

Hi, Don.

As this holiday season approaches, and this year winds up, I hope that all is well in your world and that your prospects for the new year and your health will both be looking positive! It's too bad that we haven't kept in closer contact over the last few years - life can get complicated sometimes and before we know it, time has flown by.

Part of the reason for me contacting you know requires that I bring you up to speed somewhat on what's been going on in my life over the last few years. It's awkward for me to open up about my personal life in such detail because I don't like to draw that type of attention or scrutiny upon myself - but I believe it's necessary to give you a more accurate picture, at least that's how I feel. I appreciate your patience, and I'll try not to write a novel here, but it may take a number of paragraphs to lay things out. Please bear with me.

Just after we moved up to Salmon Arm in the Fall of 1995, I accepted a position in Marketing with a local light manufacturer/retailer, Talius. They manufactured rollshutters, awnings, windows & doors, etc. Soon after, I became GM for the company, and enjoyed a good 10 years with them. When I left, I was in charge of retail stores in Calgary, West Vancouver, Salmon Arm, Richmond and Fort Meyers, Florida, along with our 20,000sq ft head office and manufacturing plant in Salmon Arm. I also co-managed our 60,000 sq ft plant in Mississauga at the end. Things were good, other than I was a workaholic and spending way too much time away from home. However, in early 2005 the owner of the company had taken over his father's extremely successful coatings company in Germany which had may lucrative contract, amongst others being the prime contractor for applying specialty coatings to NATO submarines. His focus soon fell away from Talius and, although we continued to do well, he obviously had lost interest in Talius by the summer of '05. Things had changed in his personal life as well, and I found out at some point that Fall that he had a mistress in Toronto who was also taking a lot of his attention. In September that year, I received a phone call from the owner asking me to jump on a plane and get out to our Mississauga plant to take over management for a while because he had kicked out his business partner in our Mississauga plant. After a couple of weeks out there, I came back after we had put an interim manager in place. A few weeks later, I had a sit-down meeting with the owner. Now, he and I had always seen eye-to-eye on most things to do with the company, and he had also always been quite comfortable and happy with how I ran things. But when I entered his office for this meeting, I knew right away that something major was about to happen. He explained to me that he no longer had much of an interest in pursuing the course which we were following at Talius. He said he wanted to make some changes, and told me that, because he felt the changes were quite a departure from where we had been, he didn't believe I would be happy where he wanted to take the company. In fact, he said that I probably wouldn't appreciate his decisions that he was planning to make. He offered me a comfortable package to leave which, after a few days thought, I accepted. I left at the end of 2005 - 10 years in. A short while later, the owner hired a new manager, and made changes. He closed some of the retail stores, closed the Mississauga plant, pissed off a number of our distributors and basically plunged the company into a bit of a customer service tail spin. He spent more and more time away from Talius, applying most of his time between his new business in Germany and his new female interest in Toronto. He soon separated from his wife, and began a lengthy and ugly divorce which just concluded this summer. About a year ago, as I understand it, he sold his interests in Talius to the new manager. Apparently the new ownership has made grounds to recover the past relationship, but it still is a shadow of what it once was.

Moving on.... With my separation package, I wasn't in any immediate hurry to get back to work - wanting some time to recharge and reacquaint myself with my family. However, by mid-2006 I was looking to get back into the work force in earnest. With nothing too promising in the Okanagan area, I was about to broaden my search area when I was contacted by an acquaintance from Salmon Arm Minor Hockey, which I was President of. This was a guy who I knew a little about - kind of gruff, but seemed to be ok and somewhat successful in business, from what I had heard. He had heard that I was looking for work, and he asked if I was interested in managing his heavy civil construction company in Kelowna. We talked about it for a while and, as the pay was good and the opportunity seemingly full of potential, I jumped on. After working with him for a month or two, I found out that he didn't actually own the company, but he believed he was a partner in the company. However, the real owner didn't have the same outlook (this is another complicated story which I don't need to get into at this time - lucky you!) Regardless of this confusion, we were a busy and successful company. The owner was basically semi-retired, while my friend managed the field operations and I took care of the admin/office. Although the owner was semi-retired, he was planning on closing down the construction company but open up a rock-crushing operation, as he was tired of the heavy competitive environment in the Okanagan-area construction environment. My friend and I had the idea that we would buy the construction company off the owner. However, this proved impossible as we couldn't come to terms. Instead, my friend and I put our efforts together and incorporated a new heavy civil company in Invermere and opened our doors in Feb of 2007. We partnered with a local construction owner in Invermere who had some heavy equipment, a shop, gravel pit and a number of existing contracts. We secured our own contracts right away, and in no time we were up to \$4 million in work. Things started off quite well, despite that fact that I didn't really know our new partner very well, and we had some difficulty nailing him down to specific contract wording. I had some misgivings back then, but I persevered with my mouth shut against my better judgement because we had a lot of work ahead of us, and I felt that I could work through the issues. I admit now that I jumped into that partnership prematurely and with my eyes partially shut - and I won't do that again!

2007 was great! I secured a \$2 million bond with a surety company out of Calgary, and now we could bid on really large jobs and government jobs - which we did, and won! Financially, we were doing well, and the company's operations were rock solid. We were having some internal issues as our local partner wasn't living up to his end of our agreement, and he wanted more pay for rental of his equipment than we had agreed to. I wasn't giving in to his demands, and our relations were stresses. My friend seemed to be playing both side of the game, but tried to pretend to be on my side when we talked, and on the other partner's side when they spoke. I also began to catch my friend in a number of lies to clients and even to staff and myself. He also had developed a female indiscretion in Invermere and, when his wife found out about it, life really became awkward. Despite all of that, the first 6 months of 2008 were solid with contracts and we were up to almost \$7 million in sales by that September. In September, I took a few weeks holidays. When I came back, something didn't seem quite right, all things considered. When I started to investigate, I eventually found that my friend had taken on a project while I was on holidays, and behind my back, and accepted cash for the job - \$20,000 which he never claimed to me until I kept up heavy pressure on him. After finally admitting to the job, he said he couldn't pay the company back right now because he had spent it all on his family, but was expecting money from a personal deal that he would repay our company back with. Of course I didn't believe him, and went to my other partner and told him about what had happened. My friend became very cool towards me, and life at work became much more awkward. A few more weeks passed during which time I notice my two partners spending a lot more time together in meetings. I was never given much in the way of explanation, despite my requests for information. Eventually, towards the end of November, they presented me an ultimatum - they would buy my interests in the company for a dollar,

or they would both sell theirs to me for a dollar each. I came home to consult with my lawyer and accountant at KPMG (who was also our company's accountant). After laying out the details for these two, they both advised me strongly to get out immediately. They told me I was entitled to my share of the company, but that I would be better off to accept a smaller portion to cover some costs and immediate living expense for the new few months, and get out of there! They said due to my friend's questionable business practices, that they were sure the company would soon be in legal trouble. I felt absolutely pissed off because I had spent so much time and effort into building that company and making it successful and now, due to some crap from my partners, I was about to lose it all. I was thinking of fighting for it, but after some additional soul searching, I didn't want to put Claire and the boys through all of that. I decided to leave. I told my partners that I would leave under their terms, but that I would cover my outstanding expenses before I left. I also made sure that they agreed to take over all of my interests and responsibilities, and our lawyers completed all the necessary paperwork and procedures to legally remove me as shareholder and director of the company in early December 2008.

Although feeling terrible about what had happened, December and Christmas that year turned out pretty good on the family front, and so I let myself relax a little, knowing that I would find something in the New Year to work at. Well, as you know, 2008 was the start of the world financial slide. To try and make a long story shorter (not doing well, am I?), I tried my ass off to find a job in 2009. Nothing. I was looking for a management position somewhere in the Okanagan at first. Then I broadened my search to include all of BC and Alberta. Then I started looking for almost any job that I could get where I could earn enough to support our basic living expenses. I had absolutely no luck in finding work. Well, I did a few painting jobs for my brother-in-law, but they didn't pay too much, and there were only a few of those. I was knocking on doors, literally spending hours and hours everyday on-line. I sent out hundreds of resumes. Followed up with phone calls where ever I could. The two most common responses I got were either I was over qualified for a position that I had applied for or, due to the economic times, many companies had downsized and the owners had taken on more of a day-to-day management of their operations once more. It was honestly scary. Luckily Claire was still working, managing the paint store. But she wasn't earning a lot, and not nearly enough to support us. Over the course of 2009, we cashed in everything. We lost our vehicles, and our travel trailer. We lost almost all of our credit cards - which you might think is a good thing, but not when the phone calls from the collection agencies start coming in. We were getting nasty letters and phone calls from collection agencies from everywhere. It was so bad, we almost lost our house and we were looking into filing for bankruptcy. We even had to go on social assistance for a while - that was extremely embarrassing and demoralizing - and they made us pay back our benefits because Claire was still working - even though she didn't make enough to pay our mortgage! With some last minute help from our families, we managed to make it through 2009 and kept our house. But we drained our families generosity, I'm sure. Needless to say, with being broke and having almost lost the house, Christmas that year was not an exciting time. By the way, during this time as well, the government came after me over my Invermere company because, after I left, my two ex-partners ran the company into the ground - left a number of companies and employees out in the cold without payments, and owed the government a hefty chunk (over \$300,000) in unpaid payroll remittances and taxes, at last count. They also had at least two suits filed against them from clients and suppliers. It took a lot of work on my part but, thanks to my good record keeping, I was able to provide the right information and the government cleared me of any responsibility. I understand that my ex-partners closed down the company, but I don't know where they stand apart from that - I just am glad not to have anything to do with either of them now.

2010 started off a little better. I secured a job managing a small two-way radio company in Salmon Arm. 5 minutes from home, lots to do, and perfect for my talents. It didn't pay a lot (a bit less than

what I had made before I left Talus), but it was steady, secure income which we so badly needed. And we could afford our mortgage once more. The rest of 2010 was somewhat uneventful - at least by 2009 standards. We continued to be hounded by collection agencies, but we learned how to deal with them, so we were able to restore a little bit of our sanity. Needless to say, we don't answer any "800" or "Caller ID blocked or unknown" phone calls anymore! Although not a huge income, we managed to stay afloat in 2010, although we had the occasional problem making ends meet between paycheques when the unexpected expense showed up. I made some big improvements at the radio shop, and it did quite well that year - the owner even told me it was the first time it turned a profit since he bought it two years earlier.

2011 started off like 2010 - OK, but nothing to write home about. We were trying to make progress wherever we could in getting back on track. In the Fall of 2010, it became apparent that, due to personal marital problems, the owners of the paint store where Claire worked as manager were going to separate. As a consequence, the husband didn't want anything to do with the store, and they had decided to either sell the store or close it. This was a blow to Claire, because she loved the store and she was happy with her work there. It also meant that she was probably going to lose her income, which we couldn't afford to let happen, if the store closed. Although the store was doing OK, it could have done a lot better but the owners weren't putting anything into it in terms of marketing or up-keep of proper inventory levels. Since it was winter, and the slower months, the owners couldn't find a buyer and set March 1st as the closing date so that they wouldn't have to renew their lease with the building's landlord. Claire and I talked it over, and in January I went to work putting a business plan together to see if we could buy the store and operate it. We worked out a deal with the owners for a terrific price, since they were getting desperate to sell. I approached the standard lending avenues but, due to late payments, repossessions and the like, nobody wanted to touch us. In the end, we were lucky to work with the local Community Futures organization in town who ended up lending us some money to make the sale. Although they were happy with what we presented and confident in the numbers I had worked out, they agreed to give us substantially less than what I had asked for. It was enough to make the sale and carry on, but I would have liked at least \$20 - \$25k more to ensure a little more operational flexibility, particularly through our first winter. Despite some uneasy thoughts in the back of my mind, I was confident in Claire's and my abilities, and the outlook for the store. So, on Feb 1st of 2011, we took possession of the store (Colour Trends). We made improvements as we could, and the store did well through the Spring and Summer. The Fall was to be as expected, but we did have a couple better months this Fall than any of the last two years. Claire runs the day-to-day operations, and I handle the back-office (the books and marketing). We have a solid client base, a great location, great products, and great staff (Claire and two other ladies - one is a certified interior decorator). Check out our new web site (www.colourtrends.ca) - it's not 100% complete, but we wanted it up before Christmas. I also secured another job this September with a local manufacturing company. It's the same pay, but much better working conditions, much better company potential, and I'm happier in my Systems Coordinator roll here than as the do it all guy, managing that small radio shop.

We've had some personal financial issues still this year, but we're trying to get through them as best as we can. In the winter of 2010, we scraped up \$3000 and bought two early '90's Ford Explorers so that we would have some transportation for our family, as there is in public transportation up here. They weren't anything to look at, but they ran and we managed. Earlier this year, the those two beasts were falling apart, and about to give up the ghost. We borrowed \$3000 from our store and I went to the Kelowna auction and bought a '97 Ford Expedition in immaculate condition. I was extremely surprised at what great shape it was in. The vehicle has been a blessing for us and did what we needed. The day after we came home from Paul's mom's funeral, Claire was driving home from work and got half-way

home when the truck suddenly stopped running. We couldn't get it running again, and since then we've found out that the engine has seized. We've looked into it and it would be more expensive to replace the engine than the vehicle is worth, so we're going to have to try and sell it for whatever we can and hope to have enough to buy a beater to get us through the next six months or so. Luckily a friend has let us borrow her Jeep every once in a while, and we have to rely on our boys to help with their cars the rest of the time. Unfortunately, Scott's in Kelowna right now with school so he can't help much himself. Ryan's car has been having brake issues lately, and to add insult to injury, Brad's car about a month ago, blew a timing chain tensioner and we haven't been able to get it running since - and we can't afford to have it down to a shop right now. Needless to say, having one-to-a-part time vehicle to get five people to work/school/groceries/hockey, etc is quite awkward.

I'm really sorry that I just made you go through War & Peace to get to this point. I don't feel very good right now, but I've come to the brass tacks - the point of my contacting you and, believe me, I'm embarrassed about doing this. Although we're personally really financially tight right now, we're somewhat squeaking by at the moment. However, I'm concerned about our store. All-in-all, the store is solid. November was a bad month - but it was bad across almost all the businesses in town. December is already better to date than all of November. Claire hasn't taken any income from the store in November or to date in December, and probably won't for another month or two more. Things will get over the winter low season by the end of February, and we'll be set for getting back on track at the store. We just need to be able to hold on 'til then, and we'll continue to grow the business and have a more solid year than this year. But we have mounting expenses with suppliers, and I'm behind on payroll and HST payments. This falls back to our original financing - I had really wanted an additional \$25k as an operational buffer to get us through our first winter, but Community Futures didn't see that we needed to carry that extra amount over our first summer as our numbers looked good for the summer, so they wouldn't extend us the extra I felt was necessary. As I said before, I was apprehensive about closing the deal without that extra buffer, but felt strong enough in the numbers and the business that we moved forward regardless. No, my initial feelings prove out.

I'm here today because I have nowhere else to turn to right now. And I'm embarrassed about asking, but I would like to ask if you would be interested in considering loaning our business anything between \$10k - \$25k, to help us continue operating this store? If this is something that you think you could do, we can discuss the details later. I was thinking of a repayment plan over, say, three years at a fair market interest rate, if that suits you? Of course, I don't want you to feel any obligation in proceeding any further. I understand that you may have your money tied up in other ventures, or this may not fit with your personal financial philosophy. There would be no hard feelings if this isn't somewhere you would like to go - just say so, with no questions asked. If this is something you can consider, just let me know how you would feel comfortable proceeding.

Don, I'm sorry to ask you this. We have hardly spoken to each other over the last few years, and the first thing I do is ask you for help. It's not a great feeling. Regardless of your answer, I hope that we can keep in touch again more frequently. It's been too long.

Thanks for this hour of your time.

George