

NOV 05 2015



IN THE SUPREME COURT OF BRITISH COLUMBIA

S=15917.6

No. _____
Vancouver Registry

BETWEEN:

LLT HOLDINGS INC.

PETITIONER

AND:

550920 BC LTD.

RESPONDENT

PETITION TO THE COURT

ON NOTICE TO:

550920 BC LTD
3420 189 STREET
SURREY, BC
V3Z 1A7

This proceeding has been started by the petitioner for the relief set out in Part 1 below.

If you intend to respond to this petition, you or your lawyer must

- (a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- (b) serve on the petitioner(s)
 - (i) 2 copies of the filed response to petition, and
 - (ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

Time for response to petition

A response to petition must be filed and served on the petitioner(s),

- (a) if you were served with the petition anywhere in Canada, within 21 days after that service,
- (b) if you were served with the petition anywhere in the United States of America, within 28 days after that service,
- (c) if you were serve with the petition anywhere else, within 49 days after that service, or
- (d) if the time for response has been set by order of the court, within that time.

(1) The address of the registry is:

Law Courts
800 Smithe Street
Vancouver, BC V6Z 3L2

(2) The ADDRESS FOR SERVICE of the petitioner is:

LLT Holdings Inc.
c/o Lisa Thomson
PO Box 248 Station Main
Delta, BC V4K 3N7

(3) The name and office address of the petitioner's lawyer is:

N/A

Part 1: ORDER(S) SOUGHT

1. The petitioner applies for the orders that:

- a. 550920 BC Ltd. provide financial statements, prepared by the auditor, for the years 2010, 2011,2012, 2013 and 2014 no later than April 30, 2016.
- b. Grant Block of Davidson & Company be appointed auditor of 550920 BC Ltd. or in the alternative some other auditor as directed by the court.
- c. 550920 BC Ltd. shall fully cooperate with the auditor and ensure that its management and employees answer all questions, and provide any document or other thing reasonably necessary for the auditor.
- d. 550920 BC Ltd. shall deliver to the auditor original copies of all corporate and accounting records, including digital copies of the same where applicable to the auditor's corporate office located at 1200 - 609 Granville Street, Vancouver, BC.

- e. 550920 BC Ltd. is liable for the cost, including taxes and disbursements, of the auditor performing audits for the years 2010-2014.
 - f. Either party is at liberty to apply to seek further directions from the court.
2. Costs.
 3. Such other order as the court deems just.

Part 2: FACTUAL BASIS

1. I am a director and majority shareholder of LLT Holdings Inc, (LLT) a registered Alberta company incorporated September 27, 1997.
2. As a director and majority shareholder of LLT Holdings Inc I am authorized to give affidavit evidence on behalf of the company.
3. In 1997, my parents, Al and Pat Thomson, decided to divide the majority ownership of their business evenly among their children, as a form of estate planning and to include their children in ownership of the family business. This new entity became the A.R. Thomson Group (ARTG).
4. 550920 BC Ltd (550920) is a British Columbia company that I own jointly with my siblings through our respective holding companies
5. James Thomson is a minority shareholder and director of 550920 who currently manages and operates the company.
6. There have not been any audited financial statements of the respondent in any of the years from 1997 to 2014.
7. The A.R. Thomson Group (ARTG) generated sales of approximately \$ million dollars in 2008, the only year I have statements for, but estimated 2014 sales were approximately \$ million dollars.
8. On or about February 25, 2015 James Thomson emailed with a request that I review and sign a 55 page shareholder agreement for 550920. Sometime in March, 2015 my siblings all signed the agreement but I refrained due to concerns that the document was oppressive and not in the best interest of the shareholders or their families.
9. For example in the proposed shareholder agreement at clause 3.06 - Wavier of Audit- the agreement requires that the shareholders must unanimously agree before an Auditor can be appointed to conduct an audit of 550920.
10. On June 4, 2015 the Register of Companies issued an order under section 50 of the Business Corporations Act to 550920 BC Ltd to produce certified company documents to the petitioner.

11. James Thomson responded with an affidavit to the Register declining to provide certified copies of the requested documents stating that *"The applicant has no grounds on which to suspect any irregularities in the matter pertaining to 550920 BC Ltd"*.
12. All shareholders, with the exception of LLT, own 15% of the ARTG Partnership through their respective holding companies.
13. 550920 rents to ARTG real estate for use in ARTG's operations. The profitability of 550920 depend upon the terms of their dealings with ARTG, which are set by majority of the ownership of 550920 who are all, with the exception of LLT Holding, direct or indirect owners of ARTG. The practice of ARTG is to dictate the terms of ARTG's dealing with 550920 to maximize the profitability of ARTG at the expense of 550920, a clear conflict.
14. On October 13, 2015 I sent both a registered letter and email to James Thomson requesting an audit of 550920 for the years 2013 and 2014.
15. On October 13, 2015 James Thomson responded to my registered letter by way of email where he states that if LLT wants to review the historical transactions of 550920 then it would be at the expense of LLT Holdings Inc.
16. James Thomson has stated that my signature was scanned from previous documents and used on a draft document.
17. I have not consented to waiving the audit of 550920 BC Ltd.

Part 3: LEGAL BASIS

1. BUSINESS CORPORATIONS ACT [SBC 2002] CHAPTER 57

- a) All companies incorporated under the British Columbia Business Corporations Acts *must* have an auditor, unless that requirement was waived by a unanimous resolution of the company's shareholders. No such resolution was passed by the shareholders of 550920 Ltd.: See s.203 of the BC Business Corporations Act.
- b) Where a company does not have an auditor, for any reason, the Court may on the application of a shareholder appoint an authorized person to act as auditor of the company and to set the remuneration, to be paid by the company, of the auditor" see s.204 of the BC Business Corporations Act.

2. Discovery Enterprises Inc. v. I.S.E. Research Ltd., 2002 BCSC 1624 (CanLII) — 2002-11-26 Supreme Court of British Columbia — British Columbia

- [6] The refusal of a company to deliver audited financial statements can serve to hide the true financial position from a minority shareholder. In my view, it is no answer to say that the shareholder can undertake an audit at its own expense. That is not an expense it ought to expect to have to incur when it made its investment in the company... It is conduct that is oppressive.

3. **Runnalls v. Regent Holdings Ltd., 2008 BCSC 1073 (CanLII)**

[22] Under s. 182 of the *Business Corporation Act*, the statutory requirement to hold an annual meeting can only be waived by the unanimous consent of all shareholders eligible to vote at the meeting. Similarly, s. 203 requires a company to have an auditor unless shareholders unanimously decide otherwise. The unanimity requirement in those sections is obviously for the protection of minority shareholders.

4. **Li v. Global Chinese Press Inc., 2014 BCCA 53 (CanLII) — 2014-01-29**

[12] I do not accept the submission that the use of the word "may" in s. 167 indicates the court has a discretion as to whether to appoint an auditor. The appointment of an auditor is mandated by s. 162 and s. 167 does not give the Court the power to ignore that mandate.

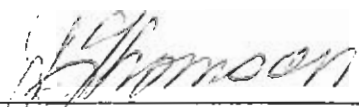
5. **Rules 2-1(2)(b) and 14-1 of the Supreme Court Civil Rules.**

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit # 1 of Lisa Thomson
2. B.C. Business Corporations Act [SBC 2002] CHAPTER 57
3. Discovery Enterprises Inc. v. I.S.E. Research Ltd., 2002 BCSC 1624 (CanLII) — 2002-11-26 Supreme Court of British Columbia — British Columbia
4. Runnalls v. Regent Holdings Ltd., 2008 BCSC 1073 (CanLII)
5. Li v. Global Chinese Press Inc., 2014 BCCA 53 (CanLII) — 2014-01-29
6. Rules 2-1(2)(b) and 14-1 of the Supreme Court Civil Rules.

The petitioner(s) estimate(s) that the hearing of the petition will take **2 hours**.

Nov 5, 2015
Date: November 5, 2015



Signature of
X petitioner lawyer for petitioner(s)

Lisa Thomson.

To be completed by the court only:

Order made

- in the terms requested in paragraphs of Part 1 of this notice of application
- with the following variations and additional terms:

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Date:

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Signature of Judge Master