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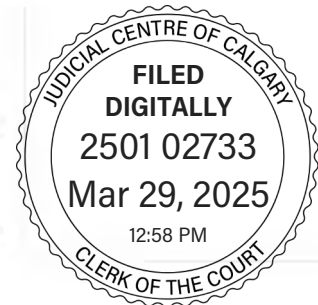
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COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COOPERATIVES ACT*,
SA 2001, c C-28.1

AND IN THE MATTER OF THE RECEIVERSHIP
OF PICTURE BUTTE FEEDER COOPERATIVE



APPLICANT PICTURE BUTTE FEEDER COOPERATIVE

DOCUMENT **CONFIDENTIAL AFFIDAVIT OF TONY
ANKERMANN**

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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:

1. 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 **Confidential Exhibit "A"** 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 **Confidential Exhibit "B"** 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.
7. 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)

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

This is **Confidential Exhibit "A"** 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

**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 [section 9](#) of the [Feeder Associations Guarantee Act](#), 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 [Feeder Associations Guarantee Regulation](#), 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.

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 [Cooperatives Act](#), 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([section 13](#)): 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.

¹ <https://www.alberta.ca/feeder-association-loan-guarantee-program>

6. Section 11 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 Manual of Directives and Procedures (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.)

² PBFC Form 1 Year End Summary (January 1, 2023 to December 31, 2023)

³ 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

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.

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 11\(1\)\(a\)\(i\)](#) 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 [section 11](#) 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 [section 11](#) 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:

- 1) PBFC accepted members who do not meet the requirements of [section 11\(1\)](#) 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

⁴ “Active shareholder” and “active member” are defined at [section 1\(1\)](#) of the Regulation.

- supplies of livestock for growing or finishing or both, contrary to [section 11\(2\)](#) of the Regulation.
- 3) 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.
 - 4) 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 | 11) RAMONES, Jesus |
| 2) DAWSON, Mitch | 12) RILEY, Bradley |
| 3) DUNN, Mark | 13) SCHWARTZKOPF, Brian |
| 4) FRENCH, Alvin | 14) SCHWARTZKOPF, Vera |
| 5) FROESE, Issac | 15) WALK, Ashley |
| 6) GARZA, Humberto | 16) WALK, Cornelia |
| 7) GOERTZEN, Peter | 17) WALK, Johan |
| 8) GOMEZ, Eduardo | 18) WALK, Wes |
| 9) LOCKE, Hugh | 19) WARNER, Geertje |
| 10) MacLEAN, Joseph | |

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 [section 11\(2\)](#) 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 [section 11\(1\)\(a\)\(i\)](#).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.)

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

⁶ 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 [section 11\(1\)\(a\)\(i\)](#) of the Regulation – which PBFC claimed was the membership category for all its Individual Members – and [section 11\(2\)](#). 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.

- 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.

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 [section 9](#) 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 [section 11\(1\)](#) of the Regulation by admitting members who are ineligible.
- Members contravened [section 11\(2\)](#) 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 [section 11\(2\)](#) 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 [section 11\(1\)\(a\)\(i\)](#) 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 [section 4](#) of the Act and [section 13](#) of the Regulation by using the proceeds of guaranteed loans for purposes other than supplying livestock to the member for

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 members associated with Chairman Schooten, as 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.

⁷ 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.

34. The members that IIS defines as being part of the Schooten Group and Serfas Group are:

Members in the Schooten Group	Members in the Serfas Group
1) Mitch Dawson – Specified Member	1) Kevin Campschröer – 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) Crystal Fulford – Former member	
22) Jenna Ment – Former member	
23) Mark Weir – Former member	

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.

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.

- 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.

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 [section 14\(3\)\(b\)](#) 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 [section 11\(2\)](#) 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 [section 30\(2\)](#) of the Regulation, and [section 4](#) 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 [section 31](#) 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.

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 [section 9](#) of the Act by obstructing the Minister in reviewing the operations of the association; in obtaining information from members; and 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.

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 [section 17\(3\)](#) 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 [section 17\(6\)](#) 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

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. Eduardo 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.

- 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 met 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.

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 related to 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 owe a separate fiduciary duty to each of the members over whom they hold Power 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

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.

APPENDIX 1: Contravention of [section 11\(1\)](#) and [section 11\(2\)](#) 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 [section 11\(2\)](#) 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 [section 11\(2\)](#) 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. [Section 11](#) of the Regulation states who a feeder association may accept as feeder members. [Section 11\(1\)\(a\)](#) 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.

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 | 11) RAMONES, Jesus |
| 2) DAWSON, Mitch | 12) RILEY, Bradley |
| 3) DUNN, Mark | 13) SCHWARTZKOPF, Brian |
| 4) FRENCH, Alvin | 14) SCHWARTZKOPF, Vera |
| 5) FROESE, Issac | 15) WALK, Ashley |
| 6) GARZA, Humberto | 16) WALK, Cornelia |
| 7) GOERTZEN, Peter | 17) WALK, Johan |
| 8) GOMEZ, Eduardo | 18) WALK, Wes |
| 9) LOCKE, Hugh | 19) WARNER, Geertje |
| 10) MacLEAN, Joseph | |

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 [section 11\(1\)](#) 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 [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 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.

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 [section 11\(1\)\(a\)](#) or [section 11\(2\)](#) 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.

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.

¹³ 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 [section 11\(1\)](#) 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 [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.

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 Footnote 14.

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

126. The PBFC membership fee is \$300.

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

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

1.4.7

133. applied to PBFC on

He was approved on

1.4.8

134.

135. The Board approved

with a

136. On IIS contacted

137.

21

APPENDIX 2: Contravention of [section 13](#) of the Regulation: Using Guaranteed Loans for Unpermitted Purposes

Overview

138. [Section 4](#) of the Act and [section 13](#) 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 [section 4](#) of the Act and [section 13](#) 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

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).

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.

²³ Excluding

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

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.)

Table 2.1: Members in the Schooten Group

	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
9)	SCHWARTZKOPF, Vera	Specified Member	Mother of Brian
10)			
11)			
12)			
13)			
14)			
15)			
16)			
17)			
18)			
19)			
20)			
21)	FULFORD, Crystal	Former member	Former spouse of Brian Schwartzkopf
22)	MENT, Jenna	Former member	Spouse of former PBFC assistant field supervisor
23)	WEIR, Mark	Former member	Former Schooten & Sons Ltd. Employee

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.

Table 2.2: Members in the Serfas Group

	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	

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

²⁵ 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.)

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

Member	Power of Attorney to Associated	Authorization & Direction to pay (Equity) to Associated	Authorization & Direction to pay (Balance of Sales) to Associated	Acknowledgement 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, BradleyNoNoNoNo	SERFAS
13) SCHWARTZKOPF, Brian	Yes	Yes	YesNo	SCHOOTEN
14) SCHWARTZKOPF, Vera	Yes	Yes	YesNo	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

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

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

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

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

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.

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

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.

²⁶ 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..."

²⁷ Peter Goertzen,

Table 2.5: Payor of Application Fee for Members in the Schooten 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
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 2.6: 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

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

²⁸

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

²⁹ 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.

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.

³⁰ See the spreadsheet at page 28 of the Supporting Documents.

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 - fuchsia, 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.

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.

³¹ 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 - fuchsia, 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.

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"

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.

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.

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:

- 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.

- 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.

- 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.

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 Member³⁴ 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".

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

- (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.

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

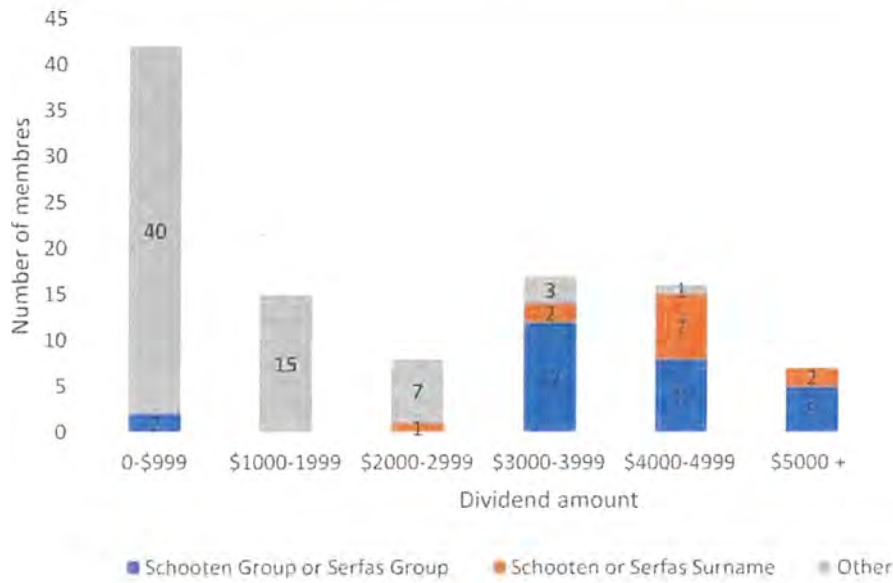
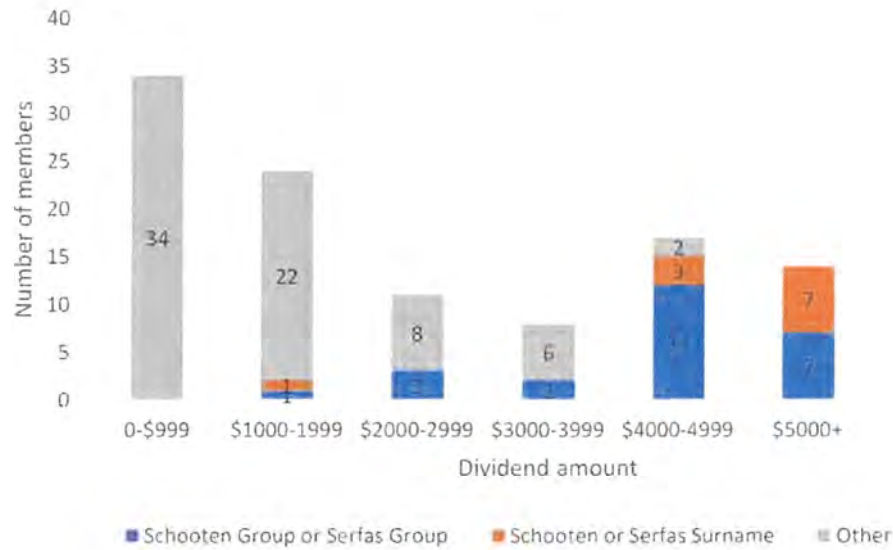


Table 2.8: Patronage Dividends Paid in 2023



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.

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 [section 14\(3\)](#) of the Regulation: Providing livestock and advances to members in contravention of the legislation

Overview

252. IIS is of the opinion that PBFC contravened [section 14\(3\)\(a\)](#) and [\(b\)](#) 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 [section 11\(2\)](#) 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 [section 11\(2\)](#) 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.

APPENDIX 4: Contravention of [section 30\(2\)](#) of the Regulation: Providing more Equity Advances than Permitted

Overview

256. Under [Section 30\(1\)](#) 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).

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.

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

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

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 [section 31](#) 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 [section 31](#) 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.

[Section 1\(1\)\(o\)](#) of the Regulation defines "monetary obligation" to mean an amount owed by the feeder member under the member agreement.

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.⁴³ 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

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 section 30 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.

Table 5.1: Maximum Monetary Obligation Limits of Specified Members

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	

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.

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

Last Name	First Name	Outstanding 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	\$	-	\$ 158,233.29
TOTALS		\$	58,680,651.76	\$ 3,895,878.12

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".

APPENDIX 6: Contravention of [section 33](#) of the Regulation: Security Deposit

Overview

280. [Section 33\(1\)](#) of the Regulation requires an association to obtain a deposit from a feeder member before supplying livestock or providing an equity advance. [Section 33\(3\)](#) 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 [section 33](#) 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.

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.

**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	\$50,000.00 \$47,922.20 \$2,077.80 \$50,000.00	\$259,685.06	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 \$28,882.85 \$11,400.12	\$215,058.14	Specified Member - SCHOOTEN
3) DUNN, Mark	Serfas Farms Ltd	2021-06-15 2023-07-24	\$100,000.00 \$1,050,000.00	\$100,000.00 \$50,000.00	\$255,212.19	Specified Member - SERFAS
4) FRENCH, Alvin	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 \$50,000.00 \$50,000.00	\$257,744.81	Specified Member - SERFAS
5) FROESE, Isaac	Serfas Farms Ltd	2019-04-16 2023-07-24	\$213,860.22 \$1,050,000.00	\$100,000.00 \$50,000.00	\$238,212.53	Specified Member - SERFAS
6) GARZA, Humberto	Serfas Farms Ltd	2021-05-25 2023-07-24	\$200,600.00 \$1,050,000.00	\$100,000.00 \$50,000.00	\$242,212.22	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 \$50,000.00 \$50,000.00	\$251,224.76	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 \$50,000.00	\$196,042.59	Specified Member - SERFAS

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
16) LOCKE, Hugh	Serfas Farms Ltd	2021-05-25 2023-07-24	\$200,600.00 \$1,050,000.00	\$100,000.00 \$1,050,000.00	\$236,390.46	Specified Member - SERFAS
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	2016-12-09 2017-07-28 2017-11-16 2019-02-27 2019-06-20	\$11,600.00 \$12,100.00 \$84,436.08 \$78,848.16 \$86,500.00	\$11,600.00 \$12,100.00 \$24,874.55 \$54,763.89 \$10,800.00	\$160,421.45	Specified Member - SCHOOTEN
18) MENT, Jenna	John Schooten & Sons Custom Feedyard Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd	2017-05-31 2017-11-16 2019-03-22 2020-06-20 2023-04-28	\$27,000.00 \$84,436.08 \$21,825.19 \$86,500.00 \$568,362.49	\$27,000.00 \$22,940.36 \$21,825.19 \$18,400.00 \$99,880.33	\$0	Former member - SCHOOTEN
19) RAMONES, Jesus	S&C Schooten Farming Ltd S&C Schooten Farming Ltd S&C Schooten Farming Ltd	2020-08-19 2021-01-25 2021-01-26	\$60,300.00 \$40,547.19 \$24,137.74	60,300.00 \$40,000.00 (25&26 cheqs) Unknown	\$187,686.68	Specified Member - SCHOOTEN
20) RILEY, Bradley	Serfas Farms Ltd (email from Kevin SERFAS that he wants security held by Vincent Geerlings transferred to Riley Serfas Farms Ltd	2023-02-22 2023-07-24	\$189,384.21 \$1,050,000	\$189,384.21 \$50,000	\$239,384.21	Specified Member - SERFAS

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
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 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	\$25,000.00 \$50,000.00 \$24,684.93 (25&26 cheq)	 \$156,746.87	Specified Member - SCHOOTEN
26) WALK, Cornelia	S&C Schooten Farming Ltd	2020-05-28	\$125,000.00	\$100,000.00	\$159,819.04	Specified Member - SCHOOTEN
27) WALK, Johan	S&C Schooten Farming Ltd	2020-05-14	\$200,000.00	\$100,000.00	\$144,935.21	Specified Member - SCHOOTEN
28) WALK, Wesley	S&C Schooten Farming Ltd	2020-05-14	\$200,000.00	\$100,000.00	\$158,233.29	Specified Member - SCHOOTEN
29) WARNER, Geertje	Serfas Farms Ltd Serfas Farms Ltd	2019-05-22 2023-07-24	\$100,000.00 \$1,050,000.00	\$100,000.00 \$50,000.00	\$226,534.36	Specified Member - SERFAS

APPENDIX 7: Contravention of [section 9\(3\)](#) of the Act: Obstruction and Lack of Assistance for Inspections

Overview

286. [Section 9](#) 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.

(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

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 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.

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.

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.

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. [Section 17\(3\)](#) 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. [Chapter 6 of the Manual](#) 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.

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

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

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 pre-dates 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.

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

- Crystal 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.

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 | 17) Mark Weir |
| 9) Jenna Ment | |

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.

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.)

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. Article 6.6.1 of the Manual (page 32) 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 funds equal to 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.)

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.

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

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	

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.

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 [Article 4.2 of the Manual \(page 15\)](#): *"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, [section 33](#) 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

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.

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.

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

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		

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

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.

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. Article 3.1.1(d) of the Manual (page 9) states:

3.1.1 Checklist for Directors

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

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.

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

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.

- 1) 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;*

⁵⁹ 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:

Ashley Walk	Sec \$4,655.71; blank field and amount
Jesus Ramones	Sec \$8,199.42;
Kayla Schooten	\$9,128.01; blank field and amount;
Mitch Dawson	\$11,997.12; blank field and amount;
Vera Schwartzkopf	Sec \$467.53

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.

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 [section 54](#) 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. [Chapter 3 \(Feeder Association Staff\)](#) 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.)

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

379. Chapter 4 of the Manual (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*

⁶¹ 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 non-farmers 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. [Chapter 4 \(Risk Management\)](#) 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 ask: “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 cattle⁶⁴ before considering whether the new member can receive an increased

⁶³ 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.

Table 10.2: Progression of Maximum Monetary Obligation Limits

SURNAME	Given name	Date of Board approval of the limits	Signed Member Agreement date	Maximum allowable at the time	Most recent amount -pre PSO	Maximum Monetary Obligation (excluding Equity Advances)	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

SURNAME	Given name	Date of Board approval of the limits	Signed Member Agreement date	Maximum allowable at the time	Most recent amount -pre PSO	Maximum Monetary Obligation (excluding Equity Advances)	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		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

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.

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, [Article 5.8.1\(c\) of the Manual](#) (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

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 related to 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 \$25,051,634 (30%) (2018 - \$7,682,496, 27%) due from the Co-operative's officers, board of directors, and their related parties (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 \$47,135,711 (50%) (2019 - \$25,051,634 (30%) due from the Co-operative's officers, board of directors, and their related parties (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 due from the co-operatives management and board of directors. 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 due from the co-operatives management and board of directors. 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

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 due from the co-operatives management and board of directors. 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.

Table.10.3: Reporting of Contract Receivables

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%

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 manage 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 manage 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:

- 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.

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

⁶⁷ As above.

⁶⁸ Minutes of the Board meeting on

⁶⁹ As above.

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.

⁷¹ See note dated May 14, 2020, to Administrator Dick Haney at page 51 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. Article 3.6.1(i) of the Manual 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.

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.

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

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

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-associated companies			\$79,713,812.10

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.

10.6 Providing excessive Board compensation and expenses

417. Article 3.1(m) of the Manual (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.

⁷² Board minutes of February 17, 2022.

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

Table 10.5 - Board Compensation (2017 to 2023)

Fiscal year ending	Amount
August 31, 2017	\$ 31,297 ⁷⁴
August 31, 2018	\$ 46,290 ⁷⁵
August 31, 2019	\$ 34,150 ⁷⁶
August 31, 2020	\$ 35,413 ⁷⁷
August 31, 2021	\$ 46,202 ⁷⁸
August 31, 2022	\$ 242,003 ⁷⁹
August 31, 2023	\$ 198,304 ⁸⁰

10.7 Failing to hold an AGM in a timely manner

419. Section 19 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.

⁷⁹ See "board and organization expenses" on the Statement of Income at page 3 of the Financial Statement for the Year Ended August 31, 2022.

⁸⁰ See "board and organization expenses" on the Statement of Income at page 4 of the Financial Statement for the Year Ended August 31, 2023.

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.

⁸¹ 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 [section 11\(1\)\(a\)\(i\)](#) 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 [Manual of Directives and Procedures for Feeder Associations in Alberta](#) (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

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

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

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 [section 2\(1\)](#) 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.

⁸⁸ See example Power of Attorney at page 17 of the Supporting Documents.

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:

- (a) 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;
- (d) 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:
- (a) 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.

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
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. WARNER, Geertje
16. WALK, Ashley
17. WALK, Cornelia
18. WALK, Johan
19. WALK, Wes

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



(Shane)

Approve

Kevin S
Bill S
Tasavik

Shane A
Trevor M

Terry Bodnar <terry@pbfccattle.com>

BMO Wealth Position and Member Application

9 messages

Richard Haney <rlhaney@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

 Scanned from PBFC (11).pdf
47K

Kevin Serfas <kevinserfas@gmail.com>

Mon, Apr 20, 2020 at 4:56 PM

To: Richard Haney <rlhaney@pbfccattle.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>, 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

I approve.

[Quoted text hidden]

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 text hidden]

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

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> <Scanned from PBFC (11).pdf>

Jason Konynenbelt <jasonkbelt@outlook.com> Tue, Apr 21, 2020 at 6:08 AM
 To: Richard Haney <rlhaney@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 <rlhaney@pbfccattle.com> wrote

>

>

[Quoted text hidden]

> <Scanned from PBFC (11).pdf>

tony ankermann <tankermann4@gmail.com>

Tue, Apr 21, 2020 at 8:20 AM

To: 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>, 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 approve. TA

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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 <rlhaney@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

[Quoted text hidden]



name (deleeuw)

Kevin
Brad
Tony
Philip

Bill
Leeuw
Jason

Terry Bodnar <terry@pbfccattle.com>

8

Walk and Houelling Loan Requests

11 messages

Richard Haney <rlhaney@pbfccattle.com>

Thu, Apr 9, 2020 at 12:07 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 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.

[Redacted]

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is p
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has requ
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board w

[Redacted]

Please respond with your wishes as
cooperation in this matter.

ril 13th by noon. Thanks for your

Please everyone stay safe and well.

Regards,

Dick

Kevin Serfas <kevinserfas@gmail.com>

Thu, Apr 9, 2020 at 12:56 PM

To: Richard Haney <rlhaney@pbfccattle.com>

Cc: 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, 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>

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 <rhaney@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

Yes I approve all applications BDL

[Quoted text hidden]

tony ankermann <tankermann4@gmail.com>

Thu, Apr 9, 2020 at 1:24 PM

To: Richard Haney <rhaney@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 <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>

Yes, I approve. TA

[Quoted text hidden]

plammerding@gmail.com <plammerding@gmail.com>

Thu, Apr 9, 2020 at 1:29 PM

To: Richard Haney <rhaney@pbfccattle.com>, 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>, 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>

Didn't hit reply all at first. I approve on both accounts. Philipp

[Quoted text hidden]

Shane Schooten <shane.schooten@gmail.com>

Thu, Apr 9, 2020 at 1:41 PM

To: Richard Haney <rhaney@pbfccattle.com>

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 will not comment on walk.

I approve Houwling

Shane Schooten
Schooten & Sons Feedyard
(403) 634-1535

[Quoted text hidden]

Conrad-Colleen Withage <cwithage@gmail.com>

Thu, Apr 9, 2020 at 1:54 PM

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 <rlhaney@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

[Quoted 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, "plammerding@gmail.com" <plammerding@gmail.com> wrote:

[Quoted text hidden]

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>

I approve Trevor

[Quoted text hidden]

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

Sent from my iPhone

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

[Quoted text hidden]

Jason Konynenbelt <jasonkbelt@outlook.com>

Thu, Apr 9, 2020 at 9:00 PM

To: Richard Haney <rlhaney@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 on both Jason

Sent from my iPhone

On Apr 9, 2020, at 12:07 PM, Richard Haney <rlhaney@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 Boschhoff - 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 if 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 thereunder (the "Regulations") hereby agrees, authorizes and directs AS FOLLOWS:

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

Shane Schooten
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 Livestock by the Association on behalf of 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.

3. Where there is more than one Attorney appointed under this Power of Attorney, the appointment of those 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.
5. All previous Power(s) of Attorneys relating to the Matters are hereby revoked by the Member. This Power of 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 9 day of March, 2022

CORPORATE MEMBER

Print complete corporate name if Member is a Corporation

Signature and printed name of Witness

Per:

Signature and printed name of authorised person

Signature and printed name of Witness

Per:

Signature and printed name of authorised person

INDIVIDUAL MEMBER

Signature and printed name of Witness

Signature and printed name of individual Member

Shane Schooten

Joe Maclean

AUTHORIZATION AND DIRECTION TO PAY

(Section 4 of Member Agreement)

TO: Picture Butte Feeder Co-operative Association ("PBFC")
Box 280 Picture Butte, Alberta T0K 1V0

AND TO: John Schooten & Sons Custom Feedyard (the "Payee")
The Individual or 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 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: 12/09/2016

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

Joe Maclean
Signature of Member

Joe Maclean
Print Name of Member

John Schooten
Witness Signature

John Schooten
Print Name of Witness

AUTHORIZATION AND DIRECTION TO PAY

(Section 5.5 of Member Agreement)

TO: Picture Butte Feeder Co-operative Association ("PBFC")
Box 280 Picture Butte, Alberta T0K 1V0

AND TO: John Schouten & Sons Custom Feed yard LTD (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 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: 12/09/2016

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

Joe Maclean
Signature of Member

Joe Maclean
Print Name of Member

John Schouten
Witness Signature

John Schouten
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 follows:

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 Equity 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 Equity Loan, to the Member.
2. ^{JM} The Payor (as set out below) has paid the amount of \$114,138.44 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 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 behalf 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 loans 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 in 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.
5. 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 returned 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.

Dated: 12/09/2016

MEMBER

Signature of Member

Witness Signature

Joe Maclean
 Print Name of Member

JOHN SCHOUTEN
 Print Name of Witness

PAYOR

Signature of Payor

Witness Signature


John Schouten & Sons
 S+C Schouten per S Kane Schouten
 Print Name of Payor

JOHN SCHOUTEN
 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 thereunder (the "Regulations") hereby agrees, authorizes and directs AS FOLLOWS:

1. All capitalized terms used herein without definition shall have the meanings ascribed to them in the Member 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 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 Livestock by the Association on behalf of 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.

3. Where there is more than one Attorney appointed under this Power of Attorney, the appointment of those 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.
5. All previous Power(s) of Attorneys relating to the Matters are hereby revoked by the Member. This Power of 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 Nov, 2019.

CORPORATE MEMBER

Print complete corporate name if Member is a Corporation

Signature and printed name of Witness

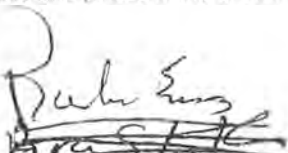
Per

Signature and printed name of authorised person

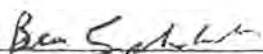
Signature and printed name of Witness

Per

Signature and printed name of authorised person


Signature and printed name of Witness

INDIVIDUAL MEMBER


Signature and printed name of individual Member

Rich Evans

Brian Schwartz

AUTHORIZATION AND DIRECTION TO PAY

(Section 5.5 of Member Agreement)

TO: Picture Butte Feeder Co-operative Association ("PBFC")
Box 280 Picture Butte, Alberta T0K 1V0

AND TO: John Schaefer & Sons Custom Feedyard Ltd. (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 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 Member and the witness to the Member's signature are to print name and sign)

Brian Schwartkopf
Signature of Member

Brian Schwartkopf
Print Name of Member

Rick Enns
Witness Signature

Rick Enns
Print Name of Witness

AUTHORIZATION AND DIRECTION TO PAY

(Section 4 of Member Agreement)

TO: Picture Butte Feeder Co-operative Association ("PBFC")
Box 280 Picture Butte, Alberta T0K 1V0

AND TO: John Schooten & Sons Custom Feedyard Ltd. (the "Payee")
The Individual or 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 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: 10/27/2017

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

Brian Schurteke
Signature of Member

Brian Schurteke
Print Name of Member

Rick Fries
Witness Signature

Rick Fries
Print Name of Witness

AUTHORIZATION AND DIRECTION TO PAY

(Section 5.5 of Member Agreement)

TO: Picture Butte Feeder Co-operative Association ("PBFC")
Box 280 Picture Butte, Alberta T0K 1V0

AND TO: John Schooten & Sons Custom 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 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)

Signature of Member

Print Name of Member

Witness Signature

Print Name of Witness

AUTHORIZATION AND DIRECTION TO PAY

(Section 4 of Member Agreement)

TO: Picture Butte Feeder Co-operative Association ("PBFC")
Box 280 Picture Butte, Alberta T0K 1V0

AND TO: JOHN SCHOTTENKOPF'S Custom FEEDERS Ltd (the "Payee")
The Individual or 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 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)

Mark Weir
Signature of Member

Mark Weir
Print Name of Member

B. L. Ems
Witness Signature

Rick Ems
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 follows:

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 Equity 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 Equity Loan, to the Member.
2. The Payor (as set out below) has paid the amount of \$ 104496⁹⁶ 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 behalf 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 loans 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
5. 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 irrevocably consents to the foregoing and irrevocably authorizes the Cooperative to take directions from the Payor with respect to the Deposit

Dated: 3/12/2018

MEMBER

[Signature]
 Signature of Member
[Signature]
 Witness Signature

Mark Weir
 Print Name of Member
Rick Ems
 Print Name of Witness

PAYOR

[Signature]
 Signature of Payor
[Signature]
 Witness Signature

JOHN SCHOOTEN & SONS
 S/C SNOOTEN P & SHAVE Schooten
 Print Name of Payor
Rick Ems
 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 thereunder (the "Regulations") hereby agrees, authorizes and directs AS FOLLOWS:

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

Shane Schooten
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 Livestock by the Association on behalf of 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.

3. Where there is more than one Attorney appointed under this Power of Attorney, the appointment of those 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.
5. All previous Power(s) of Attorneys relating to the Matters are hereby revoked by the Member. This Power of 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 Nov, 2019.

CORPORATE MEMBER

Print complete corporate name if Member is a Corporation

Signature and printed name of Witness

Per:

Signature and printed name of authorised person

Signature and printed name of Witness

Per:

Signature and printed name of authorised person

INDIVIDUAL MEMBER

Signature and printed name of Witness

Signature and printed name of individual Member

PICTURE BUTTE FEEDER CO-OP/ATIVE																1 of 2
STATEMENT OF SALES																
For the month of January 2024																
Regular Loan # 11	MEMBERS NAME	Sage No	Dr Name or Ear Tag Color	Druid location	HEAD SOLD THIS MONTH	STR	SOLD TO	INV NUMBER	DUE DATE	Outstanding Lish (Principal)	Payable balance Payment payments applied	Sage Interest total	Sage Interest Batch #	EFT/ Cheque # Issued to Member	Amount Paid to Member	ENDING BALANCE OF LOAN
5-Jan Murray Brock	10105011-024	BM7000	RFID		122		Titan	W034	1/5/2024	835,626.77	871,535.65		11489			5,109.11
5-Jan Murray Brock	10105011-031	NM7000	RFID		122		Titan	W048	2/3/2024	632,955.40	629,601.37		11470			3,225.15
5-Jan Murray Brock	10105011-131	Yellow	LH	95			At Pump	10769	2/3/2024	4,835,14.26	299,927.05		11471			1,659.60
5-Jan Murray Brock	10105011-038	AMS Bute 23	RFID		1		JBS	80205346	9/13/2024	484,553.84	12,851.24		11492			47,165.64
5-Jan Murray Brock	10105011-029	AM123	RFID	325			As Penelope	700706840305348	2/27/2024	29,951.32	30,170.11	46.80	11473	EFT1702	275,130.44	0.00
5-Jan Murray Brock	10105011-048	White	RS				Calga	648607	9/12/2024	162,063.34	10,182.56		11479			11,148.79
5-Jan Murray Brock	10105011-033	GW1026	LHF LHF	06			Calga	648604	5/16/2024	178,309.89	187,216.21	8275.29	11480			2.00
5-Jan Murray Brock	10105011-134	GW1026	LHF LHF	06			Calga	648608	5/16/2024	113,576.63	116,711.63	3,144.76	11480			0.00
5-Jan Murray Brock	10105011-135	GW1026	LHF LHF	06			Calga	648609	5/16/2024	155,847.44	172,095.36	13,252.52	11480			2.00
5-Jan Murray Brock	10105011-012	Yellow	LR	70			Summit	EFT	5/10/2024	169,795.57	214,954.53	1965.56	11482	EFT1770	36,153.00	0.00
5-Jan Murray Brock	10105011-012	Yellow	RSLR	29			Summit	EFT	5/10/2024	145,774.96	65,293.21		11482			53,891.75
5-Jan Murray Brock	10105011-024	BM7000	RFID		44		JF Murray	EFT	1/5/2024	301,096.12	159,696.19		11483			26,142.97
5-Jan Murray Brock	10105011-024	BM7000	RFID		81		Titan	V7020	1/5/2024	261,415.97	127,351.14	36435.17	11483			2.00
5-Jan Murray Brock	10105011-001	Tan	RFID	11			Kok Farms	P24225	3/8/2024	254,269.83	41,838.31		11489			213,652.52
5-Jan Murray Brock	10105011-014	Line	RFID	11			Kok Farms	P24224	3/8/2024	255,126.06	41,838.31		11490			213,652.75
5-Jan Murray Brock	10105011-001	Tan	RFID	11			Kok Farms	P24224	3/8/2024	213,161.52	1,560.27		11490			211,921.25
5-Jan Murray Brock	10105011-014	Line	RFID				Kok Farms	P24227	3/8/2024	213,161.52	1,560.27		11491			211,625.58
5-Jan Murray Brock	10105011-1178	WW1022	LHF RHF	47			At Pump	EFT	10/12/2024	203,290.87	107,902.96		11492			15,771.91
5-Jan Murray Brock	10105011-0278	SW1004	LHF	280			At Pump	EFT	5/16/2024	636,690.61	698,974.18	2,1515.57	11493			0.00
5-Jan Murray Brock	10105011-0136	E23-46	RFID	13			Titan	V7005	9/6/2024	426,327.90	313,474.88		11494			1,125,132.00
5-Jan Murray Brock	10105011-012	Yellow	RSLR	30			Summit	EFT546074	5/3/2024	51,894.79	145,521.81		11495	EFT1468	58,411.17	0.00
5-Jan Murray Brock	10105011-014	SER2	RH	134			Gowings Calgary	WIRE746407	1/23/2024	267,720.88	286,425.66	16654.97	11491			0.00
5-Jan Murray Brock	10105011-016	SER2	RFID	126			Gowings Calgary	WIRE746407	1/23/2024	336,250.90	252,056.44	16455.54	11491			0.00
5-Jan Murray Brock	10105011-017	SER2	RFID	135			Gowings Calgary	WIRE746407	1/23/2024	1,333,800.11	1,491,917.97	87,113.26	11491			0.00
5-Jan Murray Brock	10105011-018	SER2	RH	195			Gowings Calgary	WIRE746407	1/23/2024	402,190.69	436,214.58	26,119.62	11492			0.00
5-Jan Murray Brock	10105011-015	SER2	RFID	125			Gowings Calgary	WIRE746407	1/23/2024	1,558,090.41	1,666,548.92	1,6548.41	11492			0.00
5-Jan Murray Brock	10105011-016	SER2	RH	194			Gowings Calgary	WIRE746407	1/23/2024	267,720.88	286,425.66	16654.97	11493			0.00
5-Jan Murray Brock	10105011-017	SER2	LHF	578			Gowings Calgary	WIRE746407	1/23/2024	1,521,048.27	1,627,919.12	103,867.25	11490			0.00
5-Jan Murray Brock	10105011-016	SER2	RFID	110			Gowings Calgary	WIRE746407	1/23/2024	1,091,219.48	637,132.20	404,133.22	11490			0.00
5-Jan Murray Brock	10105011-017	SER2	RFID	697			Gowings Calgary	WIRE746407	1/23/2024	1,314,814.85	1,361,174.37	88,299.52	11495			0.00
5-Jan Murray Brock	10105011-005	SER3	LHF	41			Gowings Calgary	WIRE746407	1/23/2024	59,061.77	59,061.77	3790.03	11496			0.00
5-Jan Murray Brock	10105011-007	SER3	RFID	164			Gowings Calgary	WIRE746407	1/23/2024	311,489.61	22,077.27	2,025.76	11496			0.00
5-Jan Murray Brock	10105011-008	SER3	RH	752			Gowings Calgary	WIRE746407	1/23/2024	1,538,162.66	1,601,383.12	81,820.46	11496			0.00
5-Jan Murray Brock	10105011-013	SER1 Aug	LHF	545			Gowings Calgary	WIRE746407	1/23/2024	1,891,713.45	2,149,487.36	145,753.71	11497			0.00
5-Jan Murray Brock	10105011-001	SER2	RH	131			Gowings Calgary	WIRE746407	1/23/2024	384,981.56	416,325.19	20,344.63	11498			0.00
5-Jan Murray Brock	10105011-022	SER2	LHF	562			Gowings Calgary	WIRE746407	1/23/2024	1,513,147.25	1,719,346.17	196,198.91	11498			0.00
5-Jan Murray Brock	10105011-001	SER2	LHF	1003			Gowings Calgary	WIRE746407	1/23/2024	1,998,072.88	2,130,145.61	13,7572.73	11499			0.00
5-Jan Murray Brock	10105011-005	SER1 Oct	LHF	310			Gowings Calgary	WIRE746407	1/23/2024	1,991,267.94	2,146,452.10	155,644.16	11500			0.00
5-Jan Murray Brock	10105011-002	SER1 Sept	LHF	950			Gowings Calgary	WIRE746407	1/23/2024	1,999,109.47	2,156,462.03	156,002.56	11501			0.00
5-Jan Murray Brock	10105011-024	SER2	LHF	897			Gowings Calgary	WIRE746407	1/23/2024	1,999,109.47	2,156,462.03	156,002.56	11502			0.00
5-Jan Murray Brock	10105011-018	SER1	LHF	704			Gowings Calgary	WIRE746407	1/23/2024	1,565,179.67	1,782,514.44	83,337.37	11504			0.00
5-Jan Murray Brock	10105011-016	SER1	LHF	123			Gowings Calgary	WIRE746407	1/23/2024	369,353.31	509,657.73	30,104.42	11504			0.00
5-Jan Murray Brock	10105011-011	SER1	RFID	162			Gowings Calgary	WIRE746407	1/23/2024	263,199.36	283,781.12	20,581.74	11504			0.00
5-Jan Murray Brock	10105011-024	SER1	RFID	682			Gowings Calgary	WIRE746407	1/23/2024	762,141.71	843,730.00	61,142.29	11505			0.00
5-Jan Murray Brock	10105011-025	SER1	RFID	886			Gowings Calgary	WIRE746407	1/23/2024	1,312,774.69	1,412,367.23	89,586.14	11509			0.00
5-Jan Murray Brock	10105011-022	SER3	RH	996			Gowings Calgary	WIRE746407	1/23/2024	1,998,072.88	2,130,145.61	13,7572.73	11510			0.00
5-Jan Murray Brock	10105011-011	SER3	RH	988			Gowings Calgary	WIRE746407	1/23/2024	1,998,072.88	2,130,145.61	13,7572.73	11511			0.00
5-Jan Murray Brock	10105011-022	SER2 Oct	RFID	986			Gowings Calgary	WIRE746407	1/23/2024	1,988,326.94	2,131,436.10	13,7572.73	11512			0.00
5-Jan Murray Brock	10105011-012	SER3	LHF	113			Gowings Calgary	WIRE746407	1/23/2024	1,999,109.47	2,131,436.10	13,7572.73	11513			0.00
5-Jan Murray Brock	10105011-037	AM7031	RFID	230			Titan Upstock	V7032	4/28/2024	25,077.41	67,214.31	12,624.54	11516			0.00
5-Jan Murray Brock	10105011-037	White	RR	80			Vance	EFT112524	5/30/2024	42,116.74	224,441.31	13,662.4	11540	EFT1786	168,102.17	0.00
5-Jan Murray Brock	10105011-0136	E23-46	RFID	105			Titan	V7018	9/6/2024	172,311.62	125,549.88	12,648.78	11541			0.00

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PICTURE BUTTE FEEDER CO-OPERATIVE
STATEMENT OF SALES

Report for the month of January 2024
Last 6 1/2

DATE	MEMBERS NAME	Sage No	Ear Tag Color	Lot Name	Div'd Location	HEAD SOLD THIS MONTH	STK	SOLD TO	REV NUMBER	DUE DATE	Outstand'g Loan (Principal)	Payoff overage (Partial payment)	Sage Interest earned	Sage Interest Billed	ETI Check # Issued to Member	Amount Paid to Member	ENDING BALANCE OF LOAN
29-Jan	Clark Hansen	101250110148	E23-RL		RFD	40		Top	57391	8/6/2024	145,221.90	189,842.04	4329.12	11541	EFT1785	20,211.92	0.00
30-Jan	Clark Jordan	101220110208	Blue Red		RFD	38	292	JBS	60,000,000	10/7/2024	36,835.21	122,054.93	1324.05	11560	EFT1787	59,800.98	0.00
30-Jan	Campuzano Kevin	101220110148		SERFLMN	RFD			Schroeder & Sons	15441595	6/12/2024	1100,728.16	1,139,255.22	18521.56	11543			0.00
30-Jan	Dunn Mark	102040110178		SERFLMN	RFD	19		Schroeder & Sons	15441595	6/12/2024	208,338.03	267,375.25	3642.21	11544			0.00
30-Jan	Dunn Mark	102040110088		SEROP112345	RFD	267		Schroeder & Sons	15441595	6/12/2024	701,158.12	775,130.38	2324.26	11544			0.00
30-Jan	French Alan	101840110178	SE64		RFD	69		Schroeder & Sons	15441595	6/12/2024	186,171.16	201,672.18	6591.96	11540			0.00
30-Jan	French Alan	101840110188	SE64		RFD	111		Schroeder & Sons	15441595	6/12/2024	384,163.68	511,567.17	27802.49	11540			0.00
30-Jan	Frederic Isaac	101850110148	23LY25F-Y5		UHF	105		Schroeder & Sons	15441595	6/25/2024	1036,192.52	1,132,711.27	36516.6	11546			0.00
30-Jan	Garza Humberto	102047110001	SE63		UHF	69		Schroeder & Sons	15441595	2/3/2024	121,858.28	126,296.85	8437.67	11547			0.00
30-Jan	Garza Humberto	102047110109	SE66		RH	803		Schroeder & Sons	15441595	10/16/2024	641,337.56	855,567.64	14330.26	11547			0.00
30-Jan	Goertzen Peter	101850110148	23LY25F-Y5		UHF	52		Schroeder & Sons	15441595	8/25/2024	284,082.94	291,546.92	9403.96	11548			0.00
30-Jan	Goertzen Peter	101850110158	23LY25F-Y5		UHF	172		Schroeder & Sons	15441595	9/29/2024	721,217.78	739,915.45	18704.66	11549			0.00
30-Jan	Gomez Eduardo	102046110038	SE65		RFD	186		Schroeder & Sons	15441595	6/12/2024	392,330.50	504,430.23	12159.75	11549			0.00
30-Jan	Gomez Eduardo	102046110048	SE65		RFD	214		Schroeder & Sons	15441595	6/12/2024	607,387.64	625,855.60	17671.96	11549			0.00
30-Jan	Howe Damon	102060110029	SE65		RFD	179		Schroeder & Sons	15441595	6/12/2024	519,894.26	536,020.61	15126.35	11550			0.00
30-Jan	Howe Damon	102060110038	SE65		RFD	106		Schroeder & Sons	15441595	6/12/2024	326,647.64	313,405.20	8360.56	11550			0.00
30-Jan	Howe Damon	102060110049	SE66		RFD	87		Schroeder & Sons	15441595	9/25/2024	176,257.66	160,546.22	4384.56	11550			0.00
30-Jan	Looke Hugh	102046110068	SE66		RFD	112		Schroeder & Sons	15441595	9/25/2024	219,624.64	236,736.49	6174.85	11551			0.00
30-Jan	Looke Hugh	102046110078	SE66		RFD	151		Schroeder & Sons	15441595	9/25/2024	159,963.13	179,768.23	13865.1	11551			0.00
30-Jan	Looke Hugh	102046110088	SE66		RFD	8		Schroeder & Sons	15441595	9/25/2024	16,217.60	16,616.77	301.17	11551			0.00
30-Jan	Riley Bradley	102067110051	SE64		UHF	779		Schroeder & Sons	15441595	2/3/2024	1,607,243.43	1,712,927.84	10568.41	11552			0.00
30-Jan	Riley Bradley	102067110052	SE64		UHF	170		Schroeder & Sons	15441595	2/3/2024	310,365.80	361,724.97	21367.37	11552			0.00
30-Jan	Riley Bradley	102067110053	SE66		RFD	524		Schroeder & Sons	15441595	9/25/2024	1,061,587.83	1,096,736.96	6406.16	11552			0.00
30-Jan	Serfas Camrynny	101722110038	SE67		UHF	425		Schroeder & Sons	15441595	8/25/2024	831,725.64	851,092.84	21667.2	11553			0.00
30-Jan	Serfas Camrynny	101722110048	SE67		UHF	80		Schroeder & Sons	15441595	9/29/2024	168,000.20	172,614.58	4234.38	11553			0.00
30-Jan	Serfas Dorice	101731110208	SE67		UHF	475		Schroeder & Sons	15441595	9/29/2024	999,616.82	1,024,695.05	25622.13	11553			0.00
30-Jan	Serfas David	101910110148	SE67		UHF	468		Schroeder & Sons	15441595	9/29/2024	606,208.94	623,505.48	15360.24	11555			0.00
30-Jan	Serfas David	101910110158	SE67		UHF	236		Schroeder & Sons	15441595	10/1/2024	486,024.22	495,145.59	8184.87	11555			0.00
30-Jan	Serfas Herb	101710110248	SE66		RFD	136		Schroeder & Sons	15441595	3/25/2024	362,134.60	390,992.61	5861.01	11556			0.00
30-Jan	Serfas Herb	101710110278	SE63		RFD	252		Schroeder & Sons	15441595	10/1/2024	616,134.60	629,771.75	13037.15	11556			0.00
30-Jan	Serfas Jennifer	101721110128	SE69		RFD	714		Schroeder & Sons	15441595	10/1/2024	457,546.84	461,521.76	9994.32	11557			0.00
30-Jan	Serfas Jennifer	101721110248	SE67		UHF	246		Schroeder & Sons	15441595	10/1/2024	547,506.96	558,113.68	10826.92	11557			0.00
30-Jan	Serfas Jessica	101721110128	SE65		RH	476		Schroeder & Sons	15441595	10/1/2024	938,285.22	1,020,944.23	21696.01	11558			0.00
30-Jan	Serfas Kevin	101720110238	SE69		RH	615		Schroeder & Sons	15441595	10/1/2024	871,225.28	896,140.88	18915.58	11558			0.00
30-Jan	Serfas Kevin	101720110248	SE66		RFD	40		Schroeder & Sons	15441595	9/25/2024	80,927.88	82,473.86	1562.18	11559			0.00
30-Jan	Serfas Kourtney	101721110001	SE64		UHF	896		Schroeder & Sons	15441595	2/3/2024	1,521,834.75	1,611,913.24	82279.21	11560			0.00
30-Jan	Serfas Kourtney	101721110002	SE64		UHF	234		Schroeder & Sons	15441595	2/3/2024	442,954.32	469,072.02	26118	11560			0.00
30-Jan	Serfas Kourtney	101721110038	SE69		RFD	211		Schroeder & Sons	15441595	10/1/2024	615,122.84	626,920.67	11796.03	11560			0.00
30-Jan	Serfas Kourtney	101721110048	SE67		UHF	204		Schroeder & Sons	15441595	10/1/2024	420,122.83	438,180.67	8057.54	11560			0.00
30-Jan	Serfas Mark	10172011027	SE63		UHF	642		Schroeder & Sons	15441595	2/3/2024	1,989,117.46	2,117,842.02	136424.35	11561			0.00
30-Jan	Serfas Mark	101720110248	SE65		RFD	476		Schroeder & Sons	15441595	10/1/2024	1,000,112.85	1,019,820.91	10165.26	11561			0.00
30-Jan	Serfas Shirley	101711110179	SE64		UHF	258		Schroeder & Sons	15441595	2/3/2024	1,910,736.66	2,029,663.19	117924.01	11562			0.00
30-Jan	Serfas Shirley	101711110208	SE66		RFD	438		Schroeder & Sons	15441595	9/25/2024	1,088,472.26	1,109,350.16	20875.86	11562			0.00
30-Jan	Wahner George	101900110138	SE66		RFD	278		Schroeder & Sons	15441595	9/25/2024	557,135.07	570,944.28	13859.21	11563			0.00
31-Jan	VanDresen John	102058110108	Pink Red Yellow		RH	110		SALE	78596	8/15/2024	184,915.50	191,504.80	6589.32	11574			0.00
31-Jan	VanDresen John	102058110138	Pink Red Yellow		RH	114		SALE	78596	8/15/2024	292,154.88	302,154.34	9659.46	11574			0.00
31-Jan	VanDresen John	102058110148	Pink Red Yellow		RH	8		SALE	78596	8/15/2024	4,955.74	9,266.25	255.91	11574			0.00
31-Jan	VanDresen John	102058110158	JVS0424		RH	98		SALE	78596	8/15/2024	273,856.85	280,301.27	6044.62	11574			0.00
31-Jan	VanDresen John	102058110128	JVS0424		RH	72		SALE	78596	8/15/2024	80,672.67	85,561.72	1165.1	11574			0.00
31-Jan	VanDresen John	102058110158	JVS0424		RH	14		SALE	78596	8/15/2024	15,524.58	16,112.75	584.21	11574			0.00

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AAE Inspector
Investigation Branch
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Serfas Cattle - To Be Paid

Eastlot - UHF

Preferred	01192023-12	290 str	\$532,809.62	\$2,029,641.17	\$1,783.52	Price per head
Preferred	1232023-5	165 str	\$302,272.93	\$14,458.29	\$1,985,053.27	\$44,587.90
Preferred	1262023-7	636 str	\$1,107,930.24		\$14,140.67	\$317.63
Preferred	1302023-7	47 str	\$86,628.38	\$2,044,099.46	\$1,999,193.94	\$44,905.52
		1138 str	\$2,029,641.17			

Shipwheel - RFID

Preferred	01192023-5	319 str	\$593,752.74	\$593,752.74
				\$3,466.73
				\$597,219.47
		319 str	\$593,752.74	

Southwood - RFID

Preferred	01192023-9	754 str	\$1,401,788.16	\$1,607,125.11	\$1,888.51	Price per head
Preferred	1302023-3	97 str	\$205,336.95	\$9,248.24	\$309,716.24	\$1,297,408.87
				\$1,782.27	\$7,465.97	
				\$1,616,373.35	\$311,498.51	\$1,304,874.85
		851 str	\$1,607,125.11			

Turin - RH

Preferred	01192023-7	987 str	\$1,958,958.99	\$5,475,481.73	\$1,992.53	Price per head
Preferred	1232023-7	95 str	\$189,326.60	\$28,421.19	\$1,988,548.31	\$1,988,548.31
Preferred	1262023-3	831 str	\$1,662,411.40		\$10,321.82	\$10,321.82
Preferred	1302023-1	835 str	\$1,664,784.74	\$5,503,902.92	\$1,998,870.13	\$1,998,870.13
		2748 str	\$5,475,481.73		\$1,506,162.66	

Enchant UHF

Preferred	1262023-9	204 str	\$371,352.72	\$2,105,717.94	\$1,753.30	Price per head
Preferred	1302023-5	713 str/284 hfr	\$1,734,365.22	\$15,258.71	\$1,984,735.60	\$120,982.34
		917 str/284 hfr	\$2,105,717.94	\$2,120,976.65	\$14,382.06	\$876.65
					\$1,999,117.66	\$121,858.99

Total Invoices Outstanding

\$11,811,718.69

\$11,882,571.85

5973 str
284 hfr6000 UHF
3250 ET

\$9,450.00

\$1,706.25

\$11,893,728.10 Contract total

Inspected

Isaac
Geertje
Humberto
Jessica
Jennifer
Mark

Schooten - To Be Paid

West Lot

Preferred	2142023-1	3469 str / 3647 hfr	\$13,900,666.75	\$13,900,666.75	\$1,953.44	\$1,986,648.48	\$1,986,648.48	\$1,986,648.48	\$1,986,648.48	\$1,986,648.48	\$1,986,648.48	\$1,986,648.48	\$1,295,130.72
				\$90,408.78		\$12,920.99	\$12,920.99	\$12,920.99	\$12,920.99	\$12,920.99	\$12,920.99	\$12,920.99	\$8,042.27
				\$13,991,075.53		\$1,999,569.47	\$1,999,569.47	\$1,999,569.47	\$1,999,569.47	\$1,999,569.47	\$1,999,569.47	\$1,999,569.47	\$1,303,172.99
		3469 str/3647 hfr	\$13,900,666.75			1017 hd	1017 hd	1017 hd	1017 hd	1017 hd	1017 hd	1017 hd	633 hd
		7116 head											
B & M Schooten- UHF					\$1,990.36	\$236,366.24	\$713,005.60	\$1,060,717.92	\$1,060,717.92	\$1,060,717.92	\$1,060,717.92	\$1,060,717.92	\$41,009.95
Preferred	01192023-15	195 str	\$388,121.00	\$388,121.00		\$1,537.31	\$4,637.33	\$6,898.82	\$6,898.82	\$6,898.82	\$6,898.82	\$6,898.82	\$647.98
				\$2,477.48		\$237,903.55	\$717,642.93	\$1,067,616.74	\$1,067,616.74	\$1,067,616.74	\$1,067,616.74	\$1,067,616.74	\$12,127.50
				\$390,598.48									\$53,785.40
		195 str	\$388,121.00	195 str		121 head	365 head	543 head	318 head				51 head
					\$14,381,674.01								
		3664 str 3647 hfr		7700 UHF	\$12,127.50								
					\$14,393,801.51	Contract total							

Joe Maclean	\$2,000,000.00
Cody Schooten	\$2,000,000.00
Kristin Schooten	\$2,000,000.00
Kristi Schooten	\$2,000,000.00
Patty Schooten	\$2,000,000.00
Mitch Dawson	\$630,009.64
Jesus Ramones	\$719,578.54
Justin Schooten	\$1,304,936.44
Kayla Schooten	\$1,068,079.51
Shane Schooten	\$210,221.85
	\$14,559,160.53

Schooten - To Be Paid

					Todd	Jenn	Jenna	Mark
					784 str	784 str	784 str	784 str
Home Lot				\$2,535.00	\$1,987,440.00	\$1,987,440.00	\$1,987,440.00	\$1,987,440.00
Preferred	4042023-1	7327 str	\$18,573,945.00	\$18,573,945.00	\$10,166.52	\$10,166.52	\$10,166.52	\$10,166.52
				\$95,012.87				
		7327 hd	\$18,573,945.00	\$18,668,957.87	\$1,997,606.52	1997606.52	1997606.52	1997606.52
					Henry	Jane	Jessie	Dylan
					784 str	784 str	726 str	726 str
					\$1,987,440.00	\$1,987,440.00	\$1,840,410.00	\$1,840,410.00
					\$10,166.52	\$10,166.52	\$9,414.41	\$9,414.41
					\$1,997,606.52	\$1,997,606.52	\$1,849,824.41	\$1,849,824.41

Picture Butte Feeder Cooperative

Equity Calculation

In the Scenario Where Cattle are Contracted

for the Month of:

Name of Member

Which Organization

What is the lot closed date?

Number of Days starting lot closed date "first" equity pay

Number of Days of First Equity month

Total Number of Days

Approximate # of Days on Equity

Amount of Loan

Number of Cattle in Lot

Number of Deaths

Number of Cattle Contracted

Percentage of Cattle Contracted in Lot

Selling Price

Selling Weight

Selling Date

End Value

100% of Target End Value

Equity Calculation

75% Equity Available

Interest on Principal - Prime

Interest on Equity - Prime + 0.5%

Equity Available after Interest Deduction

Equity Per Day

First Equity Payment

Administration Charge

Remaining Equity Available

Equity Per Month

Month Two

Beginning Equity

Equity Payout 1st Month

minus 5% (deduct to mem sec)

payment to member

Remaining Equity Available

Month Four

Beginning Equity

Equity Payout 1st Month

minus 5% (deduct to mem sec)

payment to member

Remaining Equity Available

Month Six

Beginning Equity

Equity Payout 1st Month

minus 5% (deduct to mem sec)

payment to member

Remaining Equity Available

Mar-21
Schonen
Unit 30 (Home Lot) SCH4

October 31, 2022
120 Preferred
37 2023-26
151
184

\$27,986.92 21 Franz Guenther \$ 979,988.42
1804 Maria Klassen \$ 979,988.42
Helena Klassen \$ 979,988.42
Heinrich Klassen \$ 979,988.42
Cornelius Klassen \$ 979,988.42
Judy Guenther \$ 979,988.42
Verla Schwartzkopf \$ 979,988.42
Brian Schwartzkopf \$ 979,988.42

100% 100% 100% 100% 100% 100% 100% 100%
Judy Guenther \$ 979,988.42
Verla Schwartzkopf \$ 979,988.42
Brian Schwartzkopf \$ 979,988.42

7.4500 Judy Guenther \$ 979,988.42
15.21
Oct-23 Verla Schwartzkopf \$ 979,988.42

\$ 31,035,820.00 Brian Schwartzkopf \$ 976,803.19
\$ 31,035,820.00 \$ 8,816,710.59
\$ 13,038,890.78

\$ 9,779,168.84
\$ 607,514.66
\$ 354,943.64 75% Equity/hd \$ 1,061.74

\$ 8,816,710.59
\$ 47,916.91
\$ 7,235,452.67
\$ 34,876.80
\$ 1,546,381.07
\$ 309,276.21

pd Apr 5/23
Unit 2 \$ 109,276.21
5% Security \$ 109,276.21
Payment to Brian \$ 109,276.21

Month Three
Beginning Equity \$ 1,237,104.85
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 927,828.64

Month Four
Beginning Equity \$ 927,828.64
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 618,552.43

Month Five
Beginning Equity \$ 618,552.43
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 309,276.21

Month Six
Beginning Equity \$ 309,276.21
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Seven
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Eight
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Nine
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Ten
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Eleven
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Twelve
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Thirteen
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Fourteen
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Fifteen
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Sixteen
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Seventeen
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Eighteen
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Nineteen
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Twenty
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Twenty One
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Twenty Two
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Twenty Three
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Twenty Four
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Twenty Five
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Twenty Six
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Twenty Seven
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Twenty Eight
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Twenty Nine
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Thirty
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Thirty One
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Thirty Two
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Thirty Three
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Thirty Four
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Month Thirty Five
Beginning Equity \$ 0.00
Equity Payout 1st Month \$ 309,276.21
minus 5% (deduct to mem sec) \$ 109,276.21
payment to member \$ 109,276.21
Remaining Equity Available \$ 0.00

Franz Guenther 923 \$ 1,998,484.39
Maria Klassen 923 \$ 1,998,484.39
Helena Klassen 923 \$ 1,998,484.39
Heinrich Klassen 923 \$ 1,998,484.39
Cornelius Klassen 923 \$ 1,998,484.39
Judy Guenther 923 \$ 1,998,484.39
Verla Schwartzkopf 923 \$ 1,998,484.39
Brian Schwartzkopf 920 \$ 1,999,051.09
6904 \$ 17,056,929.27

pd Mar 27/23 Administration Payment to Member
Franz Guenther \$ 979,988.42 \$ 34,876.80 \$ 945,111.62
Maria Klassen \$ 979,988.42 \$ 34,876.80 \$ 945,111.62
Helena Klassen \$ 979,988.42 \$ 34,876.80 \$ 945,111.62
Heinrich Klassen \$ 979,988.42 \$ 34,876.80 \$ 945,111.62
Cornelius Klassen \$ 979,988.42 \$ 34,876.80 \$ 945,111.62
Judy Guenther \$ 979,988.42 \$ 34,876.80 \$ 945,111.62
Verla Schwartzkopf \$ 979,988.42 \$ 34,876.80 \$ 945,111.62
Brian Schwartzkopf \$ 979,988.42 \$ 34,876.80 \$ 945,111.62
\$ 7,270,329.47 \$ 34,876.80 \$ 7,235,452.67 \$ 7,270,329.47

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PICTURE BUTTE FEEDER COOPERATIVE STATEMENT OF SALES																
Register sales for the month of January 2024																
Sheet # 11																
DATE	MEMBER'S NAME	Sage No	Lot Name of Ear tag Color	Band Location	HSKD SOLD THIS MONTH	SFR	SOLD TO	INV NUMBER	DUE DATE	Outstanding Loan (Principal)	Paydown/Payment (Partial payment) applied	Sage Interest posted	Sage Interest Batch #	EFT/ Cheque # Issued to Member	Amount Paid to Member	ENDING BALANCE OF LOAN
5-Jan	Murray Bros	1005011-024	BM7000	RFID	122		Titan	W0591	15/2024	615,626.77	414,538.50					201036.12
5-Jan	Murray Bros	1005011-017	NM7002	RFID	122		Titan	W0588	2/3/2024	610,965.40	420,531.30					192354.10
8-Jan	Bielunas Aarti	1000401-131	yellow	LH	86		Ab Prime	70769	2/3/2024	438,914.89	298,527.30					138947.60
8-Jan	Houwing Andz	10027311-0318	AFB Bute 23	RFID	4		JS	60305346	9/13/2024	462,503.88	12,851.24					471865.64
8-Jan	Houwing Andz	10027011-029	AH1123	RFID	325		Ab Prime/JS	7080709603005346	2/27/2024	29,961.32	161,201.13	40306.37		EFT1172	175,836.44	0.00
10-Jan	Bouma Sid	10171711-0406	White	RS	3		Cargill	644807	9/12/2024	162,583.34	10,752.56					151860.76
10-Jan	Wever Glen	10115011-133	GW1026	UHF-LH	96		Cargill	644609	5/15/2024	176,519.38	167,210.21					0.00
10-Jan	Wever Glen	10115011-134	GW1026	UHF-LH	63		Cargill	644609	5/18/2024	113,570.30	116,115.69					0.00
10-Jan	Wever Glen	10115011-135	GW1026	UHF-LH	96		Cargill	644609	5/18/2024	165,047.44	172,098.96					0.00
11-Jan	Puuvien Jack	10205411-012	yellow	LR	76		Summit	EFT	5/10/2024	160,795.57	214,938.64	7965.05		EFT1175	46,131.62	0.00
11-Jan	Puuvien Jack	10205411-012	yellow	RS/LR	29		Summit	EFT	5/10/2024	148,774.96	55,240.21					83411.75
12-Jan	Murray Brook	10050511-024	BM7000	RFID	40		JF Murray	EFT	1/5/2024	401,096.12	136,630.10					264416.97
12-Jan	Murray Brook	10050511-024	BM7000	RFID	481		Titan	V7020	1/5/2024	261,415.97	327,651.14	66435.17				0.00
16-Jan	Bazuka Ivan	10236211-001	Tan	RFID	11		Kok Farms	P24025	5/5/2024	254,699.83	41,636.31					213163.52
16-Jan	Deloua Bradley	10163011-014	Lime	RFID	11		Kok Farms	P24024	5/5/2024	255,026.06	41,636.31					213160.77
19-Jan	Bazuka Ivan	10236211-001	Tan	RFID	1		Kok Farms	P24025	5/5/2024	213,160.52	1,560.27					211620.25
19-Jan	Deloua Bradley	10163011-014	Lime	RFID	1		Kok Farms	P24027	5/8/2024	211,188.77	1,560.27					211629.50
22-Jan	Wever Wayne	10170111-118	VW1025	UHF-RH	37		Ab Prime	EFT	10/2/2024	203,300.67	137,822.96					65377.61
22-Jan	Wever Sonya	10115111-0218	SW1034	LH	263		Ab Prime	EFT	8/16/2024	635,600.61	656,974.18	21313.67				0.00
22-Jan	Clark Karleen	10156011-0138	E23-46	RFID	72		Titan	V7058	8/6/2024	426,207.90	313,214.68					12913.00
23-Jan	Puuvien Jack	10205411-013	Yellow	RS/LR	40		Summit	EFT156024	5/20/2024	15,481.75	147,727.61			EFT1560	56,479.37	0.00
24-Jan	Campschroer Kevin	10150111-015	SEB2	RH	131		Gowings Calgary	WIRE746407	1/23/2024	217,770.85	266,425.85					0.00
24-Jan	Campschroer Kevin	10150111-016	SEB2	RFID	126		Gowings Calgary	WIRE746407	1/23/2024	226,200.00	262,856.44					0.00
24-Jan	Campschroer Kevin	10150111-017	SEB2	RFID	805		Gowings Calgary	WIRE746407	1/23/2024	3,363,960.11	1,481,073.97					0.00
24-Jan	Dunn Mark	10204511-004	SEB2	RH	195		Gowings Calgary	WIRE746407	1/23/2024	472,193.69	430,234.58	25,019.89				0.00
24-Jan	Dunn Mark	10204511-005	SEB2	RFID	9		Gowings Calgary	WIRE746407	1/23/2024	1,558,092.41	1,666,508.82					0.00
24-Jan	Dunn Mark	10204511-006	SEB2	RFID	9		Gowings Calgary	WIRE746407	2/3/2024	26,282.25	26,282.25					0.00
24-Jan	French Avin	10184011-015	SEB2	RH	154		Gowings Calgary	WIRE746407	1/23/2024	487,563.35	425,260.94					0.00
24-Jan	French Avin	10184011-016	SEB2	UHF	878		Gowings Calgary	WIRE746407	1/23/2024	1,521,048.27	1,623,010.02					0.00
24-Jan	Froese Isaac	10180011-016	SEB3	RFID	319		Gowings Calgary	WIRE746407	2/3/2024	597,219.48	637,032.70					0.00
24-Jan	Froese Isaac	10180011-017	SEB3	RFID	167		Gowings Calgary	WIRE746407	2/3/2024	1,304,374.86	1,393,124.37					0.00
24-Jan	Garza Humberto	10257111-006	SEB3	UHF	25		Gowings Calgary	WIRE746407	2/3/2024	56,061.77	55,565.40					0.00
24-Jan	Garza Humberto	10257111-007	SEB3	RFID	154		Gowings Calgary	WIRE746407	2/3/2024	311,495.11	322,577.27					0.00
24-Jan	Garza Humberto	10257111-008	SEB3	RH	752		Gowings Calgary	WIRE746407	2/3/2024	1,504,152.86	1,606,013.12					0.00
24-Jan	Gonzalez Peter	10256111-015	SEB1Aug	UHF	548		Gowings Calgary	WIRE746407	12/6/2023	1,963,713.65	2,148,467.36					0.00
24-Jan	Gomez Eduardo	10256411-001	SEB3	RH	191		Gowings Calgary	WIRE746407	2/3/2024	464,951.56	476,028.19					0.00
24-Jan	Gomez Eduardo	10256411-002	SEB3	UHF	296		Gowings Calgary	WIRE746407	2/3/2024	1,613,147.26	1,710,246.17					0.00
24-Jan	Hoep Danton	10256811-001	SEB3	UHF	1063		Gowings Calgary	WIRE746407	2/3/2024	1,906,572.88	2,130,145.21					0.00
24-Jan	Looke Hugh	10254811-005	SEB1Oct	UHF	392		Gowings Calgary	WIRE746407	12/6/2023	1,991,297.94	2,146,652.16					0.00
24-Jan	Serfas Cathryn	10272211-002	SEB1Sep	UHF	592		Gowings Calgary	WIRE746407	12/6/2023	1,999,458.47	2,165,652.03					0.00
24-Jan	Serfas David	10270111-024	SEB2	UHF	697		Gowings Calgary	WIRE746407	1/23/2024	1,993,412.46	2,138,706.71					0.00
24-Jan	Serfas David	10191311-015	SEB1	UHF	704		Gowings Calgary	WIRE746407	12/6/2023	1,083,175.07	1,182,516.44					0.00
24-Jan	Serfas David	10191311-016	SEB1	UHF	160		Gowings Calgary	WIRE746407	12/6/2023	502,653.31	526,601.73					0.00
24-Jan	Serfas David	10191311-017	SEB1	RFID	162		Gowings Calgary	WIRE746407	12/6/2023	263,199.38	263,761.12					0.00
24-Jan	Serfas Hiep	10271311-024	SEB1	RFID	432		Gowings Calgary	WIRE746407	12/6/2023	762,647.71	843,796.00					0.00
24-Jan	Serfas Hiep	10271311-025	SEB1	RFID	268		Gowings Calgary	WIRE746407	12/6/2023	1,217,271.69	1,312,361.23					0.00
24-Jan	Serfas Jennifer	10272111-022	SUR2	RH	998		Gowings Calgary	WIRE746407	2/3/2024	1,336,876.13	2,134,131.62					0.00
24-Jan	Serfas Jessica	10263511-011	SEB3	RH	358		Gowings Calgary	WIRE746407	2/3/2024	1,393,876.13	2,134,131.62					0.00
24-Jan	Serfas Kevin	10272011-022	SEB2Oct	RFID	1068		Gowings Calgary	WIRE746407	1/23/2024	1,936,320.54	2,137,538.16					0.00
24-Jan	Warner George	10190011-012	SEB3	UHF	1113		Gowings Calgary	WIRE746407	2/3/2024	1,999,193.53	2,134,477.34					0.00
25-Jan	Murray Austin	10650311-037	AM7001	RFID	250		Titan Livestock	V7023	4/29/2024	25,007.41	37,231.99					0.00
29-Jan	Vanderveen Ed	10205511-007	White	RH	80		Vander	EFT112524	5/30/2024	43,716.74	224,501.31			EFT1125	118,022.17	0.00
29-Jan	Clark Karleen	10156011-0138	E23-46	RFID	165		Titan	V7101	8/5/2024	11,913.02	125,559.83					0.00

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PICTURE BUTTE FEEDER CO-OP

STATEMENT OF SALES

Regular Sale For the month of January 2024

Loan # 11

DATE	MEMBER'S NAME	Sage No	Ear tag Color	Brand location	HEAD SOLD THIS MONTH	HFR	STR	SOLD TO	INV NUMBER	DUE DATE	Outstanding Loan (Principal)	Physician's Payment applied	Sage Interest	Sage Interest Batch #	EFT: Check # Issued to Member EFT 1767	Amount Paid to Member	ENDING BALANCE OF LOAN
29-Jan	Clark Karlsen	1015011-0148	E23-46	RFD	80			Thy	60305618	9/6/2024	145,221.60	198,642.04	4409.12	11541		40,211.92	0.00
30-Jan	Smile Jordan	10172011-0208	Blue-Red	UH	36			JBS	60305618	10/17/2024	56,936.21	120,644.64	1304.40	11550		99,800.98	0.00
30-Jan	Gampachner Kevin	10182011-0198	SER-LMN	RFD	392			Schooten & Sons	15941595	8/17/2024	1,150,738.16	1,139,285.72	35527.56	11543			0.00
30-Jan	Dunn Mark	10202011-0078	SER-LMN	RFD	92			Schooten & Sons	15941595	8/17/2024	250,336.63	267,272.24	5042.21	11544			0.00
30-Jan	Dunn Mark	10204011-0098	SER-PM1204S	RFD	267			Schooten & Sons	15941595	8/17/2024	151,159.12	778,163.36	25024.26	11544			0.00
30-Jan	French Alvin	10184011-0178	SER4	RFD	69			Schooten & Sons	15941595	8/17/2024	195,171.16	204,873.14	6501.96	11545			0.00
30-Jan	French Alvin	10184011-0198	SER4	RFD	311			Schooten & Sons	15941595	8/17/2024	884,163.69	511,567.17	27403.49	11545			0.00
30-Jan	Friesen Isaac	10184011-0198	Z/L YF2SF-Y5	UH	350			Schooten & Sons	15941595	8/25/2024	1,094,192.97	1,132,717.12	36616.8	11546			0.00
30-Jan	Darza Humberto	10204711-0099	SER3	UH	69			Schooten & Sons	15941595	2/3/2024	21,854.38	190,296.85	8437.67	11547			0.00
30-Jan	Darza Humberto	10204711-0109	SER3	RH	303			Schooten & Sons	15941595	10/16/2024	641,337.59	655,367.84	14320.28	11547			0.00
30-Jan	Goertzen Peter	10185011-0148	Z/L YF2SF-Y5	UH	92			Schooten & Sons	15941595	8/25/2024	284,062.94	293,546.92	9463.98	11548			0.00
30-Jan	Goertzen Peter	10185011-0158	Z/L YF2SF-Y5	UH	372			Schooten & Sons	15941595	8/29/2024	721,217.79	739,378.45	18701.66	11548			0.00
30-Jan	Gomez Eduardo	10206011-0030	SER3	RFD	136			Schooten & Sons	15941595	8/17/2024	292,335.30	464,590.25	12198.75	11549			0.00
30-Jan	Gomez Eduardo	10206011-0048	SER3	RFD	214			Schooten & Sons	15941595	8/17/2024	467,387.64	625,059.62	17671.96	11549			0.00
30-Jan	Hovig Damon	10206011-0038	SER3	RFD	178			Schooten & Sons	15941595	8/17/2024	519,364.26	585,028.21	15126.35	11550			0.00
30-Jan	Hovig Damon	10206011-0048	SER3	RFD	106			Schooten & Sons	15941595	8/17/2024	302,047.64	313,428.20	8360.56	11550			0.00
30-Jan	Hovig Damon	10206011-0058	SER6	RFD	67			Schooten & Sons	15941595	8/25/2024	176,267.66	180,642.22	4384.56	11550			0.00
30-Jan	Locke Hugh	10204611-0038	SER6	RFD	112			Schooten & Sons	15941595	8/25/2024	230,624.64	236,779.49	6714.85	11551			0.00
30-Jan	Locke Hugh	10204611-0078	SER6	RFD	361			Schooten & Sons	15941595	8/25/2024	750,963.13	779,768.25	19856.1	11551			0.00
30-Jan	Locke Hugh	10204611-0048	SER6	RFD	6			Schooten & Sons	15941595	8/25/2024	16,207.62	16,812.17	403.17	11551			0.00
30-Jan	Riley Bradley	1020711-001	SER4	UH	779			Schooten & Sons	15941595	2/3/2024	1,637,242.43	1,712,927.84	10584.41	11552			0.00
30-Jan	Riley Bradley	1020711-002	SER4	UH	170			Schooten & Sons	15941595	2/3/2024	330,366.60	351,724.57	21359.37	11552			0.00
30-Jan	Riley Bradley	1020711-0038	SER6	RFD	524			Schooten & Sons	15941595	8/25/2024	1,661,597.60	1,688,005.96	2643.16	11552			0.00
30-Jan	Serfas Camerynn	10072011-0038	SER7	UH	429			Schooten & Sons	15941595	9/29/2024	631,726.64	653,292.64	21567.9	11553			0.00
30-Jan	Serfas Camerynn	10072011-0048	SER7	UH	86			Schooten & Sons	15941595	9/29/2024	169,290.20	172,614.68	424.85	11553			0.00
30-Jan	Serfas Doree	10072011-0058	SER7	UH	475			Schooten & Sons	15941595	9/29/2024	699,816.62	704,699.05	25062.23	11554			0.00
30-Jan	Serfas David	10072011-0068	SER7	UH	269			Schooten & Sons	15941595	9/29/2024	608,308.94	623,669.45	15260.54	11555			0.00
30-Jan	Serfas David	10072011-0078	SER7	UH	236			Schooten & Sons	15941595	10/16/2024	498,024.22	495,141.09	3116.87	11556			0.00
30-Jan	Serfas Herb	10072011-0088	SER8	RFD	196			Schooten & Sons	15941595	9/25/2024	332,134.68	350,995.81	5671.01	11556			0.00
30-Jan	Serfas Herb	10072011-0098	SER8	RFD	282			Schooten & Sons	15941595	10/16/2024	676,134.69	698,771.79	13631.15	11557			0.00
30-Jan	Serfas Jennifer	10072011-0038	SER8	RFD	214			Schooten & Sons	15941595	10/16/2024	451,549.84	461,545.10	3994.32	11557			0.00
30-Jan	Serfas Jennifer	10072011-0048	SER10	UH	296			Schooten & Sons	15941595	10/16/2024	647,806.96	659,313.88	10506.92	11557			0.00
30-Jan	Serfas Jessica	10072011-0058	SER8	RH	476			Schooten & Sons	15941595	10/16/2024	969,265.22	1,020,984.23	21696.01	11558			0.00
30-Jan	Serfas Kevin	10072011-0038	SER8	RH	316			Schooten & Sons	15941595	10/16/2024	671,225.28	690,748.86	14976.58	11559			0.00
30-Jan	Serfas Kevin	10072011-0048	SER8	RFD	43			Schooten & Sons	15941595	9/25/2024	80,927.36	82,407.55	1522.19	11559			0.00
30-Jan	Serfas Courtney	10072011-0058	SER4	UH	204			Schooten & Sons	15941595	2/3/2024	1,621,634.75	1,611,913.96	10270.21	11560			0.00
30-Jan	Serfas Courtney	10072011-0068	SER4	UH	204			Schooten & Sons	15941595	2/3/2024	440,954.02	469,072.02	28118	11560			0.00
30-Jan	Serfas Courtney	10072011-0078	SER8	RFD	491			Schooten & Sons	15941595	10/17/2024	615,122.64	626,020.67	51798.03	11560			0.00
30-Jan	Serfas Courtney	10072011-0048	SER13	UH	294			Schooten & Sons	15941595	10/17/2024	430,122.63	428,180.51	8057.94	11560			0.00
30-Jan	Serfas Mark	10072011-0025	SER3	UH	145			Schooten & Sons	15941595	2/3/2024	1,899,117.00	2,137,542.02	136424.36	11561			0.00
30-Jan	Serfas Mark	10072011-0048	SER3	RFD	475			Schooten & Sons	15941595	10/17/2024	1,300,432.63	1,015,120.53	19168.28	11561			0.00
30-Jan	Serfas Shirley	10072011-0015	SER4	UH	618			Schooten & Sons	15941595	2/3/2024	1,310,738.68	2,028,039.15	117924.51	11562			0.00
30-Jan	Serfas Shirley	10072011-0026	SER6	RFD	635			Schooten & Sons	15941595	9/25/2024	1,388,473.23	1,109,250.16	26475.88	11562			0.00
30-Jan	Warner George	10180011-0138	SER6	RFD	275			Schooten & Sons	15941595	8/25/2024	557,135.07	570,891.28	13659.21	11563			0.00
31-Jan	VanOosten John	10205011-0108	Pink Red Yellow	RH	118			SALE	78596	8/15/2024	78596	191,654.82	6589.32	11574			0.00
31-Jan	VanOosten John	10205011-0138	Pink Red Yellow	RH	211			SALE	78596	8/15/2024	292,785.63	302,354.34	5268.46	11574			0.00
31-Jan	VanOosten John	10205011-0148	Pink Red Yellow	RH	6			SALE	78596	8/15/2024	8,935.71	9,295.75	253.01	11574			0.00
31-Jan	VanOosten John	10205011-0118	Pink Red Yellow	RH	160			SALE	78594	8/15/2024	270,656.65	280,301.27	9644.62	11574			0.00
31-Jan	VanOosten John	10205011-0128	Pink Red Yellow	RH	223			SALE	78594	8/15/2024	363,672.02	375,567.12	11885.1	11574			0.00
31-Jan	VanOosten John	10205011-0158	Pink Red Yellow	RH	78			SALE	78594	8/15/2024	13,564.58	14,512.79	948.21	11574			0.00

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AGREEMENT BETWEEN

PREFERRED LIVESTOCK
AND

The S&C Schooten Group who have financed cattle with the
Picture Butte Feeder Cooperative including:

Jan 27th 2021

Date:

Contract Number: 47891

Number of Head: 25,000

Identification: RFID and UHF


Purchase Price: \$1.60 CAD per pound

Base Weight if applicable: na 1575 ^{lbs}Slide if Applicable: naWeighing Conditions: 4% am 5% pm

Anything not acceptable will be sorted out

To be slaughtered from Feb 1 to Dec 31 2021


On behalf of the S&C Group


On behalf of Preferred Livestock

Crisell
Schroten

EQUITY LOAN PROMISSORY NOTE

Due Date: March 21 2020 Member Name Mark 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 \$ 88548.00, plus interest on the principal amount, from the date of execution set forth below, at the rate of Prime + .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 2019

Terry Bodnar
Signature and printed name of Witness

Mark Weir
Signature and printed name of Member

[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:

Equity Loan: 84600.00
Administration Fee: Secretary 940 x 200 = 188000 + 9400 gst = 1974.00
Supervisor 940 x 200 = 188000 + 9400 gst = 1974.00
Promissory Note Principal 88548.00

MAY 10 2019

84600.00 members # 1536
3948.00 admin
88548.00
710 Hrs Mossleight
230 SAs Homelot
940 RFD

Picture Butte Feeder Cooperative
Equity Calculation
In the Scenario Where Cattle are Contracted
for the Month of:

Name of Member

Which Organization

What is the Lot Closed Date?

Number of Days in the Lot Closed Month

Number of Days in the Next Month

Total Number of Days

Amount of Loan

Number of Cattle in Lot

Number of Deaths

Number of Cattle Contracted

Percentage of Cattle Contracted in Lot

Selling Price

Selling Weight

Selling Date

End Value

100% of Target End Value

Equity Calculation

75% Equity Available

Payout this Month

Administration Charge

Remaining Equity Available

Mar-April 2019

Schooten

Lot/lot

RFID

SHMO320

Jenna Ment	10173111-04	466 hrs	Mossleigh	SCH199
Mark Weir	10177011-03	147 hrs	Mossleigh	SCH192
	10177011-04	108 hrs	Mossleigh	SCH198
	10177011-05	230 hrs	Hornelot	SCH196
11 dead		721 hrs	Mossleigh	
		230 hrs	Hornelot	

May-19 Mark Weir

Total profits	\$ 88,548.00
minus 5% sec(apply to member sec)	
payment to admin	\$ 3,948.00
payment to member	\$ 84,600.00

Month Two

May 19

Number of Days in Month

31

Number of Cattle

940

Number of Deaths

0

Number of Cattle Contracted

940

Beginning Equity

\$ 509,280.72

Equity Payout this Month

\$ 65,565.00

minus 5% sec(apply to mem sec)

payment to member

\$ 65,565.00

Remaining Equity Available

\$ 443,715.72

Mark Weir

Month Three

Number of Days in Month

Number of Cattle

Number of Deaths

Number of Cattle Contracted

Beginning Equity

\$ 443,715.72

Equity Payout this Month

\$ 63,450.00

minus 5% sec(apply to mem sec)

payment to member

\$ 63,450.00

Remaining Equity Available

\$ 380,265.72

Jun 19

30

940

0

940

\$ 443,715.72

\$ 63,450.00

\$ 63,450.00

\$ 380,265.72

Month Four

Jul 19

Number of Days in Month

31

Number of Cattle

940

Number of Deaths

Number of Cattle Contracted

940

Beginning Equity

\$ 380,265.72

Equity Payout this Month

\$ 65,565.00

minus 5% sec(apply to mem sec)

\$ 3,278.25

payment to member

\$ 62,286.75

Remaining Equity Available

\$ 314,700.72

Month Five

Number of Days in Month

Number of Cattle

Number of Deaths

Number of Cattle Contracted

Beginning Equity

\$ 314,700.72

Equity Payout this Month

\$ 65,565.00

minus 5% sec(apply to mem sec)

\$ 3,278.25

payment to member

\$ 62,286.75

Remaining Equity Available

\$ 249,135.72

Aug 19

31

940

0

940

\$ 314,700.72

\$ 65,565.00

\$ 3,278.25

\$ 62,286.75

\$ 249,135.72

Month Six

Sep 19

Number of Days in Month

30

Number of Cattle

940

Number of Deaths

Number of Cattle Contracted

940

Beginning Equity

\$ 249,135.72

Equity Payout this Month

\$ 63,450.00

minus 5% sec(apply to mem sec)

\$ 3,172.50

payment to member

\$ 60,277.50

Remaining Equity Available

\$ 185,685.72

Month Seven

Number of Days in Month

Number of Cattle

Number of Deaths

Number of Cattle Contracted

Beginning Equity

\$ 185,685.72

Equity Payout this Month

\$ -

minus 5% sec(apply to mem sec)

\$ -

payment to member

\$ -

Remaining Equity Available

\$ 185,685.72

Month Eight

Number of Days in Month

Number of Cattle

940

Number of Deaths

Number of Cattle Contracted

940

Beginning Equity

\$ 185,685.72

Equity Payout this Month

\$ -

minus 5% sec(apply to mem sec)

\$ -

payment to member

\$ -

Remaining Equity Available

\$ 185,685.72

Month Nine

Number of Days in Month

Number of Cattle

940

Number of Deaths

Number of Cattle Contracted

940

Beginning Equity

\$ 185,685.72

Equity Payout this Month

\$ -

minus 5% sec(apply to mem sec)

\$ -

payment to member

\$ -

Remaining Equity Available

\$ 185,685.72

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Mark @ Schooten Hemelot
RFID.

1/16/12 SC-H-192

10177011-05 - 230 Sns 249329399.10

eg

March 21/19. due date too

Mark Weir RFID 108 Hfrs

March 11/12

10177011-04

~~SC-H-196~~

108 hfrs

@ Mossleigh

SCH198

760 149766846

230 Sns - Hemelot

721 Hrs - Mossleigh

eg

951 total.

Mark Weir - Hrs @ RFID

SC-H-192

@ Mossleigh

March 21 - April - 40 days

10177011-03 - 318 147 Hrs 202453.62

May

June

July

Aug.

Jenna Ment RFID @ Mossleigh

Mar 21 / 2020

SCH199

SCH198

10123111-04

466 hfrs 762.633455-4

eg

1,315,075.0

Picture Butte Feeder Cooperative
Equity Advance Inspection Form

I, 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

May 2/19.

Member Name

Schooten

Number of Head on Contract

721

Sex

Hrs - RFIDE Mosskigh

Quality of Animals

High

Date Cattle Went on Feed

March 21 19

Number of Days on Feed

40 days

Death Loss

11

Net Number of Cattle on Feed

710

Estimated Weight

950 lbs

Initial Weight

780

Ration:

Backgrounder

Finisher

Brock Murray
Supervisor

Picture Butte Feeder Cooperative

Richard Haney

Secretary

Picture Butte Feeder Cooperative

Comments:

~~SCH~~

SCH192

SCH199 117

SCH198 420.819

SCH196? 419

1169

Picture Butte Feeder Cooperative
Equity Advance Inspection Form

I, 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 on Contract

230

Sex

Shs - RFIDC homelot

Quality of Animals

High

Date Cattle Went on Feed

March 21/14

Number of Days on Feed

40 days

Death Loss

0

Net Number of Cattle on Feed

230

Estimated Weight

875 lbs ✓

Initial Weight

744

Ration:

Backgrounder

Finisher

Brock Murray
Supervisor

Picture Butte Feeder Cooperative

Richard Haney

Secretary

Picture Butte Feeder Cooperative

Comments:

SCS 1916 WHITE TAGS



PBFC

P: (587) 787 1539
F: (587) 787 1852
office@pbfccattle.com
www.pbfccattle.com

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#120
876 Heritage Blvd W
Lethbridge
T1K 8G1

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. ⁴²

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

Overview of Believeable/Suspicious signatures/Documents etc - Sorted by Date

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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	
2016-12-09	Dawson, Mitch	Authorization and Direction to Pay						susp	Enns	
2016-12-09	MacLean, Joe	Acknowledgement						susp	J Schoot	
2016-12-09	MacLean, Joe	Authorization and Direction to Pay						susp	J Schoot	John Schooten & Sons Custom Feed yard Ltd
2016-12-09	MacLean, Joe	Authorization and Direction to Pay						susp	J Schoot	John Schooten & Sons Custom Feedyard
2017-06-01	Ment, Jenna	Authorization and Direction to Pay						susp	Enns	2023-12-07 seizure
2017-06-01	Ment, Jenna	Authorization and Direction to Pay						susp	Enns	2023-12-07 seizure
2017-06-01	Ment, Jenna	Acknowledgement						susp	Enns, S Schoot	2023-12-07 seizure
2017-10-27	Schwartzkopf, Brian	Authorization and Direction to Pay						susp	Enns	
2017-10-27	Schwartzkopf, Brian	Authorization and Direction to Pay						susp	Enns	different document
2017-10-27	Schwartzkopf, Vera	Authorization and Direction to Pay						susp	Enns	
2017-10-27	Schwartzkopf, Vera	Authorization and Direction to Pay						susp	Enns	different document
2017-10-30	Schwartzkopf, Vera	POA						susp	S Schoot	POA Vera for Bert Schwartzkopf
2017-11-06	Ment, Jenna	Feedlot Agreement						susp		2023-12-07 seizure Van Hierden
2018-03-12	Weir, Mark	Authorization and Direction to Pay						susp	Enns	John Schooten & Sons - Balance of Sales
2018-03-12	Weir, Mark	Authorization and Direction to Pay						susp	Enns	John Schooten & Sons - Equity Loans
2018-03-12	Weir, Mark	Acknowledgement						susp	Enns, S Schoot	
2018-06-25	Weir, Mark	Feedlot Agreement						susp	Bodnar	Schooten & sons
2018-07-10	Weir, Mark	Equity				2019-03-12		susp		10177005-01
2018-08-10	Weir, Mark	Equity				2019-03-12		susp		10177005-02
2018-12-04	MacLean, Joe	Contract						susp	Murray	Contract 10173011-08 94 cattle. \$116911.37 Paid 1152
2019-03-12	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
2019-03-12	Weir, Mark	Contract	239399.1	239399.1	2020-03-09	2020-03-12	J Schooten & Sons	susp	murray	contract 10177011-05 230 cattle \$329399.10 paid cq 1444
2019-03-21	Ment, Jenna	Contract	633455.48	633455.48				susp	Murray	Contract 10123111-04 466 cattle \$633455.48 Preferred 10153 Pd 1449
2019-06-27	MacLean, Joe	Contract						susp	S Schoot, Bodnar	Contract 10178011-11 276 cattle. \$417241.98 cq 1612
2019-06-27	Ment, Jenna	Contract	366577.02	266577.02	2020-06-22	2020-06-21	J Schooten & Sons	susp	S Schoot, Murray	Contract 10123111-05 243 cattle \$366577.02 cq 1612
2019-06-27	Weir, Mark	Contract	1299109.7	1299109.7	2020-06-24	2020-06-21	J Schooten & Sons	susp	Schoot, Bodnar, Murray	contract 10177011-06 859 cattle. \$1299107.70 cq 1612
2019-11-19	Dawson, Mitch	POA - Power of Attorney						susp	Enns, S Schoot	
2019-11-19	Ment, Jenna	POA						susp	Enns	2023-12-07 seizure
2019-11-19	Schwartzkopf, Brian	POA						susp	Enns	
2019-11-19	Schwartzkopf, Vera	POA						susp	Enns	
2019-11-19	Weir, Mark	POA						susp	Enns	
2019-11-29	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

Overview of Believeable/Suspicious signatures/Documents etc - Sorted by Date

45

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						susp	Murray	contract 10174011-12 252 cattle \$320420.03 EFT 212
2019-12-10	Ment, Jenna	Contract	203555.41	203555.41	2020-01-28	2020-11-08	PBFC	susp	Murray	Contract 10123111-06 186 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
										contract 10174011-13 1711 cattle. \$200000.00 Schooten Cattle purchase Fall 2019. See attached P10 & reinstate. ****NOTE**** Previous contract Kevin Campschroer, 2020-01-27 10182011-06 1617 Cattle. \$200000.00 Serfas Cattle purchase Fall 2019 see attached P10 & reinstated.
2020-01-28	Dawson, Mitch	Contract						susp	Murray, Bodnar	Contract 10173011-13 302 cattle: \$505937.12 cq 2118
2020-02-17	MacLean, Joe	Contract						susp	S Schoot, Murray	
2020-03-09	MacLean, Joe	POA - Power of Attorney						susp	J Schoot	
2020-05-25	Walk, Johan	POA						susp	Du Toit	
2020-06-22	Ment, Jenna	Contract	1999225.06	1999225.06		2021-06-22	J Schooten & Sons	susp	S Schoot, Bodnar	Contract 10123111-08 1509 \$1999225.06 Preferred 81172 Paid 2302
2020-06-22	Weir, Mark	Contract	1998584.62	1998584.62	2021-07-08	2021-06-22	J Schooten & Sons	susp	Schoot, Bodnar, Murray	contract 10177011-07 1135 cattle. \$1998584.62
2020-08-18	Ramones, Jesus	POA						susp	Du Toit	
2020-08-18	Ramones, Jesus	Acknowledgement						susp	Du Toit	
2020-08-18	Ramones, Jesus	Authorization and Direction to Pay						susp	Du Toit	Balance of Sale
2020-08-18	Ramones, Jesus	Authorization and Direction to Pay						susp	Du Toit	Equity Loans
2020-09-10	Ment, Jenna	Equity				2021-06-22		susp		10123105-11
2020-10-13	Weir, Mark	Equity				2021-06-22		susp		10177005-11
2020-11-16	Dawson, Mitch	Contract						susp	S Schoot, Du Toit	contract 10174011-14 cattle 120 \$145552.30 Preferred 71179891 EFT 442 PD cq 2421
2020-11-16	Dawson, Mitch	Contract						susp	S Schoot, Du Toit	contract 10174011-15 cattle 230 \$329218.58 Preferred 71179891, EFT 442 cq 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
2020-11-24	Dawson, Mitch	Contract						susp	S Schoot, Du Toit	contract 10174011-18 cattle 261 \$268074.03 Preferred 8871298, 7747842 Martin 633
2020-11-27	Dawson, Mitch	Contract						susp	S Schoot, Du Toit	contract 10174011-19 cattle 197 \$256177.03 Preferred 991272, Martin 638 EFT 456
2020-12-07	MacLean, Joe	Contract						susp	S Schoot, Murray	Contract 10173011-14 cattle 199 \$246204.27 EFT 467
2021-01-26	Dawson, Mitch	Contract	238753.09	238753.09				susp	S Schoot, Murray	contract 10174011-20 Cattle 155 \$238753.09
2021-01-26	MacLean, Joe	Contract	1752469.42	1752469.42	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
2021-02-22	Schwartzkopf, Brian	Contract	1998962.01	1998962.01			J Schooten & Sons	susp	S Schoot, Murray	Contract 10176011-07 Cattle 1132 \$1998962.01
2021-02-22	Schwartzkopf, Vera	Contract	1998962.01	1998962.01			J Schooten & Sons	susp	S Schoot, Murray	Contract 10176211-06 cattle 1132 \$1998962.01

Classification: Protected B

From 2024-02-21 Spreadsheet - signatures - sold to et al - Brent Kriwokon

2024-03-19

Overview of Believeable/Suspicious signatures/Documents etc - Sorted by Date

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Date	Member Involved	Documents	Purchase	Sold Price	Date Sold	Due Date	Sold To	Signature (Match to DL, Suspicious)	Witnesses	Additional Comments
2021-04-12	Ramones, 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 796
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 2941
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 826
2022-01-31	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 3181
2022-01-31	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 3181
2022-01-31	Walk, Ashley	Contract	613955.34	613955.34	2023-02-21	2023-01-31	J Schooten & Sons	susp	S Schoot, Fleischhauer	Contract 10202411-05 335 cattle. \$613955.34. Preferred 1312022-3 cq 3181
2022-02-01	MacLean, Joe	RFID						susp	unknown	
2022-02-01	MacLean, Joe	RFID						susp	unknown	

2022-02-01	Ramones, Jesus	Feedlot Agreement						susp		
2022-02-01	Schwartzkopf, Brian	RFID						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 cq 3221

Classification: Protected B

From 2024-02-21 Spreadsheet - signatures - sold to et al - Brent Kriwokon

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Overview of Believeable/Suspicious signatures/Documents etc - Sorted by Date

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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	1945882.85	2023-08-30	2023-02-24	J Schooten & Sons	susp	S Schoot, Bodnar	Contract 10176211-07 Cattle 1074 \$1945882.85. Preferred 2232022-1 ckg 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
2022-05-30	Walk, Ashley	Contract	1373665.45	1373665.45	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. Inv 1573
2022-05-30	Walk, Cornelia	Contract	553493.88	553493.88	2023-08-31	2023-05-30	J Schooten & Sons	susp	S Schoot, Murray	contract 10202211-08 275 cattle. \$553493.88. May 30 2022 blue ink. Preferred 5272022-1 cq 3312. Inv 1573
2022-05-30	Walk, Johan	Contract	1207623	1207623	2023-08-31	2023-05-30	J Schooten & Sons	susp	S Schoot, Murray	contract 10202311-04 600 cattle \$1207623.00. May 30 2022 blue ink. Preferred 5272022-1 cq 3312. Inv 1573
2022-05-30	Walk, Johan	Contract	667779.94	667779.94	2023-08-31	2023-05-30	J Schooten & Sons	susp	S Schoot, Murray	contract 10202311-05 368 cattle. \$667779.94. Preferred 5272022-1 cq 3312. Inv 1573
2022-05-30	Walk, Wesley	Contract	1999708.49	1999708.49	2023-08-31	2023-05-30	J Schooten & Sons	susp	S Schoot, Murray	contract 10202111-05 1102 cattle. \$1999708.49. cq 3312. Preferred 5272022-1 cq 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	susp		10204405-01
2022-10-11	Schwartzkopf, Vera	Equity			2023-03-30	2023-02-24	J Schooten & Sons	susp		10176205-18
2022-11-10	Walk, Cornelia	Contract	367932.22	367932.22	2023-11-28	2023-11-10	J Schooten & Sons	susp	S Schoot, Murray	contract 10202211-04 Cattle 330 \$367932.22. Martin 1885, 1893, EFT 1244
2022-11-23	Walk, Cornelia	Contract	839939.9	839939.9	2023-11-28	2023-11-23	J Schooten & Sons	susp	S Schoot, Fleischhauer	contract 10202211-06 Cattle 484 \$839939.90. Martin 1925, 1926, 1919, 1933 EFT 1262
2023-02-09	Dawson, Mitch	Contract						susp	S Schoot, Fleischhauer	Contract 10174011-26 Cattle 102. \$204312.64. Preferred 01192023-15, 2032023 5, EFT 1361
2023-02-09	Dawson, Mitch	Contract						susp	S Schoot, Fleischhauer	Contract 10174011-27 Cattle 701. \$1165677.72
2023-02-21	Dawson, Mitch	Contract						susp	S Schoot, Fleischhauer	Contract 10174011-28 Cattle 121. \$237903.54
2023-02-21	Dawson, Mitch	Contract						susp	S Schoot, Fleischhauer	Contract 10174011-29 Cattle 195. \$390598.46

Classification: Protected B

From 2024-02-21 Spreadsheet - signatures - sold to et al - Brent Kriwokon

2024-03-19

Overview of Believeable/Suspicious signatures/Documents etc - Sorted by Date

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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, \$1999569.46
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, \$1998484.4c

2023-03-30	Schwartzkopf, Brian	Contract	1189305.26			2024-03-21		susp	Cardenas, Murray	contract 10176011-09 Cattle 546 \$1189305.26
2023-03-30	Schwartzkopf, Brian	Contract						susp	Cardenas, Murray	contract 10176011-10 Cattle 374, 546 + 374 x20 cattle, \$809786.71
2023-03-30	Schwartzkopf, Vera	Contract	1998484.4			2024-03-21		susp	Cardenas, Murray	contract 10176211-08 Cattle 923, \$1998484.4c
2023-04-05	Ment, Jenna	Contract	1997606.52	1997606.52	2023-07-27	2024-03-21	J Schooten & Sons	susp	S Schoot, Murray	Contract 10128111-09, 784 str \$1,997,606.52, 2023-12-07 seizure, Invoice 1571
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
2023-06-10	Schwartzkopf, Brian	Equity			2023-03-30	2023-02-24	J Schooten & Sons	susp		10176005-15

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 - 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:

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

Shane Schooten

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 Livestock by the Association on behalf of 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.

3. Where there is more than one Attorney appointed under this Power of Attorney, the appointment of those 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.
5. All previous Power(s) of Attorneys relating to the Matters are hereby revoked by the Member. This Power of 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 Nov, 2019

CORPORATE MEMBER

Print complete corporate name if Member is a Corporation

Signature and printed name of Witness

Per

Signature and printed name of authorised person

Signature and printed name of Witness

Per

Signature and printed name of authorised person

INDIVIDUAL MEMBER

Signature and printed name of Witness

Signature and printed name of individual Member

Rick Enns

Rick Enns

Crystal Fulford

Crystal Fulford

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:

1 All capitalized terms used herein without definition shall have the meanings ascribed to them in the Member Agreement.

2 The following person(s)

Shane Se Looten
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 Livestock by the Association on behalf of 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.

3 Where there is more than one Attorney appointed under this Power of Attorney, the appointment of those 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.

5 All previous Power(s) of Attorneys relating to the Matters are hereby revoked by the Member. This Power of 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 Nov, 2019.

CORPORATE MEMBER

Print complete corporate name if Member is a Corporation

Signature and printed name of Witness	Per: Signature and printed name of authorised person
Signature and printed name of Witness	Per: Signature and printed name of authorised person

INDIVIDUAL MEMBER

<u>Rick Finn</u> Signature and printed name of Witness	<u>Jenna Mont</u> Signature and printed name of individual Member
<u>[Signature]</u>	<u>Jenna Mont</u>

Signature and printed name of Member
Signature and printed name of Member as
Member's authorized representative
PLEASE RETURN THIS FORM TO THE ASSOCIATION OFFICE
Insert the name and address of financial institution the Member has business with.
Print Name

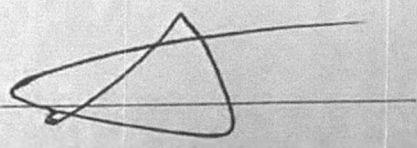
OPERATING ACCOUNT

May 14th, 2020

To: 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
S & C Schooten Farming Ltd.

October 23, 2017

To: The Picture Butte Feeder Cooperative

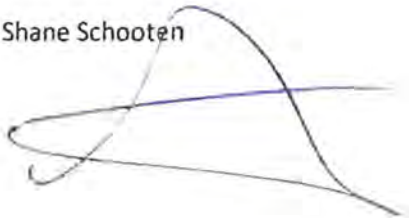
From: Shane Schooten

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

A handwritten signature in black ink, appearing to be 'Shane Schooten', with a large, stylized loop at the end.

AAE Inspection & Investigation Branch
SEP 23 2023
B KRIWOKON

PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 171 - 171

CAF Inspection & Investigation Branch
SEP 25 2023
B. KRAWOKON

100%

* OF *

100%

7. 2. 4. 10


1997

12/18/2024 10:00 AM PBFC Inspection Report 2024-11-18 FINAL BINDER WITH SUPPORTING DOCS - 178 - 178

MEMBER 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July 17 2023								
3 mil - application								
	<u>Approved</u>	<u>Increase</u>	<u>Loan</u> <u>Increase</u>					Conflict Declared
	<u>Loan</u>	<u>Request</u>	<u>Required</u>	<u>Moved</u>	<u>Seconded</u>	<u>App</u>	<u>Dec</u>	Member Left Meeting
Serfas Camerynn - cosignature required	2 mil	3 mil	1,000,000.00	Conrad	Trevor	x		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	x		Kevin Conflict
Serfas Jennifer	2 mil	3 mil	1,000,000.00	Conrad	Trevor	x		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	x		Kevin Conflict
Serfas Kourtney - cosignature required	2 mil	3 mil	1,000,000.00	Conrad	Trevor	x		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	x		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	x		Kevin Conflict
members that have been on Equity historically		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
Boshoff Izak new member applying	0	300,000.00	300,000.00	Kevin	Brad	x	Leighton to cosign	Philipp Conflict
		Grand Total	48,900,000.00					

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 remuneration should be reviewed for appropriateness.
1. 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.
 2. 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.

min days - to advertise
notice periods

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.
5. 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 reports.

Enhanced Inspections and Training

New staff.

1. Ensure that the new PBFC Board Members receive Board Governance training of their responsibilities.
2. 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.
4. 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.
6. 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.