

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**

**RECEIVER AND MANAGER'S THIRD REPORT
ALGER & ASSOCIATES INC.**

AUGUST 5, 2010

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EXHIBITS

- A. May 4, 2005 letter of understanding with CRA
- B. September 7, 2005 Court Order
- C. Statement of Receipts & Disbursements - December 27, 2004 to June 30, 2010.
- D. Interim Distributions to Date by Partner

Introduction

1. On December 27, 2004, Alger & Associates Inc. was appointed Receiver and Manager ("Alger" or the "Receiver") of the following entities by the Court of Queen's Bench of Alberta:
 - a. Titan Investments Limited Partnership ("Titan")
 - b. Titan Genpar Inc.
 - c. Evolution Capital Management Ltd. ("Evolution")
2. On January 13, 2005, Alger's appointment as Receiver was expanded by the Court of Queen's Bench of Alberta to include the following additional entities:
 - a. Estate of David Comte deceased ("Comte")
 - b. Predator Holdings Ltd. ("Predator")
 - c. Comte Family Trust
3. On January 19, 2005 and April 14, 2005, the Receiver filed its First and Second Receiver's Reports respectively with this Honourable Court. Copies of these reports, the Orders appointing Alger and other relevant documents may be found on the Receiver's website: <http://alger.ca/titan.htm>.
4. The purpose of the Receiver's Third Report is to provide this Honourable Court with:
 - a. Updated information on activities since the Receiver's Second Report;
 - b. Statements of Receipts & Disbursements to June 30, 2010;
 - c. Titan partner realizations, both current and projected; and
 - d. The Receiver's intended future activities, including the proposed assignment into bankruptcy of Evolution and Comte.
5. Capitalized terms not defined in this Report are defined in the Receiver's previous reports.

Limitations of Report

6. The information contained in this report has been obtained from the records of Titan, Evolution, Predator and Comte. The Receiver has relied on this information and has not performed an audit, review or other verification of such information.

Currency of Report

7. The partnership agreement and the books and records of Titan and its predecessors were recorded in US\$. Collections by the Receiver have included both CDN\$ and US\$ amounts and have been deposited in their original currency. Dollar amounts in this report have typically been stated in US\$ equivalents using a weighted-average conversion rate for the period of receivership of US\$0.873/CDN\$1.00, except as where otherwise indicated.

Summary of Activities of Receiver

8. Since the Receiver's second report dated April 14, 2005 the Receiver has undertaken various activities, which activities have been categorized into the following entities under the Receiver's appointment:
 - a. Titan
 - b. Evolution
 - c. Comteand which activities are outlined in detail in the following paragraphs.

Titan Activities

9. Since the Receiver's second report dated April 14, 2005, the Receiver has undertaken the following activities with respect to Titan:
 - a. Obtained a May 4, 2005 letter from Canada Revenue Agency ("CRA") outlining the Receiver's understanding of CRA's position on various tax issues related to the Titan partnership. A copy of the letter of understanding with CRA is attached as Exhibit "A".

- b. Obtained a Court Order on September 7, 2005 ("Sept-7-05 Order") declaring that a fraud was perpetrated on Titan and its partners by David Comte and related entities and also requiring the repayment to the Receiver of \$2.1 million by 42 Overpaid Partners who had received greater than 65% of their original investment back from Titan. A copy of the Sept-7-05 Order is attached as Exhibit "B".
- c. Obtained various other Court Orders including:
 - 1. May 11, 2005 Order permitting an interim distribution to Titan partners.
 - 2. May 25, 2005 Order outlining a Joint Application Process with the Investors Committee and counsel for Overpaid Partners.
 - 3. May 25, 2005 Order authorizing a settlement proposal to Overpaid Partners.
 - 4. May 25, 2005 Order releasing the Receiver and Investors Committee.
 - 5. June 30, 2005 Order authorizing restatement of tax information slips.
 - 6. August 10, 2005 Order authorizing a redistribution formula for Titan partners.
 - 7. September 7, 2005 Order granting leave to the Receiver to petition Titan into bankruptcy.
 - 8. September 9, 2005 Order for costs against Overpaid Partners that did not pay their amounts owing under the Sept-7-05 Order.
 - 9. Various Orders approving the accounts of the Receiver, its counsel and advisors.

Copies of these Orders are available at: <http://alger.ca/titan.htm>.

- d. Defended the appeal of the Sept-7-05 Order by a Titan partner, which appeal was ultimately abandoned by the Appellant upon settlement with the partner.
- e. Petitioned into bankruptcy 34 Titan partners who had not fulfilled the repayment terms contained in the Sept-7-05 Order by the required October 7, 2005 deadline date.

- f. Entered into settlement agreements with partners, both prior to and subsequent to the Sept-7-05 Order, and filed proofs of claim with the applicable bankruptcy trustees for the remaining partners, which combination of activities has provided for the receipt of \$2.6 million in payments to the Receiver to date.
- g. Recovered \$2.9 million of funds that were fraudulently obtained from Titan by Evolution, Predator and Comte as declared in the Sept-7-05 Order.
- h. Resolved litigation commenced against Titan's public accountant in 2006 with a 2008 settlement agreement containing a confidentiality clause precluding disclosure of details of the settlement. Titan received C\$100,000.
- i. Liaised with the Investors Committee from time to time in accordance with the terms of the January 21, 2005 Court Order establishing the committee and its mandate.
- j. Paid ongoing costs of administration associated with the receivership and passed the accounts of the Receiver, its counsel and advisors with the Court from time to time.
- k. Distributed \$5.5 million to 63 Unpaid Partners in seven interim distributions between May 2005 and December 2008, with the Unpaid Partners' realization levels now standing at 75%.
- l. Issued T5013 tax information slips to Titan partners and filed associated partnership tax returns with CRA.
- m. Issued various Update Memos to Titan Partners from time to time on the status of the receivership of the various entities under the Receiver's control.

Evolution Activities

- 10. Since the Receiver's second report dated April 14, 2005, the Receiver has undertaken the following activities with respect to Evolution:
 - a. Entered into December 2, 2005 Court-approved settlement agreement with the Comte widow providing for the repayment of C\$1.2 million of assets in her possession that were

fraudulently obtained by her and her husband as declared in the Sept-7-05 Order. A copy of the December 2, 2005 Court Order and the affidavit of the Receiver in support of the application containing the settlement agreement is available at <http://alger.ca/titan.htm>.

- b. With the assistance of its advisors, filed and re-filed various income tax and GST returns for Evolution and liaised with CRA, as outlined previously in the description of the May 4, 2005 letter of understanding with CRA. These activities have provided for the return of approximately C\$680,000 in GST and income tax paid by Evolution during the course of the fraud perpetrated on Titan and its partners by Comte and his related entities. CRA has recently reviewed the deductibility of various post-receivership professional fee expenses and have reversed their earlier decision to deny the deductibility of these expenses after receiving information from the Receiver supporting the deductibility.
- c. Recovered funds from Comte that were fraudulently obtained by him as declared in the Sept-7-05 Order. The detail of this matter is outlined in the Comte Activities paragraph following.
- d. Recovered additional nominally valued assets of Evolution.
- e. Paid all of the above noted funds, net of the applicable costs of administration and one pre-receivership claim against Evolution settled for C\$10,000, to Titan in accordance with the terms of the Sept-7-05 Order.

Comte Activities

11. Since the Receiver's second report dated April 14, 2005, the Receiver has undertaken the following activities with respect to Comte:
 - a. Recovered RRSP's, other investments and loans receivable that were fraudulently obtained from Titan by Comte as declared in the Sept-7-05 Order. These recoveries from receivership appointment to date have aggregated approximately \$700,000.
 - b. Recovered C\$300,000 from Predator that was obtained from Comte by Predator from funds that were fraudulently obtained by Comte as declared in the Sept-7-05 Order.

- c. Between 2005 and 2007 paid all of the above noted funds, net of the applicable costs of administration, to Evolution, whom Comte obtained the funds from in the first instance, for subsequent repayment to Titan in accordance with the terms of the Sept-7-05 Order.
- d. With the assistance of its advisors, filed and re-filed various income tax returns for Comte and liaised with CRA, as outlined previously in the description of the May 4, 2005 letter of understanding with CRA. The overall result of the above activities was that in May 2008, CRA assessed Comte with approximately C\$1.6 million of unpaid income taxes.

Consolidated Statement of Receipts & Disbursements

12. The Consolidated Statement of Receipts and Disbursements to June 30, 2010 for the entities under the control of the Receiver is attached as Exhibit "C".
13. To June 30, 2010, the Receiver has received \$7.2 million and has disbursed \$6.7 million, with a foreign exchange gain of \$47,000 representing the difference between the \$507,000 of receipts in excess of disbursements and the \$554,000 of cash held in trust as at June 30, 2010.

Partner Realizations

14. The table below outlines the Partner realizations to present, utilizing the general classification of partners from the Receiver's second report, as refined below:

PARTNER REALIZATIONS	Overpaid Partners (Real. >100%)	False Profit Repaying Partners	Unpaid Partners (Real. <100%)	Total
In US\$'000's, except % & partners				
Gross investments made	\$ 838	1,007	10,206	12,051
Gross distributions received	(1,409)	(1,007)	(7,667)	(10,083)
Excess (shortfall)	\$ (571)	-	2,539	1,968
Realization %	168%	100%	75%	84%
Over (Under) Total Realization %	\$ 708	164	(872)	-
Number of partners	23	38	65	126

15. Of the 23 Overpaid Partners outlined on this table above, 10 of the partners (or their principals for incorporated partners):
 - a. voluntarily assigned themselves into bankruptcy;
 - b. were petitioned into bankruptcy; or
 - c. made proposals under the Bankruptcy & Insolvency Act ("BIA") to their creditors.

The 13 remaining partners either produced sworn statutory declarations outlining their inability to fully repay their repayment obligations or were located in jurisdictions where it was determined by the Receiver and Investors Committee to be more cost-beneficial to enter into settlement agreements with the partners than legally pursue collection of the amounts outstanding under the Sept-7-05 Order.

16. All 38 of the False Profit-repaying partners repaid the distributions they received in excess of their gross investments ("False Profits") prior to the Sept-7-05 Order pursuant to a settlement proposal made to all Overpaid Partners by the Receiver, with the consent of the Investors Committee, and as sanctioned by the Court on May 25, 2005.
17. A schedule of the cumulative interim distributions to date by partner for the Unpaid Partners is attached as Exhibit "D". Based upon the cash held in trust, projected future recoveries and costs of administration and the \$10.2 million in gross investment made by Unpaid Partners, the realization percentage for the Unpaid Partners may increase from 75% as it presently stands to as high as 80%. This maximum 80% realization will decrease for any cash held in trust that has to be used for the remaining issues associated with the Titan, Evolution or Comte estates as discussed in the "Future Activities of the Receiver" sections following.

Future Activities of the Receiver

18. The intended future activities of the Receiver activities have been categorized into the following entities under the Receiver's appointment:

- a. Titan
- b. Evolution
- c. Comte

and are outlined in detail in the following paragraphs.

Titan Future Activities

19. The intended future activities of the Receiver for Titan are as follows:

- a. Monetize the bankruptcy realizations for Sean Moher and Moher Marketing & Sales Inc., the only two of the 23 Overpaid Partners or their bankruptcy trustees that have not resolved their repayment obligations with the Receiver. Titan's two claims against these estates aggregate C\$94,000.

Mr. Moher, whose bankruptcy estate Inspector is Bruce Alger, has pursued various avenues over the four plus years of his bankruptcy to avoid his obligations under the BIA to his creditors and his bankruptcy trustee, Hardie & Kelly. After numerous attempts the bankruptcy trustee was finally able to have the house that Mr. Moher co-owns with his wife listed for sale. Mr. Moher's portion of the net sale proceeds, after exemptions, of C\$71,000 are now in trust with his bankruptcy trustee and after costs of administration are deducted, the balance, plus any additional recoveries from Mr. Moher, will be available for distribution to his creditors, including an interim distribution prior to a final distribution. Titan is Mr. Moher's largest creditor, inclusive of the preference claim against Mr. Moher by the estate of Moher Marketing & Sales Inc., whose primary creditor is Titan.

In order to expedite the recovery of these claims and associated final distribution to partners by Titan's Receiver, the Receiver will be considering its monetization options for the claims against Mr. Moher and his company, including the possible sale of the claims to

Unpaid Partners or others who would be in a better position to more cost-efficiently realize upon these claims.

- b. Continue to hold cash in trust within Titan pending the resolution of matters with Evolution and Comte as discussed in the applicable sections following and dealing with any issues which may arise, including any potential claims of CRA.
- c. Pending results of the above, to make a final distribution to Unpaid Partners.
- d. File the outstanding partnership tax returns after resolution of the matters above.
- e. Pass the accounts of Receiver, its counsel and its advisors to the Court for their approval.
- f. Seek the Court's discharge as Receiver of Titan and other entities, as applicable.

Evolution Future Activities

20. The intended future activities of the Receiver for Evolution are as follows:

- a. The Receiver intends to assign Evolution, which has no material assets and has only one known creditor, being Titan, whose estimated claim, before additional interest considerations, is C\$2.7M and one contingent creditor, being CRA, whose claim is contingent, into bankruptcy in order to definitively resolve these matters and obviate the requirement to obtain a clearance certificate from CRA.
- b. The terms of the December 27, 2004 Court Order appointing Alger as Evolution's Receiver permit the Receiver to assign Evolution into bankruptcy without further Order of the Court.

Comte Future Activities

21. The intended future activities of the Receiver for Comte are as follows:

- a. Seek a Court Order confirming the Receiver's ability to assign Comte into bankruptcy, or alternatively a Court Order granting the Receiver the authority to assign Comte into

bankruptcy. The terms of the January 13, 2005 Court Order appointing Alger as Comte's Receiver are unclear with respect to the Receiver's ability to assign Comte into bankruptcy without further Order of the Court. Comte's widow, as executrix of the estate, will be served with the applicable Notice of Motion and supporting materials. The Receiver will be seeking her consent to the bankruptcy order.

- b. After obtaining the Court's approval above, assign Comte's estate, which has no material assets and only two creditors, being Titan and CRA, whose claims, before additional interest considerations, are estimated at C\$2.7 million and C\$1.6 million respectively, into bankruptcy in order to definitively resolve these matters and obviate the requirement to obtain a clearance certificate from CRA.

Respectfully submitted, this 5th day of August, 2010.

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

EXHIBIT A
RECEIVER AND MANAGER'S THIRD REPORT
TITAN INVESTMENTS LP ET AL
ACTION NO. 0401 – 19905

Curtis R. Stewart
Direct Line: 403.298.3074
e-mail: stewartc@bennettjones.ca
Our File No.: 54784-1

May 4, 2005

Canada Revenue Agency
Calgary Tax Services Office
220 - 4th Avenue SE
Calgary, Alberta
T2G 0L1

Attention: Marlene White

Dear Ms. White:

Re: Titan Investments Limited Partnership et al.

We write in furtherance of our letter of April 21, 2005 wherein we set forth for your consideration the appropriate tax treatment of the various issues related to Titan Investments Limited Partnership ("Titan"), Evolution Capital Management Ltd., the Estate of David Comte, Janet Comte and Predator Holdings Ltd. The taxation issues arise as a consequence of a large-scale fraud perpetrated on Titan and its partners.

The purpose of this letter is to confirm the CRA's position as to the appropriate tax treatment on the various issues so as to allow the Receiver and Manager of Titan Investments Limited Partnership, Titan Genpar Inc., Evolution Capital Management Ltd., the Estate of David Comte, deceased, the Comte Family Trust and Predator Holdings Ltd. to proceed to make appropriate tax filings and to provide advice to the partners/investors as to the basis of the Receiver's actions.

We understand the position of the CRA to be as follows:

1. **Partnership Reporting**

- (i) Titan and its predecessors will prepare and file amended T5013 slips for the 2002 and 2003 years on the basis that the income of Titan and its predecessors is nil (except to the extent interest income was earned in the years). Titan and its predecessors would not deduct from income any Incentive Fees paid to Evolution in such years however, such amounts will be considered to be payments on account of capital and will be considered in Titans' calculation of capital gain (loss) in the years;

- (ii) Titan and its predecessors will prepare and file T5013 slips for the 2004 year on the basis that the income of Titan and its predecessors is nil (except to the extent interest income was earned in the year). Titan and its predecessors would not deduct from income any Incentive Fees paid to Evolution in the year however, such amounts will be considered to be payments on account of capital and will be considered in Titans' calculation of capital gain (loss) in the years;
- (iii) To the extent Titan receives returns of misappropriated funds in 2005 from Evolution, the Estate of David Comte, Predator Holdings Ltd., the Comte Family Trust or Janet Comte, such amounts would not be considered to be income to Titan however such amounts will be considered to have been on capital account and however, such amounts will be considered to be payments on account of capital and will be considered in Titans' calculation of capital gain (loss) in the years;
- (iv) To the extent Titan distributes amounts to partners in 2005 (or such later date as a distribution may occur), such amounts will be considered to be a distribution or return of capital to the partners. Each partner would be required to calculate his or her capital gain or loss in respect of such distribution. To the extent any partner's distributions/returns of capital from Titan or its predecessors is less than their original investment/contribution such shortfall shall be treated as a capital loss. To the extent any partner's distributions/returns of capital from Titan or its predecessors is more than their original investment/contribution such excess shall be treated as a capital gain, subject to verification that no account is of an income nature.

2. Partners Reporting – Previous Income Allocated by Partnership

- (i) Partners will receive revised T5013 slips from Titan and its predecessors for the 2002, 2003, 2004 years which will reduce the income allocated to nil (except to the extent interest income was earned and allocated in the year). The CRA will reassess partners who file amended T1 returns so as to reflect this redetermination of partnership income, subject to normal verification procedures;
- (ii) Partners will receive T5013 slips from Titan or its predecessors for the 2004 year which will reduce the income allocated to nil (except to the extent interest income was earned and allocated in the year). To the extent any partner reported an amount as income from Titan for the 2004 year the CRA will reassess partners who file amended T1 returns so as to reflect the T5013's issued, subject to normal verification procedures;

3. Partners Reporting – Distributions Received/To be Received

- (i) To the extent partners of Titan or its predecessors who received amounts prior to the appointment of the Receiver and the discovery of the fraud return such amounts to the Receiver for subsequent "redistribution", whether voluntarily or pursuant to Court Order, such partners shall:
- report a capital gain as applicable in the year the funds were received, subject to verification that no account is of an income nature;
 - report a capital loss or non-capital loss, as applicable, in the year the funds are returned to Titan or its predecessor;
 - be entitled to carryback such capital loss or non-capital loss in accordance with the *Income Tax Act*; and
 - be entitled to apply for relief from any interest related thereto in accordance with CRA's fairness provisions.

The CRA will reassess such partners who file amended T1 returns to the extent such amounts were previously reported so as to reflect this adjustment.

- (ii) To the extent partners of Titan or its predecessors who received amounts prior to the appointment of the Receiver and the discovery of the fraud do not voluntarily or are not required pursuant to Court Order to return such amounts to the Receiver for subsequent "redistribution", such partners will be required to report the applicable capital gain/loss or income related to such amounts in the year in which they were received.
- (iii) Upon a "(re)distribution" by the Receiver to partners, such partners who receive amounts shall be required to report such receipts in the manner set out in 1(iv) above.

4. Evolution – Reporting

- (i) To the extent Evolution received partnership units from Titan or its predecessors as partial consideration for payment of Incentive Fees, the value of such units (as originally calculated) will be removed from income in the year they were received (to the extent they were reported as income). The CRA will reassess Evolution, subject to verification, upon Evolution preparing and filing an amended return so as to reflect the actual value of the units at the time of acquisition. If, subsequently, as a result of a court order, the units are returned to the partnership, Evolution will be deemed to have disposed of the partnership units for an amount equal to the proceeds of

disposition. Any gain or loss calculated thereof will be included in the income of Evolution in accordance with the provisions of the *Income Tax Act*;

- (ii) To the extent Evolution receives a return of amounts from Janet Comte, the Estate of David Comte, the Evolution EPSP or Predator Holdings Ltd. such amounts shall be included in Evolution's income for the year;
- (iii) To the extent Evolution returns misappropriated/fraudulently obtained funds to Titan or its predecessors in 2005 (or subsequently) such amounts shall be deductible from Evolution's income in the year restitution is paid;
- (iv) To the extent it is determined that the Evolution EPSP to be a validly constituted EPSP no adjustments to deduction by Evolution for its contribution shall be required. To the extent it is determined that Evolution is not a validly constituted EPSP, the deductibility of any payments characterized as contributions to an EPSP is to be determined by the CRA based upon a review of the transactions.

5. Janet Comte/Estate of David Comte

- (i) To the extent Janet Comte, the Estate of David Comte or Predator Holdings Ltd. return, directly or indirectly, any misappropriated amounts to Evolution (or directly to Titan) in their 2005 year (or subsequently) such amounts shall be deductible in the year the payment is made, including amounts received as allocations from the Evolution EPSP. To the extent Janet Comte, David Comte, the Estate of David Comte or Predator Holdings Ltd. have a non-capital loss arising from the repayment it shall be entitled to carryback or carryforward such non-capital losses in accordance with the Act;

6. GST - Evolution

- (i) Evolution shall be entitled to recover GST remitted on Incentive Fees received from Titan or its predecessors pursuant to subsection 232(2) of the *Excise Tax Act* on amounts of Incentive Fees returned to Titan or its predecessors.

We believe the above accurately sets out the present position of the CRA. We acknowledge, however, that CRA may revise its position on any of these transactions as a result of further review or audit. If we are correct we would ask that you confirm by executing the duplicate of this letter and returning same to the writer.

May 4, 2005
Page Five
"Without Prejudice"

We also wish to confirm that this letter is not intended to acknowledge that the Receiver/Manager or any affected parties agree with the present CRA position.

Yours truly,

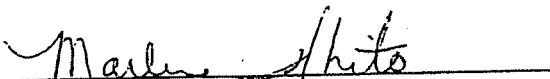
BENNETT JONES LLP


Curtis R. Stewart

CRS/rs

We hereby confirm the above sets out the current position of the CRA.

Dated this 5 day of May, 2005.



Marlene White
Assistant Director, Verification & Enforcement Division

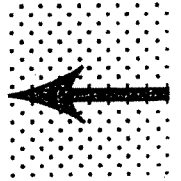


EXHIBIT B
RECEIVER AND MANAGER'S THIRD REPORT
TITAN INVESTMENTS LP ET AL
ACTION NO. 0401 – 19905

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, R.S.A. 2000, c-J-2,
and RULES 467 and 468 OF THE ALBERTA RULES OF COURT

BEFORE THE HONOURABLE
MR. JUSTICE G.C. HAWCO
IN CHAMBERS

) At the Court House in the City of Calgary,
) in the Province of Alberta, on Wednesday,
) the 7th day of September, 2005.

I hereby certify this to be a true copy of
the original order

dated this 7 day of Sept 20 05

Audrey Oske
for Clerk of the Court

ORDER

UPON the joint application of counsel for the Investors Committee and counsel for the Receiver; AND UPON reviewing the materials filed herein; AND UPON hearing counsel for the Applicant Investors Committee, counsel for the Applicant Receiver, and counsel for certain Respondents; AND UPON noting that all investors in the Titan Investments Limited Partnership ("Titan Partnership") have been served with notice of the within application in accordance with the Order for Service *ex juris* / Substitutional Service granted by the Honourable Mr. Justice LoVecchio on April 8, 2005, and in accordance with the Order for Service *ex juris* granted by Master Laycock on June 16, 2005; AND UPON this Honourable Court issuing written Reasons for Judgment in relation to this matter on August 19, 2005; IT IS HEREBY ORDERED THAT:

1. The creation, operation and all activities undertaken in relation to the Titan Investments Limited Partnership ("Titan Partnership") are adjudged and declared to constitute a fraud on the investors in the Titan Partnership.
2. The accounting prepared by David Comte for the Titan Partnership, from time to time, is adjudged and declared to be fictional and inaccurate, and a fraud on the Titan Partnership and the limited partners therein as investors.
3. The operations and all activities undertaken by David Comte in relation to Evolution Capital Management Ltd. ("Evolution") are adjudged and declared to constitute a fraud on Evolution and on the Titan Partnership.
4. It is adjudged and declared that all fees paid to Evolution and all salaries and bonuses paid to David Comte were not earned and were not, in fact, payable as a result of the financial performance of the Titan Partnership.
5. It is adjudged and declared that David Comte, Evolution, and/or the Titan Partnership paid salaries and bonuses to Janet Comte which were in excess of what was earned and which were not consistent with the financial performance of the Titan Partnership;
6. It is adjudged and declared that there were no trading profits in the Titan Partnership after January 1, 2001 to the date of Receivership.
7. All redemptions made by the Titan Partnership to the investors therein constitute fraudulent preferences, and are hereby declared void and repayable in full to the Receiver.
8. Those investors who owe funds pursuant to Schedule "A" attached hereto are hereby ordered and directed to:

- (a) pay to the Receiver the amounts payable by them pursuant to Schedule "A" within thirty (30) days from the date that this Order is entered; or alternatively,
- (b) upon proving to the Receiver that they are unable to comply with (a) above, entering into a payment schedule in relation to the amounts payable pursuant to Schedule "A" with the Receiver, in both form and substance that is satisfactory to the Receiver within thirty (30) days from the date that this Order is entered (the "Payment Plan").

9. Upon the Receiver receiving payment in full from an investor pursuant to paragraph 8, the Receiver, the Titan Partnership and the members of the Investors Committee shall release that investor from any further claims that the Receiver, the Titan Partnership or the members of the Investors Committee have had, now have, can, shall or may hereafter have, by reason of distributions made by the Titan Partnership to that investor.

10. In the event that the investors who owe funds pursuant to Schedule "A" attached either fail to pay those funds to the Receiver or enter into a Payment Plan within thirty (30) days of the date that this Order is filed, the Receiver shall be entitled to judgment against each of those investors for the amounts unpaid by them pursuant to Schedule "A", and the Receiver shall be entitled to enter a Judgment Roll and Writ of Enforcement with respect to each such investor without further Order.

11. Subject to any release provided pursuant to paragraph 9 above, the Receiver shall have leave to apply to speak to any further recoveries or amendments to Schedule "A" attached hereto as may be required from time to time to give effect to the intent of this Order to ensure an equal pro-rata distribution to all investors in the Titan Partnership.


12. This Order shall be posted on the Receiver's website at www.alger.ca/engagements.htm and shall be served upon all investors in the Titan Partnership in accordance with the Order for Service *ex juris* / Substitutional Service

granted by the Honourable Mr. Justice LoVecchio on April 8, 2005, and in accordance with the Order for Service *ex juris* granted by Master Laycock on June 16, 2005.

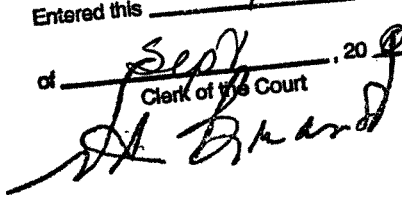

13. This Order and any other Orders in these proceedings shall have full force and effect in all provinces and territories in Canada and abroad.

14. This Honourable Court requests the aid and recognition of any Court or any judicial body in any province or territory of Canada and the Federal Court of Canada and any Court or any judicial body of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

15. This Order may be approved by counsel in counterparts and by facsimile.



J.C.C.Q.B.A.

Entered this 7 day
of Sept, 2005
Clerk of the Court



APPROVED as being the Order granted:

BENNETT JONES LLP

FLEMING LLP

Per: _____
Frank R. Dearlove

Per: _____
Clive O. Llewellyn
Solicitors for the Receiver

Per: _____
Kelsey Drozdowski
Solicitors for the Investors Committee

FIELD LLP

FRASER MILNER CASGRAIN LLP

Per: _____
Lisa J.P. Gaunt
Solicitors for Thomas Pearson and
Christopher Pearson

Per: _____
David LeGeyt
Solicitors for David Pizzolato, John
McAra, Joanne Krog, Alton Halliday,
Heidie Firth, Harvey Barrett and
1043930 Alberta Ltd.

MCLEOD & COMPANY LLP

ROONEY PRENTICE

Per: _____
Shane B. King
Solicitors for Sonia Ebanks,
Etenrit Institute Inc. and
TW Cleaning Services

Per: _____
James B. Rooney, Q.C.
Solicitors for Janet Comte

PHIL LISTER LAW OFFICE

Per: _____
Phil Lister
Solicitors for Edyta Czarnecki and
924888 Alberta Ltd.

ENTERED this _____ day of September, 2005

Clerk of the Court

TITAN INVESTMENTS LIMITED PARTNERSHIP OVERPAID PARTNERS REPAYMENT AMOUNTS FOR ATTACHMENT TO JUNE 30, 2005 COURT ORDER			US DOLLARS	
Partner	False Profits	35% of Investment*	Total	
-				
1	1042725 Alberta Ltd.	9,270	1,890	11,160
2	1043930 Alberta Ltd.	9,260	1,750	11,010
3	924888 Alberta Ltd.	32,233	4,375	36,608
4	Andrews Furniture & Appliances Inc.	9,189	1,750	10,939
5	Barrett, Harvey	16,291	263	16,553
6	Bellamy, David	8,178	5,600	13,778
7	Caldwell, Danny	7,699	1,750	9,449
8	Chute, D.M. Ryan	9,189	1,750	10,939
9	Chute, David	29,903	2,450	32,353
10	Chute, Janet	13,511	1,050	14,561
11	Czamecki, Edyta	80,958	6,125	87,083
12	Ebanks, Sonia	26,271	1,750	28,021
13	Engineered Innovations Inc.	10,307	3,500	13,807
14	Etenrit Institute Inc.	113,570	33,600	147,170
15	Gowing, Dallas	11,151	3,310	14,462
16	Halliday, Alton & Firth Heidie	9,297	2,625	11,922
17	Harvey, Darrin	8,735	1,750	10,485
18	Henshaw, Bernadette	-	14,875	14,875
19	Koch, Craig	59,820	10,053	69,873
20	Krog, Joanne	18,357	263	18,620
21	Laing, Bruce	124,856	2,275	127,131
22	Maher, Francis	13,041	1,750	14,791
23	Maher's Polypipe Ltd.	-	25,486	25,486
24	McAra, John	272,108	13,300	285,408
25	McHarg, Dianne	-	1,750	1,750
26	Moher Marketing & Sales Inc.	53,844	350	54,194
27	Moher, Sean	16,608	7,000	23,608
28	Moldowan, Marilyn	48,710	21,000	69,710
29	Murias, Tim & Betina	9,260	1,750	11,010
30	Newell, Sandra	16,569	7,000	23,569
31	Park, Sandra	45,434	6,300	51,734
32	Parker, Derrick	43,733	8,057	51,790
33	Pearson, Christopher	9,329	1,777	11,106
34	Pearson, Thomas	376,967	44,800	421,767
35	Pizzolato, David	145,751	2,975	148,726
36	Rosen, Ruth	79,471	13,405	92,876
37	Stroud, Gail & Roger Jackson	-	1,750	1,750
38	Therault, Lane	8,307	1,750	10,057
39	Tugwell, Michael	-	9,975	9,975
40	TVP Western Canada Inc.	9,189	1,750	10,939
41	TW Cleaning Services (Teresa Skora)	12,876	2,800	15,676
42	Zankl, Karla	12,783	5,250	18,033
Total		1,782,027	282,727	2,064,754
*	Or, for non-recipients of False Profits, distributions in excess of 65% of gross investment			

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*,
R.S.A. 2000, c-J-2, and RULES 467 and 468 OF
THE ALBERTA RULES OF COURT

ORDER

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 - 2nd Street S.W.
Calgary, Alberta T2P 4K7

Frank R. Dearlove
Telephone No.: 403-298-3202
Fax No.: 403-265-7219
Our File No.: 54784-1

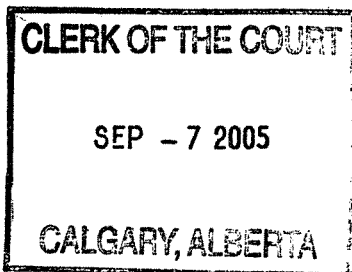


EXHIBIT C
RECEIVER AND MANAGER'S THIRD REPORT
TITAN INVESTMENTS LP ET AL
ACTION NO. 0401 – 19905

ACTION # 0401-19905

**IN THE MATTER OF THE RECEIVERSHIP OF
TITAN INVESTMENTS LIMITED PARTNERSHIP, EVOLUTION CAPITAL MANAGEMENT LTD.,
PREDATOR HOLDINGS LTD. AND THE ESTATE OF DAVID COMTE, DECEASED
CONSOLIDATED STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD DECEMBER 27, 2004 TO JUNE 30, 2010**

	US Dollars
<u>Receipts</u>	
Receipts from limited partners	\$ 2,603,991
Receipts from financial institutions	2,202,489
Receipts from returned preference payments	1,438,781
Receipts from recovery of GST and Income Taxes	592,619
Receipt from refund of unused Sentient Jet balance	96,559
Receipt from litigation settlement	87,279
Receipts from collection of accounts and notes receivable	54,353
Receipts from sale of assets	50,307
Other receipts	8,815
Interest	80,211
	7,215,404
 <u>Disbursements</u>	
Distributions to partners	5,489,530
Advances on Receiver's fees	486,287
Advances on Investors Committee's legal fees and costs	378,035
Advances on Receiver's legal fees and costs	55,686
Advances on Receiver's tax counsel's fees and costs	66,916
Advances on Receiver's tax advisor's fees and costs	32,205
Advances on Receiver's Nova Scotia counsel's fees and costs	17,202
Advances on Receiver's litigation counsel's fees and costs	71,468
Advances on Receiver's litigation expert's fees and costs	13,092
Distributions to creditors	8,728
Other disbursements	13,439
GST/HST	75,995
	6,708,583
 Receipts in excess of disbursements	506,821
Gain on foreign exchange	46,747
	\$ 553,569

Note:

- 1 Receipts and disbursements are expressed in US dollars converting Canadian dollars to US dollars at weighted average exchange rate applicable for above noted period of: 0.87279222
- 2 Cash in Trust balance expressed in US dollars converting Canadian dollar balances to US dollars at applicable period-end exchange rate of: 0.95379
Gain on foreign exchange represents difference between period-end exchange rate and weighted average exchange rate multiplied by Canadian dollar Cash in Trust balances.
- 3 Cash in Trust being retained for contingent creditor claims.

EXHIBIT D
RECEIVER AND MANAGER'S THIRD REPORT
TITAN INVESTMENTS LP ET AL
ACTION NO. 0401 – 19905

**TITAN INVESTMENTS LIMITED PARTNERSHIP
INTERIM DISTRIBUTION CALCULATION
IN US DOLLARS AS OF DECEMBER 9, 2008**

EXHIBIT D

INTERIM DISTRIBUTION #:		FIRST TO SIXTH	SEVENTH	
		Cumulative distributions required to achieve realization of:	Cumulative distributions required to achieve realization of:	Seventh interim distribution required to achieve cumul. realization of:
Partner		73.0%	75.0% #	75.0%
0				
1	1042725 Alberta Ltd.	-	0	-
2	1043068 Alberta Ltd.	924,965	950,330 1	25,365
3	1043930 Alberta Ltd.	-	0	-
4	1044325 Alberta Ltd.	-	0	-
5	1071874 Alberta Ltd.	-	0	-
6	4513517 Manitoba Ltd.	21,096	23,361 1	2,264
7	537139 Alberta Ltd.	-	0	-
8	706889 Alberta Ltd.	14,600	15,000 1	400
9	781592 Alberta Ltd.	67,525	69,375 1	1,850
10	790970 Alberta Ltd.	-	0	-
11	819680 Alberta Ltd.	-	0	-
12	924888 Alberta Ltd.	-	0	-
13	Alzetta, Richard	-	0	-
14	Andrews Furniture & Appliances Inc.	-	0	-
15	Axsen, Croft	280,315	306,625 1	26,310
16	Barrett, Harvey	-	0	-
17	Bellamy, David	1,280	1,600 1	320
18	Benteau, Judy	689,850	708,750 1	18,900
19	Botros, George	88,379	90,825 1	2,446
20	Caldwell, Danny	-	0	-
21	Carlson, Daryl	29,200	30,000 1	800
22	Chaque Investments LP	87,600	90,000 1	2,400
23	Chichery, Olivier	-	0	-
24	Chinook Country Properties Ltd.	-	0	-
25	Churchill, Wendy	44,267	45,655 1	1,388
26	Chute, D.M. Ryan	-	0	-
27	Chute, David	-	0	-
28	Chute, Janet	-	0	-
29	Comte, Michael & Sherry	-	0	-
30	Cooke, Rick	-	0	-
31	Czarnecki, Edyta	-	0	-
32	David Miller Capital Corporation	-	0	-
33	Dowsett, F. Ernest	30,251	31,080 1	829
34	Dzuba, Jacqueline	-	0	-
35	Dzuba, Yvonne	-	0	-
36	Ebanks, Sonia	400	500 1	100
37	Engineered Innovations Inc.	-	0	-
38	Erenit Institute Inc.	-	0	-
39	Evans, Gregg & Lorraine	-	0	-
40	Favert, Neil	-	0	-
41	Gowing, Dallas	-	0	-
42	Graeter, Dale & Rozann	38,325	39,375 1	1,050
43	Hailey Investment Corporation	303,096	311,400 1	8,304
44	Halliday, Alton & Firth Heidis	600	750 1	150
45	Harvey, Darrin	-	0	-
46	Henshaw, Bernadette	3,400	4,250 1	850
47	Huronina Holdings Inc.	51,653	54,575 1	2,922
48	Jarvis, Alan	269,541	276,925 1	7,385
49	Jellicoe, Tanya	-	0	-
50	Koch, Craig	2,298	2,872 1	574
51	Krog, Joanne	60	75 1	15
52	Kurtz, Jeffrey & Rhonda	-	0	-
53	Kurtz, Kenneth & Louise	43,800	45,000 1	1,200
54	Kurtz, Kristy	-	0	-
55	Kurtz, Stephen	-	0	-
56	Laing, Bruce	520	650 1	130
57	Lavigne, Michel	-	0	-
58	Legend Motors Inc.	28,154	31,254 1	3,100
59	Maher, Francis	400	500 1	100
60	Maher's Polypipe Ltd.	-	1,580 1	1,580
61	Marcotte Farms Ltd.	-	0	-
62	Marcotte Properties Ltd.	514,650	528,750 1	14,100
63	Marcotte, Alexis (Hackney)	-	0	-
64	Marcotte, Darren	12,045	12,375 1	330
65	Marcotte, Jason	-	0	-
66	Marcotte, Lana (Panchuk)	9,490	9,750 1	260

**TITAN INVESTMENTS LIMITED PARTNERSHIP
INTERIM DISTRIBUTION CALCULATION
IN US DOLLARS AS OF DECEMBER 9, 2008**

EXHIBIT D

INTERIM DISTRIBUTION #:		FIRST TO SIXTH	SEVENTH		
		Cumulative distributions required to achieve realization of:	Cumulative distributions required to achieve realization of:	#	Seventh interim distribution required to achieve cumul. realization of:
Partner		73.0%	75.0%		75.0%
0					
67	Marcotte, Laurie (Knox)	26,474	27,200	1	725
68	Marcotte, Leslie	22,338	22,950	1	612
69	Marcotte, Michel & Donna	91,980	94,500	1	2,520
70	Marcotte, Trevor	-	-	0	-
71	Marcotte, Wilf	-	-	0	-
72	Matthews, Cameron	-	-	0	-
73	McAra, John	-	-	0	-
74	McAslan, Janet	-	-	0	-
75	McBride, Debra	29,930	30,750	1	820
76	McHarg, Dianne	400	500	1	100
77	McLeod, Marlene	13,170	13,750	1	580
78	Moher Marketing & Sales Inc.	-	-	0	-
79	Moher, Sean	-	-	0	-
80	Moldowan, Marilyn	4,800	6,000	1	1,200
81	Moore, Gordon	138,445	142,238	1	3,793
82	MS Computing Ltd.	80,300	82,500	1	2,200
83	Murias, Terry	-	-	0	-
84	Murias, Tim & Betina	400	500	1	100
85	Murley, Sandra	190,000	200,000	1	10,000
86	Naples Ventures Inc.	51,580	54,500	1	2,920
87	Newell, Sandra	1,600	2,000	1	400
88	Oke, Tim & Jo-Anne	-	-	0	-
89	Omni Professional Services Corp.	-	-	0	-
90	Ostrowski, Andrew & Anna	111,834	114,898	1	3,064
91	Park, Sandra	1,440	1,800	1	360
92	Parker, Derrick	-	-	0	-
93	Parker, Ervin & Gail	101,406	105,486	1	4,080
94	Parker, Jeff	212,440	221,440	1	9,000
95	Pearson, Christopher	406	508	1	102
96	Pearson, Jean	-	-	0	-
97	Pearson, Kathenne	-	-	0	-
98	Pearson, Thomas	-	-	0	-
99	Pederson, Alec	-	-	0	-
100	Personal Best Seminars Inc.	12,681	20,091	1	7,410
101	Phoenix Consultants	40,150	4,250	1	1,100
102	Pizzolato, David	-	-	0	-
103	Pollack, Carolyn	-	-	0	-
104	Poulsen, Albert	-	-	0	-
105	Reitman, Vladimir & Ljubov	156,950	161,250	1	4,300
106	Rosen, Ruth	3,064	3,830	1	766
107	Scott, Lynn	-	-	0	-
108	Shauf, Dale	-	-	0	-
109	Souris Valley Farm Ltd.	-	-	0	-
110	Southern Ag-Ventures Ltd.	36,500	37,500	1	1,000
111	Spanski Enterprises Inc.	-	-	0	-
112	Stevenson, Gordon & Della	-	-	0	-
113	Stromme, Laurene	-	-	0	-
114	Stroud, Gail & Roger Jackson	400	500	1	100
115	Sy-Hua Chiu Professional Corp.	91,250	93,750	1	2,500
116	Technology & Research Co. Inc.	35,050	38,750	1	3,700
117	Technology and Research Inc.	109,500	112,500	1	3,000
118	Theriault, Lane	400	500	1	100
119	Tina Card Management Inc.	114,975	118,125	1	3,150
120	Tugwell, Michael	2,280	2,850	1	570
121	TVP Western Canada Inc.	3,650	3,750	1	100
122	TW Cleaning Services	-	-	0	-
123	Ultimate Capital Management Inc.	-	-	0	-
124	Zankl, Karla	148	448	1	300
125	Zichy, Les & Mickey	45,230	48,250	1	3,020
126	Zurcher, Heinz	327	1,487	1	1,160
	Totals	5,289,256	5,489,530	63	200,274

Action No. 0401-19905

IN THE COURT OF QUEEN'S
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IN THE MATTER OF

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LTD.,
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DECEASED,
and THE COMTE FAMILY TRUST
and PREDATOR HOLDINGS LTD.

**RECEIVER AND MANAGER'S
THIRD REPORT**

ALGER & ASSOCIATES INC.

AUGUST 5, 2010

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