

File No. C1 25-01-55084

**THE KING'S BENCH**

**Winnipeg Centre**

BETWEEN:

**PEGUIS FIRST NATION**

Plaintiff

AND:

**GLENN HUDSON**

Defendant

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**STATEMENT OF CLAIM**

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Plaintiff

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TO THE DEFENDANT:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or a Manitoba lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the *King's Bench Rules*, serve it on the plaintiff's lawyer or where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Manitoba.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGEMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

DECEMBER 19, 2025  
Date

Issued by: E. Pérez  
Deputy Registrar

File No. \_\_\_\_\_

To: GLENN HUDSON

c/o Tapper Cuddy LLP  
1000 – 330 St. Mary Avenue  
Winnipeg, Manitoba  
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## CLAIM

### I. Introduction:

1. The plaintiff claims against the defendant for:

- i. A declaration that the defendant breached his fiduciary duties to the plaintiff;
- ii. A declaration that the defendant is guilty of breach of trust;
- iii. Equitable compensation for breach of fiduciary duty or breach of trust;
- iv. A tracing of all sums, profits, property, or other benefits that were received by the defendant, or any other person or entity on behalf of the defendant, as a result of the breaches of fiduciary duty or breach of trust;
- v. Disgorgement of any profits retained by the defendant, as a result of the breaches of fiduciary duty or breach of trust;
- vi. A declaration that the defendant holds any sums, profits, property or other benefits improperly received by them directly or indirectly from the plaintiff, as a result of the breaches of fiduciary duty, or breach of trust, in a constructive or resulting trust for the plaintiff;
- vii. In the alternative, a declaration that the defendant is guilty of the tort of conversion;
- viii. Compensation for the defendant's conversion of the plaintiff's property;
- ix. A declaration that the defendant breached the *Peguis Financial Administration Law*;
- x. Compensation for breach of the *Peguis Financial Administration Law*;
- xi. A declaration that the defendant is guilty of the tort of fraudulent misrepresentation;
- xii. Compensation for the defendant's fraudulent misrepresentation;
- xiii. Aggravated damages;
- xiv. Punitive damages;
- xv. Pre and post-judgment interest;
- xvi. Costs; and

xvii. Such further and other relief as the Honourable Court deems just.

2. The plaintiff Peguis First Nation is a “Band”, as that term is defined in the *Indian Act* (the “**Nation**”). The Nation has approximately 10,245 members (the “**Members**”) of Ojibway and Cree descent and its main community and reserve is located 196 kilometres north of Winnipeg, Manitoba. Through its elected Chief and Council (together, “**Council**”), the Nation holds funds, and operates and administers programs, for the benefit of its Members. The Nation is listed on the Indian Band Revenue Moneys Order, CRC, c 953 as a band authorized under section 69 of the *Indian Act* to control its revenue moneys.
3. The defendant is the former Chief of the Nation and a Member. The defendant served as Chief from 2007 to 2015 and from 2017 to 2023. In addition to his tenure as Chief, the defendant served as trustee shareholder and director on numerous Peguis corporations. In addition, he was involved in a number of other businesses – some of which were unknown to the plaintiff.
4. The defendant – with the assistance of others – hid the full extent of his wrongdoing during his tenure as Chief. The defendant was deposed as Chief in April 2023, and it was only after that date that the Council was able to begin to uncover the extent of the defendant’s wrongdoing.

## **II. Hudson owed fiduciary duties to the Nation:**

5. As an elected official, the defendant was responsible for the governance of the Nation, and the control and management of Nation owned assets and interests and undertook to act in the best interests of the Nation in relation to them. Chief and Council have been recognized as fiduciaries and subject to the “no conflict” and “no profit” rules.
6. The defendant owed a fiduciary duty to the Nation and was required to act with care, loyalty and good faith in the exercise of his power and discretion with regards to the Nation, and Nation-related entities. As the defendant was required to act in the best interests of the Nation, he was not permitted to place his interests before the interests of the Nation and was not permitted to profit from his role as a fiduciary, except as expressly permitted.
7. In addition, the defendant acted as trustee with respect to the management of the Nation owned assets and interests, and assets and interests for which the Members or the Nation are the beneficiaries. As trustee, he was required to act in accordance with the same standard as described in the paragraph above.
8. The content of the defendant’s fiduciary duty is further evidenced by his Oath of Office. Pursuant to his Oath of Office, he swore to, *inter alia*:
  - a. discharge his duties carefully and loyally with a view to serving the Members;
  - b. work to ensure economic, social, and cultural stability, sustainability and prosperity for the Nation;

- c. conduct himself in good faith and consistent with the duty of care associated with his office;
- d. maintain transparency with the Members regarding business that may impact the well-being of the Nation; and
- e. foster trust and confidence.

**III. Hudson breached his fiduciary duties to the Nation:**

9. At material times during the defendant's tenure as Chief, as further detailed below, the defendant breached his fiduciary duties to the Nation, including by
  - a. acting contrary to the 'no conflict' and 'no profit' rules,
  - b. engaging in self-dealing without authorization,
  - c. acting without regard to the best interests of the Nation, and
  - d. failing to act in accordance with the standard of care required of him as a fiduciary in the performance of his roles and responsibilities.
10. The full particulars of the defendant's breaches of fiduciary duty are unknown to the Nation at this time and will be provided as they are discovered. Insofar as the defendant's breaches of fiduciary duty are known to the Nation, those breaches are particularized herein, and demonstrate that the defendant:
  - a. engaged in corrupt practices to the financial, reputational and cultural detriment of the Nation and its Members;
  - b. used his position as Chief to enrich himself, his family members and supporters through unauthorized transfers of Nation funds, and improper awards of contracts to companies that he either had an interest in or received benefits from;
  - c. treated the Nation's assets as if they were his own;
  - d. showed a wilful disregard for the financial stability and sustainability of the Nation, including by engaging in risky financing and real estate transactions without conducting due diligence, which transactions continue to negatively impact the Nation; and
  - e. undermined or otherwise completely disregarded procedures set out in federal law and the Nation's law and policy, resulting in financial loss to the Nation and lasting negative impacts on the Nation.
11. As a result of the Defendant's conduct, the Nation suffered substantial financial losses, reputational harm, and erosion of governance integrity. The corruption that the defendant engaged in the behaviours particularized in this Statement of Claim continues to have lasting

negative impacts on the Nation.

**A. Improper use of Nation funds**

12. During his tenure as Chief of the Nation, the defendant breached his fiduciary duties to the Nation by directing, influencing or causing the Nation to distribute funds that belonged to the Nation or of which the Nation was the intended beneficiary, without the Council or Nation approval, without lawful authority or without juristic reason, thereby depriving the membership of the Nation the benefits of the intended purpose of the funds. Insofar as the defendant's misuse of Nation funds is known to the Nation, those breaches are particularized in the following sections.
13. In relation to the improper use of the Nation's funds, the defendant is guilty of breach of fiduciary duty, and failed to act in the best interests of the Nation, in particular by:
  - a. acting in bad faith by exercising the powers of his office for improper purposes and in conflict of interest of the Nation;
  - b. failing to obtain the consent of the Council or the Nation, failing to advise the Nation, and concealing from the Nation, the use of the Nation's funds;
  - c. failing to make a financial disclosure of Nation funds appropriated to himself, in accordance with the *First Nations Financial Transparency Act* or otherwise;
  - d. failing to distribute the Nation's funds for their intended purpose and destination in accordance with relevant law, agreement, or policy;
  - e. failing to adhere to federal laws, including the *Indian Act*, *Indian Band Council Procedure Regulations* and the *First Nations Elections Act* (the "*FNEA*");
  - f. failing to adhere to the duties and procedures pursuant to the Nation's laws, including the *Peguis Financial Administration Law*, as amended from time to time (the "*FAL*"), enacted under section 9 of the *First Nations Fiscal Management Act*, SC 2005, c 9;
  - g. failing to adhere to the duties and procedures pursuant to the Nation's policies, including the Peguis Finance Policy and previous policies adopted pursuant to the *FAL* (together, the "**Finance Policies**") and the Peguis Conflict of Interest Policy (together, in its iterations, the "**Conflict Policies**"); and
  - h. failing to adhere to his Oath of Office.
14. Further, or in the alternative, the defendant is guilty of breach of trust with respect to the misuse of Nation funds and the allegations and particulars contained in the paragraph above are repeated with respect to that breach.
15. In the further alternative, where the defendant improperly received or disposed of the Nation's funds or funds for which the Nation or the Members were the intended

beneficiaries, the totality of the alleged wrongful actions contained in paragraphs 13.a. to 13.h. by the defendant amount to the tort of conversion.

16. The defendant knowingly interfered with the Nation and the Members' right that the funds be used in accordance with the Nation's laws and policies and excluded the Nation's ability to use and possess those funds.
17. In the further alternative, if a breach of fiduciary duty or breach of trust is not found at all, then the totality of the alleged wrongful actions contained in paragraphs 13.a. to 13.h. by the defendant are at the very least a violation of the *FAL*. Under the *FAL*, the defendant is personally liable to the Nation for the total of the amount of the Nation's funds expended, invested or used contrary the *FAL*.

#### **1. Cash gifts and gas payments to Members**

18. During his tenure as Chief of the Nation, the defendant made numerous cash gifts to Members (the "**Cash Gifts**") both with his Nation-issued credit card, as well as personally and then sought to be reimbursed for these gifts (the "**Reimbursements**") by the Peguis Gaming Commission ("**Peguis Gaming**") or from the Peguis Finance Department ("**Peguis Finance**"). Insofar as the particulars of the Gifts are known to the Nation, they are particularized herein.
19. The Cash Gifts and associated Reimbursements were made without the knowledge and consent of Council and were not made in accordance with any of the Nation's policy. The defendant concealed the Cash Gifts and Reimbursements from the Nation. Indeed, he represented to the recipients that the Cash Gifts came from his personal funds, when in fact, he would make the Cash Gifts to the Members and then obtain the Reimbursements from Peguis Gaming or the Finance Department, in many circumstances misleading the officials about the true nature of the Reimbursements.
20. In addition to the Cash Gifts, the defendant encouraged Members to charge the Nation for gas purchased at the Mi Ki Nak Gas Station on the Nation's reserve during his tenure (the "**Gas Payments**"). For example, in fiscal year 2021-2022, the expenses charged to the Nation amounted to approximately \$700,000, as a result of this unilateral policy. The Gas Payments continued through subsequent fiscal years, and the policy was only terminated in late 2023, when it was discovered by the Council.
21. The defendant's conduct with respect to the payment of the Cash Gifts and Gas Payments had a significant financial impact on the Nation, by depriving the Nation of the funds used for these unauthorized gifts. The Cash Gifts and Gas Payments also have intangible impacts on the Nation, including by undermining transparency and integrity of the Nation's electoral and financial systems.
22. Section 16(f) of the *FNEA* prohibits a person from offering money, goods, employment or other valuable consideration in an attempt to influence an elector to vote or refrain from voting or to vote or refrain from voting for a particular candidate. The *FNEA* became applicable to the Nation after December 3, 2018.



23. The defendant provided the Cash Gifts and Gas Payments to Members to gain support for his election campaigns. In doing so, the defendant breached the *FNEA* for any Cash Gifts made by the defendant after December 3, 2018.
24. Pursuant to the *FAL*, members of Council must comply with all applicable Nation laws, policies, procedures, or standards. The provision of the Cash Gifts, Gas Payments and Reimbursements is contrary to the *FAL*.
25. In addition, the Cash Gifts, associated Reimbursements, and Gas Payments are a violation of the Nation's law and policy.
26. The Finance Policies require that all amounts claimed for reimbursements have been approved and authorized for activities, events or expenses that will benefit the Nation. In the absence of approval, they will be liable for the return of the funds to the Nation.
27. The Reimbursements that paid for the Cash Gifts were not authorized by the Nation nor did they benefit the Nation. The defendant's seeking and accepting the Reimbursements contravenes the Finance Policies. Therefore, pursuant to the terms of the Finance Policies, the defendant is liable to the Nation for the total Reimbursements for Cash Gifts.
28. In addition, the Finance Policies restrict the use of Nation credit cards by Chief and Council. The individual named on the card is responsible for ensuring the credit card is used in accordance with the Finance Policies. Pursuant to the Finance Policies, a Nation credit card must only be used for business purposes and must not be used for:
  - a. personal items or loans;
  - b. items deemed inconsistent with the Finance Policies or any other the Nation's policy; or
  - c. cash advances.
29. The defendant's use of a Nation credit card to pay for any Cash Gifts contravened the Finance Policies, as the Cash Gifts were personal items, inconsistent with the Finance Policies, or cash advances.
30. In addition, pursuant to the *FAL* and the Conflict Policies, members of Council must:
  - a. act in the best interests of the Nation;
  - b. not use their office for financial gain for themselves or for the members of their family to the detriment of the interest of the Nation;
  - c. conduct themselves in a manner to avoid a conflict of interest; and
  - d. disclose any conflict of interest in accordance with the *FAL* and Conflict Policies.
31. In making the Cash Gifts, the Gas Payments, and receiving the Reimbursements, the

defendant used his office for his own gain, placed himself in a position of conflict of interest, and failed to disclose any conflict. In doing so, he breached the *FAL* and Conflict Policies and thereby breached his fiduciary duty to the Nation.

**2. Unauthorized diversion of funds for the payment of personal invoices for the defendant, his family and associates**

32. During his tenure as Chief, the defendant repeatedly directed invoices to Peguis Finance for personal items and services for himself, his family and associates (together, the “**Personal Expenses**”), in breach of his duties pursuant to the *FAL*, the Finance Policies, and the Conflict Policies. These invoices included home furniture, vehicles, personal telecommunications and personal legal fees.
33. When Peguis Finance staff raised concerns regarding these expenditures, staff were instructed by the defendant not to pursue further inquiry.
34. The Personal Expenses were invoiced to and paid by the Nation without the knowledge and consent of Council. The defendant concealed the invoicing of the Personal Expenses from Council and the Nation. Invoicing the Personal Expenses to the Nation is a clear conflict of interest between the defendant’s personal and familial interests, and the best interests of the Nation.
35. In the alternative, if the defendant used his Nation credit card to pay for the Personal Expenses and then sought reimbursement, this contravenes the Finance Policies. This violation of the Finance Policies amounts to a violation of the defendant’s fiduciary and statutory duties under the *FAL*.

**3. Improper receipt of Honoraria**

36. Pursuant to the Nation’s law and policies, the defendant was required to disclose all honoraria received by third parties and pay such amount to the Nation. Pursuant to the Peguis Governance Policy, if a member of Council receives a gift for any reason in their capacity as an elected official, they must disclose the receipt of this gift in accordance with that policy.
37. The defendant frequently received double honoraria for attending third-party events as Chief. For attendance at the same event, the defendant received honoraria directly from a third-party organization as well as honoraria from the Nation. In doing so, he failed to disclose his receipt of the third-party honorarium and then accepted an honorarium payment from the Nation for the same meeting – “double-dipping”– in breach of the Nation’s law and policy and his fiduciary duties.
38. The defendant’s failure to disclose those honoraria when he was subsequently compensated by the Nation directly for the same event is a violation of his duty of loyalty and the no profit rule.

**4. Improper use of residential school monument grant**

39. In or around 2023, Members who were survivors of residential schools secured a grant for approximately \$30,000 from the Southern Chiefs' Organization ("SCO"), for the purpose of constructing a monument in remembrance (the "Grant").
40. Peguis Finance never received the cheque. The cheque was instead picked up at the direction of the defendant and used for other purposes. The Grant funds were not used for their intended purpose.
41. The diversion of the Grant is a violation of the Nation's law and policy, including the *FAL*, and the purpose of the grant funds.
42. The Grant was diverted to the defendant without the knowledge and consent of Council. The defendant concealed this diversion from Council and the Nation, as well as the Members for whom the Grant had been made.

**5. Improper diversion of funds for Percy E. Moore Hospital**

43. The Percy E. Moore Hospital is located on the Nation's reserve and serves the Interlake region of Manitoba, providing essential healthcare services to the Nation, neighbouring First Nations and farming communities.
44. Funds for the hospital were set aside in a separate account, ear-marked only for use in relation to the hospital's programs.
45. In or around late 2022 and early 2023, the defendant directed Peguis Finance staff to use funds from the hospital's account to make up for shortfalls in the Nation's general account. Staff were directed to do so on at least three separate occasions, each occasion amounting to approximately \$250,000 to \$500,000 removed from this account to cover the Nation's cashflow shortages.
46. The Project Manager became aware of these unauthorized transfers and confirmed that he had not authorized these transfers. Peguis Finance staff returned the funds to the hospital's account once the Nation's general account had sufficient funds.
47. The diversion of the hospital's funds is a violation of the Nation's law and policy, including the *FAL*, and the distinct purpose of those funds.
48. The Grant was diverted to the defendant without the knowledge and consent of the Program Manager, or Council.

**B. Misuse of treaty land entitlement funds**

49. During his tenure as Chief, the defendant repeatedly breach his fiduciary duties to the Nation by directing, influencing or causing the Nation, and the Nation-related entities, to enter into various real estate transactions using Treaty Land Entitlement ("TLE") funds, which funds are held in trust for the benefit of the Nation and its Members pursuant to a Treaty

Entitlement Agreement with Manitoba and Canada (the “TEA”), to the detriment of the Nation and its Members.

50. The purpose of the TEA is to fulfill the land obligations owed to the Nation under Treaty 1, correcting the failure of the Crown in right of Canada to provide the Nation with all the land they were entitled to under that treaty.
51. Pursuant to the TEA, the TLE funds are to be distributed pursuant to a trust agreement (the “TLE Trust”). Distributions under the TLE Trust for acquisition of property are constrained by several limitations. One limitation is that no distribution of any portion of the trust property may be made which would, if made, reduce the net realizable value of the trust property available for the purpose of land for addition to reserve below \$25,000,000.00 at any time before 25 years after date of the Agreement.
52. In relation to the improper use of TLE Trust funds, as particularized below, the defendant is guilty of breach of fiduciary duty, and failed to act in the best interests of the Nation, in particular by:
  - a. failing to conduct proper due diligence to ensure that the TLE Trust funds were used for transactions that were in the best interests of the Nation;
  - b. directing TLE Trust funds to be used for purposes inconsistent with the TEA and the TLE Trust; and
  - c. delegating significant discretion and power to consultants with regards to TLE Trust funds and the Nation’s property acquisition;
  - d. directing the Nation to pay in excess of the fair market value for properties that the Nation ultimately purchased;
  - e. putting the Nation at risk of being unable to satisfy its treaty land obligations pursuant to the TEA;
  - f. failing to adhere to his Oath of Office.
53. Further, and in the alternative, the defendant is guilty of breach of trust with respect to the misuse of TLE Trust funds and the allegations and particulars contained in the paragraph above are repeated with respect to that breach.

#### **1. Assiniboia Downs**

54. Assiniboia Downs is a gaming and event center in the Winnipeg suburb of St. James-Assiniboia. Operated by the Manitoba Jockey Club (“MJC”), Assiniboia Downs offers live horse racing, televised/simulcast racing, and a restaurant and lounge with video lottery terminals.
55. In or around December 2012, the Nation and MJC started discussing the Nation’s potential acquisition of the Assiniboia Downs lands owned by MJC (the “ASD Lands”), as well as

commercial and residential development opportunities.

56. The defendant represented to Council that the Nation could develop a casino on the ASD Lands, thus making it a profitable business venture for the Nation.
57. At this time, the ASD Lands consisted of the following two parcels:
  - a. Approximately 140 acres situated at 3975 Portage Avenue in Winnipeg (the **“Winnipeg Lands”**); and
  - b. Approximately 40 acres of vacant lands situated on Saskatchewan Avenue in the Rural Municipality of Headingley located directly west of Winnipeg (the **“Headingley Lands”**).
58. On August 7, 2013, the Nation purchased the ASD Lands for \$22 million, divided as follows:
  - a. \$1 initial deposit;
  - b. \$15 million payment; and
  - c. \$6.999 million take back mortgage in favour of MJC (the **“VTB Mortgage”**).
59. The purchase was made pursuant to a joint venture agreement (the **“JVA”**) between the Nation and MJC, under which:
  - a. the ownership of all development of the Assiniboia Downs was divided equally between the Nation and the MJC as a joint venture;
  - b. the MJC and the Nation were to each establish a capital fund with a contribution of \$5 million each towards future development of the ASD Lands by the joint venture; and
  - c. the MJC would lease the ASD Lands from the Nation for \$1 per year until 2038.
60. The purchase price was reached based on appraisals for the Winnipeg Lands (\$30,165,000) and the Headingley Lands (\$315,000), with an \$8 million reduction from the combined purported market value in consideration of the joint venture. At the time of this filing, the combined assessed value of the ASD Lands was \$5,890,800, approximately 20% of the purported appraised value in 2013.
61. In connection with the JVA, Jeff Rath, the lawyer for the Nation and the MJC on the purchase, would receive 4% of gross revenues for a period of seven years for all businesses operating at the Assiniboia Downs.
62. The defendant directed, influenced or caused Council to pass Band Council Resolutions approving the use of \$22 million from the TLE Trust to complete the purchase of the ASD Lands, and to issue funding directives to the TLE Trust Financial Trustees purportedly in

compliance with the TLE Trust.

63. The joint venture, VTB Mortgage and long-term lease to MJC of the ASD Lands were inconsistent with the purposes of the TLE Trust and the TEA, to add additional land to the Nation reserve.
64. On September 17, 2013, MJC transferred the Headingley Lands to 6780734 Manitoba Ltd. (“6780734”), a company incorporated by the Nation for this purpose, and registered the \$7,000,000 mortgage against title.
65. In or about February 2016, the City of Winnipeg approved the subdivision of the Winnipeg Lands into three lots. On March 13, 2018, MJC transferred Winnipeg Lands #1 and #3 to 6780734 and registered the \$7 million mortgage against the title.
66. As of the date of this filing,
  - a. 6780734 is the registered owner of the Headingley Lands and Winnipeg Lands #1 and #3, against which MJC has a \$7,000,000 mortgage registered for each parcel;
  - b. MJC is the registered owner of Winnipeg Lands #2, against which 6780734 has a \$15,000,000 mortgage registered; and
  - c. The Nation has received no profits from the joint venture.
67. The terms of the ASD Lands purchase and JVA were not in the best interests of the Nation and were significantly unfair to the Nation.
68. The defendant failed to take steps to determine whether a more favourable arrangement could be reached, including by conducting proper due diligence with respect to the value of the ASD Lands, and ensuring that the ASD Lands or JVA was made subject to the receipt of a casino licence to ensure a financial benefit for the Nation.
69. The defendant had a conflict of interest – which conflict was never disclosed to the Council or the Nation – in relation to the purchase. The defendant was a director of Corporate Renewal Services Inc. – a company that was paid \$935,000 for purportedly arranging financing for the ASD purchase – although such financing came from the TLE Trust. This payment violated the defendant’s fiduciary duty. The full extent of the defendant’s profit on this sale is not known.

## **2. Meadows Property**

70. In or about late 2019 and early 2020, the defendant and Andrew Marquess, a developer in Winnipeg, Manitoba, were introduced and began to work on real estate development plans for the Nation. In or about early 2020, the defendant introduced Marquess to Council.
71. On or about March 17, 2021, the defendant directed, influenced or caused Council to pass a Band Council Resolution placing Marquess, acting through 6748831 Manitoba Inc. (“Consulting Co”), in charge of selecting real estate investments to be purchased by the

Nation, up to the aggregate sum of \$20 million, using TLE Trust funds.

72. In or around July of 2021, the Nation settled the Peguis First Nation Real Estate Trust (“**PFNRET**”) for the purposes of acquiring and holding its real estate investments. The Nation is the beneficiary of PFNRET, and PFNRET is supposed to operate solely for the benefit of the Nation and its Members. The PFNRET Trustees were employees of the Nation, who acted on the direction of the defendant, Marquess or both.
73. The defendant breached his fiduciary duties to the Nation by using his influence, power and discretion to cause the Nation, PFNRET, and its related entities, to enter into a series of contracts with Marquess, Consulting Co, 10065951 Manitoba Ltd. (“**Management Co**”), and 10103553 Manitoba Ltd. (“**Lending Co**”), with respect to a property located at 2511 McGregor Farm Road, R.M. East Saint Paul, MB (the “**Meadows Property**”). These contracts, as particularized herein, were not in the best interests of the Nation and resulted in significant improper profit to Marquess and his companies, which is the subject of other litigation.
74. Beginning on or about March 25, 2021, the defendant directed, influenced or caused the Nation, through its related entities, to purchase the Meadows Property for development – as opposed to addition to reserve, using \$10 million in TLE funds – which was to be the entire purchase price. However, the total purchase price ballooned to \$12,265,500.00, which required PFNRET to take out a mortgage on the property.
75. On or about August 6, 2021, PFNRET, and its related numbered company 10089844 Manitoba Ltd. (“**Purchase Co**”, which holds legal title to the Meadows Property), entered into a Development Management Agreement with Management Co. Under the Development Management Agreement:
  - a. Marquess was placed in total control of the development of the Meadows Property;
  - b. Marquess was placed in total control of accounting and the management of finances with respect to the development of the Meadows Property; and
  - c. Purchase Co was to pay Marquess fees equal to 5% of all site servicing costs, 5% of the construction costs of buildings, 2% of the sales or leases of serviced lots, and site plan services at an hourly rate of \$495, as well as accounting and reporting fees of \$15,000 per quarter.
76. In directing, influencing or causing PFNRET and Purchase Co to enter into the Development Management Agreement with Management Co, the defendant failed to protect the best interests of the Nation, and its related entities, including by failing to take steps to determine whether a more favourable arrangement could be reached with a third-party.
77. On or about August 16, 2021, PFNRET and Purchase Co entered into a Credit Agreement with Lending Co. Under the Credit Agreement, Lending Co lent Purchase Co, with PFNRET acting as guarantor, \$5.5 million at an interest rate of 5.75% compounded monthly (which interest rate was later increased to 9.18%).

78. The Credit Agreement is secured by a General Security Agreement, Limited Recourse Guarantee and Pledge Agreement, Assignment of Material Contracts, Environmental Indemnity Agreement and Debenture (as described below), all in favour of Lending Co.
79. Also, on or about August 16, 2021, PFNRET and Purchase Co entered into the Debenture Agreement with Lending Co, which grants Lending Co a mortgage over the Meadows Property, over Purchase Co's related personal property, and a number of different remedies, including the right to seek the sale or foreclosure of the Meadows Property.
80. Notably, the Debenture Agreement purports to record a promise by Purchase Co to pay \$20 million, plus interest, on demand to Lending Co. In its later terms, the Debenture Agreement provides that even though the Debenture Agreement contains a promise to pay \$20 million to Lending Co, Purchase Co is only liable to Lending Co for the funds actually provided pursuant to the Credit Agreement (namely, the \$5.5 million).
81. On or about August 20, 2021, a \$20 million mortgage was registered on title to the Meadows Property in favour of Lending Co, and then subsequently transferred to CWB Maxium Financial Inc. ("CWB") for consideration of \$1.00.
82. At no time did Lending Co, or CWB, lend \$20 million to the Nation, Purchase Co, PFNRET, or its related entities. The registration of a \$20 million mortgage on title to the Meadows Property is false and misleading and has increased the financial dependence of the Nation entities on Marquess by making it more difficult to secure alternate financing.
83. The terms of the Credit Agreement and Debenture Agreement are not in the best interests of the Nation and were significantly unfair to the Nation.
84. In directing, influencing or causing PFNRET and Purchase Co to enter into the Credit Agreement and Debenture Agreement with Lending Co, the defendant failed to protect the best interests of the Nation, and its related entities, including by failing to take steps to determine whether a more favourable arrangement could be reached with a third-party.
85. The mortgage came up for renewal in 2024, and Lending Co. threatened foreclosure. On November 22, 2024, PFNRET sold the majority of the Meadows property to a company controlled by Marquess. The purchase was secured by a Promissory Note repayable to PFNRET after seven (7) years.
86. While the defendant was not the signing officer for these transactions, he exercised his influence over the PFNRET Trustees to enter into the transactions with Marquess above, thereby breaching his fiduciary duties to the Nation.
87. The above-described agreements were inconsistent with the purposes of the TLE Trust and the TEA, to add additional land to the Nation reserve. The funds provided by the TLE Trust were impressed with a trust – that the funds could only be used to acquire lands for addition to reserve. The acquisition of the Meadows property to be developed for third party development breached the TLE Trust.
88. In addition, the establishment of the PFNRET was the defendant's idea to avoid the



strictures of the TLE Trust. The establishment of PFNRET breached the TLE Trust, as, among other things, it required a vote from the members of the Nation to approve both the establishment of PFNRET and the transfer of funds to such trust – which vote was not held.

### **3. Wellington Property**

89. On or about October 9, 2020, Manitoba provided notice to the Nation, pursuant to the TEA, that the property located at 611/633 Wellington Crescent, Winnipeg, MB (the “**Wellington Property**”) was available for purchase by the Nation, for addition to reserve.
90. On or about April 29, 2022, Manitoba agreed to sell the Wellington Property to the Nation for \$350,000, on the condition that the property be added to reserve, in accordance with the TEA. The defendant directed Nation funds to be used to fund the purchase. The Nation owned the property through a numbered company.
91. Marquess accrued significant improper profit as a result of the purchase of the Wellington Property, which is the subject of other litigation. The specific amount of the improper profit is not yet known to the Nation. The defendant also accrued significant profit from the sale of the Wellington Property, although the specific amount is not yet known to the Nation.
92. In or around November of 2022, the defendant directed the Nation, PFNRET, and its related entities, to sell their interest in the Wellington Property to a third-party purchaser, for profit. In doing so, the Nation breached the terms of the April 29, 2022, agreement with Manitoba, and the terms and purposes of the TEA, both of which required that the Wellington Property be added to reserve.
93. In doing so, the defendant breached his fiduciary duties to the Nation, failing to act in accordance with the standard of care required of him as a fiduciary.
94. In addition, the actions of the defendant have jeopardized the ability of the Nation to seek further lands from Manitoba to fulfil the purposes of the TEA.

### **C. Improper Award of Contracts**

95. During his tenure as Chief, the defendant breached his fiduciary duty to the Nation by unilaterally awarding, or causing the Nation to award, construction contracts to companies in which he had a financial or business interest, or from which he received a benefit in return for the award of the contract (the “**Sole-Source Contracts**”). To the extent that these awards were made in breach of his Oath of Office, Nation law and policy, or without proper due diligence, these awards were made in breach of his fiduciary duties to the Nation.
96. Insofar as the defendant’s improper award of Sole-Source Contracts is known to the Nation, those breaches are particularized in the following paragraphs.
97. The Nation and its related entities awarded several construction contracts to Ayshkum Engineering Inc. (“**Ayshkum**”), a company of which the defendant was a founding member, and a director at the time of certain contract awards.

98. During his tenure, the Nation contracted with Ayshkum for at least \$20 million of construction work in relation to, among other things, housing, road improvements, and flood response.
99. Contracts awarded to Ayshkum frequently exceeded the original contract value or failed to produce satisfactory work product. Despite these results, the Nation frequently treated Ayshkum as if it were an extension of the Nation's corporate entities, rather than as an independent contractor, to be evaluated on equal footing with other contractors.
100. By way of example, in 2018, Ayshkum was awarded the Peguis Existing Landfill Upgrades Project, for a total fixed price of \$88,980.00, though the total approved fees grew to \$212,980.00 over the subsequent years. The project was for the design and construction of interim upgrades to increase capacity and improve conditions at the landfill site. Ayshkum failed to complete the project during the timeline, despite receiving multiple extensions, and was unable to explain this delay.
101. The Nation and its related entities also awarded several construction contracts to Waasa Indigenous Services Inc. ("**Waasa**"). During the defendant's tenure, the Nation and its related entities contracted with Waasa for at least \$10 million in construction work in relation to the Nation's economic development projects.
102. Contracts awarded to Waasa frequently exceeded the original contract price or failed to produce satisfactory work product. In connection with two such contracts, in 2019, Peguis Development Corporation ("**PDC**"), at the direction of the defendant, forwarded Waasa \$1,400,000 to perform services. Waasa failed to perform the services pursuant to those contracts but kept the monies advanced by PDC. This contractual issue is the subject of litigation between PDC and Waasa, commenced in 2024.
103. In compensation for the defendant's award of these contracts to Waasa on this particular project, Waasa distributed a portion of the funds received from PDC to the defendant for use for his 2019 re-election campaign.
104. Pursuant to the Finance Policies, where the total value of a contract is less than or equal to \$50,000, the awarding of sole-source contracts is strongly discouraged. If a sole-source contract is awarded, the reasons evidencing why the contractor is suited to manage the contract and execute its responsibilities must be clearly documented.
105. In addition, pursuant to the Finance Policies, where the total value of a contract is in excess of \$50,000, the contract must go through a tendering process and the Nation must put out a call for a request for proposals ("**RFR**"), under which,
  - a. the Nation must consider at least three competing proposals;
  - b. respondents must provide information about themselves and an explanation for why they best match the criteria for the particular contract;
  - c. the evaluation of the proposals is conducted by the Chief Financial Office and Chief Operating Officer of the Nation, who make a recommendation to Council;

The contract must be endorsed by a quorum of Council, such quorum to include the member of Council to whose portfolio the contract corresponds and must be signed by the Chief Operating Officer as well as two members of Council.

106. The Sole-Source Contracts with Ayshkum and Waasa, among others, were awarded by the Nation or related entities, such as PDC, and paid for with Nation funds or funds for which the Nation was the beneficiary, without:
  - a. being approved by the Council at duly convened meetings;
  - b. seeking competing bids;
  - c. conducting proper due diligence with respect to the companies' capacity to fulfil the contract; or
  - d. the defendant disclosing any conflict of interest with respect to the selected contractor.
107. The Sole-Source Contracts were made in violation of the Finance Policies. The defendant ought to have known that by unilaterally awarding, or, in the alternative, causing the Nation to award, the Sole-Source Contracts, he was acting in breach of that policy and his fiduciary duty to the Nation.
108. In addition, as the *FAL* requires members of Council to abide by relevant Nation laws and policies, the violation of the Finance Policies amounts to a violation of the defendant's duties under the *FAL*.
109. In each of the Sole-Source Contracts, the defendant received both monetary and other benefits for the awarding of such contracts, through cash compensation sometimes in the guise of "consulting fees", lavish dinners, gift cards, hockey tickets, and other forms of compensation (the "**Kickbacks**"). The Kickbacks served no legitimate business purpose and were instead for the sole and exclusive benefit of the defendant. The Nation's unknowing and indirect payment of these Kickbacks deprived it from the use of such funds, which could have been used for legitimate purposes to benefit the Nation.
110. Pursuant to the *FAL* and the Conflict Policies, the defendant was prohibited from using his office for financial gain for himself to the detriment of the interests of the Nation, was required to disclose any conflict of interest, and was prohibited from taking part in decisions relating to a conflict of interest. As a result of the award of contracts to contractors which whom he had a financial interest, including Ayshkum, or from whom he received a financial benefit as a result of the award, the defendant also violated the *FAL* and Conflict Policies.
111. Pursuant to the Nation's law and policies, the defendant was required to disclose all gifts received by third parties. Pursuant to the Peguis First Nation Governance Policy, members of Council are prohibited from accepting gifts or offerings to help induce a member of Council in the course of decision making. Moreover, if they receive any gifts for any reason in their capacity as an elected official, they must disclose the receipt of this gift in accordance with the Governance Policy.

112. As a result of the award of the Sole-Source Contracts during the defendant's tenure as Chief, the Nation regularly found itself with unfulfilled construction contracts, inordinate delays, and significant unnecessary costs. The award of these contracts was made in violation of the Nation's policy and law and was not in the best interests of the Nation.

**D. Bridging Finance Loans**

**1. Lending arrangement with Bridging Finance Inc.**

113. In 2013, the Nation entered into an agreement with 5321328 Manitoba Inc. ("**Usand**"), a company wholly owned and controlled by Sean McCoshen, and which held 83% of the shares of Corporate Renewal Services, to secure the financing with the Bank of Montreal ("**BMO**"). As part of this arrangement, Usand was paid \$1.65 million by the Nation for its services in securing that financing and Usand made payments or kickbacks to Nation representatives, including the defendant, although the specific amount paid to the defendant is not known.
114. From September 2014 to November 2017, the Nation had a commercial lending relationship with BMO. Immediately prior to the Nation terminating this relationship, the Nation held credit facilities in the amount of approximately \$23 million with BMO, with a limit of approximately \$32 million (the "**BMO Loans**"). The BMO Loans were subject to a covenant that prohibited PFN from seeking any additional funding or otherwise encumbering the assets secured by BMO's security without the prior consent of BMO (the "**Covenant**").
115. In 2017, the Nation was experiencing a housing shortfall for 236 Member families as a result of flooding on its reserves and other related issues. In an attempt to address this immediate housing crisis, Council attempted to increase the amount of their facility with BMO to allow for construction of additional housing. BMO performed a detailed assessment of all the Nation's assets and liabilities and ultimately declined to increase the Nation's facilities. BMO concluded that the Nation's revenues and assets could not support more than \$32 million in loans, assuming these loans were incurring interest at a commercial mortgage rate (which at the time was approximately 4%).
116. In 2017, McCoshen – who the defendant was involved with in relation to Corporate Renewal Services – introduced the Nation to David Sharpe, the CEO of Bridging Finance Inc. ("**BFI**"), a Toronto-based private lending firm. McCoshen arranged for Sharpe to meet with Council for a loan presentation.
117. Only a year prior, in 2016, McCoshen and Usand were facing allegations that they had attempted to bribe the Chiefs of Rolling River First Nation in Manitoba and Carry the Kettle First Nation in Saskatchewan, to induce those First Nations to enter into financing agreements under which they would pay similarly high commissions to Usand as the Nation had paid with regards to the securing of the BMO Loans.
118. These statements were false and were made with the intent of inducing Council to authorize new loans and investment arrangements with BFI.

119. Contrary to advice received from Peguis Finance, on August 3, 2017, the defendant directed, influenced or caused the Nation to enter into three terms sheets with BFI, for a total of approximately \$28 million (the “**Initial Funding**”):
- a. \$19,000,000 for the construction of prefabricated homes on the Nation lands;
  - b. \$3,000,000 for the refurbishment of existing housing; and
  - c. \$6,000,000 for the construction of two gas bars.
120. The Nation paid Usand approximately \$7.2 million in fees for brokering the Initial Funding. As a result of his relationship with McCoshen and Usand, the defendant received a share of these fees, the exact quantum of which is unknown at this date.
121. At least by September 2017, BMO became aware of the Initial Funding. The Initial Funding breached the Covenant, triggering BMO’s immediate demand for repayment.
122. In and around the same time, the defendant met with representatives for BMO. Without the prior knowledge or approval of Council, the defendant advised the BMO representatives that the Nation no longer required BMO’s lending services.
123. Following this meeting, the defendant falsely represented to Council that it was BMO that had withdrawn its loan facilities and that the Nation was required to secure a new financing arrangement with a different institution.
124. In November 2017, BFI, BMO and the Nation entered into an Assignment Agreement pursuant to which BFI purchased all of BMO’s right, title and interest in the BMO Loans. Pursuant to that agreement, the Nation entered into a further term sheet with BFI for \$30,580,000 (together with the Initial Funding and all subsequent loans made to the Nation by BFI, the “**BFI Loans**”), \$20,760,536.81 of which was paid to BMO to fund the purchase price under the Assignment Agreement.
125. The BFI Loans were made at an interest rate of Prime plus 11%.
126. In total, BFI purported to loan the Nation and its related entities the principal amount of approximately \$95,016,917.00.
127. During the time that the Nation continued to take out the BFI Loans, senior financial officers at Peguis Finance repeatedly warned the defendant and Council that the Nation’s debt exposure was unsustainable, and that failure to act would result in serious financial consequences. These warnings were ignored, dismissed, or suppressed.
128. On April 30, 2021, BFI was placed into receivership by order of the Ontario Superior Court of Justice following an investigation by the Ontario Securities Commission (the “**OSC**”).
129. In 2022, PricewaterhouseCoopers LLP (“**PwC**”), the court-appointed receiver for BFI, filed a King’s Bench claim against the Nation, Council, and other the Nation related entities, for repayment of the principal sum of \$113,350,304.00 plus interest.

130. On October 29, 2024, the OSC Tribunal found that former BFI executives, including **David Sharpe** (CEO) and **Natasha Sharpe** (CIO), were guilty of fraud, and that Andrew Mushore (CCO), had indirectly participated in fraud.

131. The BFI Loans have eroded the Nation's financial stability, severely restricted its access to future credit, and caused reputational damage.

132. In relation to the BFI Loans, the defendant is guilty of breach of fiduciary duty, and failed to act in the best interests of the Nation, in particular by:

- a. failing to advise Council that entering into the BFI Loans breached the terms of the Nation's existing financing with BMO, thereby triggering the need for immediate repayment;
- b. unilaterally terminating the lending relationship with BMO and failing to seek or obtain the consent of Council prior to advising BMO that the Nation intended to terminate the lending relationship;
- c. falsely representing to Council that BMO was withdrawing its services to induce Council to enter into a lending relationship with BFI;
- d. failing to disclose the conflict of interest and the benefits that would flow to him as a result of his business relationship with McCoshen and their previous association with Corporate Renewal Services; and
- e. failing to take steps to determine whether a more favourable financing arrangement could be reached with a third-party.

## **2. MJardin Group investments**

133. In or about 2018, Sharpe, on behalf of BFI, encouraged Council to use \$10 million from the BFI Loans, initially earmarked for the Nation's housing project, to invest in MJardin Group Inc. ("**MJardin**") and affiliated companies (together with MJardin, the "**MJardin Group**"), companies in the cannabis industry. Sharpe assured Council that if the Nation used this \$10 million from the BFI Loans, there would be an additional \$10 million in BFI funding available to the Nation to replace that amount.

134. Sharpe, on behalf of BFI, also assured Council that the \$10 million investment (using BFI borrowed funds at an interest rate of Prime plus 11%) would be fully recoverable and would not have any negative impacts on the Nation's lending facility with BFI and this investment would not compromise the Nation's housing initiative.

135. At the time Sharpe, on behalf of BFI, was encouraging the Nation to invest in the MJardin Group, BFI was the primary lender of the MJardin Group. Between January 1, 2017, and April 30, 2020, BFI loaned the MJardin Group approximately \$166 million.

136. In or about 2018, contrary to advice received from Peguis Finance, the defendant directed, influenced or caused a Nation entity, Chief Peguis Investment Corporation ("**CPIC**"), to use

\$10 million from the BFI Loans to invest in the MJardin Group. CPIC purchased 8333,333 shares of MJardin in its initial public offering at approximately \$12 per share.

137. At this time, the defendant was involved in the business of the MJardin Group. At least by July 2019, the defendant was a director of MJardin. This put the defendant in a conflict of interest between his fiduciary duties to the Nation and his interests in the MJardin Group.
138. The defendant failed to disclose his conflict of interest in accordance with the *FAL* and the Conflict Policies and participated in decision-making regarding the MJardin investment, thereby breaching both.
139. The share price of MJardin dropped by almost \$5.00 per share after the first month of trading. In March 2022, the company was delisted from the Canadian Securities Exchange after it entered receivership. At that time, the shares were traded at \$0.015 per share, meaning that the Nation's \$10 million investment was worth approximately \$12,500.00.
140. The *FAL* restricts the types of investments that Council may approve. Investments must accord with an approved investment management strategy. The MJardin investment did not accord with the investment rules under the *FAL*. The defendant directed, influenced or caused CPIC to purchase the MJardin shares using the Nation's BFI Loan funds without conducting the due diligence required pursuant to the *FAL* and his fiduciary duty.
141. In relation to the MJardin Group investment, the defendant is guilty of breach of fiduciary duty, and failed to act in the best interests of the Nation, in particular by:
  - a. acting in bad faith by exercising the powers of his office for improper purposes and in conflict of interest of the Nation;
  - b. failing to advise Council of his business relationship with the MJardin Group and participating in decision-making with respect to the MJardin investment, in breach of the *FAL* and Conflict Policies;
  - c. directing, influencing or causing CPIC to invest \$10 million in BFI Loans funds in the MJardin Group without proper due diligence, in breach of the *FAL*; and
  - d. failing to direct CPIC to divest from the MJardin Group as soon as the investment began to sharply lose value.
142. Further, or in the alternative, the defendant is guilty of breach of trust with respect to the misuse of Nation funds for the MJardin Group investment, and the allegations and particulars contained in the paragraph above are repeated with respect to that breach.
143. In the further alternative, if a breach of fiduciary duty or breach of trust is not found at all, then the totality of the alleged wrongful actions contained in paragraphs 141.a. to 141.d. by the defendant are at the very least a violation of the *FAL*. Under the *FAL*, the defendant is personally liable to the Nation for the total of the MJardin investment.

**E. Payment of housing loan**

144. Under the *Indian Act*, no mortgage may be registered against an interest in land on reserve. To assist members in accessing financing for housing, the Canada Mortgage and Housing Corporation provides loan insurance to certain lenders and requires that these loans be secured by a Council resolution and a ministerial loan guarantee from Indigenous Services Canada (“ISC”). If the borrower defaults on the loan, Canada will pay the outstanding balance to the lender and will then require repayment from the First Nation.
145. In 2009, the Royal Bank of Canada granted a CMHC-insured loan to the defendant and his wife, Sharon Bear (together, the “**Borrowers**”), in the principal amount of \$195,174.00 to finance housing on a parcel of reserve land (the “**RBC Loan**”), and the Nation agreed to guarantee the RBC Loan (the “**Guarantee**”). The defendant directed the Nation to enter into the Guarantee.
146. The *FAL* prohibits the Nation from giving a loan guarantee unless Council has commissioned and reviewed a report detailing the risks associated with that guarantee from a senior financial officer. That did not occur.
147. The Borrowers did not meet the criteria for the Nation’s policy with respect to guarantees for on-reserve loans.
148. In addition, the Finance Policies prohibit the Nation from guaranteeing a loan for an employee.
149. The Guarantee was made in direct contradiction to the purpose of the *FAL* and the Finance Policies to ensure the effective, efficient, and transparent use of the financial resources available to the Nation.
150. In addition, the Guarantee is a clear conflict of interest between the defendant’s personal and familial interests, and the best interests of the Nation. The defendant failed to disclose a conflict of interest and remove himself from discussions relating to the decision to grant the Guarantee, constituting a breach of the *FAL* and Conflict Policies.
151. As of the date of this filing, the Borrowers have never made any payments with respect to the principal or interest on the RBC Loan. Instead, using his position of influence, the defendant directed, influenced or caused the Nation to make the RBC Loan payments on the Borrowers’ behalf. The Borrowers have benefited from the RBC Loan while the Nation has borne its cost.
152. At no time did Council agree to make payments on behalf of the Borrowers on the RBC Loan, except in accordance with the Guarantee.
153. In the alternative, if Council did agree to do so, the defendant directed, influenced or caused Council to do so.
154. The Borrowers’ failure to make payments while the Nation paid off the RBC Loan is a clear conflict of interest between the defendant’s personal and familial interests, and the best



interests of the Nation.

155. In relation to the RBC Loan and Guarantee, the defendant is guilty of breach of fiduciary duty, and failed to act in the best interests of the Nation, in particular by:

- a. acting in bad faith by exercising the powers of his office for improper purposes and in conflict of interest of the Nation;
- b. directing, influencing, or causing the Nation to issue the Guarantee;
- c. directing, influencing, or causing the Nation to pay the RBC Loan payments in the Borrowers' stead;
- d. failing to adhere to the duties and procedures pursuant to the *FAL*;
- e. failing to adhere to the duties and procedures pursuant to the Nation's policies, including the on-reserve housing loan policy, the Finance Policies, and the Conflict Policies; and
- f. failing to adhere to his Oath of Office.

156. Further, or in the alternative, the defendant is guilty of breach of trust with respect to the misuse of Nation funds and the allegations and particulars contained in the paragraph above are repeated with respect to that breach.

157. In the alternative, if a breach of fiduciary duty or breach of trust is not found at all, then the totality of the alleged wrongful actions contained in paragraphs 155.a. to 155.f. by the defendant are at the very least a violation of the *FAL*. Under the *FAL*, the defendant is personally liable to the Nation for the total of the amount of the Nation's funds expended contrary to the *FAL* with respect to the RBC Loan and Guarantee.

**F. Acting as director and officer**

158. In his capacity as Chief, the defendant served as a director and officer of corporations in which the First Nation is an owner or investor. In relation to these positions, the defendant breached his fiduciary duty and failed to act in the Nation's best interest, in particular by:

- a. acting in bad faith by exercising the powers of his office for improper purposes and in conflict of interest of the Nation;
- b. failing to disclose information about the scope and nature of the Nation's investments;
- c. failing to disclose to the Nation information about the scope and terms of his board and officer appointments and any benefits or revenue derived from these appointments;
- d. continuing to serve as a director or officer — appointments that he held by virtue

of his position as the Nation's Chief — after his election defeat;

- e. continuing to benefit from the Nation's investments and corporate opportunities that rightfully belong to the Nation;
- f. failing to adhere to the duties and procedures pursuant to the Nation's laws, including the *FAL*;
- g. failing to adhere to the duties and procedures pursuant to the Nation's policies, including the Conflict Policies; and
- h. failing to adhere to his Oath of Office.

159. By way of example, the defendant continues to serve as a director and officer of Mississippi Rail GP Inc., the general partner of the OneNorth/Mississippi Rail Limited Partnership, of which the Nation is an investor. The newly elected Council only recently became aware of these positions and the Nation's investment. The defendant has failed to act with transparency regarding opportunities and any revenue derived as a result of the Nation's investment, both during and following the defendant's terms as Chief.

160. The *FAL* restricts the types of investments that Council may approve. Council may not approve of investments in accordance with the *FAL* if it does not know of an investment or does not have all of the relevant information. To the extent that the defendant concealed this information from Council, he breached the *FAL*.

161. In addition, in benefitting from his position as director or officer as a result of his position as Chief of the Nation, the defendant used his office for his own gain, breaching the no profit rule as well as placing himself in a conflict of interest, and failed to disclose any conflict. In doing so, he breached the *FAL* and Conflict Policies.

162. If a breach of fiduciary duty is not found in relation to the defendant's conduct as director or officer by virtue of his position as Chief, then the totality of the alleged wrongful actions contained in paragraphs 158.a. to 158.h. by the defendant are at the very least a violation of the *FAL*. Under the *FAL*, the defendant is personally liable to the Nation for the total of the amount of the Nation's funds expended contrary to the *FAL*.

### **G. Systemic Mismanagement and Intimidation**

163. The defendant fostered an environment in which loyalty was rewarded, and procedures and independent oversight were discouraged and disregarded. Individuals who raised concerns were either fired, constructively dismissed or shuffled to different positions. These actions led to significant financial mismanagement and a culture in which the Nation's staff were afraid to raise concerns due to their fear of retaliation by the defendant and his associates.

164. Pursuant to the *FAL*, while Council is responsible for all matters relating to the financial administration of the Nation, it delegates many of the day-to-day matters to the Peguis

Finance staff.

165. Under the *FAL*, senior Peguis Finance staff, such the Chief Financial Officer, are responsible for, inter alia:
- a. the day-to-day management of the financial administration of the Nation, including budgeting and executing investment strategies;
  - b. active monitoring for compliance with the *FAL*, and any applicable law or policy of the Nation; and
  - c. ensuring that procedures for safeguarding the Nation's assets are followed.
166. Despite this, during the defendant's tenure, financial and governance authority was increasingly centralized in the defendant personally. Major financial, investment, and governance decisions were routinely made or advanced by the defendant prior to any meaningful review by Council, with Council thereafter being presented with decisions only after commitments had already been made.
167. Band Council Resolutions ("BCRs") – documenting Council decisions – were frequently not made at duly convened meetings – as required by the *Indian Act*. Instead, the defendant would circulate BCRs after a decision or commitment was made, amongst the Councillors of the Nation.
168. In addition, financial decisions were often made pursuant to the demands of the defendant, rather than pursuant to the *FAL* and the Nation's policies. During this time, Peguis staff were frequently directed by the defendant to take steps which breached the *FAL*, including:
- a. to spend funds without required documentation or approval;
  - b. to use purpose-specific funds to cover the Nation's general account shortfalls; and
  - c. to prioritize the payment of certain contractors and consultants ahead of all other payments when funds were insufficient.
169. In addition, during the defendant's tenure, the Nation frequently prioritized spending what little funds were available on expensive contractors and consultants, who happened to be associates of the defendant.
170. By way of example, between 2021 and 2023, during the defendant's tenure, payments of at least \$4.4 million were made to Marquess and Consulting Co through the Nation and PFNRET. During this period, monthly payments of \$150,000 or more to Marquess and his companies was commonplace. In several instances, the defendant directed Peguis Finance staff to prioritize payment of Marquess' consultant invoices over all other payments, including internal payroll, income assistance, post-secondary student funding, and local vendors. In his communication with staff, Marquess threatened to report staff to the defendant if they delayed payment.

171. Despite their role under the *FAL*, the defendant excluded senior Peguis Finance staff, such as the Chief Financial Officer and the Director of Finance from the negotiation, structuring, and approval of major financial transactions, including high-risk lending arrangements such as the BFI Loans and investment decisions such as the MJardin investment. The defendant ignored or overrode requests by Council and senior Finance staff members for Peguis Finance oversight and involvement in financial negotiations.
172. The defendant engaged in intimidation of Peguis staff who questioned financial practices or refused to align themselves with the defendant's inner circle. Individuals who raised concerns regarding governance, finances, or fiduciary risk were sidelined, excluded from decision-making processes, or reprimanded. As a result, staff were often unwilling to bring their concerns to Council for fear of retaliation from the defendant.
173. In addition, meeting records were curtailed during contentious discussions, and senior financial officers were prevented from communicating concerns directly to the Nation's membership, allowing misconduct to persist unchecked.
174. Peguis Finance staff were fulfilling their *FAL*-mandated responsibilities by raising concerns and questions regarding the Nation's financial transactions. Under the *FAL*, they had the right to come forward regarding potential contraventions of Peguis financial management rules. By engaging in the above-described tactics, the defendant breached the *FAL* and his fiduciary duties.

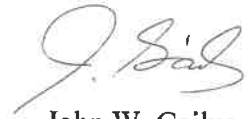
#### **IV. Conclusion**

175. At material times, the defendant breached his fiduciary duties to the Nation and failed to competently carry out the roles and responsibilities entrusted to him by the Nation, as set out in this Statement of Claim. The defendant consistently misused his power and discretion as a fiduciary to enrich himself to the detriment of the Nation. Time and time again, the defendant breached the no conflict and no profit rules.
176. The defendant caused and participated in repeated breaches of trust in relation to the TLE Trust and profited from such breaches through "consulting payments", Kickbacks and other benefits.
177. The defendant's conduct was not isolated or inadvertent but formed part of a sustained pattern of governance failure, misuse of authority, and disregard for fiduciary obligations, resulting in foreseeable and substantial harm to the Nation.
178. The Nation is not yet aware of the full scope of the payments and improper profits to the defendant, including payments and profits to any companies controlled by the defendant, or payments and profits flowing through other Nation-related entities. The Nation seeks various remedies with respect to these improper profits, including an accounting and the imposition of a constructive trust, as set out in paragraph 1 of this Statement of Claim.

File No. \_\_\_\_\_

179. Further, as a result of these breaches of fiduciary duty, the Nation has suffered losses, damages and expenses, for which the defendant is liable.

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