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S. L. RICHARD BRUNTON & CO., CPAS
CHARTERED

CERTIFIED PUBLIC ACCOUNTANTS

CROSS-BORDER TAXATION

CROSS-BORDER FINANCIAL MANAGEMENT

IMMIGRATION SUPPORT

S. L. RICHARD BRUNTON, CPA
ELIZABETH H. MCCARTHY, CPA
DAWN M. GRANIE, CPA

FLORIDA FACILITIES
IN TAMPA, SARASOTA
NAPLES AND BOCA RATON

February 11, 1999

600002775726--3
-07/21/99-01002-003
***1865.00 ***1865.00

Florida Department of State
Division of Corporations
P.O. Box 6327
Tallahassee, Florida 32314

600002775726--3
-02/15/99-01121-001
*****70.00 *****70.00

Dear Sir or Madame:

Subject: C.C. Friesen Consruction Ltd.
Authorization to Transact Business in Florida

Kindly find enclosed the Application by Foreign Corporation for
Authorization to Transact Business in Florida and Certificate of Status. A
check for \$70 is also enclosed to cover the filing fees.

We would be grateful if you would acknowledge receipt of this application.

Yours truly,

BRUNTON REGISTERED AGENTS INC.


Dawn M. Granie, CPA

DG/

Encl.

W99-3822
Pg 678

2/17/20/99



FLORIDA DEPARTMENT OF STATE

Katherine Harris
Secretary of State

February 15, 1999

S.L. RICHARD BRUNTON & CO. CPA
C/O DAWN M. GRANIE
4710 NW BOCA RATON BLVD., #101
BOCA RATON, FL 33431

SUBJECT: C C FRIESEN CONSTRUCTION LIMITED
Ref. Number: W99000003822

We have received your document for C C FRIESEN CONSTRUCTION LIMITED and your check(s) totaling \$70.00. However, the document has not been filed and is being retained in this office for the following:

A certificate of existence, dated no more than 90 days prior to the delivery of the application to the Department of State, duly authenticated by the secretary of state or other official having custody of the records in the jurisdiction under the laws of which it is incorporated/organized, must be submitted to this office. A translation of the certificate under oath of the translator must be attached to a certificate which is in a language other than the English language. A photocopy of this certificate is not acceptable.

Based upon information provided by the Florida Department of Revenue, pursuant to section 213.053(14), Florida Statutes, it appears that C C FRIESEN CONSTRUCTION LIMITED has transacted business in Florida prior to submitting an "Application for Authority to Transact Business in Florida". The information received from the Florida Department of Revenue indicates, as the initial date of transacting business in the State of Florida. Please contact this office concerning the date first transacted business in Florida.

Pursuant to section 607.1502(4), 617.1502(4) or 608.502(4), Florida Statutes, this office collects a civil penalty of \$1000 for each year this entity transacted business or conducted its affairs in Florida prior to qualification and the appropriate annual report fees that would have been due this office had the entity qualified the year it began operations in this state. The amount due this office to cover both annual report and penalty fees is \$5865.00.

If it is determined that the corporation's previous activities in Florida that warranted compliance with Florida's revenue laws did not constitute the transaction of business within the meaning of s. 607.1501, F.S., please provide a sworn affidavit to that effect.

If you have any questions concerning the filing of your document, please call (850) 487-6094.

RECEIVED

JUN 12 1999

Office of General Counsel
Department of State

Ms. Agnes Lunt
Document Specialist
Florida Department of State
Tallahassee, Florida, 32314
U. S. A.

June 17, 1999

Dear Ms. Lunt:

Re: Subject: C C Friesen Construction Limited
Ref. Number: W99000003822

Pursuant to our telephone conversation of May 5, 1999 please find enclosed:

- a certificate of status issued by the Province of Ontario, Canada for the above company as requested;
- a letter addressed to Mr. Gerald York, General Counsel which I understand you will forward to Mr. York.

I apologize for the delay in my reply as I have waited to receive the certificate above which I had requested from my lawyer on May 5, 1999. I only received the certificate on June 16, 1999.

Please be advised that I can be reached as follows:

Mailing Address:
Rudi Friesen
6670 Dellpark Drive
Niagara Falls, Ontario
L2J 2B8
Canada

Phone: (905) 356-0220

Fax: (905) 356-1968

I understand that your office will contact me with regard to my request to review your file based on the information that I have provided herein. Should you require any additional information please contact me.

Yours sincerely,



Rudi Friesen, Treasurer
C. C. Friesen Construction Limited

Mr. Gerald York
General Counsel
Florida Department of State
Tallahassee, Florida, 32314
U. S. A.

June 17, 1999

Dear Mr. York:

Re: Subject: C C Friesen Construction Limited
Ref. Number: W9900003822

I spoke by telephone on May 5, 1999 with Ms. Agnes Lund, Document Specialist, Division of Corporations regarding the above company and your department's request for an amount of \$5,865 for annual report fees and penalties from 1994 to 1998. She has requested that I write directly to you in regard to this matter to present any facts and explanation of the circumstances to take into consideration with respect to the determination of the fees and penalties charged.

I wish to point out that upon receiving your department's original request to file I did engage a registered agent, Mr. Richard Brunton & Co., CPA's in Boca Raton, Florida to assist me on this matter as I had no knowledge of the State of Florida's filing requirements for the company. I must also apologize for the tardiness in replying to the State's request on this matter as I retained a solicitor in Florida back in February for the purpose of obtaining legal advice and assistance as suggested in your reporting letter of December 11, 1998. The solicitor only recently examined my file and informed me as of May 5, 1999 that he would not be able to assist me. I have also been waiting for a certificate of status for the company requested by your department, which I only just, received on June 16, 1999. Hence, in order not to delay this matter any further I am writing to you to present the facts regarding this particular situation and to request some relief regarding the penalties requested.

As the treasurer of the company, I wish to state that the company did not intend to be in violation of any of the laws of the State of Florida or the United States of America. This is evidenced by the complete and timely filing of Federal 1020F and Florida corporate income tax returns for all years required. As an accountant in Ontario, Canada I decided to take it upon myself to learn how to prepare and file US federal and Florida State foreign corporation and US nonresident personal income tax returns. I was determined that the company and individual owners be onside as to any income tax filing requirements. I did not want the ownership group to not report any income nor to be negligent in any way as to any required tax filings.

Unfortunately, I was not informed of nor made aware of any State of Florida filing requirements for the company until I received a letter from the State department. Had I been so informed after the first year's filings of the corporate income tax returns I would gladly have made the required filing requirements on behalf of the company. My only prior related experiences regarding corporate passive rental activity are from the taxing statutes in Ontario, Canada. The statutes state that a company with no full time employees, such as this one, that reports rental income is considered to have earned this income as investment income from property and not from a business. However, I wish to state that the company fully intends to file any required reports together with the required fees with the State of Florida through its registered agent.

I wish to provide the following facts regarding the company's involvement with the condo property in Florida. In March of 1992 Ltd, Rudi Friesen, Mary Friesen (wife), Wanda Weatherson (sister) and Gary Weatherson (brother-in-law) and C. C. Friesen Construction Limited ("Ltd") purchased a condo in Naples, Florida. As agreed by the above co-owners the purpose of acquiring this condo was for holding a U. S. real estate investment for future resale and as a personal use vacation property for a short period of time each

year during ownership. Ltd is Canadian controlled corporation owned by my mother (67 %) and myself (33 %). All the above individuals are Canadian citizens. A corporate ownership of 40 % and individual ownerships of 15 % each was made in order to plan for minimization of potential U S estate taxes under the tax rules that were in effect at the time. I also wish to point out that at no time did our solicitor in Florida that handled the purchase inform us of any Florida Department of State filing requirements for the company.

As Ms. Lunt correctly informed me from the State Departments review of Ltd's filing of the 1994 Florida corporate income tax return, rental income and expenses were reported. The condo was rented for no more than six months of 1994 to an arms length party in order to recover some of the condo costs of operation. It was rented out through a real estate/rental agent who did not inform us of any State of Florida corporate filing requirements. The condo was also rented for no more than six months in 1995 to the same unrelated third party. It was also used by the individual owners for about two weeks each year for no rental charge. However, from 1996 to the present it was not rented to a third party but was occupied by Wanda & Gary Weatherson, who are co-owners of the property. Circumstances changed our position somewhat when my sister, Wanda Weatherson, developed fibromyalgia, a painful inflammation of muscle issue, that was alleviated by the warm weather in Florida compared to the cold Canadian winters. So for health reasons they have personally occupied the condo from 1996 on and have reimbursed the other owners, including the company, for operating costs. This reimbursement was reported as rent on Ltd's tax returns.

The company has reported amounts received from the previous tenant and the other co-owners reimbursements as passive income on its federal and state income tax returns. For all the years above the company incurred a net rental loss each year and has reported the rental activities as a passive activity on Form 8810 attached to the Federal 1120F corporate income tax return. The company is not in the business of real estate rentals in Ontario, Canada nor Florida, USA. Its business is holding real estate in Canada and the US as investment properties for resale. The Florida condo was rented for only part of the year in order to recover costs while being held for some personal enjoyment and as a real estate investment for future resale at a profit. Again our co-ownership's intention was to recover operation costs of the condo by renting it out during the peak rental period each year until we determined that real estate prices and the value of the \$Cdn to the \$US made it advantageous to sell.

I was not aware that the co-owners and particularly the company would be considered to be carrying on a business nor that there were State Department filing requirements for the company. At no time did I wish the company to avoid any of its responsibilities and certainly not to jeopardize its position for a small annual fee. It was my intention that the company be in compliance with IRS filings and now I also wish to be in compliance with State Department filings. I feel however that the State Departments request to pay the penalties each year seems unfair and overly punitive under the above circumstances.

I would hope that the years 1996, 1997, and 1998 during which the co-owners occupied the condo and in effect reimbursed occupying costs would certainly not be considered as years in which a rental business activity was carried on and thereby not be subject to any fines. For the years that the condo was rented to a third party it would not appear that the corporation was carrying on a full time business such as a year round, long term rental lease arrangement but rather trying to recover some operating costs. For this reason I would hope that it would be subject to no more than the minimum fine of \$500 each year if in fact it was subject to any fine at all.

With respect to the State Departments letter dated December 11, 1998 regarding the company's activity I may have made an error by incorrectly reporting the "date first transacted business in Florida" as January 1, 1999. It was my understanding that the company was not, in fact, based on the above circumstances, transacting business in prior years but was engaged in an investment venture for the purpose of buying, holding and selling real estate for profit. However, I did not want the company to appear as if it was trying to avoid paying a fee and therefore decided to file and pay the \$70 fee whether or not it would be considered to be conducting a business in 1999.

I, as well as a shareholder of the company, am a director and hold the position of treasurer, and am therefor authorized to act on behalf of the company. You can reach me as follows:

Mailing Address:
Rudi Friesen
6670 Dellpark Drive
Niagara Falls, Ontario
L2J 2B8
Canada

Phone: (905) 356-0220

Fax: (905) 356-1968

I would appreciate your review of this matter. Please contact me should you require any additional information. I await your reply with regard to my request on behalf of the company to provide administrative relief with respect to the fees and fines imposed.

Yours sincerely,



Rudi Friesen, Treasurer
C. C. Friesen Construction Ltd.

Cc: Wanda & Gary Weatherson

Ms Dawn M. Granie,
S. L. Richard Brunton & Co., CPA's



FLORIDA DEPARTMENT OF STATE

Katherine Harris
Secretary of State

June 8, 1999

S.L. RICHARD BRUNTON & CO. CPA
C/O DAWN M. GRANIE
4710 NW BOCA RATON BLVD., #101
BOCA RATON, FL 33431

SUBJECT: C C FRIESEN CONSTRUCTION LIMITED
Ref. Number: W99000003822

This letter is in response to the application by foreign corporation for authorization to transact business in Florida that was previously submitted to this office for C C FRIESEN CONSTRUCTION LIMITED.

This office received information provided by the Florida Department of Revenue, pursuant to section 213.053(14), Florida Statutes, which indicates that the corporation has transacted business in the State of Florida since January 1, 1994. You were notified by letter dated February 15, 1999, that because of failure to obtain a certificate of authority prior to transacting business in the State of Florida, the corporation is liable for \$5865.00 in appropriate fees and penalties as set forth in Section 607.1502(4), Florida Statutes, (copy enclosed).

Until a response is received by this office concerning the prior notification, the application by foreign corporation for authorization to transact business in Florida will not be processed. If erroneous information was reflected on the previously submitted application, a sworn affidavit may be filed stating the correct date the corporation first transacted business in Florida, that the corporation did not transact business in Florida prior to the application filing year and that the information entered on such application is incorrect. Any such affidavit will be included with your original qualification documents.

Please provide your response to this letter within 30 days to avoid the necessity of further action.

If you have further questions concerning the filing of your document, please telephone the Foreign Qualification/Tax Lien Section at (850) 487-6051.

Gretchen Harvey
Document Specialist Supervisor Letter No. 199A00030854

Enclosure



Department of State

Memorandum Office of the General Counsel

TO: File

FROM: Gerard York, Assistant General Counsel

DATE: July 14, 1999

RE: C. C. Friesen Construction, Limited

Based on my review of the file and the payments received from the corporation, it is my recommendation that this file be closed. Corporation has paid outstanding report fees from 1994 of \$865 and foreign non-qualified penalties for the same period of \$1000 assessed in a lump sum to avoid litigation and wishes to be qualified to do business in the State of Florida. Accordingly, it is recommended corporation be issued a certificate of authority.

/gty

**APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION TO
TRANSACTION BUSINESS IN FLORIDA**

IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS
SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACTION BUSINESS IN THE
STATE OF FLORIDA:

Limited Corp.

1. C.C. Friesen Construction Ltd. Corp.

(Name of corporation: must include the word "INCORPORATED", "COMPANY", "CORPORATION" or words or
abbreviations of like import in language as well as clearly indicate that it is a corporation instead of a natural person
or partnership if not so contained in the name at present.)

2. Ontario Canada

3. 98-0134168

(State or country under the law of which it is incorporated)

(FEI number, if applicable)

4.

✓ December 31, 1959

(Date of Incorporation)

5. perpetual

(Duration: Year corp. will cease to exist or "perpetual")

6.

✓ January 1, 1999

(Date first transacted business in Florida (See sections 607.1501, 607.1502 and 817.155, F.S.))

7. c/o Mr. Rudi Friesen

6670 Delpark Drive

Delpark

Niagra Falls ON Canada L2J 2B8

Niagara

(Current mailing address)

8. Residential real estate rental

(Purpose(s) of corporation authorized in home state or country to be carried out in the state of Florida)

9. Name and street Address of Florida registered agent:

Name: Brunton Registered Agents, Inc.

Office Address: 4710 NW 2nd Avenue, #101

Boca Raton, FL 33431

10. Registered Agent's acceptance:

Having been named as registered agent and to accept service of process for the above stated corporation
at the place designated in this application, I hereby accept the appointment as registered agent and
agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the
property and complete performance of my duties, and I am familiar with and accept the obligations as
registered agent.

(Registered agent's signature)

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.

12. Names and addresses of officer and or directors:

A. Directors:

Chairman:

✓ Mary Friesen

Address:

✓ 4384 Ontario St., Beamsville, ON, Canada
L0R1B0

Vice Charirman:

✓ Rudolf Friesen

Address:

✓ 6670 Dellpark Dr., Niagara Falls, ON, Canada
L2J2B8

Director:

✓ Wanda Weatherston

Address:

✓ 4384 Ontario St., Beamsville, ON, Canada
L0R1B0

B. Officers:

President:

✓ Mary Friesen

Address:

✓ 4384 Ontario St., Beamsville, ON, Canada
L0R1B0

Treasurer

Vice President:

✓ Rudolf Friesen

Address:

✓ 6670 Dellpark Dr., Niagara Falls, ON, Canada
L2J2B8

Secretary:

✓ Wanda Weatherston

Address:

✓ 4384 Ontario St., Beamsville, ON, Canada
L0R1B0

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13. ✓ Rudolf Friesen

(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. ✓ RUDOLF FRIESEN

Vice Chairman
Treasurer

(Typed or printed name and capacity of person signing application)

Request ID: 2121781
Demande n°:
Transaction ID: 11-98871
Transaction n°:
Category ID: CT
Catégorie:

Province of Ontario
Province de l'Ontario
Ministry of Consumer and Commercial Relations
Ministère de la Consommation et du Commerce
Companies Branch
Direction des compagnies

Date Report Produced: 1999/06/14
Document produit le:
Time Report Produced: 10:08:39
Imprimé à:

Certificate of Status Certificat de Statut Documentaire

This is to certify that according to the
records of the companies branch

Je certifie par les présentes que, conformément
aux dossiers de la Direction des compagnies,

C. C. FRIESEN CONSTRUCTION LIMITED

Ontario Corporation No.

Numéro matricule de la personne morale en Ontario

000104858

is a corporation incorporated,
amalgamated or continued under
the laws of the Province of Ontario.

est constituée, fusionnée ou prorogée en vertu
des lois de la province de l'Ontario.

The corporation came into existence on

La personne morale a été fondée le

DECEMBER 31 DÉCEMBRE, 1959

and has not been dissolved.

et n'a pas été dissoute.

Dated

Fait le

JUNE 14 JUIN, 1999



Director
Directrice