

Action No. 0401 – 19905

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF

TITAN INVESTMENTS LIMITED PARTNERSHIP, and TITAN GENPAR INC,  
and EVOLUTION CAPITAL MANAGEMENT LTD.,  
and THE ESTATE OF DAVID COMTE DECEASED,  
and THE COMTE FAMILY TRUST and PREDATOR HOLDINGS LTD.

IN THE MATTER OF THE *JUDICATURE ACT*, RSA 2000, c.J-2, and RULES 467 and  
468 OF THE ALBERTA RULES OF COURT

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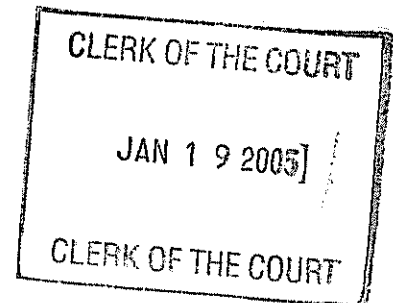
RECEIVER AND MANAGER'S FIRST REPORT  
JANUARY 19, 2005

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## **1.0 Introduction**

- 1.1 On December 16, 2004, David Comte, the controlling mind of Titan Investments Limited Partnership, committed suicide, leaving a note declaring, amongst other things, that he had stolen millions of dollars from the partnership and had betrayed everyone's trust. As a result, Alger & Associates Inc. ("Alger") was appointed Receiver and Manager of Titan Investments Limited Partnership, Titan Genpar Inc., and Evolution Capital Management Ltd. by the Court of Queen's Bench of Alberta, pursuant to an Interim Order made by the Honourable Justice S. J. LoVecchio on December 27, 2004 in Alberta Court of Queen's Bench Action No. 0401-19905. A copy of this Order and the below mentioned Orders may be reviewed at the following website [www.alger.ca](http://www.alger.ca) (Engagement Bulletin Board). Alger has retained Fleming LLP of Calgary, Alberta as its legal counsel.
- 1.2 Subsequent to preliminary investigations in this matter, and with the consent of legal counsel for Janet Comte, the spouse of David Comte deceased, Alger was also appointed Receiver and Manager for the Estate of David Comte deceased, Predator Holdings Ltd., and the Comte Family Trust by Order of the Honourable Justice S. J. LoVecchio on January 13, 2005.
- 1.3 On January 13, 2005, an Interim Order was made by the Honourable Justice S. J. LoVecchio enjoining Janet Comte from dealing with, transferring, or disposing of any of her assets or assets in her joint name with any other person, save and except for reasonable and normal living expenses of herself, not to exceed \$3,500 average per month plus reasonable legal fees, including a vehicle lease.
- 1.4 The following constitutes Alger's first report concerning the affairs of the above mentioned. Alger is Court appointed with its powers and authority as determined in the said Orders and makes this report to the Court, and to all interested parties.

## 2.0 Involved Entities

- 2.1 Titan Investments Limited Partnership ("Titan") - Titan was formed by written agreement effective April 30, 2003, after which the existing partners of Comte Global Partnership became partners in Titan. Effective June 2, 2003, the partners of Prometheus Investments Limited Partnership and Tyche Investments Limited Partnership became partners of Titan. At the date of Alger's appointment, Titan had 51 limited partners.
- 2.2 Titan Genpar Inc. - Titan Genpar Inc. is Titan's general partner. David Comte was its sole shareholder. Titan Genpar Inc. does not appear to have carried on operations or held assets.
- 2.3 Evolution Capital Management Ltd. ("Evolution") - Evolution was Titan's initial limited partner. Titan's voting shareholders were David Comte, as trustee for the Comte Family Trust, and Predator Holdings Ltd. Evolution, in addition to its role as a limited partner, provided management and investment services to Titan in return for an incentive fee based upon a percentage of the increase in the value of Titan's investments.
- 2.4 The Estate of David Comte Deceased (the "Estate") - The Estate was created December 16, 2004 as a result of the death of Mr. David Comte.
- 2.5 The Comte Family Trust - The Comte Family Trust is a voting shareholder of Evolution and the sole voting shareholder of Predator Holdings Ltd. Aside from these two assets, Alger's preliminary investigations do not indicate any further assets owned by the Trust.
- 2.6 Predator Holdings Ltd. ("Predator") - Predator is wholly owned by the Comte Family Trust and appears to have been incorporated for the purpose of holding investment assets. It currently holds various cash and near cash investments.

### **3.0 Background**

3.1 Titan was formed as a result of the merger of three limited partnerships: Comte Global Partners, Prometheus Investments Limited Partnership, and Tyche Investments Limited Partnership.

3.2 Comte Global Partners ("CGP") was formed effective September 1, 2000 and by December 31, 2000 it had 13 partners and a reported total capital of just over U.S. \$50,000. When its partnership capital was rolled in to Titan in June, 2003, CGP reported a total partner capital of U.S. \$3,995,496.

3.3 Prometheus Investments Limited Partnership was formed in May 2003 and in June, 2003 its capital of U.S. \$468,342 from 29 partners were rolled in to Titan.

3.4 Tyche Investments Limited Partnership was formed in May 2003 and in June, 2003 its capital of U.S. \$582,055 and 43 partners were rolled in to Titan.

3.5 At the time it ceased operations, Titan had 51 partners with a total reported capital of U.S. \$25,284,016.

3.6 It was subsequently determined that the Alberta Securities Commission ("ASC") issued various freeze orders in December 2004, prior to the appointment of Alger as Receiver and Manager.

### **4.0 Preservation and Protection of Assets**

#### **4.1 Taking Possession**

Immediately following Alger's appointment on December 27, 2004, steps commenced to identify and preserve assets included:

- Meeting with the accountant for Titan et al., B. M. Henshaw Professional Corporation to identify bank accounts, brokerage accounts, and other assets;
- Contacting former legal counsel for Titan to retrieve any records in their possession;
- Contacting financial institutions and brokerage houses to have all funds frozen and commence proceedings to have these funds paid over to Alger to be held in Trust;
- Contacting counsel for Janet Comte and retrieving corporate records in her possession;
- Attending at the Comte residence to retrieve computer records and other corporate documents;
- Holding ongoing discussions with the Alberta Securities Commission who had identified and frozen various assets owned by Titan et al. and David Comte deceased.

As the scope of Alger's appointment was increased by a subsequent Order on January 13, 2005, further records were obtained from Janet Comte and her lawyer and additional contacts were made to the appropriate financial institutions to freeze funds.

Alger has also verified that adequate insurance is in place regarding the Comte residence and personal vehicles.

## 4.2 Books and Records

4.2.1 The personal and corporate records for Titan et al. consist of approximately seven banker's boxes of documents and over 80 megabytes of electronic data, organized into 670 files.

4.2.2 Year end financial statements for the various entities were most recently prepared by B. M. Henshaw Professional Corporation as follows:

Titan Investments Limited Partnership  
Evolution Capital Management Ltd.

December 31, 2003  
June 30, 2004

Additionally, personal income tax returns for David Comte for 2002 and 2003 were obtained and Janet Comte's returns are in the process of being obtained.

- 4.2.3 The books and records of the Titan et al. appear to be substantially complete; however, the electronic version of a cash receipts and disbursements journal ("Register") for Titan could not be located on either the computers or back-up disks provided to Alger. Register print-outs for Titan to June 30, 2004 are included with the records in the possession of Alger; but the detail for the deposits is not in any of these paper records. Alger will require deposit detail to verify individual partner investment status. This information has been requested from the Royal Bank ("RBC") who have indicated that it will take from 2 to 4 weeks to provide this information.

## **5.0 Business Activities and Reporting of Titan**

- 5.1 Based on the various reporting to partners and others, Titan represented itself to be generating profits through the trading of commodities and instruments on the U.S. commodities exchange.
- 5.2 Titan and its predecessors reported to limited partners on a regular basis; at one point as frequently as monthly. These Account Statements included summary information regarding the overall asset net asset value of the partnership and each limited partners' proportionate share thereof. More recent Account Statements were supported by third party statements purported to be from two brokers, Refco LLC ("Refco") and Robbins Futures Incorporated ("Robbins"), used by Titan. A sample copy of a limited partner's Account Statement for September 30, 2004 is provided as Exhibit "A" to this Report.
- 5.3 In his suicide note, David Comte indicates that he had not traded securities since February 2001. Alger has now confirmed with both U.S. brokers that this representation is accurate, aside from a nominal trade made by Prometheus Investments Limited Partnership in May, 2003. Further, the two U.S. brokerage accounts were established by Titan in June and July 2003, with initial deposits of \$1.25 million and \$750,000, and the only material

transaction in either of these accounts since inception was a wire transfer of \$500,000 from the brokerage account to Titan's RBC bank account on November 29, 2004.

- 5.4 The September 30, 2004, U.S. dollar denominated Performance Report attached to the Account Statements indicates a total net asset value of \$27,181,120. Based on information obtained from the U.S. brokers and the RBC, the actual net asset value at that date was \$5,497,854, as summarized below:

	Evolution Reported Net Asset Value	Actual Balances	Difference
Refco	\$16,667,540	\$1,251,603	\$15,415,937
Robbins	7,019,096	751,767	6,267,329
RBC	3,494,484	3,494,484	-
Total	<u>\$27,181,120</u>	<u>\$5,497,854</u>	<u>\$21,683,266</u>

- 5.5 Based on a comparison of brokers' statements obtained directly from the U.S. brokers to the information appended to the Account Statements, it is apparent that the broker statements provided with the investor report package to the limited partners were forged and fraudulent. From Alger's preliminary review of data and blank forms contained on the computer hard-drive, which was obtained from the Comte personal residence, it has been concluded that the forged forms were most likely prepared using this computer.
- 5.6 Each Titan investor report package included a tracking of net asset value per unit. The reported US dollar value per unit at September 30, 2004, as evidenced by Exhibit "A" was \$28.04. Included in the Evolution computerized files obtained by Alger was a spreadsheet which contains this value. Contained in the same file is another spreadsheet which contains the confirmed combined balances of the RBC, Refco and Robbins accounts and calculates the per unit value at \$5.92 which, based on Alger's preliminary calculations using the unit figures contained in the files, appears to be correct. It is apparent that David Comte not only reported false values to partners, but also knew the actual per unit values.

## 6.0 Assets on Hand

### 6.1 Titan Assets (U.S.\$)

Titan assets identified by Alger as of the date of this report consist of:

RBC account	\$ 21,276
Refco account	751,603
Robbins account	751,722
Bank money orders	41,502
	<u>\$1,566,103</u>

6.1.1 RBC Account - The funds from accounts at the RBC are now in Alger's trust account. RBC has notified Alger that the ASC had previously placed a freeze on this account. Alger has been in discussion with the ASC and anticipates that their freeze orders will be vacated in due course.

#### 6.1.2 Brokerage Accounts

- Refco - The balance in two Refco accounts totalling \$751,603 is in the process of being cleared by Refco's legal counsel, who has requested ASC's consent to the release of funds before forwarding the funds on to Alger.
- Robbins - Alger has confirmed that these funds are out of Titan's account and a Robbins cheque has been couriered for deposit into Alger's Trust account.

6.1.3 US dollar bank money orders in Titan records - Amongst Titan's records received from counsel for Janet Comte were two uncashed bank money orders totalling \$41,502 and payable to Titan. These drafts, drawn on the personal account of David Comte, have been deposited into Alger's trust account.

6.2 Evolution Assets - Evolution assets identified by Alger as of the date of this report consist of:

	US\$	CDN\$
Bank accounts		
RBC		\$135,736
ING Direct		133
Accounts receivable	\$20,000	
Capital assets (at net book value)		12,155
Sentient Jet membership	96,559	
Income taxes recoverable		unknown
Good and Services Tax refund		unknown
	\$116,559	\$148,024

6.2.1 Bank Accounts

- RBC - Evolution maintained three bank accounts at RBC, the balances of which have been transferred into Alger's trust account. ASC had previously placed a freeze on these accounts. As with the Titan accounts, Alger has been in discussions with the ASC regarding the lifting of its freeze order on these funds.
- ING Direct ("ING") - This account was closed on January 6, 2005 and the balance of \$133 deposited into Alger's trust account.

6.2.2 Accounts Receivable - The external accountant's working paper files for Evolution's year ended June 30, 2004 contain a list of four loans receivable totalling U.S. \$20,000. Demand letters have been issued for repayment of these amounts. At this time, it is not possible to determine the likelihood of collection.

6.2.3 Capital Assets - Evolution's capital assets, as determined from the external accountant's June 30, 2004 working paper files, are comprised of equipment with a net book value of \$4,764 and computers with a net book value of \$7,391. The computers are in the possession of Alger and will be retained until such time as they are not required and Court approval for their sale is obtained. Alger has requested a breakdown of equipment from the external accountant to match this against various office furniture and equipment

located at the former Comte residence. Subject to the Court's permission, it is anticipated that this equipment will be removed and sold by auction in the near future.

6.2.4 Sentient Jet Membership - Evolution has a timeshare jet use membership at Sentient Jet with an unused balance of U.S. \$96,559 which is in the process of being refunded to Alger.

6.2.5 Income Tax Recovery - Evolution recorded income tax expenses of \$178,878 in its financial statements over the past four years. Alger is in the process of obtaining accurate historical information from Canada Revenue Agency ("CRA") regarding the actual payment of these taxes. Evolution's taxable income consisted of incentive fees from Titan and fictitious income from its partnership interest in Titan. As there was no partnership income and as incentive fees are based on fictitious income, it is likely that Evolution will be entitled to an income tax refund. This matter will be pursued by Alger once all accounting has been verified and it is possible to prepare and file amended information.

6.2.6 GST Refund - Based on the information contained in Exhibit "B", Evolution may have collected and remitted GST of U.S. \$394,429 on the U.S. \$5,634,699 in Incentive Fees charged to Titan over the life of the partnership and its predecessors. Alger is in the process of obtaining accurate historical information from CRA to verify this figure. As the Incentive Fees that Evolution charged Titan were based on fictitious figures, it is likely that the reversal of this revenue will allow Evolution to recover this GST paid. As with the recovery of income taxes, this matter will be pursued once all accounting has been verified and it is possible to prepare and file amended information.

### 6.3 Predator Holding Ltd. Assets

The only known assets of Predator at this time are funds on deposit with the Royal Bank totalling \$300,307. The ASC has placed a freeze on these accounts. Alger has been in discussion with the ASC and anticipates that this freeze order will be vacated in due course, at which time the funds will be transferred to Alger's trust account.

## 7.0 Recovery from estate of David Comte deceased

- 7.1 Alger's investigations to date show that over U.S. \$5.6 million was paid by Titan, or its predecessor partnerships, to Evolution for fees on account of fictitious trading profits and subsequently, Evolution paid a substantial portion of these profits to David Comte as bonuses. As such, Titan has a claim against the estate of David Comte. It has also been confirmed to Alger that a substantial portion of the personal net worth of the estate of David Comte arises from Evolution's bonus payments to David Comte.
- 7.2 The net amount available to repay to Titan is unknown and depends on the outcome of further investigations and the resolution of any claim which Janet Comte, the minor Comte child, and others might have against the estate.
- 7.3 Assets of the estate of David Comte deceased currently identified by Alger, and the steps taken to preserve and protect these assets, are as follows:

	<u>CDN\$</u>	<u>US\$</u>
Bank Accounts		
RBC	\$ 48,745	\$ 30
U.S. brokerage account		
Rosenthal Collins Group		138,705
Marketable Securities		
RRSP	58,968	
Joint RESP and mutual funds	10,763	
Note receivable	20,000	
Trust funds recovered	300,603	
Vehicle – 2003 Mercedes Benz ML350	36,000	
Income tax recovery	Unknown	
	<u>\$475,079</u>	<u>\$138,735</u>

- 7.3.1 Bank accounts - The Estate's account balances at the RBC have been frozen by the ASC. Alger has been in discussion with the ASC and anticipates that this freeze order will be vacated shortly.
- 7.3.2 US Brokerage account - Alger has contacted the U.S. broker, Rosenthal Collins Group, to have the account frozen and all funds forwarded to Alger in trust.

- 7.3.3 Marketable securities - The Estate's marketable securities represent RRSP, RESP and non-registered mutual funds held at Aegon Dealer Services Canada Inc. ("Aegon"). Alger has notified the Aegon representative of its appointment as Receiver and these funds have been confirmed as being frozen by his firm.
- 7.3.4 Note receivable - The Estate's note receivable represents an investment in a 24% subordinated, secured promissory note due January 18, 2006, issued by Pangaea Systems Inc. At this time, it is not possible to determine the likelihood of collection.
- 7.3.5 Trust funds recovered - On November 15, 2004, David Comte gave \$300,000 to an investment advisor to be held in trust. This account was recovered by Alger and the original amount plus interest is being held in a trust account.
- 7.3.6 Vehicle - A 2003 Mercedes-Benz ML350 is registered in the deceased's name. The value of this vehicle is estimated to be between \$32,000 (wholesale) and \$40,000 (retail). Alger is currently evaluating the best manner in which to dispose of this vehicle and will be seeking the Court's permission to sell the vehicle.
- 7.3.7 Income Tax Recovery - Based upon Alger's review of David Comte's personal income tax returns for 2002 and 2003 he appears to have paid over \$185,000 in income taxes for those years. Additionally, based upon a limited review of his accounting records for 2004 it appears that he has paid over \$100,000 in instalments for 2004. Alger is in the process of confirming this information with CRA and will pursue the recovery of 2004 instalment payments and refunds of prior years' income taxes paid as might be available. At this time it is not possible to accurately estimate the amount of personal income taxes which will be recovered.
- 7.3.8 Recovery of amounts paid to or on behalf of persons not dealing at arm's length - Alger is currently aware of two recent non-arm's length payments:

Gertrude Comte – vehicle and insurance	\$30,244
M. and S. Comte – education fund	\$30,000

Demand letters have been issued for repayment of these amounts.

Owing to Alger's very recent appointment on January 13, 2005, complete banking records for the deceased have not yet been provided for review. Upon review, other payments may be followed up for recovery.

**8.0 Recovery from Janet Comte**

8.1 Based upon Alger's preliminary investigations, and as confirmed by counsel for Janet Comte, a significant portion of those assets owned by Mrs. Comte devolve from Titan through Evolution and the estate of David Comte deceased. Mrs. Comte has been very cooperative and has indicated a willingness to return a substantial portion of these assets. However, amounts to be voluntarily returned are subject to negotiation through her legal counsel. If agreement cannot be reached, legal action may be necessary.

8.2 On January 13, 2005 an Interim Court Order, consented to by counsel for Janet Comte, was granted to allow for the sale of motor vehicles and the house, and to permit a living allowance for Janet Comte and to enjoin her from disposing of any other assets. Proceeds from the sale of the motor vehicles and house are to be held in trust pending Court determination of the distribution of these funds. In accordance with this Order, Janet Comte is also to disclose all information regarding assets in her sole or joint ownership or control. She has been cooperating fully in this regard.

8.3 Assets of Janet Comte, denominated in Canadian dollars, currently identified by Alger, consist of the following:

ING Direct bank account	\$ 431,956
Registered retirement savings plan	100,064
House at 309 Signal Hill Point	520,000
Vehicles	
2003 Jaguar X-Type	29,000
2004 Mercedes Benz SLK320	47,000
	<u>\$1,128,020</u>

- 8.3.1 ING Direct bank account - A joint bank account at ING Direct in the names of David and Janet Comte with a balance of \$431,956 was closed by Janet Comte on December 30, 2004 and the proceeds placed in an ING account solely in the name of Janet Comte.
- 8.3.2 RRSP - Aegon holds RRSP mutual funds in the name of Janet Comte with a value of \$100,064 at January 5, 2005.
- 8.3.3 House - The Comte's personal residence is registered in joint names. Upon the death of David Comte, legal title passed on to Janet Comte. Janet Comte has moved out of this residence and it is in the process of being listed for sale. Pursuant to the Interim Court Order, Janet Comte is enjoined from disposing or transferring of this property without the consent of Alger. A current market evaluation on this house estimates the value of the house to be between \$520,000 and \$525,000. Once sold, all proceeds will be held in trust pending determination of the entitlement to these proceeds.
- 8.3.4 Vehicles
- 2003 Jaguar X-Type - This vehicle is presently being repaired from an accident suffered prior to Alger's appointment and is to be sold with Alger's approval. The value for this vehicle, based upon dealer appraisals ranges from \$22,000 (wholesale) to \$35,900 (retail).
  - 2004 Mercedes-Benz SLK 320 - This vehicle is in Janet Comte's possession and is to be sold with Alger's approval. A recently obtained dealer appraisal values this vehicle between \$44,000 (wholesale) to \$50,000 (retail).
- 8.3.5 Life Insurance - Alger has also been informed that Janet Comte is the named beneficiary of a life insurance policy on David Comte in the face amount of \$250,000. The insurance agent has notified the insurance company of Mr. Comte's death and Alger is to be updated when the insurance company responds.

## 9.0 Limited Partner Matters

9.1 Titan Investments Limited Partnership was formed as a result of the roll in of three limited partnerships completed in June, 2003.

9.2 Comte Global Partners ("CGP") was formed September 1, 2000 and was rolled in to Titan in June, 2003. Prometheus Investments Limited Partnership ("Prometheus") and Tyche Investments Limited Partnership ("Tyche") were both formed in May of 2003 and in June, 2003 were rolled in to Titan.

9.3 A summary of these limited partnerships at the inception of Titan is provided below:

	Number of Partners	Total Reported Capital Contributed into Titan (U.S. \$)	Cash Contributed Into Titan as per Bank Statements (U.S.\$)
CGP	55	\$3,995,496	\$ 772,018
Prometheus	27	468,342	468,342
Tyche	43	582,055	582,055
	<u>125</u>	<u>\$5,045,893</u>	<u>\$1,822,415</u>

9.4 The discrepancy between the total reported capital of CGP contributed into Titan of \$3,995,496 and the cash contributed into Titan of \$772,018 is explained in section 5.0 (Business Activities and Reporting of Titan).

9.5 Based on a review of the partnership records (not yet reconciled to banking records as certain deposit information, which has been requested, is missing) Alger calculates investment, redemptions, Evolution incentive fee, and an unreconciled difference to arrive at actual cash on hand as provided below:

2000-2004 All Entities	Partner Investments	\$ 15,913,939
	Partner Redemptions	(8,350,051)
	Net Partner Investments	<u>7,563,888</u>
	Evolution Incentive Fee	(5,634,699)
	Unreconciled Difference	<u>(363,085)</u>
	Assets on hand in Titan @ date of Alger's appointment (see section 6.1)	<u>\$ 1,566,103</u>

- 9.6 A year-by-year investment continuity schedule is attached to this report as Exhibit "B". This schedule illustrates the rapid increase in investments, redemptions, and incentive fee activity through 2003 and 2004 culminating in a mass redemption, by Titan, of partner investments in the fourth quarter of 2004.
- 9.7 Prior to the fourth quarter of 2004, some partners received partial redemptions and an isolated few partners had received full redemptions. The fourth quarter of 2004 redemptions are of particular interest as 73 partners were paid out for the full value of their limited partnership units, based upon a fictitious valuation of \$29.25 per unit. Without complete deposit records or confirmation of original investment from each partner, Alger cannot accurately determine the "fictitious profit component" of the payouts which occurred. However, based on the information available, it appears that "fictitious profits" paid out to these limited partners during the fourth quarter may approach \$3 million. As mentioned earlier in our report, Alger has requested the missing deposit information from the RBC in order to complete this analysis.
- 9.8 It is has been calculated from the information provided, that to pay out the remaining 51 partners' interests, including a similar fictitious profit, would require \$23,759,415 in excess of the assets on hand as identified by Alger. Based on the calculations provided on the attached Exhibit "B", the 51 remaining limited partners have a net asset value of \$1.81 per unit from the remaining assets on hand of \$1,566,103 compared to the limited partners who received \$29.25 per unit in the redemptions occurring in the fourth quarter of 2004.
- 9.9 Without complete deposit records or confirmation of original investment amounts from each partner, Alger cannot accurately determine the actual net investment made by these remaining limited partners. However, based on the information available, it appears that the original investment of these 51 remaining limited partners could be in the \$9.5 million to \$10.5 million range.

- 9.10 Alger wrote to all investors January 3, 2005 via registered and ordinary mail to request complete details of all investments made and payouts received. A sample copy of this letter is available on our web-site at [www.alger.ca](http://www.alger.ca) (Engagement Bulletin Board) and is also attached as Exhibit "C" to this report. To date 24 responses have been received.
- 9.11 All partners have been cautioned by Alger's January 3, 2005 letter that anyone who received a payout of funds may be required to return these funds, regardless of whether the payments received were a return of principal or profit. The letter emphasizes a particular concern regarding payments in the final quarter of 2004. Responses received from limited partners to date vary from those indicating a moral obligation to return unwarranted overpayments to those who are adamant that no funds will be returned without a Court Order or Judgment.
- 9.12 It is apparent that those partners who received a payout on their investment, and in particular those who received a fictitious profit (that is, more than they respectively invested, or more than the then actual value of their units), benefited at the expense of those partners who did not receive a payout. Based on preliminary advice from legal counsel, and subject to direction of the Court, it is Alger's intention to pursue the recovery of all such payments made to partners. Partners who received full redemptions in the fourth quarter of 2004 reside in Alberta, British Columbia, Saskatchewan, Manitoba, Newfoundland and Nova Scotia.

## **10.0 Other Matters**

- 10.1 Income Tax Reporting – All net investment gains to Titan Limited Partners regardless of whether paid or not, were to be reported as income and in that regard, income tax information slips (T5013) were prepared and distributed to limited partners for each year up to and including 2003. A number of partners have approached Alger with questions regarding the reporting of income to taxation authorities and these questions include:

- Prior years' income was reported and never received. What is the treatment of these amounts?

- Will Alger be issuing T5013's this year for income?
- What are the tax consequences if I repay amounts paid to me?
- Can I recover tax monies paid to CRA in order to repay these monies?

As these questions are common to large numbers of limited partners, it is Alger's intention to prepare a list of general responses and distribute it to all limited partners prior to February 28, 2005.

- 10.2 Alberta Securities Commission – As mentioned earlier in this report the ASC commenced an investigation into the affairs of Titan which ultimately resulted in freeze orders and requests against various bank and brokerage accounts in December 2004. Alger has entered into discussions with the ASC and anticipates having these orders rescinded in the near future in favour of the monies being paid to the Court-appointed Receiver.
- 10.3 Accountants – Titan financial statements for the year ended December 31, 2003, which were distributed to limited partners, were prepared by B. M. Henshaw Professional Corporation who prepared these financial statements on a review engagement basis. Alger is reviewing the background to the preparation of these financial statements.
- 10.4 Formation of Investor Committee – An application is to be made on Friday, January 21, 2005 at 9:00 a.m. for the appointment of an investor committee with authority for legal counsel to be retained to generally represent the interests of the investors (partners) in the receivership process. This committee, amongst other things, may be responsible for:
- Initiating legal action, such as petitions for Receiving Orders in Bankruptcy for Titan and the estate of David Comte should this be necessary;
  - Providing representation to the investors in any application to the Court by the Receiver for the sale of various assets;

- Providing representation to the investors in any application to the Court by the Receiver for the institution or defence of various legal actions by Alger;
- Providing representation to the investors in any application to the Court by the Receiver for any compromise or settlement of debts owing;
- Providing representation to the investors in any application to the Court by the Receiver for the compromise of any claim made by or against Titan et al.;
- Providing representation to the investors in an application to the Court by the Receiver for determining the timing and form of additional reports to interested parties;
- Providing representation to the investors in an application to the Court by the Receiver for instructing Alger to commence various investigations of a forensic or other nature;
- Providing representation to the investor in an application to the Court by the Receiver for approving the accounts of Alger and its legal counsel; and
- Providing representation to the investor in an application to the Court by the Receiver for other powers as may be advisable.

10.5 Alger is supportive of this application and believes that it will facilitate a more timely administration on a cost effective basis to the investors (partners) if the general interests of the investors are represented by a common legal counsel.

## 11.0 Summary and Conclusions

A summary of the Assets currently under Alger's control is as follows:

	US\$	CDN\$
Titan (section 6.1)	\$1,566,103	\$ -
Evolution (section 6.2)	116,559	148,024
Predator (section 6.3)		300,307
Estate of David Comte (section 7.3)	138,735	475,079
	<u>\$1,821,397</u>	<u>\$ 923,410</u>

This summary does not include a provision for the following items which have been discussed within the report:

- A recovery of income taxes and GST for any of the above entities
- A recovery of funds from the partners whose units were redeemed during the fourth quarter of 2004 or such other period to be determined
- A recovery of amounts paid to or on behalf of persons not dealing at arm's length and from investigations into any suspicious payments
- A recovery from the assets of Janet Comte

In addition, realization and disposition costs have not been provided for in these figures.

11.1 The affairs of Titan et al. fit the classic definition of a Ponzi<sup>1</sup> fraud scheme where individuals are enticed by a con-man or fraudster to make investments promising an unreasonably high rate of return. Once the first few investments are made, subsequent investors are enticed to invest partly through reported gains and partly through the high payouts to earlier investors. Ultimately, the con-man disappears with the remaining money (or spends it) or the scheme collapses upon itself as funds are exhausted by payouts to earlier investors. In this case, the collapse of Titan seems to have occurred as a result of the enquiries of the Alberta Securities Commission and the suicide of David Comte.

---

<sup>1</sup> Charles Ponzi was an individual made infamous for a U.S. fraud scheme in the 1920's which relied upon a continuous stream of new investors seeking high rates of return in order to repay existing investors redeeming their investments.

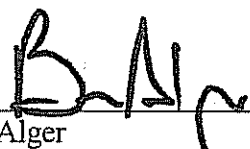
- 11.2 A large element of the role of the Receiver and Manager is to determine:
- (a) how much of the money invested by the investors remains;
  - (b) how much of the money paid by Titan as Incentive Fees to Evolution and subsequently paid by Evolution to David and Janet Comte as salary and bonuses was spent by David and Janet Comte and how much income tax was paid by Evolution and David and Janet Comte;
  - (c) how much can be recovered from the Estate of David Comte and his companies and from income tax and GST refunds;
  - (d) how much was paid out in erroneous or fictitious profits to investors (partners) prior to the collapse and how this "fictitious" profit may be recovered.
- 11.3 At this time, it is impossible to predict the percentage available for distribution to limited partners or the timing of such distribution owing to a variety of unknown factors but in particular:
- The extent to which legal action will be necessary to compel the repayment of amounts received by limited partners;
  - The extent to which legal action will be necessary to compel the repayment of amounts received by parties not dealing at arm's length and other recipients of suspicious payments;
  - The amount of time and legal action which may be necessary to obtain a realization from the estate of David Comte deceased;
  - The amount of time and legal action which may be necessary, if any, to settle matters with regard to claims that Titan et al. may have against Janet Comte;
  - The extent of the legal claim, if any, that the minor Comte child might have against assets of the estate of David Comte deceased or Janet Comte; and

- The response of Canada Revenue Agency with regard to requested amendments to the income tax filings and GST returns for Evolution Capital Management Ltd. and David Comte deceased.

Respectfully submitted, this 19th day of January, 2005.

**ALGER & ASSOCIATES INC.,**  
in its Capacity as Receiver and Manager for  
TITAN INVESTMENTS LIMITED PARTNERSHIP,  
and TITAN GENPAR INC.,  
and EVOLUTION CAPITAL MANAGEMENT LTD.,  
and THE ESTATE OF DAVID COMTE DECEASED,  
and THE COMTE FAMILY TRUST,  
and PREDATOR HOLDINGS LTD.

Per:

  
\_\_\_\_\_  
Bruce E. Alger

# e v o l u t i o n

CAPITAL MANAGEMENT LTD

## Account Statement (unaudited)

From Jul 01/04 To Sep 30/04

Account :

All amounts in USD

Report Date: Oct 01/04

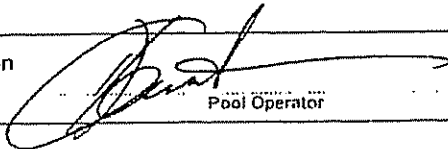
STATEMENT OF INCOME (LOSS)			
	Current Period	Year to Date	
Closed Trades Profit	7,338,093.75	15,367,031.25	
Change In Open Position Profit	0.00	0.00	
Less Broker's Commissions and Fees	(482,301.46)	(1,251,786.30)	
<b>Net Trading Profit</b>	<b>6,855,792.29</b>	<b>14,115,244.95</b>	
Interest Income to Trading Account	0.00	0.00	
Interest Income to Deposit Account	0.00	0.00	
Dividend Income	0.00	0.00	
<b>Total Income</b>	<b>0.00</b>	<b>0.00</b>	
Management Fees	0.00	0.00	
Incentive Fees	(1,713,948.08)	(3,293,629.39)	
Fees Transferred	0.00	0.00	
Other Expenses	(119,976.37)	(230,554.06)	
<b>Total Expenses</b>	<b>(1,833,924.45)</b>	<b>(3,524,183.45)</b>	
<b>Net Income</b>	<b>5,021,867.84</b>	<b>10,591,061.50</b>	

STATEMENT OF CHANGES IN NET ASSET VALUE			
	Shares	Individual	Fund
Beginning Balance	2,916.3187	66,061.21	20,803,793.13
Additions	0	0.00	2,439,734.35
Withdrawals	0	0.00	(1,168,338.87)
Net Income/(Loss)	0	15,712.07	5,021,867.84
<b>Ending Balance</b>	<b>2,916.3187</b>	<b>81,773.28</b>	<b>27,097,056.46</b>

NAV Per Share: 28.04 [28 03989724]

I hereby affirm that to the best of my knowledge and belief, the information contained in this statement is accurate and complete.

  
 Pool Operator

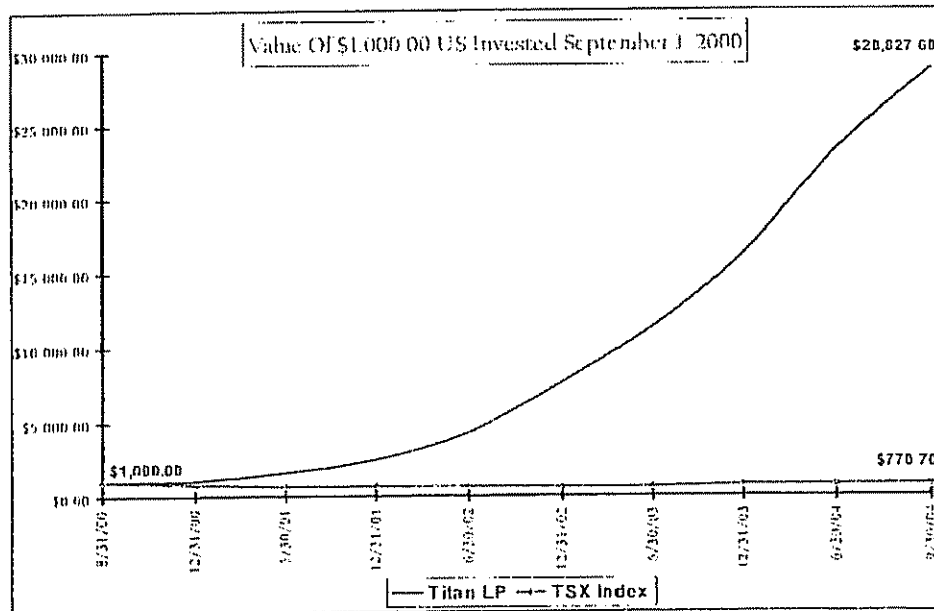
# evolution

## Titan Investments LP Performance Report

July 1<sup>st</sup> through September 30<sup>th</sup>, 2004

### Current Quarter Performance Figures (USD)

	July 31, 2004	August 31, 2004	September 30, 2004
Gross Unit Value	\$24,360,523.05	\$26,638,893.51	\$28,818,734.85
Gross Return on Equity	+7.54%	+11.44%	+11.24%
Incentive Fee (25%)	\$392,216.82	\$635,208.08	\$686,523.18
GST (7%) (CST#R916612011000)	\$27,455.18	\$44,464.57	\$48,056.62
Net Unit Value	\$23,903,562.22	\$25,907,192.38	\$28,039,897.24
Net Return on Equity	+5.52%	+8.38%	+8.23%
Year To Date Return	+51.42%	+64.11%	+77.62%
Return Since Inception	+2,357.51%	+2,563.51%	+2,782.77%
Total Units Outstanding	918,398.1955	928,893.8092	943,174.5311
RBC CAD Exchange Rate	1.3240	1.3060	1.2558
Account Assets Before Fees (USD)			
LFG/Refco Futures	\$13,335,150.93	\$14,766,655.92	\$16,667,539.61
Robbins Futures	\$5,072,914.67	\$6,178,882.01	\$7,019,095.61
RBC USD Chequing	\$3,964,594.81	\$3,799,165.34	\$3,494,461.52



\*\* These reports have been prepared by Evolution Capital Management Ltd as directed by Titan Genpar Inc. General Partner for Titan Investments Limited Partnership. The terms units, shares, pool and fund are used only for the purposes of accounting. All queries regarding this report should be directed to and all errors must be reported immediately David Comte at 403/620-1784 or by email at info@evolutiontrading.com

**Attention Option Traders**

Please note, liquidating value in ClearView does NOT reflect current option prices

Account: Titan Investments LP \$GN518MB

Clear View

7/31/2004 7:24:13 AM

**No open trades (Beginning Balance: 13,335,150.93 - No Securities)****Futures**

Symbol	Qty	Price	OPE
--- No open futures trades ---			
			00 Total OPE

**Options**

Symbol	Qty	Price	Prev Close	NOV
--- No open option trades ---				
				00 Total NOV
			13,335,150.93	Cash
			13,335,150.93	LV

**Matched Trades****Futures**

Symbol	Buy	Buy Price	Sell	Sell Price	Gain/Loss
--- No matched future trades ---					
					00 Total Gain/Loss

**Options**

Symbol	Buy	Buy Price	Sell	Sell Price	Memo
--- No matched option trades ---					

**Today's Trades**

Symbol	Qty	Price	Option Value	Card No
--- No trades today ---				

**Disclaimer**

Trades made today are generally added within 20 minutes of being processed  
 Prices for futures are for U.S. markets only.  
 Option prices are not currently updated but reflect yesterday's settlement  
 Please report any discrepancies to your trade desk  
 Trades in this display are subject to change. No guarantee is made as to accuracy  
 Customers with Securities (like T-Bills) should note that the value of  
 these securities is reflected at 95% of face value. The effect of this  
 to slightly understate the actual liquidating value of the account.



**Attention Option Traders**

Please note, liquidating value in ClearView does NOT reflect current option prices.

Account: Titan Investments LP \$GN518MB

Clear View

8/31/2004 10:07:37 PM

No open trades (Beginning Balance: 14,766,655.92 - No Securities)

**Futures**

Symbol	Qty	Price	OTE
— No open futures trades —			
			00 Total OTE

**Options**

Symbol	Qty	Price	Prev Close	NOV
— No open option trades —				
				00 Total NOV
				14,766,655.92 Cash
				14,766,655.92 LV

**Matched Trades****Futures**

Symbol	Buy	Buy Price	Sell	Sell Price	Gain/Loss
— No matched future trades —					
					00 Total Gain/Loss

**Options**

Symbol	Buy	Buy Price	Sell	Sell Price	Memo
— No matched option trades —					

**Today's Trades**

Symbol	Qty	Price	Option Value	Card No
— No trades today —				

**Disclaimer**

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 to slightly understate the actual liquidating value of the account.

PRESIDENTS PLAZA - 7th Floor, South Tower  
 8700 Bryn Mawr Ave., Chicago IL 60631-3507  
 (800) 453-4444 - (773) 714-9000 - FAX (773) 714-0900

DATE August 31, 2004  
 ACCOUNT NUMBER R61646

TITAN INVESTMENTS LIMITED  
 PARTNERSHIP  
 309 SIGNAL HILL POINT S. W.  
 CALGARY, AB T3H2X6 CANADA

E  
 RT125 R61646

INTRODUCED BY: ROBBINS TRADING COMPANY

DATE	BOUGHT/SOLD/ LONG SHORT	COMMODITY/OPTION	DESCRIPTION/ PRICE	DEBIT/CREDIT
08/31/04		ACCOUNT BALANCE -US DOLLARS FUNDS SEG		6,178,882.01
ACTUAL TRADE RESULTS FOR MANY SYSTEM ASSIST PROGRAMS ARE NOW AVAILABLE AT WWW.ROBBINSTRADING.COM.				
-----				
		CURRENT ACCOUNT BALANCE -US DOLLARS FUNDS		6,178,882.01*
-----				
M A R G I N S U M M A R Y				
		INITIAL MARGIN		00
		MAINTENANCE MARGIN		.00
		EXCESS CASH		6,178,882.01

Terms and conditions

It is agreed that all commodity futures transactions made by us for your account are made in accordance with the terms of our standard form of commodity trading agreement, said terms being incorporated herein by reference, and are made subject to Federal and State laws, rules and regulations and to the rules, regulations and customs of the exchanges whereon made.

The contracts entered into for your account contemplate your delivery of the commodity or receipt thereof with payment therefor.

It is further agreed, notwithstanding any past dealings or course of conduct between us, that we reserve the right to demand wire transfer of funds for margins and, without notice, to close out any or all contracts entered into by us for your account when the margins on deposit with us (i) are exhausted, or (ii) are inadequate in our judgment to protect us against price fluctuations or (iii) are below the minimum margin requirements established by the rules and regulations of the exchanges whereon the trades are made.

Orders are accepted in accordance with (i) terms of our standard form of commodity trading agreement, (ii) Federal and State laws, rules and regulations, and (iii) the rules, regulations and customs of exchanges on which they are to be executed, and are good until cancelled.

Please note the entering of another order to buy or sell the same contract at another price does not automatically cancel a previous open order. Any error must be reported to us immediately by telephone.

Gains in  
000's

Retain for Tax  
Records

Please report any differences immediately. The failure to immediately exercise your right to have errors corrected will be deemed your agreement that this statement is correct and ratified

**Attention Option Traders**

Please note, liquidating value in ClearView does NOT reflect current option prices

Account: Titan Investments LP \$GN518MB

Clear View

9/30/2004 9:53:12 PM

**No open trades (Beginning Balance: 16,667,539.61 No Securities)****Futures**

Symbol	Qty	Price	OTE
— No open futures trades —			
			.00 Total OTE

**Options**

Symbol	Qty	Price	Prev Close	NOV
— No open option trades —				
				.00 Total NOV
				16,667,539.61 Cash
				16,667,539.61 LV

**Matched Trades****Futures**

Symbol	Buy	Buy Price	Sell	Sell Price	Gain/Loss
— No matched future trades —					
					.00 Total Gain/Loss

**Options**

Symbol	Buy	Buy Price	Sell	Sell Price	Memo
— No matched option trades —					

**Today's Trades**

Symbol	Qty	Price	Option Value	Card No
— No trades today —				

**Disclaimer**

Trades made today are generally added within 20 minutes of being processed  
 Prices for futures are for U.S. markets only.

Option prices are not currently updated but reflect yesterday's settlement  
 Please report any discrepancies to your trade desk

Trades in this display are subject to change No guarantee is made as to accuracy

Customers with Securities (like T-Bills) should note that the value of these securities is reflected at 95% of face value. The effect of this to slightly understate the actual liquidating value of the account

PRESIDENTS PLAZA - 7th Floor, South Tower  
 8700 Bryn Mawr Ave., Chicago IL 60631-3507  
 (800) 453-4444 - (773) 714-9000 - FAX (773) 714-0900

DATE  
 September 30, 2004  
 ACCOUNT NUMBER  
 R61646

TITAN INVESTMENTS LIMITED  
 PARTNERSHIP  
 309 SIGNAL HILL POINT S. W.  
 CALGARY, AB T3H2K6 CANADA

E  
 RT125 R61646

INTRODUCED BY: ROBBINS TRADING COMPANY

DATE	BOUGHT/SOLD/ LONG SHORT	COMMODITY/OPTION	DESCRIPTION/ PRICE	DEBIT/CREDIT
09/30/04		ACCOUNT BALANCE -US DOLLARS FUNDS SEG		7,019,095.61
ACTUAL TRADE RESULTS FOR MANY SYSTEM ASSIST PROGRAMS ARE NOW AVAILABLE AT WWW.ROBBINSTRADING.COM.				
		CURRENT ACCOUNT BALANCE -US DOLLARS FUNDS		7,019,095.61*
----- M A R G I N S U M M A R Y -----				
		INITIAL MARGIN		.00
		MAINTENANCE MARGIN		.00
		EXCESS CASH		7,019,095.61

Terms and conditions

It is agreed that all commodity futures transactions made by us for your account are made in accordance with the terms of our standard form of commodity trading agreement, said terms being incorporated herein by reference, and are made subject to Federal and State laws, rules and regulations and to the rules, regulations and customs of the exchanges whereon made

The contracts entered into for your account contemplate your delivery of the commodity or receipt thereof with payment therefor.

It is further agreed, notwithstanding any past dealings or course of conduct between us, that we reserve the right to demand wire transfer of funds for margins and, without notice, to close out any or all contracts entered into by us for your account when the margins on deposit with us (i) are exhausted, or (ii) are inadequate in our judgment to protect us against price fluctuations or (iii) are below the minimum margin requirements established by the rules and regulations of the exchanges whereon the trades are made.

Orders are accepted in accordance with (i) terms of our standard form of commodity trading agreement, (ii) Federal and State laws, rules and regulations, and (iii) the rules, regulations and customs of exchanges on which they are to be executed, and are good until cancelled.

Please note the entering of another order to buy or sell the same contract at another price does not automatically cancel a previous open order. Any error must be reported to us immediately by telephone.

Grains in  
000's

Retain for Tax  
Records

Please report any differences immediately. The failure to immediately exercise your right to have errors corrected will be deemed your agreement that this statement is correct and ratified.

TITAN INVESTMENTS LIMITED PARTNERSHIP (INCLUDING PREDECESSORS)  
USD Investments Continuity Schedule  
Years ended December 31  
Subject to Changes Based Upon Additional Investigation

ACTUAL FIGURES USING PARTNERSHIP RECORDS					Reported Net Asset Value	Fictitious Increased Value
Year	Entity	Activity	Limited Partners	Cash in (out) and position		
2000	Comte Global Partners	Partner Investments Partner Redemptions Evolution Incentive Fee		46,784 (894) 45,890	50,364	4,474
			13			
2001	Comte Global Partners	Partner Investments Partner Redemptions Evolution Incentive Fee		145,859 (7,313) (12,378) 126,168	287,110	115,052
			17			
Cumulative - 2001				172,058		
2002	Comte Global Partners	Partner Investments Partner Redemptions Evolution Incentive Fee		1,690,741 (376,610) (654,069) 660,062	3,145,000	2,312,880
			55			
Cumulative - 2002				832,120		
2003	Combined (See page 2 detail)	Partner Investments Partner Redemptions Evolution Incentive Fee		6,071,783 (1,511,573) (1,275,715) 3,284,494	14,898,785	10,782,171
			125			
Cumulative - 2003				4,116,614		
2004-Q3-YTD	Titan	Partner Investments Partner Redemptions Evolution Incentive Fee		7,560,759 (2,582,762) (3,293,629) 1,684,367	26,446,517	20,645,536
			124			
Cumulative to 2004-Q3-YTD				5,800,981		
2004-Q4	Titan	Partner Investments Partner Redemptions Evolution Incentive Fee		398,013 (3,871,793) (398,013) (3,871,793)	25,284,016	23,354,828
			51			
Cumulative - 2004				1,929,188		
Actual Assets on Hand (Section 6.1)						
	RBC			21,276		
	Refco			751,603		
	Robbins			751,722		
	Bank Money Orders			41,502	1,566,103	23,717,913
					25,284,016	23,717,913
Unreconciled Difference. Requires Deposit Detail.					363,085	

CUMULATIVE SUMMARY			
2000-2004	All entities	Partner Investments Partner Redemptions Net Partner Investments Evolution Incentive Fee Unreconciled Difference	15,913,939 (8,350,051) 7,563,887 (5,634,699) (363,085)
		Assets on hand (section 6.1)	1,566,103
			25,284,016
			23,717,913

2004 YEAR-END PER UNIT BASED ON:	864,510 Units	\$ 1.81	\$ 29.25	\$ 27.44
----------------------------------	---------------	---------	----------	----------

FOOTNOTES

Q3 Third quarter (period ended Sept. 30) Titan Titan Investments Limited Partnership  
Q4 Fourth quarter (period from Oct. onwards) YTD Year to date  
Source for 2000-2002 from Income tax returns filed. Source for 2003-2004 from Monthly Valuation Reports and other reports.

**TITAN INVESTMENTS LIMITED PARTNERSHIP (INCLUDING PREDECESSORS)**  
**USD Investments Continuity Schedule**  
**Years ended December 31**  
**Subject to Changes Based Upon Additional Investigation**

ACTUAL FIGURES USING PARTNERSHIP RECORDS					Reported Net Asset Value	Fictitious Increased Value
Year	Entity	Activity	Limited Partners	Cash in (out) and position		
2003	Comle Global Partners	Partner Investments		1,018,982		
		Partner Redemptions		(578,718)		
		Evolution Incentive Fee		(379,624)		
				60,640		
2003	Tyche	Partner Investments		582,044		
		Partner Redemptions		-		
				582,044		
2003	Prometheus	Partner Investments		510,635		
		Partner Redemptions		(45,199)		
				465,436		
2003	Titan	Partner Investments		3,960,122		
		Partner Redemptions		(887,656)		
		Evolution Incentive Fee		(896,091)		
				2,176,374		
2003	Combined	Partner Investments		6,071,783		
		Partner Redemptions		(1,511,573)		
		Evolution Incentive Fee		(1,275,715)		
				3,284,494		

**FOOTNOTES**

Tyche	Tyche Investments Limited Partnership	Q3	Third quarter (period ended Sept. 30)
Prometheus	Prometheus Investments Limited Partnership	Q4	Fourth quarter (period from Oct. onwards)
Titan	Titan Investments Limited Partnership	YTD	Year to date

Source for 2000-2002 from income tax returns filed. Source for 2003-2004 from Monthly Valuation Reports and other reports.



#400, 602 - 11 Avenue SW  
Calgary, Alberta T2R 1J8  
T 403 298 5800  
F 403 296 2988

Via registered and ordinary mail

January 3, 2005

**WITHOUT PREJUDICE**

Dear Sir or Madam:

*Re: Current and Former Partnership in the Titan Investments Limited Partnership – In receivership*

Records of Titan supplied to us indicate that you are a partner of the limited partnership.

Pursuant to the Interim Order of Justice ToVecchio made December 27, 2004, we act as Receiver for the captioned Limited Partnership ("Partnership"). We are currently in the information gathering phase of our appointment and consequently we are not currently in a position to provide meaningful comment regarding the financial position of the Partnership or the timing or amount of any potential distribution to partners.

The Order provides, amongst other things, that any present or former partner shall grant access to and deliver possession of records of every kind relating to the assets or operations of the Partnership. A complete copy of this Order can be accessed on our website at [www.alger.ca](http://www.alger.ca), Engagement Bulletin Board, or you may contact Natalie D'Souza at 403-296-2982 to have a copy of the Order mailed or faxed to you.

Pursuant to the Order, we require from you a complete accounting including the dates and amounts of all funds you provided to the Partnership and the dates and amounts of all funds which have been paid to you by the Partnership, be it a return of all or part of your original principal investment or a return of profit, or other receipt of monies. In that regard, a form for completion and remittance to us is attached to this letter.

Please note that, if you received funds from the Partnership, these funds may have been paid to you under erroneous or other more serious circumstances (i.e. fraud), which may require the return of these funds to the Receiver regardless of whether these payments to you were a return of principal or profit, or for other purposes. As such, you are cautioned against disbursing or spending these funds and we strongly suggest that you segregate these funds until you are notified otherwise.

**In particular we are examining payments made to various partners in the last quarter of 2004. It is almost certain that we will require the return of these funds. We require that these funds be held in a separate interest bearing account and that they be treated as trust funds.**

As further information becomes available, we will contact you. In the meantime, if you require further information, updates will be posted on our website as available. Further, you may contact Michael Costello (403-296-3087, [mcostello@alger.ca](mailto:mcostello@alger.ca))

Yours very truly,

**ALGER & ASSOCIATES INC.**

Bruce E. Alger

Email: [balger@alger.ca](mailto:balger@alger.ca)  
Direct Line: (403) 296-2970

BEA/nd  
Enclosures

cc: Clive O. Jewell, Fleming LLP, via fax 265-6910



#400, 602 - 11 Avenue SW  
 Calgary, Alberta T2R 1J9  
 T 403 296 5800  
 F 403 296 2988  
 www.alger.ca

<b>PROOF OF INVESTMENT</b>	<i>and the investment of</i>
In the matter of the receivership of:	Name of investor: _____
Titan Investments Limited Partnership (the "Partnership")	Mailing Address: _____
	Account #: _____

**I CERTIFY:**

1. I have knowledge of all the circumstances connected with the investment referred to in this proof of investment form.
2. On December 27, 2004, the date of the receivership order for the Partnership, my investment in the Partnership was and still is, the sum of \$ \_\_\_\_\_, as shown by the statement of account (or affidavit) attached.

3. The payments made by me to the Partnership are outlined as follows:

Date	Method of payment (Including cheque # if applicable)	Amount
_____	_____	_____
_____	_____	_____

*(Please attach schedule if space above not sufficient. In addition, please attach copies of all relevant correspondence, agreements and cancelled cheques in support of your investment)*

4. The payments I received from the Partnership are outlined as follows:

Date	Method of payment (Including cheque # if applicable)	Amount
_____	_____	_____
_____	_____	_____

*(Please attach schedule if space above not sufficient)*

Dated at \_\_\_\_\_ on \_\_\_\_\_, 200  
 (City / Province / State / Country) (Month & Day)

Print name and position of person signing \_\_\_\_\_

Signature of Witness \_\_\_\_\_

Signature of Individual Completing this Form \_\_\_\_\_

Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_ Email address: \_\_\_\_\_