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May 20, 2015

Leah Flor
Suite 330 -301 Victoria Street
Kamloops, BC V2C 2A3

Dear Ms. Flor:

Re: League Fees – Incorporating a Society

I write further to the meeting we had April 17, 2015. I apologize for the delay in getting this letter to you.

When we met, you asked me to confirm my advice to you regarding two matters. First, the advisability of donating any league player fees or reserve funds to any “compassionate fund”. Second, the advisability of incorporating your league as a Society (a not for profit corporation).

On the first matter, the executive receives league fees in the capacity of what is legally known as a fiduciary. A fiduciary is someone who holds a position of trust or who receives property (in this case money) on the basis of trust. In this case, the nature of the trust is to use the money for the purposes of the operation of the league. Any use outside of that could be seen as a breach of the fiduciary duty of any executive member who participates in the decision to use those monies for another purpose (including a donation to a compassionate fund). It would not matter that the donation was approved by a majority of the members of your league. An objection by a single member (or perhaps even a past member if there is an accrued fund) could result in personal liability for the executive member.

On the second matter, I confirm my suggestion that your league should incorporate. It offers protection primarily for the executive members, but also the individual players. Without the formality of an incorporated entity (like KYSA or KRSL) your league is just a group of individuals acting together. Each of the members, but especially the executive members could potentially be held responsible for the acts of any other member. The incorporation of a Society allows the executive a level of personal protection. The Society would be the entity that would be responsible

(other than for criminal acts of the executive or breaches of fiduciary duty) rather than the executive members personally.

The costs associated with being incorporated are not significant. The cost of incorporation is approximately \$800.00, with an annual maintenance cost of approximately \$160.00.

I hope you find this helpful.

Yours truly,

MORELLI CHERTKOW LLP

Per:


Scott E. Huyghebaert
SEH/psb