartzkopf Spouse of former PBFC assistant field supervisor

Table 2.1: Members in the Schoolen Group

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Serfas Group

148. Based on the inspections up to May 14, 2024, there are 10 Specified Members and one Other Ineligible Member that IIS categorizes as the "**Serfas Group**" (See table below). Most are employed by Serfas Farms Ltd. Director Serfas and Mark Serfas are directors of that corporation.

	Member	Specified or Other Ineligible Member	Connection to Director Serfas
1)	CAMPHSCHROER, Kevin	Specified Member	Employed by Serfas Farms Ltd. as Farm worker
2)	DUNN, Mark	Specified Member	Employed by Serfas Farms Ltd. as Assistant Farm Manager
3)	FRENCH, Alvin	Specified Member	Employed by Serfas Farms Ltd. as Farm Manager
4)	FROESE, Issac	Specified Member	Employed by Serfas Farms Ltd. as Foreman (RETIRED)
5)	GARZA, Humberto	Specified Member	Employed by Serfas Farms Ltd. as Feedlot Manager
6)	GOERTZEN, Peter	Specified Member	Employed by Serfas Farms Ltd. as Land Manager
7)	GOMEZ, Eduardo	Specified Member	Unknown
8)	LOCKE, Hugh	Specified Member	Father-in-Law to Kevin Serfas. Employed by Master Feeds for 22 years.
9)	RILEY, Bradley	Specified Member	Employed by Serfas Farms Ltd.
10)	WARNER, Geertje	Specified Member	Employed by Serfas Farms Ltd. as Office Administrator
11)		Other Ineligible Member	

Table 2.2: Members in the Serfas Group	Table 2.2:	Members in the	Serfas Group
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2.1.2 Members signed legal instruments that gave control to others

149. IIS observed that the files of the Specified Members and certain Other Ineligible Members included a set of legal instruments that allowed Chairman Schooten or Director Serfas to control the livestock supplied in the name of those members, and to control those members' dealings with PBFC, including the ability to have livestock supplied on account of those members, and the ability to have Equity Advances paid on account of those members.²⁵

- 1) Power of Attorney
- 2) Authorization and Direction to Pay (Equity Loans)
- 3) Authorization and Direction to Pay (Sale Proceeds)
- 4) Acknowledgement Letter

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For an example, see the following documents from the membership files of Joe MacLean, Brian Schwartzkopf, and Mark Weir: Power of Attorney, Authorization and Direction to Pay (Equity Loans), Authorization and Direction to Pay (Sale Proceeds), and Acknowledgment Letter. They are pages 14 to 24 of the Supporting Documents. The documents are identical for all Specified Members and Other Ineligible Members.

150. Under the **Power of Attorney**, the member appoints Chairman Schooten, or Director Serfas and Mark Serfas as the member's legal attorney, with authority to act on the member's behalf with respect to:

- The supply of livestock to the member by PBFC
- The placement, care, nutrition, and implant regimens of livestock
- The sale of livestock.

The Power of Attorney does not give power to grant promissory notes or to enter into other debt instruments or to grant security on behalf of the member.

151. Under the **Authorization and Direction to Pay (Sales Proceeds)**, the member agrees, among other things, that PBFC shall pay the proceeds from the sale of livestock to a corporation associated with either Chairman Schooten or Director Serfas, as the case may be, instead of to the member.

152. Under the Authorization and Direction to Pay (Equity Loan), the member agrees, among other things, that PBFC shall pay the proceeds of any equity loan to a corporation associated with either Chairman Schooten or Director Serfas, as the case may be, instead of to the member.

- 153. Under the Acknowledgement Letter, the member agrees, among other things, that:
 - a corporation associated with Chairman Schooten or Director Serfas, as the case may be, has paid the member's security deposit;
 - The deposit shall be repaid to the payor.

154. The combined effect of the above set of legal instruments is that Chairman Schooten or Director Serfas indirectly took on the member's financial burden of membership (i.e. their businesses paid the security deposits); Chairman Schooten or Director Serfas had the power to exercise the member's rights to be provided livestock and to receive Equity Advances; Chairman Schooten or Director Serfas had the power to exercise the member's rights to decide when to buy or sell animals, and at what price; and a business associated with Chairman Schooten or Director Serfas had the right to receive Equity Advances and the profit (if any) from the sale of animals. In effect Chairman Schooten and Director Serfas had control over these memberships. 155. All Specified Member files, save one, included a Power of Attorney. Almost all the Specified Member files included Authorizations and Directions to Pay, and Acknowledgement Letters. (See table below.)

	Member	Concentration Constant	Authorization & Direction to pay (Equity) to Associated	Authorization & Direction to pay (Balance of Sales) to Associated	Acknowledge- ment Letter to Associated	ASSOCIATED
1)	CAMPSCHROER, Kevin	Yes	Yes	Yes	Yes	SERFAS
2)	DAWSON, Mitch	Yes	Yes	Yes	Yes	SCHOOTEN
3)	DUNN, Mark	Yes	Yes	Yes	Yes	SERFAS
4)	FRENCH, Alvin	Yes	Yes	Yes	Yes	SERFAS
5)	FROESE, Issac	Yes	Yes	Yes	Yes	SERFAS
6)	GARZA, Humberto	Yes	Yes	Yes	Yes	SERFAS
7)	GOERTZEN, Peter	Yes	Yes	Yes	Yes	SERFAS
8)	GOMEZ, Eduardo	Yes	Yes	Yes	Yes	SERFAS
9)	LOCKE, Hugh	Yes	Yes	Yes	Yes	SERFAS
10)	MacLEAN, Joe	Yes	Yes	Yes	Yes	SCHOOTEN
11)	RAMONES, Jesus	Yes	Yes	Yes	Yes	SCHOOTEN
12)	RILEY, Bradley	No	No	No	No	SERFAS
13)	SCHWARTZKOPF, Brian	Yes	Yes	Yes	No	SCHOOTEN
14)	SCHWARTZKOPF, Vera	Yes	Yes	Yes	No	SCHOOTEN
15)	WALK, Ashley	Yes	Yes	Yes	Yes	SCHOOTEN
16)	WALK, Cornelia	Yes	Yes	Yes	Yes	SCHOOTEN
17)	WALK, John (Johan)	Yes	Yes	Yes	Yes	SCHOOTEN
18)	WALK, Wes	Yes	Yes	Yes	Yes	SCHOOTEN
19)	WARNER, Geertje	Yes	Yes	Yes	Yes	SERFAS

Table 2.3: Special Legal Instruments in the Specified Members' Files

NOTES:

- (1) In the table above, for the members associated with "SERFAS" (except for Bradley Riley), the Power of Attorney was given to Mark Serfas and Director Serfas. The other documents named Serfas Farms Ltd.
- (2) In the table above, for the members associated with "SCHOOTEN", all Powers of Attorney named Chairman Schooten. The other documents named a corporation associated with him

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156. The following Other Ineligible Member files included a Power of Attorney and Authorization and Directions to Pay.

Member	Power of Attorney	Authorization & Direction to pay (1 or more)	Associated to

Table 2.4:	Special Legal	Instruments in	the Other	Ineligible	Members'	Files
------------	---------------	----------------	-----------	------------	----------	-------

158. Normally, feeder association members who are supplied livestock by their feeder association will grow and eventually market and sell their livestock. Members carry this work out directly, or manage employees and contractors to do so on their behalf. In all instances members are personally involved in

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^{157.} These instruments were also in the files of the following three former members, who are not Specified Members or Other Ineligible Members. The files of Jenna Ment and Mark Weir both contained the following: Power of Attorney to Chairman Schooten; two Authorization and Directions to Pay in favour of John Schooten & Sons Custom Feedyard Ltd.; and an Acknowledgment Letter in favour of "John Schooten & Sons" or S&C Schooten Farming Ltd. The file of Crystal Fulford contained a Power of Attorney to Chairman Schooten, and two Authorization and Directions to Pay in favour of John Schooten & Sons Custom Feedyard Ltd.

the management and supervision of their livestock operation. This is contemplated by the Member Agreement.²⁶

159. None of the members or former members interviewed by IIS stated that they were aware of what was done under the Powers of Attorneys in their files. As discussed in Article 1.4, members stated to IIS that they did not understand what a power of attorney is, did not know about their Loan Limit or the Livestock Supply Contracts in their name (even though the member's liability under the Livestock Supply Form promissory was in the millions of dollars).²⁷ As discussed in Article 2.3.1 of Appendix 2, Jenna Ment, Mark Weir, and Crystal Fulford denied signing the Power of Attorneys in their respective files.

2.1.3 Members did not pay their own application fee

160. IIS found that, for almost all members in the Schooten Group, the membership application fee was paid by corporations associated with Chairman Schooten. The membership application fee for members in the Serfas Group were paid by Serfas Farms Ltd.

27 Peter Goertzen,

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The preamble states, "The Association and the Member have entered into this Agreement with the intention that the Association will, from time to time, supply livestock (Being cattle, sheep and other animals specified by the Regulation) to the Member, to grow and/or finish pursuant to this Agreement, the Act, and the Regulations." Section 6.1x states, "In addition to the covenants and agreements set forth above, the Member covenants and agrees: (c) to properly care for and feed the Livestock in accordance with generally accepted livestock feeding, care and maintenance practices; (d) to place the Livestock in the care of a third party (including a custom feedlot) with the express written approval of the Association, and subject to a Feeder Association Feedlot Agreement in a form approved under the Regulations signed by the third party, the Association and the member. The Member shall also ensure that the third party or feedlot caring for the Livestock does so in accordance with good livestock feeding, care and maintenance practices." Section 9.5 states, "The Member may not assign this Agreement or the Member's rights hereunder..."

Member	Specified or Other Ineligible Member	CHEQUE ON FILE that paid for membership	DATE of cheque (YYYY-MM- DD)		AMOUNT Identified for membership
1) DAWSON, Mitch	Specified	John Schooten & Sons Custom Feedyard Ltd.	2016-11-10	\$300.00	\$300.00
2) MacLEAN, Joe	Specified	John Schooten & Sons Custom Feedyard Ltd.	2016-11-10	\$300.00	\$300.00
3) RAMONES, Jesus	Specified	Not Confirmed but first copy of cheque on file was from S&C Schooten Farming Ltd as noted	2020-08-19	\$60,300.00	\$300.00
4) WALK, Ashley	Specified	S&C Schooten Farming Ltd.	2020-04-14	\$1,200.00	\$300.00
5) WALK, Cornelia	Specified	S&C Schooten Farming Ltd.	2020-04-14	\$1,200.00	\$300.00
6) WALK, Johan	Specified	S&C Schooten Farming Ltd.	2020-04-14	\$1,200.00	\$300.00
7) WALK, Wesley	Specified	S&C Schooten Farming Ltd.	2020-04-14	\$1,200.00	\$300.00
8) MENT, Jenna	Former member	John Schooten & Sons Custom Feedyard Ltd.	2017-05-31	\$300.00	\$300.00
		S&C Schooten Farming Ltd.			\$300.00
		S&C Schooten Farming Ltd			\$300.00
		S&C Schooten Farming Ltd.			\$300.00
		S&C Schooten Farming Ltd.			\$300.00
		S&C Schooten Farming Ltd.			\$300.00
		S&C Schooten Farming Ltd.			\$300.00
15) WEIR, Mark	Former member	S&C Schooten Farming Ltd.			\$300.00

Table 2.5: Payor of Application Fee for Members in the Schooten Group

Table 2.6: Payor of Application Fee for Members in the Serfas Group

Member	Specified or Other Ineligible Member	CHEQUE ON FILE that paid for membership	Date of cheque (YYYY-MM-DD)	TOTAL AMOUNT of cheque	AMOUNT Identified FOR membership for individual
1) CAMPSCHROER, Kevin	Specified	Serfas Farms Ltd.	2018-11-07	\$201,200.00	\$300.00
2) DUNN, Mark	Specified	Serfas Farms Ltd.	2021-06-15	\$300.00	\$300.00
3) FRENCH, Alvin	Specified	Serfas Farms Ltd.	2018-07-17	\$1,200.00	\$300.00
4) FROESE, Isaac	Specified	Serfas Farms Ltd.	2019-02-19	\$300.00	\$300.00
5) GARZA, Humberto	Specified	Serfas Farms Ltd.	2021-05-25	\$200,600.00	\$300.00
6) GOERTZEN, Peter	Specified	Serfas Farms Ltd.	2018-04-17	\$1,200.00	\$300.00
7) GOMEZ, Eduardo	Specified	Serfas Farms Ltd.	2023-02-02	\$1,000.00	\$500.00
		Serfas Farms Ltd.			\$500.00
9) LOCKE, Hugh	Specified	Serfas Farms Ltd.	2021-05-25	\$200,600.00	\$300.00
10) RILEY, Bradley	Specified	Serfas Farms Ltd.	2023-02-21	\$500.00	\$500.00
11) WARNER, Geertje	Specified	Serfas Farms Ltd	2019-05-07	\$300.00	\$300.00

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2.1.4 PBFC transferred security deposits between members associated with Chairman Schooten and Director Serfas

161. As discussed in Article 6.1 of Appendix 6, security deposits for Specified Members and Jenna Ment were paid by corporations associated with Chairman Schooten or Director Serfas.

162. Notes within members' files indicated that PBFC moved the security deposits between members of the Schooten Group and Serfas Group, and other members associated with Chairman Schooten or Director Serfas. For example:

- There is a handwritten note in the file of Kevin Campschroer dated February 10, 2022 which reads, "Vince Geerlings → Kevin Campschroer \$6005.96" (Vince Geerlings is not a Specified Member or Other Ineligible Member. Campschroer is a Specified Member.)
- There is a handwritten note in the file of Alvin French with a stamped date of December 21, 2021 which reads, "December 21/21 Security Transfer \$6745.73 Jennifer Serfas to Alvin French". (Jennifer Serfas is not a Specified Member or Other Ineligible Member. French is a Specified Member.)
- There is a handwritten note in the file of Alvin French which reads, "March 29/21 security transfer from Peter Goertzen to Alvin French \$20753.79." (Both are Specified Members.)
- A cheque from John Schooten & Sons Custom Feedyard Ltd. to PBFC dated April 28, 2023 in the amount of \$568,362.49 was reviewed by IIS. A handwritten note at the bottom states "security". There is a list of names and numbers that add up to the amount of the cheque: Jenna Ment- 99,880.33; Dylan Van Hierden - 84,491.22; Henry Van Hierden 99,380.33; Jan Van Hierden 99,460.06; Jesse Van Hierden 85,270.22; Mark Weir 99,880.33.²⁸
- A handwritten note in Jenna Ment's file states, "Security Transfer July 27, 2023 Jenna Ment 99,880.33. Jenna Ment to Patty Schooten \$49,953.09. Jenna Ment to Kristin Schooten \$49,927.24". These transfers of Ment's security deposits are reflected in the PBFC Security Deposit Summary spreadsheets for 2023. The spreadsheets state Ment's security was \$99,880.33 in June and \$0 in July. The amounts for Patty Schooten are \$160,421.45 in June and \$210,374.54 in July. The amounts for Kristin Schooten in June and July are the same as for Patty. The differences for Patty and Kirsten are the amounts stated in the handwritten note.
- A handwritten note in Mark Weir's file states, "Security Transfer, July 27, 2023 Mark Weir -99,880.33. Mark Weir to Kristin Schooten \$25.85, Mark Weir to Shane Schooten -\$54,962.55; Mark Weir to John Schooten - \$44,891.93."
 - The above transfers of Weir's security deposit are also reflected in the PBFC Security Deposit Summary spreadsheets for 2023. The amounts for John Schooten are

35

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A copy of this cheque is in Jenna Ment's file and Mark Weir's file.

\$237,611.91 in June and \$282,503.84 in July. The difference is the amount stated in the handwritten note.

163. None of the handwritten notes are signed or indicate that members requested or were aware of the large sums being transferred between them.

164. The timing of the transactions suggests that security deposits were not paid and repaid at the direction at the member, but were used as part of a larger set of coordinated transactions involving multiple members. For example, on April 28, 2023 Jenna Ment, Mark Weir, and the Van Hierdens all had security deposits paid by John Schooten & Sons Custom Feedyard Ltd. On July 27, 2023 the cattle under the names Jenna Ment and Mark Weir were sold to John Schooten & Sons Custom Feedyard Ltd. On this same date, Jenna Ment's security deposit was transferred to the accounts of Patty and Kristi Schooten. On this same date, Mark Weir's security deposit was transferred to the accounts of Kristin, John and Chairman Schooten.

2.1.5 Members had co-signers for Livestock Supply Forms and Equity Loan Promissory Notes

165. Another indication that PBFC did not use the proceeds of guaranteed loans to supply livestock to the members themselves is the use of co-signors on forms evidencing the member's obligation to pay the association for livestock and Equity Advances.

166. Article 6.1.6 of the Manual (page 27) permits that a board may request co-signatures on Livestock Supply Forms. Chairman Schooten often co-signed for members in the Schooten Group, and Director Serfas often co-signed for members in the Serfas Group.

167. IIS reviewed Equity Loan Promissory Notes in the files of members active between 2018 and 2023. Chairman Schooten often co-signed for members in the Schooten Group, and Director Serfas often co-signed for members in the Serfas Group.

2.1.6 Recurring sales of livestock to a Schooten business

168. Another indication that PBFC did not use the proceeds of guaranteed loans to supply livestock to members of the Schooten Group and Serfas Group themselves is that the livestock were consistently sold to a Schooten business, and PBFC records do not indicate payment of proceeds to the member.

169. IIS reviewed PBFC's monthly Statements of Sales between 2018 and 2024. The monthly Statements of Sales indicated that livestock supplied to members of the Schooten Group and Serfas. Group were consistently sold to "S&C Schooten", "John Schooten & Sons", or "J&S Schooten" or "Schooten" after being raised. An example is the Statement of Sales for January 2024.²⁹

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See Statement of Sales for January 2024 at page 25 of the Supporting Documents.

170. On the PBFC monthly Statement of Sales, the "Amount Paid to Member" column represents the proceeds paid to a member after the sale of the livestock supplied to them. The proceeds equal:

(A) The proceeds received by the association (column called 'Payout payment")

MINUS

(B) The value of the contract owed by the member to the association (column called "Outstanding Loan (Principal)"

MINUS

(C) interest owed by the member to the association.

171. On the PBFC monthly Statement of Sales, the "Ending Balance of the Loan" column represents the remaining amount that the member owes the association under the Livestock Supply Form, after the sale. This amount reduces to zero upon the sale of the last livestock supplied to a member.

172. For the PBFC's monthly Statements of Sales between 2018 and 2024, for sales by members of the Schooten Group and Serfas Group, the "Amount Paid to Member" is always blank, indicating that no proceeds were paid. The Ending Balance of the Loan is generally zero, indicating that all livestock supplied under the Livestock Supply Form were sold.

173. IIS found one case in which livestock was sold for no profit to the member. An example of this can be found in the third spreadsheet entitled "Schooten - To Be Paid", discussed at Article 2.2.2 of this Appendix 2. Jenna Ment's Livestock Supply Form #10123111-09 dated April 5, 2023 documented 784 steers purchased for \$1,987,440.00 from Preferred Livestock (Invoice #4042023-1). Administration fees totalled \$10,166.52. These figures can be found in the cattle contract, the monthly master sheets and the April 2023 Statement of Purchases. The July 2023 Statement of Sales indicates the cattle were sold July 23, 2023 to John Schooten & Son. The sale price (payout payment) was \$2,039,903.79 and the interest costs (interest posted) was \$42,297.27. The difference is the \$1,987,440.00, which is the same as the purchase price. These figures can be found in the monthly master sheets and the July 2023 Statement of Sales. However, in the July 2023 Statement of Sales, the "Amount Paid to Member" is blank.

174. Additionally, a monthly interest posted statement dated July 27, 2023 for Jenna Ment (customer 10123111-09) also documents these figures. This statement references a livestock sale agreement in Ment's name for 784 steer cattle dated July 27, 2023. This statement indicates the interest paid from April to July 2023 totalled \$42,297.27.

175. IIS did not review the sale documentation of other members of the Schooten Group and Serfas Group and cannot determine whether other members' sales also resulted in no profits being paid to the members. However, as indicated above the Statement of Sales sheets do not indicate any proceeds were paid to these members.

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2.2 PBFC documents indicate that PBFC supplied livestock, and provided advances, to someone other than the member

176. IIS reviewed PBFC records, including the PBFC master sheet, statement of sales, equity contracts and various PBFC spreadsheets. The records show PBFC conducted transactions in blocks for members in the Groups: they administered security deposits of groups; they arranged for livestock to be supplied in groups; and they arranged for livestock to be sold in groups.

177. PBFC records show that members in the Schooten Group and Serfas Group were supplied livestock at or near the member's Loan Limit. PBFC records show it often bought the livestock for the Specified Members, in groups, from Preferred Livestock, a corporation associated with Chairman Schooten. PBFC tracked the group purchases and sales using spreadsheets containing the names of individual members that are color coded. The following four PBFC spreadsheets illustrate how PBFC administered transactions for members in the Schooten Group and Serfas Group. PBFC linked the member accounts and administered them as a group.

2.2.1 Spreadsheet #1, named "Serfas cattle - To Be Paid"

178. IIS reviewed a PBFC spreadsheet named "Serfas cattle – To Be Paid."³⁰ This spreadsheet contains the following members, all of whom are employees of a Serfas business or members of Director Serfas' family. Half are Specified Members.

- 1) Isaac Froese Specified Member
- 2) Geertje Warner Specified Member
- 3) Humberto Garza Specified Member
- 4) Jessica Serfas
- 5) Jennifer Serfas
- 6) Mark Serfas

179. The first column lists the five Serfas feedlots; the brand identifier at each feedlot; electronic RFID, UHF, or traditional RH (right hip); and the livestock broker from whom the cattle were purchased, Preferred Livestock (the trade name of John Schooten & Sons Custom Feedyard Ltd.).

180. The second column is the livestock broker invoice/contract number.

181. The third column is the number of cattle per invoice/contract at each feedlot.

182. The fourth column is the total cost of the cattle per invoice/contract at each feedlot.

See the spreadsheet at page 28 of the Supporting Documents.

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183. The fifth column is the total cost of the cattle at each feedlot, plus the administration, livestock indemnity and other costs found on the Livestock Supply Forms.

184. The sixth and seventh columns is a breakdown of cattle costs and total administration costs for each member contract at each feedlot.

- 185. For example:
 - Geertje Warner's cattle contract 10190011-12 is for 1113 steers, brand identifier UHF at Serfas East Lot. The cattle are from invoice/contracts 1192023-12, 1232023-5, 1262023-7, and 1302023-7. The total cost of the cattle is \$1,985,053.27 and this figure is found on the spreadsheet, and the Warner Livestock Supply Form. The total administration costs on the cattle contract \$7,011.90 + \$3,505.85 + \$993.35 + \$2,629.46 equals the administration costs on the spreadsheet of \$14,140.67.
 - Humberto Garza's four cattle contracts are at four different Serfas feedlots. Contract 10204711-06 for 25 steers costing \$44,905.52 at Serfas East Lot. Contract 10204711-07 for 164 steers costing \$311,498.51 at Southwood. Contract 10204711-08 for 752 steers costing \$1,506,162.66 at Turin. Contract 10204711-09 for 69 steers costing \$121,858.98 at Enchant.

186. All member contracts are color coded to show which contracts are at which feedlots. Isaac Froese -fuscia, Geertje Warner - blue, Humberto Garza - light green, Jessica Serfas - purple, Jennifer Serfas - yellow, Mark Serfas -pink.

187. The Preferred Livestock invoice/contract number was found on each Livestock Supply Form contract and corresponding PBFC master sheets and monthly statement of purchases. The abbreviation "SER3" was also found on one Livestock Supply Form, and corresponding PBFC master sheets and monthly statement of purchases. All these cattle contracts were purchased February 2, 2023, by electronic funds transfer (EFT)1352, which was found on corresponding PBFC master sheets and monthly statement of purchases.

188. Serfas Farms paid \$1,050,000 via a single cheque dated July 24, 2023, for 21 members, with names below the cheque with the notation "All @ 50,000 each". The named members are the six members named in Spreadsheet #1, along with members of the Schooten Group and Serfas Groups, and people with the Serfas surname.

189. This Spreadsheet #1 suggests the employees and family members are simply extensions of Director Serfas. The Power of Attorney and related legal instruments, and the membership and security deposit payments by Serfas Farms Ltd., gave him financial control of the members named in this specific spreadsheet. The purchases and sales of the livestock were done as a group, which further suggests that the transactions were done not for the member's individual benefit, but for Director Serfas' benefit.

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2.2.2 Spreadsheet #2, named "Schooten- To Be Paid"

190. IIS reviewed a PBFC spreadsheet called "Schooten – To Be Paid" regarding the purchase of livestock on February 21, 2023.³¹ The spreadsheet lists the following individuals. They are two Schooten employees, a Schooten acquaintance and Schooten family members. Four are Specified Members.

- 1) Mitch Dawson Specified Member
- 2) Joe MacLean Specified Member
- 3) Jesus Ramones- Specified Member
- 4) Cody Schooten
- 5) Kristin Schooten
- 6) Kristi Schooten
- 7) Justin Schooten
- 8) Kayla Schooten
- 9) Shane Schooten
- 10) Patty Schooten
- 11) Ashley Walk Specified Member

191. The first column lists the two Schooten feedlots.

192. The second column has the livestock broker invoice/ contract number. These are the contracts under which PBFC bought the animals from Preferred Livestock.

193. The third column is the number of cattle at each feedlot.

194. The fourth column is the total cost of the cattle at each feedlot.

195. The fifth column is the total cost of the cattle at each feedlot, plus the administration, livestock indemnity and other costs found on the Livestock Supply Forms.

196. The remaining columns is a breakdown of cattle costs and total administration costs, for the contracts of each member named on the spreadsheet, at the West Schooten feedlot, with the second Dawson contract located at B & M Schooten feedlot added into column five.

197. For example, Joe MacLean's cattle contract 10173011-17 is for 1017 steers, at West Schooten feedlot. The cattle purchase is documented by invoice/contract 2142023-1. The total cost of the cattle is \$1,986,648.48 and this figure is found on the spreadsheet, and the MacLean Livestock Supply Form. The total administration costs on MacLean's cattle contract is \$6407.10 + \$3203.55 + \$907.67 + \$2402.66, which equals the administration costs on the spreadsheet of \$12,920.99.

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See the spreadsheet at page 29 of the Supporting Documents.

198. All member contracts are individually color coded to show which contracts are at which feedlots. Joe MacLean -fuscia, Mitch Dawson - pale yellow and purple, Jesus Ramones- light green, Ashley Walk - dark green, Shane Schooten - purple, etc.

199. The Preferred Livestock invoice/contract number was found on each reviewed Livestock Supply Form contract and corresponding PBFC master sheets and monthly statement of purchases. The abbreviation "SCH3" was also found on several Livestock Supply Forms, and corresponding PBFC master sheets and monthly statement of purchases. All these cattle contracts were purchased February 21, 2023 by EFT 1370 for the Specified Members, and 1371 for the Schooten family members, which was found on corresponding PBFC master sheets and monthly statement of purchases.

200. The PBFC Master sheet sales sheets show the cattle sold back to "S&C Schooten", "John Schooten & Sons", "J&S Schooten" or "Schooten".

201. This Spreadsheet #2 suggests the employees and family members are simply extensions of Chairman Schooten. The Power of Attorney and related legal instruments, and the membership and security deposit payments by Chairman Schooten, gave him financial control of the members named in this specific spreadsheet. The purchases and sales of the livestock were done as a group, which further suggests that the transactions were done not for the member's individual benefit, but for Chairman Schooten's benefit.

2.2.3 Spreadsheet #3, named "Schooten - To Be Paid"

202. IIS reviewed a PBFC spreadsheet called "Schooten - To Be Paid".³² The spreadsheet contains first names, which IIS believes to be reference to the following members:

- 1) Jenna Ment former member
- 2) Jennifer Quinn
- 3) Todd Quinn
- 5) Henry Van Hierden
- 6) Jane Van Hierden
- 8) Mark Weir former member

203. The first column lists the cattle broker, Preferred Livestock, and the cattle were at the Schooten Home Lot.

204. The second column is the livestock broker invoice/contract number for Preferred Livestock.

205. The third column is the total number of cattle for this group purchase, 7,327 steers.

³² See the spreadsheet at page 30 of the Supporting Documents.

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206. The fourth column is the total cost of the cattle; \$18,573,945.00.

207. The fifth column is the total cost of the cattle, plus the administration, livestock indemnity and other costs; \$18,668,957.87.

208. The four columns from the right are a breakdown of cattle costs and total administration costs for each member contract at the Schooten Home Lot. Six contracts were for 784 steers costing \$1,987,440.00 plus admin costs of \$10,166.52 totalling \$1,997,606.52. Two contracts were for 726 steers costing \$1,840,410.00 with admin costs of \$9,414.41 totaling \$1,849,824.41. The members are the Quinns, all four Van Hierdens, Jenna Ment, and Mark Weir.

209. The EFT numbers for the Quinns and the four Van Hierdens found on the Livestock Supply Forms, the Master Sheets and the Statement of Purchases is EFT1441. The EFT numbers for Jenna Ment and Mark Weir found on Livestock Supply Forms, the Master Sheets and the Statement of Purchases is EFT1444.

210. PBFC supplied each member with the maximum number of livestock possible for the member's \$2,000,000 limit.

211. This Spreadsheet #3 suggests these individuals and the contracts in their names are an extension of Chairman Schooten. The two groups of identical cattle and cost numbers, the payment of all the security deposits by Schooten April 28, 2023 for \$568,362, the sale of the Ment and Weir contract on the same date July 23, 2023 with the notations of security deposits from Ment and Weir to various Schooten family members, indicates that these cattle transactions were done for the benefit of Chairman Schooten.

2.2.4 Spreadsheet #4, named "Schooten - To Be Paid"

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212. IIS reviewed a PBFC spreadsheet called "Schooten – To Be Paid."³³ The cattle spreadsheet contains the following members, of which two are Specified Members and

8) Brian Schwartzkopf - Specified Member

9) Vera Schwartzkopf - Specified Member

³³ See the spreadsheet at page 31 of the Supporting Documents.

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213. The first column has the word "Preferred" under the names of two feedlots. "West Lot" and "Home Lot" refer to feedlots operated by companies in the Schooten Group.

214. The second column contains the numbers "3202023-3" and "3202023-5", which IIS has verified are the numbers of the contracts under which PBFC bought the animals from Preferred Livestock. Those contracts indicate that PBFC bought the cattle on March 21 and 30, 2023.

215. The third column indicates the number of head placed at each feedlot.

216. The fourth column indicates the total purchase cost for the animals at the feedlot. The sum is the product of the price per head in column 7 (\$2,125 and \$2,152.24) times the number of head.

217. The fifth column indicates the costs of the cattle, plus the administration costs and the total costs of all the contracts.

218. IIS reviewed the members' Livestock Supply Forms associated with the Preferred Livestock contract numbers. The electronic funds transfer (EFT) number on the Livestock Supply Forms was and 1431 for the Schwartzkopfs. This indicates that PBFC made two payments for the livestock supplied to these nine members.

219. However, IIS reviewed the monthly inspections sheets that were completed for the cattle for May, June, July and August 2023 indicating the quality of cattle were high and there was consistent weight gain.

220. IIS also notes the following

- The sale price is almost at the member's \$2,000,000 Loan Limit.
- Eight members have the same figures with each other. One member has two contracts.

221. This Spreadsheet #4 example has both cattle and equity spreadsheets for the same group of cattle. The cattle spreadsheet is titled "Schooten - to be paid". The equity spreadsheet is an equity calculation entitled "SCH4" for cattle located at the Schooten "Home Lot".

222. The equity spreadsheet stated the cattle were contracted for "Mar-23" and the cattle contracts were dated 2023-03-21 or 2023-03-30. The equity spreadsheet stated the equity available after interest deductions was \$8.8 million. The monthly equity payout values to members on the equity spreadsheet from May to September 2023 were found on the corresponding Equity Loan Promissory Notes.

223. There was a slight discrepancy between the Livestock Supply Forms associated with the Preferred Livestock invoices and the cattle and equity spreadsheets. The Livestock Supply Forms comprise 923 cattle at a total cost of \$1,998,484.40. The cattle and equity spreadsheets list 923 cattle per member at a total cost of \$1,998,484.39 per member. This was a consistent cost difference between the cattle and equity spreadsheets and the cattle contracts.

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224. A comparison between the cattle on the spreadsheets and the cattle in the field was attempted during the PBFC field inspection on March 7 and 8, 2024. On this date, Supervisor Murray advised IIS that the cattle for the above subjects located at Schooten – Home Lot – feedlot were sold/gone. However, according to the PBFC April 2024 Statement of Sales, cattle supplied to the

and Brian and Vera Schwartzkopf were sold April 30, 2024 to "S&C Schooten".

2.3 Other irregularities

225. IIS observed other irregularities that indicate PBFC supplied livestock and advances to someone other than the member, including:

- Transactions conducted for Jenna Ment, Mark Weir and Crystal Fulford after they had withdrawn from PBFC.
- The rushed application of the Van Hierden family on April 4, 2023, and the same day supply of cattle to them, simultaneously with supply to Jenna Ment and Mark Weir. Over 3,000 head, worth \$7,655,700, were supplied by PBFC on that day. John Schooten & Sons Custom Feedyard Ltd. paid the security deposits for these six individuals via a single cheque.
- PBFC recorded the sale of over 33,000 cattle, worth over \$63,000,000, within one week in January 2024 to Gowling WLG, a law firm, and to Schooten & Sons. The sellers are members of the Serfas Group and members with Serfas surnames. IIS has found no record of the true purchaser of the cattle recorded as sold to the law firm.
- IIS found a contract between Preferred Livestock and "The S&C Schooten Group", pertaining to 25,000 head, in the membership file of a member.

2.3.1 Jenna Ment, Mark Weir, and Crystal Fulford

226. IIS noted significant irregularities in the membership files of Jenna Ment, Crystal Fulford, and Mark Weir. In particular, there were transactions in the files of Ment and Weir that occurred years after they had withdrawn their PBFC memberships. In addition, the three individuals' files contained a Power of Attorney dated November 19, 2019, which the individuals denied signing. They also denied signing other legal documents that purportedly bear their signature.

Jenna Ment

227. Jenna Ment stated to IIS that she withdrew her PBFC membership in 2019. IIS reviewed PBFC records that are consistent with this statement. Ment was not included in PBFC's maintained list of active members, which IIS reviewed during the PBFC's annual inspection in September 2023. IIS also observed that her file was included among the approximately 20 files that PBFC provided to inspectors on December 7, 2023, as being all the member files closed in the preceding year. However, her file did not have a "closed" date written on it, unlike the others.

228. On January 4, 2024, Jenna Ment was interviewed by IIS. During that interview:

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- Ment was shown a Power of Attorney in favour of Chairman Schooten, dated November 19, 2019, signed in her name. Ment denied signing it. This document was purportedly witnessed by Rick Enns.
- Ment was shown an Authorization and Direction to Pay (Sale Proceeds), Authorization and Direction to Pay (Equity Loans), and Acknowledgement Letter, all dated June 1, 2017, and all signed in her name. She denied signing them. The documents were purportedly witnessed by Rick Enns.
- Ment was shown an Application for Loan Increase, dated February 25, 2019, to increase her maximum monetary obligation limit from \$1,000,000 to \$2,000,000. Ment stated this was done without her knowledge.
- Ment was shown a list of Equity Loan Promissory Notes for 11 transactions between June 2017 and July 2021. She could not recall signing any.
- Ment was shown the following Livestock Supply Forms signed in her name. She denied signing them. They total \$5,641,442.09.
 - Livestock Supply Form contract #4, dated March 21, 2019, value \$633,455.48
 - Livestock Supply Form contract #5, dated June 21, 2019, value \$366,577.02
 - Livestock Supply Form contract #6, dated December 10, 2019, value \$203,555.41
 - Livestock Supply Form contract #7, dated December 10, 2019, value \$441,022.60
 - Livestock Supply Form contract #8, dated June 22, 2020, value \$1,999,225.06
 - Livestock Supply Form #1012311-09, dated April 5, 2023, value \$1,997,606.52

Mark Weir

229. Mark Weir stated to IIS that he withdrew his PBFC membership on September 19, 2022. As with Jenna Ment, IIS reviewed PBFC records that are consistent with these statements. Weir was not included in PBFC's list of active members, which IIS reviewed in September 2023. Weir's file was among the approximately 20 files that PBFC provided to inspectors on December 7, 2023, as being all the member files closed in the preceding year.

230. On September 22, 2023, and January 4, 2024, Mark Weir was interviewed by IIS. Mark Weir stated he understood that he would receive 10% of the profit realized from the sale of his livestock, but he never did. During these interviews:

- Weir was shown a Power of Attorney in favour of Chairman Schooten, dated November 19, 2019, signed in his name. He denied signing it.
- Weir was shown an Authorization and Direction to Pay dated March 12, 2018, and signed in his name. It was purportedly witnessed by Rick Enns. He denied signing it.

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- Weir was shown a list of Equity Loan Promissory Notes dated June 22, 2021, for the principal sum \$297,000.00, referred number 8871297, member identifier 10177005-01. He denied signing it.
- Weir was shown the following Livestock Supply Forms signed in his name. He denied signing them. They total \$5,978,174.92.
 - Livestock Supply Form, contract #10177011-03, dated March 1, 2019, value \$202,453.62
 - Livestock Supply Form, contract #4, no. 034923, dated March 12, 2019, value \$149,766.24
 - Livestock Supply Form, contract #5, no. 034926, dated March 12, 2019, value \$329,399.10
 - Livestock Supply Form, contract #6, no. 034940 dated June 21, 2019, value \$1,299,000.00
 - Livestock Supply Form, contract #7, no. 034940 dated June 22, 2020, value \$1,998,584.62
 - Livestock Supply Form, contract #8, dated May 8, 2021, value \$1,999,949.44
 - Livestock Supply Form, contract #9, dated April 5, 2023, value \$1,997,606.52

231. Weir stated that Rick Enns, who purported to witness his signature on the Authorization and Direction to Pay, had not witnessed his signature on that document. Weir stated Enns had never at any time been present to witness the signing of any document, including the Livestock Supply Forms.

Crystal Fulford

232. Crystal Fulford stated to IIS that she separated from her spouse, Brian Schwartzkopf, and stopped renewing her PBFC membership in 2021. IIS reviewed PBFC records that are consistent with these statements. A January 21, 2021 PBFC Board meeting had Fulford's Loan Limit approval rescinded. Fulford's Livestock Supply Form and Equity Promissory Note contracts were sold to J Schooten & Sons January 24, 2021. A January 26, 2021 Vera Schwartzkopf note with an inconsistent signature requested that PBFC no longer have Fulford as a member.

233. On April 17, 2024 Crystal Fulford was interviewed by IIS. During that interview:

- Fulford was shown a Power of Attorney in favour of Chairman Schooten, dated November 19, 2019, and signed in her name. Fulford denied signing it. The document was witnessed by Rick Enns. Fulford stated she does not know Rick Enns.
- Fulford was shown an Authorization and Direction to Pay (Sale Proceeds) in favour of John Schooten & Sons Custom Feedyard Ltd. dated October 27, 2017. Fulford denied signing this document, stating the signature on it was not hers. This document was witnessed by Rick Enns.
- Fulford was shown an Authorization and Direction to Pay (Equity Loan) in favour of John Schooten & Sons Custom Feedyard Ltd. dated October 27, 2017. Fulford denied signing this document, stating the signature on it was not hers. This document was witnessed by Rick Enns.

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- Fulford was shown and denied signing an Equity Loan Promissory Note, member identifier #10176305-06 dated June 11, 2018.
- Fulford stated she did not at any time authorize anyone to sign documents on her behalf.

2.3.2 Transactions in April 2023 involving Van Hierden family, Jenna Ment and Mark Weir

234. Certain transactions in April 2023 suggest to IIS that PBFC, in a coordinated manner, supplied livestock and advances to someone other than the member. These transactions are connected to Spreadsheet #3, discussed at Article 2.2.3.

235. Sometime on April 4, 2023, Supervisor Murray inspected cattle at the Schooten Home Lot. On the Cattle Inspection Verification Declaration, the "member" is stated as "Schooten Group". It states 7,327 animals were at the Schooten Home Lot.

236. At 1:40 PM, Chairman Schooten emailed the PBFC board members stating he had a request to increase the Loan Limits for Henry, Jane, Jesse and Dylan Van Hierden to \$2,000,000. Chairman Schooten said, "This is very time sensitive." The last approval was received the next day, April 5.

237. Jane and Henry Van Hierdens' PBFC records show they had been feeder members as far back as 1998 and were paying their own security deposits all the way up to 2022. They withdrew their security deposits, totalling \$91,000, on August 4, 2022. Dylan and Jesse Van Hierden were approved for membership on October 15, 2020, with a \$200,000 Loan Limit for each.

238. On April 4, 2023 Livestock Supply Forms were signed in all Van Hierden names for approximately \$2,000,000 each. The Van Hierden Livestock Supply Forms were signed before the Board approved the increases to their limits.

239. On April 5, 2023, Livestock Supply Forms were signed in Jenna Ment's name and Mark Weir's name for the identical number of animals at the same price. As discussed in Article 2.3.1 of this Appendix 2, IIS showed Weir and Ment the Livestock Supply Forms dated April 5, 2023, on their respecting files. Each denied signing them.

240. According to the Livestock Supply Forms, all cattle under the Van Hierden names were placed on the Schooten – Home Lot feedlot. However, Henry and Jane Van Hierden have their own feedlot approximately two miles from the Schooten Home Lot. The Van Hierden feedlot has a capacity of approximately 5,000 cattle, according to Jane Van Hierden in an interview with IIS in September 2023.

241. On April 28, 2023, a cheque from John Schooten & Sons Custom Feedyard Ltd. was paid to PBFC for \$568,362.49 and identified as security for four Van Hierdens, Jenna Ment and Mark Weir.

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242. On July 27, 2023 the cattle under the names Jenna Ment and Mark Weir were sold to Chairman Schooten. On this date, Jenna Ment's security deposit was transferred to Patty and Kristi Schooten. On this same date, Mark Weir's security deposit was transferred to Kristin, John and Chairman Schooten.

243. The Cattle Inspection Verification Declaration dated April 4, 2023 reports there were 7,327 animals of the "Schooten Group" at the Schooten Home Lot. This number corresponds to that on Spreadsheet #3. However, the eight contracts referenced on the spreadsheet total 6,156 steers valued at \$15,685,287.90. The discrepancy is 1,171 steers worth approximately \$3,000,000.

2.3.3 Large sales in January 2024

244. Another irregularity that indicates coordinated action is the sale of 36,530 head of cattle, worth over \$63,000,000, in January 2024. Of this number, 33,135 were sold within one week to Gowling WLG (a law firm in Calgary) and "Schooten & Sons". The sellers of these cattle are Serfas Specified Members, members with Serfas surnames, and Serfas Other Ineligible Member ³⁴ In IIS' experience, it is highly unusual that such a large number of cattle would be sold in one week by individual members to just two purchasers.

245. On March 7, 2024, the IIS asked Interim Administrator, Melanie Fleischhauer, by phone and email, who purchased the 19,804 cattle recorded as being sold to Gowling WLG on January 24. Interim Administrator Fleischhauer said the law firm paid for the cattle. On March 19, 2024, IIS emailed Gowling WLG to ask if they purchased these cattle, and if so, why. On March 20, 2024, Gowling WLG responded in an email stating, "We are a law firm. We provide legal services. We are not a party to this transaction and are unable to provide the requested information." IIS have found no record of the identity of the purchaser. IIS has never before seen a law firm involved in a feeder association's cattle transaction.

2.3.4 Unusual contract in member files

246. IIS discovered an agreement in the file of Specified Member Mitch Dawson dated January 27, 2021, and entitled, "Agreement between Preferred Livestock and The S&C Schooten Group who have financed cattle with Picture Butte Feeder Co-operative".³⁵ It is a one-page document with a purpose that is not clear to IIS. The document includes a contract number, number of head (25,000), a purchase price (\$1.60 per pound), base weight (575), weighing conditions (4% am 5% pm). The document states, "Anything not acceptable will be sorted out. To be slaughtered from Feb 1 to Dec 31 2021." Chairman Schooten signed on behalf of both Preferred Livestock and the "The S&C Schooten Group".

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³⁴ See Statement of Sales for January 2024 at page 32 of the Supporting Documents.

³⁵ This was at page 3 of the February- November equity documents for Mitch Dawson. Agreement between Preferred Livestock and The S&C Schooten Group re: 25,000 head. See page 35 of the Supporting Documents.

247. IIS has not seen a document like this in any other feeder association member's file. IIS questions why the document would be in the member's file, unless it concerned the member. The number of animals associated with the member – 25,000 head – is very unusual for FALGP.

2.4 Patronage dividends show PBFC provided more livestock to relatives and members in the Schooten Group and Serfas Group

248. PBFC pays "patronage dividends" to its members, which is defined in its Bylaws (amended November 2019) as "allocations in proportion to patronage" as defined in the *Cooperatives Act*. The authorization for the payment of patronage dividends is at section 7.1 of the Bylaws [emphasis added]:

7.1 <u>Disposition of any Surplus Earnings remaining in the hands of the</u> <u>Cooperative at the end of a fiscal year shall be dealt with:</u>

- (a) by setting aside such reserves as the Board considers necessary; or
- (b) by crediting to members in the form of Patronage Dividends, the balance, or the proportion of the balance recommended by the Board and approved by the members, computed in relationship to the value of the livestock supplied to each of the Members from either the date Patronage Dividends were last paid to members, or a period approved by a special resolution of the Members.

249. The amounts of patronage dividends distributed to PBFC members demonstrate the difference in the numbers of livestock supplied to members associated with Chairman Schooten and Director Serfas versus other PBFC members. IIS reviewed cheques paid on December 16, 2022³⁶ and December 15, 2023³⁷ for the period ending December 30 of 2022 and 2023. Members in the Schooten Group and Serfas Group, and members with Schooten and Serfas surnames, received much larger patronage dividends than other PBFC members. Members in the Schooten Group and Serfas Group received 63% of the payments over \$3,000 in 2022, and 54% of the payments over \$3,000 in 2023. (See Table 2.7 and 2.8). Members in the Schooten Group and Serfas Group make up about 20% of PBFC's active membership.

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³⁶ IIS received banking records from January 2022 to December 2023, but focused on copies of checks received up to the end of 2022. This is because the inspection was conducted through May 2024, at which time it was possible that payees had not yet cashed cheques issued in late 2023. BMO Banking Statements for PBFC's operating account, for the periods ending between December 29, 2022 and April 28, 2023.

³⁷ BMO Banking Statements for PBFC's operating account, for the period ending between December 29, 2023 and April 28, 2023.

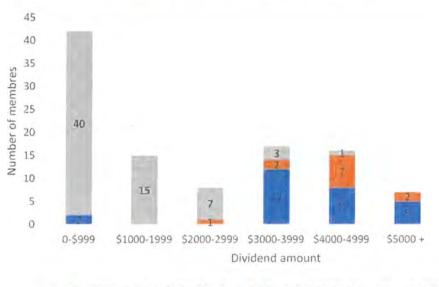


Table 2.7: Patronage Dividends Paid in 2022



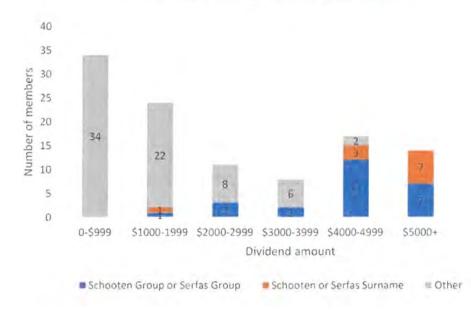


Table 2.8: Patronage Dividends Paid in 2023

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2.5 Estimates of the size of the Schooten Group and Serfas Group

250. As of August 2023, the value of the cattle contracts and Equity Advances available to the Specified Members for whom Chairman Schooten and Director Serfas held power of attorney was over \$120,000,000.³⁸

251. According to the month-end report for October 2023, the total value of loans and equity held by Specified Members and members of the Schooten and Serfas families was \$133.38 million:

- Chairman Schooten and members with Schooten surnames \$32.14 million
- Director Serfas and members with Serfas surnames \$42.46 million
- Specified Members \$58.6 million

This is 48.5% of the \$274.356 million in loans and equity held by all PBFC members.

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³⁸ The total security deposit for the Specified Members is \$6,000,000, which 5% of the value of livestock contracts and Equity Advances. This means that the value of the livestock contracts and Equity Advances provided to Specified Members in August 2023 was \$120,000,000.

APPENDIX 3: Contravention of <u>section 14(3)</u> of the Regulation: Providing livestock and advances to members in contravention of the legislation

Overview

252. IIS is of the opinion that PBFC contravened <u>section 14(3)(a)</u> and <u>(b)</u> of the Regulation by providing livestock and Equity Advances to Specified Members and Other Ineligible Members.

3.1 Providing livestock and advances when PBFC should have been reasonably aware that the member was in contravention

253. Section 14(3)(a) and (b) of the Regulation state:

Prohibitions

14(3) A feeder association shall not supply livestock purchased with proceeds of a guaranteed loan or give an advance to a feeder member if

(b) the feeder association is or should reasonably be aware that the feeder member is in contravention of a provision of the Act or this Regulation,

254. As discussed in Article 1.1 of Appendix 1, IIS is of the opinion that Specified Members and Other Ineligible Members contravened <u>section 11(2)</u> of the Regulation by continuing to hold their memberships when it was not reasonably apparent from their conduct that the primary purpose for their holding the membership was to receive livestock for growing or finishing or both. As well, IIS is of the opinion that PBFC contravened <u>section 11(2)</u> of the Regulation by allowing those member to continue their memberships.

255. As discussed throughout this Report, PBFC supplied livestock and provided Equity Advances to the accounts of Specified Members and Other Ineligible Members.

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APPENDIX 4: Contravention of <u>section 30(2)</u> of the Regulation: Providing more Equity Advances than Permitted

Overview

256. Under <u>Section 30(1)</u> of the Regulation, an association may advance funds to a feeder member if the local supervisor determines that the fair market value of the livestock supplied under the member agreement has increased while the livestock have been in the feeder member's possession.

257. If the sales price for livestock does not reflect an increase in the livestock's value, that indicates that an association should not have provided an equity loan advance to the member.

258. Members in the Schooten Group and Serfas Groups received Equity Advances paid against livestock supplied to them, which indicates the fair market value of the livestock had increased. Despite this, PBFC records did not show any sales proceeds were paid to these members upon the sale of livestock. The records reviewed by IIS only indicate that interest, administrative fees, and the original purchase price were repaid. This is not the case for members not in the Schooten Group or Serfas Group.

4.1 Advancing more funds than permitted

259. Section 30 of the Regulation states:

Advances

30(1) A feeder association may, in its discretion but subject to subsection (2), advance funds to a feeder member if a local supervisor determines that the fair market value of livestock supplied to the feeder member under a member agreement has increased while the livestock have been in the feeder member's possession.

- (2) The amount of an advance given to a feeder member under subsection (1)
 - (a) for livestock supplied to the feeder member under a member agreement that has been forward contracted or price insured must not exceed 75% of the difference between the purchase price and either
 - (i) a pre-determined sale price set in a forward contract, or
 - (ii) an insured sale price from an entity referred to in section 13(d),
 - or
 - (b) must not exceed 50% of the difference between the purchase price and the fair market value determined under subsection (1).

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260. An association may make equity advances only if the fair market value of the livestock supplied to the member has increased. If the sales price for livestock does not reflect an increase in the livestock's value, that indicates that an association should not have provided an equity loan advance to the member.

261. IIS inspectors reviewed equity loan promissory notes, equity calculation spreadsheets, and equity advance inspection forms for members for the period of 2019 to 2022. Equity advance inspection form reports (EAIFM) were prepared by the PBFC Supervisor Broek Murray and they consistently showed weight gains on a monthly basis of the livestock supplied to the members in the Schooten Group and Serfas Group. PBFC used these reports of weight gain as the basis on which to provide equity advances to those members. However, as discussed in Article 2.1.6, upon the sale of those livestock, records do not show any proceeds were paid to the member.

262. The following are two examples of this:

- A Schooten group of cattle purchased in March 2019 located in Schooten Mossleigh and Home feedlots was internally named "Schooten" and the link was titled "SCHM0320". This link was also found on the Equity Loan Promissory Notes, equity calculation spreadsheets, the monthly master sheets, and the equity lease purchase sheets. This "linked" cattle group consisted of cattle in Jenna Ment and Mark Weir's names. There was one Jenna Ment Livestock Supply Form contract (10123111-04) and three Mark Weir contracts (1177011-03, 1177011-04, and 1177011-05). All these cattle contracts were purchased in March 2019. There were five corresponding monthly Equity Loan Promissory Notes in Weir's name from May through September 2019: Equity loan 10177005-06 dated May 10, 2019, 10177005-07 dated June 10, 2019, 10177005-08 dated July 10, 2019, 10177005-09 dated August 13, 2019, and 10177005-10 dated September 10, 2019. These numbers were again found in the attached equity loan promissory notes, the equity calculation spreadsheets, the equity lease purchase sheets and the master sheets. The corresponding nine attached equity advance inspection forms were all completed listing the member's name as Schooten or Schooten (Weir - Ment). The corresponding equity contracts all showed weight gains on a monthly basis. PBFC records indicate these cattle were sold in March 2020. The spreadsheet entry documenting the sale only shows the repayment of the interest, administrative fees, and original purchase price of the livestock. There is no indication of any payment to either member being issued.39
- A Serfas group of cattle purchased November and December 2020 was named "Serfas Group" and the link was titled "SER1220". This group consisted of Kevin Campschroer, two other members in the Serfas Group, and four Serfas family members. This example focuses on Kevin Campschroer. This individual had four Livestock Supply Form contracts (10182011-07, 10182011-08, 10182011-09, and 10182011-10) for cattle purchased November and December 2020. There were two corresponding Equity Loan Promissory Notes in Campschroer's name (10128005-05 dated March 10, 2021, and 10128005-06 dated

³⁹ PBFC March 2020 Statement of Sale spreadsheet.

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April 12, 2021). The twelve attached equity advance inspection forms were all completed with the members name "Serfas" followed by Kevin Campschroer in brackets along with other Serfas Group member names. The corresponding equity contracts all showed weight gains on a monthly basis. PBFC records indicate these cattle were all sold in October 2021. The spreadsheet entry documenting the sale shows only the repayment of the original purchase price, interest, and administrative fee. There is no record of any payment of proceeds to Campschroer.⁴⁰

263. IIS reviewed Livestock Supply Forms and the PBFC Statement of Sales spreadsheets for the period between December 2018 to April 2023 for the following members:

- 1) Mitch Dawson Specified Member
- 2) Joe MacLean Specified Member
- 3) Ashley Walk Specified Member
- 4) Cornelia Walk Specified Member
- 5) Johan Walk Specified Member
- 6) Wes Walk Specified Member
- 8) Brian Schwartzkopf Specified Member
- 9) Vera Schwartzkopf Specified Member

- 16) Jenna Ment past member
- 17) Mark Weir past member

The PBFC Statement of Sales spreadsheet records each PBFC livestock sale as a separate line entry. The spreadsheet includes a column titled "Amount Paid to Member". In entries regarding members outside of the Schooten Group and Serfas Groups, this column records the balance of sales proceeds after payment of the PBFC loan principal and interest.

264. In each of the above member's cases, the Statement of Sales does not record any "Amount Paid to Member" at any time in the years of 2018 to 2024. In each sale entry for each of these members, the only figures recorded are the repayment of the PBFC loan interest and principal. There is no entry in respect of any of the above members from 2018 to 2024 reviewed by IIS which documents what

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⁴⁰ PBFC October 2021 Statement of Sale spreadsheet.

happens to sale proceeds of these members. PBFC Equity Advance documentation indicates that the livestock had appreciated in value significantly to justify Equity Advances against these cattle being issued.

265. PBFC developed a process to facilitate its irregular administration of equity advances for Specified Members and Other Ineligible Members. The Equity Advance Inspection Form Member (EAIFM) is completed by an association supervisor to document the weight of the animal. The EAIFM completed by Supervisor Broek Murray for Specified Members and Other Ineligible Members includes an additional page that names Chairman Schooten or Director Serfas as the "member" and that identifies an associated Livestock Supply Form.⁴¹

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⁴¹ Examples are the EAIFM dated April 29, 2019 and May 2, 2019 that are attached to the Equity Loan Promissory Note of Mark Weir, dated May 10, 2019. See page 36 of the Supporting Documents.

APPENDIX 5: Contravention of <u>section 31</u> of the Regulation: Exceeding the Monetary Limit

Overview

266. As discussed in Appendix 2, IIS is of the opinion that the Specified Members were not holding membership for the primary purpose of enabling themselves to receive supplies of livestock under the Act for growing or finishing or both, but in fact holding membership to allow another member to receive livestock.

267. IIS is of the opinion that PBFC contravened <u>section 31</u> of the Regulation by supplying livestock to that other person when their monetary obligation exceeded the prescribed limit. Chairman Schooten and Director Serfas each have a \$3,000,000 total monetary obligation limit. PBFC supplied livestock to members who had given Powers of Attorney and other legal documents that allowed Chairman Schooten or Director Serfas to control the members' dealings with PBFC, including the ability to receive livestock, Equity Advances, and sale proceeds. These members' security deposits were also paid by companies associated with Chairman Schooten or Director Serfas.

- 5.1 Supplying livestock in excess of a member's maximum total monetary obligation
 - 268. Under section 31(1) of the Regulation, no feeder association shall supply livestock to a feeder member if the feeder member's total monetary obligation, excluding advances, exceeds \$3,000,000. (Until July 2023, the limit was \$2,000,000.)

Maximum amount of total monetary obligations

31(1) No feeder association shall supply livestock to a feeder member if the feeder member's total monetary obligation, excluding advances, exceeds

- (a) in the case of an individual, \$3 000 000.
- (b) in the case of a joint membership, \$3 000 000, and
- (c) in the case of a corporation, partnership or joint venture, the amount allocated under subsection (2) or (3) by its active shareholders or active members, to a maximum of \$3 000 000.

<u>Section 1(1)(0)</u> of the Regulation defines "monetary obligation" to mean an amount owed by the feeder member under the member agreement.

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269. A feeder association's board determines what their members' maximum total monetary obligation (excluding Equity Advances) shall be. The amount cannot exceed the maximum stated in the Regulation.⁴²

270. The following illustrates how a limit works. An Individual Member with a \$3,000,000 monetary obligation limit approved by the board may hold, at any one time, up to \$3,000,000 worth of livestock purchased by the association with guaranteed loans. (Administrative fees, interest, and other amounts owing under the member agreement count towards the limit.) As the member sells livestock, the member may be supplied more livestock, up to the \$3,000,000 limit.

271. As discussed in Appendix 2, IIS is of the opinion that PBFC conducted transactions to provide livestock and advances to someone other than the member, contrary to section 4 of the Act and section 13 of the Regulation.

272. As discussed in Article 2.1.2 of Appendix 2, the member files of Specified Members (and certain Other Ineligible Members and three former members) contained Powers of Attorney and other legal documents that gave Chairman Schooten or Director Serfas control over the members' dealings with PBFC, including the ability to receive livestock, Equity Advances, and sale proceeds.

273. As discussed in Article 1.2 of Appendix 1, two of the members interviewed demonstrated little to no knowledge of their livestock operation. Some members stated they received no or extremely low benefit from the cattle purchased and sold in their name. Some were unaware of how much their security deposit was or who paid it. Several members directed IIS to either Chairman Schooten or Director Serfas for this information.

274. As discussed in Appendix 6, the files of Specified Members and Other Ineligible Members included records indicating that the member's security deposits were paid by a corporation associated with Chairman Schooten or Director Serfas.

275. Except in two cases, PBFC approved all Specified Members for the maximum Loan Limit (excluding Equity Advances) allowed under the Regulation at the time of their admission as members.^{#3} For 12 Specified Members approved at \$2,000,000, PBFC increased the limits \$3,000,000 once FALGP raised the limit. As of the end of May 2024, the sum of Loan Limits of all Specified Members was \$50,000,000. (See Table 5.1.)

276. Chairman Schooten and Director Serfas held Power of Attorney over 18 of the 19 Specified Members. Of these, 11 had Loan Limits of \$3,000,000 and seven had limits of \$2,000,000. Together, two individuals had access to over \$47,000,000 worth of livestock at any one time. The Equity Advances that

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⁴² A feeder association's board also determines what their member's maximum Equity Advances shall be. The amount of a particular Equity Advance is subject to the limits prescribed in <u>section 30</u> of the Regulation.

⁴³ Mitch Dawson and Joe MacLean were each given a \$500,000 Loan Limit upon joining PBFC on August 11, 2016. The maximum legal limit at that time was \$1,000,000.

the Specified Members could have taken were \$35,250,000, which means Chairman Schooten and Director Serfas had access to \$82,250,000 worth of livestock and Equity Advances at any one time.

277. Chairman Schooten and Director Serfas each have a Loan Limit of \$3,000,000. If the supplies of livestock to the Specified Members were in fact supplies to Chairman Schooten and Director Serfas, then PBFC contravened the Regulation by supplying more to them than allowed by section 31 of the Regulation.

278. Table 5.2 below is a snapshot of the value of the contracts for livestock and Equity Advances that were provided to the 19 Specified Members and were outstanding as of September 2023. The total is \$58,680,651.76, representing 23.8% of the value of livestock and equity advances contracts provided to all PBFC members as of that date.

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SURNAME	Given name	Maximum Monetary Obligation (excluding Equity Advances)	Maximum Equity Advances**	Maximum Total Monetary Obligation	Associated to
1) CAMPSCHROER	Kevin	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
2) DAWSON	Mitch	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
3) DUNN	Mark	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
4) FRENCH	Alvin	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
5) FROEZE	Issac	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
6) GARZA	Humberto	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
7) GOERTZEN	Peter	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
8) GOMEZ	Eduardo	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
9) LOCKE	Hugh	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
10) MacLEAN	Joseph	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
11) RAMONES	Jesus	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
12) RILEY*	Bradley	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
13) SCHWARTZKOPF	Brian	\$3,000,000	\$2,250,000	\$5,250,000	SCHOOTEN
14) SCHWARTZKOPF	Vera	\$3,000,000	\$2,250,000	\$5,250,000	SCHOOTEN
15) WALK	Cornelia	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
16) WALK	Johan	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
17) WALK	Wes	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
18) WALK	Ashley	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
19) WARNER	Geertje	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
	TOTALS	\$50,000,000	\$37,500,000	\$87,500,000	

Table 5.1: Maximum Monetary Obligation Limits of Specified Members

NOTE:

 IIS did not find a Power of Attorney or the related instruments in Bradley Riley's member file.
 ** PBFC approved these members for a 75% draw (i.e. each member could request Equity Advances up to 75% of the forward market price of the livestock supplied to them). It is standard practice at PBFC that members with a forward contract will be eligible for the 75% equity draw.
 Section 30 of the Regulation allows an association to pay up to 75% of the difference between the purchase price and the contract price.

Last Name	First Nam		tstanding Total Loan (Cattle & Equity)	Security Deposit
CAMPSCHROER	Kevin	\$	3,939,255.32	\$ 259,685.06
DAWSON	Mitch	\$	3,482,685.23	\$ 215,058.14
DUNN	Mark	\$	4,212,650.19	\$ 255,212.19
FRENCH	Alvin	\$	4,256,234.56	\$ 257,744.81
FROESE	Issac	\$	3,675,911.33	\$ 238,212.53
GARZA	Humberto	\$	2,967,138.94	\$ 242,212.22
GOERTZEN	Peter	\$	5,029,795.78	\$ 251,490.76
GOMEZ	Eduardo	\$	4,022,916.22	\$ 201,253.46
LOCKE	Hugh	\$	4,718,336.96	\$ 236,390.46
MacLEAN	Joseph	\$	3,208,429.00	\$ 160,421.45
RAMONES	Jesus	\$	3,525,150.54	\$ 187,686.68
RILEY	Bradley	\$	2,963,429.89	\$ 239,384.21
SCHWARTZKOPF	Brian	\$	2,975,895.18	\$ 148,794.76
SCHWARTZKOPF	Vera	\$	2,978,472.82	\$ 148,923.64
WARNER	Geertje	\$	3,056,834.43	\$ 226,534.36
WALK	Ashley	\$	1,003,225.60	\$ 156,746.87
WALK	Cornelia	\$	2,664,289.77	\$ 166,958.02
WALK	Johan	\$	*	\$ 144,935.21
WALK	Wes	\$	1	\$ 158,233.29
		TOTALS	\$ 58,680,651.76	\$ 3,895,878.12

Table 5.2: Value of Livestock and Advances to Specified Members as of September 2023

279. A review of the PBFC master sheets, statement of sales – cattle sales, and statement of sales – equity draws for 2018 through 2023 was conducted for the above members. Of over 100 Livestock Supply Forms in the above members' names, the vast majority of the contracts were "sold to" "S&C Schooten", "John Schooten & Sons", or "J&S Schooten" or "Schooten".

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APPENDIX 6: Contravention of section 33 of the Regulation: Security Deposit

Overview

280. <u>Section 33(1)</u> of the Regulation requires an association to obtain a deposit from a feeder member before supplying livestock or providing an equity advance. <u>Section 33(3)</u> of the Regulation states that a feeder association shall hold funds provided by a feeder member under subsection (1) as a security deposit on account of the feeder member. These sections both ensure sufficient funds are held in the event of default, and ensure members are financially secure enough to meet their obligations.

281. IIS is of the opinion that PBFC contravened <u>section 33</u> of the Regulation by failing to collect security deposits from members to whom livestock and advances were supplied to contrary to the Regulation. Rather, PBFC permitted third parties to pay the security deposits. In doing so, PBFC bypassed part of the risk mitigation requirements imposed by the FALGP.

6.1 Failing to collect security deposit from the member

282. Section 33 of the Regulation states:

Security deposit

33(1) On or before being supplied with livestock purchased with proceeds of a guaranteed loan or being given an advance, a feeder member shall pay to the feeder association an amount sufficient to ensure that the feeder association has on deposit on account of the feeder member at least 5% of the feeder member's total monetary obligation excluding interest.

(2) The feeder association shall deposit all funds provided under subsection (1) into its security deposit account.

(3) Subject to subsection (4) and section 34(2)(b), a feeder association shall hold funds provided by a feeder member under subsection (1) as a security deposit on account of the feeder member.

- (4) Subject to subsection (5), a feeder association
 - (a) may return to a feeder member the balance of funds held on account of the feeder member, and
 - (b) shall return the balance of funds referred to in clause (a) if the feeder member withdraws from membership or if the feeder member's membership is terminated.

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283. As discussed in Article 2.1.2 of Appendix 2, 16 of the 19 Specified Members had an Acknowledgement Letter in their files.⁴⁴ Under this instrument, the member agrees, among other things, that:

- A corporation associated with either Chairman Schooten or Director Serfas paid the member's security deposit.
- The deposit shall be repaid to the payor.

The files of seven Specified Members contained Acknowledgement Letters naming a corporation associated with Chairman Schooten. The files of nine Specified Members contained Acknowledgement Letters naming Director Serfas or a corporation associated with him.

284. The member files of the Schooten Group and Serfas Group members included records indicating the member's security deposits were paid by a corporation associated with Chairman Schooten or Director Serfas. The member files included copies of business cheques that had notes of the names of the other members whose security deposits were also paid for by that cheque. See Table 5.3 below for a summary of security deposit transactions.

285. Article 9.5 of Appendix 9 discusses other aspects of PBFC's administration of security deposits that IIS considers to be unsound. One practice that IIS considers unsound and contrary to the Manual is that PBFC appears to have used members' Equity Advances to fund the member's security deposits.

⁴⁴ The exceptions are Bradley Riley, Brian Schwartzkopf, and Vera Schwartzkopf.

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Table 5.3: Security Deposit Transactions for Specified Members, Other Ineligible Members and Jenna Ment

Member name	COMPANY CHEQUE ON FILE THAT PAID TO PBFC	Date of cheque	TOTAL AMOUNT OF CHEQUE	AMOUNT IDENTIFIED FOR MEMBER - security (copied cheques located in member files)	Security in PBFC - 2023-08 Security deposit summary (NOTE- Required security for 3M loan would be \$150,000)	Specified Member / Other Ineligible Member AND ASSOCIATED TO
1) CAMPSCHROER, KEVIN	Serfas Farms Ltd	2018-11-07 2019-03-15 2019-04-16 2023-07-24	\$201,200.00 \$184,779.88 \$213,860.22 \$1,050,000.00	\$47,922.20 \$2,077.80		Specified Member - SERFAS
2) DAWSON, Mitch	John Schooten & Sons Custom Feedyard Ltd. S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd	2016-11-09 2017-11-16 2019-02-07 2019-02-27	\$11,500.00 \$84,436.08 \$98,022.53 \$78,848.16	\$11,500.00 \$36,621.17 \$28,8820.85 \$11,400.12		Specified Member - SCHOOTEN
3) DUNN, Mark	Serfas Farms Ltd	2021-06-15 2023-07-24	\$100,000.00 \$1,050,000.00			Specified Member – SERFAS
4) FRENCH, Alvin	Sertas Farms Ltd	2018-07-11 2019-04-16 2023-07-24	\$201,200.00 \$213,860.22 \$1,050,000.00	\$50,000.00		Specified Member -
5) FROESE, Isaac	Serfas Farms Ltd	2019-04-16 2023-07-24	\$213,860.22 \$1,050,000.00	\$100,000.00		Specified Member -
6) GARZA, Humberto	Serfas Farms Ltd	2021-05-25 2023-07-24	\$200,600.00 \$1,050,000.00	and the second second second second second		Specified Member - SERFAS
7) GOERTZEN, Peter	Serfas Farms Ltd	2018-07-11 2019-04-16 2023-07-24	\$201,200.00 \$213,860.22 \$1,050,000.00	\$50,000.00		Specified Member - SERFAS
8) GOMEZ, Eduardo	Serfas Farms Ltd	2023-02-02 2023-07-24	\$200,000.00 \$1,050,000.00	\$100,000.00	1	Specified Member -

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	COMPANY CHEQUE ON FILE THAT PAID TO PBFC	Date of cheque	TOTAL AMOUNT OF CHEQUE	AMOUNT IDENTIFIED FOR MEMBER - security (copied cheques located in member files)	Security in PBFC - 2023-08 Security deposit summary (NOTE- Required security for 3M loan would be \$150,000)	Other Ineligible Member AND
16) LOCKE, Hugh	Serfas Farms Ltd	2021-05-25 2023-07-24	\$200,600.00	and the second		Specified Member -
		2023-07-24	\$1,050,000.00	\$1,050,000.00	\$236,390.46	Member - SERFAS
16) LOCKE, Hugh 17) MacLEAN, Joe	Serfas Farms Ltd John Schooten & Sons Custom Feedyard Ltd. John Schooten & Sons Custom Feedyard Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd	STORY CHECK COM	[1] J. L. L. L. C. S. C. S. L.	\$1,050,000.00 \$11,600.00 \$12,100.00 \$24,874.55 \$54,763.89	\$236,390.46	Member - SERFAS Specified Member - SCHOOTEN
	John Schooten & Sons Custom Feedyard Ltd. John Schooten & Sons Custom Feedyard Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd	2023-07-24 2016-12-09 2017-07-28 2017-11-16 2019-02-27	\$1,050,000.00 \$11,600.00 \$12,100.00 \$84,436.08 \$78,848.16	\$1,050,000.00 \$11,600.00 \$12,100.00 \$24,874.55 \$54,763.89 \$10,800.00 \$27,000.00 \$22,940.36 \$21,825.19 \$18,400.00	\$236,390.46 \$160,421.45	Member - SERFAS Specified Member - SCHOOTEN Former member - SCHOOTEN
17) MacLEAN, Joe	John Schooten & Sons Custom Feedyard Ltd. John Schooten & Sons Custom Feedyard Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd John Schooten & Sons Custom Feedyard Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd	2023-07-24 2016-12-09 2017-07-28 2017-11-16 2019-02-27 2019-06-20 2017-05-31 2017-11-16 2019-03-22 2020-06-20	\$1,050,000.00 \$11,600.00 \$12,100.00 \$84,436.08 \$78,848.16 \$86,500.00 \$84,436.08 \$21,825.19 \$86,500.00 \$568,362.49 \$60,300.00 \$40,547.19	\$1,050,000.00 \$11,600.00 \$12,100.00 \$24,874.55 \$54,763.89 \$10,800.00 \$22,940.36 \$21,825.19 \$18,400.00 \$99,880.33 60,300.00	\$236,390.46 \$160,421.45 \$0	Member - SERFAS Specified Member - SCHOOTEN Former member - SCHOOTEN Specified Member - SCHOOTEN

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	COMPANY CHEQUE ON FILE THAT PAID TO PBFC	Date of cheque	TOTAL AMOUNT OF CHEQUE	AMOUNT IDENTIFIED FOR MEMBER - security (copied cheques located in member files)	Security in PBFC - 2023-08 Security deposit summary (NOTE- Required security for 3M loan would be \$150,000)	Specified Member / Other Ineligible Member AND ASSOCIATED TO
21) SCHWARTZKOPF, Brian	Memo from Shane Schooten that he will personally be responsible for any financial issues related to Brian and Vera SCHWARTZKOPF and other family members.	2017-10-23 (memo) 2022-02-23 (cheque)	\$1,159.67	unknown unknown	\$139,259.00	Specified Member - SCHOOTEN
22) SCHWARTZKOPF, Vera	Memo from Shane Schooten that he will personally be responsible for any financial issues related to Brian and Vera SCHWARTZKOPF and other family members.	2017-10-19 d (memo) 2022-02-23 (cheque)	\$1,159.67	unknown unknown	\$148,923.64	Specified Member - SCHOOTEN
25) WALK Ashley	S&C Schooten Farming Ltd	2020-05-28	\$125,000,00	\$25.000.00		Specified
25) WALK, Ashley	S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd	2020-05-28 2020-05-29 2021-01-25 2021-01-26	\$125,000.00 \$50,000.00 \$40,547.19 \$24,137.74	\$50,000.00 \$24,684.93		Specified Member - SCHOOTEN
	S&C Schooten Farming Ltd S&C Schooten Farming Ltd	2020-05-29 2021-01-25	\$50,000.00 \$40,547.19	\$50,000.00 \$24,684.93 (25&26 cheq)		Member - SCHOOTEN Specified Member -
26) WALK, Cornelia	S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd	2020-05-29 2021-01-25 2021-01-26	\$50,000.00 \$40,547.19 \$24,137.74	\$50,000.00 \$24,684.93 (25&26 cheq) \$100,000.00	\$156,746.87	Member - SCHOOTEN Specified Member - SCHOOTEN Specified Member - SCHOOTEN
	S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd	2020-05-29 2021-01-25 2021-01-26 2020-05-28	\$50,000.00 \$40,547.19 \$24,137.74 \$125,000.00	\$50,000.00 \$24,684.93 (25&26 cheq) \$100,000.00	\$156,746.87 \$159, 819.04	Member - SCHOOTEN Specified Member - SCHOOTEN Specified Member - SCHOOTEN

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\$226534.36 SERFAS

Specified

Member -

Classification: Protected B PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 78 - 78

2019-05-22

2023-07-24

\$100,000.00

\$1,050,000.00

\$100,000.00

\$50,000.00

29) WARNER,

Geertje

Serfas Farms Ltd

Serfas Farms Ltd

APPENDIX 7: Contravention of <u>section 9(3)</u> of the Act: Obstruction and Lack of Assistance for Inspections

Overview

286. <u>Section 9</u> of the Act gives the Minister various powers for the purpose of administering the Act and Regulation, including:

- the power to review the operations of an association;
- the power to inspect records of a feeder association; and
- the power to require a person to provide information.

287. Section 9(3) of the Act provides that a person shall not obstruct the Minister in carrying out a power under section 9(1) of the Act and shall provide reasonable assistance to the Minister.

288. In the opinion of IIS, PBFC contravened section 9(3) of the Act by:

- obstructing the Minister in reviewing the operations of the association;
- obstructing the Minister in obtaining information from members;
- obstructing the Minister in obtaining information from other individuals;
- failing to provide reasonable assistance to the Minister in reviewing the operations of the association.
- 7.1 Obstructing the Minister in reviewing the operations of the association
- 289. Section 9 of the Act states:

Powers

9(1) The Minister may, for the purpose of administering this Act and the regulations under this Act,

- (a) enter a place where the Minister reasonably believes that livestock or livestock products in respect of which a guaranteed loan was given are being or have been grown, finished or otherwise dealt with,
- (b) enter a place where the Minister reasonably believes the records of a lender or a feeder association are kept.
- (c) review the operations of a feeder association,
- (d) inspect livestock and livestock products,
- (e) inspect the records of the lender or a feeder association and make copies of or excerpts from the records.
- (f) remove the records of a lender or feeder association from the place where they are kept, in which case a receipt must be provided and the records returned in a reasonable time, and
- (g) require a person to provide the Minister with information, including personal information, in the form and manner required by the Minister.

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(2) Despite subsection (1)(a) and (b), the Minister may not enter a private residence without a court order unless the occupant consents.

(3) A person shall not obstruct the Minister in the carrying out of a power under subsection (1) and shall provide reasonable assistance to the Minister.

290. PBFC office staff were generally helpful during the inspections between September 7, 2023 to May 15, 2024. However, several staff declined to be interviewed by inspectors. On January 25, 2024, IIS asked office staff Melanie Fleischhauer if she would give a statement, which was an opportunity for the inspectors to ask about the issues they were seeing. She stated that based on legal advice she was not willing to provide a statement. IIS asked Terry Bodnar, who was inside her office and was overhearing the inspector's request to Melanie, if she (Terry) would speak with inspectors. Terry stated that she would not. She did not indicate that she was relying on legal advice. Administrator Haney was not in the office on that day, but IIS had stated that the inspectors would like to speak with him. Administrator Haney did not follow up and IIS did not seek him out again. As a result, none of the PBFC staff were interviewed.

291. In the opinion of IIS, the refusals by Terry Bodnar and Melanie Fleischhauer to be interviewed obstructed the Minister's ability to exercise a review of PBFC's operations, contrary to section 9(3) of the Act. In the opinion of IIS, the staff members' refusal to be interviewed also constitute a failure by PBFC to provide reasonable assistance to the Minister in carrying out the review of the operations, and in inspecting records, contrary to section 9(3) of the Act.

292. Unfortunately for the inspection, Administrator Haney and PBFC assistant administrator Terry Bodnar both resigned, after 32 years of service, effective January 31, 2024. They were the two longest serving staff members of PBFC.⁴⁵

7.2 Obstructing the Minister in obtaining information from members

293. On January 25, 2024, Chairman Schooten sent out correspondence to PBFC membership with the subject, "The Picture Butte Feeder Co-operative and the Provincial Supervisor."⁴⁶ The memo states (emphasis added):

...as some of you are well aware, the approach of the Provincial Supervisor has been to engage in an extended "investigation" consisting of reviewing member files and contacting members and those close to them to investigate their circumstances. This has resulted in confusion, anxiety, stress, and speculation within the community about the future of the Feeder Guarantee

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⁴⁵ Administrator Haney's resignation was published in the PBFC Scoop dated February 14, 2024. This Scoop publication also stated that Terry Bodnar's last official day in the office was January 31, 2024.

⁴⁶ Memo from Chairman Schooten to members, dated January 25, 2024. See page 41 of the Supporting Documents.

program and their own ability to access it. It has also generated significant concern and rumor regarding the proprietary of our neighbors and comembers business activities. This has left many of us feeling uncomfortable and on edge - all without clear direction from the Provincial Supervisor about how to evaluate existing members and whether they meet the required criteria for membership.

We encourage all members to get their own legal advice before speaking to members of the Provincial Supervisor's investigative team. We note these conversations appear to have been recorded.

294. While every person has the right to seek legal counsel, in the opinion of IIS, the overall effect of the unbalanced statement in the memo is that it obstructed the inspectors from obtaining information from members, and indirectly, from reviewing the operations of the association and inspecting the records of the association, contrary to section 9(3) of the Act.

7.3 Obstructing the Minister in obtaining information from other individuals

295. During the inspection, PBFC staff member, Terry Bodnar, phoned and texted that IIS wanted to interview. Bodnar asked the person not to respond to IIS and to save voicemails from the inspectors.⁴⁷

296. On January 24, 2024, IIS attempted to interview

She

stated that she had signed a non-disclosure agreement (NDA) and did not wish to speak to the inspectors.

297. IIS attempted three times between November 2023 and January 2024 to interview Rick Enns, an employee of one of Chairman Schooten's businesses, whose name appeared as a witness signature to a number of documents of concern in relation to Specified Members and Other Ineligible Members, particularly those associated with the Schooten Group. IIS contacted Rick Enns by telephone on November 22, 2023. Enns stated that he had never signed PBFC documents. Enns was advised that IIS wished him to review eight to ten documents bearing his signature and confirm whether he signed them. A follow-up meeting was arranged for November 23, 2023.

298. On November 23, 2023 Enns cancelled that meeting, advising that he was busy with work. Enns asked if he was compelled to meet with the investigator, and was advised by IIS that he was under no obligation to meet with or speak to IIS. Photographs of his signatures were sent to Enns via text message to which Enns replied, "Sorry can't help you out any further".

⁴⁷ See IIS notes of conversation with on with screenshot of text sent to at page 43 of the Supporting Documents.

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299. On January 17, 2024, Rick Enns was contacted by telephone. Enns would not confirm if he had or had not signed any documents for IIS. He further indicated that he had been told by Chairman Schooten that the documents were not legal documents. Enns stated that Shane Schooten had phoned Schooten's lawyer for Enns to discuss the matter with. Enns stated to IIS that he was told by the lawyer that this was "no big deal", and that the lawyers would take care of the issue.

300. In the opinion of IIS, the actions of staff member Terry Bodnar, Chairman Schooten, and the use of an NDA obstructed the inspectors from obtaining information members, and indirectly, from reviewing the operations of the association and inspecting the records of the association, contrary to section 9(3) of the Act.

7.4 Failing to provide reasonable assistance to the Minister in reviewing the operations of the association

301. During the inspection, IIS learned that PBFC had a template Non-Disclosure Agreement (NDA) was prepared for staff and board members to sign. IIS asked PBFC to clarify whether the NDA was intended to prevent staff from speaking to IIS. PBFC legal counsel indicated that they understand that their NDA would not be breached where a party was required by law to provide information to the Minister. On February 15, 2024, IIS asked PBFC when it began requiring staff to sign NDAs. As of May 15, 2024, no response has been received. In the opinion of IIS, PBFC's refusal to answer questions about its use of NDAs with its staff constitutes a failure to provide reasonable assistance to the Minister in carrying out a review of the operations.

302. On October 26, 2023, a motion was passed by the PBFC Board of Directors to amend 10 of the 15 previous board meeting minutes (June to October 2023). The purpose of those amendments was not included in the October 2023 minutes, contrary to past practice. IIS' request for particulars of that amendments went unanswered.

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APPENDIX 8: Contravention of section 17 of the Regulation: Inadequate Documentation of Sales

Overview

303. In the opinion of IIS, PBFC has contravened section 17(3) of the Regulation by failing to document the purchaser of the association's livestock bought with proceeds of a guaranteed loan. PBFC lacks a system to create sales documentation for the sale of the livestock. Further, PBFC has contravened section 17(6) of the Regulation by not maintaining records of the sales for seven years.

8.1 Failing to maintain records of livestock sales

304. <u>Section 17(3)</u> of the Regulation requires that, where a feeder association sells livestock purchased with proceeds of a guaranteed loan, the association shall ensure that the sale transaction is documented by a written bill of sale, invoice or settlement that contains specific pieces of information, including the name of the purchaser. Section 17(6) provides that the association must keep the original or a copy of the documentation for at least seven years after the contract due date.

305. <u>Chapter 6 of the Manual</u> further addresses administration of contracts. Article 6.3 of the Manual (page 28) states:

Administrators must maintain adequate documentation to verify details of all livestock purchases and sales.... When funds are received for the sale of livestock, a copy of the sales invoice as to the number of livestock sold and identification associated, is required to ensure funds are directed to the proper account. Any irregularities of transactions should be brought to the Board's attention.

306. Office staff member Melanie Fleischhauer was approved by the Provincial Supervisor to act as Interim Administrator as of February 1, 2024. (Administrator Haney had submitted his resignation letter on January 21, 2024, to be effective January 31, 2024.) On April 19, 2024, inspectors asked Administrator Fleischhauer for the sale documentation for 15 contracts held by members that inspectors believe are associated with the Schooten Group. Administrator Fleischhauer advised that these contracts were not available, and delay was due to payments being processed.

307. After follow-up questions by IIS, on April 30, 2024, Administrator Fleischhauer provided her response, which did not include records of sales. When asked again for the record of sales, on May 1, 2024 she responded, "We have never required a record of where the cattle were sold or for how much, it is not our business. Members will contact me for a payout of their loans, I will give them the total value as of that date and as long as I receive a cheque in that full amount I do not require further documentation." This demonstrates her lack of knowledge about the Regulation and Manual, and PBFC's lack of compliance with the Regulation. If this is common practice as stated, this indicates a systemic failure to keep proper records.

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308. Administrator Fleischhauer responded on May 13, 2024. She cited section 5.2(d) of the template Membership Agreement, which states PBFC must provide a bill of sale after receipt of payment. However, section 5.2 addresses sales to feeder association members of livestock supplied to them.⁴⁸ This section has been over-applied to sales from PBFC to non-member third parties, resulting in deficient record-keeping. This demonstrates lack of compliance with the Regulation, Manual, and PBFC's own member agreements.

309. The most significant instance of PBFC's failure to document livestock sales, as required by the Regulation, is the sales in January 2024 of 36,530 head of cattle, worth over \$63,000,000. Of this number, 33,135 were sold within one week to Gowling WLG (a law firm in Calgary) and "Schooten & Sons". The sales that were recorded as being to Gowling WLG occurred on January 24 and the number of animals sold is 19,804. The other entries on the statement of sales names the actual purchaser.

310. On March 7, 2024, IIS asked Interim Administrator Fleischhauer, by phone and email, who purchased the cattle. The Interim Administrator responded that Gowling WLG Calgary paid for the cattle. On March 19, 2024, IIS emailed Gowling WLG Calgary to ask if they purchased these cattle, and if so, why? On March 20, 2024, Gowling WLG responded in an email stating, "We are a law firm. We provide legal services. We are not a party to this transaction and are unable to provide the requested information." IIS ultimately found no record of the identity of the purchaser.

⁴⁸ The section begins (emphasis added):

5.2 Sale of Some Livestock to the Member: <u>The Member</u>, if not in default under this Agreement, <u>shall have the right to purchase the Association's interest in some of the Livestock</u> referred to in Livestock Supply Forms for the same Supply Period, on the following terms...

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APPENDIX 9: Unsound Practices by Administrative Staff

Overview

311. IIS is of the opinion that PBFC engaged in unsound administrative practices as detailed in this Appendix. These unsound practices are a mix of unsound decisions by staff as well as unsound practices sanctioned or permitted by the Board. These include:

- Allowing memberships reliant on Powers of Attorney
- Preparing or accepting irregular Powers of Attorney
- Accepting documents with irregular signatures
- Accepting documents that may not have been properly executed or witnessed
- Using Equity Advances in payment of security deposits
- · Failing to reduce the risk of member default
- Failing to update sales records in a timely way
- · Processing transactions in the names of members who had withdrawn
- Failing to keep adequate Board minutes
- Failing to keep adequate banking records.

312. The deficiencies in administrative practices reflect a failure by the Board to ensure that PBFC administrative staff complied with the legislation, Manual, and sound business practices. Given the systemic nature of some of the practices, IIS is of the opinion that the deficiencies of the staff administrative activities could not have been addressed through mere training and supervision. Some of the administrative decisions may have been made on directions from the Board.

9.1 Allowing memberships reliant on Powers of Attorney

313. As discussed in Article 2.1.2 of Appendix 2, PBFC accepted a common set of documents for the 19 Specified Members, including a Power of Attorney, Authorization and Direction to Pay (Equity Loans), Authorization and Direction to Pay (Sale Proceeds), and Acknowledgement Letter. PBFC used the same set for other members that appear to be associated with the Chairman Schooten or Director Serfas.

314. IIS has not observed any other feeder associations using the same set of forms. IIS did not find these forms in the files of members that had no indication of an association with the Schooten Group or the Serfas Group.

315. IIS found no records indicating that PBFC administration followed any special processes or policies to address the unique situation in which Chairman Schooten held Power of Attorney for 17 members, and Director Serfas held Power of Attorney for 14 members. IIS found no indication that the Board took any action on this.

316. PBFC knew or should have known that the members using the forms were not holding the memberships on their own behalf. Concerns should have arisen when there were indications that the

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attorney was initiating livestock sales to benefit the attorney rather than the member who gave the Power of Attorney. Concerns should also have arisen when there were repeated instances in which members linked to Chairman Schooten or Director Serfas were submitting Equity Loan Promissory Notes in respect of livestock that were later sold without profit to the member, despite verified weight gains.

9.2 Preparing or accepting irregular Powers of Attorney and other legal documents

317. PBFC administrative staff accepted and used a Power of Attorney for Edwardo Gomez that predates this membership application. The Power of Attorney is dated February 16, 2021, whereas his membership application was dated January 23, 2023. All other documents within the file are consistent with his membership starting after January 23, 2023. The attorneys are stated to be Director Serfas and Mark Serfas.

318. Mitch Dawson, Crystal Fulford, Jenna Ment, Brian Schwartzkopf and Mark Weir all have Powers of Attorneys on their files, dated November 19, 2019. This document does not match the dates of the Authorization and Direction to Pay (Equity Advance), Authorization and Direction to Pay (Sale Proceeds), and Acknowledgement Letter on their respective files.⁴⁹ As discussed in Article 9.3 below, all these documents have irregular signatures.

319. Joe MacLean signed his member agreement on November 11, 2016. His file includes a Power of Attorney dated March 9, 2020, but the Authorization and Direction to Pay (Equity Advance), Authorization and Direction to Pay (Sale Proceeds), and Acknowledgement Letter are dated December 9, 2016.⁵⁰

9.3 Accepting documents with irregular signatures

320. PBFC administrative staff accepted various member documents for Specified Members and former members that contained inconsistent or irregular signatures of the members.⁵¹ The documentation in question are important legal documents, including Powers of Attorney and promissory notes. The sections below summarize the IIS observations on some of the groups of documents, as well as special comments regarding Crystal Fulford Jenna Ment, and Mark Weir.

321. In this Appendix, a "consistent" signature means a signature that IIS considers to be similar to signatures on other documents in the member's file, including application form and driver's license. An "inconsistent" signature means one that IIS considers dissimilar to other signatures in the member's file.

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⁴⁹ See the documents for Schwartzkopf and Weir at pages 18 to 24 (Schwartzkopf and Weir) of the Supporting Documents.

⁵⁰ See Joe MacLean's documents at pages 14 to 17 of the Supporting Documents.

⁵¹ See IIS summary document, "Overview of Believable/Suspicious signatures/Documents". See page 44 of the Supporting Documents.

9.3.1 Powers of Attorney, Acknowledgement Letters, and Authorization and Directions to Pay

322. IIS observed inconsistent signatures on Powers of Attorney, Acknowledgement Letters, and Authorization and Directions to Pay in the documentation of the following members, all part of the Schooten Group.

Mitch Dawson Crystal Fulford Joe MacLean Jenna Ment Jesus Ramones Brian Schwartzkopf Vera Schwartzkopf Mark Weir

323. Several members stated to IIS either that they were unaware they had given anyone Power of Attorney, or they denied giving anyone Power of Attorney.⁵²

- Crytal Fulford stated she did not grant anyone a power of attorney. Her file includes a
 Power of Attorney to Chairman Schooten. Crystal Fulford also stated her the signature
 on the Power of Attorney in her name was not hers. Joseph MacLean stated that he did
 not believe he had given a power of attorney to anyone, and that he was not sure what
 it was. His file included a Power of Attorney to Chairman Schooten.
- Jenna Ment stated she did not grant anyone a Power of Attorney. Her file includes a Power of Attorney to Chairman Schooten. Jenna Ment went on to state her signature on the Power of Attorney was falsified.
- Brian Schwartzkopf stated he did not think he had given Power of Attorney to anyone.
 His member file included a Power of Attorney to Chairman Schooten.
- Mark Weir stated he has not given Power of Attorney to anyone. Mark Weir's member file includes a Power of Attorney to Chairman Schooten. Mark Weir viewed it and said the signature on it was not his.

52

See Crystal Fulford Power of Attorney at Page 49 of the Supporting Documents; Jenna Ment Power of Attorney at page 50 of the Supporting Documents; Mark Weir Power of Attorney at page 24 of the Supporting Documents.

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9.3.2 Livestock Supply Forms

324. Ment and Weir both reviewed multiple livestock supply form contracts and equity contracts in their names for the period 2019 to 2023 and denied signing these documents as well.

325. Inspectors found on approximately 70 Livestock Supply Forms that the signature of the member was inconsistent with other signatures in the member's file. There were several instances with Livestock Supply Form contracts with the same number of cattle, the same purchase price, the same electronic fund transfer number, on a Schooten Feedlot, signed on the same date, all with inconsistent signatures. See Livestock Supply Form contracts for the Schwartzkopfs February 24, 2022;

the Schwartzkopfs and Ment and Weir April 5, 2023. All the members are part of the Schooten Group.

9.3.3 Equity loan promissory notes

326. PBFC accepted Equity Loan Promissory Notes with signatures that were inconsistent with other signatures in the member's file.

327. IIS reviewed the Equity Loan Promissory Notes of the following members, made from January 2018 to December 2023. All are in the Schooten Group:

1) Mitch Dawson

- 11) Brian Schwartzkopf
- 12) Vera Schwartzkopf
- 13) Ashley Walk
- 14) Cornelia Walk
- 15) Johann Walk
- 16) Wesley Walk

- 8) Joe MacLean
- 9) Jenna Ment

17) Mark Weir

328. From January to May 2018, IIS reviewed documents with 48 signatures, all of which appeared consistent with signatures on other documents in members' file. From June 2018, the signature of the 17 members all began changing in a consistent manner. From June 2018 to December 2023, approximately 25 signatures on Equity Loan Promissory Notes matched the members' pre-June 2018 signatures, and approximately 130 did not. Beginning November 2018, approximately 70 signatures on Livestock Supply Forms began displaying inconsistencies. These 130 Equity Loan Promissory Note signatures and 70 Livestock Supply Form signatures did not match the signatures reflected on the members' drivers' licenses.

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9.4 Accepting documents that may not have been properly executed or witnessed

329. As discussed in Article 2.3.1 of Appendix 2, Jenna Ment, Mark Weir and Crystal Fulford denied signing the Power of Attorney, and the two Authorization and Directions to Pay (and, in the case of Weir and Ment, an Acknowledgement Letter) in their respective member files. The witness for these documents was Rick Enns, who is a feedlot worker employed for 11 years at the Schooten and Sons home feedlot. Weir stated to IIS on September 22, 2023, that he knew Enns but that Enns was never present to witness Weir sign any documents.

330. IIS contacted Enns on multiple occasions, but he refused to give a written statement. IIS contacted Enns by telephone on November 22, 2023. Enns stated that he had never signed PBFC documents. Enns was advised that IIS wished him to review eight to ten documents bearing his signature and confirm whether he signed them. A follow-up meeting was arranged for the next day. Enns cancelled that meeting, as advising that he was busy with work. Enns asked if he was compelled to meet with the inspector, and was advised he was under no obligation to meet with or speak to IIS. Photographs of his signatures were sent to Enns via text message to which Enns replied, "Sorry can't help you out any further."

331. On January 17, 2024 Rick Enns was contacted by telephone. Enns would not confirm if he had or had not signed documents for PBFC. He further indicated that he had been told by Chairman Schooten that the documents were not legal documents. Enns stated that Chairman Schooten had arranged for Enns to speak with Chairman Schooten's lawyer. Enns stated to IIS that he was told by the lawyer that this was "no big deal", and that the lawyers would take care of the issue.

332. Enns is the witness for documents in the file of Mitch Dawson (Power of Attorney, Acknowledgement, Authorization and Direction to Pay), Vera Schwartzkopf (Power of Attorney and two Authorization and Directions to Pay) and Brian Schwartzkopf (Power of Attorney and two Authorization and Directions to Pay).

9.5 Using Equity Advances in payment of security deposits

333. The purpose of Equity Advances is to allow producers to access capital so they can pay operating expenses. Many associations schedule their payment of Equity Advances so producers can pay the feedlots for feeding on a regular schedule. Members may use the Equity Advances for any purpose. Most use them for daily operation of the farm.

334. In 2022, PBFC used part proceeds of the Equity Advance to increase members' security deposits. This is contrary to the Manual. Article 6.1.3 of the Manual (page 26) states:

6.1.3 Security Deposit

The security deposit cannot be financed as part of the Livestock Supply Form. (Refer to 6.6 for further description.)

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This means that members may not use an Equity Advance to pay a security deposit for a livestock supply. As discussed in Article 9.6 of this Appendix, associations collect security deposits to ensure that the association has sufficient funds to repay its guaranteed loan in the event of a default by a member.

335. An Equity Advance is an extension of the supply of livestock. If an association pays an Equity Advance with proceeds of a guaranteed loan, and then accepts some of it back as security for the supply of more livestock (which are purchased with more guaranteed loan), then the association is, in a sense, paying itself. The association has less protection at the end of the day than it would if the member had used non-FALGP funds to pay the security deposit.

336. <u>Article 6.6.1 of the Manual (page 32)</u> does not authorise the use of Equity Advances as security deposits for the Equity Advance itself. The Article states:

6.6.1

b) A feeder member that receives an equity loan shall, on receipt of the loan approved by the feeder association, provide the feeder association with funds equal to at least five percent of the equity loan excluding interest. This amount of the member's security deposit is to be held in the same manner as the rest of their security deposit.

This Article requires the member to pay <u>funds equal to</u> at least five percent of the equity loan excluding advances. It is not intended that the Equity Advance itself go into the security deposit amounts of the member.

337. IIS reviewed Equity Loan Promissory Notes transacted in April 2022 for all PBFC active members. Among the equity advance transactions on April 7, 2022, there were seven Equity Loan Promissory Notes submitted by Specified Members or members with Schooten surnames.⁵³ These seven total \$4,199,678.75. (See Table 9.1 below.)

338. That same day, PBFC issued cheque #3262 from its operating account to John Schooten & Sons Custom Feedyards Ltd. for \$\$4,162,223.16. As well, PBFC paid cheque #3263 from the operating account for \$37,455.59 to "PBFC". The sum of these payments equals the amount of the Equity Advances requested under the seven Equity Loan Promissory Notes.

339. The seven Equity Loan Promissory notes include handwritten notes referencing cheques #3262 and #3263. The notes indicate that cheque #3262, payable to John Schooten & Sons Custom Feedyards, was for payment of the Equity Advances. The notes indicate that cheque #3263, payable to PBFC, was in payment of member security deposits, in an amount equal to the balance of the Equity Advances not paid to John Schooten & Sons Custom Feedyards. (See last column of Table 9.1 below.)

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⁵³ Mitch Dawson, Jesus Ramones, Ashley Walk, Joe MacLean, Shane Schooten (2 Equity Loan Promissory Notes in his name), Cody Schooten (2 Equity Loan Promissory Notes in his name), Kayla Schooten.

Member	Amount of ELPN	Note on the ELPN
DAWSON, Mitch	\$355,357.38	\$355,357.38 member cheque #3262
RAMONES, Jesus	\$389,546.28	\$389,546.28 member cheque # 3262
Schooten, Shane	\$954,181.19	\$943,733.55 member cheque #3262; \$10,447.64 member security cheque #3263
WALK, Ashley	\$347,069.16	\$347,069.16 member cheque #3262
MacLEAN, Joe	\$1,129,269.81	member cheque #3262; \$16,544.72 member security cheque #3263
Schooten, Kayla	\$602,967.92	\$602,967.92 member cheque #2362
Schooten, Cody	\$421,287.01	\$410,823.78 member cheque #3262; \$10,463.27 member security cheque #3263
TOTAL	\$4,199,678.75	

Table 9.1: Equity Loan Promissory Notes dated April 7, 2022

340. Among the equity advance transactions on April 11, 2022, there were four Equity Loan Promissory Notes submitted by Specified Members or members with Serfas surnames. There were an additional 26 Equity Loan Promissory Notes given by other members. All 30 Equity Loan Promissory Notes had notes about amounts being paid via EFT 953.⁵⁴ (For example, the Equity Loan Promissory Note given by Mark Dunn, in the amount of \$1,009,269.44, had a handwritten note that read, *"\$958,805.97 member EFT 953; \$50,463.47 member security cheque #3272"*. These notes on the 30 contracts identified \$4,806,638.55 for "member EFT 953". The notes also reference other cheques (3266, 3267, 3269, 3271, 3272) and were identified as going into the individual member's security. IIS has verified that the members' security deposits increased by the amounts noted on their Equity Loan Promissory Note.

341. BMO Bank records shows EFT 953 was paid out in the amount of \$5,026,577.65. IIS has not identified the recipient.

342. IIS' review the cheques that were listed as receiving part of the equity payments along with EFT 953 shows that these were cheques from PBFC's operating account to "PBFC" with no names assigned.

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⁵⁴ The 30 Equity Loan Promissory Notes were given by Gerrit (Jan) Beekman, Lummie Beekman, Sid Bourma, Brad de Leeuw, Mark Dunn, Ken Dunsbergen, Cam Fabin, Alvin French, Isaac Froese, Nick Murray, John Oosterbroek, Bill Schooten, Gerrit Schooten, Marilyn Schooten, David Serfas, David Van Herk, Colton Vanherk, Eric Wever, Glen Wever, Jack Wever, and Wayne Wever.

9.6 Failing to reduce the risk of member default

343. Part of a board's responsibility is to mitigate the financial risk to the association posed by the financial defaults by members. If a member cannot support themselves financially, they are a financial risk to the feeder association. That is a question on financial loss in <u>Article 4.2 of the Manual (page 15)</u>: "Does the member have the financial strength to handle a loss on the livestock?" Article 4.1 (page 15) poses other considerations, including whether a member has sufficient experience, managerial skill, and financial strength to support an operation of the size applied for.

344. PBFC administration did not follow the basic requirement of collecting security deposits from the member, and used inappropriate risk mitigation measures, i.e. accepting informal financial assurances from third parties, and using excessive amounts of co-signing.

9.6.1 Accepting security deposits from third party

345. As discussed in Appendix 5, <u>section 33</u> of the Regulation requires an association to obtain a deposit from a feeder member before supplying livestock or providing an Equity Advance. This is to ensure that the association has sufficient funds to repay its guaranteed loan in the event of a member's default in repaying monies owed to the association under the Member Agreement for the livestock and Equity Advances provided to the member. If a member cannot pay their security deposit, the likelihood of them having resources to pay feeding charges or sustain a loss is lower, presenting a greater risk to the feeder association.

346. As discussed in Article 2.1.3 of Appendix 2, PBFC allowed corporations associated with Chairman Schooten and Director Serfas to pay the security deposits of 17 Specified Members, 7 Other Ineligible Members, and two former members. In not enforcing the requirement that the member pay their own security deposit, PBFC bypassed this portion of its creditworthiness assessment. Furthermore, by allowing one corporation to pay the security deposits of multiple members, PBFC was concentrating the financial risk rather than distributing the risk. For example, if the corporation failed financially, and the members do not have financial resources, then where is the financial reserve to pay for the members' obligations under their Member Agreement?

9.6.2 Accepting informal assurances from Chairman Schooten

347. PBFC accepted informal assurances from third parties as measure to mitigate a member's risk of default. PBFC accepted a note dated May 14, 2020, from S&C Schooten Farming Ltd. regarding Johan, Cornelia, Ashley and Wesley Walk. The note is unclear, but it states that either Chairman Schooten or the corporation will co-sign loans and "be responsible for any shortfalls". ⁵⁵ Similarly, Chairman Schooten

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⁵⁵ See note dated May 14, 2020, to Administrator Dick Haney at page 51 of the Supporting Documents.

provided a memo dated October 23, 2017 that he would be personally responsible for the financial liabilities of Brian Schwartzkopf, Vera Schwartzkopf, Bert Schwartzkopf and Crystal Fulford.⁵⁶

9.6.3 Excessive reliance on co-signing

348. As of August 2023, based on the fact that PBFC held \$6,000,000 in security deposits on the account of the members in the Schooten Group and Serfas Group, the value of the cattle contracts and Equity Advances available to the parties over whom Chairman Schooten and Director Serfas hold power of attorney was over \$120,000,000.⁵⁷

349. Put another way, as of August 31,2023, Chairman Schooten and Director Serfas had the potential to co-sign for up to \$129,012,871.80 of 32 other members' liabilities.

- Chairman Schooten was the co-signer for 17 members in the Schooten Group. The total value of their outstanding livestock supply contracts (plus Chairman Schooten's own) was \$46,827,842.96. Adding these members' Equity Advance limits, Chairman Schooten had the potential to sign/co-sign for up to \$59,740,256.00 worth of livestock and equity contracts.
- Director Serfas was the co-signer for 15 members in the Serfas Group. The total value of their outstanding livestock supply contracts (plus Kevin Serfas's own) was \$49,065,993.35. Adding these members' Equity Advance limits, Director Serfas had the potential to co-sign for up to \$69,272,615.80 worth of livestock and equity contracts.

350. IIS reviewed a sampling⁵⁸ of Equity Loan Promissory Notes provided by Specified Members and Other Ineligible Members in April 2022 and August 2023. The value of the contracts co-signed by Chairman Schooten in these two months is \$2,881,784.30. He had three of his own contracts, which makes his total potential liability \$4,340,351.23. For Director Serfas, the total is \$4,680,100.61. (See tables 10.1 below). In these two months, PBFC advanced over \$7.56 million worth of Equity Advances, on the strength of co-signatures by two individuals who already had several million dollars of potential liability of their own. This is a high concentration of financial risk.

351. The risks of PBFC's measures are compounded by the fact that the companies paying the security deposits and the co-signers are operators of the feedlots where several members' livestock are placed. An event affecting the feedlot (e.g. weather event, disease) will cause financial loss to both the members, co-signer and security deposit payer, all at the same time.

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⁵⁶ Memo from Shane Schooten dated October 23, 2017 that he will "be personally responsible for any financial issues as it pertains to the four members" named in the memo, i.e. Brian Schwartzkopf, Vera Schwartzkopf, Bert Schwartzkopf, and Crystal Fulford. See page 52 of the Supporting Documents.

⁵⁷ The total security deposit for the Specified Members is \$6,000,000, which 5% of the value of livestock contracts and Equity Advances. This means that the value of the livestock contracts and Equity Advances provided to Specified Members in August 2023 was \$120,000,000.

⁵⁸ Due to the volume of material, IIS did not review all Equity Loan Promissory Notes for all Specified Members and all Other Ineligible Members

Date	Contract #	Amount of contract	Member	co-signed
April 11, 2022	10184005-05	\$634,691.56	French, Alvin	Serfas, Kevin
April 11, 2022	10188005-05	\$392,064.75	Froese, Isaac	Serfas, Kevin
April 7, 2022	10174005-41	\$355,357.38	Dawson, Mitch	Schooten, S
April 11, 2022	10173005-29	\$1,129,269.81	MacLean, Joe	Schooten, S
April 7, 2022	1020605-03	\$389,546.28	Ramones, Jesus	Schooten, S
April 7, 2022	10202405-04	\$347,069.16	Walk, Ashley	Schooten, S
August 10, 2023	1019005-004B	\$312,582.86	Warner, Geertje	Serfas, Kevin
August 10, 2023	10184005-011B	\$171,503.71	French, Alvin	Serfas, Kevin
August 10, 2023	10182005-098	\$29,772.84	Campschroer, Kevin	Serfas, Kevin
August 10, 2023	10191005-011B	\$365,537.33	Serfas, David	Serfas, Kevin
August 10, 2023	10206705-02B	\$513,864.04	Riley, Bradley	Serfas, Kevin
August 10, 2023	10184005-010B	\$541,393.10	French, Alvin	Serfas, Kevin
August 10, 2023	10191005-010B	\$577,406.07	Serfas, David	Serfas, Kevin
August 10, 2023	10188005-07B	\$667,624.03	Froese, Isaac	Serfas, Kevin
August 10, 2023	10206405-003B	\$76,432.79	Gomez, Eduardo	Serfas, Kevin
August 10, 2023	10182005-08B	\$84,076.39	Campschroer, Kevin	Serfas, Kevin
August 10, 2023	10204905-099B	\$8,877.17	Dunn, Mark	Serfas, Kevin
August 10, 2023	10204605-006B	\$150,301.30	LOCKE, Hugh	Serfas, Kevin
August 10, 2023	10202205-010B	\$312,133.69	Walk, Cornelia	Schooten, S
August 10, 2023	10202205-010B	\$312,133.69	Walk, Cornelia	Schooten, S
August 10, 2023	10202605-09B	\$36,274.29	Ramones, Jesus	Schooten, S
	TOTAL	7,561.884.91		

Table 10.1: Equity Loan Promissory Notes Co-signed by Chairman Schooten and Director Serfas in Two Months

9.7 Failing to update sales records in a timely way

352. On March 7 and 8, 2024, IIS inspected certain cattle owned by PBFC. On March 8, 2024, while inspecting cattle at the Schooten – Main Lot feedlot, the inspector was advised by Supervisor Murray that the cattle owned by PBFC members were gone as they had been sold. IIS then asked to see the Quinns', the Van Hierdens' and Schwartzkopfs' cattle. Supervisor Murray stated these cattle were also gone as they had been sold.

353. At this time, the March 2024 PBFC Master Sheet still showed these cattle as owned by PBFC. When questioned, Supervisor Murray stated there is a delay between when cattle are sold or gone to market, and when this information is added to the PBFC spreadsheet data base.

354. The Van Hierdens' and Quinns' cattle were of interest due to the circumstances of their purchase on April 4, 2023, discussed at Article 2.3.2 above. The and

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Schwartzkopfs' cattle were of interest because the inspections showed these members appearing in linked transactions. In total, the cattle were purchased under approximately fifteen (15) contracts, each worth almost \$2,000,000 were requested to view. None of the cattle were present.

355. In early April, a review of the PBFC March 2024 statement of sale spreadsheet (received April 9, 2024) was completed. There was no documentation of any sales of the Quinn,

or Schwartzkopf contracts. Approximately \$30,000,000 worth of cattle were unaccounted for. The following month, the cattle were recorded as being sold on April 30, 2024, to S&C Schooten, according to the PBFC April 2024 statement of sales.

9.8 Processing transactions in the names of members who had withdrawn

356. PBFC administrators continued to process agreements and transactions for Jenna Ment and Mark Weir after they withdrew their memberships.

357. As discussed in Article 2.3.1 of Appendix 2, these individuals stated to IIS that they resigned from PBFC in 2019 and 2022, respectively. IIS reviewed PBFC records that are consistent with these statements. Neither member was included in PBFC's maintained list of active members, which IIS reviewed during the PBFC's annual inspection in September 2023. IIS also observed that these individuals' files were included among the approximately 20 files that PBFC provided to inspectors on December 7, 2023, as being all the member files closed in the preceding year. However, each file had a "closed" date written on it, other than these two members.

358. As discussed in that Part, Ment denied signing six Livestock Supply Forms, dated between March 21, 2019 and April 5, 2023, totalling \$5,641,442.09. Weir denied signing seven Livestock Supply Forms. The last three were dated between June 22, 2020 and April 5, 2023, and. The last three are dated between June 22, 2020 and April 5, 2023, and total \$5,996,140.58.

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9.9 Failing to keep adequate Board minutes

359. Consistent with the general principles of good corporate governance, the Manual recommends that feeder associations maintain accurate and complete minutes of board meetings. Minutes are required to be properly reported and to accurately reflect the decisions of the board. <u>Article 3.1.1(d)</u> of the Manual (page 9) states:

3.1.1 Checklist for Directors

d) Require that clear minutes be kept of <u>all meetings</u>. Minutes should be signed by the local Chairman and copies circulated to each Director following the <u>meeting</u>.

In addition, Article 3.3 states that the Administrator's responsibility includes attending board meetings and keeping minutes.

360. IIS noted three deficiencies with PBFC's keeping of minutes.

Important policies omitted from minutes

361. At the Board of Directors meeting of October 13, 2022, there was a decision to craft a policy for co-signature requirements on promissory notes. The minutes contain a statement:

"The Administrator will craft a draft Policy for Co-Signature requirements on promissory notes such that the Board could review the document and decide on the path forward. This will be available at the November meeting. Information will be collected on new members' risk mitigation practices from this point onward when the new member application is underway. The Board can use this information when making decisions about new applicants. The Board will review at a later date how it wishes to ascertain what risk mitigation practices existing member who are not on equity draw are utilizing."

362. There is a statement in the March 16, 2023, minutes. "The Co-signature policy was reviewed. This is a work in progress." The minutes have no other details, such as the need or purpose for the policy, or its intended effects. IIS has not seen this document.

Board decision omitted from minutes

363. As discussed in Article 1.2.1 of Appendix 1, and Article 10.1 of this Appendix, the Board approved the membership application of Jesus Ramones on April 20, 2020. The email by Administrator Haney stated, "The cattle will be fed and risk managed under the Schooten umbrella and will provide the opportunity for Chairman Schooten to profit share with one of his senior employees."

364. This approval email chain was not included in the package sent by PBFC counsel to IIS on January 21, 2024, in response to IIS's request for board approval emails. This approval was not documented in the minutes for the next Board meeting, which was on October 15, 2020. IIS located the email chain in members file that IIS had copied on its September 2023 visit.

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Unexplained revisions to minutes

365. IIS observed that information was removed from or altered in minutes without there being any documentation of what the changes relate to.

366. IIS served the October PSO on October 19, 2023, after which the PBFC Board met on October 26, 2023. Meeting minutes indicate that on October 26, 2023, the Board made amendments to 10 of the 15 of previous Board meeting minutes (June to October 2023). There is no indication of what amendments were made or why they were made.

367. This contrasts with how PBFC documented Board minute amendments in the past. For example, a Board meeting on May 18, 2023, made amendments to past minutes. The minutes of May 18, 2023 included a brief description of what the amendments pertained to.

368. The October 26, 2023, minutes indicate that Board minutes dated July 17, 2023, were amended. The July 17, 2023 meeting was a Special Meeting to discuss a process to approve member applications to increase their Loan Limit. (Effective July 10, 2023, the Regulation was amended to increase the maximum total monetary obligation limit to \$3,000,000 for individual members.) On February 15, 2024, IIS asked PBFC for particulars regarding the amendments to the July 17, 2023 minutes and the other nine. No response to this request was received.

9.10 Failing to keep adequate financial records

39

369. IIS found copies of some of those cheques in the files of Specified Members and Other Ineligible Members, as well as files of members believed to be relatives of directors. The copies sometimes included handwritten notes.

370. The placement of the cheques in the files suggests that the payments are relevant to those memberships. The lack of documentation is atypical from the financial management of other feeder associations, and impedes the ability of IIS to perform its regulatory duties. If funds had been paid by electronic funds transfer, or by cheque payable to the actual payee, that would be an open and transparent way to document where PBFC was making payments.

371. The following are three examples of cheques, issued by "Picture Butte Feeder Co-operative Operating Account" to "Picture Butte Feeder Co-operative", that IIS found in the files of Specified Members.

 Cheque #3339 dated July 4, 2022, in the amount of \$170,924.42. There is no information in the BMO statement as to who the payment was in respect of. A copy of this cheque was in both Mitch Dawson and Jesus Ramones files.⁵⁹ The cheque in the member's file had handwritten notes on it as follows: "Justin S; Kayla S; John S; Shein S;

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Cheque dated July 4, 2022 for \$170.924.42 payable from PBFC operating account to PBFC.

Jesus R; Mitch D \$38,454.43". An identical copy of that cheque with the same note was in Jesus Ramones file but it did not identify what amount was to be for Ramones.

2) Cheque #2714 dated April 12, 2021, in the amount of \$122,033.04. There is no information in the BMO statement as to who the payment was in respect of. Copies were located in the following files: Jesus Ramones, Walk Family security file, Mitch Dawson, Vera Schwartzkopf. The following information was on the cheque:

nt;
unt;

The above amounts total \$34,447.79. There is no information on the statement about the remaining \$87,585.55.

3) Cheque #00340 dated September 19, 2022, in the amount of \$284,466.77. with a note naming eight individuals (Mark Serfas, Director Serfas, Camerynn Serfas⁶⁰, Vince Geerlings, Geertje Warner, David Serfas, Jessica Serfas and Hugh Locke), all of whom are associated with Director Serfas. A copy of the cheque and stub was located in some member files, but a copy was not located within the Serfas security folder which held the Serfas cheques.

⁶⁰ The note refers to "Camerynn", which IIS assumes means Camerynn Serfas.

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APPENDIX 10: Unsound Practices by the Board

Overview

372. In exercising their powers and performing their duties, directors must act with a view to the best interests of the cooperative, not their own interests or those of particular directors or cooperative members. This is prescribed in <u>section 54</u> of the *Cooperatives Act* and is part of the common law.

373. IIS is concerned by deficiencies in the Board's governance and decision making. IIS is of the opinion that the Board of Directors engaged in the following unsound practices:

- Failing to consider membership eligibility requirements
- Failing to consider appropriate monetary limits for members
- · Permitting a high proportion of related transactions
- Failing to keep adequate financial statements
- · Failing to address conflicts of interest by Chairman Schooten and Director Serfas
- Providing excessive Board compensation
- Failing to hold an AGM in a timely manner.

374. As stated in the Overview to Appendix 8, IIS is of the opinion that the Board acted in an unsound manner by not ensuring that PBFC administrative staff complied with the legislation and Manual and sound business practices. IIS is of the opinion that the deficiencies of the staff administrative activities could not have been addressed through mere training and supervision. IIS is of the opinion that the administrative staff acted at the direction of the Board.

375. As set out in this Article 10.5, the records reviewed by IIS indicate that the Board knew there were actual and potential conflicts of interest between Chairman Schooten and Director Serfas, in their role as directors and executives, and as associates to Specified Members and Other Ineligible Members.

376. As discussed throughout this Report, PBFC contravened the legislation and engaged in irregular practices when administering the memberships of individuals in the Schooten Group and Serfas Group. The member files of all those members in the displayed the same patterns of contraventions and irregularities set out in this Report.

10.1 Failing to consider membership eligibility requirements

377. The Manual states that one of the main responsibilities of Directors is to review applications for membership. <u>Chapter 3 (Feeder Association Staff)</u> of the Manual (page 8) states:

The Main Responsibilities of Directors are:

d) Review all applications for membership. **Directors** must approve or reject members. (This function must not be delegated to staff.)

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378. <u>Article 3.1.1 of the Manual</u> (page 9) states that Directors must be familiar with the Act, the Regulation, the *Cooperatives Act* and Regulation.

379. <u>Chapter 4 of the Manual</u> (page 15) lists factors that a Board should consider when evaluating an application, in addition to the criteria in the Regulation. These additional factors include:

- Credit worthiness
- Approvals and maximum contract limits (including consideration of the number of livestock in one location; proper care and supervision)
- Non-farmers
- Location of the livestock

380. The Board failed to meet its responsibilities under Article 3.1.1 and Chapter 4 of the Manual (page 9 and 15) by accepting the Specified Members and Other Ineligible Members when the Board knew or should have known they were ineligible, or conversely, by failing to exercise any due diligence to verify that the individuals were eligible. Below are three examples where the Board accepted applications despite the fact that PBFC administration provided information that the person was not farming or that the purpose of the membership was for profit sharing with an employee.

- On May 7, 2019, Geertje Warner applied for membership and requested a \$2,000,000 monetary limit. The email to the Board stated Warner was an office administrator for Serfas Farms and that Director Serfas would co-sign her loans. The Board was asked to respond by noon on May 9. The application was approved.⁶¹
- On April 9, 2020, Administrator Haney emailed the Board about the membership applications by the Walk Family, with a proposed \$2,000,000 monetary limit for each person.⁶² In the submission to the Board, Administrator Haney stated that the Walk Family "have recently sold their Agricultural operation and are seeking to shelter the income they have received through cattle purchases...Shane has agreed to manage all facets of this undertaking... Wes Walk partners with Shane in Arrow Corral Cleaning. The cattle will be fed on one of Shane's facilities." Administrator Haney asked the Board to respond by April 13, noon. The Board asked no questions, including about the fact that the Walk Family apparently had no agricultural operation. The Board approved the application by 9:00 pm that day.
- On April 20, 2020, Administrator Haney emailed the Board about the membership application of Jesus Ramones, with a proposed \$2,000,000 monetary limit. In the submission to the Board, Administrator Haney states, "He is the Feedlot Manager at the Mossleigh Schooten Lot. The cattle will be fed and risk managed under the Schooten umbrella and will provide the opportunity for Shane to profit share with one of his senior

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⁵¹ Email dated May 7, 2019, from Terry Bodnar, re: "New member application". See page 12 of the Supporting Documents.

⁶² Email dated April 9, 2020 from Administrator Haney, re: "Walk and Houelling Loan Requests". See page 8 of the Supporting Documents.

employees." There is no information in the email that indicates Ramones is a farmer. The Board asked no questions about the statement that membership in PBFC was for purposes of "profit sharing", and not for raising cattle. The Board approved the application before 10:00 am the next day.⁶³

381. On November 23, 2023, Provincial Supervisor Pack spoke with Phil Lammerding, PBFC Board member. Lammerding is also a director (Zone 1) (and former chair) of the Feeder Associations of Alberta Limited (FAA). Lammerding stated he believed PBFC was not out of line. It was pointed out to him that Jesus Ramones was a feedlot employee and the PBFC records indicated that his membership was being used as an investment tool. Lammerding disagreed with the Provincial Supervisor and claimed this was a "grey area". Lammerding was informed that Article 4.3 of the Manual (page 16) clearly states nonfarmers are not to be members. Lammerding stated he was not aware of profit sharing occurring within PBFC. He was reminded that the PBFC Board approved Jesus Ramones, who is not a farmer, for a \$2,000,000 limit on Monday, April 20, 2020, through email. The email stated this was an opportunity for Chairman Schooten to profit share with one of his senior employees. This email was quoted to Lammerding. It was explained this is contrary to member eligibility requirements.

382. In addition to being director of the PBFC and FAA, Lammerding was Chairman of the FAA for three years. He should have thorough knowledge about what the FALGP is for, and what the Act, Regulation, and Manual require. His comment about "grey areas" indicates to IIS that he and the Board were aware the application by Ramones, a non-farmer, was not strictly in line with the legislation and Manual. IIS is concerned by the fact that neither he nor others on the Board sought guidance from FALGP for any "grey areas" that the Board encountered.

10.2 Failing to consider appropriate monetary limits for new members

383. <u>Chapter 4 (Risk Management)</u> of the Manual (page 15) addresses several elements that a board should consider to manage the feeder association's financial risk. Article 4.2 concerns approvals and maximum contract limits. The Article states:

Following are examples of questions the Board should as: "Does the member have the financial strength to handle a loss on the livestock? Is there a marketing plan in place?

384. In the experience of the Provincial Supervisor, feeder associations generally do not give new members the maximum contract limit. Generally, an association waits to see until the new member has completed one turn of cattle⁵⁴ before considering whether the new member can receive an increased

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Email dated April 20, 2020 from Administrator Haney re: "BMO Wealth Position and Member Application". See page 5 of the Supporting Documents.

⁶⁴ "One turn" is defined as when the Livestock Supply Form is paid out: the member has grown or finished the association's livestock, sold it, and then repaid the association.

monetary obligation limit. Completing a turn is evidence that a new member can run a financially viable operation.

385. Except for two members admitted in 2016, PBFC approved all Specified Members for the maximum total monetary obligation (excluding Equity Advances) allowed under the Regulation at the time of their admission as members. This is contrary to standard industry practice observed by IIS. Newer feeder members are generally given a lower maximum until they have demonstrated their capability. The table below shows the limits awarded to Specified Members between 2016 and 2023.

386. The table below shows the progression of the monetary obligation limits awarded to Specified Members up to July 2023.

SURNAME	Given name	Date of Board approval of the limits	Signed Member Agreement date		Most recent amount -pre PSO		Maximum Equity Advances **	Maximum Total Monetary Obligation +	Associated to
CAMPSCHROER	Kevin	2018-04-16	2018-04-24	yes	previous	\$1,000,000	\$750,000	\$1,750,000	SERFAS
CAMPSCHROER	Kevin	2019-01-17	2018-04-24	yes	previous	\$2,000,000	\$1,500,000	\$3,500,000	SERFAS
CAMPSCHROER	Kevin	2023-07-17	2018-04-24	yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
DAWSON	Mitch	2016-08-11	2016-11-11	no	previous	\$500,000	\$375,000	\$875,000	SCHOOTEN
DAWSON	Mitch	2017-07-17	2016-11-11	yes	previous	\$1,000,000	\$750,000	\$1,750,000	SCHOOTEN
DAWSON	Mitch	2019-01-17	2016-11-11	yes	current	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
DUNN	Mark	2021-04-30	2016-11-14	yes	previous	\$2,000,000	\$1,500,000	\$3,500,000	SERFAS
DUNN	Mark	2023-07-17	2016-11-14	yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
FRENCH	Alvin	2018-04-16	2016-11-15	yes	previous	\$1,000,000	\$750,000	\$1,750,000	SERFAS
FRENCH	Alvin	2019-01-17	2016-11-15	yes	previous	\$2,000,000	\$1,500,000	\$3,500,000	SERFAS
FRENCH	Alvin	2023-07-17	2016-11-15	Yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
FROEZE	Issac	2019-02-19	2019-02-28	yes	previous	\$2,000,000	\$1,500,000	\$3,500,000	SERFAS
FROEZE	Issac	2023-07-17	2019-02-28	yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
GARZA	Humberto	2021-04-28	2021-05-10	yes	previous	\$2,000,000	\$1,500,000	\$3,500,000	SERFAS
GARZA	Humberto	2023-07-17	2021-05-10	yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
GOERTZEN	Peter	2018-04-16	2018-04-24	yes	previous	\$1,000,000	\$750,000	\$1,750,000	SERFAS
GOERTZEN	Peter	2019-01-17	2018-04-24	yes	previous	\$2,000,000	\$1,500,000	\$3,500,000	SERFAS
GOERTZEN	Peter	2023-07-17	2018-04-24	yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
GOMEZ	Eduardo	2023-01-23	2023-01-30	yes	previous	\$2,000,000	\$1,500,000	\$3,500,000	SERFAS
GOMEZ	Eduardo	2023-07-17	2023-01-30	yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
LOCKE	Hugh	2021-05-10	2021-05-10	yes	previous	\$2,000,000	\$1,500,000	\$3,500,000	SERFAS
LOCKE	Hugh	2023-07-17	2021-05-10	yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
MacLEAN	Joseph	2016-08-11	2016-11-11	no	previous	\$500,000	\$375,000	\$875,000	SCHOOTEN
MacLEAN	Joseph	2017-10-17	2016-11-11	yes	previous	\$1,000,000	\$750,000	\$1,750,000	SCHOOTEN

Table 10.2: Progression of Maximum Monetary Obligation Limits

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SURNAME	Given name	Date of Board approval of the limits	Signed Member Agreement date		Most recent amount -pre PSO		Maximum Equity Advances **	Maximum Total Monetary Obligation +	Associated to
MacLEAN	Joseph	2019-01-17	2016-11-11	yes	current	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
RAMONES	Jesus	2020-04-20	2020-04-14	yes	current	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
RILEY	Bradley	2023-02-06	2023-02-16	yes	previous	\$2,000,000	\$1,500,000	\$3,500,000	SERFAS
RILEY	Bradley	2023-07-17	2023-02-16	yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS
SCHWARTZKOPF	Brian	2017-09-12	2017-10-18	yes	previous	\$1,000,000	\$750,000	\$1,750,000	SCHOOTEN
SCHWARTZKOPF	Vera	2017-09-13	2018-10-18	yes	previous	\$1,000,000	\$750,000	\$1,750,000	SCHOOTEN
SCHWARTZKOPF	Brian	2023-07-17	2017-10-18	yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SCHOOTEN
SCHWARTZKOPF	Vera	2023-07-17	2018-10-18	yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SCHOOTEN
WALK	Cornelia	2020-04-07	2020-04-07	yes	current	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
WALK	Johan	2020-04-07	2020-04-07	yes	current	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
WALK	Wes	2020-04-07	2020-04-07	yes	current	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
WALK	Ashley	2020-04-08	2020-04-08	1	current	\$2,000,000	\$1,500,000	\$3,500,000	SCHOOTEN
WARNER	Geertje	2019-05-07	2019-05-07	yes	previous	\$2,000,000	\$1,500,000	\$3,500,000	SERFAS
WARNER	Geertje	2023-07-07	2019-05-07	yes	current	\$3,000,000	\$2,250,000	\$5,250,000	SERFAS

NOTE: ** PBFC approved these members for a 75% draw (i.e. each member could request Equity Advances up to 75% of the forward market price of the livestock supplied to them). It is standard practice at PBFC that members with a forward contract will be eligible for the 75% equity draw. Section 30 of the Regulation allows an association to pay up to 75% of the difference between the purchase price and the contract price.

387. In contrast, other members not in the Schooten Group or Serfas Group were given lower limits⁶⁵ or their applications were rejected for reasons not clear from review of the minutes provided. IIS found four cases.

- Richard Ment, husband of Jenna Ment. On November 18, 2020, a board vote was conducted on increasing the maximum monetary obligation limit for Richard Ment, from \$500,000 to \$1,000,000. Chairman Schooten responded, "Needs to put security up right away". In contrast, Chairman Schooten had paid the security deposits for Jenna Ment, whose limit was \$2,000,000. The Board increased Richard Ment's limit to \$1,500,000 on April 29, 2021.
- Roxanne Adams. On April 20, 2023, Adams applied for membership and a \$500,000 maximum monetary limit. The Board denied her application. She asked for a reason, but the Board told her

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⁶⁵ See at the August 2023 Master Sheet at page 53 of the Supporting Documents. This document shows the outstanding Livestock Supply Forms as of that month for all PBFC members as of the end of the month. The last column ("Ending Balance of Loan") and third last column ("Beginning Balance of Loan") reflect the amount of the Loan Limit used by the member. The members with the highest numbers are often members of the Schooten Group, Serfas Group, or individuals with a Schooten or Serfas surname.

it did not have to give a reason. Her husband, Lyle Adams, had received approvals as follows: January 17, 2019, for \$250,000, then August 25, 2022, for \$300,000. At the February 16, 2023, Board meeting there was a motion to review a request by Lyle Adams to increase his limit. The minutes state, "The matter was tabled on the basis that it be responded to if the need arises." The "matter" is not outlined, and it is not known what it relates to. Lyle and Roxanne Adams own a feedlot and actively farm. IIS found no reason or justification for the refusal provided for what appears to IIS to be a legitimate farmer looking for support.

- Tom Indenbosch. Board minutes of April 29, 2021, show that Tom Indenbosch applied for a \$2,000,000 limit but was declined.
- Alan Brechka. Board minutes of June 23, 2022, show Brechka applied for a \$75,000 limit and was declined. On February 26, 2024, Brechka was spoken with and confirmed that he was an eligible farmer. He felt he was turned down because he was vocal that he didn't believe that there should be outside investments with the feedlots. He indicated that he was also told that he was not a big enough investment. He confirmed that he was running 60 head of cattle with one of the PBFC board members.

388. In 2022, the Board was alive to the issue of new member limits but did not take action. At Board meeting on October 13, 2022, a motion was put forward that new members have a maximum limit of \$500,000 on their initial application and not be considered for an increase until the member had completed one turn of cattle. This motion was retracted.

10.3 Permitting a high proportion of related transactions

389. Neither the legislation nor Manual prohibit staff or directors from holding contracts with an association. However, the FALGP requires associations to be mindful of the degree to which the association becomes economically dependent upon the contracts with staff, directors, and their related parties. Chapter 5 (Reports) of the Manual states at Article 5.8.1 (page 24):

Financial Statement – Requirements

- c) The Notes to Readers should include:
- the value of contracts by the association staff and Board of Directors and their related parties (as family or contracts they influence),
-
 - economic dependence percentage (the degree to which the operations of the associations are reliance on the Board of Directors and staff),

390. An association that has a high proportion of transactions with its staff or executive may be more vulnerable to self-serving decision-making by administrative staff and a board. This represents a special governance challenge for the association as well as a greater financial risk to FALGP.

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391. The Board has allowed PBFC to engage in an increasingly high proportion of transactions with staff, directors, or parties related to them (either as family or as contracts that the staff or directors could influence). By Fiscal Year 2020-21, the contract receivables from these entities amounted to \$47,135,711, or 50% of all PBFC contract receivables. Compared to Fiscal Year 2017-18, the rise was sixfold in dollar amounts (from \$7,682,496 to \$47,135,711), and in terms of percentage of all contract receivables, the rise was double (from 27% to 50%).

392. By fiscal year 2019-20, PBFC's auditor no longer stated that PBFC was not economically dependent on contracts with staff, directors, and related parties (as family or as contracts that the staff or directors could influence).

- In the financial statement for Fiscal Year 2018-19, the auditors included a sentence in the Note 4 stating that PBFC was not "economically dependent" on contract receivables due from PBFC's officers, board of directors, and their related parties. In that year, those contracts totaled \$25,051,634 and represented 30% of all contract receivables.
- In PBFC's financial statement for Fiscal Year 2019-20, the value of contract receivables due from officers, board of directors, and their related parties was \$47,135,711, or 50% of all contract receivables. Note 4 in this financial statement does not include the sentence that PBFC was not "economically dependent" on such contracts.

393. As discussed in Article 10.4 below, PBFC changed its accounting in the subsequent years. PBFC stopped reporting on contract receivables due from officers, board of directors, and their related parties (as family or contracts that the staff or directors influenced). Therefore, the financial statements will understate the degree to which PBFC is "economically dependent" on the directors and staff.

10.4 Failing to keep adequate financial statements

394. As discussed in Article 10.3 of this Appendix, <u>Article 5.8.1(c) of the Manual</u> (page 24) requires associations to account for transactions with staff, directors, and their related parties. Article 5.8.1(c) of the Manual states:

5.8.1 Financial Statement – Requirements

c) The Notes to Reports should include:

- the value of contracts by the association staff and Board of Directors and their related parties (as family or contracts they influence),

- economic dependence (the degree to which the operations of the associations are reliance on the Board of Directors and staff),

395. As stated in Article 10.3 of this Appendix, the contracts receivables from staff, directors and their related parties (as family or contracts that they can influence) rose significantly between Fiscal Year

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2017-18 and Fiscal Year 2020-21: from \$7,682,496 in Fiscal Year 2017-18 (27% of all receivables) to \$47,135,711 in Fiscal Year 2020-21 (50% of all receivables).

396. However, after Fiscal Year 2020-21, the Board changed the financial reporting to stop reporting on receivables from parties <u>related to</u> staff and directors (as family or contracts that they can influence), and only reported on receivables from staff and directors. This is contrary to Article 5.8.1 of the Manual.

397. In the Financial Statement for Fiscal Year 2018-19, Note 4 read [emphasis added]:

Included in the year end contracts receivable is <u>\$25,051,634 (30%)</u> (2018 - \$7,682,496, 27%) <u>due from the Co-operative's officers, board of directors, and their related parties</u> (as family or contracts that they can influence). All of these accounts are in good standing and are not significant enough to create an economic dependence. Contracts with these parties are at arms-length terms and rates...

398. Note 4 in the Financial Statement for Fiscal Year 2019-20 stated [emphasis added]:

Included in the year end contracts receivable is <u>\$47,135,711 (50%)</u> (2019 - \$25,051,634 (30%) <u>due from the Co-operative's officers, board of directors, and their related parties</u> (as family or contracts that they can influence). All of these accounts are in good standing as of August 31, 2020. Contracts with these parties are at arms-length terms and rates...

399. Note 4 in Fiscal Year 2020-21 states [emphasis added]:

At year-end, the co-operative has contracts and interest receivable <u>due from the</u> <u>co-operatives management and board of directors</u>. The amount due from management and board of directors of the cooperative was \$8,938,108 (6%) **(2020 - \$7,577,241, 8%)** of contract receivables and \$111,804 (7%) (2020 - \$125,072, 10%) of interest receivable at August 31, 2021. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

400. Note 5 in Fiscal Year 2021-22 states:

At year-end, the co-operative has contracts and interest receivable <u>due from the</u> <u>co-operatives management and board of directors</u>. The amount due from management and board of directors of the cooperative was \$10,973,232, (7%) (2021- \$8,938,108 (6%) of contract receivables and \$169,039 (6%) (2021- \$111,804, 7%) of interest receivable at August 31, 2022. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

401. Note 5 in Fiscal Year 2020-21 uses a new accounting method for contracts receivables within that fiscal year, but also retroactively to Fiscal Year 2019-20. The new methodology excludes parties related to management and directors. This radically reduces the amount reported. The amount reported

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for Fiscal Year 2019-20 was \$47,135,711 under the old method (see paragraph 398 above). Under the new method, the amount for Fiscal Year 2019-20 was \$7,577,241 (see paragraph 399 above).

402. Note 4 in Fiscal Year 2022-23 states:

At year-end, the co-operative has contracts and interest receivable <u>due from the</u> <u>co-operatives management and board of directors</u>. The amount due from management and board of directors of the cooperative was \$11,901,941 (5%) (2022- \$10,973,232, (7%) of contract receivables and \$331,893 (\$169,039, 6%) of interest receivable at August 31, 2023. Interest received from management and board of directors for the year totaled \$778,527 (6%) (2022- \$332,592, 7%). These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

403. The following table summarizes the effect of the changed reporting.

Fiscal Year	Amount of receivables stated in the Note	Includes	% of all receivables
2018	\$ 7,682,496	Officers, directors, and their related parties (as family contracts that they can influence)	27%
2019	\$ 25,051,634	Officers, directors, and their related parties (as family contracts that they can influence)	30%
2020	\$ 47,135,711	Officers, directors, and their related parties (as family contracts that they can influence)	50%
2021 (restated)	\$ 8,938,108	Management and directors	6%
2022	\$10,973,232	Management and directors	7%
2023	\$11,901,941	Management and directors	5%

Table.10.3: Reporting of Contract Receivables

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- 10.5 Failing to address conflicts of interest by Chairman Schooten and Director Serfas
- 404. Chapter 3 (Feeder Association Staff) of the Manual (page 13) states:

3.6 Conflicts of Interest

Conflicts of interest can create problems for associations due to a reduction in control over financial transactions. This may occur when the Administrator or local supervisors are not operating at arm's length either with themselves or members. the potential for fraudulent activity increases as controls are lessened. It is proper business practice to address and mange conflict of interest situations.

Where conflicts of interest currently exist in an association the situation can be managed by introducing appropriate procedures to ensure financial control. Board members who have a conflict of interest should leave the meeting and avoid participating in discussions and motions in areas where the conflict exists. If the Chairman has a conflict, the Board should elect a new Chairman; however, the Chairman who has a conflict can appropriately remain on the Board as a Director. **The important point is that the conflict of interest be identified and managed**.

3.6.1 Conflict of Interest Guidelines:

The following recommendations should be considered in electing board members or hiring new staff. In addition, Boards that have a conflict of interest situation should discuss whether some further procedures are required to managed the conflict....

405. The Board knew of various conflicts of interest involving Chairman Schooten and Director Serfas but did not take meaningful steps to eliminate or mitigate the conflicts of interest. As directors, Chairman Schooten and Director Serfas owe a fiduciary duty to PBFC. They owe a fiduciary duty to each of the members for whom they hold Power of Attorney. They are also the employers of many of these members. IIS did not find any policies or discussion documents, within the Board minutes or elsewhere, that would guide Chairman Schooten, Director Serfas, administrative staff, other directors, or the Board as a whole regarding the management of these complicated and interweaving duties.

10.5.1 Board knew of the conflicts of interest of Chairman Schooten and Director Serfas

406. The Board was aware that Chairman Schooten and Director Serfas experienced conflicts of interest with respect to the members of the Schooten Group and Serfas Groups.

 Chairman Schooten and Director Serfas declared their conflict when the membership applications went to the Board for approval. Chairman Schooten or Director Serfas recused themselves from the votes. Examples found by IIS are the following applications:

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- Walk Family (Specified Members), approved on April 9, 2020. Chairman Schooten recused himself.⁶⁶
- Jesus Ramones (Specified Member), approved on April 21, 2020. Chairman Schooten recused himself.⁶⁷

(Other Ineligible Members), approved on Chairman Schooten recused himself.⁶⁸

(Other Ineligible Members), approved on Chairman Schooten recused himself.⁶⁹

- The member applications stated that the cattle would be placed at feedlots owned by businesses associated with Chairman Schooten or Director Serfas, or stated that the animals would be "managed by" or "under the umbrella of" Chairman Schooten or Director Serfas.
- In the case of Geertje Warner and Jesus Ramones, the emails from Administrator Haney to the Board disclosed that the individual was an employee of Director Serfas or Chairman Schooten.
- In the case of Jesus Ramones, Administrator Haney's email to the Board stated that the Chairman Schooten wanted to profit-share with Ramones.
- In the case of Brian Schwartzkopf and Vera Schwartzkopf⁷⁰, and the Walk Family⁷¹, Chairman Schooten provided written statements to PBFC that he would be financially "responsible" for those members.

10.5.2 Board did not address the fact that Chairman Schooten and Director Serfas were associated with businesses that profited from transactions by PBFC members

407. Article 3.6.1(a) of the Manual (page 13) states individuals and their spouses whose livelihood depends in part upon the sale of goods and services to feeder association members should not hold staff or executive positions. These include livestock dealers, custom feeders, and management staff. Executive positions include the chair and vice-chair of the Board of Directors.

67 As above.

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⁶⁸ Minutes of the Board meeting on

69 As above.

71

⁷⁰ Memo from Shane Schooten dated October 23, 2017 that he will "be personally responsible for any financial issues as it pertains to the four members" named in the memo, i.e. Brian Schwartzkopf, Vera Schwartzkopf, Bert Schwartzkopf, and Crystal Fulford. See page 52 of the Supporting Documents.

See note dated May 14, 2020, to Administrator Dick Haney at page 51 of the Supporting Documents.

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⁶⁶ Email dated April 9, 2020 from Administrator Haney re: "Walk and Houelling Loan Requests". See page 8 of the Supporting Documents.

408. Chairman Schooten has financial interest in businesses engaged in feedlot operations and livestock dealing. He is a director of the following corporations: S & C Schooten Farms, John Schooten and Sons Custom Feedyard Ltd. o/a Preferred Livestock, 2247971 Alberta Ltd., and Schooten & Sons Feedyard Ltd. Chairman Schooten and his wife are the directors and shareholders in Shakris Holdings Ltd. That corporation owns 33.33% of John Schooten & Sons Custom Feedyard Ltd. That corporation is the sole shareholder of Schooten & Sons Feedyard Ltd.

409. Director Serfas and his wife are the directors and shareholders of Kejen Farms Ltd. Kejen Farms Ltd. is 50% shareholder of Serfas Farms Ltd. Director Serfas is a director of Serfas Farms. Serfas Farms is a farming and feedlot operation.

410. As discussed in Part 2.1.1 of Appendix 2, most of the members of the Schooten Group are employees of a Schooten & Sons Feedyard Ltd. In addition, almost all members of the Serfas Group are employed by Serfas Farms Ltd.

411. As discussed in Article 2.3 of Appendix 2, PBFC often purchased livestock, for supply to members in the Schooten Group and Serfas Group, from Preferred Livestock. ("Preferred Livestock" is the trade name of John Schooten & Sons Custom Feedyard Ltd.). As discussed in Article 2.1.6 of Appendix 2, PBFC sold livestock, that were supplied to members in the Schooten Group and Serfas Group, to S&C Schooten", "John Schooten & Sons", "J&S Schooten" or "Schooten".

412. IIS found no records indicating that the Board took any steps to identify or mitigate potential conflicts of interests inherent in the Chairman and Director being on a board that oversees the governance and administration of PBFC, while also financially benefiting from PBFC's transactions with members.

10.5.3 Board did not address the fact that Chairman Schooten and Director Serfas controlled the accounts of at least 31 members

413. <u>Article 3.6.1(i) of the Manual</u> states, "Board members cannot sign for direct family members and must alternatively be signed by an arm's length board member, unless it is a Corporation." This article is relevant, not because the members in the Schooten Group and Serfas Group are "family" (they are not), but because it states that one way to mitigate the risk of a conflict of interest between director and a member that is closely related is to involve others in the association who are arm's length from the member.

414. As legal representatives for the 31 members who granted them Powers of Attorney, Chairman Schooten and Director Serfas are not arm's length from those members. Yet, IIS found no records indicating that the Board took any steps to identify potential conflicts of interests inherent in the Chairman and Director being on the Board that oversees the governance and administration of PBFC, while also controlling 31 memberships. IIS found no records indicating that the Board implemented measures to mitigate the legal and financial risks posed by actual conflicts of interests.

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10.5.4 Over \$79 million paid to Schooten-associated businesses in 2022

415. The amount of payments to Schooten-associated companies is an additional indication of the scale of the Schooten Group and Serfas Group transactions. From January to November 2022, PBFC paid over \$79,000,000 to corporations associated with Chairman Schooten. (See Table 10.4 below.)

416. Of the transactions made between January and November 2022, \$9,296,161.16 was paid to S&C Schooten Farming on the 10th of the month or the next business day. PBFC's practice is to pay Equity Advances on the 10th of the month or the next business day, which suggests these payments were Equity Advances. IIS was unable to determine, from the records reviewed during the inspection, what the remaining \$70,000,000 payments were for.

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Table 10.4: Payments from PBFC Operating Account to a Schooten-Affiliated Entity (January-November 2022)

Date of Cheque	Payee	Cheque #	Amount of Cheque
2022-01-13	John Schooten and Sons Custom Feedyard (o/a Preferred Livestock)	3173	\$1,455,896.76
2022-01-17	John Schooten and Sons Custom Feedyard (o/a Preferred Livestock	3174	\$2,783,797.60
2022-01-18	John Schooten and Sons Custom Feedyard (o/a Preferred Livestock	3177	\$2,300,446.82
2022-01-31	John Schooten & Sons	3182	\$17,875,686.92
2022-02-10	S&C Schooten Farming Ltd (cheque was handwritten and not typed as all others were)*	3207	\$793,911.25
2022-02-23	John Schooten and Sons Custom Feedyard (o/a Preferred Livestock)	3218	\$3,632,920.02
2022-03-10	S&C Schooten Farming Ltd.*	3219	\$404,173.00
2022-02-24	John Schooten and Sons Custom Feedyard (o/a Preferred Livestock)	3223	\$5,799,600.00
2022-03-10	S&C Schooten Farming Ltd.*	3233	\$671,363.00
2022-03-28	John Schooten & Sons	3253	\$11,892,195.00
2022-04-07	John Schooten & Sons Custom Feedyards Ltd	3262	\$4,162,223.16
2022-04-08	John Schooten & Sons Custom Feedyards Ltd	3264	\$4,062,313.86
2022-04-11	S & C Schooten Farming Ltd*	3270	\$443,437.03
2022-05-02	John Schooten and Sons Custom Feedyard (o/a Preferred Livestock)	3286	\$627,565.59
2022-05-05	John Schooten and Sons Custom Feedyard (o/a Preferred Livestock)	3293	\$571,772.16
2022-05-10	S&C Schooten Farming Ltd*	3302	\$565,127.70
2022-05-10	S&C Schooten Farming Ltd*	3304	\$156,071.80
2022-05-12	John Schooten and Sons Custom Feedyard (o/a Preferred Livestock)	3307	\$580,735.54
2022-05-30	John Schooten and Sons Custom Feedyard (o/a Preferred Livestock)	3312	\$5,766,951.25
2022-07-04	John Schooten & Sons Custom Feedyards Ltd	3341	\$5,397,881.05
2022-07-04	John Schooten & Sons Custom Feedyards Ltd	3344	\$1,452,928.99
2022-08-10	S&C Schooten Farming Ltd	3374	\$1,466,585.13
2022-09-12	S & C Schooten Farming Ltd*	3403	\$1,469,280.20
2022-10-11	S & C Schooten Farming Ltd*	3417	\$4,792,797.18
2022-11-03	John Schooten and Sons Custom Feedyard (o/a Preferred Livestock)	3431	\$130,118.85
2022-11-15	John Schooten and Sons Custom Feedyard (o/a Preferred Livestock)	3442	\$458,032.24
	TOTAL FOR 2022 for known Schooten-associal	ted companies	\$79,713,812.10

All information is from 2022 bank records for PBFC's operating account.

NOTES:

* The transactions marked "*" and in red font were made on or after the 10th of the month. PBFC normally pays Equity Advances on the 10th of the month or the next business day.

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10.6 Providing excessive Board compensation and expenses

417. <u>Article 3.1(m) of the Manual</u> (page 8) states, "Directors are volunteers and such, payment of fees is not applicable. However, an honorarium or payment of expenses related to meeting may be provided."

418. In February 2022, the Board approved annual compensation of \$50,000 to the Chairman, \$25,000 to the vice chairman, and \$15,000 to the other directors, plus expenses.⁷² Records indicate these payments were made. ⁷³ The payments for the fiscal year ending August 31, 2022 are five times higher than for the previous fiscal year. (See Table below.) Such payments are inappropriate for volunteer positions within a non-profit co operative, and the levels are excessive. The payments are also inconsistent with the Manual.

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⁷² Board minutes of February 17, 2022.

⁷³ BMO Banking Statement account # 0010 1954-583 for the period ending September 29, 2022.

Fiscal year ending	Amount
August 31, 2017	\$ 31,297 ⁷⁴
August 31, 2018	\$ 46,29075
August 31, 2019	\$ 34,150 ⁷⁶
August 31, 2020	\$ 35,41377
August 31, 2021	\$ 46,20278
August 31, 2022	\$ 242,00379
August 31, 2023	\$ 198,304 ⁸⁰

Table 10.5 - Board Compensation (2017 to 2023)

10.7 Failing to hold an AGM in a timely manner

419. <u>Section 19</u> of the Cooperatives Regulation states that an annual general meeting must be held not later than the earlier of 15 months after the preceding AGM or 6 months after the end of the preceding financial year. PBFC's financial year end was August 31, 2023, and PBFC's last AGM was November 29, 2022. Therefore, the 2023 AGM should have been held on or before March 1, 2024. On April 8, 2024, PBFC announced in its "PBFC Scoop" newsletter that its 2022/23 AGM would be held at the end of May 2024. (Note: On October 22, 2024 PBFC announced its 2023 AGM will be on November 21, 2024, which is more than 8 months later than allowed under the *Cooperatives Act*.)

⁷⁴ Note #4 of the Notes to the Financial Statement, at page 9 of the Financial Statement for the Year Ended August 31, 2018. See also "meetings and conventions" on the Statement of Operations at page 5.

75 As above.

⁷⁶ Note #4 of the Notes to the Financial Statement, at page 9 of the Financial Statement for the Year Ended August 31, 2019. This is identified as "travel" on the Statement of Operations at page 5.

⁷⁷ Note #4 of the Notes to the Financial Statement, at page 9 of the Financial Statement for the Year Ended August 31, 2020. See also "board and organization expenses" on the Statement of Operations at page 5.

⁷⁸ See "board and organization expenses" on the Statement of Income at page 3 of the Financial Statement for the Year Ended August 31, 2021.

²⁹ See "board and organization expenses" on the Statement of Income at page 3 of the Financial Statement for the Year Ended August 31, 2022.

^{B0} See "board and organization expenses" on the Statement of Income at page 4 of the Financial Statement for the Year Ended August 31, 2023.

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APPENDIX 11: Definitions

"Acknowledgement Letter" means the template document titled "Acknowledgment" under which the member acknowledges to PBFC that a corporation associated with Chairman Schooten or Director Serfas (the "Payor") has paid the member's security deposit, and the member agrees that PBFC may return the deposit to the Payor.⁸¹

"Act" means the Feeder Associations Guarantee Act, SA 2009, c F-11.1.

"Authorization and Direction to Pay (Equity Loan)" means the template document titled "Authorization and Direction to Pay (Section 4 of Member Agreement)" under which the member authorizes PBFC to pay Equity Advances, not to the member that gave an Equity Loan Promissory Note, but instead to a corporation associated with Chairman Schooten or Director Serfas.⁸²

"Authorization and Direction to Pay (Sale Proceeds)" means the template document titled "Authorization and Direction to Pay (Section 5.5 of Member Agreement)" under which the member authorizes PBFC to pay the balance of sale proceeds, not to the member to whom PBFC supplied livestock, but instead to a corporation associated with Chairman Schooten or Director Serfas.⁸³

"Equity Advance" (also referred to as an "equity loan") means funds paid to a member as an advance pursuant to section 30 of the Regulation. Equity Advances have prescribed maximums calculated as a percentage of the appreciation in value of livestock by way of animal growth, price insurance, or forward-contracting. They are an advance against the future profit that will be payable to the member upon the sale of the livestock supplied to that member.

"Equity Loan Promissory Note" means a contract under which a member promises to repay an Equity Advance. The template promissory note is approved by the Minister and published by Feeder Associations of Alberta Ltd. for use by all feeder associations.⁸⁴

"IIS" means Inspection and Investigation Section, a section of the Animal Health and Assurance Branch of Alberta Agriculture and Irrigation.

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⁸³ See example Acknowledgment at page 23 of the Supporting Documents.

⁸² See example Authorization and Direction to Pay (Equity Advance) at page 22 of the Supporting Documents.

⁸³ See example Authorization and Direction to Pay (Sale Proceeds) at page 21 of the Supporting Documents.

⁸⁴ See https://www.feederassoc.com/application/files/3417/2434/2235/14_Equity_Loan_Promissory_Note.pdf

"Individual Member" means a feeder association member who is eligible under <u>section 11(1)(a)(i)</u> of the Regulation, i.e. an individual who is 18 years of age or older and who owns or leases land in Alberta on which the individual directly carries on the business of farming for gain or reward.

"Livestock Supply Form" means a two-part contract under which a feeder member requests and receives a supply of livestock from a feeder association. The Livestock Supply Form consists of a supply form part, and a promissory note. A member must sign both parts. The template form is approved by the Minister and published by Feeder Associations of Alberta Ltd. for use by all feeder associations.⁸⁵

"Manual" means the <u>Manual of Directives and Procedures for Feeder Associations in Alberta</u> (revised September 28, 2021), published by the Ministry of Agriculture and Irrigation.⁸⁶

"Loan Limit" means the maximum value of livestock that may be supplied to a member. Each member has a limit that is approved by the Board. (PBFC gave all members the same maximum for equity advances, \$1,500,000.)

"Member Agreement" is a term defined in the Regulation. In this Report, it means the member agreement that PBFC enters into with its feeder members, for the purposes of section 19(1) of the Regulation.⁸⁷

"Monetary obligation" is a term defined in the Regulation. Generally, it means the amount owed by a feeder member under its member agreement.

"October PSO" means the Order issued by the Provincial Supervisor to PBFC on October 19, 2023 pursuant to section 2(2) of the Regulation.

"Other Ineligible Member" means one of PBFC members that are not Specified Members but that IIS believes are not eligible under section 11(1)(a)(i) or section 11(2) of the Regulation. The Other Ineligible Members are listed at paragraph 108 of Article 1.3 of Appendix 1 of this Report.

85 See

Page 116 of 117

https://www.feederassoc.com/application/files/7817/2434/2155/Livestock_Supply_Form_Auto_Calculate_2023-10-18_PROTECTED.pdf

⁸⁶ See <u>https://www.alberta.ca/system/files/custom_downloaded_images/al-feeder-associations-in-alberta-manual-</u> <u>directives-procedures.pdf</u>

⁸⁷ See https://www.feederassoc.com/application/files/3917/2434/1564/Member Agreement - Fillable.pdf

"Power of Attorney" means the template power of attorney document under which a member appoints Chairman Schooten, or Director Serfas and Mark Serfas, as the "Attorney" for matters related to the supply to livestock to the member by PBFC.⁸⁸

"Provincial Supervisor" means the supervisor of the FALGP designated pursuant to <u>section 2(1)</u> of the Regulation. The current Provincial Supervisor is Thomas Pack.

"Regulation" means the Feeder Associations Guarantee Regulation. Alta Reg 13/2012.

"Schooten Group" means Specified Members and Other Ineligible Members named in Table 2.1 of Article 2.1.1 of Appendix 2 as being associated with Chairman Schooten. They are also listed in paragraph 34.

"Serfas Group" means those Specified Members and Other Ineligible Members named in Table 2.2 of Article 2.2.1 of Appendix 2 as being associated with Director Serfas. They are also listed in paragraph 34.

"Specified Member" means one of the 19 PBFC members subject to the October PSO. The Specified Members are listed in paragraph 18 (Part 2) and paragraph 93 of Article 1.1 of Appendix 1.

"Supporting Documents" means the package of documents accompanying this Report, which consists of copies of selected PBFC records and inspector materials that are cited in the appendices of this Report.

"Walk Family" means Ashley, Cornelia, Johan, and Wes Walk.

⁸⁵ See example Power of Attorney at page 17 of the Supporting Documents.

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1berta Agriculture and Irrigation

Animal Health and Assurance Branch Inspection and Investigation Section 201, 5030-50 Street Olds, Alberta T4H 1S1 Telephone 403-755-1474 www.alberta.ca

October 19, 2023

Picture Butte Feeder Co-operative 120, 876 Heritage Blvd West Lethbridge, AB T1K 8G1

Dear Members of the Board:

FEEDER ASSOCIATIONS GUARANTEE ACT

PROVINCIAL SUPERVISOR ORDER

WHEREAS section 2 of the Feeder Associations General Regulation (AR 13/2012) (the "Regulation") provides that, where a feeder association or a feeder member has failed to comply with a provision of the *Feeder Associations Guarantee Act*, S.A. 2009, c. F-11.1 (the "Act") or the Regulation or an order of the Provincial Supervisor, or where the Provincial Supervisor considers it necessary in order to ensure compliance with the Act or the Regulation, the Provincial Supervisor may make an order in writing prohibiting or imposing terms and conditions respecting one or more of the following:

- (a) the use by a feeder association of funds in its security deposit account;
- (b) the supplying of livestock or the giving of advances, or both, by a feeder association to one or more specified feeder members;

WHEREAS the Provincial Supervisor is of the opinion that Picture Butte Feeder Co-Operative ("PBFC") and certain members have failed to comply with the Act, the Regulation, or both, including the following:

- PBFC has accepted members who do not meet the requirements of section 11(1) of the Regulation, contrary to that section;
- (b) certain members have held memberships where it is not reasonably apparent from their conduct that the primary purpose for holding the membership is to enable the person to receive supplies of livestock for growing or finishing or both, contrary to section 11(2) of the Regulation;
- (c) PBFC has supplied livestock or given advances when PBFC is or should reasonably be aware, or was or should reasonably should have been aware, that certain members were in in contravention of the Act or Regulation, contrary to section 14(3) of the Regulation;
- PBFC failed to collect security deposits from certain members, contrary to section 33(1) of the Regulation; and

WHEREAS the Provincial Supervisor is of the opinion that an order is necessary to ensure compliance with the Act or the Regulation, including those provisions above and section 4 of the Regulation;

> Picture Butte Feeder Co-operative October 19, 2023 Page 1 of 4

THEREFORE, I, Thomas Pack, Provincial Supervisor, make the following order:

- 1.0 Duration
- 1.1 This Order is in effect from October 19, 2023 (the "Effective Date") until October 19, 2024, unless varied or rescinded under section 2(4) of the Regulation.
- 2.0 Supply of livestock and provision of Advances to Specified Member
- 2.1 PBFC may not supply livestock or give advances to the Specified Members listed in the Schedule until the Specified Member satisfies the Provincial Supervisor as to the following:
 - the Specified Member currently owns or leases land in Alberta on which the Specified Member directly carries on the business of farming for gain or reward; and
 - (b) the Specified Member can demonstrate, through their conduct, that the primary purpose for holding their membership in PBFC is to enable the individual to receive supplies of livestock under the Act and the Regulation for growing or finishing or both.
- 2.2 Nothing in this Order restricts the Provincial Supervisor's ability to give an authorization under section 14(2) of the Regulation on any terms or conditions.
- 3.0 Security Deposit Account
- 3.1 PBFC shall not withdraw funds from its security deposit accounts unless permitted in writing by the Provincial Supervisor
- 3.2 PBFC may deposit funds to its security deposit accounts during the term of this Order.
- 3.3 PBFC shall give a copy of this letter to its lenders within the same day that this Order is delivered to PBFC.

MADE on the 19th day of October, 2023, at Lethbridge, Alberta

Thomas Pack, Provincial Supervisor Alberta Agriculture and Irrigation

Picture Butte Feeder Co-operative October 19, 2023 Page 2 of 4

Feeder Associations Guarantee Regulation

Appeal

35(1) A feeder association may appeal to the Minister from any order made by the Provincial Supervisor under section 2(2)(a) or (b).

(2) A feeder member that is specified in an order made under section 2(2)(b) may appeal to the Minister from the order.

(3) The Minister shall appoint an appeal panel to hear an appeal under subsection (1) or (2).

(4) An appeal under subsection (1) or (2) must be heard within 30 days after the day on which it is made.

(5) On hearing an appeal, an appeal panel may confirm the decision appealed or may do either or both of the following:

- (a) reverse or vary any order appealed from;
- (b) order the Provincial Supervisor to take specified actions to reverse or ameliorate the effect of any order appealed from.

(6) The decision of an appeal panel on an appeal is final.

Picture Butte Feeder Co-operative October 19, 2023 Page 3 of 4

FEEDER ASSOCIATIONS GUARANTEE ACT

PROVINCIAL SUPERVISOR ORDER Made October 19, 2023

Schedule

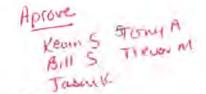
The Specified Members are:

- 1. CAMPSCHROER, Kevin
- 2. DAWSON, Mitch
- 3. DUNN, Mark
- 4. FRENCH, Alvin
- 5. FROESE, Issac
- 6. GARZA, Humberto
- GOERTZEN, Peter
- B. GOMEZ, Eduardo
- 9. LOCKE, Hugh
- 10. MacLEAN, Joseph
- 11. RAMONES, Jesus
- 12. RILEY, Bradley
- 13. SCHWARTZKOPF, Brian
- 14. SCHWARTZKOPF, Vera
- 15. WARNER, Geerlje
- 16. WALK, Ashley
- 17. WALK, Cornelia
- 18. WALK, Johan
- 19. WALK, Wes

Picture Butte Feeder Co-operative October 19, 2023

Page 4 of 4





Terry Bodnar <terry@pbfccattle.com>

BMO Wealth Position and Member Application

9 messages

Richard Haney <r/> <ri>haney@pbfccattle.com>

Mon, Apr 20, 2020 at 4:53 PM To: Shane Schooten <shane.schooten@gmail.com>, Tony Ankermann <tankermann4@gmail.com>, tmolenaar@xplornet.com, Conrad Withage <cwithage@shockware.com>, Bill Schooten <b.m.farms@outlook.com>, Philipp Lammerding <plammerding@gmail.com>, jasonkbelt@outlook.com, Kevin Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Dick Haney <rlhaney@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com>

Good Afternoon All:

Jesus Ramones has made an application for a loan level of two million dollars. He is the Feedlot Manager at the Mossleigh Schooten Lot. The cattle will be fed and risk managed under the Schooten umbrella and will provide the opportunity for Shane to profit share with one of his senior employees. Please provide in a reply email your wishes on the matter.

Included as an attachment is the latest report from BMO Wealth. You will note that we have made significant progress as we are now at \$5,865,000. When the unrealized fixed income is included in the calculation, we are at \$5,950,000.

As always, if you have any questions, please do not hesitate to contact me.

Please everyone be safe and well.

Regards.

Dick

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Kevin Serfas <kevinserfas@gmail.com>

To: Richard Haney <r/><r/li>

Mon, Apr 20, 2020 at 4:56 PM

Cc: Bill Schooten <b.m.farms@outlook.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Conrad Withage <cwithage@shockware.com>, Philipp Lammerding <plammerding@gmail.com>, Shane Schooten <shane.schooten@gmail.com>, Terry Bodnar <terry@pbfccattle.com>, Tony Ankermann <tankermann4@gmail.com>, Zantel du Toit <zantel@pbfccattle.com>, jasonkbelt@outlook.com, tmolenaar@xplornet.com

l approve.

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Kevin Serfas Serfas Farms Ltd Box 101 Turin, Ab Ph:(403)330-5603 Twitter: @kevinserfas

Brad de Leeuw <deleeuwbrad@gmail com>

Mon, Apr 20, 2020 at 7:57 PM

To: Kevin Serfas <kevinserfas@gmail.com>

Cc: Bill Schooten <b.m.farms@outlook.com>, Broek Murray <supervisor@pbfccattle.com>, Conrad Withage <cwithage@shockware.com>, Philipp Lammerding <plammerding@gmail.com>, Richard Haney <rlhaney@pbfccattle.com>, Shane Schooten <shane.schooten@gmail.com>, Terry Bodnar <terry@pbfccattle.com>, Tony Ankermann <tankermann4@gmail.com>, Zantel du Toit <zantel@pbfccattle.com>, jasonkbelt@outlook.com, tmolenaar@xplornet.com

I approve BDL

(Quoted text hidden)

Bill Schooten <b.m.farms@outlook.com>

Mon, Apr 20, 2020 at 8:34 PM

To. Kevin Serfas <kevinserfas@gmail.com> Cc: Richard Haney <rlhaney@pbfccattle.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Conrad Withage <cwithage@shockware.com>, Philipp Lammerding <plammerding@gmail.com>, Shane Schooten <shane.schooten@gmail.com>, Terry Bodnar <terry@pbfccattle.com>, Tony Ankermann <tankermann4@gmail.com>, Zantel du Toit <zantel@pbfccattle.com>, "jasonkbelt@outlook.com" <jasonkbelt@outlook.com>, "tmolenaar@xplornet.com" <tmolenaar@xplornet.com>

Sounds good to me

Sent from my iPhone

On Apr 20, 2020, at 4:56 PM, Kevin Serfas <kevinserfas@gmail.com> wrote:

[Quoted lext hidden]

Shane Schooten <shane.schooten@gmail.com> To: Richard Haney <rihaney@pbfccattle.com> Mon, Apr 20, 2020 at 8:43 PM

Cc: Tony Ankermann <tankermann4@gmail.com>, tmolenaar@xplornet.com, Conrad Withage <cwithage@shockware.com>, Bill Schooten <b.m.farms@outlook.com>, Philipp Lammerding <plammerding@gmail.com>, jasonkbelt@outlook.com, Kevin Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com>

I'm declaring a conflict and won't comment.

As per BMO position I applaud the board for staying the course.

Shane Schooten Schooten & Sons Feedyard (403)634-1535 [Quoted text hidden] > <Scanned from PBFC (11).pdf>

Jason Konynenbelt <jasonkbelt@outlook.com>

Tue, Apr 21, 2020 at 6:08 AM

To: Richard Haney <r/haney@pbfccattle.com>

Cc: Shane Schooten <shane.schooten@gmail.com>, Tony Ankermann <tankermann4@gmail.com>, "tmolenaar@xplornet.com" <tmolenaar@xplornet.com>, Conrad Withage <cwithage@shockware.com>, Bill Schooten <b.m.farms@outlook.com>, Philipp Lammerding <plammerding@gmail.com>, Kevin Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com> I approve Jason

Sent from my iPhone

> On Apr 20, 2020, at 4 53 PM, Richard Haney
 Apr 20, 2020, at 4 53 PM, Richard Haney

>

>

[Quated text hidden] > <Scanned from PBFC (11).pdf>

tony ankermann <tankermann4@gmail.com>

Tue, Apr 21, 2020 at 8:20 AM

To: Richard Haney <r/>
rlhaney@pbfccattle.com>
Cc: Shane Schooten <shane.schooten@gmail.com>, tmolenaar@xplornet.com, Conrad Withage
<cwithage@shockware.com>, Bill Schooten <b.m.farms@outlook.com>, Philipp Lammerding
<planmerding@gmail.com>, jasonkbelt@outlook.com, Kevin Serfas <kevinserfas@gmail.com>, Brad de
Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Terry Bodnar
<terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com>

I approve. TA [Ouoted text hidden]

plammerding@gmail.com <plammerding@gmail.com> Tue, Apr 21, 2020 at 9:15 AM To: tony ankermann <tankermann4@gmail.com>, Richard Haney <rlhaney@pbfccattle.com> Cc: Shane Schooten <shane.schooten@gmail.com>, tmolenaar@xplornet.com, Conrad Withage <cwithage@shockware.com>, Bill Schooten <b.m.farms@outlook.com>, jasonkbelt@outlook.com, Kevin Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com>

I approve. PL

[Quoted text hidden]

Trina Molenaar <tmolenaar@xplornet.com>

Tue, Apr 21, 2020 at 9 58 AM

To Jason Konynenbelt <jasonkbelt@outlook.com>, Richard Haney <rihaney@pbfccattle.com> Cc. Shane Schooten <shane.schooten@gmail.com>, Tony Ankermann <tankermann4@gmail.com>, Conrad Withage <cwithage@shockware.com>, Bill Schooten <b.m.farms@outlook.com>, Philipp Lammerding <plammerding@gmail.com>, Kevin Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com>

I approve Trevor

— Original Message—
 From: Jason Konynenbelt [mailto jasonkbelt@outlook.com]
 Sent: April 21, 2020 6:08 AM
 To: Richard Haney
 Cc: Shane Schooten: Tony Ankermann, tmolenaar@xplornet.com, Conrad Withage; Bill Schooten; Philipp
 Lammerding; Kevin Serfas; Brad de Leeuw; Broek Murray, Terry Bodnar, Zantel du Toit
 Subject: Re: BMO Wealth Position and Member Application

[Quoled lext hidden]

hemefcheleeuro



Kevin Bill Brad , iever Tony Jasa Phillippy Bodnar <terry@pbfccattle.com>

Walk and Houelling Loan Requests

11 messages

Richard Haney <r/> </ri>

Thu, Apr 9, 2020 at 12:07 PM nn4@gmail.com>.

To: Shane Schooten <shane.schooten@gmail.com>, Tony Ankermann <tankermann4@gmail.com>, tmolenaar@xplornet.com, Conrad Withage <cwithage@shockware.com>, Bill Schooten <b.m.farms@outlook.com>, Philipp Lammerding <plammerding@gmail.com>, jasonkbelt@outlook.com, Kevin Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Dick Haney <rlhaney@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com>

Good Morning All:

The PBFC has received an application to provide loan capability to the Walk family. There are four members in this family. They have recently sold their Agricultural operation and are seeking to shelter the income they have received through cattle purchases. They reside in Arrowwood . Shane has agreed to manage all facets of this undertaking. Their names are Johan, Cornelia, Wesley and Ashley Walk. Wes Walk partners with Shane in Arrow Corral Cleaning. The four family members have applied for two million dollars each in financing. The cattle will be fed in one of Shane's facilities.

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e is p in ap fed a	loard wi
Please respond with your wishes as cooperation in this matter.	ril 13 th by noon. Thanks for your
Please everyone stay safe and well.	
Regards,	
Dick	
evin Serfas <kevinserfas@gmail.com></kevinserfas@gmail.com>	Thu, Apr 9, 2020 at 12:56 PM
 c: Richard Haney <r li=""> r/haney@pbfccattle.com> c: Shane Schooten <shane.schooten@gmail.com>, 1</shane.schooten@gmail.com> </r>	Tony Ankermann <tankermann4@gmail.com>,</tankermann4@gmail.com>

tmolenaar@xplornet.com, Conrad Withage <cwithage@shockware.com>, Bill Schooten <b.m.farms@outlook.com>, Philipp Lammerding <plammerding@gmail.com>, jasonkbelt@outlook.com, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com>

I support all the applications [Quoted text hidden]

Kevin Serfas Serfas Farms Ltd Box 101 Turin, Ab Ph:(403)330-5603 Twitter @kevinserfas

Brad de Leeuw <deleeuwbrad@gmail.com> To: Kevin Serfas <kevinserfas@gmail.com></kevinserfas@gmail.com></deleeuwbrad@gmail.com>	Thu, Apr 9, 2020 at 1:01 PM
To: Kevin Serfas <kevinserfas@gmail.com> Cc: Bill Schooten <b.m.farms@outlook.com>, Broek Murray <supervisor@pbfccattle.com>, Conrad Withage <cwithage@shockware.com>, Philipp Lammerding <plammerding@gmail.com>, Richard Haney <rlhaney@pbfccattle.com>, Shane Schooten <shane schooten@gmail.com="">, Terry Bodnar <terry@pbfccattle.com>, Tony Ankermann <tankermann4@gmail.com>, Zantel du Toit <zantel@pbfccattle.com>, jasonkbelt@outlook.com, tmolenaar@xplornet.com</zantel@pbfccattle.com></tankermann4@gmail.com></terry@pbfccattle.com></shane></rlhaney@pbfccattle.com></plammerding@gmail.com></cwithage@shockware.com></supervisor@pbfccattle.com></b.m.farms@outlook.com></kevinserfas@gmail.com>	
Yes I approve all applications BDL (Quoted text hidden)	
ony ankermann <tankermann4@gmail.com> fo: Richard Haney <rlhaney@pbfccattle.com></rlhaney@pbfccattle.com></tankermann4@gmail.com>	Thu, Apr 9, 2020 at 1:24 PM
Cc: Shane Schooten <shane.schooten@gmail.com>, tmolenaar <cwithage@shockware.com>, Bill Schooten <b.m.farms@outloo <plammerding@gmail.com>, jasonkbelt@outlook.com, Kevin Se _eeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@ <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com< th=""><th>ok.com>, Philipp Lammerding erfas <kevinserfas@gmail.com>, Brad de @pbfccattle.com>, Terry Bodnar</kevinserfas@gmail.com></th></zantel@pbfccattle.com<></terry@pbfccattle.com></supervisor@ </deleeuwbrad@gmail.com></plammerding@gmail.com></b.m.farms@outloo </cwithage@shockware.com></shane.schooten@gmail.com>	ok.com>, Philipp Lammerding erfas <kevinserfas@gmail.com>, Brad de @pbfccattle.com>, Terry Bodnar</kevinserfas@gmail.com>
Yes, I approve. TA	
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	-share schoolen@gmail.com/, tony
Ankermann <tankermann4@gmail.com>, tmolenaar@xplornet.c <cwithage@shockware.com>, Bill Schooten <b.m.farms@outloc Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbra< th=""><th>ok.com>, jasonkbelt@outlook.com, Kevin d@gmail.com>, Broek Murray</th></deleeuwbra<></kevinserfas@gmail.com></b.m.farms@outloc </cwithage@shockware.com></tankermann4@gmail.com>	ok.com>, jasonkbelt@outlook.com, Kevin d@gmail.com>, Broek Murray
Ankermann <tankermann4@gmail.com>, tmolenaar@xplornet.c <cwithage@shockware.com>, Bill Schooten <b.m.farms@outloo Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbra <supervisor@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.c< td=""><td>om, Conrad Withage ok.com>, jasonkbelt@outlook.com, Kevin d@gmail.com>, Broek Murray</td></terry@pbfccattle.c<></supervisor@pbfccattle.com></deleeuwbra </kevinserfas@gmail.com></b.m.farms@outloo </cwithage@shockware.com></tankermann4@gmail.com>	om, Conrad Withage ok.com>, jasonkbelt@outlook.com, Kevin d@gmail.com>, Broek Murray
Ankermann <tankermann4@gmail.com>, tmolenaar@xplornet.c <cwithage@shockware.com>, Bill Schooten <b.m.farms@outloo Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbra <supervisor@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.c Didn't hit reply all at first. I approve on both accounts. Philipp (Ouoled text hidden) Shane Schooten <shane.schooten@gmail.com></shane.schooten@gmail.com></terry@pbfccattle.c </supervisor@pbfccattle.com></deleeuwbra </kevinserfas@gmail.com></b.m.farms@outloo </cwithage@shockware.com></tankermann4@gmail.com>	om, Conrad Withage ok.com>, jasonkbelt@outlook.com, Kevin d@gmail.com>, Broek Murray com>, Zantel du Toit <zantel@pbfccattle.com></zantel@pbfccattle.com>
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To: Shane Schooten <shane.schooten@gmail.com>

Cc: Bill Schooten <b.m.farms@outlook.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Conrad Withage <cwithage@shockware.com>, Kevin Serfas <kevinserfas@gmail.com>, Philipp Lammerding <plammerding@gmail.com>, Richard Haney <rihaney@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Tony Ankermann <tankermann4@gmail.com>, Zantel du Toit <zantel@pbfccattle.com>, jasonkbelt@outlook.com, tmolenaar@xplornet.com

I approve on both. CW [Qualed text hidden]

Bill Schooten <b.m.farms@outlook.com>

Thu, Apr 9, 2020 at 7:19 PM

To: "plammerding@gmail.com" <plammerding@gmail.com> Cc: Richard Haney <rlhaney@pbfccattle.com>, Shane Schooten <shane.schooten@gmail.com>, Tony Ankermann <tankermann4@gmail.com>, "tmolenaar@xplornet.com" <tmolenaar@xplornet.com>, Conrad Withage <cwithage@shockware.com>, "jasonkbelt@outlook.com" <jasonkbelt@outlook.com>, Kevin Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com>

I'm fine with the requests BS

Sent from my iPhone

On Apr 9, 2020, at 1:32 PM, "planmerding@gmail.com" <planmerding@gmail.com> wrote:

(Quoted text Indden)

Trina Molenaar <tmolenaar@xplornet.com>

Thu, Apr 9, 2020 at 8:31 PM

To: Bill Schooten <b.m.farms@outlook.com>, plammerding@gmail.com Cc: Richard Haney <rlhaney@pbfccattle.com>, Shane Schooten <shane.schooten@gmail.com>, Tony Ankermann <tankermann4@gmail.com>, Conrad Withage <cwithage@shockware.com>, jasonkbelt@outlook.com, Kevin Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com>

l approve Trevor

(Quoted text hidden)

Jason Konynenbelt <jasonkbelt@outlook.com> To: Richard Haney <rlhaney@pbfccattle.com> Thu, Apr 9, 2020 at 8:59 PM

Cc: Shane Schooten <shane.schooten@gmail.com>, Tony Ankermann <tankermann4@gmail.com>, "tmolenaar@xplornet.com" <tmolenaar@xplornet.com>, Conrad Withage <cwithage@shockware.com>, Bill Schooten <b.m.farms@outlook.com>, Philipp Lammerding <plammerding@gmail.com>, Kevin Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com>

I approve on both Jason

Sent from my iPhone

On Apr 9, 2020, at 12:07 PM, Richard Haney <rihaney@pbfccattle.com> wrote

[Quoted text hidden]

Jason Konynenbelt <jasonkbelt@outlook.com> To: Richard Haney <rlhaney@pbfccattle.com> Thu, Apr 9, 2020 at 9:00 PM

Cc: Shane Schooten <shane schooten@gmail.com>, Tony Ankermann <tankermann4@gmail.com>, "tmolenaar@xplornet.com" <tmolenaar@xplornet.com>, Conrad Withage <cwithage@shockware.com>, Bill Schooten <b.m.farms@outlook.com>, Philipp Lammerding cplammerding@gmail.com>, Kevin Serfas <kevinserfas@gmail.com>, Brad de Leeuw <deleeuwbrad@gmail.com>, Broek Murray <supervisor@pbfccattle.com>, Terry Bodnar <terry@pbfccattle.com>, Zantel du Toit <zantel@pbfccattle.com>

I approve on both Jason

Sent from my iPhone

On Apr 9, 2020, at 12:07 PM, Richard Haney <r haney@pbfccattle.com> wrote:

Good Morning All:

[Quoted text hidden]

Terry Bodnar

From:	Terry Bodnar	
Sent:	Tuesday, May 07, 2019 3:03 PM	
To:	'tony ankermann'; 'evan'; 'Conrad-Colleen Withage'; 'b.m.farms@outlook.com'; 'Philipp',	
	'Jason Susy Konynenbelt'; 'Bryon Harbers'; 'Brad de Leeuw'; 'BROEK MURRAY'	
Cc:	'Shane Schooten'; Zantel du Toit; Richard L Haney; Terry Bodnar	
Subject:	New member application	

Good afternoon,

Geertje Warner has applied to be a member of the Picture Butte Feeder Co-operative. She is an office administrator for Serfas Farms and Kevin Serfas will co-sign for her as well. She is applying for 2 million dollars. Her cattle will be residing amongst the Serfas cattle that is financed with PBFC. Shane is supportive of approving this application, but has asked that the Board be polled as to their wishes. Please respond by Thursday, May 9th at noon if there are any Board member concerns with approving this application. Thank you.

Terry For Dick - PBFC

From:	Melanie Fleischhauer	
To:	Thomas Pack; Brent Kriwokon	
Cc:	Shane Schooten	
Subject:	List of Members We"re Actively Working On	
Date:	June 11, 2024 9:13:29 AM	

CAUTION: This email has been sent from an external source. Treat hyperlinks and attachments in this email with care

Good Morning Tom and Brent,

Based on our meeting last week I am including my list of members that we are currently working on to find out if they still qualify, or if they're able to get a lease with their parents:

Ivan Baziuk - need to confirm if he owns or leases land Gary Bezooyen - Finish out their contracts, then return security Paula Bezooyen - Finish out their contracts, then return security Izak Boschoff - need to confirm if he owns or leases land Cam Fabbri - need to confirm if he owns or leases land James Heatwole - need to confirm if he owns or leases land Brett Houweling - need to confirm if he owns or leases land, or a shareholder in AB Prime Johan Neufeld - need to confirm if he owns or leases land Nathan Pelleboer - need to confirm if he owns or leases land David & Jessica Serfas - need to confirm if he owns or leases land, or a Shareholder in Serfas Farms Riley Slingerland - need to confirm if he owns or leases land Glen Stronks - need to confirm if he owns or leases land, acreage is not large enough to consider 'farmer' Graham Tams - need to confirm if he owns or leases land Kristin Vanee - need to confirm if she owns or leases land Riley Vanee - need to confirm is he owns or leases land Colton Van Herk - need to confirm if he owns or leases land Dawson Van Herk - need to confirm if he owns or leases land Dylan Van Hierden - need to confirm if he owns or leases land Jesse Van Hierden - need to confirm if he owns or leases land Cole, Wade & Conrad Withage - need to confirm if they own or lease land Jared & Justin Withage - need to confirm if they own or lease land or a Shareholder in Westview Feeders

We have a 'membership review committee' and based on our Terms of Reference, the above noted people are who we need to follow up on.

There are inactive members that I have not included in the list as we have notes that if they ever request to start utilizing their feeder loan again we will follow up at that time.

If you have any questions, please let me know.

Thank you,

Melanie Fleischhauer

POWER OF ATTORNEY

The undersigned Member (the "Member"), who has entered into a Feeder Association Member Agreement (the "Member Agreement") with PICTURE BUTTE FEEDER CO-OPERATIVE ASSOCIATION (the "Association") pursuant to the Feeder Association Guarantee Act (Alberta) and the Regulations Ihereunder (the "Regulations") hereby agrees, authorizes and directs AS FOLLOWS:

- All capitalized terms used herein without definition shall have the meanings ascribed to them in the Member τ. Agreement
- 2. The following person(s)

Shane Schooten Print Iull name of person(s) (such person(s), the "Attorney")

is are hereby appointed as the Member's true and lawful altorney and in that capacity to act on the Member's behall (as the Attorney in his/her absolute discretion considers appropriate) with respect to anything the Member might exercise, take, give or do itself in with respect to the following matters:

- The supply of Livestock to the Member by the Association; (a)
- The placement, care, nutrition, and implant regimens of Livestock by the Association on behall of (b) the Member during the relevant Supply Period, and
- the sale of Livestock. (C)

(the "Matters"). For clarity, notwithstanding the foregoing, the Attorney shall not have the power to grant any promissory notes or enter into any other debt instruments, or to grant any security, on behall of the Member in favour of, the Association.

- Where there is more than one Attorney appointed under this Power of Attorney, the appointment of those 3. persons shall be joint and several
- The Association, nor any of its directors, employees, directors, officers or servants, shall be required to 4 inquire into the exercise of the Power of Attorney or see to the performance or observance of any duty owed by the Attorney or by another other person to the Member with respect to the exercise of the powers conlerred under this Power of Altorney.
- All previous Power(s) of Altorneys relating to the Matters are hereby revoked by the Member. This Power of 5. Altorney shall remain in effect until revoked in writing by the Member by written notice to the Association at the address stipulated in the Member Agreement.

IN WITNESS WHEREOF the Member has signed this Power of Altorney on the day of Nurch , 20.20

CORPORATE MEMBER

Print complete corporate name il Member is a Corporation

Per.

Per.

Signature and printed name of authorised person

Signature and printed name of authorised person

Signature and printed name of Witness Signalure and printed name of Witness

Signatore and printed name of Witness

SCHWITEN bila

INDIVIDUAL MEMBER

onature and printed name of individual Member

Toe Maclean

(Section 4 of Member Agreement)

TO. Picture Butte Feeder Co-operative Association ("PBFC") Box 280 Picture Bulle, Alberta TOK 1V0

Schootent Son's Custom Feeluathe "Payee") AND TO The Individual or Organization that will receive the Proceeds

Member Agreement between PBFC and the Undersigned Member RE:

Equity Loans

Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Member Agreement.

The undersigned member of PBFC (the "Member") hereby authorizes and directs PBFC to pay the proceeds of any Equity Loans from time to time advanced by PBFC, in its sole discretion, to the Member. to the Payee (along with any holdbacks PBFC has retained from such Equity Loans, when releasable. from time to time).

This Authorization and Direction to Pay shall be PBFC's full and sufficient warrant and authority, and PBFC's payment of the Equity Loans to the Payee shall to the extent thereof satisfy PBFC's obligations to the Member in full relating to the advance of such Equity Loans (it being understood and agreed that any such Equity Loans are provided at the sole discretion of PBFC in accordance with the terms of the Member Agreement).

This Authorization and Direction to Pay may be revoked by the Member by providing written notice to PBFC and will take effect 10 business days from receipt of said notice. The Member shall provide written notice of any aforementioned revocation to the Payee at the same time such written notice is provided to PBFC, Regardless of the foregoing, PBFC shall be entitled to rely on the notice of revocation provided to PBFC by the Member, shall have no duly to inform the Payee of such revocation (or have any duly to in any manner inquire (urther regarding such notice) and shall have no other duties relating to such revocation whatsoever other than to comply with the revocation in the time period set out above ,and, for clarity, PBFC shall have no liability whatsoever, to the Member, the Payee or otherwise, relating to the revocation of this Authorization and Direction to Pay other than arising directly out of a failure by PBFC to comply with a properly delivered written notice of revocation by the Member within the time period set out above.

This Authorization and Direction to Pay may be signed originally or by facsimile and PDF.

2016 DATED EFFECTIVE 09

This Authorization applies to: (The Member and the witness to the Member's signature are to print name and sign)

M Signature of Member

Witness Signature

oc Maclean Print Name of Member

JULU SUHWER Print Name of Witness

(Section 5.5 of Member Agreement)

TO: Picture Butte Feeder Co-operative Association ("PBFC") Box 280 Picture Butte, Alberta TOK 1V0

Sons Custom Joh AND TO TD(the "Pavee") vidual or Organization that will receive the Proceeds

RE: Balance of Sale Proceeds to be Paid to the Undersigned Member Pursuant to Section 5.5 of the Member Agreement between PBFC and the Undersigned

Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Member Agreement.

The undersigned member of PBFC (the "Member") hereby authorizes and directs PBFC to pay the balance of any Sale Proceeds from time to time payable to the Member pursuant to Section 5.5 of the Member Agreement following payment in full of the Member's Obligations for all Supply Periods (whether due or not) (such balances as they exist from time to time, "Overages") to the Payee.

This Authorization and Direction to Pay shall be PBFC's full and sufficient warrant and authority, and PBFC's payment of the Overages to the Payee shall to the extent thereof satisfy PBFC's obligations to the Member in full relating to any Overages so paid.

This Authorization and Direction to Pay may be revoked by the Member by providing written notice to PBFC and will take effect 10 business days from receipt of said notice. The Member shall provide written notice of any aforementioned revocation to the Payee at the same time such written notice is provided to PBFC. Regardless of the foregoing, PBFC shall be entitled to rely on the notice of revocation provided to PBFC by the Member, shall have no duty to inform the Payee of such revocation (or have any duty to in any manner inquire further regarding such notice) and shall have no other duties relating to such revocation whatsoever other than to comply with the revocation in the time period set out above ,and, for clarity, PBFC shall have no liability whatsoever, to the Member, the Payee or otherwise, relating to the revocation of this Authorization and Direction to Pay other than arising directly out of a failure by PBFC to comply with a properly delivered written notice of revocation by the Member within the time period set out above.

This Authorization and Direction to Pay may be signed originally or by facsimile and PDF.

09 DATED EFFECTIVE

This Authorization applies to: (The Member and the witness to the Member's signature are to print name and sign)

1cl Signature of Member ionature

OC

Print Name of Member

ACKNOWLEDGMENT

- To: Picture Butte Feeder Co-operative Association (the "Association")
- Re: Feeder Association Member Agreement between the Association and the Member (as set out below) (the "Member Agreement")

Capitalized terms not defined herein shall have the meanings ascribed thereto in the Meniber Agreement

The undersigned, knowing the Association is relying on such acknowledgement in extending credit to the Member, acknowledge and agree as follows

- Section 8 of the Member Agreement requires the Member to pay a deposit to the Association in the amount of 5% of the principal amount of all Lender Loans and Equity Loans or such greater amount as may be stipulated by the Association (the 'Deposit') on or before the date the Association has supplied Evestock, or advanced an Equity Loan, to the Member
- The Payor (as set out below) has paid the amount of S// 4, 138 . 44 to the Association (the "Deposit Payment"), representing all or part of the Deposit payable by the Member pursuant to Section 8 of the Member Agreement and Section 34 of the Feéder Associations Guarantee Regulation, Alta Reg 13 2012 (the "Regulations").
- In the Association is not privy to, a party to, nor bound by, any arrangement or agreement between the Member nor the Payor with regard to the Deposit Payment or otherwise, but is merely accepting the Deposit Payment for and on behalt of the Member (subject to paragraph 5 hereol).
- It is a set of the set of the
 - (a) the Deposit (including the Deposit Payment) will be held by the Association's Lender to secure all loans obtained by the Association for livestock purchased by the Association for all of its members and Equity Leans advanced to its members (and not just the Member).
 - (b) the Deposit (including the Deposit Payment) will be subject to the security of the Association's Lender, and Interention or secure by the Association's Lender in the event that loans made to purchase livestock for any member or to obtain funds for Equity Leans for any member (and not just the Member) are in default, and
 - (ii) the Deposit (including the Deposit Payment) may be applied in the sole discretion of the Association to reimburse the Association for the debts or liabilities of any Association member who is in default (and not just the Member), subject only to the conditions set out in Section 8 of the Member Agreement.
 - If the Deposit Payment, or any portion thereof, is to be retained by the Cooperative pursuant to the terms of the Member Agreement, the Regulations, or otherwise, it shall be retained to the Payor and not the Member, and the Member hereby irrevocably consents to the foregoing and irrevocably authorizes the Cooperative to take directions from the Payor with respect to the Deposit

2016 () ited)

MEMBER

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With Signature

PAYOR Signatur EN Payor gnalure Wilness,

Joe Maclean

JOHN SCHWTRN PRANSMENT MINASS

John Schooten & Sons 5+C Schouten per Skane Schooten

John Schucken

POWER OF ATTORNEY

The undersigned Member (the "Member"), who has entered into a Feeder Association Member Agreement (the "Member Agreement") with PICTURE BUTTE FEEDER CO-OPERATIVE ASSOCIATION (the "Association") pursuant to the Feeder Association Guarantee Act (Alberta) and the Regulations (hereunder (the "Regulations") hereby agrees, authorizes and directs AS FOLLOWS:

- All capitalized terms used herein without definition shall have the meanings ascribed to them in the Member 1. Agreement
- 2 The following person(s)

Print full name of person(s) (such person(s), the "Attorney")

is are hereby appointed as the Member's true and lawful attorney and in that capacity to act on the Member's behalt (as the Altorney in his/her absolute discretion considers appropriate) with respect to anything the Member might exercise, take, give or do itself in with respect to the following matters:

- The supply of Livestock to the Member by the Association; (a)
- The placement, care, nutrition, and implant regimens of Livestock by the Association on behalf of (b) the Member during the relevant Supply Period; and
- (C) the sale of Livestock.

(the "Matters"). For clarity, notwithstanding the foregoing, the Attorney shall not have the power to grant any promissory notes or enter into any other debt instruments, or to grant any security, on behalf of the Member in favour of, the Association.

- Where there is more than one Attorney appointed under this Power of Attorney, the appointment of those 3. persons shall be joint and several.
- 4 The Association, nor any of its directors, employees, directors, officers or servants, shall be required to inquire into the exercise of the Power of Attorney or see to the performance or observance of any duty owed by the Attorney or by another other person to the Member with respect to the exercise of the powers conferred under this Power of Attorney.
- All previous Power(s) of Allorneys relating to the Malters are hereby revoked by the Member. This Power of 5. Altorney shall remain in effect until revoked in writing by the Member by written notice to the Association at the address slipulated in the Member Agreement.

IN WITNESS WHEREOF the Member has signed this Power of Attorney on the 19 day of New ,20 19 .

CORPORATE MEMBER

Print complete corporate name if Member is a Corporation

Per

Signature and printed name of authorised person

Signature and printed name of Witness

Signature and printed name of Witness

Signature and printed name of Witness

Kul Enns

Per.

Signature and printed name of authorised person

INDIVIDUAL MEMBER

Signature and printed name of individual Member

Brian Schwarteleo

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 135 - 135

(Section 5.5 of Member Agreement)

TO: Picture Butte Feeder Co-operative Association ("PBFC") Box 280 Picture Butte, Alberta TOK 1V0

Schoo for t Sons Custom Feedyard bro(the "Payee") Individual or Organization that will receive the Proceeds AND TO

RE: Balance of Sale Proceeds to be Paid to the Undersigned Member Pursuant to Section 5.5 of the Member Agreement between PBFC and the Undersigned

Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Member Agreement.

The undersigned member of PBFC (the "Member") hereby authorizes and directs PBFC to pay the balance of any Sale Proceeds from time to time payable to the Member pursuant to Section 5.5 of the Member Agreement following payment in full of the Member's Obligations for all Supply Periods (whether due or not) (such balances as they exist from time to time, "Overages") to the Payee.

This Authorization and Direction to Pay shall be PBFC's full and sufficient warrant and authority, and PBFC's payment of the Overages to the Payee shall to the extent thereof satisfy PBFC's obligations to the Member in full relating to any Overages so paid.

This Authorization and Direction to Pay may be revoked by the Member by providing written notice to PBFC and will take effect 10 business days from receipt of said notice. The Member shall provide written notice of any aforementioned revocation to the Payee at the same time such written notice is provided to PBFC. Regardless of the foregoing, PBFC shall be entitled to rely on the notice of revocation provided to PBFC by the Member, shall have no duty to inform the Payee of such revocation (or have any duty to in any manner inquire further regarding such notice) and shall have no other duties relating to such revocation whatsoever other than to comply with the revocation in the time period set out above and, for clarity, PBFC shall have no liability whatsoever, to the Member, the Payee or otherwise, relating to the revocation of this Authorization and Direction to Pay other than arising directly out of a failure by PBFC to comply with a properly delivered written notice of revocation by the Member within the time period set out above.

This Authorization and Direction to Pay may be signed originally or by facsimile and PDF.

27/2017 DATED EFFECTIVE: 10

This Authorization applies to: (The Member and the witness to the Member's signature are to print name and sign)

Member Signature of

13.15

Print Name of Member

Print Name of Witness

(Section 4 of Member Agreement)

TO:

Picture Butte Feeder Co-operative Association ("PBFC") Box 280 Picture Bulle, Alberta TOK 1VO

AND TO: John Schoot and Sans Custom Feel yard Logithe "Payee") The Individual of Organization that will receive the Proceeds

RE: Member Agreement between PBFC and the Undersigned Member

Equity Loans

Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Member Agreement.

The undersigned member of PBFC (the "Member") hereby authorizes and directs PBFC to pay the proceeds of any Equity Loans from time to time advanced by PBFC, in its sole discretion, to the Member, to the Payee (along with any holdbacks PBFC has relained from such Equity Loans, when releasable, from time to time).

This Authorization and Direction to Pay shall be PBFC's full and sufficient warrant and authority, and PBFC's payment of the Equity Loans to the Payee shall to the extent thereof satisfy PBFC's obligations to the Member in full relating to the advance of such Equity Loans (it being understood and agreed that any such Equity Loans are provided at the sole discretion of PBFC in accordance with the terms of the Member Agreement).

This Authorization and Direction to Pay may be revoked by the Member by providing written notice to PBFC and will take effect 10 business days from receipt of said notice. The Member shall provide written notice of any aforementioned revocation to the Payee at the same time such written notice is provided to PBFC. Regardless of the foregoing, PBFC shall be entitled to rely on the notice of revocation provided to PBFC by the Member, shall have no duty to inform the Payee of such revocation (or have any duty to in any manner inquire further regarding such notice) and shall have no other duties relating to such revocation whatsoever other than to comply with the revocation in the time period set out above, and, for clarity, PBFC shall have no liability whatsoever, to the Member, the Payee or otherwise, relating to the revocation of this Authorization and Direction to Pay other than arising directly out of a failure by PBFC to comply with a properly delivered written notice of revocation by the Member within the time period set out above.

This Authorization and Direction to Pay may be signed originally or by facsimile and PDF.

DATED EFFECTIVE: 10/27/ -2017

This Authorization applies to. (The Meinber and the witness to the Member's signature are to print name and sign)

Signature of Member

Witness Signature

Brian Schwartekoff

Print Name of Witness

(Section 5.5 of Member Agreement)

TO: Picture Butte Feeder Co-operative Association ("PBFC") Box 280 Picture Butte, Alberta TOK 1V0

AND TO: John Schootent Sons Custer Feedyard Lrp (the "Payee") The Individual or Organization that will receive the Proceeds

RE: Balance of Sale Proceeds to be Paid to the Undersigned Member Pursuant to Section 5.5 of the Member Agreement between PBFC and the Undersigned

Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Member Agreement.

The undersigned member of PBFC (the "Member") hereby authorizes and directs PBFC to pay the balance of any Sale Proceeds from time to time payable to the Member pursuant to Section 5.5 of the Member Agreement following payment in full of the Member's Obligations for all Supply Periods (whether due or not) (such balances as they exist from time to time, "Overages") to the Payee.

This Authorization and Direction to Pay shall be PBFC's full and sufficient warrant and authority, and PBFC's payment of the Overages to the Payee shall to the extent thereof satisfy PBFC's obligations to the Member in full relating to any Overages so paid.

This Authorization and Direction to Pay may be revoked by the Member by providing written notice to PBFC and will take effect 10 business days from receipt of said notice. The Member shall provide written notice of any aforementioned revocation to the Payee at the same time such written notice is provided to PBFC. Regardless of the foregoing, PBFC shall be entitled to rely on the notice of revocation provided to PBFC by the Member, shall have no duly to inform the Payee of such revocation (or have any duty to in any manner inquire further regarding such notice) and shall have no other duties relating to such revocation whatsoever other than to comply with the revocation in the time period set out above ,and, for clarity, PBFC shall have no liability whatsoever, to the Member, the Payee or otherwise, relating to the revocation of this Authorization and Direction to Pay other than arising directly out of a failure by PBFC to comply with a properly delivered written notice of revocation by the Member within the time period set out above.

This Authorization and Direction to Pay may be signed originally or by facsimile and PDF.

DATED EFFECTIVE: 3/12/2018

This Authorization applies to: (The Member and the witness to the Member's signature are to print name and sign)

Signature of Member

Witness Signature

(Section 4 of Member Agreement)

TO. Picture Bulle Feeder Co-operative Association ("PBFC") Box 280 Picture Bulle, Alberta TOK 1VO

AND TO: JEAN SCHOOTENE SONS CUSTOM PEROVARD Ltd (the "Payee") The Individual or Organization that will receive the Proceeds

Member Agreement between PBFC and the Undersigned Member RE:

Equity Loans

Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Member Agreement

The undersigned member of PBFC (the "Member') hereby authorizes and directs PBFC to pay the proceeds of any Equily Loans from time to time advanced by PBFC, in its sole discretion, to the Member, to the Payee (along with any holdbacks PBFC has retained from such Equity Loans, when releasable, from time to time).

This Authorization and Direction to Pay shall be PBFC's full and sufficient warrant and authority, and PBFC's payment of the Equity Loans to the Payee shall to the extent thereof satisfy PBFC's obligations to the Member in full relating to the advance of such Equity Loans (it being understood and agreed that any such Equity Loans are provided at the sole discretion of PBFC in accordance with the terms of the Member Agreement).

This Authorization and Direction to Pay may be revoked by the Member by providing written notice to PBFC and will take effect 10 business days from receipt of said notice. The Member shall provide written notice of any aforementioned revocation to the Payee at the same time such written notice is provided to PBFC. Regardless of the foregoing, PBFC shall be entitled to rely on the notice of revocation provided to PBFC by the Member, shall have no duty to inform the Payee of such revocation (or have any duty to in any manner inquire further regarding such notice) and shall have no other duties relating to such revocation whatsoever other than to comply with the revocation in the time period set out above , and, for clarity, PBFC shall have no liability whatsoever, to the Member, the Payee or otherwise, relating to the revocation of this Authorization and Direction to Pay other than arising directly out of a failure by PBFC to comply with a properly delivered written notice of revocation by the Member within the time period set out above

This Authorization and Direction to Pay may be signed originally or by facsimile and PDF.

DATED EFFECTIVE: 3/12/2018

This Authorization applies to: (The Member and the witness to the Member's signature are to print name and sign)

hent Signature of Member

Wilness Signature

Park Wer

Print Name of Witness

ACKNOWLEDGMENT

- To: Picture Butte Feeder Co-operative Association (the "Association")
- Re: Feeder Association Member Agreement between the Association and the Member (as set out below) (the "Member Agreement")

Capitalized terms not defined herein shall have the meanings ascribed thereto in the Member Agreement

The undersigned, knowing the Association is relying on such acknowledgement in extending credit to the Member, acknowledge and agree as tollows:

- 1. Section 8 of the Member Agreement requires the Member to pay a deposit to the Association in the amount of 5% of the principal amount of all Lender Loans and Equily Loans or such greater amount as may be stipulated by the Association (the "Deposit") on or before the date the Association has supplied Livestock, or advanced an Equily Loan, to the Member.
- 2 The Payor (as set out below) has paid the amount of \$ /04496 to the Association (the "Deposit Payment"), representing all or part of the Deposit payable by the Member pursuant to Section 8 of the Member Agreement and Section 34 of the Feeder Associations Guarantee Regulation, Alta Reg 13:2012 (the "Regulations").
- 3 The Association is not privy to, a party to, nor bound by, any arrangement or agreement between the Member nor the Payor with regard to the Deposit Payment or otherwise, but is merely accepting the Deposit Payment for and on behall of the Member (subject to paragraph 5 hereof)
- 4 They have read and understand Section 8 of the Member Agreement and Section 34 of the Regulations, and, without restricting the generality of the foregoing, acknowledge that
 - (a) The Deposit (including the Deposit Payment) will be held by the Association's Lender to secure all toans obtained by the Association for livestock purchased by the Association for all of its members and Equity Loans advanced to its members (and not just the Member).
 - (b) the Deposit (including the Deposit Payment) will be subject to the security of the Association's Lender, and to retention or seizure by the Association's Lender in the event that loans made to purchase livestock for any member or to obtain funds. for Equity Loans for any member (and not just the Member) are in default, and
 - (c) the Deposit (including the Deposit Payment) may be applied in the sole discretion of the Association to reimburse the Association for the debts or liabilities of any Association member who is in default (and not just the Member), subject only to the conditions set out in Section 8 of the Member Agreement.
- If the Deposit Payment, or any portion thereof, is to be returned by the Cooperative pursuant to the terms of the Member Agreement, the Regulations, or otherwise, it shall be returned to the Payor and not the Member, and the Member hereby mevocably consents to the foregoing and mevocably authorizes the Cooperative to take directions from the Payor with respect to the Deposit

Dated.

MEMBER

W. 100 Signature (I Member Witness Signature

Mark Wern

JOHN SCHOOTEN & Sons

PAYOR Signature Payor Witness Signature

SIC SHOOTEN PEr SHAVE Schooten Print Name of Payor

SILL Print Name of Witness

POWER OF ATTORNEY

The undersigned Member (the "Member"), who has entered into a Feeder Association Member Agreement (the "Member Agreement") with PICTURE BUTTE FEEDER CO-OPERATIVE ASSOCIATION (the "Association") pursuant to the Feeder Association Guarantee Act (Alberta) and the Regulations (the "Regulations") hereby agrees, authorizes and directs AS FOLLOWS:

- All capitalized terms used herein without definition shall have the meanings ascribed to them in the Member 1 Agreement.
- 2. The following person(s)

2C hane Print full name of person(s) (such person(s), the "Attorney")

is are hereby appointed as the Member's true and lawful attorney and in that capacity to act on the Member's behalf (as the Attorney in his/her absolute discretion considers appropriate) with respect to anything the Member might exercise, take, give or do itself in with respect to the following matters:

- The supply of Liveslock to the Member by the Association, (a)
- The placement, care, nutrition, and implant regimens of Livestock by the Association on behall of (b) the Member during the relevant Supply Period; and
- (c) the sale of Livestock.

(the "Matters"). For clarity, notwithstanding the foregoing, the Attorney shall not have the power to grant any promissory notes or enter into any other debt instruments, or to grant any security, on behall of the Member in layour ol, the Association.

- Where there is more than one Allorney appointed under this Power of Allorney, the appointment of those 3 persons shall be joint and several
- 4. The Association, nor any of its directors, employees, directors, officers or servants, shall be required to inquire into the exercise of the Power of Attorney or see to the performance or observance of any duty owed. by the Attorney or by another other person to the Member with respect to the exercise of the powers conterred under this Power of Allorney.
- All previous Power(s) of Altorneys relating to the Malters are hereby revoked by the Member. This Power of 5. Attorney shall remain in effect unlii revoked in writing by the Member by written notice to the Association at the address stipulated in the Member Agreement.

IN WITNESS WHEREOF the Member has signed this Power of Altorney on the 19 day of NI , 20 19

CORPORATE MEMBER

Print complete corporate name if Member is a Corporation

Per

Signature and printed name of authorised person

Signature and printed name of Witness

Per:

Signature and printed name of Witness

Signature and printed name of Witness

- -----

INDIVIDUAL MEMBER

Signature and printed name of individual Member

Signature and printed name of authorised person

& Wein

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 141 - 141

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PILITURE BUTTE FEEDER CO	IOPERATIVE														
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23-Jan Puunakin Jack	10005415-012	YEROW	RS1R-	10		Summer	EF1556074	5/30/2024	53,464,75i	145 727 BI	· 大学家 田市	11533	EFE-148	55.499.17	
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24 Jan French Aven	1/ 164 111 015	SERV	R11		194	Guwings Calgary	WIRE746407	10332074	347 540 35	425.260.04	27657.59	11493			
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24 Jan Tupesa Haian	10105011-010	SERD	RECL		010	Gowrros Cargary	WIFE745407	2152024	107 219 48	637 632 70	10413.22	11490			
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24 Jan Gomez Eduardia	10206411-001	SERA	PAT		125	Gessings Dargary	WIRE 745.407	2/3/2054	384 991 55	450.326.19	26544 63	11498			
24 Jan Conver Eduarde	10208411-022	SER3	心理性	150	.296	Gowlerge Calgary	WiRE746407	2/3/2324	1518.147.26	1718.346.17	126 186 57	11,498			
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24-Jan Sertas Camerynni	10072211-002	SERISopt	10146	1994	633	Gowings Calgary	WIRE 746407	12/6/2023	1 199 1/99 47	2.153.662.00	156207.54	11501			
24-Jan Sertas Darbe	10070111-024	SER2	LINEE	107	480	Gowlings Caleby	WIRE740407	1/28/2024	1 999 412 48	2 138.776.71	1/0/294 23	11502			
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24-JAN SAMALINAVIT	10372041-022	SER2:0d	RED		0765	Gowings Calgary	WIRE146407	1.23/2028	1 HBI 520-84	2 137 528 11	1.19218.22	11512			
24 Jan Warren Geerlei	1018x611-012	SERI	LINE		113	Gowings Calgary	WIRE746407	2/3/2024	1.099.193.93	2.3%8387.84	135283.4*	1157.8			
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29-Jan Clark Kaneen	10456011-0138	E71-46	REID	105		Taun	VYTSB1	96/2024	112,813,62	125,539,80	12646 78	11541			

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 142 - 142

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10 Jan Fromie Maac	-B310-11086107	23LYF23E-Y8	LIME		355	Schoolen & Sons-	159414595	5/25/2024	0.98 192 97	4 132 211 22	16518.B	1.5.5.64		
30-Jan Garza Huniterio	10294711-009	SERU	UNF		69	Schochen & Scha	1594 1596	2.32024	121 868 38	120-296-85	8437 67	11547		
30 Jan Garza numberto	10204711-0103	SERA	RH		34231	Schoolen & Soni	1594 1595	10/16/2024	641,337.56	855,567,64	14330.28	11547		
30 Jan Goerteen Perier	10185011.0148	2.30 YF2SF.YS	UNE		58	Schoolen & Sons	1594/1595	8 25 2024	264,062,04	293,546.92	9463.98	11545		
30-Jan Goertzen Peter	10185011-0158	2 SLYEZSE	UHE		372	Schoolen & Sons.	1594-1595	0/29/2024	721 217. 8%	\$39.015 KS	1870156	71543		
30 Jan Germiz Eduardo	10206411-0038	SER5	RFID		1.18	Schoolen & Some	1594 9595	8/17/2024	392 330 50	104.49(25	12139.75	11540		
30 Jan Gomez Eduardo	10206011-0048	SER5	RFID.		214	Schoolen & Sont	1574/1595	E/17/20/24	607.387.64	€25.05E.60	17671.96	X1540		
30 Jan Howg Damon	15206611-0029	SER5	RED		179	Schoolen & Sons	1594 1595	8/17/202A	519 894 26	836.020 61	15126.35	11550		
NI-Jar Hovig Damon	10205811-6038	SER5	RF/D		106	Schoolen & Sont	1594 1595	8/17/2024	335 547 64	01.J.45E 20	8380.58	11550		
10-Jan Howg Damon	1//200611-0049	SER6	RFID		87	Schoolen & Sona	1594/1595	9/25/2024	176 257 66	160 542 22	4384.56	11560		
30-Jan Locke Hugh	10204611-0068	SERG	REID		112	Schoolan & Sons	15/94/15/95	9/25/2024	230 (24 64	236 735 49	6374.55	11551		
30-Jan Louke Hudty	1020461140078	SERG	REID		51	Schodaen & Sona	1594.1595	3/25/7074	759 963 13	179 768 33	198651	11551		
30 Jan Locke Hugh	10204611-0086	SERE	RED			Scholler & Sons	1594 1595	9/25/2024	15-207 60	16.G15.77	205.17	11551		
10 Jan Riley Bradley	10206711/0/01	SERG	LINE		/70-	Schoolen & Sont	1594 1595	2/2/2024	1 607 243 43	1.712.127.64	105684-07	11852		
10 Jan Riley Bradiey	10206711-002	SERA	1.048		170	Schonen & Sons	159411095	2.3 2524	333,365,60	451 724 97	2136737	11552		
70 Jan Siley Stradies	10205711-0038	SERO	REID		524	Schoolen & Sons	1594.1595	975/2024	1.061 597 8.1	1 046 308 96	/4-400 FE	11552		
Ki Jan Serlas Camerynn	10172211 0018	SER7	UNE		429	Schorter & Sons	1594 1595	8292024	831 725 64	85129264	216672	11553		
30-Jan Serias Cameyor	10372211-0048	SERT	1.11-12		50.	Schoolen & Sona	1504/1595	9292024	165.390.20	172,614.58	4274.38	11653		
30-Jan Sortas Dorton	10270111-025B	SER7	LIHT?		475	Schooler & Soro	1594 1598	h 29 2024	999.816 SZ	1 024 895 08	250-02.17	91453		
3 Jan Sertas David	10191011-0148	SER7	1,1+15		153	Schooler & Sons	(594/1596	3 23 2524	6/95 2018 94	123,365,41	15,760,54	VIE55		
Si Jan Serlas David	10191011.D.GB	SER 10	UHE		2.36	Schoolyr & Sens	-594 (596	10/91/2024	485 024 72	495 141.00	8110.57	11565		
30-Jan Sertas Harb	10071011-0268	SERIO	REFECT		150	Schooler & Sord	1694/1595		382 134.60	330,998,65	5267 24	11496		
30-34F Sertai Refs	10071011-027B	SER3	READ				1594(153)5	1/25/2024		629.773.85	1060715	11506		
		SERG	RED		272	Schooler & Scilla		10/17.2024	616 134 60	461 543 16		11200		
30-Jah Serfax Jeronher	10672114-0238				214	Schooler & Son	1594-1595 1564-1595	10/17/2024	457 545 84		0094.32	11552		
No Inti Serfat Jennifer	10072111.0748	SERTO	CH-IET		266	Schooler & Sons	15861594	10/01/2024	547 536 96	729.313.94	10806/92	11201		
Wildyn Sertar Jacoba	102612111128	SERS	10.04			Schooser & Sans		10-16/2024	0.28 20.8 22	1 020 964.23 #95 140.96	13.896.51	11500		
30 Jan Sprtat Kelen	10072011-023B	SERH			16.9	Scription & Sons	1594.1095	10/16/2021	871 225 28		18915-58			
30-290 Softas Revit	10072011-0248	SERG	REID		43	Schooler) & Schu	1554/1595	9.25.2024	80.927.36	82 473.86	1552.18	1 (639		
30-Jan Serfas Kourtrey	10072311-001	SER4	10-6		195	Schooler & Spris	15/44/15/45	2/3/2024	1 521 604.15	110191390	90279.21	1.152-0		
30 Jan Serlas Naultrey	10972011-002	SER4	1.31-07		234	Schoowr & Sam	1594.1695	2/3/2024	142,954,02	052 072 02	26.7.18	11500		
Julial Service Kourtney	10022211-0038	SERG	FEF IEE		49.8	Schooler & Sons	159-4-759-5	10/17.2024	6.15 122 14	626 320 67	11798.03	7 * 56i0		
Toular Serius Routrey	10072311-0048	SE用10	UHF		20-1	Schieler & Sons	1594.1595	10.01.2024	420.122.63	#2h 190 57	6057 94	11580		
Cillar Sertas Münk	10070041-023	SERI	A_31+47	2754	345	Schucen & Sans	159411595	2/3/2024	7 9/0 117 62	2 137 842 02	136424.30	11561		
SC Jan Serlas Mark	10570011-024B	5689	(F)F(開)		6 7度	Scrincen & Sina	1584/1695	10/17/2024	1,000,032,65	1 G*5 670 9X	D)165 28	14551		
30-Jan Serial Staney	10021111-079	与相同性	UNIF		818	Schooler & Sons	(594/1595)	2/5/20/24	1.910.738.68	2,025,663,19	17924-61	11 bn.2		
10 Jan Seria: Shirey	10571111-020B	SERG	RED		-538	Schecker & Spra	5941599	9/25/2024	1.038 473 26	1 108,350 16	20876 86	11562		
10 Jan Waltier Grenja	122301110130128	SERB	RECO		272	Schooler \$ 50m	1594(1595	9/25/2024	557 435 07	570 994 28	13850 21	11582		
31 Jan VarDneston John	0720581141108	Piriti Red Yellow	RH	130		SALE	76KGE	8/15/2024	15401050	101 504 82	64559 N2	11574		
Ut-Jan WartDricksen John	10205811-0198	Pink Hert Velice.	FL14	114		SALE	745%	15:15:2024	292,785.68	N/2 ()/A 34	9568-46	51574		
11 Jan VerDrestmilson	0235615-0136	Piris Red Veilow	Ret			SALE	2850E	8/15/2024	e. 0525, 7.4-	3 206 75	253.01	1.1574		
31-Jan VarDivigter John	10/205611-0119	JVS0424	12.14		GEE .	SALE	75594	B/15/2024	21235676	280.351.27	9641.62	11574		
Ut-Jan VariDietter John	1000820110129	JV S0424	12.64		122	SALE.	PHEM	8//5/2024	NIS 675 02	17: 557 52	170851	11574		
Jan VanDiresten John	10211/01/0158	JV50424	FEH.		14.	SALE	783944	6/952024	11500.50	4 512 79	0.45.21	11574		
	and the second					Sec. 1		a contract	and the second second	Search 1		1.04.2		

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 143 - 143

	CTURE BUTTE FEEDER COOPE	RATIVE														3.6,3
	TATEMENT OF SALES or the month of January 2024 MEMBER'S NAME	Sage Na	Loi Name or Eai tog Color	Brand location	HEAD SOLD THIS MONTH HER	57.R	SOLD TO	INV NUMBER	DUE DATE	Guistanding Loan (Pencipal)	Payout-oversge i Payout payment? Partsi payment applied	Sage Interest posted	Sage Mérest Batch P	EFT: Cheque # Issued to Member	Amount Part to Momber	ENDIN BALAN OF LOAN
Eritaria					1675	icet1				70 007 770 23 57 136 994 30	71,488 23() 2)	0696102.1			(54 +33 60	294577



H 1/2443nvel computers terry 1/23R4W WORKPBEC reports 2024 Lanuary 2024 FU1245 Fill

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 144 - 144

						inspected					
		973 str 4 hfr		8000 UHF 250 ET	\$9,450.00 \$1,706.25 \$11,893,728.10	Contract total					
tal Invoices Ou	tstanding		\$11,811,718.69		\$11,882,571.85						
		orr susizo4 hirs	\$2,105,117.94		92,120,010,00	The second second	01,000,117,00	9121,000,99			
rioleriod		713 strs/284 hfrs 917 strs/284 hfrs	\$1,734.365.22 \$2,105,717.94		\$2,120,976.65		\$1,999,117.66				and a
Preferred	1262023-9 1302023-5	204 strs	\$371,352.72 \$1,734,365.22		\$15,258.71		\$1,964,735.00	\$120,982.34			the second se
Enchant UHF Preferred	1000000	201 -1	6274 250 70		\$2,105,717.94	- int	\$1,755.50	\$120,982.34			The second se
					and the second		\$4 762 20	Price per head			
		2748 str	\$5,475,481.73							-	-
Preferred	1302023-1	835 strs	\$1,664,784.74		\$5,503,902.92						
Preferred	1262023-3	831 strs	\$1,662,411.4)	and and and		\$1,998,870,13	\$1,998,870 13	\$1,506,162.66		
Preferred	1232023-7	95 str	\$189,326.6)	\$28,421.19		\$10,321.82	\$10,321.82	\$7,777.56		
Preferred	01192023-7	987 str	\$1,958,958.9	9	\$5,475,481.73			\$1,988,548.31			
Turin - RH								Price per head	and the state of the		
		851 str	\$1,607,125.1	1		1					
					\$1,616,373.35		\$311,498.51	\$1,304,874.85			
Preferred	1302023-3	97 str	\$205,336.9		\$9,248.24		\$1,782.27	\$7,465.97			
Preferred	01192023-9	754 str	\$1,401,788.1	6	\$1,607,125.11			\$1,297,408.87			
Southwoo	d - REID						\$1,888.51	rice per head			
		313 50	4595,152.1	-							
		319 str	\$593,752.7	4	\$597,213.47						
					\$3,466.73 \$597,219.47						
Preferred	01192023-5	5 319 str	\$593,752.7	4	\$593,752.74				Mark		
Shipwhee					ALAA 344 74				Jennife		
	- de								Jessica	and the second se	11
		1138 str	\$2,029,641.1	7					Humbe		
Preferred	1302023-7		\$86,628.3		\$2,044,099.46		\$1,999,193.94	\$44,905.52	Geertje	111-111	19
Preferred	1262023-7	636 strs	\$1,107,930.3	4		_	\$14,140.67	\$317.63	Isaac		
Preferred	1232023-5		\$302,272.5		\$14,458.29		\$1,985,053.27	\$44,587.90			
Preferred	01192023-	12 290 str	\$532,809.	2	\$2,029,641.17		\$1,783.52 P	rice per head			
Eastlot - I	JHF										
	ttle - To Be Paid										

~15 0m 300

West Lot Preferred	2142023-1	3469 str / 3647 htr	\$13,900,666.75		\$13,900,666.75 \$90,408.78	\$1,953.44	\$12,920.99	\$12,320.00	\$1,986.648.48 \$12,920.99 \$1,999.569.47	\$12,920.99 \$1,999,569.47	\$12,920.99	\$1,295,130,72 \$8,042.27 \$1,303,172.99 633 hd
					\$13,991,075.53		1 CONTRACTOR OF THE OWNER	1017 hd	1017 hd	1017 hd	1017 114	
		3469 str/3647 hfr	\$13,900,666.75				1017 hd	1017 110			1621 103.92	\$41,009.95
& M Schooter	LINE	7116 head						\$236,366.24	\$713,005.60	\$1,060,717.92		\$647.98
	01192023-15	195 str				\$1,990.36		\$1,537.31	\$4,637.33	\$6,898.82		\$12, 127.50
	01102020415	193 20	\$388,121.00		\$388,121.00			\$237,903.55	\$717,642.93	\$1,067,616.74		\$53,785.40
				1200	\$2,477.48				365 head	543 head	318 head	51 head
		195 str	\$388,121.00		\$390,598.48			12 Theory				ST head
		100 54	\$300,121.00		195 str							1
					\$14.381.674.01							
		3664 str 3647 hfr		7700 UHF	\$12,127.50							
					\$14,393,801.51	Contract total						
							had a final					
loe Maclean	\$2,000,000.00											
ody Schooten	\$2,000,000.00	in the second										
insti Schooten	\$2,000,000.00											
mity Schoolen	\$2,000,000,00		21	the second			think a mark					
Aitch Dawson	\$630,009.64	\$390,598,48	\$239,411.16									
esus Ramones	\$719,578,54	\$390,590.40	\$235,411.10		-\$165,359.03							
ustin Schooten					-1105,559.05							
ayla Schooten	The second					and the second second						
ayia Statiouteri	01.000,013.01				1							
hane Schooten	\$210 221 05											

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 146 - 146

									30
									1 100
Schooten - To	Be Paid				and the second second				
Jenoten - To			Carlo Stand			Todd	Jenn	Jenna	Mark
	State of the second				\$2,535.00	784 str	784 str	784 str	784 str
Home Lot			640 570 045 00	\$18,573,945.00	32,333.00	\$1,987,440.00	\$1,987,440.00	\$1,987,440.0	\$1,987,4
Preferred	4042023-1	7327 str	\$18,573,945.00	\$15,573,945.00	the second second second	\$10, 166.52		\$10,166.52	\$10,1
		7327 hd	\$18,573,945.00	\$18,668,957.87		\$1,997,606.52		1997606.52	19976
		1				Henry	Jane	Jessie	Dylan
						784 str		726 str	726 str
			1	Second States of the		\$1,987,440.00		\$1,840,410.00	\$1,840,410
	1					\$10,166.52	\$10,166.52		\$9,414
			the second second	- the second second		\$1,997,606.52		\$1,849,824.41	\$1,849,824
								A.M. ANDER	An open state of the

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 147 - 147

Incure Butte Feeder Cooperative guiny Calculation in the Scenario Where Cattle are Contracted or the Month all: arms of Member Which Crigonication Which Crigonication Which Crigonication Which Crigonication Which Crigonication and Cattle Contracted State "Test": eaule pay umber of Daris of Test Scuty month solf Sumber of Daris on Eauly mount of Cattle Incurs Amount of Cattle Incurs Amount of Cattle Contracted in Lot elling Pres elling Weight elling Date not Xalie Contract Ind Value Schatter on Schatter Mitted State Contracted in Lot elling Date not Xalie Date Ind Yalie Schatter Schatter	NSI-21 Jacknoter Juli Josem (str.) NN4 Colder 31, 2027 Instant 120 Instant 121 Instant 122 Instant 123 Instant 124 Instant 125 Instant 126 Mini Alaure 5 127 Mini Alaure 5 128 Mini Alaure 5 129 Mini Alaure 5 120 Concervice 5 121 Mini Alaure 5 122 Mini Alaure 5 127 Mini Alaure <th>Trans Guenther Maria Kässen Heina Kässen Connella Kässen Did Guenther Baden Schwartka Vera Schwartka Bilan Schwartkes</th> <th>903 5 1.998.444 903 5 1.998.444 900 5 1.998.444 900 5 1.998.444</th> <th>19 39 39 39 39 39 39 39 39</th> <th></th> <th>stration Page</th> <th>syment to Methoder</th> <th><</th>	Trans Guenther Maria Kässen Heina Kässen Connella Kässen Did Guenther Baden Schwartka Vera Schwartka Bilan Schwartkes	903 5 1.998.444 903 5 1.998.444 900 5 1.998.444 900 5 1.998.444	19 39 39 39 39 39 39 39 39		stration Page	syment to Methoder	<
Heres) on Principal Prime	5 607,514.66		Frant Guent		979,988 42 5	34,676.80 5		
ntelest on Equity - Prime - 0.5%	\$ 354 913 Ez 75% Equity/hd \$ 1,061 74		Maria Kat		979,988,42	5	979,988,42	
ouity Available after interest Deduction	5 8.836,710.53	a second second	Helena Klass		979,988.42	5	979,988.42	
guily Per Day	\$ 47,916.51 Total promissory note	5 T 270 529 47	Heinrich Klass		979,968.42	5	979,988 42 979,988 42	
est Equity Payment	5 1 235,452.67 sayment to admin	5 34 676 80	Cornelius Mass		979,968.42 979,985.42	5		
demostration Charge	\$ 34,676.80 Member 3N security	5 7.235 452 67	Judy Guent	NET 2	7/7,700.92	2	373,368,42	
emaining Equity Available quity Per Month	5 1 546.382 07 payment to member 5 309 276 22	5 4.533.435.61	Vera Schwartzknijd	-	410,410.51	-	410 410 51	1
Anthe all all all all all all all all all al	2 247 479 22		ana serwantrafa		270,329.47 \$	34.876.80 \$		7,270,329.47
	pd Apr 5/23							
fonth Two LO May 21	Um z 5 109 276 11 Month TH	Aree .	10 Jun 23 Vera	5	750:302 88			
egoning Equity \$1.546.381.07	Section Beginning	Equity 5	1,737,104.85 Bis Lecurity.	5.				
quity Payout this Month 5 309 276 23	Regenerational \$ 109,276,11 Equity Par	you the Month 5	309.276.22 Fayment to serve	3	155, 840, 15			
inus 5% sec apply to mem sec)	minus SN	seclapply to memised)	aran,	s	45.972.54			
symant to member 5 309,776 21		ta member 5						
emaining Equity Available 51 237 104 85	- Remaining	elquite Available 5	927 628 64 Reyment to Brian	\$	48,97154			
onth Four 10 July 25	80an 5 129,276.21 Month fo		(0.2 mg 22 # un)	4	305.176 21			
sprning Equity 5 927.628.64	Statement Regioner	Edwine 2						
pulty Payout this Month \$ 309,276 21	Payment to Brun 5 109,276.31 16414 PA	eget the Month 5	309 276 21 Payment to Brian	5	309,776.31			
nus SN sec(apply to mem sec)		Sectarizio (General Sec)						
syment to member § 909,276.21		to member 5						
emaining Equity Available 5 618.552.43	Anthur 10	g Equity Avenable 5	308.276 21					
tonth Six 19-Src 25	Bran 5 109.276.21							
epinning Equity 5 109/276 21	5% Securita							
quity Paymet this Month 5 109,278 22	Payment to Bicani \$ 109,279 21							
mus 5% sec(apply to mem sec)	a construction of the second							
syment to member 1 01.216 71								
time-ning Equity Available								

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PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 148 - 148

																16.2
	CTURE BUTTE FEEDER CO	OPERATIVE			TEAD											
	or the month of January 2016.		Lo: Name		50.0						Payoundverace			EFT/		END
mm f 11	Contraction of the second		67	Brand	THE					Dutitaniang	Paydia' payment/	5336	Sage	Cheque #	Amount	BALA
		Segn	Einter	location.	MONTH			9NV	DUE	Libari	Parbal payment	Interest	Interest	Essueis Io	Pacts:	0
TATE	MEMBER'S NAME	No	Calor		HER	SIR	SOLD TD	NUMBER.	DATE	(Principal)	applied'	posted	Elator #	Member	Mercor	10
S. Jan M.	unav Brasi.	10050518-024	EM7300	RED		122	Tites	Vedi91	15 2074	615 626 77	414.585.55		11059			401
	unity Neth	10050111-017	NM7302	R) (D		122	Titley	VEGES	20/2024	\$35 965 40	420.631.30		11470			312
	on uman Aart	10004011-131	VERW	- 14	15	14.00	Ab Pitter	70769	2/23/2024	458 314.99	299.977.39		11-071			133
	ouneing Andy	10027311-031E	APE Butte 23	REID	4		.85	603/05346	9132024	482 553 58	12,851,24		11472			471
	ovraelico Avita	10027011-029	AH1123	REID	325		As Pine JBS	10807/08/603005346	2/27/2024	23.961.32	351 2011 13	#1309.37	11475	EFT1712	1275 830-44.	
to-Jan Bo		10171311-0406	Winter	ES	100		Carpli	£44507	9/12/2024	162 063 34	10.172.56	- and a second second	11079			151
to Jan W		10115011-133	GW1026	LIHESHW	546	1	Cargo	#.44GD9	5/15/2024	178 809 98	187,210,21	8270 22	21480			
10-Jan W		10115011-134	GW1026	UHECHN	67		Carpit	6.44609	5 18 2024	413 570 30	118 115 64	5164 76	\$1460			
10-Jan W		10175011 135	GW1028	LHELHN	36		Carpli	5446CA	5/18/2024	165 047 44	172 019 96	7059 52	\$7480			
	anven Jack	10205411-012	ve ov	LR	76		Summe	EFT	54/2024	160 795 57	314 958 At	7965.05	11480	EET1775	10 101 02	
	surveen Jack	10205411-013	YEION	RS1R-	29		Summe	EFT	5/30/2024	148 774 95	65245.21	1.202.02	11452	20110	120.02	83
	UTTay Broek	10050511-024	EM7000	REID		43	JF MUTDY	EFT	18/2024	401.096 12	129.630.15		11483			261
12.Jan 14		10050511-024	EN/7000	REED		491	Tcan	V7020	16/2024	251,415,97	327 851 14	66435 17	11483			
18-Jan Ba		10206211-001	Tan	RFID		11	Kol Fame	P24025	5.5/2024	254,999,83	41 636 31		11488			.213
	elseux Bradley	1015-011-014	Line	RFID		1.0	Kok Famil	P24024	5.5(2124	255.026.08	41,696,34		11490			-213
19-jan 53		10206211-001	Ten	REID		1	Kok Famil	P24028	5/5/20/24	213,160,52	1.540.27		11526			211
	bitreua Bradies	10151011-014	Line	REID			Kole Farms	P24027	582024	711 189 77	1,560.27		11527			215
	ever Wayne	10117011-317/8	WW1053	UNE/Rely	47		AE Plints	LFT	10/12/2024	203 300 87	137 922.96		11528			65
	eve: Sonya	10115111-027B	5W1034	LHI-	- 263		AB Prima	EFT	01/16/2025	615,660,61	856 974 18.	21313/67	11529			
22-Jan Cit		10156011-0138	E23-46	RFID	75		Thin	V7058	8/52024	326,327,90	313 414 88		11531			12
	Jurveon Jack	10205411-013	Yoligiv	RSLR-			Summit	EFT555074	5/30/2024	F3 487 75	187 727 81	6774.69	11533	EFTIFIE	55.477.37	
	impschiper Kevin	10182011-015	SERC	7210		131	Gowings Celary	W/RE746407	123/2023	217.770.85	286 425 85	18654 97	11491			
	Lmpschnier Kevin	10162011-016	SEH2	REC		126	Gowings Calgary	以底匠746407	1232024	226,200.90	252, R66, 44	16455.54	11491			
	impschroer Kenn	10162011-017	SER2	REID		805	Gowings Calgary	W1RET46407	7/23/2024	1 SEX 960 11	1491.073.97	P7113 86	11491			
24 Jan Du		10204911-008	SER2	RH		195	Gowings Calgary	WIRE746437	1/23/2024	407,193.00	430 2 3 55	28 249 89	11492			
24 Jan 04	inn Mari	10204-11-005	SER2	RFID		925	Gowings Calgary	WIRE746407	1.23.2024	1 558 090.41	1666-605.82	108548 41	11492			
24 Jan Du		10204911-006	SERE	REID			Gravings Galgary	以明日746年(7	2/3/2024	28:087.29	29.931.061	1848.77	11492			
24 Jan Fre		10184011-015	SERY	RH		194	Gowing: Calgary	WIRE746407	×23 2024	387.563.38	425 210,64	2769/29	15443			
20 Jan Fre		10184011-016	SEP2	UHP		078	Gowlings Caldary	WIRE746407	1/23/2024	1.521.048.27	1 627 010:02	105961 75	11493			
24-Jan Fra	COLOR REAL PROPERTY AND INCOME	101880:1016	SERY	REID		-319	Gowlings Calgary	WIRE7/(E-40.7	2/3/2024	597.219.45	637 652 76	00413.22	11495			
24-Jan Fre	de se Isiral	10183011-017	SEPJ	REID		167	Gold-Ringt Calgary	WIRE746407	2/3/2024	1 304 874 86	1.393.124.37	85299.52	11435			
24-Jan Ga	rza Humberto	10204711-006	SER3	UHE		25	Gowlings Calgairy	WIRE746457	23/2024	56,051.71	85 685 4D	2793-63	11436			
24-Jan Ga	rza ré.imberto	1020-1711-007	SEF.3	REID		164	Gowlengs Calgary	WIRE146407	832024	311,498.51	332 577 27	21078.76	11496			
	12.3 Hi.mbeito	10204711-008	SER3	RH		752	Gowlings Calgary	WRE745407	232024	1 506 162 66	1.60E.0E3.1Z	101920-46	11436			
24-Jan Go	berizen Pelar	10165211-013	SERIAUZ	URF	548	6.89	Gowlings Caldary	W3RE746407	12.6/2023	1 993,713 68	2 143,467 38	155753 7	11.097			
34.an Go	Print Edumbo	10296411-001	SEFJ	RH		191	Gowlings Cillipliny	WIRE746407	232024	384,951 56	410 368 18	25344.63	11498			
	met Eduardo	10296411.002	SER3	UHE	362	296	Gowlings Calgary	WRE746407	213.2024	1-513 147 26	1.719.346 17	106,198,91	1149音			
24-an Ho		10206611-001	SERG	1,018		1063	Gowings Calgary	WIRE746407	2.5/2924	1 395 572 88	2 130 145 21	131572.72	11499			
24.an Lot		10204611-005	SER 1 Det	3,/197	392	988	Gowlings Calpany	WIRE/ash07	12.62023	1,991,787.94	2,148,852,30	155554.15	11500			
24-Lar 50	rtas Camerynn	10072211-002	SER 1Sed	UHE	592	6.83	Gowings Calgary	WIRE746407	12.6/2023	1.999,459 47	2,165,662,03	166202.56	11501			
24	dus Dates	100701114024	SER2	LOHF.	697	490	Gowlings Calgary	WIRE 746-007	1.23/2324	1,999,412,46	2,158,700,71	139294.23	1150Z			
24 Jan 56		10191011-015	SERT	1,0 #		704	Gowings Calgary	WIRE 746-107	12/6/2023	1,089,179.07	1,182,516 44	93337 37	11504			
24	rfaid Darvid	10191371-016	SERT	LINE	16.3	201	Gont ings Calgary	WIRE7-06407	126/2023	500,553-33	539,657 73	39104.42	11504			
24-Jan Ser	risio David	10191011-017	SERI	RFID		162	Gowlings Calgary	WIRE746407	12/6/20/23	203,199.38	263,761 12	20561 74	11504			
24-Jan Ser	rlas Hirth	10071011-024	5561	RFID		43,2	Gowings Calgary	WIRE746-107	126323	7/62/647 71	843,790.00	61142 29	11509			
24-Jan Ser		10071011-025	SERT	REID		546	Gowlings Calgary	WIRE746407	12:6/2027	1217,27109	1,312,367.33	95096 14	11509			
	rfas Johnder	10072111-022	SERG	RH		.99%	Gowlings Calgary	¥51RE746-407	2'2/2024	T 095.670 13	2 134 131 62	125261 49	11510			
24 Jan Ser		10203511-011	SER3	RH		308	Gowiings Calgary	WIRE746407	2/3/2024	1.995.870.13	2.134.131.62	525261 49	11511			
24 Jan Ser		10072011-022	SERVICE	REID		1,068	Gawings Carpery	WIRE746407	1/232024	1 936 320 54	2 137 539 16	139218.22	11512			
24 Jan Wa	I'mer Grente	10490011-012	SERS	UNE		1113.	Gowlings Calgary	\$X IRE746407	2/3/2524	1 999 193 93	2.130 077 34	135253 AT	11513			
25-Jan Mu	may Austen	10050311-037	AM7001	REID	250	123	Titlan Lovestock	V7062	4/25/2024	25 007.41	57,291,99	32224 58	11536			
29 Jan Var	nde veen Et	10205511-007	White	RIFI		60	Varie#	EFT012524	5/30/2024	45,716,74	224,501.31	13662 =		EFT1785	178.022.47	
20. ma 110	erk #Carliner:	10156011-0138	E2346	REID	105		Titary	V7:01	9/6/2024	112.913.02	125 559 80	12648 78	11541			

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STATEMENT OF SALES				HEAD						and the second of			EF1/		-
ular Kain. For the month of January 2024		Lot Name		SOL0					Outstanding	Payout-skierage	Press	Salak	Chegue #	Amount	ENDIN
curr # TX		07	Brand	THIS			1167.	DUE	Loan	Payou payment. Partial payment	Sage	Pribred.	Enved to	Paid to	OF
ATS MEMBERS NAME	Sage	E.a. tag	ocator	HER	STR	SOLD TO	NUMBER	DAFE	(Principal)	applied	smulet	Batch a	Member	Member	LOA
	NO	Celor	REID	BC	214	Tran	\$7091	96.9074	145,221 00	198.542.04	4409 12	11541	EFT:785	49 211 92	
29-Jan Glark Karleen	10156011/0148 10172011-0298	E23-46- Blue Red	LH	36		185	603005819	19/17/2024	38,936 21	120,044,64	1304 48	11569	EFT1767	59 803 98	
30-Jan Sinite Jondan	10162011-0198	SER-LAN	RFID	-20	392	Schooten & Song	1594 1395	5/17/2022	1.100.728.16	1 139 255 72	36527.56	11543	FLI CON	-ar 5600-36	
30-Jan Campschroer Kevin 36-Jan Dunn Mark	10203011-0078	SERFLMN	REID		- 92	Schoolen & Sons	1694 1595	8:17/2024	258,335 93	267 377.24	9042 21	11544			
30-dan Dunn Mark	10204911-0088	5ER0P112345	REID		267	Schooler & Sono	1594 1895	8179024	151 159 12	776.18335	25024.26	115.44			
30-Jan French Allan	1018/011-0178	SER4	REED		63	Schooler & Stills	5904 Y595	6 17/2024	105.171.18	201,873 14	8501.98	11545			
3C-Jan French Alvin	10184011-0158	SERA	RFID		25.5	Schoolen & Sons	1594 1695	8 17 2024	854 163.63	911,567 17	27 40 1 20	11545			
30-dan Freeso baasc	(0188011-018B	Z3L VF2SF-YS	LINE		355	Setvicen & Sons	15/04/1695	8/25/2024	1 096 192 97	1 132,711 77	36518.8	15546			
50 -day Gares Humbarts	10204711-009	SER3	LIHE		6.0	Schooler 5 Sona	1564 (595	2.3/2024	121 855 98	130,295.65	8437.67	11547			
3C Jan Garza Humberto	10204711-0108	SERA	FD+		205	Schoolert & Sprie	1504 1595	10/16/2024	641,337.55	655,987.84	14330.28	11507			
3C-Jan Geertzen Peter	10185011-0148	23, VE2SE-VS	LDHF		192	Scholpten 5 Sprie	1591 1595	8/25/2024	284 052 94	293,545,92	\$24E1.95	815.48			
30-dan Goertzon Peter	10185011-0153	Z3: YE2SF	UNF		372	Scholother 5 Sons.	1554 1595	9/29/2024	721.217.79	739 319 45	15701.65	13548			
3C-Jan Gomes Eduardo	ER 00-114-30207	SERS	RED		138	Schooler & Sone	15941595	B/17/2024	392 357 50	40.4.490.25	12159.75	11549			
30-Jun Gomez Eduardo	10206411-0048	SER5	ME10		214	Scholpten & Sona	1594 1595	B/17/2024	起11 367 64	825 059 82	17671.95	11549			
3C-Jan Howg Dumion	10206611-0028	SERS	REID		170	Schoolen & Sons	1594/1595	8/17/2024	519 394 26	585,025.81	15126.35	11550			
30 Jain Howd Damon	10256611-0038	SERS	REID		10E	Schoolen & Sons	1594/1595	8/17/2024	305 047 64	319 ALB 20	8,550 55	11550			
30-Jain Howg Damian	10206611-0048	SER6	REID		67	Scholpter & Sons	1594/1595	9/25/2024	176 257 66	180.642.82	4384.55	11550			
3G-Jim Locke Hugh	10204611-0058	SER6	RED		132	Schoplen & Sons	1594/1595	9252024	230 624 64	236,799,48	61,74,85	11551			
30'Jan Looke Hugh	10204611-007B	SER6	REID		161	Schoolert & Sons	1594/1595	9257024	758 503 13	1719 768 225	19655.1	11551			
30-Jan Locke Hugh	10204611-008B	SEPR6	REID		8	Schomen & Sons	1594/1595	975/2024	16,207.60	16,E10,E1	400.17	11551			
30 Jan Riley Bradley.	10206711-001	SER4	(JH)F		7.79	Schoolen & Sons	1594/1595	20/2024	1 607,242,43	1,712,927,84	105684 41	11552			
30-Jan King Bradiey	10206711-002	SER4	LO-UF		174	Schooke & Sona	1594/1595	2/3/22/24	333,365.60	351 /24,97	21359.37	11962			
30-Jan Riley Bradley	10206711-003B	SERG	RED		524	Schooler & Sons	1594/1595	9/25/20/24	1.661,597.80	1,088,005.96	26408.16	1155.2			
30-Jan Serfas Cameryrin	10072211-003B	SER7	LEHE		429	Schooten & Sons	15(94)15(95	9292024	831,725,64	653,252,64	21567.9	11553			
30-aan Sertas Camerynn	10272211-004B	SER7	CEHE		80	Sthooler & Sons	1594/1595	3232224	\$58,390.20	172.614.68	4224-35	11,553			
3G-Jan Serlas Durple	10070111-0258	SER7	LIHE		475	Schoolen & Sphil	1594 1596	9292024	999,B16 E2	024,899.05	250E2.23	11554			
30-Jan Serias Devid	10191011 0188	SER7	T30.4E		299	Schoolen & Sons	1594/1595	9282024	608,308.94 496,024.22	523,569,45 195,141,09	15260.54	11585-			
30-Jan Serias David	10131011-0198	SERTO	LIHE		236	Schoolen & Sons		10/11/02/22/2			5661.01	11555			
30-Jan Series Herb	10071011-026H	SEPU	RED		1.06	Schodler & Sons	159411098	3252024	352334.00	580 995 81	13857.15	11550			
30 Jan Serlas Herb	12071011-0278	SERM	RF(1)		292	Schooler & Solut	1594 1598	10:17/2024	451 5-69 84	461,548,76	3904 39	11561			
30 Jan Serlas Jennifer	10072111-0235	SER0 SER10	REID		21)4 286	Schooler & Sons Schooler & Sons	1598 1595	10/17/2024	647,606,96	558,313 88	10506 92	11557			
30 Jan Sertes Jewyfer	10072111-0248 10200511-0128	SERE	RH		476	Schoolen & Sons	1594 1595	1016/2024	909,255-22	1.020.984 23	21696.01	11558			
30-Jan Sectas Jessica 30-Jan Sectas Kevin	10072011-0238	SERE	EH		175	Schooter & Sonal	1594/1995	10 16/2024	671 225 28	890, * 4) 80	1691558	11595			
30-Jan Sortas Kekin	10072011.0248	SERG	READ		43	Schoolen & Solid	1554 1595	3.25.2024	80 927 35	82,473,56	(6.5.) 18	11559			
50 Jan Serlis Houtriey	10072211-003	SERV	WHE		806 I	Schooler & Solut	1594 1595	2.3/2024	1,521,634 75	1.611.913.96	96279-21	11560			
30 Jan Seria: Koutney	10072311-002	SERA	UHF		234	Schooten & Sonk	1594,1596	23/2024	449 954 02	469.072.02	26116	11500			
50-Jan Serfat Kouthey	10072311-003B	SERS	REFIE		491	Schuoten & Sony	1554 1595	10.17/2024	E15 122.64	126 927 67	5179503	11560			
30-Jan Sertas Kourney	10072311-0048	SER 1J	UNF		224	Schoolen & Sony	159.4.1595	10/31/2024	430 122 63	428 180 57	8057 94	11560			
30-Jan Sertas Mark	10073011-023	SER.)	UHE	284	545	Schoolen & Sona	1594 1995	2(3/2024)	1,999 117 68	2 437 542 62	136424.30	11561			
30-Jan Serfas Mari	10070013-0248	SERG	#FRD		175	Scrootin & Scns	1594/1595	10-17/2024	1.000.432.65	1,619 620 93	19168.28	11561			
30 Jan Serflet Shirley	10071111-015	SERI	LIHF		(89B	Schooten & Sona	158-4/1585	2/3/2024	1.010.738 68	2 038 668 19	117924.51	11583			
30-Jan Serfas Shirley	1007111-0206	SERÓ	REID		636	Scholoten & Sons	1554/1595	9/25/2024	1 358 473 28	1.129 250 16	20:575.88	11562			
30-Jan Warner Genrije	BE10-11000101	SERd	PFID		275	Schooten & Sona	1584/1595	9/25/2024	557 135 07	570 894.38	13859/21	11563			
31-Jan VanDriesten John	10205811-0108	Put Red Yu ow	RH	118		SALE	78598	6/15/2024	154 915 50	191 504 82	6589.82	11574			
31 Jan VanBriesten John	10205511-013B	Pirk Red Yolow	Filt	217		SALE	765.30	8/15/2024	202,785.55	302 354.34	9588.46	* 1574			
31-Jan VanDresten John	10205811-0148	Pink Red/Ye'row	104	- 6		SALE	78596	8/15/2024	8,955,74	9,208,75	253 01	:1574			
31 Jan VanDresten John	10205811-011B	JV50474	RH		165	SALE	78594	6/15/2024	270,655 65	280,301.27	9644.62	11574			
31 Jan VanDriesten John	01205811-0128	JVSD424	RH		783	SALE	765/94	8/15/0024	363,672,03	375.567.12	17885-1	11574			
31 Jan VarDresten John	10205811-0.158	5VS0424	RH		19	SALE	785994	8/15/2024	13 564 58	34 512 79	948.21	11574			

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																34
	PICTURE BUTTE FEEDER COOPE STATEMENT OF SALES For the month of January 2024		LS NATH S	Brand	HEAD SOLD THIS					Outstanding	Payout overage / Payout payment	Sage	Sage	EFT: Dheque #	Arrount	B of 3 ENDIN BALANI
DATE	MENBER'S NAME	Sage No	Ear tag - Cuicr	location	MONTH HER	STR	:SOLD TO	NUMBER	DUE DATE	Loan (Princpal)	Partisi paymenti appiled	posted	Interest Eaton #	ksued to Momber	Paid to Member	OF LOAS
Lores	6,7				5620	30930				70.087.770 23		36351021			654 133,80	2546175
										67 138 994 30						

H: (2)Howedombulars terry 123R4W/WORK/PBFC reports 2024 January 2024 F0124S xis

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 151 - 151

AGREEMENT BETWEEN AGREEMENT BETWEEN ADD ADD ADD ADD ADD ADD ADD		
PREFERED LIVESTOCK AND The S&C Schooten Group who have financed cattle with the Picture Butte Feeder Cooperative including: Jan 27° 2021 Date: Contract Number: 47891 Number of Head. 25,000 Identification: <u>RFID and UHF</u> Purchase Price: \$1.60 CAD per pound Base Weight if applicablena		
AND The S&C Schooten Group who have financed cattle with the Pricture Butte Feeder Cooperative including: Jan 27° 2021 Date: Contract Number: 47891 Number of Head. 25,000 Identification: <u>RFID and UHF</u> Purchase Price: \$1.60 CAD per pound Base Weight if applicablena		AGREEMENT BETWEEN
Date: Contract Number: 47891 Number of Head. 25,000 Identification: <u>RFID and UHF</u> Purchase Price: \$1.60 CAD per pound Base Weight if applicablena		AND chooten Group who have financed cattle with the
Number of Head: 25,000 Identification: RFID and UHF Purchase Price: \$1.60 CAD per pound Base Weight if applicable	Date:	Jan 27" 2021
Identification: RFID and UHF Purchase Price: \$1.60 CAD per pound Base Weight if applicable	Contract Number:	47891
Purchase Price: 51.60 CAD per pound Base Weight if applicablena/575 ,4.4 Silide if Applicablena Weigning Conditions4% am 5% pm Anything not acceptable will be sorted out To be slaughtered from Feb 1 to Dec 31 2021 	Number of Head	25,000
Base Weight if applicablena /5 75 424 Slide if Applicablena Weigning Conditions434 am 556 pm Anything not acceptable will be sorted out To be slaughtered from Feb 1 to Dec 31 2021	Identification	RFID and UHF
Slide if Applicable	Purchase Price:	51.60 CAD per pound
Weigning Conditions43% am 55% pm Anything not acceptable will be sorted out To be slaughtered from Feb 1 to Dec 31 2021	Base Weight if applicable	1575 KA
Anything not acceptable will be sorted out. To be slaughtered from Feb 1 to Dec 31 2021	Slide if Applicable	666
To be slaughtered from Feb 1 to Dec 31 2021	Weigning Conditions	4% am 5% pm
A	Anything not acceptable will be	sorted out.
A A	To be slaughtered from Feb 1 to	Dec 31 2021
A A		1
	A	
On Behair of the SEC Group United Sector On Denair of Presetted Colorado	On Behalf of the Sac Group	On benalf of Preferred Luestank

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 152 - 152

LOUTLY LOAN PROMISSORY NOTE

Due Date: March 21 2020 Member Name Marke Weir Member Identifier 10177005-06 SHM0320

For value received, I, the undersigned, promise to pay to Picture Butte Feeder Co-Operative Association the principal sum of \$ 78548.00, plus interest on the principal amount, from the date of execution set forth below, at the rate of Primet. 5, per annum". both before and after demand

"P" or "Prime" if used in this promissory note, means the prime rate, from time to time, published and charged to the said Feeder Association by BMO. Payment shall be made on the due date. or demand, whichever first occurs.

Dated May 10 7019

Signature and printed name of Witness

Terry Bodnar

Per much lean

Signature and printed name of Member

36

Mark aker

[Completion Instructions: Insert a fixed rate if interest is fixed, "Prime plus (insert rate)" if the rate is above prime. "Prime minus (insert rate)" if the rate is less than prime and "Prime" if the rate is prime]

Calculation of Principal:

Cuese Schooten

	Equity Loan: Secretary 940 + 200 = 188000 + 9400 gst = 1974.00 Administration Fee Superviser 940 + 200 = 188000 + 9400 gst = 1974.00	
	Promissory Note Principal 88548.00	
чач	3943.00 admin 230 Sts Homelo 88543.00	

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Picture Butte Feeder Cooperative in the Scenario Where Cattle are Contracted March april 3015 Mittadien Garzan what is the Lot Closed Date? March 91, 1911 10 Nomber of Days in the Lot Closed Month Number of Days in the Next Month 40 1,315,075.04 č. Number of Cattle Contracted Percentage of Califie Contracted in Lot

RFID SHM0320 Ionna Ment 10173111-04 465 https://Mossleigh

math, WERLE	10177011-03	1966 19862	MOSSIEIRI	2011145
	10177011-04	108 files	Mossleigh	5011198
	10177011-05	230 5115	Homelot	SC5196
	11 dead	721 6/16	Mossteligh	
		230 str/s	Homelot	- 20

Month Two		May 19
Number of Days in Muniti		31
Number of Cattle		940
Number of Deads		0
Number of Cattle Contracted		940
Beginning Equity	5	509,280.72
Equity Payout this Month	ŝ	65,565,00
minus 5% sec(apply to mem sec)		
payment to member	\$	65,565.00
Remaining Equity Available	5	443,715.72
Mark Weir		

Equity Calculation

for the Month of:

Name of Member

Which Organization

Total Number of Days

Number of Cattle much Shimbler of Deads

100% of Target End Value Equity Calculation 755 Equity Available

Remaining Equity Available

Payout this Month Administration Chaige

Amount of toar

Selling Price Selling Weight Setting Date End Value

Month Four		000-102	
Number of Days in Month		31	
Number of Cattle		940	
Number of Deads			
Number of Cattle Contracted		940	
Beginning Equity	5	380,265.72	
Equity Payout this Month	Ś	65,565 00	
minus 5% sec(apply to mem sec)	\$	3,278 25	
payment to member	\$	62,286.75	
Remaining Equity Available	5	314,700 72	

		_
Month Six		Sep 19
Number of Days in Month		30
Number of Cattle		940
Number of Deads		
Number of Cattle Contracted		940
Beginning Equity	5	249,135.72
Equity Payout this Month	s	63,450 00
minus 5% sec(apply to mem sec)	\$	3,172 50
payment to member	S	60,277.50
Remaining Equity Available	S	185,685 72

Month Eight		
Number of Days in Month		
Number of Cattle		940
Number of Deads		
Number of Cattle Contracted		940
Beginning Equity	-	185.685.72
Equity Payout this Month	5	
minus 5% sec(apply to mem sec)	5	
payment to member	\$	
Remaining Equity Available	5	185,685 72

	1100	
	101	
5	2,112,180.00	
W N N N N N N	2,112,180.00	
5	797,104 95	1
\$	597,828.72	May-19 PANE WER
.5	84,600,00	Total promis
5	3,945 00	minus 5% sec(apply to member sec)
5	509,280 72	payment to admin
		payment to member
		1
Mor	th Three	hin 19
Nun	iber of Days in Month	30
Nun	iber of Cattle	940
Nun	iber of Deads	
Nun	ber of Cattle Contracted	940
Beg	ming Equity	\$ 443,715 72
Equ	ty Payout this Month	\$ 63,450.00
THE	us 5% sec(apply to mem :	er)
payr	ment to member	\$ 53,450.00
Rem	aining Equity Available	5 380,265.72
	nth Five	Sug-19
	iber of Days in Month	47
	ther of Cattle	940
	iber of Deads	
Nun	iber of Cattle Contracted	
	nning Equity	\$ 314,700.72
	ity Payout this Month	\$ 65,565.00
THEFT	us 5% seclapply to mem :	
	ment to member	5 62,286.75
Rem	aining Equity Available	\$ 249,135 72
1400	ath Fauna	

Month Seven
Number of Days in Month
Number of Cattle
Number of Deads
Number of Cattle Contracted
Beginning Equily
Equity Payout this Month
minus 5% sec(apply to mem sec)
payment to member
Remaining Equity Available

Month Nine
Number of Days in Month
Number of Cattle
Number of Deads
Number of Cattle Contracted
Beginning Equily
Equity Payout this Month
minus 5% sec(apply to mem sec)
payment to member
Remaining Equity Available

	9	40	
	3	40	
5	185,685 7	2	
s			

5 s 5 185.685 72



946 \$ 185,685 72 s \$ \$ \$ 185,685.72

\\LENOVOSERVER\hdrive\(Z)Hdrive\computers\terry\My Ducuments\PBFC Equity Draw spreadsheet\Contract - (Mar-April 29) Schooten(Weir Ment) homelof: Moss SHM0320

SCH199

\$ 88,548.00

3.948.00

Ś \$ 84,600.00

Eg

Picture Butte Feeder Cooperative Equity Advance Inspection Form

I. Brock Mutray Supervisor of the Picture Butte Feeder Cooperative have inspected the cattle described below that are under the Equity Advance Program. I have found these cattle to be in compliance with this program and authorize the Secretary to make feed advance payments.

Date of Inspection	May 3/19,
Member Name	Schooten
Number of Head on Contract	721
Sex	HRS - RFIDE Mossleigh
Quality of Animals	High'
Date Cattle Went on Feed	Marcinzi lig
Number of Days on Feed	40 days
Death Loss	11
Net Number of Cattle on Feed	710
Estimated Weight	950 lbs
Initial Weight	180
Ration: Backgrounde	er Finisher
Brock Murray Supervisor Picture Butte Feeder Cooperative	
Richard Haney Secretary Picture Butte Feeder Cooperative	-2919
50	CH192 SCH199 117 CH198420.819 CH4967.419 MGRI

Picture Butte Feeder Cooperative Equity Advance Inspection Form

1. Brock (Murray Supervisor of the Picture Butte Feeder Cooperative have inspected the cattle described below that are under the Equity Advance Program. I have found these cattle to be in compliance with this program and authorize the Secretary to make feed advance payments

Date of Inspection		Apr 21/14	
Member Name		Schooten	
Number of Head or	Contract	230	
Sex		Shs-RFIDCh	omelot
Quality of Animals		High '	
Date Cattle Went o	n Feed	March 21/19	IN RELEASE
Number of Days or	Feed	40 days	Fens J
Death Loss		Q	2
Net Number of Cat	tle on Feed	230	1
Estimated Weight		875 lbs V	
Initial Weight	-	744	
Ration:	Backgrounder	(Finisher 7 /	, ,
Brock Murray Supervisor Picture Butte Feede			
Richard Haney Secretary Picture Butte Feedo	er Cooperative		
Comments:	5	CSI96 WHI	TE TAGS



P: (587) 787 1539 F: (587) 787 1852 office@pbfccattle.com www.pbfccattle.com #120 876 Heritage Blvd W Lethbridge T1K 8G1

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January 25, 2024

[PBFC Member]

Dear Sir or Madam:

Re: The Picture Butte Feeder Co-operative and the Provincial Supervisor

Past Operation and History

As many of you are aware, the PBFC has been in existence since 1991. Since inception in 1991 to the end of December 2023, the PBFC has advanced \$1,990,636,035.03 in loans to its membership with all interest and principal being fully paid. There have been no defaults. The PBFC is proud of its history, and the contributions it has made to the operation of feeder co-operatives within the province. It has enabled members to raise cattle, build their farm business and make significant economic contributions to Alberta's agricultural economy. The PBFC has also shared its learnings with other feeder co-operatives across Alberta with respect to tagging and tracking cattle. It has been happy to do so because this type of sharing makes Alberta's cattle industry better and stronger – which in turn helps all participants in this industry.

At all times during its operation, the PBFC has received positive audits of its files and worked co-operatively with every Provincial Supervisor in that position. Any minor regulatory issues have always been dealt with through straightforward conversations undertaken with a common purpose of ensuring parties are working together to allow the program to properly function. However, with dismay and disappointment, the PBFC can confirm that this no longer appears to be the approach being undertaken by the Provincial Supervisor – which is what brings us to this letter today.

New Approach of Provincial Supervisor and the Order

On October 18, 2023, after a virtually clear September audit of the PBFC's files, the Provincial Supervisor for the Feeder Guarantee program issued an order against the PBFC related to the eligibility of a number of members of the PBFC. The Order restricts the PBFC's ability to supply livestock or give advances to members named in the Order. It prevents the PBFC from withdrawing funds from its security deposit account unless permitted by the Provincial Supervisor. The PBFC is currently appealing this Order.

Since the issuance of the Order, the PBFC has repeatedly requested meetings with the Provincial Supervisor. These requests went unanswered until mid-January of this year.

Through this appeal process, it has come to the attention of the PBFC that the Provincial Supervisor is applying a new and more conservative approach with respect to membership eligibility requirements under the *Feeder Associations Guarantee Act* ("Act") and its associated Regulation. This new approach is being applied without any educational program to ensure Albertans are aware of how membership eligibility is now being considered. Further, it is being applied without any opportunity for the PBFC to work co-operatively with the Provincial Supervisor to bring itself into compliance.

Instead, as some of you are well aware, the approach of the Provincial Supervisor has been to engage in an extended "investigation" consisting of reviewing member files and contacting members and those close to them to investigate their circumstances. This has resulted in confusion, anxiety, stress, and speculation within the community about the future of the Feeder Guarantee program and their own ability to access it. It has also generated significant concern and rumour regarding the propriety of our neighbours and co-members business activities. This has left many of us feeling uncomfortable and on edge - all without clear direction from the Provincial Supervisor about how to evaluate existing members and whether they meet the required criteria for membership.

We encourage all members to get their own legal advice before speaking to members of the Provincial Supervisor's investigative team. We note these conversations appear to have been recorded.

Next Steps

Given that the current approach by the Provincial Supervisor creates uncertainty for PBFC's members and the PBFC itself in terms of its ability to continue to function, the PBFC has decided take the necessary steps to evaluate its operations and its membership. It is in the process of developing criteria it will use to evaluate the continued eligibility of its membership and its operations. In this way, it hopes to create some certainty for members going forward.

The PBFC will need to undergo this process in order to conform to the new manner in which the Provincial Supervisor has determined he needs to fulfill his role. It does not appear that the Provincial Supervisor is concerned about how this new approach changes the manner in which the program operates or provides support to the members of the PBFC.

A committee of the Board will work with legal counsel in conducting this membership review. In connection with this, the PBFC may have questions related to membership that it might need to ask its members. Please be advised that you may be contacted by the PBFC for information in this regard and we would ask for your support and co-operation.

Ultimately, the PBFC wants to work co-operatively with the Provincial Supervisor to ensure it and its members are in compliance, and that the Feeder Guarantee program can provide the support it was intended to provide to the people it was intended to provide support for.

Yours truly,

Shane Schooten Chairman

Date	Member Involved	Documents	Purchase	Sold Price	Date Sold	Due Date	Sold To	Signature (Match to Dt, Suspicious)	Witnesses	Additional Comments
2016-12-09	Dawson, Mitch	Acknowledgment						susp	Enns, S Schoot	
		Authorization and Direction								
	Dawson, Mitch	to Pay						susp	Enns	
2016-12-09	MacLean, Joe	Acknowledgement						susp	J Schoot	
		Authorization and Direction								the design of the second se
2016-12-09	MacLean, Joe	to Pay				_		susp	J Schoot	John Schooten & Sons Custom Feed yard Ltd
		Authorization and Direction							last in	and the second sec
2016-12-09	MacLean, Joe	to Pay						susp	J Schoot	John Schooten & Sons Custom Feedyard
	and the second	Authorization and Direction						-	-	and a state of the
2017-06-01	Ment, Jenna	to Pay Authorization and Direction						susp	Enns	2023-12-07 seizure
	Ment Jenna	to Pay						-	Enns	2023-12-07 seizure
	Ment, Jenna Ment, Jenna	Acknowledgement			-	-		susp	Enns, S Schoot	2023-12-07 seizure 2023-12-07 seizure
017-00-01	Anerik, Jerma	Authorization and Direction			-	-	-	dens	cinis, 5 school	EVES-12-07 SCIEURE
017-10-27	Schwartzkopf, Brian	to Pay						susp	Enns	
1011-10-21	Schwartestopi, onen	Authorization and Direction					-	anab	La recent	
2017-10-27	Schwartzkopf, Brian	to Pay						susp	Enns	different document
		Authorization and Direction						1475		
017-10-27	Schwartzkopf, Vera	to Pay						susp	Enns	
		Authorization and Direction								
2017-10-27	Schwartzkopf, Vera	to Pay						susp	Enns	different document
2017-10-30	Schwartzkopf, Vera	POA			1			susp	5 Schoot	POA Vera for Bert Schwartzkopf
2017-11-06	Ment, Jenna	FeedLot Agreement						susp		2023-12-07 seizure Van Hierden
		Authorization and Direction								
2018-03-12	Weir, Mark	to Pay						susp	Enns	John Schooten & Sons - Balance of Sales
		Authorization and Direction								
	Weir, Mark	to Pay						susp	Enns	John Schooten & Sons - Equity Loans
	Weir, Mark	Acknowledgement						susp	Enns, S Schoot	
	Weir, Mark	Feedlot Agreement						susp	Bodnar	Schooten & sons
	Weir, Mark	Equity				2019-03-12		susp		10177005-01
	Weir, Mark	Equity				2019-03-12	1	susp	1	10177005-02
2018-12-04	MacLean, Joe	Contract						susp	Murray	Contract 10173011-08 94 cattle. \$116911.37 Paid 1152
		-						1		
019-03-12	Weir, Mark	Contract	149766.84	149766.84	2020-03-09	2020-03-12	J Schooten & Sons	susp	Murray	contract 10177011-04 108 cattle \$149766.84 paid cq 1444
	Weir, Mark	Contract	239399.1	110200	2020-03-09	2020-03-12	J Schooten & Sons	-		
	Ment Jenna	Contract	633455.48	633455.48		2020-03-12	J schooten & sons	susp	murray Murray	contract 10177011-05 230 cattle \$329399.10 paid cq 1444 Contract 10123111-04 466 cattle \$633455.48 Preferred 10153 Pd 1449
	MacLean, Joe	Contract	033433.48	033435.48				susp	S Schoot, Bodnar	Contract 10123111-04 466 cattle 5633455.48 Preterred 10153 Pd 1449 Contract 10173011-11 276 cattle. \$417241.98 cg 1612
	Ment, Jenna	Contract	366577.02	266577.03	2020-06-22	2020-06-21	J Schooten & Sons		S Schoot, Boonar S Schoot, Murray	Contract 101/3011-11 2/0 cattle 541/241.98 rd 1612
w13-00-21	and the second	Contrect	200377.02	200311.02		AVAV-00-21	a sensen er sons	anab.	o serious, marray	Contract available available available available cq 1012
019-06-27	Weir, Mark	Contract	1299109.7	1299109.7	7 2020-06-24	2020-06-21	J Schooten & Sons	susp	Schoot, Bodnar, Murray	contract 10177011-06 859 cattle, \$1299107.70 cp 1612
	Dawson, Mitch	POA - Power of Attorney						susp	Enns, S Schoot	
	Ment, Jenna	POA						susp	Enns	2023-12-07 seizure
	Schwartzkopf, Brian	POA						susp	Enns	
	Schwartzkopf, Vera	POA				1		susp	Enns	
	Weir, Mark	POA				1	1	susp	Enns	
	Dawson, Mitch	Contract						susp	Murray	contract 10174011-11 211 cattle: \$204097.38 EFT 212

Classification: Protected B

From 2024-02-21 Spreadsheet - signatures - sold to et al - Brent Kriwokon

2024-03-19

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 161 - 161

Date	Member Involved	Documents	Purchase	Sold Price	Date Sold	Due Date	Sold To	Signature (Match to DL, Suspicious)	Witnesses	Additional Comments
2019-11-29	Dawson, Mitch	Contract	-		100			susp	Murray	contract 10174011-12 252 cattle \$320420.03 EFT 212
2019-12-10	Ment, Jenna	Contract	203555.41	203555.4	1 2020-01-28	2020-11-08	PBFC	susp	Murray	Contract 10123111-05 186 cattle \$203505.41 cq 1841 EFT 220
2019-12-10	Ment, Jenna	Contract	441022.6	441022	6 2020-01-28	2020-11-08	PBFC	susp	S Schoot, Murray	Contract 10123111-07 345 cattle 4441022.60 cq 1841
2020-01-28	Dawson, Mitch	Contract						susp	Murray, Bodnar	contract 10174011-13 1711 cattle. \$2000000.00 Schooten Cattle purchase Fall 2019. See attached P10 & reinstate. ****NDTE**** Previous contract Kevin Campschroer, 2020-01-27 10182011-06 1617 Cattle. \$2000000.00 Serfas Cattle purchase Fall 2019 see attached P10 & reinstated.
2020-02-17	MacLean, Joe	Contract						susp	S Schoot, Murray	Contract 10173011-13 302 cattle. \$505937.12 cq 2118
2020-03-09	MacLean, Joe	POA - Power of Attorney						susp	J Schoot	
	Walk, Johan	POA						susp	Du Toit	
2020-06-22	Ment, Jenna	Contract	1999225.06	1999225.0	6	2021-06-22	J Schooten & Sons	susp	S Schoot, Bodnar	Contract 10123111-08 1509 \$1999225.06 Preferred 81172 Paid 2302
2020-05-22	Weir, Mark	Contract	1998584.62	1998584.6	2 2021-07-08	2021-05-22	J Schooten & Sons	susp	Schoot, Bodnar, Murray	contract 10177011-07 1135 cattle. \$1998584.62
2020-08-18	Ramones, Jesus	POA					A	susp	Du Toit	
2020-08-18	Ramones, Jesus	Acknowledgement						susp	Du Toit	
2020-08-18	Ramones, Jesus	Authorization and Direction to Pay				1		susp	Du Toit	Balance of Sale
1020-00-10	Racinones, Jesus	Authorization and Direction						susp	DUTOR	Datarice of Sale
2020-08-18	Ramones, Jesus	to Pay					1	susp	Du Toit	Equity Loans
	Ment, Jenna	Equity				2021-06-22		susp		10123105-11
	Weir, Mark	Equity				2021-06-22		susp		10177005-11
										contract 10174011-14 cattle 120 \$145552.30 Preferred 71179891 EFT 442 PD co
2020-11-16	Dawson, Mitch	Contract				1		susp	S Schoot, Du Toit	2421
								1		contract 10174011-15 cattle 230 \$329218.58 Preferred 71179891, EFT 442 cq
2020-11-16	Dawson, Mitch	Contract						susp	S Schoot, Du Toit	2421
2020-11-17	Dawson, Mitch	Contract						susp	S Schoot, Murray	contract 10174011-16 cattle 138 \$165441.67
2020-11-24	Dawson, Mitch	Contract						susp	S Schoot, Murray	contract 10174011-17 cattle 502 \$596285.72 Preferred 8871298, 7747842 EFT 451
								1		contract 10174011-18 cattle 261 \$268074.03 Preferred 8871298, 7747842 Mart
2020-11-24	Dawson, Mitch	Contract						susp	S Schoot, Du Toit	633
0000.11.07	Dawson, Mitch	Contract						susp	S Schoot, Du Toit	contract 10174011-19 cattle 197 \$256177.03 Preferred 991272, Martin 638 EFT 456
	MacLean, Joe	Contract				-		susp	S Schoot, Murray	Contract 10173011-14 cattle 199 \$246204.27 EFT 467
	Dawson, Mitch	Contract	238753.09	238753.0	9			SUSP	S Schoot, Murray	contract 10174011-20 Cattle 155 \$238753.09
2021-01-26	MacLean, Joe	Contract	1752469.42	1752469.4	2 2022-01-31	2022-01-26	J Schooten & Sons	susp	S Schoot, Bodnar	Contract 10173011-15 cattle 991 \$1752469.42 Preferred 71712 Paid cq 2639
2021-01-31	Dawson, Mitch	Contract						susp	S Schoot, Murray	Contract 10174011-25 Cattle 343 \$628616.96. Preferred 1312022-3 cq 3182
						Í.		1		
2021-02-22	Schwartzkopf, Brian	Contract	1998962.01	1998962.0	1		J Schooten & Sons	susp	S Schoot, Murray	Contract 10176011-07 Cattle 1132 \$1998962.01
	Schwartzkopf, Vera	Contract	1998962.01	1998962.0	1		J Schooten & Sons	suso	S Schoot, Murray	Contract 10176211-06 cattle 1132 \$1998962.01

Overview of Believeable/Suspicious signatures/Documents etc - Sorted by Date

Classification: Protected B

From 2024-02-21 Spreadsheet - signatures - sold to et al - Brent Kriwokon

2024-03-19

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 162 - 162

Date	Member Involved	Documents	Purchase	Sold Price	Date Sold	Due Date	Sold To	(Match to DL, Suspicious)	Witnesses	Additional Comments
	Ramones, Jesus	Equity				2022-01-26	J Schooten & Sons	1	1	10202605-01
2021-04-12	Kamones, Jesus	Equity			2022-01-31	2022-01-26	J schooten & sons	susp		10202605-01
2021-05-28	Walk, Ashley	Contract	1373979.09	1373979.	09 2022-05-30	2022-05-28	J Schooten & Sons	susp	S Schoot, Bodnar	contract 10202411-04 995 cattle, \$1373979.09. Paid 2761
2021-05-28	Walk, Wesley	Contract	1998100.89	1998100.	89 2022-05-30	2022-05-28	J Schooten & Sons	susp	S Schoot, Bodnar	contract 10202111-04 995 cattle. 1998100.89. Paid 2761
2021-08-05	Weir, Mark	Contract	19999949,44	1999949.	44 2022-08-29	2022-08-05	J Schooten & Sons	susp	S Schoot, Du Toit, Murray	contract 10177011-08 1085 cattle \$1999949.44
2021-11-12	Ramones, Jesus	Contract			2023-02-09	2022-11-03	J Schooten & Sons	susp	S Schoot, Fleischhauer	contract 10202611-05 Cattle 198 \$237051.52. EFT 798
2021-11-26	Dawson, Mitch	Contract			2021-02-09	2022-11-16	J Schooten & Sons	susp	S Schoot, Murray	contract 10174011-21 Cattle 289 \$363892.63. Preferred 391294 cq 2935
2021-11-30	Dawson, Mitch	Contract			2021-02-09	2022-11-16	J Schooten & Sons	susp	Murray	contract 10174011-22 Cattle 518 \$573210.14. Preferred 50715 EFT 824 cq 2941
2021-12-01	Dawson, Mitch	Contract			2021-02-09	2022-11-16	J Schooten & Sons	susp	S Schoot, Murray	contract 10174011-23 Cattle 186 \$152365.96. Preferred 50715, 11135, cq 2942
2021-12-02	Dawson, Mitch	Contract			2021-02-09	2022-11-16	J Schooten & Sons	susp	S Schoot, Murray	Contract 10174011-24 Cattle 225 \$269930.96. Martin 1305. EFT 828
022-01-31	MacLean, Joe	Contract	1997645.73	1997645.	73 2023-02-21	2023-01-31	J Schooten & Sons	susp	S Schoot, Murray	Contract 10173011-16 Cattle 1090 \$1997645.73. Preferred 1312022-3. cq 3182
022-01-31	Ramones, Jesus	Contract			2023-02-21	2023-01-31	J Schooten & Sons	susp	S Schoot, Fleischhauer	Contract 10202611-06 Cattle 376 \$718982.25. Preferred 1312022-3 cq 3182
	Walk, Ashley	Contract	613955.34	613955.3	34 2023-02-21	2023-01-31	J Schooten & Sons	susp	S Schoot, Fleischhauer	Contract 10202411-05 335 cattle. \$613955.34. Preferred 1312022-3 cq 3182
	MacLean, Joe	RFID			1		-	susp	unknown	
2022-02-01	MacLean, Joe	RFID						susp	unknown	

Ove	erview of	Believea	able/Suspic	ious signature	s/Documer	its etc - Sor	ted by Date
			1		51	gnature	

2022-02-01	Ramones, Jesus	Feedlot Agreement					susp		
2022-02-01	Schwartzkopf, Brian	RFID			1	1	susp		
2022-02-01	Schwartzkopf, Brian	RFID					susp		
2022-02-01	Schwartzkopf, Vera	RFID					susp		
2022-02-01	Schwartzkopf, Vera	RFID					susp		
2022-02-01	Walk, Ashley	RFID					susp		
2022-02-01	Walk, Ashley	RFID					susp		
2022-02-23	Ramones, Jesus	Feedlot Agreement					susp		
2022-02-24	Schwartzkopf, Brian	Contract	1945882.85	1945882.85 2023-08-30	2023-02-24	J Schooten & Sons	susp	S Schoot, Murray	Contract 10176011-08 Cattle 1074 \$1945552.55. Preferred 2232022-1 chq 3222
Classificati	ion: Protected B			From 2024-02-21 S	preadsheet -	signatures - sold to	o et al - B	Brent Kriwokon	2024-03-1

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 163 - 163

Date	Member Involved	Documents	Purchase	Sold Price	Date Sold	Due Date	Sold To	Signature (Match to DL, Suspicious)	Witnesses	Additional Comments
2022-02-24	Schwartzkopf, Vera	Contract	1945882.85	1945882.4	35 2023-08-30	2023-02-24	J Schooten & Sons	susp	S Schoot, Bodnar	Contract 10176211-07 Cattle 1074 51945882.85. Preferred 2232022-1 chg 3223
2022-04-04	Dawson, Mitch	Equity			2023-02-09	2022-11-16	J Schooten & Sons	susp		10174005-42
2022-04-07	Dawson, Mitch	Equity			2023-02-21	2023-01-31	J Schooten & Sons	susp		10174005-41
2022-04-07	MacLean, Joe	Equity			2023-02-21	2023-01-31	J Schooten & Sons	susp		10173005-29
022-05-30	Walk, Ashley	Contract	1373665.45	1373665.4	15 2023-08-31	2023-05-30	J Schooten & Sons	susp	S Schoot, Murray	contract 10202411-06 757 cattle. \$1373665.45. Preferred 5272022-1 cq 3312. 1573 contract 10202211-03 275 cattle. \$553493.88. May 30 2022 blue ink . Preferre
2022-05-30	Walk, Cornelia	Contract	553493.88	553493.8	88 2023-08-31	2023-05-30	J Schooten & Sons	susp	S Schoot, Murray	5272022-1 cq 3312. Inv 1573 contract 10202311-04 600 cattle \$1207623.00. May 30 2022 blue ink. Preferred
2022-05-30	Walk, Johan	Contract	1207623	120762	23 2023-08-31	2023-05-30	J Schooten & Sons	susp	S Schoot, Murray	5272022-1 cq 3312 . Inv 1573
2022-05-30	Walk, Johan	Contract	667779.94	667779.9	4 2023-08-31	2023-05-30	J Schooten & Sons	susp	S Schoot, Murray	contract 10202311-05 368 cattle. \$667779.24. Preferred \$272022-1 cq 3312. In 1573.
	Walk, Wesley	Contract	1999708.49		9 2023-08-31	2023-05-30	J Schooten & Sons		S Schoot, Murray	contract 10202111-05 1102 cattle. \$1999708.49, cq 3312. Preferred 5272022-1 3312

2022-07-04	Ramones, Jesus	Equity			2022-11-16	J Schooten & Sons	susp		10202605-07
2022-07-04	Schwartzkopf, Brian	Equity		2023-03-30	2023-02-24	J Schooten & Sons	susp		10176005-16
2022-09-12	Schwartzkopf, Vera	Equity		2023-03-30	2023-02-24	J Schooten & Sons	susp		10176205-17
2022-10-11	Klassen, Maria	Equity		2023-03-21	2023-02-24	J Schooten & Sons	5140		10204405-01
	Schwartzkopf, Vera	Equity		2023-03-30	2023-02-24) Schooten & Sons			10176205-18
	Walk, Cornelia	Contract	367932.22	367932.22 2023-11-28 839939.9 2023-11-28	2023-11-10	J Schooten & Sons		S Schoot, Murray	contract 10202211-04 Cattle 330 5367932.22. Martin 1885, 1893, EFT 1244 contract 10202213-06 Cattle 484 5839939.90. Martin 1925, 1926, 1919, 1933 E 1262
	Dawson, Mitch	Contract	637739.3	639939.9 2023-11-28	2023-11-23	J Schoolen & Sons	susp	S Schoot, Fleischhauer	Contract 10174011-26 Cattle 102. \$204312.64. Preferred 01192023-15, 20320. 5, EFT 1361
023-02-09	Dawson, Mitch	Contract					susp	S Schoot, Fleischhauer	Contract 10174011-27 Cattle 701. \$1165677.72
	Dawson, Mitch	Contract					susp	S Schoot, Fleischhauer	Contract 10174011-28 Cattle 121. \$237903.54
023-02-21									And a state of the

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 164 - 164

Overview of Believeable/Suspicious signatures/Documents etc - Sorted by Date

Date	Member Involved	Documents	Purchase	Sold Price	Date Sold	Due Date	Sold To	Signature (Match to DL, Suspicious)	Witnesses	Additional Comments
2023-02-21	MacLean, Joe	Contract						susp	S Schoot, Fleischhauer	Contract 10173011-17 Cattle 1017. \$1999569.4€
2023-02-21	Ramones, Jesus	Contract			-			susp	S Schoot, Cardenas	Contract 10202611-08 cattle 365 \$717642.92
2023-02-21	Walk, Ashley	Contract						susp	S Schoot, Fleischhauer	contract 10202411-07 318 cattle \$625234.12
2023-03-21	Guenther, Franz	Contract	1998484	.4		2024-03-21		susp	S Schoot, Fleischhauer	Contract 10204511-03. 923 cattle. \$1998484.40

2023-05-10	Schwartzkopf, Brian	Equity		2023-03-30	2023-02-24	J Schooten & Sons	SUSD		10176005-15
2023-04-05	Weir, Mark	Contract	1997606.52	1997606.52 2023-07-27	2024-03-21	J Schooten & Sons	susp	S Schoot, Bodnar	contract 10177011-09 784 Cattle. Invoice 1571 EFT 1444
2023-04-05	Ment, Jenna	Contract	1997606.52	1997606.52 2023-07-27	2024-03-21	J Schooten & Sons	susp	S Schoot, Murray	Contract 10123111-09. 784 str \$1,997,606.52. 2023-12-07 seizure. Invoice 157
2023-03-30	Schwartzkopf, Vera	Contract	1998484.4		2024-03-21		susp	Cardenas, Murray	contract 10176211-08 Cattle 923. \$1998484.40
023-03-30	Schwartzkopf, Brian	Contract					susp	Cardenas, Murray	contract 10176011-10 Cattle 374, 546 + 374 =920 cattle, \$809786,75
023-03-30	Schwartzkopf, Brian	Contract	1189305.26		2024-03-21		susp	Cardenas, Murray	contract 10176011-09 Cattle 546 \$1189305.26

Classification: Protected B

From 2024-02-21 Spreadsheet - signatures - sold to et al - Brent Kriwokon

2024-03-19

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PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 165 - 165

POWER OF ATTORNEY

The undersigned Member (the "Member"), who has entered into a Feeder Association Member Agreement (the "Member Agreement") with PICTURE BUTTE FEEDER CO-OPERATIVE ASSOCIATION (the "Association") pursuant to the Feeder Association Guarantee Act (Alberta) and the Regulations thereunder (the "Regulations") hereby agrees, authorizes and directs AS FOLLOWS:

- All capitalized terms used herein without definition shall have the meanings ascribed to them in the Member 1 Agreement.
- 2. The following person(s)

JELOOI ne a Print full name of person(s) (such person(s), the "Attorney")

is are hereby appointed as the Member's true and lawful attorney and in that capacity to act on the

Member's behalf (as the Attorney in his/her absolute discretion considers appropriate) with respect to anything the Member might exercise, take, give or do itself in with respect to the following matters:

- (a) The supply of Livestock to the Member by the Association;
- (b) The placement, care, nutrition, and implant regimens of Liveslock by the Association on behalf of the Member during the relevant Supply Period; and
- the sale of Livestock. (c)

(the "Matters"). For clarity, notwithstanding the foregoing, the Attorney shall not have the power to grant any promissory notes or enter into any other debt instruments, or to grant any security, on behalf of the Member in favour of, the Association.

- 3. Where there is more than one Altorney appointed under this Power of Altorney, the appointment of those persons shall be joint and several.
- The Association, nor any of its directors, employees, directors, officers or servants, shall be required to 4. inquire into the exercise of the Power of Attorney or see to the performance or observance of any duty owed by the Allorney or by another other person to the Member with respect to the exercise of the powers conferred under this Power of Attorney.
- All previous Power(s) of Allorneys relating to the Matters are hereby revoked by the Member. This Power of 5. Attorney shall remain in effect until revoked in writing by the Member by written notice to the Association at the address stipulated in the Member Agreement.

IN WITNESS WHEREOF the Member has signed this Power of Attorney on the 19 day of , 20, 9 N

CORPORATE MEMBER

INDIVIDUAL MEMBER

Print complete corporate name if Member is a Corporation

Per

Per

Signature and printed name of authorised person

Signature and printed name of authorised person

Signature and printed name of Witness

Signature and printed name of Witness

Signature and printed name of Witness

ionature and printed name of individual Member

POWER OF ATTORNEY

The undersigned Member (the "Member"), who has entered into a Feeder Association Member Agreement (the "Member Agreement") with PICTURE BUTTE FEEDER CO-OPERATIVE ASSOCIATION (the "Association") pursuant to the Feeder Association Guarantee Act (Alberta) and the Regulations thereunder (the "Regulations") hereby agrees, authorizes and directs AS FOLLOWS:

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- (b) The placement, care, nutrition, and implant regimens of Livestock by the Association on behalt of the Member during the relevant Supply Period, and
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CORPORATE MEMBER

Print complete corporate name il Member is a Corporation

Per:

Signature and printed name of Witness

Signature and printed name of authorised person

Signature and printed name of authorised person

Per:

Signature and printed name of Witness

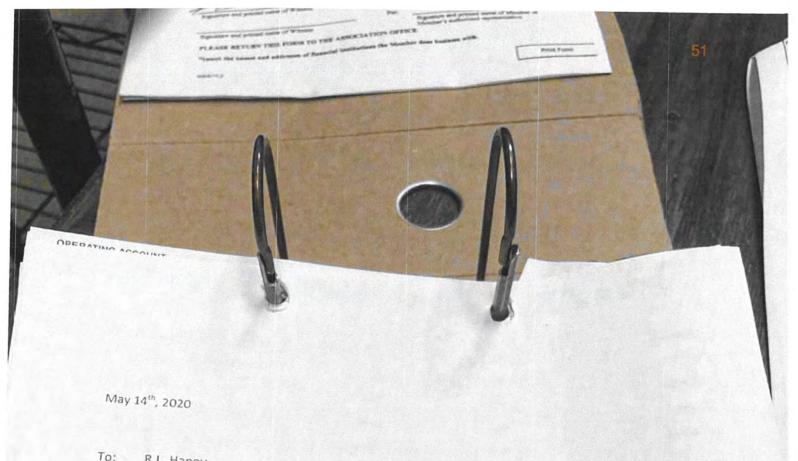
Signature and printed name of Witness

INDIVIDUAL MEMBER

Signature and printed name of individual Member

Jenna Ment

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 167 - 167



D: R.L. Haney Administrator PBFC

From: Shane Schooten S & C Schooten Farming Ltd.

Please be advised that I agree to cosign any loans made to Johan, Cornelia, Ashley and Wesley Walk and will be responsible for any shortfalls that may occur as it relates to these individuals having outstanding balances with the PBFC. This agreement is in place for the duration of time that the Walk family members have a business relationship with the PBFC.

Shane Schooten 5 & C Schooten Farming Ltd.

October 23, 2017

To: The Picture Butte Feeder Cooperative

From: Shane Schooten

Re: New Members Bert Schwartzkoff, Brian Swartzkoff, Vera Schwartzkoff and Crystal Fulford

Please be advised that until such time as the PPSA searches and Priority Agreements and any other documentation deemed necessary by the PBFC have been completed by the Picture Butte Feeder Cooperative to its satisfaction with regard to the above named four members, I will be personally responsible for any financial issues as it pertains to the four members named above. I will abide by any decision that is made by the Picture Butte Feeder Cooperative as it pertains to these four members and will make good on any financial request made of me by the Picture Butte Feeder Cooperative in order to keep the Accounts of these four Members in good standing. I understand that this Agreement will stay in place until I am notified in writing by the Picture Butte Feeder Cooperative that it is no longer necessary.

Yours truly,

Shane Schooten

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PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 170 - 170

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and a reconcisional	17234247-06	Berlat	Xee'.	1510-2	5404.3		65	Fahrent	1262025-9/1302023-6				4 4		752	202024		121858-981		121.4
eta Humbeltz	10204705-04	Transie.	RHOMATO	15-109-23	58,R3 544 56,R3-548			Aprilianty Michaele	473 MAB UH RECRH 473 MIND UH BECRH				2 1		-	232024	1237112-44 322364.62			6391
uinteel Rebr antoen Rebr	10145011-12 1018:005-06	Easts/Sortal Easts/Sortal	CH47	6-Dec-22 TS-Mar-23	SCR - Alig	518	865	Preterrist	1911202241				6 6	548	460	-3%2023		1042713.65		1,10121
rentizer Protein	1018000-04	Kandul Sarita	Unit.	10-14-00	TER - Alle				A25188 575 str UHF 自己的化的 5 A25 881 575 str UHF 自己的形式				3 1	1.1		1/42503	31(20000) 085450.71			149.2
largen Feder Mitan Feder	1018000-08	Earthri Siylan	U-MARIO	10-May 23. 42-344-23	SER AUG SERI-Seri			April Cavity	ALS NOT STS AT UPP CE BASAN ASK NOT 1221 AT UNIT REPO				8.13	- 1		124/2023	285410 71			2,85,6
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Arthur, Pelar Arthuri, Pelar	10145005-11 10145005-12	[Pending Dense Sector	Unit March	5-89-03	DATE - Driet			Les tan	104 HH11225 KY UHF R/RD 125 Hh1575 KR UHF R/R Easter				2.1	1.2	1	12/6/25/21	18401525			164,0 265 a
erten Pese mer Ditamiti	12105110.008	Eatth:Selfar	Line Rei	25.hig-23 1) Feb-23	196.4925P-45 36R3			Propriotrack	8,42025-1 2012025-17030025-3				4 1	- 5	1	£3/52004	and and	254082.04		294.0
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His Doutle	10200406-02	1 Pre-dirts	UH W/ DAH	LM-23	SERU-SegA			1048.00	ATTS HAVE UNK REIDIRH		1.000		0 4			2/82024	INVESTIGATION OF			+54.40 791.24
enterg Calva enterg Calva	40(54041-08) 30554041-027	NGs Call NGL View	RFID INFIDEH	2.64ap-23 16-85ap-23	E23-21188 W23-04/68	554 250		Vigititi Surini	53629 (0153628 (1153634 8517		Carpit	640276	2 8	331		5/6/2024		1111100.70	2918-22	115.0
witing Calling and an Prices	10164011-00HB 10204011-00	AGL 3 MP Schulter Human	R.F.G.	11-Aug 21	E23.37 NCHI	192		Frair Paulatred	1(0198				a 0.	1.67		6162024		497129-99		-257.13
and with the two	10004505-54	Schutter Mirrar	0.946	27-Mar-21	504			Ma Equity	ED4 UHF front (3.1-recall where					323 V		3212024	VT681 47	1709454-80		1008-02
niteri sula Niteri sula	10204011.00 10204061-00	Scholari Horse	(jed) Lindi	20-Vie 31 30 Mie 23	SIGHA SICHA	1213	410	displayment.	3020355 KDH UHT Nast G Solocian Home				1.1	115	210	3212024	171049-42	1995213-40		104.4
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PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 171 - 171

								$= \sqrt{2} \phi$			MC10019297	A.g.# 75	and the Average of the									55	
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and the second s	KODPICE-TE	TAX BALLAN	1000	3000	Ser 121			the hill have	E BREC IN G AT							2		-0	227 854	5-2588-500 为2755-500			97.00
Constitute Arrists	action of	and and	MP30 MP35	Patro D	April 171			1000 CQ.09	KISHICING WU KISHICING WU							E 12			2/27/2624	26756.08			76.75
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ALC: NOT	No. of Concession, name	A.Channes	842	344078	10000	124		2019 6 18179	KIGHTO HE & VO	11,291			TRANK.	202		2. 2	121		5/6/2024	11.00.00	241214.11	4.02.54	242.05
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ting Darser	125691-01	Enclure	34	13 Feb-23	SERG		100.3	Pulseig	2012/25 32/90/25 1 SOURF SIS 3 ENDerf							1 1	1.1	1.80	332024	81143.25			101.1.8
sang Durintis sang Durintis	120602-01	Ender.	044	16 May 20	SEAGER SERGER			ALC: UNK	500 LiveF says @ Exchant							1. 1	1.1		2/1/2/04	5000 11			55-60
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noweg Diamoni Inweg Diamoni	100405-008	Laphon A Passions	UNPERIOR	10 Aug 23	SERI-Dec SURC-Nov			199 6209	STO OHF AM & EXCLUSION 3017 Inst UNERFORM							i i			2/02/24	760KU5			78.80
CHO Dares	10/10/05-00/8	3 Panilina	U-RRED TO	10.4.42.28	3293-544			2 ky Egysty	8173 MON UNERFIDEN							8 8			2/12/04	45781 64 5/800 74			10.0
org Oarron Server-Somekur	10094111-03	School and a	1047	27-Mar 23	SERSOK SC-4	1427		Hay Equity Preferred	SID UHF win @ Enchant 3022/23-5							ε ī.	101		101/2024		1925501 40		+ (449.48
Reprint Committing	ADJOH106-KTI	Schuller North	UNT	27-14-21	SC44			Mar Emoly	REAL ONE heat of Schools	-						5 0	147		10 × 2624	57500 AL	19955414		175,98
Settion Prevaile?	1(254)11-03	Scholari Hong	1944	2144#-21 2744#-28	9044 9054	143		Proteriol Mar Equip	802023-5 804 UHF Mat @ Schools	-						£ 7	15		321,2024	5710891 42			S014
The Lot in Propriet de	15204271-03	Schulano Hatre	UHP .	-21 Mar 27	SCHA	149		Protored	1202023-5							5 5	12		3212024	STRAL	TWINANT IN		100 (0)
Additional Printing and Additional	10004411-02	Scheller Harry	UNP.	214/# 23	SCHI CONT	327		Mar Shiry Tradered	EGRUHF Heat (§ Scrotte RC2020 5	V minut						1	927		3/11/2024		120540-8-40		1.040.40
Sankari Affaria	10004408-00	SCHOOL PROPERTY.	UNIT	27 Mar 21	SOM .	~		Mel Elerce	NOT LHF head @ Screets	1.11			AT SALE	NOTH		1.12			1477/2002 A	975405-42	100 Pa 10	10.26%	124 00
ing and all parts	12044213-01	4. dent 6. dent	1/68/804	204/2013	BE, TORIAGENTRONE, BE, TORIAGENTRONE,		47	Livery .	instantin .	365			TT SALE	1982 1923		1. 16			A784514		2015/0.2%	25133 25	
and an and a second second	110044513-33	K dest'	10/07/02-4	354/iip 21	BUTTPRINGINGRAFE.		- 0	Linna		24042			3.1-3.8x2	Phi@7580	- G		1.1		A080524 A1895/A		81709417 834407.63	8-77(9-61 #34467-63	
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inerry Dis	T02241+1-18	Damarca.	1.17	16.61m 23	Crost gas	. 16		Catredy	PSC08005004			1.46	SALS	100014021	1.1.2	< 1	143		A162024		17368-62 29631127	17396E-52 172996E-56	10.48
namini Gayna	1022081-11-025	District 2	8FD	1-010-22 23-Dec-22	043323 040523	1990		Catrony Livery	FSC00004638	Same?			Second	015627			34		12 1/2220		19477-68	111105-00	12.4*
Concerts Danks	227540-	Con roz	N.S	1444-51	DHILL			ALL EAST	200 RFTD toh DK-25							1.1			12/12/02/0	-CSIP ATT 5,2 1522535 (b4)			100 -40
and a state	CONTRACTOR .	Converse a	1986	BLACT .	CARE			are bary	200 RFIG.5e DVH/12 200 RFID.1A - DVH/22								- 2		12112023	42.55.54			12.25
entrating Praye	10-07711-64	2.640	A ⁴ O	PEAKsy 23	120024-054-9-21015-0	248	281	2013 EAUNI 8,5%	R23075/R23078							1 7	241	20	616/2024	163007-27	542811-07		540.10
and a Dig Prints	100 140 J/4	and the second second	ALC: NO	Sales 2.	4364	100	-	July Equity Destantiat	ASH READ BILLING SHORE				Branch				244		5/96/2014	(EX0)/27	FIRMARY IN		1,001,21
caa hugo uaa maga	10204411-05	Elector Sertas E Pendina	UHR SHO	4540e-22	SER1-Oct	100		Frie Casts	1471202-3 810 09/2791 xtr ((HR-8870)				Stion Branch	1		1 2	5	0	(210/2023)	+145<30.20			1.144.43
CHEMP .	10234035-08	A.Fuedcos -	UNRING	15.Apr 23	5691-00			March Equily	#1018/2757 VE UNITATIO			1	300-	7		1 5	1.1	1.1	124(05/3	43676624			454 16 155.30
Chi MgA Show Jan	10+7 (01-13)	21'selbe 3:Aunir Par	UFRIC	35A.@25	ICAT Day SOFT		1010	Destances	351191101 (8 (3HTR/O 110/031			1	6.	õ	1	1		1017	22572424		(200mm m).		Circles w
scheart 204	10173075-30	Schatter West	UNE	27.854(2)	80-6			Mar Event	1151 Live Search West Lo	¢		/ 60	2	¥	1	1.1	1.1		2110224	210107-00			10.0
antes Januaria	101/1005-01	Science Week	UH# Britts	5-84-23 5-May 23	80×3 SMSG1		640	Ann Enviy Protored	7458 Unit report 图 Vicesh Ly	SOLAUTI		13	11	0X0	1	ε 2		156	5/5/24/4		1920345-00		11,948,58
at Plant	No office	Detailer Turk	.Rfg	200 21	AMIRO		1.5440	Noter	1580 W/ Q198			E	-			5 E			5/5/224	121791210	a mainteau	194701-48	1,247.18
ing Richard Januar Totali	10-220×* #0	Numan	5.PT 1814	1578923 (8.4.872)	1.m	175		43 Pierce	3450354868 344235487635486334875	CARD IN A		13	DATE:	A 1910	1	5 5	125		5/952404		24014bn 8/7	Sec. 1	253.00
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imp Room	ADDATES OF A	Date	980	2-A.16-33	21275/5A/21280-54	-	-850 297			AUT1		13	2 00		1	5 5	20	2-0	0.00074		664117 812		6.84 %
aray Arysta aray Austra	*0050311-0028 *0050311-00	Charmen	P(10)	2004971	421.421	280	65.	Saltena		500		1	"DA	22	1	4 17	- 65	67	5/29/08/78		21002328		210.6
give August	10(2533) 1-36	Dater	RVD (that)	28-Apr-21	JMJ C2M JM252 H	256	10% 250	14.00		4/317			28111	1		9 0	296	220	#398,2024 #398,2024		754565 83		714.58
array Audom pray Brook	10050311-07	2.04	RFID (BAR) RFID (BAA)	5-418y-21 5-Jan-23	JFM21240 JFM2325H JFM27195USA	250	67.48	5.000	6296/000				11 114	1		5 0	6	614	150224		954184 22 6571+* 50		10A, 10 827 11
stray Brock	100105/11-05	Circlander	FE (10	37 May 27	primers fur a const.	250	220	2 Marine		- 600r						5 5	200	250 240	5/31/0/074 7/9/0724		2013/210		514.0
umiy Brook uniy Brook	1000011-0276	Anthios Subar	RH RHG (phone)	5-102A 27 Aug 25	UTTITE RAL PROVIDEN	280	200	28 Martine 26 Martine		1000						i (25	290	\$120 D024		COST IN THE R.		\$71.6 404.7
with Nets	132203-66	Subar	B/C (PPR)	Arsteal	JAROMANDAG	371	217	Proberios		20.2023						: 0	26	227	23/02/4		8331 F1 F 77 8527955 AD		8.0 18
WY BY FICH	1005210) #7 18040117 88	O Aut O Aut	RFO year	20 May 23 5-39-23	JPM21000 JPM2321++ JPM23043L/GA	294	290 300	J. Madride of Madride		40.02						8 - R		300	7.50027		50/115 10		342.31
una hon	VICTORIATE BY	Cherkander	1.4	1-24-23	for the second	4.0	-	38.50		61754							80		1.7.2574		5481210		84.01

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 172 - 172

×							1.2 pretronautorial analysis 25	AWW/SINKEBP	C mps/16/2023.4	up.4/202	(al-base)								56	
CTUPE & ITTE FASCER COOPE	ERATUS																			
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LAENDER'S LAINE	-Gore #374 1/050671-02	Constants	Rec.	DATE	where percent	200	STR BOTRICH SLAVER	629		HER	STR BDLD TC	NUMBER	10 510 D	HFR. 2%	(50	DLE DATE SUZCIA	ADVANT	47562 40	34,83	1075.96
umpy Retail Why Retail	100506111 E2	Driftian Creation	14	1-44-23 1-44-23	politikeneren Realitiet	200	280 J. Munay 250 J. Munay	4034b 10054b						210	26	511(2024		200718-81 624977-80		T05.71
niky Krok niky Kross	10098211.07	Ports Partyre Press Partyre	124	-34 ap 23	19440		72 Eaton Lovestock	112728					0 1	1	2	5757224 6792324		* 54045 (H 3,8052 (H		Tex for
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scherer diels anvenn dark	12225411-09	Partmen	1.0	26-00-22	Gran		1431 Burrent 5006/2007		- 90		Second	EFT: NE26	0 9		1.1.1	1026203		101640-201 1642765-57	1)1757 44	51.04
174900 26°B	10005417-11	Putries	R51.8	1.May-23 30-May-23	Pallow Vition	+9	Surgent (4950/52) Surgent (1254)5/7						0 5		1.1	476.2524		3.4877416		1.46 77
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APAREN JAIN	TORNALL IN	Property	1.48	5.60.23	Tes.	30	Surveyed 405464.585						1 1	54 78	1	5/5204		82445.97 140043 45		10,0
altrinett Jack	10205411-18	Pharlieght	1.40	16-Jun-23 22-Jun-23	Dow Dow	-65	Section REMARKS						0 5	.65	1.1	10000/024		1.36225.36		126.23
Linven Jack Linven Marca	10203411-15	Pastation	LPS-	10-38-23 140ar 21	Eth.m.	104	Scaland BALTIER TOTAL FA	19-001			a Secol	IT MILES	a 4	104		3/30/2524		211/0.H 09 1643/0.07	164205.57	12804
umineth Marvell anti-Jahrendan	1001211-25	"Subdist	P.45	1-141-23	5Let		50 Sumilia	6436			NO Submit	VETANTRI	3 92	0 d		30/0004		167543 78	177543.78	1 10 10
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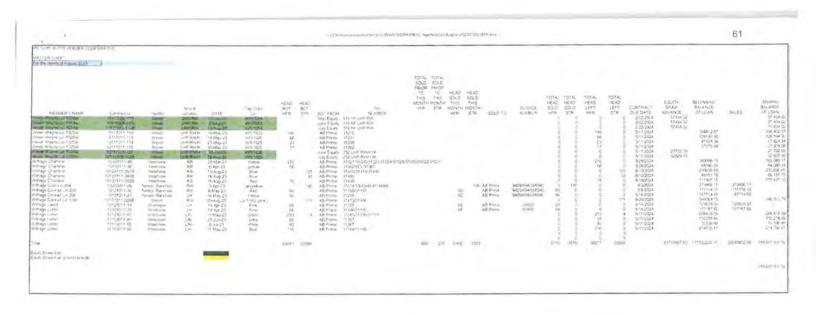
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PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 175 - 175

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PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 177 - 177



PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 178 - 178

July 17 2023								
3 mil - application			Loan				(onflict Declared
	Approved	Increase	Increase					Member Left
	Loan	Request	Required	Moved	Seconded	App	Dec	Meeting
Serfas Camerynn - cosignature required	2 mil	3 mil	1,000,000.00	Conrad	Trevor	×		Kevin Conflict
Serfas Darcie	2 mil	3 mil	1,000,000.00	Conrad	Trevor	x		Kevin Conflict
Serfas David	2 mil	3 mil	1,000,000.00	Conrad	Trevor	x		Kevin Conflict
Serfas Herb	2 mil	3 mil	1,000,000.00	Conrad	Trevor	×		Kevin Conflict
Serfas Jennifer	2 mil	3 mil	1,000,000.00	Conrad	Trevor	х		Kevin Conflict
Serfas Jessica	2 mil	3 mil	1,000,000.00	Conrad	Trevor	x		Kevin Conflict
Serfas Kevin	2 mil	3 mil	1,000,000.00	Conrad	Trevor	×		Kevin Conflict
Serfas Kourtney - cosignature required	2 mil	3 mil	1,000,000.00	Conrad	Trevor	х		Kevin Conflict
Serfas Mark	2 mil	3 mil	1,000,000.00	Conrad	Trevor	x		Kevin Conflict
Serfas Shirley	2 mil	3 mil	1,000,000.00	Conrad	Trevor	×		Kevin Conflict
Slingerland Riley	300,000.00	400,000.00	100,000.00	Trevor	Philipp	x		
Warner Geertje -cosignature required	2 mil	3 mil	1,000,000.00	Conrad	Jason	×		Kevin Conflict
members that have been on Equity historic.	ally	sub total	46,600,000.00					
Murray Alisa new member applying	0	2 mil	2,000,000.00	Trevor	Conrad	x	Shawn to cosign	Broek Conflict
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			48,900,000.00					

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 179 - 179

This is Confidential Exhibit "B" to the Affidavit of Tony Ankermann, sworn this 18th day of February 2025 A Commissioner for Oaths / Notary Public In And For Alberta

NATALIE ELISE THOMPSON Barrister and Solicitor Commissioner for Oaths in and for Alberta

February 13, 2025

Discussion Paper

The Feeders Association of Alberta (FAA) Board requested a meeting with the Ag Minister to discuss the current situation impacting the membership of Picture Butte Feeders Coop (PBFC). We were invited by the Ministers office to attend a meeting in Calgary on February 7, 2025.

We had a very open discussion with the Ag Minister and his team at the February 7, 2025, meeting and based on that we would like to facilitate a discussion with PBFC to share the potential next steps to what a pathway forward might look like.

To be clear FAA is an advocate for all Feeder Association members in the province and feels that it is in all our best interest to see the current situation resolved in the best and quickest manner possible.

The tone of the conversation made it clear that the Minister continues to be a very strong advocate for the Feeder program and that the only threat to the program as a whole is non-compliance.

The messaging centered around a number of key topics. If FAA and PBFC are able to gain consensus on these items FAA will approach the Minister to confirm we are all in agreement and then we can discuss process and timelines as well as any related conditions.

Key areas of discussion

Board Operations

In broad terms PBFC will need to take a very comprehensive look at how their Board and staff function going forward. Some examples include:

Issues surrounding Conflict of Interest need to be clearly discussed and outlined in policy. The Feeder Manual states that Individuals and their spouses whose livelihood depends in part upon the sale of goods and services to feeder association members should not hold staff or executive positions. Examples for this include livestock dealers, custom feeders and management staff.

Strong internal polices need to be drafted and enforced.

Also, in the Feeder Manual it states that Directors' positions are volunteers and as such, payment of fees is not appropriate. However, an honorarium or payment of expenses related to meeting (e.g., mileage) may be provided. Based on this the Current Board renumeration should be reviewed for appropriateness.

- Board Governance has to be a priority and PBFC must look at its governance structure first. The intent of the Feeder program must be supported and protected moving forward. Any systemic disregard for the program must be eliminated.
- Shane Schooten and Kevin Serfas and their direct family are to be suspended for one year from borrowing guarantee funds.
- 3./ The Administrator and Supervisor have been involved in the current business dealings and they are to be replaced.

4. Board Elections are to be held. The Existing Board would resign, and a new board elected. Existing board members excluding Mr. Schooten and Mr. Serfas would be eligible for re-election.

Min days to oclustise.

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5.7 A very thorough review of all existing members should be undertaken to ensure they meet eligibility requirements. New Board

Banking

1. Standard reporting is to be provided as per the conditions set out in the signed Feeder Agreement. This includes BMO receiving and taking accountability for Livestock Supply Forms. CONTENT OF (RPOTS -

Enhanced Inspections and Training

1. Ensure that the new PBFC Board Members receive Board Governance training of their responsibilities.

New staff.

- New Staff, as approved by Provincial Supervisor Tom Pack, are to receive training. PBFC will need to secure the services of a new Office Administrator and Supervisor to assist new Board with coming into compliance.
- 3. Supervisor logbook / inspection sheets to be inspected monthly by the Provincial Supervisor and/or his delegate inspector.
- An inventory of cattle is to be conducted monthly by the Provincial Supervisor and/or his delegate inspector.
 - 5. Provincial Supervisor and/or his delegate inspector will inspect all supporting purchase documentation for all purchases and all sales documentation monthly.
 - It should be noted that NOT all of the enhanced reporting requirements are intended to be permanent but will remain in place until a solid base of operations can be determined.