

**Date:** August 24, 2005

**To:** Limited Partners of Titan Investments Limited Partnership (“Titan”) who have not entered into settlement agreements with the Receiver and other interested parties

**From:** Alger & Associates Inc. – Receiver and Manager (“Receiver”)

**Subject:** Update since Second Receiver’s report dated April 14, 2005

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The following is a brief update on various matters of interest since the Receiver’s second report dated April 14, 2005. All funds noted herein are expressed in U.S. Dollars.

1. Court Application to recover redemption funds paid to Overpaid Partners

On August 19, 2005 the Honourable Mr. Justice Hawco issued his “*Reasons for Judgment*” regarding the Joint Application by the Investors Committee and the Receiver on March 18, 2005 (as amended on May 30, 2005) for the Overpaid Partners to repay funds to the Receiver. A copy of the “*Reasons for Judgment*” is posted at [www.alger.ca/engagements.htm](http://www.alger.ca/engagements.htm). This judgment affects the 42 of the 84 Overpaid Partners who did not enter into settlement agreements with the Receiver for the return of False Profits. Justice Hawco adjudged that:

*“The redemptions made by Titan to the Overpaid Investors are void pursuant to section 2 of the Fraudulent Preferences Act and directing the Overpaid Investors to repay the full amount of the redemptions to the Receiver, failing which the Applicants shall be entitled to Judgment against those parties that have not paid for the amount of the redemption.”*

The specific terms for these repayments will be contained in an Order of the Court, which is in the process of being drafted by counsel and will be posted to the [www.alger.ca](http://www.alger.ca) web-site when entered.

2. Partner taxation matters

On August 22, 2005, the Receiver issued T5013 slips (amended as applicable) for the 2002-2004 years, along with a communication to limited partners, a copy of which is posted at [www.alger.ca/engagements.htm](http://www.alger.ca/engagements.htm). If you do not receive this communication and applicable T5013 slips within 2 weeks, please contact the Receiver.

3. Interim distributions / Current R&D

- On May 12, 2005, pursuant to a Court Order of May 11, 2005, a copy of which is posted at [www.alger.ca/engagements.htm](http://www.alger.ca/engagements.htm), the Receiver made a \$1.9 million initial

interim distribution to 32 partners who had recovered less than 32% of their original investment.

- On August 10, 2005 the Court approved the Redistribution formula applied for jointly by the Investors Committee and the Receiver on March 18, 2005 and amended on May 30, 2005. A copy of the Court Order is posted at [www.alger.ca/engagements.htm](http://www.alger.ca/engagements.htm).
- On August 25, 2005, the Receiver will be issuing a second interim distribution to the 36 partners who have recovered less than 45% of their original investment in Titan. This second interim distribution, totalling \$916,000 as outlined in the attached Schedule "A" (which Schedule also contains details of the initial interim distribution) will be distributed from the \$986,000 in the Receiver's interest-bearing trust accounts as outlined in the Receiver's Statement of Receipts and Disbursements ("R&D") attached as Schedule "B".

#### 4. Future asset realization matters

Aside from those assets realized by the Receiver as outlined on the above noted R&D, the Receiver is yet to realize upon the following assets:

- a. Income Tax and GST recoveries – with the Receiver, its tax counsel and CRA having substantially completed the required work regarding the partnership returns and related T-5013 slips for 2002-2004, we are now able to focus upon the various income tax and GST matters related to Evolution Capital Management Ltd. and the Comte's as outlined our second report. The CRA's position on these matters is outlined in Exhibit "E" to the affidavit of Michael Costello of June 21, 2005, which is posted at [www.alger.ca/engagements.htm](http://www.alger.ca/engagements.htm). We expect to resolve these matters over the remainder of the year.
- b. Janet Comte recoveries – as noted above, with the completion of the partnership returns and related T-5013 filings, we are now able to focus upon the various income tax matters related to David and Janet Comte, such that we will be in a position thereafter to resolve matters regarding Janet Comte's \$1.1 million in assets as outlined in section 4 of the Receiver's second report.
- c. False Profit settlements – aside from the \$760,000 in funds included in the above-noted R&D from the 42 Overpaid Partners who have settled with the Receiver (and the 4 partners who have not, but who have repaid False Profits to the Receiver without signing a release), there remains \$383,000 in funds to be collected from 10 of these 42 Overpaid Partners who have settled with the Receiver on a deferred payment basis. Based upon the terms of the settlement agreements, all of these funds are anticipated to be collected over the next 6 months, except for \$143,000 owed by two corporations who have claimed financial hardship (as supported by their sworn Statutory Declarations). This \$143,000, pursuant to the terms of the two settlement agreements, is to be

repaid over the next 25-27 months. To the extent that all of the 10 deferred settlement parties do not fulfill the terms of their applicable settlement agreements, Consent Judgments providing for an increased liability of \$164,000 by these parties will be applicable.

- d. Court-ordered repayments – although the ruling by Justice Hawco declares all redemptions to the Overpaid Partners to be void and requires repayment in full to the Receiver, the present intention of the Receiver, subject to the Court's direction, is to only seek repayment from the applicable Overpaid Partners in an amount sufficient to provide for a conservatively calculated partner realization, after factoring in realization risks and future costs of administration and litigation. Based upon these assumptions and pending the specific terms of the Court Order to be drafted and entered, the Receiver estimates that approximately \$2.1 million would be recoverable from the 42 Overpaid Partners subject to the August 19, 2005 judgment, as opposed to the \$2.5 million otherwise recoverable under the terms of the August 19, 2005 judgment. To the extent the applicable amounts are not repaid to the Receiver pursuant to the terms of the Order when entered, the Receiver will be seeking registerable judgments against the appropriate parties, inclusive of all costs incurred by the Receiver, and pursuing various measures to realize upon these registerable judgments, including, but not limited to: garnishee orders, asset seizures and petitions into bankruptcy as necessary.
- e. Other Assets – there are various other assets still to be realized upon by the Receiver with an aggregate realizable value of up to \$150,000. These other assets are discussed in section 3 of the Receiver's second report.

#### 5. Projected partner realization

Based upon the above factors, the projected overall partner realization of 75-93% outlined in section 7 of our second report is now projected in the 75-87% range as a result of anticipated reductions in income tax and GST recoveries combined with increased cost of administration and litigation expectations from those recoveries and costs projected in the high realization amounts outlined in the second report. The effect of the settlement agreements reached with the 42 Overpaid Partners will be a reduction in recoveries for the remaining 84 partners of approximately 2-1/2% from the realization percentages noted above, assuming a full realization from the 42 Overpaid Partners subject to the August 19, 2005 judgment.

If you have any questions related to this update memo, please contact Michael Costello at the contact details noted herein (direct line 403-296-3087) or at [mcostello@alger.ca](mailto:mcostello@alger.ca).

TITAN INVESTMENTS LIMITED PARTNERSHIP  
INTERIM DISTRIBUTION CALCULATION  
IN US DOLLARS AS OF AUGUST 24, 2005

SCHEDULE A

	Partner	FIRST INTERIM DISTRIBUTION			SECOND INTERIM DISTRIBUTION		
		Gross Dist. to date as a % of Gross Invest. (pre-interim distributions)	First Interim dist. required to achieve realiz. ratio of: 32%		Cumulative distribution required to achieve realiz. ratio of: 45%	Second Interim dist. required to achieve cumul. realiz. ratio of: 45%	
0							
1	1042725 Alberta Ltd.	271.7%	0	-	-	0	-
2	1043068 Alberta Ltd.	0.1%	1	404,987	569,858	1	164,871
3	1043930 Alberta Ltd.	285.2%	0	-	-	0	-
4	1044325 Alberta Ltd.	199.8%	0	-	-	0	-
5	1071874 Alberta Ltd.	950.0%	0	-	-	0	-
6	4513517 Manitoba Ltd.	54.4%	0	-	-	0	-
7	537139 Alberta Ltd.	100.0%	0	-	-	0	-
8	706889 Alberta Ltd.	0.0%	1	6,400	9,000	1	2,600
9	781592 Alberta Ltd.	0.0%	1	29,600	41,625	1	12,025
10	790970 Alberta Ltd.	135.6%	0	-	-	0	-
11	819680 Alberta Ltd.	144.2%	0	-	-	0	-
12	924888 Alberta Ltd.	357.9%	0	-	-	0	-
13	Alzetta, Richard	100.0%	0	-	-	0	-
14	Andrews Furniture & Appliances Inc.	283.8%	0	-	-	0	-
15	Axsen, Croft	51.7%	0	-	-	0	-
16	Barrett, Harvey	2272.1%	0	-	-	0	-
17	Bellamy, David	151.1%	0	-	-	0	-
18	Benteau, Judy	0.0%	1	302,400	425,250	1	122,850
19	Bolros, George	0.7%	1	38,236	54,135	1	15,899
20	Caldwell, Danny	254.0%	0	-	-	0	-
21	Carlson, Daryl	0.0%	1	12,800	18,000	1	5,200
22	Chaque Investments LP	0.0%	1	38,400	54,000	1	15,600
23	Chichery, Olivier	100.0%	0	-	-	0	-
24	Chinook Country Properties Ltd.	149.3%	0	-	-	0	-
25	Churchill, Wendy	9.2%	1	15,810	24,833	1	9,023
26	Chute, D.M. Ryan	283.8%	0	-	-	0	-
27	Chute, David	527.2%	0	-	-	0	-
28	Chute, Janet	550.4%	0	-	-	0	-
29	Comte, Michael & Sherry	100.0%	0	-	-	0	-
30	Cooke, Rick	100.0%	0	-	-	0	-
31	Czamecki, Edyta	562.6%	0	-	-	0	-
32	David Miller Capital Corporation	100.0%	0	-	-	0	-
33	Dowsett, F. Ernest	0.0%	1	13,261	18,648	1	5,387
34	Dzuba, Jacqueline	100.0%	0	-	-	0	-
35	Dzuba, Yvonne	100.0%	0	-	-	0	-
36	Ebanks, Sonia	625.4%	0	-	-	0	-
37	Engineered Innovations Inc.	203.1%	0	-	-	0	-
38	Etenrit Institute Inc.	218.3%	0	-	-	0	-
39	Evans, Gregg & Lorraine	100.0%	0	-	-	0	-
40	Evert, Neil	100.0%	0	-	-	0	-
41	Gowing, Dallas	217.9%	0	-	-	0	-
42	Graefer, Dale & Rozann	0.0%	1	16,800	23,625	1	6,825
43	Hailey Investment Corporation	0.0%	1	132,864	186,840	1	53,976
44	Halliday, Alton & Firth Heidie	224.0%	0	-	-	0	-
45	Harvey, Darrin	274.7%	0	-	-	0	-
46	Henshaw, Bernadette	100.0%	0	-	-	0	-
47	Huronina Holdings Inc.	37.6%	0	-	10,745	1	10,745
48	Jarvis, Alan	0.0%	1	118,155	166,155	1	48,000
49	Jellicoe, Tanya	100.0%	0	-	-	0	-
50	Koch, Craig	308.3%	0	-	-	0	-
51	Krog, Joanne	2547.6%	0	-	-	0	-
52	Kurtz, Jeffrey & Rhonda	100.0%	0	-	-	0	-
53	Kurtz, Kenneth & Louise	0.0%	1	19,200	27,000	1	7,800
54	Kurtz, Kristy	179.9%	0	-	-	0	-
55	Kurtz, Stephen	170.2%	0	-	-	0	-
56	Laing, Bruce	2020.9%	0	-	-	0	-
57	Lavigne, Michel	384.3%	0	-	-	0	-
58	Legend Motors Inc.	54.8%	0	-	-	0	-
59	Maher, Francis	360.8%	0	-	-	0	-
60	Maher's Polypipe Ltd.	78.0%	0	-	-	0	-
61	Marcotte Farms Ltd.	100.0%	0	-	-	0	-
62	Marcotte Properties Ltd.	0.0%	1	225,600	317,250	1	91,650
63	Marcotte, Alexis (Hackney)	100.0%	0	-	-	0	-
64	Marcotte, Darren	0.0%	1	5,280	7,425	1	2,145

**TITAN INVESTMENTS LIMITED PARTNERSHIP  
INTERIM DISTRIBUTION CALCULATION  
IN US DOLLARS AS OF AUGUST 24, 2005**

**SCHEDULE A**

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0							
65	Marcotte, Jason	100.0%	0	-	-	0	-
66	Marcotte, Lana	0.0%	1	4,160	5,850	1	1,690
67	Marcotte, Laurie	0.0%	1	11,605	16,320	1	4,715
68	Marcotte, Leslie	0.0%	1	9,792	13,770	1	3,978
69	Marcotte, Michel & Donna	0.0%	1	40,320	56,700	1	16,380
70	Marcotte, Trevor	100.0%	0	-	-	0	-
71	Marcotte, Will	92.9%	0	-	-	0	-
72	Mathews, Cameron	100.0%	0	-	-	0	-
73	McAra, John	816.1%	0	-	-	0	-
74	McAsian, Janet	100.0%	0	-	-	0	-
75	McBride, Debra	0.0%	1	13,120	18,450	1	5,330
76	McHarg, Dianne	100.0%	0	-	-	0	-
77	McLeod, Mariene	27.6%	1	1,280	5,050	1	3,770
78	Moher Marketing & Sales Inc.	5484.4%	0	-	-	0	-
79	Moher, Sean	183.0%	0	-	-	0	-
80	Moldowan, Marilyn	181.2%	0	-	-	0	-
81	Moore, Gordon	0.0%	1	60,688	85,343	1	24,655
82	MS Computing Ltd.	0.0%	1	35,200	49,500	1	14,300
83	Murias, Terry	100.0%	0	-	-	0	-
84	Murias, Tim & Betina	285.2%	0	-	-	0	-
85	Murley, Sandra	35.0%	0	-	50,000	1	50,000
86	Naples Ventures Inc.	37.7%	0	-	10,700	1	10,700
87	Newell, Sandra	182.8%	0	-	-	0	-
88	Oke, Tim & Jo-Anne	100.0%	0	-	-	0	-
89	Omni Professional Services Corp.	100.0%	0	-	-	0	-
90	Ostrowski, Andrew & Anna	0.0%	1	49,023	68,939	1	19,916
91	Park, Sandra	352.4%	0	-	-	0	-
92	Parker, Derrick	290.0%	0	-	-	0	-
93	Parker, Ervin & Gail	23.3%	1	17,774	44,291	1	26,518
94	Parker, Jeff	25.8%	1	27,940	86,440	1	58,500
95	Pearson, Christopher	283.8%	0	-	-	0	-
96	Pearson, Jean	100.0%	0	-	-	0	-
97	Pearson, Katherine	100.0%	0	-	-	0	-
98	Pearson, Thomas	394.5%	0	-	-	0	-
99	Pederson, Alec	100.0%	0	-	-	0	-
100	Personal Best Seminars Inc.	69.6%	0	-	-	0	-
101	Phoenix Consultants	0.0%	1	17,600	24,750	1	7,150
102	Pizzolato, David	1814.7%	0	-	-	0	-
103	Pollack, Carolyn	100.0%	0	-	-	0	-
104	Poulsen, Albert	100.0%	0	-	-	0	-
105	Reitman, Vladimir & Ljubov	0.0%	1	68,800	96,750	1	27,950
106	Rosen, Ruth	307.5%	0	-	-	0	-
107	Scott, Lynn	140.2%	0	-	-	0	-
108	Shauf, Dale	100.0%	0	-	-	0	-
109	Souris Valley Farm Ltd.	100.0%	0	-	-	0	-
110	Southern Ag-Ventures Ltd.	0.0%	1	16,000	22,500	1	6,500
111	Spanski Enterprises Inc.	100.0%	0	-	-	0	-
112	Stevenson, Gordon & Della	100.0%	0	-	-	0	-
113	Stromme, Laurene	100.0%	0	-	-	0	-
114	Stroud, Gail & Roger Jackson	100.0%	0	-	-	0	-
115	Sy-Hua Chiu Professional Corp.	0.0%	1	40,000	56,250	1	16,250
116	Technology & Research Co. Inc.	54.1%	0	-	-	0	-
117	Technology and Research Inc.	0.0%	1	48,000	67,500	1	19,500
118	Theriault, Lane	266.1%	0	-	-	0	-
119	Tina Card Management Inc.	0.0%	1	50,400	70,875	1	20,475
120	Tugwell, Michael	100.0%	0	-	-	0	-
121	TVP Western Canada Inc.	283.8%	0	-	-	0	-
122	TW Cleaning Services	261.0%	0	-	-	0	-
123	Ultimate Capital Management Inc.	118.6%	0	-	-	0	-
124	Zanki, Karla	185.2%	0	-	-	0	-
125	Zichy, Les & Mickey	43.0%	0	-	2,950	1	2,950
126	Zurcher, Heinz	72.4%	0	-	-	0	-
	<b>Totals</b>	<b>52.4%</b>	<b>32</b>	<b>1,891,495</b>	<b>2,807,316</b>	<b>36</b>	<b>915,822</b>

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 AUGUST 24, 2005**

	<u>US Dollars</u>
<b><u>Receipts</u></b>	
Receipts from financial institutions	\$ 2,102,527
Receipts from limited partners	759,676
Returned preference payments	320,202
Refund from Sentient Jet	96,559
Sales of assets	40,071
Notes receivable collections	18,443
Miscellaneous receipts	2,712
Interest	20,973
	<b>3,361,164</b>
<b><u>Disbursements</u></b>	
Distributions to partners	1,891,495
Receiver fee advances	202,635
Advances on Investors Committee's legal fees and costs	173,670
Advances on Receiver's legal fees and costs	34,059
Advances on Receiver's tax counsel's fees and costs	26,423
Advances on Receiver's tax advisor's fees and costs	7,138
Disbursements	8,407
GST	31,558
	<b>2,375,385</b>
<b>Cash in Trust</b>	<b>\$ 985,780</b>

**Note:**

1 Expressed in US dollars converting Canadian dollars to US dollars at exchange rate of \$.83.