

March 10, 2005

**Without Prejudice**

***Re: Titan Investments Limited Partnership – In Receivership (“Titan”)***

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In response to our demand letter of March 4, 2005 on the above noted matter, there have been inquiries made as to the legal basis upon which we are entitled to recover the funds claimed.

At present, we have made a demand on all limited partners who have received monies from Titan to return to us the determined “false profit” amounts, reserving the right to make a recovery of further sums once a more accurate determination is made by us as set forth below.

We invite you to review our Report dated January 19, 2005 at our website located at [www.alger.ca](http://www.alger.ca). That Report confirms that as a Court-Appointed Officer of the Court we have obtained the records of Titan and from our investigation have made the determinations set forth in the Report.

In summary, our investigation determined that Titan did not carry on business, did not have profits and that both the obtaining of funds from all partners and the distribution of funds to partners was in pursuance of a fraud perpetrated by David Comte.

Based upon our independent, court-appointed investigation, because there was no business and no business revenues and as such no profit in Titan, at a minimum any monies that were paid to any limited partner in excess of the monies that such limited partner paid to Titan was unwarranted. Any so called “profit” was fictitious or a “false profit” as defined in said letter.

To be clear, not all limited partners have received a return of funds, such that the “profit” received by any limited partner is in effect an appropriation of money by the recipient from the remaining limited partners, who at present remain the victims of the fraud.

On legal grounds, the monies claimed by us are to be returned based upon the legal and equitable principles relating to fraud and conversion, unjust enrichment, monies paid under a mistake, constructive trust, tracing, and fraudulent preference and conveyance.

However, we believe that once the limited partners who preferentially received funds from Titan are made aware of the facts, such that they recognize that their receipt of

monies purporting to be “profits” results directly in other innocent limited partners becoming victims and not receiving or being able to ever receive a return of the monies that they invested, such recipients will want to do the just and equitable thing by returning these false profits. A summary of the respective positions of the remaining unpaid partners relative to the fully repaid partners is outlined on the attached analysis.

As a Court-Appointed Receiver-Manager, we have investigated these matters thoroughly and, with absolute and complete certainty we can assure you that any monies received, in excess of the original investment, is unwarranted.

Unfortunately, David Comte, the person who committed the theft, also misappropriated partnership funds for his own use and benefit, and incurred expenses, all of which will result in reducing the value of a limited partnership unit to less than the amount invested by a partner. Once all recoveries are determined, it will be possible to determine the net amount to which each investor or limited partner at any time was truly entitled to receive, based upon the actual value of such investor’s partnership unit.

At this interim stage, however, we have simply demanded a return of the monies that, with absolute certainty, have been paid out unjustifiably and preferentially to certain limited partners, namely, the fictitious or “false profits”. This amount is easy to calculate for each limited partner, being determined by the funds that a limited partner received less that which the limited partner advanced.

Once recoveries are made by us, there will be a distribution to limited partners who otherwise remain the victims of the fraud.

We can assure you that our legal counsel will be commencing action to recover from any limited partner the return of the amounts as presently demanded together with legal costs of recovery.

Yours very truly,  
**ALGER & ASSOCIATES INC.**

Per: Michael P. Costello, CA•CBV

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Encl.

cc: Clive Llewellyn, Fleming LLP

**Titan Investments Limited Partnership**  
**Summary of Partner Status - March, 2005 - in US Dollars**  
**Preliminary and Subject to Further Investigation**

<u>Category</u>	<u>#</u>	<u>A</u> Invest. total per Card*	<u>B</u> Dist. Total per Card*	<u>C</u> (A-B) Net invest.
1 Unpaid Partners	45	10,218,794	2,021,564	8,197,229
2 Fully Repaid Partners				
a No False Profit**	1	160,000	160,000	-
b Q4-04 & Pre-Q4-04 False Profit	75	1,502,442	4,393,840	(2,891,397)
c All Pre-Q4-04 False Profit	9	682,664	1,033,984	(351,320)
	85	2,345,107	5,587,824	(3,242,717)
3 Parties from Accountant's List with no Card***	4			
Sub-total	134	12,563,900	7,609,388	4,954,512
4 Evolution	1	2,343,743	-	2,343,743
Total per Receiver list	135	14,907,643	7,609,388	7,298,255

**Note:**

\* Card represents detailed activity for each Partner as contained within the Evolution computer.

\*\* False Profit defined as Distributions in excess of Investments

\*\*\* These represent parties listed on Accountant's 2003 list, but with Cards for their investments in names of parties listed in 1 and 2 above.

Q4-04 refers to fourth quarter of 2004, being October 1-December 31, 2004.