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NOTICE OF ARBITRATION AND STATEMENT OF CLAIM UNDER THE ARBITRATION RULES OF THE UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE LAW AND THE NORTH AMERICAN FREE TRADE AGREEMENT

WILLIAM JAY GREINER and MALBAIE RIVER OUTFITTERS INC. (LES POURVOIRIES MALBAIE INC.),

Claimants/Investors,

v.

GOVERNMENT OF CANADA,

Respondent/Party.

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1. Pursuant to Articles 3 and 20 of the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules,[1] and Articles 1116, 1117 and 1120 of the North American Free Trade Agreement ("NAFTA"), the disputing Investor, William Jay Greiner ("Mr. Greiner"), by service of this Notice of Arbitration and Statement of Claim hereby initiates recourse to arbitration, both on his behalf and on behalf of the investment enterprise that he owns or controls directly or indirectly, Malbaie River Outfitters Inc. (Les Pourvoiries Malbaie Inc.) ("MRO").[2]

A. CONSENT AND WAIVERS

2. Pursuant to Article 1121 of NAFTA, Mr. Greiner on his own behalf, as the disputing investor, and on behalf of MRO, consents to arbitration in accordance with the procedures set forth in NAFTA.

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[1] UNCITRAL Arbitration Rules as revised in 2010.

[2] Mr. Greiner and MRO collectively will be referred to as "Investors."

3. Mr. Greiner and MRO waive their right to initiate or continue before any administration tribunal or court under the laws of any Party, or other dispute settlement procedures, any proceedings with respect to the measure of the Government of Canada and/or the Government of the Province of Québec described herein that are alleged to be breaches of NAFTA obligations referred to in Article 1116 and 1117 of NAFTA, except for proceedings for injunction, declaratory or other extraordinary relief, not involving the payment of damages, before an administrative tribunal or court under the laws of Canada and/or of the Province of Québec.

4. Executed declarations of consent and waivers of Mr. Greiner and MRO are attached to this Notice of Arbitration and Statement of Claim as "Exhibit 1" and are hereby submitted to Canada, in accordance with Article 1121(3).

B. DEMAND FOR SUBMISSION OF CLAIM TO ARBITRATION

5. Pursuant to Article 1120(1)(c) of NAFTA, Mr. Greiner, on his own behalf and on behalf of MRO, demands that the dispute, as set forth herein, with Canada be referred to arbitration under the UNCITRAL Arbitration Rules.

6. Pursuant to Article 1119 of NAFTA, Mr. Greiner and MRO caused to be delivered a Notice of Intent to Submit Claim to Arbitration Pursuant to Chapter Eleven of the North American Free Trade Agreement ("Notice of Intent') on September 16, 2008. A true copy of said Notice of Intent is attached hereto as "Exhibit 2." Such delivery was at least ninety days before submission of this claim to arbitration and over six months have elapsed since events giving rise to the claim, as required by Article 1120(1) of NAFTA. Furthermore, the claims now being submitted to arbitration are timely pursuant to Article 1117(2) of NAFTA.

7. Mr. Greiner also has satisfied the requirements of Article 1118 by, prior to the submission of the dispute to arbitration, attempting to settle the claim through consultation and negotiation. Such attempts include meetings and correspondence with the Department of Foreign Affairs and International Trade of Canada as well as officials from the Government of the Province of Québec.

C. NAMES AND ADDRESSES OF PARTIES

8. William Jay Greiner
12 Aspen Lane
Bedford, New Hampshire 03110
U.S.A.

9. Malbaie River Outfitters Inc.
(Les Pourvoiries Malbaie Inc.)
100 Vauquelin Rd.
Barachois, Québec G0C 1AO
Canada

10. Government of Canada
Office of the Deputy Attorney General of Canada
Justice Building
284 Wellington Street
Ottawa, Ontario K1A 0H8

D. IDENTIFICATION OF THE ARBITRATION AGREEMENT THAT IS INVOKED

11. Mr. Greiner and MRO invoke Chapter 11 of NAFTA as authority for this arbitration.

E. IDENTIFICATION AND DESCRIPTION OF RELATIONSHIP FROM WHICH DISPUTE ARISES

12. As more fully set forth herein, this dispute concerns Mr. Greiner's investment in Canada and the damages and loss of investment that resulted from the improper actions by the Government of Canada and the Province of Québec. Specifically, as set forth in detail below,

the Province of Québec took certain regulatory and other governmental actions against Mr. Greiner and MRO, including, but not limited to, the revocation of Authorizations of Commerce, which were illegal, improper and in violation of NAFTA. The Government of Canada is responsible for the improper actions taken in violation of Chapter 11 of NAFTA.

F. DESCRIPTION OF CLAIM AND AMOUNT INVOLVED

13. Investors allege that the Government of Canada has breached the following obligations under Section A of Chapter 11 of the North American Free Trade Agreement ("NAFTA"):

> **Article 1102: National Treatment**
>
> 1. Each Party shall accord to investors of another Party treatment no less favorable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.
>
> 2. Each Party shall accord to investments of investors of another Party treatment no less favorable than that it accords, in like circumstances, to investments of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.
>
> 3. The treatment accorded by a Party under paragraphs 1 and 2 means, with respect to a state or province, treatment no less favorable than the most favorable treatment accorded, in like circumstances, by that state or province to investors, and to investments of investors, of the Party of which it forms a part.
>
> 4. For greater certainty, no Party may:
>
> (a) impose on an investor of another Party a requirement that a minimum level of equity in an enterprise in the territory of the Party be held by its nationals, other than nominal qualifying shares for directors or incorporators of corporations; or
>
> (b) require an investor of another Party, by reason of its nationality, to sell or otherwise dispose of an investment in the territory of the Party.

Article 1103: Most-Favored-Nation Treatment

1. Each Party shall accord to investors of another Party treatment no less favorable than that it accords, in like circumstances, to investors of any other Party or of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.

2. Each Party shall accord to investments of investors of another Party treatment no less favorable than that it accords, in like circumstances, to investments of investors of any other Party or of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.

Article 1105: Minimum Standard of Treatment

1. Each Party shall accord to investments of investors of another Party treatment in accordance with international law, including fair and equitable treatment and full protection and security.

2. Without prejudice to paragraph 1 and notwithstanding Article 1108(7)(b), each Party shall accord to investors of another Party, and to investments of investors of another Party, non-discriminatory treatment with respect to measures it adopts or maintains relating to losses suffered by investments in its territory owing to armed conflict or civil strife.

3. Paragraph 2 does not apply to existing measures relating to subsidies or grants that would be inconsistent with Article 1102 but for Article 1108(7)(b).

Article 1110: Expropriation and Compensation

1. No Party may directly or indirectly nationalize or expropriate an investment of an investor of another Party in its territory or take a measure tantamount to nationalization or expropriation of such an investment ("expropriation"), except:

(a) for a public purpose;

(b) on a non-discriminatory basis;

(c) in accordance with due process of law and Article 1105(1); and

(d) on payment of compensation in accordance with paragraphs 2 through 6.

2. Compensation shall be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place ("date of expropriation"), and shall not reflect any change in value occurring because the intended expropriation had become known earlier. Valuation criteria shall include going concern value, asset value including declared tax value of tangible property, and other criteria, as appropriate, to determine fair market value.

3. Compensation shall be paid without delay and be fully realizable.

4. If payment is made in a G7 currency, compensation shall include interest at a commercially reasonable rate for that currency from the date of expropriation until the date of actual payment.

5. If a Party elects to pay in a currency other than a G7 currency, the amount paid on the date of payment, if converted into a G7 currency at the market rate of exchange prevailing on that date, shall be no less than if the amount of compensation owed on the date of expropriation had been converted into that G7 currency at the market rate of exchange prevailing on that date, and interest had accrued at a commercially reasonable rate for that G7 currency from the date of expropriation until the date of payment.

6. On payment, compensation shall be freely transferable as provided in Article 1109.

7. This Article does not apply to the issuance of compulsory licenses granted in relation to intellectual property rights, or to the revocation, limitation or creation of intellectual property rights, to the extent that such issuance, revocation, limitation or creation is consistent with Chapter Seventeen (Intellectual Property).

8. For purposes of this Article and for greater certainty, a non-discriminatory measure of general application shall not be considered a measure tantamount to an expropriation of a debt security or loan covered by this Chapter solely on the ground that the measure imposes costs on the debtor that cause it to default on the debt.

14. Mr. Greiner is a citizen of the United States of America and sole investor and shareholder in MRO, a corporation formed under the laws of Canada. Mr. Greiner is, and was at all relevant times, the President of MRO.

15. Mr. Greiner was issued an outfitters license in the Province of Québec in 1996. This license allowed Mr. Greiner to conduct business relating to fishing, hunting and lodging in Québec. In 2002, Mr. Greiner, as sole investor and shareholder, formed the Canadian corporation MRO in order to expand his outfitting business. As a part of the business, the Investors maintained a lodge in Barachois, Québec. Substantial investments were made in renovating the lodge, employment contracts, constructing new lodging facilities, purchasing water rights and licenses, building brand-name recognition and goodwill, marketing and promoting the outfitting business and the Gaspé region and maintaining the business. The Investors have invested capital in an amount in excess of CAD$1,400,000, in addition to countless hours dedicated to marketing and promoting the outfitting business and the Gaspé region.

16. The Investors' outfitting business involved the scheduling, organizing, and offering of services related to fishing and hunting trips in the Province of Québec, particularly, the Gaspé Peninsula. These services were predominately provided to citizens of the United States of America interested in Atlantic salmon fishing trips. The trips were conducted on the Dartmouth, Saint Jean, York, Grande, Grand Pabos North, Grand Pabos West and Pétite Pabos Rivers. While the Investors operated on a total of seven rivers, the vast majority of the Investors' business involved the Dartmouth, Saint Jean, and York Rivers. The Investors would handle all aspects of a guest's fishing trip including licensing, room, board, fishing equipment and guides.

Clients often would bring non-fishing/hunting guests who would require the Investors to organize daily activities such as whale watching, hiking and sightseeing within the Gaspé region.

17. In order to service customers, the Investors were required by the Québec Government to procure proper licensing so that clients could legally fish rivers in the vicinity of the lodge. Licensing was administered by a local organization called a Zone Exploitation Controllé ("Z.E.C.") or a Wildlife Reserve. Three Z.E.C.s and one Wildlife Reserve independently manage one or more of the seven rivers where the Investors conducted business. Z.E.C.s and Wildlife Reserves are local organizations formed under the authority of the Québec Government. Pursuant to an operating agreement with the Québec Government, the Québec Government delegates authority to the Z.E.C. or Wildlife Reserve to manage a river, a portion of a river, or a territory. These organizations operate within the parameters and under the ultimate control of the Québec Government.

1. <u>Improper Changes to the Fishing License Lottery System</u>

18. Through the 2005 fishing season, in order to procure the proper fishing licenses for guests, the Investors obtained, by lottery, fishing licenses referred to as "rods" from the proper authority. Both the angler and his guest needed to obtain a daily right of access, or rod, in order to fish. The price of each rod was between CAD$20 and CAD$250. When a rod was obtained through the lottery, it enabled the winner and a guest access to a certain river sector for a designated day of salmon fishing. For each fishing season, which generally runs from June 1 through September 30, there were a set number of rods issued in limited rod sectors of each river. Each season, on November 1, approximately half of the rods were made available through a lottery, the remainder of rods were sold two days before the scheduled fishing day. Under this

system, rods were able to be used in such a manner that the winner of a rod did not need to be present in order for his guest to fish on the second rod. Therefore, through the lottery system, once a rod was procured and the fee was paid, the second rod could be used by any individual or business for fishing access on the designated date and river.

19. Prior to the 2005 improper and unilateral governmental change to this lottery system, it is undisputed that the Investors always were in compliance with all governmental rules and regulations, and rightfully and legally obtained rods through the lottery system. The Investors invested large sums of money to obtain rods through the lottery system, and started and built their business based on the rules and regulations that were in place in 2002. The Québec Government was well aware of how the Investors conducted their business, allowing them to build and expand the business. The Investors operated the business legally and with the knowledge and consent of the Québec Government and local Z.E.C.

20. For the 2006 fishing season, in order to limit the number of rods that the Investors could obtain, in violation of NAFTA, the Government of Québec, in concert with the Federation Gestionnaires Saumon Québec (an organization representing certain Z.E.C.s and Wildlife Reserves), revised the lottery system for obtaining rods. Under the new lottery system (changed by Québec governmental regulations), a procurer of a rod has to be present during the specific fishing day that the rod is issued for use. In other words, the rods are no longer transferable among individuals. This new lottery system currently remains in place. The Government of Québec knew that the changes would negatively impact Investors' business.

21. Nicole Perreault, then Director of the Québec Ministry of Wildlife, Natural Resources and Parks, as well as, Lois Aubry, then Interim Director General of the Québec Ministry of

Natural Resources and Wildlife, stated to Mr. Greiner and others that the Québec Government's sole purpose for this new procedure was to limit the number of rods that the Investors would be able to obtain and, thus, limit the number of customers the Investors would be able to service. Furthermore, this action diminished the quality of fishing that the Investors were able to offer as compared with previous years, adding to the reduction of clients and, in turn, revenues. This government action, in violation of NAFTA, severely damaged the Investors' business, including loss of customers, profits and goodwill, as well as the deterioration of the value of the Investors' investments in Canada.

22. Furthermore, the improper action had no reasonable relation to any legitimate environmental or public interest. In fact, Investors' operated the fishing outfitting business as a pure catch-and-release operation. Clients were informed that they would not be taken on future outings if they did not adhere to the catch-and-release policy of MRO. The fact that MRO operated its fishing outfitting business with a catch-and-release ideology was known to the Québec Government at all relevant times. Furthermore, the revisions to the rod system did not limit the number of individuals fishing the rivers or number of fish caught, as the same number of rods were being issued. The changes only affected the composition of the anglers, reducing the number American and European clients of the Investors and increasing the number of Canadians obtaining rods.

23. Investors attempted to negotiate with the Québec Government in order to ameliorate any potential damage caused by the new lottery system. The Québec Government promised to remedy the prejudice, however, that promise was not kept. At the time the lottery system was changed, the Québec Government, through Lois Aubry, acknowledged that its action caused

prejudice to the Investors' business and that compensation and/or accommodations to the Investors were necessary and proper. Mr. Aubry had face-to-face meetings with Mr. Greiner to attempt to resolve the issues and damages caused by the improper governmental actions. An agreement was believed to have been reached with the Investors as a result of these meetings. Mr. Aubry had the decision-making authority and had the power to offer compensation to the Investors.

24. However, for political reasons, Québec officials, including Nathalie Normandeau,[3] then Minister of Municipal Affairs and Regions and Land Occupancy, and Pierre Corbeil, then Minister of Natural Resources and Wildlife, decided to abandon and renege on resolutions that had been negotiated between Investors and Mr. Aubry. The Ministry of Natural Resources and Wildlife, through then Deputy Minister Gilles Desauliners, contacted Mr. Greiner and informed him that the Québec Government was not going to follow through with the agreements reached through the negotiations between the Investors and Mr. Aubry. Desauliners informed Mr. Greiner that MRO could either take the rods that were offered or close down the outfitting business.

25. The Québec Government never compensated or otherwise resolved the injuries to the Investors caused by the new regulations that were imposed, despite several meetings and written correspondence between representatives of the Québec Government and the Investors, or representatives of the Investors, in which the government acknowledged prejudice and the need

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[3] Nathalie Normandeau currently is the Deputy Premier of Québec, Member of the National Assembly for Bonaventure and Minister of Natural Resources and Wildlife.

for compensation and/or corrective action. The Québec Government refused to keep its promise to rectify the prejudice caused to the Investors.

2. Improper Revocation of Investors' Authorizations of Commerce

26. In addition to an outfitters license, in order to conduct business on a river located in Québec, an entity must hold an Authorization of Commerce, which is issued by the Québec Government. Until May 2008, the Investors held such authorizations for all the rivers on which they conducted business.

27. On or about April 29, 2008, a decision was made within the Québec Government to revoke the Investors' Authorizations of Commerce for the Dartmouth, York, and Saint Jean Rivers. This decision was made in violation of NAFTA, with no legal right, authority, proper explanation or due process. The Québec Government did not accord fair and equitable treatment and full protection and security to the Investors. Instead, by a letter dated May 22, 2008, Rene Lafond, a Québec Government official, informed the Investors that their Authorizations of Commerce were being revoked, effective immediately. The Québec Government official further wrote that the revocation was for economic purposes and in order to maintain an acceptable social climate in the area. (The May 22, 2008 letter of Québec Government official René Lafond is annexed hereto as Exhibit 3.) In fact, the Québec Government had no authority for such action and no legitimate or legally sufficient reason to revoke the Investors' Authorizations of Commerce. Upon information and belief, the decision to revoke the Authorizations of Commerce was primarily that of Nathalie Normandeau.

28. The revocation had no reasonable relation to any legitimate environmental or public interest. The fact that MRO operated its fishing outfitting business with a catch-and-release

ideology was known to the Québec Government at all relevant times. Furthermore, the revocation of the Authorizations of Commerce did not limit the number of individuals fishing the rivers or number of fish caught. The revocation only affected the investors' ability to operate a business and the composition of the anglers, reducing the number American and European clients of the Investors coming to fish the Canadian rivers.

29. In a letter received on August 15, 2008 by New Hampshire United States Senator John Sununu (which is annexed hereto as Exhibit 4), Jean-Stéphane Bernard, a Québec Government official, stated that the reason for the decision to revoke the Investors' licenses was an "economic consideration related to salmon fishing on the Gaspé Peninsula." This action taken by the Québec Government, in violation of NAFTA, effectively put the Investors out of business, diminished the value of properties held by the Investors in Canada, caused the loss of investments made in Canada by the Investors and caused the loss of all future profits related to the outfitting business. The Québec Government never compensated the Investors for these improper actions taken in violation of NAFTA.

30. The improper government actions set forth above were committed, in part, to benefit the financial interests and investments of the Canadian Government and businesses owned and/or operated by Canadian nationals. By way of example, it was in the best interest of the Société Gestion du Rivières Grand Gaspé ("Z.E.C. Gaspé") for the Québec Government to revoke the license of the Investors, as the Z.E.C. Gaspé, which is a member of the Federation Gestionnaires Saumon Québec, operates a lodge that directly competes with the Investors' outfitting business. The lodge, Pavillon St. Jean, has been operated by the Z.E.C. Gaspé since 1993 (Pavillon St. Jean previously was operated by the Québec Government). The Pavillon St. Jean provides

identical services in terms of offering meals, lodging, and guided salmon fishing and operates under identical or like circumstance. In fact, the Director General of the Z.E.C. Gaspé often expressed concern about the Pavillon St. Jean being able to financially operate when there is competition from the Investors' business. In fact, the Governments of Canada and Québec provided both grants and loan guarantees of approximately CAD$1,500,000 so that new facilities could be constructed and renovations could be made for the Pavillon St. Jean. The Canadian Government took the improper actions against the Investors under the belief it was necessary in order to protect its investment and eliminate competition from the Investors. Upon information and belief, this funding was secured by Nathalie Normandeau, the same individual who authorized the revocation of the Authorizations of Commerce.

31. Furthermore, in violation of NAFTA, the Québec Government does not require the many Canadian national-owned and operated lodges to operate under the same rules that the Investors must operate. By way of example, the Pavillon St. Jean does not hold the same licenses the Investors are required to maintain, as the Pavillon St. Jean operates an outfitting business without an outfitters license or Authorizations of Commerce. Therefore, the Pavillon St. Jean operates illegally, in that without a license it provides three services which define outfitting (lodging, guided fishing and meals), yet the Québec Government has taken no corrective or punitive action to remedy the situation. This is due, in part, to the fact that the Québec Government recently contributed substantially (financially) to support the operation of the Pavillon St. Jean. In addition, several lodges situated on the Grand Cascapedia receive paying guests yet do not operate under the same licensing requirements imposed on the Investors.

32. The Pavillon St. Jean also has received preferential government treatment in that it has access to exclusive rods on the St. Jean and York Rivers, affording the Pavillon St. Jean the ability to offer a higher quality of fishing to its clients without the same rules and regulations relating to the new lottery system imposed against the Investors. These actions and inactions, among others, of the Québec Government have resulted in a violation of Canada's obligations under NAFTA. An unfair advantage has been bestowed upon businesses owned by Canadian nationals, including the Pavillon St. Jean, and the Investors have been treated in a manner inconsistent with NAFTA.

33. The arbitration of the Investors' claims will address the issue of whether the Government of Canada has taken actions inconsistent with its obligations under Chapter 11 of NAFTA. The arbitration tribunal also will address the issue of the amount of monetary damages that are properly due and owing the Investors as a result the Canada's actions in violation of NAFTA.

G. THE RELIEF SOUGHT AND THE APPROXIMATE AMOUNT OF DAMAGES CLAIMED.

34. William Jay Greiner, on behalf of himself, as well as on behalf of Malbaie River Outfitters Inc. (Les Pourvoiries Malbaie Inc.), submits this claim for arbitration seeking:

(1) Damages of not less than CAD$8,000,000 for loss of investment, sales, revenues, profits (past and future), goodwill and all other consequential damages;

(2) Cost associated with these proceedings, including professional fees, administrative fees and disbursements;

(3) Prejudgment and post-judgment interest at a rate fixed by the tribunal; and

(4) Such further relief as the tribunal may deem appropriate.

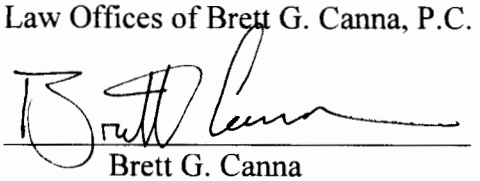
H. NUMBER OF ARBITRATORS, LANGUAGE AND PLACE OF ARBITRATION

35. Pursuant to Article 1123 of NAFTA, Mr. Greiner and MRO propose that this dispute shall be decided by three arbitrators, with one arbitrator appointed by each of the disputing parties and the third presiding arbitrator appointed by agreement of the parties or failing such agreement, by the two-party appointed arbitrators. Mr. Greiner and MRO propose that the arbitration be conducted in English and that New York City, New York, U.S.A. be designated the place of arbitration.

Dated: November 2, 2010

Respectfully submitted,

Law Offices of Brett G. Canna, P.C.



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