



Thanks to Borden Ladner Gervais LLP and KPMG LLP for presenting at the IFC Transfer Pricing Seminar on April 24, 2007



Michael Glaser presents at the Transfer Price Seminar.



Pictured from left to right: Michael Glaser, KPMG, Janette Pantry, BLG, Robert Kopstein, BLG, Robert Fairweather, IFC BC.

12th Annual  
Golf Tournament  
Morgan Creek Golf  
Course  
Tuesday,  
June 12, 2006

If you would like to attend, please call 604.683.6626 or email [info@ifcbc.com](mailto:info@ifcbc.com) to request an invitation.

## First Resolution Management: An International Provider Of Administrative Support Services

by Scott Donaldson  
Senior Vice President

Since becoming a member of the IFC BC, First Resolution Management has increased its employee count by more than 17% to a present staffing level of 61 full-time employees.

First Resolution Management Corporation (FRMC), headquartered in Vancouver, British Columbia, provides comprehensive administrative support services, including pre-legal collections and management services, to its sole client (and wholly owned subsidiary), First Resolution Investment Corporation (FRIC), a Nevada corporation. FRIC itself is solely engaged in the consumer trade account collections business - acquiring ownership of these trade accounts from U.S. banks and financial institutions. FRMC has been in operation since 1997 and has been a Core member of the IFC BC since June,

2005. Since becoming a member of the IFC BC, the company has increased its employee count by more than 17% to a present staffing level of 61 full-time employees.

FRMC operates in strict compliance with all U.S. State and Federal regulatory agencies through the utilization of superior software and systems, which function within a highly secured environment, as mandated by US Banking Standards. Data security and risk mitigation are the basic tenets upon which the FRMC business model was

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## British Columbia Legislates Unlimited Liability Companies (ULC)

by Ron L. Bozzer  
Partner, Borden Ladner Gervais LLP, Chair of the IFC BC

In April 2007, the Province of British Columbia amended the B.C. *Business Corporations Act (BCA)* to allow for the formation of unlimited liability companies (ULC) in British Columbia. British Columbia is the third Canadian province—after Nova Scotia and Alberta—to allow this type of corporate vehicle.

The B.C. ULC provisions are quite similar to the Nova Scotia ULC provisions in terms of what is meant by unlimited liability. Unlike limited liability companies, shareholders of a BC ULC are liable when the corporation is dissolved if the debts and the cost of winding-up exceed the value realized on the corporation assets. In British Columbia, shareholders who dispose of their shares of a ULC more than one year before the winding-up of the ULC are not so liable. On the other hand, shareholders of an Alberta ULC are jointly and severally liable for the debts of the ULC and remain so for two years after disposing of their shares in the ULC.

While the Provincial legislature has passed the BCA amendments, the ULC provisions are not yet in force. The Corporations Branch in Victo-

ria is currently working on the computer systems to facilitate the on-line registration of ULC's. Implementation of the ULC provisions is expected in the Fall of 2007.

ULCs are a useful U.S. tax planning device. Under the *Income Tax Act (Canada)*, a ULC is considered a corporation. For Canadian tax purposes, a ULC is taxed the same way as a conventional limited company. However, unlimited shareholder liability is relevant for U.S. tax purposes. In the U.S., ULC's are excluded from the list of 'per se' corporations since liability is unlimited. Unless a U.S. shareholder otherwise elects to treat a ULC as a taxable corporation for U.S. tax purposes, a ULC is classified as a "disregarded entity" if there is

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developed and has enabled the company to provide FRIC with industry leading US charged-off consumer trade account administrative support and collection services.

Data accuracy is the key to the efficient processing of account portfolios. The acquisition, confirmation, analysis and reporting of data are the fundamentals in providing premium services to FRIC at a competitive cost. FRMC also differentiates itself from other service providers in that it does not predicate its success on a high-volume, probabilistic collection model. Rather, it focuses its efforts on clearly profiling each individual's capability to repay the outstanding account balance and then processes that account accordingly, using a methodology that is most reflective of a person's financial circumstances.

As a member of the IFC BC, FRMC is able to attend a number of informational forums and events orchestrated periodically throughout the year by the Society. These venues afford the various members an opportunity to learn about the latest

IFC BC initiatives as well as to share their own views on how the international business environment could be improved. The IFC BC, in turn, is then able to convey these views to government, assisting in the shaping public policies which attract and support international business within BC.

FRMC has few constraints with respect to geographical location within which it could elect to grow. However, its decision to continue its development path within British Columbia is attributable in no small part to the efforts of the IFC BC. Looking forward, FRMC expects to continue its expansion, creating more job opportunities in British Columbia. The ability for the Society to promote itself, the benefits of the *International Financial Activity Act (IFAA)*, and the overall business climate within BC will undoubtedly continue to build the number of new IFC members and the economic prosperity of the Province.

*For more information about FRMC, consult their website at [www.firstresolution.com](http://www.firstresolution.com).*



## ULC's, *continued from Page 1.*

one shareholder and as a partnership if there is more than one shareholder. Thus, the ULC is treated as a flow-through entity, allowing profit or losses to flow through to the shareholders directly for U.S. tax purposes. The U.S. shareholder can then consolidate the ULC's profit or loss and claim a U.S. foreign tax credit for any Canadian income tax paid by the ULC.

A B.C. ULC owned by a U.S. resident will be subject to Canadian income tax on its worldwide income. A U.S. resident shareholder of the ULC will generally receive a U.S. foreign tax credit for the amount of Canadian income tax paid by the ULC in Canada, offsetting its U.S. taxes with the amount of the foreign tax credit.

A ULC is often used in Canada by a U.S. shareholder to facilitate foreign tax credit planning. The U.S. foreign tax credit rules often create the potential for double taxation if a U.S. shareholder owns shares in a foreign limited company. ULC's are often used in structuring acquisitions and innovative financing structures for U.S. shareholders.



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