



This is the 3rd affidavit
of Patty E. Wood in this case
and was made on March 18, 2021

No. S-194717
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57 and
THE BUSINESS CORPORATIONS ACT, R.S.A 2000, c. B-9**

-AND-

IN THE MATTER OF THE LOUIS RACZ CO. LTD.

-AND-

Between

1012109 B.C. Ltd. and LISA MADDESS

Petitioners

and

ETHEL MARY RACZ a/k/a ETUS MARIA RACZ
and MICHAEL SIWIK

Respondents

AFFIDAVIT

I, Patty E. Wood, CIRP, LIT, CPA, CGA, make oath and say as follows:

1. I am a Senior Vice President with MNP Ltd. (the "**Liquidator**"), the court-appointed liquidator of Louis Racz Co. Ltd. (the "**Company**") in this proceeding, and, as such, I have personal knowledge of the matters hereinafter deposed to.
2. Unless otherwise indicated, capitalized terms used in this Affidavit have the meaning ascribed to them in the Court's prior Order of July 29, 2019 (the "**July 29 Order**").
3. Pursuant to the terms of the July 29 Order, the Liquidator was empowered and directed to, among other things:
 - (a) take possession of the Company's assets;
 - (b) pay the creditors of the Company;
 - (c) file tax returns for the Company;
 - (d) take possession of any tax refunds payable to the Company;
 - (e) distribute the remaining assets of the Company, if any, to the Class C shareholders of the Company (the "**Shareholders**"), *pro rata* in accordance with their shareholdings; and

- (f) after completing the above, apply for an Order dissolving the Company.

Funds of the Company Currently Held by the Liquidator

4. The Liquidator prepared and filed a corporate income tax return on behalf of the Company for the fiscal year ending June 30, 2020 (the "**Return**"). The Return was assessed by the Canada Revenue Agency (the "**CRA**") and the CRA issued a refund in the amount of \$1,807,415 plus interest, which was subsequently deposited to the trust account maintained by the Liquidator.
5. Currently, the Liquidator is holding the approximate balance of \$2,376,300 in trust for the Company (the "**Funds**"). Of the Funds, \$2,200,000 is invested in GICs and the balance is in a current account. Accordingly, I expect that the Funds will accrue some additional interest. The Funds are the Company's only asset.
6. The Liquidator has confirmed with the CRA that the Company currently has a refundable tax balance of \$1,034,096 (the "**Tax Refund**"). I have been advised by Kevin Wong, a partner with MNP LLP, an accounting firm affiliated with the Liquidator, and verily believe that the Tax Refund is refunded by the CRA to the Company as taxpayer at the rate of \$1 for every \$2.60 of taxable dividends that the Company pays to its shareholders. Consequently, the Company would recover the entire \$1,034,096 upon the payment of \$2,688,650 of taxable dividends.
7. I have reviewed the accounts of the Company and I expect that various professional costs payable by the Company will exceed the interest income earned on the Funds. Accordingly, I expect that the Company will realize a net loss for the current fiscal year ending June 30, 2021 and based on my review of the Company's records, I do not anticipate any future income tax obligation for the Company.

The Dividends

8. The Liquidator proposes to declare a dividend in the amount of \$2,076,502 to the Shareholders (the "**First Dividend**") and to pay the First Dividend from the Funds.
9. The Liquidator also proposes to declare a second dividend to the Shareholders in the amount of \$1,034,096 prior to the current fiscal year end of June 30, 2021 (the "**Second Dividend**" and, together with the First Dividend, the "**Dividends**"). I believe that the Dividends will permit the Liquidator to claim the full balance of the Tax Refund when filing the Company's next corporate income tax return.
10. The Liquidator intends to satisfy the Second Dividend with a promissory note in favour of the Shareholders (the "**Promissory Note**").
11. The Liquidator intends to prepare and file the Company's income tax return after June 30, 2021. Upon receipt of the Tax Refund, the Liquidator intends to pay \$1,034,096 to the Shareholders in full and final satisfaction of the Promissory Note. I believe that this will maximize the recovery of the Company's assets for shareholders.
12. After the repayment of the Promissory Note, the Liquidator intends to:
 - (a) apply to the Court for an Order authorizing the dissolution of the Company;
 - (b) file the Company's final corporate income tax return, which the Liquidator expects to be a nil tax return (no taxes refundable or owing); and

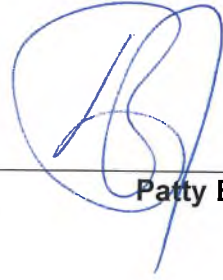
- (c) attend to the Liquidator's obligations for dissolution as set out in the *Business Corporations Act*, SBC 2002, c 57.

SWORN BEFORE ME at Vancouver,)
British Columbia, this 18th day of March,)
2021)


_____)
A commissioner for taking Affidavits for)
The Province of British Columbia)

Julie Kennedy, CIRP, LIT
A commissioner for taking Affidavits
for the Province of British Columbia

Expires: Aug 31, 2023



Patty E. Wood