



This is the 4<sup>th</sup> Affidavit  
of Peter Pu in this case  
and was made on April 18, 2023

No. H220369  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

PLW INVESTMENT LTD.

PETITIONER

AND:

1025332 B.C. LTD. and others

RESPONDENTS

**AFFIDAVIT**

I, Peter Pu, of West Vancouver, BC SWEAR, THAT:

1. I am the President of PLW Investment Ltd. (the "**Petitioner**" or "**PLW**") and the sole director of the Respondents 1256306 B.C. Ltd. ("**306**") and 1256319 B.C. Ltd. ("**319**") and as such have personal knowledge of the facts hereinafter deposed to except where stated to be on information and belief, in which case I verily believe them to be true. I am authorized to make this affidavit on behalf of the Petitioner.
2. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the 1<sup>st</sup> Affidavit of Amy Barsha Washington made in these proceedings on April 10, 2023 (the "**Washington Affidavit**").
3. I make this affidavit in response to the Washington Affidavit and to the 1<sup>st</sup> Affidavit of Edison Washington sworn in these proceedings on April 13, 2023 ("**Edison Affidavit**"), and to provide additional information relevant to the application (the "**Washington Notice of Application**") of 1025332 B.C. Ltd., 1025334 B.C. Ltd., 1025336 B.C. Ltd., Chongye Developments Ltd., Washington Properties (Point Grey) Inc., Washington Properties (QEP) Inc.

(“QEP”), Lucky Five Investments Ltd., 1094321 B.C. Ltd., Prarda Developments Corporation, 306, 319, Amy Barsha Washington (a.k.a. Fengyun Shao), Edison Washington (a.k.a. Qiang Wang), Linda Washington and 35 Park Parking Inc. (collectively, with the exception of 306 and 319, the “Washington Group”), for an order that, among other things, Alvarez & Marsal Canada Inc. (the “Receiver”) be discharged as receiver of certain land and related assets (the “Property”) of the Applicant Respondents.

object: not evidence - whether you disagree or not generally. If have evidence to give on specific statements, then give it.

4. At the outset, I should note that I disagree with much of what Ms. Washington says in her affidavit. To the extent that I do not identify and contest any particular statement by Ms. Washington does not mean that I agree with it. Rather, I am attempting to address only the matters that I believe are relevant to the Washington Group’s application.

5. I also note that counsel for the Washington Group, Kornfeld LLP, purports to act for 306 and 319. PLW owns both 306 and 319, and I am the sole person with authority to act on behalf of those companies. I confirm that at no time did I retain Kornfeld LLP to act for them, and I certainly never instructed Kornfeld LLP to make any application on behalf of those companies, including the Washington Notice of Application. Both 306 and 319 oppose the Washington Notice of Application.

#### Background and History

6. In response to paragraph 14 of the Washington Affidavit, I confirm that I am the sole director, officer and controlling mind of PLW and, accordingly, I alone have the authority to bind PLW, including with respect to the various loans made to the Washington Group.

7. Contrary to Ms. Washington’s assertions, Shun Li Tian has no authority to speak for or bind PLW. I am related to Mr. Tian by marriage. Specifically, he is the brother of my mother-in-law.

8. Mr. Tian knew Amy Washington and her husband, Edison, through a mutual friend and he introduced me to them sometime in 2014. Since the Washingtons know Mr. Tian much better than they know me, it was not uncommon for them to speak with Mr. Tian about the loans from PLW. However, at no time did I ever indicate to the Washingtons (or anybody else) that Mr. Tian had any authority to make decisions for PLW, and, to my knowledge, Mr. Tian did not do so either. To the extent that Ms. Washington or her husband ever discussed anything with Mr. Tian relating

Reply??

object - making an assumption without stating basis of same.

to the PLW loans, Mr. Tian would relay those discussions to me and, if necessary, I would make any decisions for PLW.

object - opinion

9. Overall, I would say that Ms. Washington appears confused as to Mr. Tian's role and involvement generally. For example, at paragraph 13 of the Washington Affidavit, she says that she and her husband had previously borrowed funds from Mr. Tian. That is not correct. They had previously borrowed funds from Mr. Tian's mother-in-law, Mrs. Chen.

object - no source stated

#### Loans from PLW to the Washington Group

10. As Ms. Washington alludes to in her affidavit, PLW made a number of loans to certain members of the Washington Group. Those loans are better described in the Petition filed in these proceedings, but, by way of summary, the loans were as follows:

- (a) A loan made in 2018 (the "**2018 Loan**") to refinance an existing mortgage of the Belmont Lands. The 2018 Loan is secured by, among other things, a mortgage of the Belmont Lands, a mortgage of property located 835 Eyremount in West Vancouver, B.C. (the "**Eyremount Property**") and a mortgage of lands located at West 3<sup>rd</sup> Avenue in Vancouver, B.C. At paragraph 15 of her affidavit, Ms. Washington says there is \$24,800,000 outstanding in respect of this loan. That is incorrect. That is only the principal of loan. Inclusive of interest, there is presently approximately \$37.33 million owing in respect of the 2018 Loan.
- (b) A loan made in 2019 (the "**2019 Loan**") in the amount of \$8 million. This loan was secured by, among other things, mortgages of the Belmont Lands, land located at East 8<sup>th</sup> Avenue in Vancouver, B.C. (the "**East 8<sup>th</sup> Lands**") and a strata lot on Nicola Street in Vancouver, B.C. as well as unregistered mortgages of the QEP Project and lands on West 27<sup>th</sup> Avenue in Vancouver, B.C. By the time PLW advanced the 2020 Loan (as defined below) in the summer of 2020, this loan had increased to approximately \$13.266 million as a result of accrued interest and further principal advances required by the Washington Group to fund various payments to their creditors, including approximately \$1,000,000 to pay a judgment CRA had obtained against Ms. Washington personally.

- (c) A loan made in August 2020 (the “**2020 Loan**”), which subsumed the 2019 Loan and provided additional financing, including to take out the Laurentian and KingSett facilities, as well as to pay, among other things: (i) approximately \$5.3 million in builders’ lien claims; (ii) approximately \$48,000 in unpaid property taxes for the QEP Project lands; (iii) approximately \$149,000 in unpaid strata fees at the QEP Project; (iv) approximately \$311,000 in unpaid property taxes for the West 27<sup>th</sup> Avenue Lands; and (v) approximately \$30,700 to two unsecured trade creditors relating to the QEP Project (collectively, the “**Priority Claims**”). The majority of the Priority Claims were unanticipated or significantly higher than expected (by PLW at least) when the 2020 Loan was being negotiated, so the amount of the loan the Washington Group required kept growing as the funding date approached.

The 2020 Loan was secured by, among other things, the security previously granted to KingSett and Laurentian (which was assigned to PLW), as well as additional security, including mortgages of certain of the Lands (as defined in the receivership order granted in these proceedings on October 27, 2022 (the “**Receivership Order**”)). Also in connection with the 2020 Loan, PLW insisted that Amy Washington and QEP transfer legal title to certain of the units in the QEP Project to the Respondent 306.

Strata Lots 59, 60 and 163

11. In direct response to paragraphs 21-25 of the Washington Affidavit, I confirm that at the May 2020 Loan Meeting:

- (a) I was not advised that QEP had borrowed money in China and later sold SLs 60 and 163 to purchasers in order to repay those loans.
- (b) I was not advised of the sales of SLs 60 and 163, let alone the details of those sales, including the names of the purchasers (and, for clarity, I never saw the sale agreements attached as Exhibits “A” and “C” to the Washington Affidavit).
- (c) I was not told that SLs 60 and 163 were not available as security for the 2020 Loan.



- (d) Neither I nor Mr. Tian provided any indication to Ms. Washington or her husband that SLs 60 and 163 would not be security for the 2020 Loan, or that clear title to those lots could be conveyed by QEP to the purchasers of those units.

12. While there were discussions concerning SLs 60 and 163, as well as SL 59 (collectively, the “**Subject Strata Lots**”), at the May 2020 Loan Meeting, contrary to Ms. Washington’s assertions, the Washingtons told Mr. Tian and me that purchase agreements for these units would be signed imminently. Specifically, we were advised that each of the units were in the process of being sold, with SL 60 being sold first with the others to follow shortly after. We were told that SL 59 was to be sold to Ms. Washington’s sister, Lujian Shao. is this anna?

13. At the May 2020 Loan Meeting, we were told that the proceeds of sale of each of the Subject Strata Lots were to be paid to PLW on account of the Washington Group’s indebtedness to PLW.

object - speculative. Monday morning quarterbacking

14. I wish to be clear that if I had been told of the sales of SLs 60 and 163 and the manner in which the proceeds of such sales were apparently used, PLW would never have agreed to advance the 2020 Loan. I say that for two reasons:

- (a) I was at the time (and remain) concerned about the total value the Lands and the other financial encumbrances registered against them, when considering the amount already advanced and to be advanced by PLW. In the circumstances, I wanted to ensure that all available lands of the Washington Group would be available as security for the 2020 Loan, including SLs 60 and 163.

- (b) What Ms. Washington did was, in my view, concerning. She sought to sell SLs 60 and 163 to persons in China without remitting the sale proceeds to the mortgagees, Laurentian and KingSett. If Ms. Washington was prepared to do that to her existing secured lenders, I would be worried she might do the same to me. Object - pure argument.

15. As alluded to above, in connection with the 2020 Loan, Ms. Washington and QEP transferred legal title of 13 of the strata units in the QEP Project to 306. This was done as a form of additional security for the Washington Group’s obligations to PLW and also because of the Priority Claims which came to light late in the parties’ negotiations around the 2020 Loan. Specifically, I was concerned about the Washington Group’s failure to pay those Priority Claims

and figured that there would be less risk of additional third-party claims to those units arising, and of similar unknown claims attaching to the strata lots in the future if they were transferred to a new company owned by PLW and controlled by me. This did result in the payment of property transfer tax (“PPT”) in relation to those transfers, but, to my mind, that was a cost worth incurring to avoid the risk.

16. As noted by Ms. Washington in her affidavit, PLW did not require that the Subject Strata Lots also be transferred to 306. This was due to the Washingtons’ advice that those units were to be sold imminently. We all agreed that, for that reason, it would best not to transfer them to 306 as that would mean paying property transfer tax on those units twice in very short order.

17. I would note that Ms. Washington in her affidavit fails to mention that, let alone explain why (given her version of events), as part of the 2020 Loan, PLW was granted a mortgage of SLs 59 and 163. Looking back, I cannot explain why SL 60 was not included under that mortgage, other than perhaps due to inadvertence or because it was expected the sale of that strata lot would complete before the 2020 Loan was funded. As should be apparent, the circumstances in which the 2020 Loan was negotiated and documented was somewhat chaotic – there was an ongoing receivership proceeding against the Washington Group commenced by KingSett and Laurentian, along with multiple claims of builders lien. The Washington Group was scrambling to address these issues, and PLW was trying to assist. I expect SL 60 was simply missed during the drafting of the loan documents.

Object - not evidence, it is just guessing.

18. Ms. Washington is correct where, in her affidavit, she notes that none of the Subject Strata Lots were included in the Net Sale Proceeds Agreement (see paragraph 32). Under that agreement, PLW and the Washington Group set out the basis on which the net proceeds of sale of certain of the Lands would be shared (i.e. PLW would not get all of the proceeds of sale, despite having mortgages of those lands).

19. Contrary to Ms. Washington’s implication, the reason the Subject Strata Lots were not included in the Net Sale Proceeds Agreement was not that PLW had agreed they could be conveyed free and clear of any of PLW’s security without any payment to PLW. Rather, they were left out because PLW had been advised these units were going to be sold imminently, with the net proceeds of sale being paid to PLW. There was, in the circumstances, no need to include them in the Net Sale Proceeds Agreement.

20. I would also note the following facts, which are inconsistent with Ms. Washington's version of events:

- (a) At the time the 2020 Loan documentation was prepared, PLW was not asked to discharge the Laurentian and KingSett mortgages registered against any of the Subject Strata Lots (which mortgages were being assigned to PLW), and no such discharge documents have ever been presented to PLW or its legal counsel.
- (b) In or around December 2020, SL 59 was sold to Ms. Shao (Ms. Washington's sister). At that time, PLW was paid the full amount of the net proceeds of that sale (after standard closing adjustments) and executed discharges of its mortgages of that unit.

reply??

21. To my recollection, the first time I learned that the Washingtons wanted PLW to discharge its mortgages of any of the Subject Strata Lots was in or around October 2020. At the time, I understood that Ms. Washington had agreed to sell two of those lots, SLs 59 and 60, and she wanted PLW to discharge its mortgages of those lots without being paid the proceeds of sale. PLW refused to do so. As noted above, shortly after, in or around December 2020, PLW did discharge its mortgages of SL 59, but only after receiving the net proceeds of sale of that strata lot.

22. As confirmed in my 2<sup>nd</sup> Affidavit made in these proceedings on October 26, 2022 (the "2<sup>nd</sup> Affidavit"), it was in or around April, 2021 that Ms. Washington first advised me that she had sold SLs 60 and 163 to purchasers in China and (in effect) retained the proceeds of those sales. My position at that time, as it remains today, was that as PLW had not received any funds arising from either of the sales, PLW was not prepared to discharge its mortgages of those units.

23. I should be clear that I do not doubt that Ms. Washington purported to sell SLs 60 and 163 to the purchasers she identifies in her affidavit, nor that she used the proceeds of such sales to satisfy loans she obtained in China. I also expect that Ms. Washington is facing difficulties with the purchasers, hence the reason for her increasingly aggressive insistence that PLW discharge its mortgages of those units. However, this situation was of Ms. Washington's own making.

Object - argument. Both final sentences - speculation and argument.

24. For its part, at all times, PLW has agreed it would discharge its mortgages of the Subject Strata Lots upon receipt of the net sale proceeds from the respective sales, allowing Ms. Washington to convey title to the purchasers.

25. In response to paragraph 33 of the Washington Affidavit, and in general response to Ms. Washington's affidavit as it pertains to SLs 60 and 163, I can certainly confirm that beginning in or around October or November 2020 until today, the Washingtons have badgered Mr. Tian and me, asking that PLW discharge its mortgages of those units. Contrary to Ms. Washington's assertions, it was not until more recently (sometime in or around April or May 2022, by my recollection) that the Washingtons began to allege that PLW had agreed to do so without receiving any payment from the sale proceeds. As I say, that was never agreed and every time the issue has been raised with Mr. Tian or with me, the response from PLW has been that it will not discharge its mortgages without payment.

26. In her affidavit, Ms. Washington alleges that Mr. Tian sought to impose additional conditions on the Washington Group in exchange for PLW discharging its mortgages to facilitate the transfers of SLs 60 and 163. Leaving aside the fact that Mr. Tian has no authority to bind PLW in any event, I can confirm that what Ms. Washington alleges is not true.

27. As I say above, I have always been concerned about PLW's exposure given the uncertain value of the Lands and financial encumbrances registered against the Lands in priority to PLW's mortgages. At the same time, I have always appreciated that there is a possibility that PLW will recover the full amount of the loans and there will be equity available to the Washington Group. For that reason, much of my discussions with the Washingtons and, I am advised by Mr. Tian, much of his discussions with the Washingtons consisted of discussions around PLW's concerns regarding value and the means by which to alleviate those concerns.

28. Of the lands subject to PLW's mortgages, the Prarda Lands and the Belmont Lands were believed to have the greatest and most uncertain values. If those lands could be sold for at or near their assessed values, PLW's exposure would be significantly reduced and, given the nature of the other lands, there is more certainty as to their value and, therefore, PLW's remaining exposure. For that reason, PLW wanted the Washington Group to sell the Prarda Lands and the Belmont Lands as soon as practicable. The difficulty, however, is that, historically, the Washingtons appeared to be unwilling to sell any of their lands.

Object, not evidence: purported observational assertion with no factual underpinning.

29. I am advised by Mr. Tian that in his discussions with the Washingtons concerning SLs 60 and 163, he explained that the best thing for the Washington Group to do would be to sell the Prarda Lands and the Belmont Lands to reduce their exposure to PLW. If those lands were sold



for a sufficient amount, the Washington Group would then be in a better position to seek to negotiate concessions from PLW, being the release of the mortgages against SLs 60 and 163.

30. I am advised by Mr. Tian that he never purported to agree on behalf of PLW that it would discharge the mortgages against SLs 60 and 163 without receiving the proceeds of sale of those units and never sought to impose “conditions” as alleged (and he could not have done so in any case).

31. In response to paragraph 43 of the Washington Affidavit, I am advised by Mr. Tian that at no time did he give Ms. Washington or her husband any assurance that if they agreed to the receivership, he (or, more precisely, PLW) “would allow SLs 60 and 163 to be immediately discharged from all security so they could be transferred with clear title to their buyers”. I also never gave any such assurances to either Ms. Washington or her husband. I do find Ms. Washington’s assertion in paragraph 43 at odds with what transpired, given that the Receivership Order specifically includes both SLs 60 and 163.

Object - argument.

#### Indebtedness to CRA

32. In response to paragraph 19 of the Washington Affidavit, contrary to Ms. Washington’s assertion, at the May 2020 Loan Meeting, the Washingtons did not advise Mr. Tian or me of any indebtedness to Canada Revenue Agency (“CRA”) for unremitted GST (the “GST Arrears”).

Reply?

33. In response to paragraph 27 of the Washington Affidavit, at the time of the 2020 Loan and the corresponding transfer of the 13 strata lots to 306, I was not aware of the existence of the GST Arrears. PLW required that Ms. Washington and QEP transfer those units to 306 solely for the reasons set out above in paragraph 15.

Reply

34. As confirmed in the 2<sup>nd</sup> Affidavit:

- (a) the first I became aware of the GST Arrears was on or around October 11, 2022, when Ms. Washington advised me that QEP was indebted to CRA in the amount of approximately \$7 million arising from collected but unremitted GST in relation to the sale of strata lots in the QEP Project; and

- (b) on or around October 13, 2022, Jessie Hung, who I understand to be the accountant for QEP, sent me through WeChat an excerpt from a notice delivered to QEP by CRA. A copy of that excerpt is attached as Exhibit "A" to my 2<sup>nd</sup> Affidavit.

object - speculative - self-serving Monday-morning quarterbacking

35. If I had known about the existence of the GST Arrears, PLW would not have advanced the 2020 Loan. At the time we were negotiating the 2020 Loan, I was already concerned about the value of the lands against which PLW's were to be secured. Apart from PLW's new mortgages potentially being further subordinated by the CRA Arrears, the existence of that debt would also suggest to me that the Washington Group was not in good financial condition at the time.

reply will  
believe his  
further evid

#### Allegations Regarding the Frustration of Sales

36. PLW is not trying to frustrate any sales of the Lands. In relation to the sales of any of the Lands, PLW is concerned about two things: (i) the GST Arrears; and (ii) ensuring the sales are for purchase prices reflecting the fair market values of the lands in question.

37. The GST Arrears issue is the greatest concern of PLW. To my understanding, if any of the Lands owned by Ms. Washington or QEP are sold, and the proceeds of sale paid to PLW, there is a possibility that CRA will pursue PLW for the amount of such sale proceeds to satisfy the GST Arrears. For that reason, since learning of the GST Arrears, PLW has consistently taken the position that unless the Washington Group can otherwise satisfy CRA's claim for the GST Arrears,

it is preferable that all sales of the Lands be completed by the Receiver.

History shows this is false. He claims to have learned Oct 15, 2022. Yet consented to three extensions of Rcvp - Dec 5 and Feb 7. See para. 55 of this affidavit. Shows this evidence is NONSENSE>

38. In specific response to paragraphs 54, 55 and 59 of the Washington Affidavit, I am advised by Mr. Tian that:

- (a) at no time did he request that Ms. Washington declare bankruptcy;
- (b) at the March 6, 2023 meeting, Ms. Washington advised Mr. Tian that her legal lawyer suggested assigning herself into bankruptcy as a means of addressing her financial problems, including the GST Arrears; and
- (c) during the same meeting, Mr. Tian asked that Ms. Washington's lawyer contact PLW's lawyer to see if they could identify a solution for dealing with the GST Arrears and completing sales of the Lands.

39. Similarly, and in direct response to paragraph 59 of the Washington Affidavit, at no time did I ask that Ms. Washington assign herself into bankruptcy. I only ever asked that Ms. Washington address the issue of the GST Arrears so as to facilitate sales of the Lands. On one occasion, Ms. Washington mentioned to me during a telephone conversation concerning the sale of strata lots at the QEP Project that she was so frustrated with her situation that she thought she should just declare bankruptcy. I didn't respond to her comment. I can certainly say that I did not ask her to do that – I was only concerned with eliminating CRA's claim for the GST Arrears as an impediment to the sale of the Lands. □

40. In further response to paragraphs 53-67 of the Washington Affidavit:

- (a) irrespective of any proposed sale prices, PLW cannot agree to discharge its mortgages of any of the Lands until the GST Arrears claim had been dealt with; and
- (b) the sale of Unit B505, or any other Lands, was not denied on the basis that Ms. Washington was unwilling to assign herself into bankruptcy – it was a matter of the GST Arrears remaining outstanding.

Again - makes no sense. Rcvp order granted early Oct. Under Pu's own evid he knew extent of GST arrears after that.

41. Regarding the sale of Unit B505, I understand that the proposed purchaser of that unit has now submitted a replacement offer to purchase Unit B605, which is directly above B505, for a purchase price that is \$300,000 higher than the offer for Unit B505. Through our legal counsel, Fasken Martineau DuMoulin LLP ("**Fasken**"), PLW has advised both the Washington Group and the Receiver that it is supportive of a sale by the Receiver of Unit B605 at the proposed purchase price.

42. Regarding the sale of the Eyremount Property, Ms. Washington does not tell the whole story. The most obvious concern, which the Washingtons are aware of, is the GST Arrears. Like with the strata lots mentioned by Ms. Washington in her affidavit, PLW is concerned that the CRA's GST Arrears claim may attach to the proceeds of sale of the Eyremount Property in priority to the claim of PLW. The Washingtons have never addressed that concern.

43. Regarding the allegation that "PLW has refused to agree to a sale [of the Eyremount Property] at fair market value of \$8,100,000", leaving aside Ms. Washington's opinion regarding fair market value, her assertion is simply not correct.

44. On or about March 26, 2023, PLW, through its counsel, David Martin, received a contract for the purchase and sale of the Eyremount Property dated March 25, 2023 at a purchase price of \$8.25 million. That contract included the acquisition of the furniture located at the Eyremount Property. I am advised by Mr. Martin that he received a second document which indicated that the realtor's commission for the transaction was to be \$292,250. Subject to the resolution of the GST Arrears issue, PLW was supportive of this offer, and I am advised by Mr. Martin that he advised counsel for the Washington Group of that.

45. On or about April 11, 2023, PLW, through its counsel, received a new contract for the purchase and sale of the Eyremount Property dated March 28, 2023. Under this contract, which was with the same proposed purchaser, the purchase price had been reduced to \$8.1 million and the furniture was not included. This made me suspicious that there was a side deal between Ms. Washington and the purchaser regarding the acquisition of the furniture. There was also a new \$20,000 holdback for certain items that were to be repaired prior to closing. I am advised by Mr. Martin that he received another document indicating that the realtor's commission under this new contract was to be \$387,000, i.e. approximately \$95,000 more, despite the reduction of the purchase price by \$150,000. This also made me suspicious that perhaps Ms. Washington had a separate agreement with the realtor to share in the commission somehow.

46. I understand that Ms. Washington asserts that the furniture in the home belongs to a staging company, so it could not be sold by her. If that is true, I do not understand why Ms. Washington signed the earlier offer which included the sale of the furniture.

47. Irrespective of the foregoing, on April 6, 2023, Mr. Martin advised counsel for the Washington Group, Neil Kornfeld, that while it was the Receiver who would have to decide whether to accept the offer for the Eyremount Property, PLW would cooperate with the Receiver to complete the sale at a purchase price of \$8.1 million, including by discharging PLW's mortgages, should that be necessary.

Object: argument dressed up as evidence.

48. In her affidavit, Ms. Washington conveniently neglects to mention the sales of certain other lands owned by the Washington Group and against which PLW had registered mortgages. This includes five strata lots, including SL 59, the East 8<sup>th</sup> Lands and the Prada Lands. It also includes the sale of what were known as the "Atrium Lands".



49. The Atrium Lands were specifically identified in the 2020 Loan agreement, and had first and second mortgages registered against them in favour of another lender, Atrium Mortgage Investment Corporation (“**Atrium**”). PLW had a mortgage of the Atrium Lands, but had agreed not to register it because the Washingtons were concerned it would cause Atrium to demand payment of its mortgages.

50. In or around February or March 2022, when PLW and the Washington Group were negotiating the terms of a comprehensive forbearance agreement, the Washington Group entered into contracts of sale in respect of the Atrium Lands. The Washingtons asked at that time that PLW agree not to register its mortgage against the Atrium Lands to allow the sales to complete. PLW agreed to do so on the condition that the Washington Group execute what PLW understood was the settled version of the forbearance agreement. The sales of the Atrium Lands completed, and the Washingtons then refused to sign the forbearance agreement, and instead demanded, once again, that PLW discharge its mortgages of SLs 60 and 163 despite receiving no funds from the sale of those lost (a demand which PLW again refused).

object - argument dressed up as evidence

51. In sum, **I think it is very disingenuous of the Washingtons to suggest** that PLW has been anything other than cooperative when it comes to the sales of the Washington Group’s properties.

#### Equity in the Lands

52. At paragraph 39 of her affidavit, Ms. Washington says that “there was over “\$26,200,000 equity in the properties over which PLW held security... based on assessed value.” Given that the Lands are being marketed for sale, I want to be cautious about what I say in that regard, other than that I disagree with Ms. Washington’s conclusion as to the Washington Group’s equity in the Lands. I will say, however, that in 2022 the combined assessed value of the Belmont Lands was \$58,700,000, and from June 2022 to January 2023, those lands were listed for sale by the Washington Group for \$53,000,000. In or around December 2022, I was advised by the listing agent, Danny Deng, that the Washingtons had received only one offer for the Belmont Lands during that time for a **purchase price of \$30 million**, but that the buyer did not remove subjects.

Reply? Q: for all the lands.?

#### Forbearance and Redemption Period

53. As confirmed in my 1<sup>st</sup> Affidavit made in these proceedings on September 14, 2022 (my “**1<sup>st</sup> Affidavit**”), the 2020 Loan matured on January 31, 2022. Fasken delivered demand letters

dated February 15, 2022 and September 2, 2022 to each of the Applicant Respondents, together with copies of Notices of Intention to Enforce Security, where applicable. Copies of those demand letters are attached collectively as Exhibit "YY" to my 1<sup>st</sup> Affidavit.

object - no detail, "we were assured" - no source - referring to Fasken
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54. Between February and September 2022, Fasken was engaged in the negotiation and drafting of several variations of forbearance agreements among PLW and the Washington Group. At various times, **we were assured that the Washington Group would sign the latest iteration of the forbearance agreement, but they continually changed their minds** and sought to renegotiate the terms of the agreement. Ultimately, I lost patience with the Washington Group, and PLW filed the Petition in these proceedings on September 15, 2022. That was seven months after the date on which PLW first demanded payment from the Washington Group.

55. The Receivership Order was granted on October 27, 2022. At the request of the Washingtons, **PLW has, on three occasions, obtained orders staying the order to allow the Washington Group additional time to sell the Lands** or otherwise find a way to pay out PLW. That has not happened.

56. In total, it was just under seven months between the filing of the Petition herein and April 7, 2023, the date the latest stay of the Receivership Order expired. In total, it has been almost 14 months from the date of the first demand by PLW until April 7, 2023.

57. On April 14, 2023, I received and reviewed the Edison Affidavit. In that affidavit, Mr. Washington implies that the Washington Group has somehow been diligent in selling its lands in order to repay PLW. If that is his implication, I have to disagree.

58. From September 1, 2020 to January 1, 2022—which I understand was one of the strongest real estate market in Vancouver’s history and during a time of historically low interest rates—the Washington Group managed to sell only five of their 24 properties, one being the sale of SL 59 to Ms. Washington’s sister, two being sales of (new) strata lots in the QEP Project, one being another strata lot owned by Ms. Washington and the last being a residential property located on East 8<sup>th</sup> Avenue in Vancouver. The Prada Lands were not sold until August 2022, two years after the 2020 Loan was advanced, despite assurances from Ms. Washington that she was confident these lands would sell quickly.

59. To my mind, the Washingtons were content or forced due to personal cash flow issues to simply hold on to their properties while their values continued to rise, collect rent from certain of those properties, and ignore their existing or looming obligations to PLW and, apparently, CRA, the QEP Project strata corporation and others. To my mind, it lies ill in their mouth for them to suggest that they have somehow acted responsibly with a view to satisfying their obligations to PLW.

Other Actions and Debts That Remain Outstanding

60. In addition to these receivership proceedings, I am aware of the following actions which have been commenced in the Supreme Court of British Columbia in respect of various debts owed by members of the Washington Group to creditors:

- (a) Pacifica Mortgage Investment Corporation (“**Pacifica**”) has commenced three foreclosure proceedings in respect of certain of the Lands, in particular:
  - (i) Pacifica v. Amy Washington; SCBC No. H230122;
  - (ii) Pacific v. Linda Washington; SCBC No. H230123; and
  - (iii) Pacifica v. Amy Washington; SCBC No. H230123;
- (b) The Owners, Strata Plan EPS 4950 (the “**Strata**”) have commenced two actions in respect of certain of the Lands, in particular:
  - (i) Strata v. Amy Washington and PLW; SCBC No 230789; and
  - (ii) Strata v. 1256306 B.C. Ltd. and PLW; SCBC No 230790; and
- (c) Earlston Mortgage Corp. (“**Earlston**”), a respondent in these proceedings, has commenced foreclosure proceedings in respect of certain of the Lands, in particular Earlston v. Amy Washington, Chongye Developments Ltd. and PLW; SCBC No. H-220517.

61. In addition to the foregoing, as has been widely reported in the local news, the Belmont Lands have, until recently, been occupied by squatters.

62. In short, it appears to me that the Washington Group is in dire financial straits and has no ability to address its financial difficulties.

Rent Payments in Respect of the Strata Lots

63. As confirmed in the 2<sup>nd</sup> Affidavit, from my conversations with Ms. Washington, I am aware that most if not all of the unsold strata lots in the QEP Project have been leased to tenants for some time now. I was further advised by Ms. Washington that, as at the date of the 2<sup>nd</sup> Affidavit, notwithstanding that the Applicant Respondents have not made any payments to PLW since on or about January 2021 (other than from the proceeds of the sale of lands), the Applicant Respondents have kept all rental payments received under the leases of the strata lots. By my math, those rental payments by now total in excess of \$700,000.

What is our answer to this? (Other than he knew on Oct 22 at time of rcvp)?

64. As at the date of this Affidavit:

- (a) I understand that the Applicant Respondents have continued to collect rent from the unsold strata lots;
- (b) PLW has not received any payments from the Washington Group, including from any rents collected by Ms. Washington or any of the Washington Group; and
- (c) given the actions commenced by the Strata, in which they claim a total of approximately \$219,115, it would appear that none of the rental income was used to pay strata fees.

Reply?

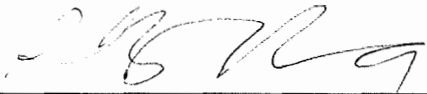
Summary

Object - pure argument

65. PLW has, to my mind, been exceedingly fair to the Washington Group. The Washington Group owes PLW a great deal of money and has been in default for well over a year now. None of that is denied by Ms. Washington. Despite those facts, Ms. Washington, for some reason, seems to believe she has been mistreated by PLW and is otherwise entitled to various concessions, all without any basis. I believe that, at this time, it is necessary for the Receiver to simply sell the Lands and pay the proceeds of sale out in order of priorities.



SWORN BEFORE ME at Vancouver,  
British Columbia, on April 18, 2023.

  
\_\_\_\_\_  
A Commissioner of Oaths in and for the  
Province of British Columbia

  
\_\_\_\_\_  
PETER PU

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