IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *Woldring & Co. Consulting Inc. v Sugarman,* 2026 BCSC 1888

Date: 20261002
Docket: S235936
Registry: Vancouver

Between:

Woldring & Co. Consulting Inc.

Petitioner

And

Jesse Sugarman and 1280656 B.C. Ltd.

Respondents

- and -

Docket: S235424
Registry: Vancouver

Between:

Jesse Sugarman

Petitioner

And

Woldring & Co. Consulting Inc., Dick Woldring, Sony Bae, and 1280646 B.C. Ltd.

Respondents

Corrected Judgment: The front cover page of the judgment was corrected on October 6, 2026.

Before: The Honourable Justice Branch

Reasons for Judgment

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Counsel for Woldring & Co. Consulting Inc., Dick Woldring, and Sony Bae:	D. Young A. Baldin, (A/S)
Counsel for Jesse Sugarman:	M. Abruzzi-Lilliu (December 1, 2025 and January 19, 2026 only) M. Nied (August 5-7, 2026 only)
Place and Date of Hearing:	Vancouver, B.C. December 1, 2025, January 19, 2026, August 5-7, 2026
Place and Date of Judgment:	Vancouver, B.C. October 2, 2026

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I. INTRODUCTION

[1] After a long series of preliminary procedural skirmishes, the parties in this corporate dispute finally presented their duelling allegations of oppressive behaviour. For the reasons that follow, I find that Woldring & Co. Consulting Inc. (the petitioner in the first petition S235936 and a respondent in the second petition S235424) and Dick Woldring and 1280646 BC Ltd. (respondents in the second petition) oppressed Jesse Sugarman (a respondent in the first petition and the petitioner in the second petition).[1]

[2] I do not find that Mr. Sugarman engaged in any oppressive conduct.

II. BACKGROUND

[3] Mr. Sugarman became acquainted with the shareholders of Woldring & Co. Consulting Inc. ("WCCI"), Dick Woldring and his wife, Sony Bae (collectively, the "Principals"), through the Principals' patronage of a restaurant on Commercial Drive known as "The Charlatan". Mr. Sugarman worked at this restaurant as general manager.

[4] In late 2020 or early 2021, Mr. Sugarman and the Principals decided to open a new restaurant (the "Restaurant"). The overarching plan was for the Principals to provide the start-up capital and for Mr. Sugarman to provide his hands-on expertise and "sweat equity" in running the Restaurant.

[5] In the summer of 2021, the parties identified a restaurant site at 1728 Commercial Drive, Vancouver (the "Premises"). This space was formerly occupied by a restaurant known as "Federico's Supper Club". The parties had the opportunity to obtain control of the space and its liquor licence.

[6] The parties executed a shareholders' agreement dated September 9, 2021 (the "Shareholders Agreement"), creating 1280646 B.C. Ltd. ("128"). 128 would

[1] Note that there appears to be a typographical error in the first petition in that 1280656 BC Ltd. Is named.

operate the Restaurant. Its directors were Mr. Woldring and Mr. Sugarman. The Shareholders Agreement also provided that:

a) WCCI would advance $250,000 in shareholder loans in exchange for 51% of 128's shares;

b) Mr. Sugarman would manage the Restaurant's day-to-day operations in exchange for 49% of 128's shares;

c) Mr. Sugarman would be an employee of 128 and receive a salary of $60,000 as well as a 2.5% monthly management fee (the "Management Fee") if average daily sales exceeded $3,000;

d) In terms of the repayment of any shareholder loans, the Shareholders Agreement provided as follows:

> (2) In making any approved repayment of the Shareholder Loans, the Company must make those repayments in compliance with the following:
>
> > (a) If the Shareholder Loans are proportionately equal to their respective Shareholders' relative ownerships of Shares, any repayment made to the relevant Shareholders must be made proportionately among them according to their relative ownership of Shares;
> >
> > (b) If the Shareholder Loans are not proportionately equal to their respective Shareholders' relative ownerships of Shares, no repayment may be approved on a proportionately smaller account until the proportionately largest accounts have been reduced so as to be proportionately equal to the next largest account, until all accounts are proportionately equal to their relevant Shareholders' relative ownership of Shares.

e) There was a mechanism for managing any alleged defaults:

> If a Shareholder is a Defaulting Shareholder, then any other party may give:
>
> > (1) notice in writing setting out the default (the "Default Notice") to the Defaulting Party and demanding the default be cured within 30 days; and
> >
> > (2) a copy of the Default Notice to the Company.;

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f) Unanimous board approval was required in order to "materially change the business conducted by the company".

[7] The parties decided to renovate the Premises. Construction began in January 2022. WCCI acted as project manager. Mr. Sugarman highlighted the business' sensitivity to the renovation costs as early as December 23, 2021, when he emailed the Principals stating that "realistically we need the build budget to be around $400,000 so that we have enough operating capital".

[8] Unfortunately, construction costs greatly exceeded this budget. The Principals and Mr. Sugarman blame each other for the cost overruns. However, this earlier dispute is not the foundation of any of the allegations of misconduct underlying these petitions.

[9] By May 2022, due to the increased construction costs, it became clear that the Restaurant would require additional funds to operate.

[10] On June 9, 2022, to allow for and support the necessary additional cash infusions, the parties amended the Shareholders Agreement (the "Amended Shareholders Agreement", or "ASA") effective May 31, 2022. Under the ASA, Mr. Sugarman agreed to ease the cash-flow pressure by giving up his entitlement to a Management Fee in exchange for an increase in his base salary to $90,000. At the same time, the parties agreed to provide further loans to 128 (the "Loan Agreements"). Under the Loan Agreements:

a) WCCI would contribute an additional $250,000 to 128's operations by way of a shareholder loan; and

b) Mr. Sugarman would contribute $40,000 as a shareholder loan.

[11] In order to clarify the going-forward roles of the parties, the ASA also provided that the shareholders would manage 128 in accordance with a "Roles and Responsibility Matrix" or "RASI". The RASI provided that:

a) WCCI would have the final decision-making authority over:

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i. physical improvements to the building and premises;
ii. restaurant equipment purchases greater than $3,000;
iii. partner meetings;
iv. day-to-day purchasing outside of inventory management;
v. tax filings/compliance;
vi. bank and lender relationship management;
vii. landlord relationship management;
viii. human resources regulatory compliance; and
ix. legal actions or possible harassment suits.

b) Mr. Sugarman would have final decision-making authority over:

i. food ingredient and liquor management and purchasing;
ii. liquor beverage inventory for regular and external audits;
iii. bar and food menus creation and maintenance;
iv. kitchen operations day-to-day management;
v. front-of-house operations day-to-day management;
vi. music and entertainment planning and contract templates;
vii. music and entertainment day-to-day production management;
viii. restaurant regulatory agencies relationships day-to-day management;
ix. accounting and financial record keeping;
x. operating staff wage level setting;
xi. management-level staff wage level setting;
xii. staff candidate sourcing and hiring;
xiii. information technology infrastructure management;
xiv. emergency or crisis management;
xv. website creation and maintenance; and
xvi. social media and traditional media presence and updates.

[12] The parties each contributed the agreed-upon funds to facilitate the Restaurant's ongoing operations. However, one key issue in dispute is whether Mr. Sugarman properly disclosed the source of his funds and accounted for them appropriately.

[13] There is no dispute that Mr. Sugarman's $40,000 originated from Restaurant suppliers. The evidence is also reasonably clear that these suppliers advanced these funds to Mr. Sugarman in consideration for the Restaurant stocking and favouring those suppliers' products.

[14] The Principals deny being told, or understanding, that this was the source or basis for Mr. Sugarman's contribution. They assert that had they known the source, they would have taken the position that these funds were properly 128's rather than

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Mr. Sugarman's. However, on May 10, 2022, Mr. Woldring wrote to Mr. Sugarman stating:

> We need you to deposit the Cash you brought in (the 40K from vendors) by transferring it into the account as a top up.
>
> As previously agreed this will be considered as owners loan due to you just as our cash financing is due to us

[15] Further, on or about May 26, 2022, Ms. Bae wrote:

> Also, you also promised $40k of cash infusion from negotiated deals with beer/alcohol beverage suppliers. To date, you have contributed $20k. The total $40k contribution has been calculated into our opening budget and therefore the remaining balance of $20k MUST BE deposited. We have generously allowed this to be considered as a Shareholder Loan by you, because we realize the funds are contingent on your existing relationship with these suppliers through The Charlatan.

[16] There is no dispute that the additional $20,000 was provided.

[17] At the 128 directors' meeting on September 29, 2022, the following exchange took place:

> **2022-09-29-Osita Directors Meeting**
>
> **…**
>
> **[00:46:08,440] - Dick**
>
> So the only other one that comes up, and I have no idea what happened, and I don't, and it's not about this what happens in the future. So um, we are now, this place is established in a relationship with vendors, and vendors all work on it. We use, use your previous relationship, a lot of you, to bring some money in with your partnership money. Going forward, what happens with, I hate to use the word the kickbacks that vendors provide, what's going to happen down there? Because I, doesn't make any sense to me how that fucking works. Because I don't understand how it works. I know what happened getting here, but I don't know what happens going forward.
>
> **(00:46:49.110] - Jesse**
>
> We'll split of 50-50 is agreed. That's, I've never once changed my stance with you guys.
>
> **[00:46:55.490] - Dick**
>
> Okay, so what I don't understand is with the kick back. How does that work in the accounting?
>
> **[00:46:59.590] - Sony**
>
> That's not in the agreement or anything else.

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[00:47:01.510] - Dick

Well, whatever.

[00:47:02.180] - Jesse

Yeah, exactly.

[00:47.02.810] - Dick

I don't understand how that works in practical reality.

[00:47:05.150] - Jesse

As an example, we buy through companies like like umm…

[00:47:10.670] - Dick

Just say a winery cause I think...

[00:47:12.010] - Jesse

Not wineries. Alcohol companies are not legally allowed to do that. So a company like GFS, which we have large purchasing, they have this rebate program. They'll sign a check over to us and then we will cash that check and we will split it.

[00:47:29.540] - Dick

So that, could that comes back into Osita's books or just comes back as a separate one. I don't understand how that works.

[00:47:36.300] - Sony

Who will they write that cheque to?

[00:47:36.500] - Jesse

It will be written to the company.

[18] At Mr. Sugarman's examination for discovery, he suggested that the $40,000 was provided to him in return for "consulting services" being "operational advice" and guidance as to the "conceptual flavouring" of the suppliers' beers. No supplier evidence was put forward to support the existence of such an arrangement, and his counsel did not argue at the hearing that this justification was valid.

[19] 128 began operating in the Premises as a Spanish-themed Restaurant called "Osita" on June 24, 2022. The Restaurant also had live music.

[20] Unsurprisingly, the Restaurant lost money over its initial months of operation. Indeed, Mr. Sugarman had made it quite clear to the Principals that it would take some time for the operation to become profitable. For example, at the directors'

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meeting on January 6, 2023, he suggested that the Restaurant would not show a profit for 3 or 4 years.

[21] However, by April 2023 (or only 10 months after the Restaurant opened), the Principals had become very anxious about the Restaurant's financial situation. On April 18, 2023, they began a so-called "Stop the Bleed" campaign while Mr. Sugarman was on vacation. The Principals told several managers at the Restaurant that they planned to stop paying Mr. Sugarman his (disclosed) salary, the Restaurant was going bankrupt, and the Principals had to intervene to save the Restaurant.

[22] The Principals emailed Mr. Sugarman on April 18, raising concerns about the monthly figures for profit, discounts, and voided transactions. The email continued:

> **WE MUST STOP THE BLEED NOW.** We cannot make up this loss purely on cash flow. Furthermore, we have no additional investment funds… [Emphasis in the original.]

[23] Mr. Sugarman emailed the Principals a detailed response addressing the situation and requesting mediation. The Principals did not respond.

[24] At the directors' meeting on May 5, 2023, Mr. Woldring misapprehended the terms of the ASA when he declared that "we'll do our best to respect the RASI, but some of the stuff in the shareholder agreement is void if we're not making a profit". No such term appears in the agreements.

[25] On May 7, 2023, to help manage the cash flow difficulties, Mr. Sugarman instructed the Restaurant's bookkeeper to reduce his salary to $60,000. This was apparently done in accordance with an agreement made between the Principals and Mr. Sugarman for Mr. Sugarman to defer $30,000 of his annual salary as a shareholder loan to 128 to assist with the Restaurant's cash flow issues. That same day, Ms. Bae advised the bookkeeper to hold off on the reduction, but Mr. Sugarman's evidence is that it was implemented nonetheless. The paystubs in evidence before me show that a portion of Mr. Sugarman's pay was deducted for a "Shareholder Loan" beginning on May 16, 2023.

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[26] Mr. Sugarman had been paying his wife, Jennifer Lynch, as an independent contractor to provide marketing services for the Restaurant. WCCI alleges that, after the May 5 meeting, her usual $1,500 monthly bills were artificially increased to $3,000 to improperly offset Mr. Sugarman's agreed salary decrease.

[27] A further concern the Principals raised was the amount of complimentary food and alcohol. However, Mr. Sugarman's evidence is that:

a) The level of discounts, complimentary goods, and write-offs were not unusual for the restaurant industry;

b) The asserted reductions were inflated, in that they are reported at retail prices rather than wholesale cost;

c) The Principals also made substantial use of complimentary food for themselves and their guests;

d) A good proportion of the reductions were simply erroneous entries that were immediately voided; and

e) The percentage of such reductions actually increased after the Principals took over hands-on operation of the Restaurant.

[28] In May 2023, the Principals expressed concern about their ability to access the Restaurant's management software to review sales data and financial information. However, the email correspondence shows that Mr. Sugarman facilitated the Principals' access to the software, gave directions on how to access certain information, and provided the Principals with an avenue to obtain technical support. That same correspondence shows the Principals were in fact able to access the software.

[29] Nonetheless, by June 2023 the Principals remained disenchanted with Mr. Sugarman's management, and developed a plan to remove him. Ms. Bae emailed their accountant on June 13, 2023, stating that they had found a way to fire

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Mr. Sugarman, remove him as director, and eventually remove him as a shareholder. She stated:

> We are engaged with a litigation lawyer, have identified an alternate General Manager, and looking at Jesse's termination on July 4 or 5. We also need to get rid of him as a Director of the Company and break the Shareholder Agreement. All that will cost us a chunk of change!!

[30] On June 14, 2023, Mr. Sugarman again proposed that they engage a business mediator. He received no response.

[31] At the June 15, 2023 directors' meeting, the Principals did not raise any material concerns directly with Mr. Sugarman.

[32] On June 21, 2023, Mr. Sugarman emailed the Principals again proposing mediation. Again, he received no response.

[33] On July 5, 2023, without the benefit of a directors' meeting or vote, Mr. Woldring delivered Mr. Sugarman a letter purporting to dismiss him and offering two weeks' pay in lieu of notice. The letter stated:

> Involvement in Operations Effective as of todays date, you will no longer be permitted access to Osita during working hours, and will not be allowed to attend any operational meetings or otherwise be involved in the day-to-day operations of the Company. Any visit to Osita during working hours will require prior written approval from the Company's Board of Directors, and each request will be considered on a case by case basis.
>
> Ongoing Obligations We respectfully remind you that even after your departure, you still have ongoing fiduciary, confidentiality, and non-competition obligations under common law and the undated shareholder's agreement between you and the Company, and Woldring & Co. Consulting Inc. (the "Shareholders Agreement"). We trust and expect you will honour all your ongoing obligations.

[34] Mr. Woldring told Mr. Sugarman to leave the Restaurant immediately. While Mr. Sugarman was on the phone with his lawyer, the Principals called the police to have him removed. To avoid further escalating tensions, Mr. Sugarman agreed to leave.

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[35] On July 11, 2023 (presumably after taking legal advice), Mr. Woldring called a formal directors' meeting for July 14, 2023. On July 13, 2023, the Principals delivered notice of a proposed board resolution to remove Mr. Sugarman as Director of Operations. At the meeting, Mr. Woldring declared that Mr. Sugarman was in a conflict of interest, purported to prevent him from voting, and ratified the decision to relieve Mr. Sugarman of his duties.

[36] After Mr. Sugarman's dismissal, the Principals started operating the Restaurant themselves. They hired a new manager. They converted it to an Italian restaurant that no longer played live music. They changed the name from "Osita" to "Vivace on the Drive". Mr. Sugarman asserts that these changes were misguided because the Commercial Drive area was already flooded with Italian restaurants.

[37] On July 15, 2023, Mr. Sugarman served a shareholder default notice pursuant to ss 9.1(2) and 9.2 of the Shareholders Agreement.

[38] In July 2023, a Restaurant supplier, Andrew Procter of Strathcona Beer Company, complained that they had lost their exclusivity over certain taps in the Restaurant, in an apparent breach of the deal struck with Mr. Sugarman.

[39] On August 1, 2023, Mr. Sugarman filed his petition alleging oppressive conduct by the Principals, WCCI, and 128. On August 25, 2023, and in response to Mr. Sugarman's petition, WCCI commenced its own petition, alleging oppressive conduct by Mr. Sugarman and seeking approval to pursue a derivative action against him.

[40] In or around May 2024, the Principals negotiated the sale of the Restaurant's assets, including the assignment of the underlying lease, to Marco Miriskloavos and his corporation, 1299288 B.C. Ltd. (collectively, the "Buyer").

[41] On May 27, 2024, the parties consented to an order allowing the release of any funds the Buyer paid to certain of 128's creditors. However, the deal closed late because the Buyer had difficulty securing the necessary funds. In April 2025, the

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sale finally closed. After an updated order was entered on April 24, 2025, approximately $318,000 was paid into court pending further directions.

[42] On July 3, 2025, Mr. Sugarman filed the wrongful dismissal action in Victoria, Action No. 2511371 (the "Wrongful Dismissal Action"). In the Wrongful Dismissal Action, Mr. Sugarman also makes allegations of defamation and conspiracy against the Principals, 128, 1420899 B.C. Ltd (another company controlled by the Principals), and an array of other parties.

III. Analysis

A. The Oppression Test

[43] Section 227 of the *Business Corporations Act*, SBC 2002, c. 57 [*BCA*] provides in relevant part as follows:

> 227 (2) A shareholder may apply to the court for an order under this section on the ground
>
> > (a) that the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or
> >
> > (b) that some act of the company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.
>
> (3) On an application under this section, the court may, with a view to remedying or bringing to an end the matters complained of and subject to subsection (4) of this section, make any interim or final order it considers appropriate, including an order
>
> > (a) directing or prohibiting any act,
> >
> > (b) regulating the conduct of the company's affairs,
> >
> > (c) appointing a receiver or receiver manager,
> >
> > (d) directing an issue or conversion or exchange of shares,
> >
> > (e) appointing directors in place of or in addition to all or any of the directors then in office,
> >
> > (f) removing any director,
> >
> > (g) directing the company, subject to subsections (5) and (6), to purchase some or all of the shares of a shareholder and, if required, to reduce its capital in the manner specified by the court,

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> (h) directing a shareholder to purchase some or all of the shares of any other shareholder,
>
> (i) directing the company, subject to subsections (5) and (6), or any other person, to pay to a shareholder all or any part of the money paid by that shareholder for shares of the company,
>
> (j) varying or setting aside a transaction to which the company is a party and directing any party to the transaction to compensate any other party to the transaction,
>
> (k) varying or setting aside a resolution,
>
> (l) requiring the company, within a time specified by the court, to produce to the court or to an interested person financial statements or an accounting in any form the court may determine,
>
> (m) directing the company, subject to subsections (5) and (6), to compensate an aggrieved person,
>
> (n) directing correction of the registers or other records of the company,
>
> (o) directing that the company be liquidated and dissolved, and appointing one or more liquidators, with or without security,
>
> (p) directing that an investigation be made under Division 3 of this Part,
>
> (q) requiring the trial of any issue, or
>
> (r) authorizing or directing that legal proceedings be commenced in the name of the company against any person on the terms the court directs.

[44] The oppression remedy focuses on harm to the legal and equitable interests of stakeholders affected by oppressive acts of a corporation or its directors. This remedy is available to a wide range of stakeholders — security holders, creditors, directors, and officers: *BCE Inc. v 1976 Debentureholders*, 2008 SCC 69 at para 45 [*BCE*]. In *BCE*, the Court described the test as follows:

> [95] [In] assessing a claim for oppression a court must answer two questions: (1) Does the evidence support the reasonable expectation the claimant asserts? and (2) Does the evidence establish that the reasonable expectation was violated by conduct falling within the terms “oppression”, “unfair prejudice” or “unfair disregard” of a relevant interest?

[45] In terms of the first step, the reasonable expectations of the shareholders are assessed in a two-stage process. First, the subjective expectation of the shareholder is established, and second, an objective analysis of the shareholder’s expectation is

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conducted to determine whether the expectation was reasonable: *Jaguar Financial Corporation v Alternative Earth Resources Inc.*, 2016 BCCA 193 at para 113.

[46] In terms of the assessment of the impugned conduct at the second step, "oppression" carries the sense of conduct that is coercive and abusive, and suggests bad faith. "Unfair prejudice" may admit of a less culpable state of mind that nevertheless has unfair consequences. Finally, "unfair disregard" of interests extends the remedy to ignoring an interest as being of no importance or contrary to the stakeholders' reasonable expectations: *BCE* at para 67.

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B. Appropriateness of a Petition

[47] The parties acknowledged the risk that the Court could determine the issues were more appropriately considered at a full trial. However, given the limited funds remaining, both parties hoped the Court would be comfortable considering some or all of the issues through the petition structure.

[48] I conclude that the Court can provide substantive rulings on the key points, which will hopefully allow 128 to wind up its operations in relatively short order. A petition is proper in the circumstances to ensure the just and speedy resolution of this matter and is proportionate to the amounts involved: *Cepuran v Carlton*, 2022 BCCA 76 at para 166.

C. Oppression of Mr. Sugarman

[49] Mr. Sugarman's primary complaint is how the Principals excluded him from the Restaurant's operations. I agree that the manner of his dismissal did not accord with his reasonable expectations, and qualifies as oppressive.

[50] The first oppressive act was the launch of the Principals' "Stop the Bleed" campaign, which undermined Mr. Sugarman's authority and ability to manage the Restaurant consistent with the terms of the RASI. The RASI created an objectively reasonable expectation that Mr. Sugarman would be able to carry out the tasks assigned to him.

[51] The second oppressive act was Mr. Woldring's use of 128 to purportedly dismiss Mr. Sugarman without the benefit of a directors' meeting. This dismissal breached Mr. Sugarman's rights under the ASA, specifically his ability to manage the Restaurant under the RASI. Although this decision was subsequently "ratified" at a board meeting (a meeting where Mr. Sugarman was excluded from voting by Mr. Woldring), the fact of this initial act alone shows that the Principals were prepared to use 128 to undercut Mr. Sugarman's rights and reasonable expectations.

[52] The formal dismissal qualifies as a third oppressive act by 128 given its breach of the reasonable expectations set out in the RASI.

[53] The fourth oppressive act was 128's, WCCI's, and the Principals' failure to engage with Mr. Sugarman over the April-July period to discuss the challenges facing the Restaurant. Mr. Sugarman showed himself open to finding ways to address the Principals' concerns, including through mediation. But the Principals did not engage. The Shareholders Agreement provided a mechanism to address conflicts through its default notice provisions, which Mr. Sugarman eventually triggered. But WCCI and the Principals did not properly engage this formal process either.

[54] A fifth act of oppression was the material change in the company's business through the transformation of the Restaurant's operations, shifting it from a Spanish restaurant with live music to an Italian restaurant without live music. This was done without unanimous board approval, contrary to the Shareholders Agreement.

[55] Mr. Sugarman may be in a position to advance a wrongful dismissal claim to address his formal dismissal, which he has sought to do in the Wrongful Dismissal Action. However, I find that the entire course of conduct outlined above can also form the basis of an oppression claim. Damages "akin to wrongful dismissal" can be recovered if the requirements are otherwise met. In *1043325 Ontario Ltd. v CSA Building Sciences Western Ltd.*, 2016 BCCA 258, the Court of Appeal stated:

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> [54] In summary, while oppression is a "personal" claim, not every personal claim that a shareholder may assert against a corporation will constitute oppressive or unfairly prejudicial conduct. The oppression or unfair prejudice must generally be suffered by the "shareholder" (as defined) qua shareholder: … On the other hand, as *Naneff* illustrates, where the complainant is able to show an entire course of oppressive conduct which includes another cause of action (in *Naneff*, wrongful dismissal), that cause may also be remedied under the oppression provision.
>
> [Emphasis added.]

[56] In its more recent decision in *Gierc Jr. v Wescon Cedar Products Ltd.*, 2025 BCCA 239 [*Gierc*], the Court reviewed the relevant authorities on this point:

> [40] There are cases where the dismissal of a shareholder from their employment with the company has been found to form part of the oppressive conduct and compensation has been ordered paid to the shareholder as an aggrieved person.
>
> [41] The key case identified by the parties is *Naneff v. Con-Crete Holdings Ltd.,* [1993] O.J. No. 1756 (C.J. – Gen. Div.). There Justice Blair found the acts of oppression included the plaintiff's dismissal from his management position and the refusal to pay him any severance. A 50% shareholder in a family group of companies, the plaintiff was also an officer. Along with terminating his employment, he was removed as an officer and excluded from the day-to-day operations of the business. Observing that wrongful dismissal in and of itself is not a proper basis for an oppression remedy, Blair J. concluded that where the claimant's position as employee is "integrally intertwined with his interests as a shareholder, officer and director" and the dismissal is part of a pattern of conduct designed to exclude the complainant from any active role in the companies, the dismissal is properly considered as constituting oppression: at para. 113. The remedies granted included an order for payment of compensation to the plaintiff as an aggrieved person akin to damages for wrongful dismissal (appeal allowed but not on these issues: (1995) 1995 CanLII 959 (ON CA), 23 O.R. (3d) 481 (O.N.C.A.)).
>
> [42] In *Dubois*, this Court considered *Naneff* and another case where shareholders sought compensation based on their dismissal as employees, *Elliott v. Opticom Technologies Inc.,* 2005 BCSC 529. In *Elliott*, an agreement that resulted in issuing the shares was found to include an implied term that the investors would be given continued employment. The judge was satisfied they never would have been able to make the investment needed to become shareholders unless they became and were entitled to remain employees. Because their interests as shareholders and employees were inextricably bound together, their "impermissible" termination was held to be unfairly prejudicial to them as shareholders: at para. 67.
>
> [43] The trial judge in *Dubois* found the appellant's expectation of continued employment was reasonable but he did not appear to consider whether that expectation was qua shareholder. On appeal, Justice Groberman determined there was no evidence from which the judge could have concluded the appellant had an expectation as a shareholder of continued employment. He

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> also observed that both *Naneff* and *Elliott* involved companies that had been structured to tie employment closely to shareholdings, such that the right to be employed flowed from the status of being a shareholder.
>
> [44] *Naneff* was also considered in *CSA*. Justice Newbury viewed it as illustrating where the applicant is able to show an entire course of oppressive conduct, "which includes another cause of action (in *Naneff*, wrongful dismissal), that cause may also be remedied under the oppression provision": at para. 54....
>
> [Emphasis added.]

[57] I find that in the present case Mr. Sugarman's employment was so tied to his shareholder rights and expectations that an oppression award is appropriate in these circumstances, particularly given the terms of the RASI. The RASI effectively required Mr. Sugarman to be an employee to carry out his assigned functions. Mr. Sugarman reasonably expected to remain an employee to fulfil those responsibilities.

[58] WCCI and the Principals did not (and do not) argue that there was cause for Mr. Sugarman's dismissal. But the difficulty with that concession is that it leaves WCCI in a position where there was a clear breach of the RASI, a document governing their relationship as shareholders. Mr. Sugarman could not fulfil his day-to-day responsibilities as a shareholder if he could not be at the Premises because he lacked employment status.

[59] WCCI and the Principals seek to avoid the implications of this line of reasoning by arguing that they were entitled to dismiss Mr. Sugarman, not as a result of any cause in his role as an employee of 128, but because Mr. Sugarman failed to contribute his $40,000 in the manner expected of him as a condition precedent for the parties entering into the ASA and RASI. They argue that if this condition precedent was unsatisfied, the RASI never properly took effect, and Mr. Sugarman therefore cannot rely on it to define his reasonable expectations for purposes of his oppression claim.

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[60] The problem with this argument is that, as noted above, there were discussions outlined above which make it clear that WCCI and the Principals knew, or should reasonably have known, the intended source of these funds.

[61] WCCI also argues that Mr. Sugarman took receipt of these funds in his capacity as an agent of 128, and that Mr. Sugarman was therefore not entitled to claim that the $40,000 represented his own contribution to the venture. However, this is, once again, inconsistent with the information discussed above.

[62] I was troubled by Mr. Sugarman's implausible "consultant" explanation for receiving funds from suppliers, which may suggest he knew what he was doing was improper. However, I find that the Court can rest its findings on the firmer and more reliable ground of the documents themselves. The documents support a finding that nothing about how Mr. Sugarman obtained the funds was unexpected (or oppressive) to WCCI.

[63] I will discuss the appropriate remedy for Mr. Sugarman after addressing WCCI's allegations of oppression by Mr. Sugarman.

D. Oppression by Mr. Sugarman

[64] WCCI says that it was oppressed by Mr. Sugarman, primarily in the following ways:

a) Mr. Sugarman failed to provide adequate access to 128's financial records;

b) Mr. Sugarman increased his wife's monthly payments in a manner not justified by the provision of additional services;

c) Mr. Sugarman instructed the Restaurant's bookkeeper to restore his salary to $90,000 after agreeing to its reduction to $60,000; and

d) Being required to provide far more financial contributions than Mr. Sugarman.

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[65] At the hearing, WCCI abandoned the key allegation of oppression made against Mr. Sugarman – that being that he took steps to commit a "theft" of the liquor licence owned by 128. The reason for this late concession was clear: an extensive paper trail shows that Mr. Sugarman kept WCCI and the Principals carefully advised of his efforts to enhance the scope of 128's liquor licence, rather than trying to steal it.

[66] In terms of the remaining allegations, I find that none support a finding of oppression against Mr. Sugarman:

a) Access to Financial Records: The material before me does not suggest any material effort to hide financial information. On the contrary, the evidence shows Mr. Sugarman responded to the Principals' requests and facilitated their access to the Restaurant's management software, allowing them to review financial information. For example, Mr. Woldring deposed that he was denied an access code to the software and physical access to iPads in the Restaurant until after Mr. Sugarman's termination. Yet the email correspondence shows Mr. Sugarman provided Mr. Woldring with an access code when requested, and that the Principals could review information on the iPads during Mr. Sugarman's employment. More generally, right up to the time of his dismissal, Mr. Sugarman continually tried to engage the Principals to talk through the financial issues facing the Restaurant. These invitations were largely left unanswered.

b) Mr. Sugarman's Wife's Monthly Fee: WCCI has simply not provided any evidence to support the suggestion that her billings were artificially inflated. The allegation is no more than speculation based on the record before me.

c) Bookkeeper instruction: Although there was certainly some complex/messy accounting, there is insufficient evidence that an improper instruction was given. Conversely, there is evidence before me that a portion of Mr. Sugarman's pay was deducted beginning in May 2023,

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purportedly for a “Shareholder Loan”. Indeed, Mr. Sugarman “put his money where his mouth is” on this point by confirming that any assessment of damages should be based on the reduced $60,000 salary.

d) Greater capital contributions: WCCI’s capital contributions were all consistent with the terms of the agreements between the parties. There was no undercutting of its reasonable expectations in this regard.

[67] WCCI’s written argument raised several other complaints about Mr. Sugarman’s conduct over the course of the parties’ business relationship, but none were advanced with any vigour at the hearing itself.

E. Leave to Commence a Derivative Action Against Mr. Sugarman

[68] WCCI seeks leave from the Court to commence a derivative action against Mr. Sugarman. Subsection 233(1) of the *BCA* states:

> The court may grant leave under section 232 (2) or (4), on terms it considers appropriate, if
>
> (a) the complainant has made reasonable efforts to cause the directors of the company to prosecute or defend the legal proceeding,
>
> (b) notice of the application for leave has been given to the company and to any other person the court may order,
>
> (c) the complainant is acting in good faith, and
>
> (d) it appears to the court that it is in the best interests of the company for the legal proceeding to be prosecuted or defended.

[69] Given my findings above, I find that it is not in 128’s best interests to grant leave to pursue such an action. It has very low prospects for success, and would likely drain 128 of any remaining resources.

F. Remedies

[70] In an oppression proceeding, the court has a broad range of remedies at its disposal: *Gierc* at para 35.

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[71] I find it appropriate to issue a series of orders to both address the oppression suffered by Mr. Sugarman while bringing 128 closer to winding up (which is in the best interests of all parties).

[72] As a proposed first charge on the sums in trust, WCCI seeks payment of $75,798.17 to pay the accounts of outstanding creditors which it accepts as due and owing by 128. Mr. Sugarman was unwilling to consent to this term because he disputes certain amounts. The details of these accounts and Mr. Sugarman's concerns were not before me. As such, I cannot make an award at this time. However, I accept that this past exposure should be addressed before any payment to any shareholder.

[73] As such, I order that $75,798.17 be reserved from the amount in trust to pay creditors. The parties will have two weeks from this decision to consent to the payment of precise amounts to precise contractors. If the parties cannot agree on the precise payments to be made, pursuant to subrule 18-1(1) of the *Supreme Court Civil Rules*, BC Reg 168/2009, I direct an assessment to be held by the Registrar in accordance with these reasons, who shall determine the proper amounts owing to contractors. The Registrar shall then certify the results of the hearing pursuant to subrule 18-1(2).

[74] Next, the parties agreed that up to $82,000 should be released from the amounts in trust to satisfy the precise amount of PST (and associated interest and penalties) obligations owed to the Province. This is a reasonable term. Again, if the parties cannot agree on the precise amount to be paid out, that should be referred to the Registrar on the same terms applicable to the other creditors.

[75] WCCI sought an award of $4,000 from the amounts in trust to repay amounts it paid on account of the Restaurant's outstanding PST debt. Mr. Sugarman did not contest this term, and I grant it.

[76] WCCI seeks to establish a $30,000 reserve to protect against alleged claims made by creditors that WCCI disputes. I do not find that it is appropriate to establish

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such a reserve at this time. There is insufficient evidence upon which I can conclude that such amounts should be paid or will be paid. Nor is it clear that further legal expenses will need to be incurred (or should be incurred) to examine these residual claims. At a certain point, those disputed creditors must come forward and establish their claims in court in order to secure priority over 128's shareholders, which I understand none have done.

[77] WCCI also seeks a $30,000 reserve to fund (1) a derivative action against Mr. Sugarman and (2) the pursuit of a claim against the Buyer for their failure to pay PST said to be owing by them. Given my findings above, I refuse to create any reserve for such an improvident derivative proceeding against Mr. Sugarman. However, I do find it appropriate to reserve up to $15,000 to pursue a claim against the Buyer, as the parties agreed there may be a valid complaint against the Buyers in this respect.

[78] WCCI sought an order requiring Mr. Sugarman to pay $40,000 into 128. Again, given my findings above about WCCI's understanding of the facts underlying the $40,000 payment, this order should not issue. I have concluded that Mr. Sugarman has already properly paid this amount into 128.

[79] WCCI seeks an order that the balance of the fund be distributed to WCCI in priority to any claims by Mr. Sugarman to reduce WCCI's shareholder loan. I decline to make such an order. Given WCCI's misconduct, I find that the damages for oppression awarded to Mr. Sugarman below should be paid in priority to WCCI's shareholder loan.

[80] Turning to the appropriate remedies for the oppression of Mr. Sugarman, I begin by issuing a declaration that the conduct of 128, WCCI, and Mr. Woldring was oppressive, unfairly prejudicial, and unfairly disregarded Mr. Sugarman's interests contrary to s. 227 of the *BCA*.

[81] Mr. Sugarman also seeks an oppression award akin to wrongful dismissal damages. I find that I have the discretion to make such an award given that his

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treatment was inextricably linked to his status as a shareholder, as discussed above. He also seeks a more general oppression award.

[82] I find that a global $40,000 award is appropriate and should be paid immediately from the trust funds. This award includes the following components:

a) $5,000, representing one month's salary. This is an appropriate amount representing Mr. Sugarman's "akin to wrongful dismissal" oppression claim.[2] In terms of the proposed reduction to this amount based on the promised provision of a limited notice payment, the evidence supporting 128's actual payment of the one or two weeks' salary was inadequate, being only an undated printout omitting the net calculations;

b) $15,000 in aggravated damages. I find that the abrupt rupture from his passion project justifies such an award. Although aggravated damages are not expressly provided for in the list of remedies in an oppression claim outlined in s 227(3) of the *BCA*, the Court has broad discretionary power in granting oppression remedies: *Rayner v The British Columbia Coast Pilots Ltd.*, 2023 BCSC 373, at paras 54-55. Section 227(3)(m) provides the Court with the power to award compensation to an aggrieved person, with a view to remedying or bringing an end to the matters complained of: *Gierc* at para 37.

   In this case, I find it appropriate to award aggravated damages. Aggravated damages are compensatory in nature and are awarded in circumstances where the defendant's conduct has been particularly high-handed or oppressive: *McDonald v Queen of the North (Ship)*, 2008 BCSC 1777 at para 28. The evidence before me establishes that the oppressive actions of WCCI and its Principals on behalf of 128 toward Mr. Sugarman before and after his termination were unfair and undertaken

[2] Mr. Sugarman sought a declaration that Mr. Sugarman was wrongfully terminated. While that is the practical implication of my judgment, I find that such a declaration is better left to the Wrongful Dismissal Action, should that action proceed.

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in bad faith, and caused him harm beyond the ordinary upset that usually accompanies the breakdown of a business relationship.

However, the $60,000 proposed by Mr. Sugarman is excessive. In *Suri v Radio India Broadcasting Inc.*, 2008 BCSC 1399, a minority employee-shareholder who was oppressed by the majority shareholder was awarded $10,000 in aggravated damages after being terminated and defamed (para 98). Furthermore, the comparatively modest base amount of damages I have awarded for damages "akin to wrongful dismissal" is relevant to my assessment: *Austin v Kitsumkalum First Nation*, 2020 BCSC 2298 at para 39. In my view, an award of $15,000 (in rough alignment with the amounts awarded in *Suri* and *Austin*) is warranted.

c) $20,000 in punitive damages. Punitive damages may be awarded when a party's misconduct is so malicious, oppressive, and high-handed that it offends the court's sense of decency and represents a marked departure from ordinary standards of decent behaviour: *Jeana Ventures Ltd. v Garrow*, 2024 BCSC 33 at para 24. They should only be awarded when the combined award of general and aggravated damages would be insufficient to achieve the goal of punishment and deterrence: *Jeana Ventures Ltd*. at para 25. An award for oppression does not preclude an award of punitive damages: *Canex Investment Corporation v 0799701 B.C. Ltd.*, 2020 BCCA 231 at para 105. Though reserved for exceptional circumstances, I find that 128's conduct (as carried out by Mr. Woldring and WCCI) in this case warrants such an award. The exclusion of Mr. Sugarman from the Restaurant was wilful, planned, and in bad faith. Their late-abandoned position that Mr. Sugarman's "attempted theft" of the liquor license justified their conduct was outrageous. The Courts must send a clear message that allegations of theft and fraud should not be made lightly or for ulterior motives: *Silva v Kensington Community Centre Association*, 2025 BCSC 1563 at para 98.

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> Once again, however, the $80,000 Mr. Sugarman seeks is excessive. The conduct here was not nearly as egregious as that in *Canex*, where $100,000 was awarded. Even “highly reprehensible conduct” can be properly admonished with a more “modest award” of punitive damages: *Zhang Estate v Yin*, 2025 BCSC 2508 at para 579, where $25,000 was awarded. In the context of Mr. Sugarman’s dismissal, punitive damages must be a rational response to the misconduct at issue and proportionate to 128’s blameworthiness and Mr. Sugarman’s vulnerability, the harm caused, and the need for deterrence: *True Colors Painting Ltd. v 0846747 BC Ltd.*, 2015 BCSC 278 at paras 63-65 ($20,000 award); *Nishina v Azuma Foods (Canada) Co., Ltd.*, 2010 BCSC 502 at paras 268-269 ($20,000 award). In line with the preceding cases, I find an award of $20,000 to be appropriate.

[83] I find it appropriate that this $40,000 award be paid from 128’s funds in trust, since the unpaid wages and corresponding wrongful dismissal damages would generally be payable by the employer, being 128. I see no need to impose the award directly on WCCI or the Principals, given that sufficient funds to compensate Mr. Sugarman should be available within 128.

[84] The Court hearing Mr. Sugarman’s Wrongful Dismissal Action will obviously need to carefully consider what, if any, residual damages can or should be awarded in light of my award here within the oppression proceeding in order to avoid the prospect of double recovery.

[85] Mr. Sugarman also seeks a further broader award for oppression reflecting his allegation that:

a) his exclusion from 128 led to a series of improper steps he could have avoided or mitigated had he remained involved in the Restaurant; and

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b) had he remained involved, the Restaurant would have shortly become profitable, given the positive trend before his departure. He would have benefited from those profits.

[86] There are three major problems with this theory, however:

a) There is insufficient evidence that the Restaurant was on a sustainable positive trend towards profitability before Mr. Sugarman's dismissal. At best, there may have been one profitable month in June 2023;

b) There is no evidence that the Restaurant would necessarily have been profitable over the short or long term after his dismissal;

c) There is insufficient evidence that Mr. Sugarman would have or could have taken steps that would have avoided further losses. He would still have had to develop a consensus with the Principals. He did not have the power to make major unilateral changes. If there were simple steps to move the Restaurant to profitability, they presumably would (or should) have been taken before his dismissal.

[87] In terms of any balance of the amounts in trust, I find that they should remain in trust pending a further order of the Court, or the parties' consent.

[88] Although there was some suggestion that the Court should issue a final wind-up order, I find that, given (1) the dangling issues noted above, and (2) the fact that there was no formal application for such an order before me, it is inappropriate to wind up the company right now. That said, I agree that should be all parties' objective. I also accept that the factual support for such an order may well exist given the parties' inability to cooperate: *Petersen v Hawley*, 2021 BCSC 2348. However, I am hopeful that the orders I have made in this decision may help break the logjam between them.

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IV. CONCLUSION

[89] If the parties are unable to resolve the issue of costs, they may each submit written submissions within 30 days of these Reasons for Judgment.

"The Honourable Mr. Justice Branch"

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