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Langley, B.C., V2Y 1A2

6 December 2020

By registered mail

## **Disclosures demanded from Westsea Construction and your oversight of lessees' money**

Gentlemen:

Attached is a demand dated 1 December 2020 to Westsea Construction for disclosure and information about its operation of Orchard House tower, Victoria, and the spending of lessee's money. As the auditors for the company you should be aware that the letter to Westsea and this notice to you of it will probably be evidence in an eventual civil action by me or other lessees.

The letter to Westsea President Julie Trache lists fundamental questions about which lessees deserve disclosure that we believe the lease requires, but which the company denies. I or others would file a civil action today to have the courts interpret the lease in this regard, but as you know Westsea presumes that it can bill all lessees its unlimited litigation expenses to oppose them or any one among them.

You are likely aware that I and a dozen other lessees are sued by Westsea for refusing to pay its litigation billings. This matter should be heard during 2021, when we expect the court will agree with an earlier ruling that was set aside as premature, which ruling was that such expenses are *not* building operating costs that can be charged to lessees. Once Westsea can no longer bill lessees to oppose them, I or other lessees will be free to file a civil action on the question of disclosure that we believe the courts will agree the lease requires.

The insights that court-ordered disclosures produce could go beyond the concerns stated in the demand letter, and these could then lead to an individual suit or to a class-action suit by lessees on the operation and financing of Orchard House, and perhaps even of all of Westsea's leasehold properties. The fact that you were notified of lessees' concerns would be reviewed by lessees at that time.

Aside from possible civil action, please consider that although your annual Orchard House independent auditor's report is addressed to the directors of Westsea Construction, it is presented annually to lessees, and that it is the lessees' money that Westsea spends in operating the building. Your pledge—which may be a fiduciary duty—could be to lessees rather than to Westsea "... to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error..." and to "exercise professional judgment and maintain professional skepticism throughout the audit."

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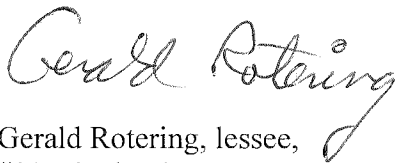
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to BDO Canada LLP - Langley

The closing sentence of your audit cover letter says in part, "We communicate with those charged with governance regarding...the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify...".

Please consider whether your communication in all these regards should actually be with lessees, whose money is exclusively at issue. As I told Ms. Trache, a body of lessees could be quickly incorporated for this purpose, but otherwise or in the meantime feel free to communicate with me, in confidence if necessary. If desired, I can in turn communicate with all Orchard House lessees via my website.



Gerald Rotering, lessee,  
#807 Orchard House tower,  
647 Michigan Street,  
Victoria, B.C., V8V 1S9

[www.OrchardHouseLeaseholder.ca](http://www.OrchardHouseLeaseholder.ca)

Attached: 1 December 2020 demand letter to Westsea President Julie Trache