

**Date:** April 28, 2005

**To:** Limited Partners of Titan Investments Limited Partnership (“Titan”)

**From:** Alger & Associates Inc. – Receiver and Manager

**Subject:** Titan Partner Taxation Matters

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Further to the comments in our second report to the Court of April 14, 2005, due to the complexities involved with the fraud perpetrated on Titan and its partners by David Comte, it has not been possible for the Receiver to provide the T-5013 tax information slips to Titan’s limited partners until the various tax related matters are resolved with Canada Revenue Agency (“CRA”). We have been communicating with CRA for this purpose and hope to receive a formal response from them over the intervening weeks.

On more urgent, time sensitive matters, however, we have been communicating with CRA on two particular issues, those being the need for partners to file Notices of Objection for prior year’s returns by April 30, 2005 and the need for certain partners to report capital gains on redemptions of their units in their 2004 tax returns.

A copy of a letter from our tax advisor, Curtis Stewart at Bennett Jones LLP, is attached to this communication for this purpose, along with the related correspondence to CRA. As noted in this letter, to the extent that we receive the comfort letter mentioned from CRA on the Notice of Objection matter, we will post this information on the [www.alger.ca](http://www.alger.ca) web-site immediately.

All other taxation matters related to Titan will, by necessity, have to wait for CRA’s rulings and/or a Court determination on these matters before we will be able to provide any tax information slips to you or other information of use to your taxation filings on this matter.

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Our File No.: 51602-3

April 28, 2005

**Via Facsimile**

Alger & Associates Inc.  
#400, 602 - 11 Avenue SW  
Calgary, Alberta  
T2R 1J8

**Attention: Mike Costello**

Dear Sir:

**Re: Titan Partner Taxation Matters**

Attached are the letters provided to the CRA on the time sensitive issues. Specifically we wrote to the CRA on two issues.

1. The necessity for partners to file Notices of Objection for the 2003 taxation year. The request was designed to give comfort that if investors did not file Objections by April 30, 2005 and it later became necessary to do so that the CRA would grant extensions of time necessary to "late file" the Objections.

We have been advised by the CRA that they will be issuing to our office a comfort letter in response confirming that they agree that the for the purposes of any future applications for extension of time to file an objection that the partners had a "bona fide intention to object" within the period required by the Act and that so long as extension requests are filed "as soon as circumstances permit" extensions will be granted.

The provisions of the Act dealing with the granting of extensions of time to file Objections require that requests be made "as soon as circumstances permit". The CRA Appeals wants to ensure this requirement is met in the future. For example, if in the course of discussions it became obvious on May 15, 2005 that Objections need to be filed the CRA would expect the applications be made in short order (a month or shorter). If someone waited until December 15, 2005 for example the CRA may take the position it was not made "as soon as circumstances permit".

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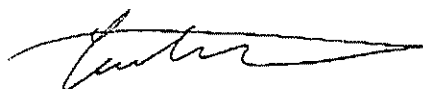
Therefore each partner/ investor will need to make their own decision. However reviewing our letter to the CRA and their response may be helpful in their decision making process. The CRA letter should be received this afternoon or tomorrow am and I will provide it to your office forthwith.

2. The second issue was the reporting of a "gain" on the amounts received from the partnership in 2004. You will see we advocated to the CRA that they acknowledge that partners should not report any amounts at this time, instead making an indication on their return that an amount may need to be reported in the future. The CRA will not be issuing a written response on this question however they have acknowledged verbally that partners who report on "the best available information" would not be considered to have been in any manner grossly negligent in the filing of their returns. As such partners may, after seeking their own advise, decide to follow the course of action set out in our letter to the CRA.

I hope this is useful as some guidance to affected persons.

Yours truly,

**BENNETT JONES LLP**



Curtis R. Stewart

CRS/rs

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Our File No.: 51602-3

April 27, 2005

Canada Revenue Agency  
Calgary Tax Services Office  
Chief of Appeals  
Appeals Division  
Room 820, 220 - 4 Avenue SE  
Calgary, Alberta  
T2G 0L1

**Attention: Scott Shelton**

Dear Mr. Shelton:

**Re: Titan Investments Limited Partnership et al. - Investors/Partners**

We act on behalf of the Receiver and Manager of Titan Investments Limited Partnership ("Titan"). Titan Genpar Inc. and a Court appointed Investors Committee comprised of some of the partners of Titan Investments Limited Partnership. We are currently working through various tax issues with the Canada Revenue Agency, Audit and Verification Division arising from the circumstances of Titan and its predecessors (Comte Global Partners, Prometheus Investments Limited Partnership and Tyche Investments Limited Partnership, collectively "Titan"). These taxation issues arise as a consequence of a large-scale fraud perpetrated on Titan and its partners.

Although there are a number of tax issues arising from the fraud perpetrated on Titan and its partners, we write to you concerning one specific issue, namely the income of Titan allocated to the partners of Titan in respect of the 2003 taxation year. In particular, Titan issued T5013 tax information slips in 2003 to each of its partners, purporting to report allocations of income earned by Titan in the year. We understand that each of the partners claimed such amounts as income on their 2003 tax returns. It has now become clear that all or substantially all of the profits/income allocated by Titan to its partners and its reported earnings were, in actuality, fictitious. As such, it is contemplated that revised T5013 information slips will be issued to the partners for the 2003 taxation year or alternatively a determination will be made by the Minister pursuant to subsection 152(1.4) of the Act, with resulting reassessments. The proper reporting is still to be determined and we are dealing directly with the Canada Revenue Agency, Audit and Verification Division, in this regard.

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We write to you to confirm that the Receiver/Manager of Titan has advised the affected partners that the 2003 income allocated to them by Titan is incorrect. We confirm that as a consequence partners intend to file Notices of Objection pursuant to section 165 of the *Income Tax Act (Canada)* in regard to their 2003 taxation years if this becomes necessary. In particular, it is contemplated partners will object to the amount of income originally allocated by Titan in the 2003 year. Given the current involvement with the Audit & Verification Division of the Canada Customs and Revenue Agency it is impractical, and counter productive, to have each partner of Titan file a Notice of Objection prior to April 30, 2005 in respect of their 2003 year, as discussions are ongoing with the CRA to determine the appropriate income (if any) to be allocated to the various partners. It is contemplated by the Receiver/Manager that determinations will be made by the Minister pursuant to subsection 152(1.4) of the Act in regard to the income/loss of Titan or revised T5013's will be issued by Titan to partners. However, in the event the Minister does not issue a determination pursuant to subsection 152(1.4) and T1A adjustments of partners based on revised T5013's issued to partners are not accepted by the Minister, partners may be required to file Notices of Objection in respect of the 2003 taxation year.

The purpose of this letter is to confirm the *bona fide* intention of partners in Titan to object to the income originally allocated by Titan for the 2003 year, and to provide a background as to the reasons it is impractical to file Notices of Objection at this time.

Once discussions with the Audit & Verification Division have been completed, which we expect will happen in short order, the appropriate income of each of the partners of Titan will be determined. If it is necessary for any partners to file applications for extension, these will be made as soon as the circumstances permit. We attach a list of the various partners of Titan affected.

Should you have any questions or concerns, please feel free to contact me.

Yours truly,

**BENNETT JONES LLP**

**COPY**

Curtis R. Stewart

CRS/rs

cc: Marlene White

**Titan Investments Limited Partnership and Predecessors  
List of Partners (2000-2004)****Partner**

- 1 1042725 Alberta Ltd.
- 2 1043068 Alberta Ltd.
- 3 1043930 Alberta Ltd.
- 4 1044325 Alberta Ltd.
- 5 1071874 Alberta Ltd.
- 6 4513517 Manitoba Ltd.
- 7 537139 Alberta Ltd.
- 8 706889 Alberta Ltd.
- 9 781592 Alberta Ltd.
- 10 790970 Alberta Ltd.
- 11 819680 Alberta Ltd
- 12 924888 Alberta Ltd
- 13 Alzetta, Richard
- 14 Andrews Furniture & Appliances Inc.
- 15 Axsen, Croft
- 16 Barrett, Harvey
- 17 Bellamy, David
- 18 Benteau, Judy
- 19 Botros, George
- 20 Caldwell, Danny
- 21 Carlson, Daryl
- 22 Carlson, Jonathan
- 23 Chaque Investments LP
- 24 Chichery, Olivier
- 25 Chinook Country Properties Ltd.
- 26 Christom Holdings Ltd.
- 27 Churchill, Wendy
- 28 Chute, D.M. Ryan
- 29 Chute, David
- 30 Chute, Janet
- 31 Comte, Michael & Sherry
- 32 Cooke, Rick
- 33 Czarnecki, Edyta
- 34 David Miller Capital Corporation
- 35 Dewey, Gina
- 36 Dewey, Tobias
- 37 Dowsett, F. Ernest
- 38 Dzuba, Jacqueline
- 39 Dzuba, Yvonne
- 40 Ebanks, Sonia
- 41 Engineered Innovations Inc.
- 42 Etenrit Institute Inc.
- 43 Evans, Gregg & Lorraine
- 44 Evert, Neil
- 45 Evolution Capital Management Ltd.

**Titan Investments Limited Partnership and Predecessors  
List of Partners (2000-2004)****Partner**

46 Gelineau, Guy  
47 Gowing, Dallas  
48 Graefer, Dale & Rozann  
49 Hailey Investment Corporation  
50 Halliday, Alton & Firth Heidie  
51 Harvey, Darrin  
52 Henshaw, Bernadette  
53 Huronia Holdings Inc.  
54 Jarvis, Alan  
55 JAV International Ventures  
56 Jellicoe, Tanya  
57 Koch, Craig  
58 Krog, Joanne  
59 Kurtz, Jeffrey & Rhonda  
60 Kurtz, Kenneth & Louise  
61 Kurtz, Kristy  
62 Kurtz, Stephen  
63 Kurtz, Stephen & Kristy (Farm Acct.)  
64 Kurtz, Stewart  
65 Laing, Bruce  
66 Lavigne, Michel  
67 Legend Motors Inc.  
68 Maher, Adrian  
69 Maher, Francis  
70 Maher, Nancy  
71 Maher's Polypipe Ltd.  
72 Marcotte Farms Ltd.  
73 Marcotte Properties Ltd.  
74 Marcotte, Alexis (Hackney)  
75 Marcotte, Darren  
76 Marcotte, Jason  
77 Marcotte, Lana  
78 Marcotte, Laurie  
79 Marcotte, Leslie  
80 Marcotte, Michel & Donna  
81 Marcotte, Trevor  
82 Marcotte, Wilf  
83 Matthews, Cameron  
84 McAra, John  
85 McAslan, Janet  
86 McBride, Debra  
87 McHarg, Dianne  
88 McLeod, Marlene  
89 Moher Marketing & Sales Inc.  
90 Moher, Sean

**Titan Investments Limited Partnership and Predecessors  
List of Partners (2000-2004)****Partner**

91 Moher, Sheri  
92 Moldowan, Marilyn  
93 Moore, Gordon  
94 MS Computing Ltd.  
95 Murias, Terry  
96 Murias, Tim & Betina  
97 Murley, Sandra  
98 Naples Ventures Inc.  
99 Nelson, Ed  
100 Newell, Sandra  
101 Oke, Tim & Jo-Anne  
102 Omni Professional Services Corp.  
103 Ostrowski, Andrew & Anna  
104 Park, Sandra  
105 Parker, Derrick  
106 Parker, Ervin & Gail  
107 Parker, Jeff  
108 Pearson, Christopher  
109 Pearson, Jean  
110 Pearson, Katherine  
111 Pearson, Thomas  
112 Pederson, Alec  
113 Personal Best Seminars Inc.  
114 Phoenix Consultants  
115 Pizzolato, David  
116 Pollack, Carolyn  
117 Poulsen, Albert  
118 Reltman, Vladimir & Ljubov  
119 Rosen, Ruth  
120 Scott, Kyle  
121 Scott, Lynn  
122 Shauf, Dale  
123 Souris Valley Farm Ltd.  
124 Southern Ag-Ventures Ltd.  
125 Spanski Enterprises Inc.  
126 Stevenson, Gordon & Della  
127 Stromme, Laurene  
128 Stroud, Gail & Roger Jackson  
129 Sy-Hua Chiu Professional Corp.  
130 Technology & Research Co. Inc.  
131 Technology and Research Inc.  
132 Theriault, Lane  
133 Tina Card Management Inc.  
134 Tugwell, Michael  
135 TVP Western Canada Inc.

**Titan Investments Limited Partnership and Predecessors  
List of Partners (2000-2004)**

**Partner**

136 TW Cleaning Services  
137 Ultimate Capital Management Inc.  
138 Zankl, Karla  
139 Zichy, Les & Mickey  
140 Zurcher, Heinz

| B E N N E T T J O N E S |

LLP

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File No.: 51602-3

April 27, 2005

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

**Attention: Marlene White**

Dear Ms. White:

**Re: Titan Limited Partnership et al. in Receivership  
Reporting of Gains/Losses for 2004 Taxation Year**

As you are aware from our previous correspondence, we act on behalf of the Receiver and Manager of Titan Investments Limited Partnership as well as a Court appointed Investors Committee comprised of some of the investors of Titan or its predecessors ("Titan"). We wish to alert you to an issue various partners of Titan face in the filing of their 2004 income tax returns. Specifically, as outlined in our letter of April 21, 2005, a number of partners either fully or partially redeemed their units in Titan based upon fictitious valuation figures per unit. These redemptions were part of the overall fraud committed upon the partners and the partnership.

It is not yet clear whether the amounts received by certain partners as part of the overall fraud committed upon Titan and the partners will be the amounts such persons are ultimately entitled to. As a consequence, we are proposing that partners who received full or partial redemption of their units in 2004 in the course of the fraud perpetrated not report any gains or losses in their 2004 tax returns at this time. Rather, we would propose that each of these partners be advised by the Receiver/Manager of Titan that it would be appropriate to file an attachment with their income tax return explaining that

*while an amount was received on account of the taxpayers interest in Titan the amount may be subject to adjustments to be determined and accordingly such amount is not included in the filing of the 2004 return. Upon determination of the proper amount to be reported by the taxpayer the taxpayer's intent is to file a TIA Adjustment reflecting the appropriate amount.*

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We would submit that this would be a reasonable way in which to proceed and would avoid any issues of there having been gross negligence by the partners in the preparation of their income tax return.

If you are agreeable to this approach, we would propose that the Receiver and Manager of Titan and its predecessors recommend to the partners affected that they file their 2004 tax returns in the manner noted above. We would ask that you endorse the duplicate copy of this letter if you are agreeable to this approach.

We trust the foregoing is satisfactory.

Yours truly,

**BENNETT JONES LLP**

**COPY**  
Curtis R. Stewart

CRS/rs

Confirmation of the above is made this \_\_\_\_\_ day of April, 2005

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