

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Plaintiffs

- and -

BUCKINGHAM SECURITIES CORPORATION

Defendants

**THIRTEENTH REPORT OF
BDO DUNWOODY LIMITED, IN ITS
CAPACITY AS RECEIVER AND MANAGER OF
BUCKINGHAM SECURITIES CORPORATION**

TO THE SUPERIOR COURT OF JUSTICE

A. PURPOSE OF THE REPORT

1. This report of BDO Dunwoody Limited in its capacity as Court-Appointed Receiver and Manager (the “Receiver”) of the estate of Buckingham Securities Corporation (“Buckingham”) is filed in support of a motion by the Receiver for an order:

- (a) authorizing the Receiver to enter into a proposed settlement of litigation commenced by the Receiver against Canada Auto Parks-HarborPark Ltd., Canada Auto Parks-DomePark Ltd. and Konstantinos Papadakos in respect of their indebtedness owing to Buckingham;

- (b) approving the Receiver's actions to date as described herein;
- (c) approving the Receiver's Interim Statement of Receipts and Disbursements to date;
- (d) approving the interim account of the Receiver for fees and disbursements;
- (e) approving the interim account of the Receiver's legal representatives; and
- (f) authorizing the Receiver to liquidate the cash equivalent securities held on behalf of the Receiver by RBC Global Service ("RBC") and use the cash held by RBC to satisfy the fees and disbursements of the Receiver and the Receiver's legal counsel, in the amounts approved by this court.

B. BACKGROUND

2. Buckingham is incorporated pursuant to the laws of Ontario, and provided investment services to its clients, which numbered approximately 1,000 on an active basis.

3. (a) The Receiver was appointed Receiver and Manager of the assets and undertaking of Buckingham by Order of the Honourable Madame Justice Swinton dated July 26, 2001 (the "Appointment Order"). A copy of the Appointment Order is attached to this report as Appendix "A".

(b) The activities of Buckingham had been frozen by the Ontario Securities Commission ("OSC") on 6 July 2001, a step which preceded the appointment of the Receiver and Manager. As a result, Buckingham has not traded any securities since that date.

C. ACTIVITIES OF THE RECEIVER

4. a) *Taking Possession*

- (i) Immediately on appointment, the Receiver took possession of the premises and assets of the company and secured the records of the company, making arrangements for continuation of data processing services essential to the Receiver's requirements. The Receiver then realized on the non-investment assets of the company expeditiously. For reasons set out hereunder, the Receiver was unable to secure all of the customer securities at that time.
- (ii) The Receiver conducted an analysis of the securities held by Buckingham on behalf of its clients and on its own account. The Receiver also analyzed client accounts to determine individual client indebtedness to Buckingham.
- (iii) The Receiver contacted, by mail, all of the clients of Buckingham to advise of the Receivership and its implications. On a day-to-day basis, the Receiver responded to many inquiries regarding securities held by Buckingham on behalf of clients and regarding account balances. The Receiver also contacted clients with indebtedness to Buckingham via mail, and directly via telephone wherever possible, in the case of larger accounts.
- (iv) A more detailed description of the Receiver's activities on taking possession is found in Section "D" of the First Report of the Receiver dated 28 August 2001.

b) Strategy for Realization

5. At the outset of the Receivership, the Receiver was approached by an individual who claimed to be the largest unsecured creditor of Buckingham, Mr. Gerald Feldman, CA, who emphasized the illiquid nature of a large portion of the securities held by Buckingham on behalf of its clients. Many securities represented "penny stocks" and,

considering that large quantities were held, it was unlikely that quoted values could be obtained unless shares were sold gradually, in small lots, over a lengthy period of time. It was suggested that to liquidate the portfolio would probably result in a dramatic reduction from quoted values in the proceeds achieved from such realization. A potential liquidation of the stock portfolio was also frustrated by the alleged secured claims of Latimer and Bear Stearns & Co Inc., which are discussed later in this report.

6. Accordingly, the Receiver sought to identify a procedure by which all creditors could be dealt with in a fair and equitable way given the financial circumstances of Buckingham. The Receiver explored the concept of filing a proposal pursuant to the *Bankruptcy and Insolvency Act*, (“BIA”) to compromise the claims of both secured and unsecured creditors. This strategy was the subject of several meetings between the Receiver, representatives of the OSC, representatives of the Ontario Contingency Trust Fund, Latimer, Bear Stearns & Co Inc. and Mr. Feldman. The success of the proposal strategy was contingent upon the secured creditors accepting a certain reduction in their secured claims. In negotiations between the Receiver and Latimer, both in the presence of respective counsel and independently, Latimer offered to reduce its alleged secured claim by the amount of \$200,000. As the Receiver could not agree that Latimer’s secured claim should include the fully paid for customer securities improperly pledged to Latimer by Buckingham, the reduction in its claim of only \$200,000 was unacceptable to the Receiver and also was insufficient to encourage participation in the proposal funding by either the Ontario Contingency Trust Fund or the OSC.

Accounts Receivable

7. Based on the analysis carried out by the Receiver of client indebtedness to Buckingham, the Receiver determined that in total, clients owed Buckingham \$3,899,659. Of this amount, \$734,117 appeared to be secured by pledged securities in Buckingham’s name while the balance of \$3,165,542 was shown as being unsecured.

8. The Receiver sought to collect monies owed by clients, with the results outlined in paragraphs 9. to 21. hereunder. .
9. With the approval of the court, the Receiver accepted a partial payment of \$279,199 from South Florida, which reportedly owed Buckingham \$881,054. It should be noted that South Florida is a Bahamian corporation, the ownership of which could not be determined. The Receiver released the Third Party managers of South Florida from personal obligation regarding this debt, but specifically retained all rights against South Florida for the remaining indebtedness.
10. The Receiver collected \$88,796 in full payment of indebtedness from Mr. Norman Frydrych, a principal of the company.
11. The Receiver sought to collect the amount of US \$235,854.78 and CDN \$47,046.82 owing as at July 31, 2001 from Mr. Harold Seidel, a principal of Buckingham. The Receiver obtained a judgement on 23 April 2003, for the amounts of US \$261,053 and CDN \$53,195.12. Mr. Seidel filed a personal bankruptcy on 6 September 2002 and no amount has been recovered from his estate. A staff trustee of the Receiver's office acts as estate Inspector in Mr. Seidel's bankruptcy and the Receiver has objected to Mr. Seidel's discharge.
12. The Receiver sought to recover the amount of CDN \$141,355.99 and US \$3,043.44 owing by Mr. Krishnakanth Philips, a salesman employed at Buckingham. Mr. Philips then filed a personal bankruptcy on 16 July 2002. The Receiver has not recovered any amounts from this estate. A staff trustee of the Receiver's office acts as estate Inspector in Mr. Phillip's bankruptcy and the Receiver has objected to Mr. Phillip's discharge.
13. The Receiver also sought to collect the amount of CDN \$209,869.82 and US \$127,159.01 from Mr. Philips' mother, Mrs. Gwen Philips. Although having obtained judgement against Mrs. Philips on 16 January 2002, for CDN \$227,464.39 and US \$137,819.46, plus

\$600 in costs, the Receiver has been unable to locate Mrs. Philips or any of her assets and is led to believe that she is not a resident in Canada.

14. The Receiver has sought to collect \$204,106.76 from Ernetz Getz and initiated legal action to collect that sum. The amount has recently been settled for \$50,000.00, after extensive investigation, consultation, and negotiation.
15. The Receiver has attempted to collect \$85,426.86 from Robert Koff and has obtained judgement on 3 August 2002, in the amount of \$103,398.59 including costs and interest. However, the Receiver is unable to locate Mr. Koff or any of his assets.
16. The Receiver has attempted to collect US \$7,443.56 and CDN \$140,351.03 from Mr. David Bromberg, a director of the company, and initiated legal action to collect this sum. Mr. Bromberg then filed bankruptcy, on 14 November 2002. The Receiver has obtained an Order under Section 38 of the BIA and an assignment from Mr. Bromberg's trustee in bankruptcy of all claims and causes of action relating to the transfer by Mr. Bromberg of his matrimonial home to his wife. The Receiver is pursuing the possibility of commencing an action against Mr. Bromberg's wife, as a result of the transfer of the matrimonial house following the date of bankruptcy. This matter is currently pending.
17. The Receiver has attempted to collect the amount of \$252,645.77 from Mr. John Peat, and has obtained default judgement against him, through an Order for substituted service. The Receiver has, however been unable to locate Mr. Peat or any of his assets.
18. The Receiver collected a further \$24,468.75 from a number of clients indebted to Buckingham. At this time, however, the Receiver has not realized upon any securities which were pledged by clients of Buckingham against their indebtedness. However, such securities in many cases are claimed to be encumbered in favour of two brokerage houses, Latimer and Bear Stearns who are asserting a lien over these securities, to secure their loans to Buckingham.

19. With the exception of the receivables owing by Canada Auto Parks and Konstantinos Papadakos described below, the remainder of the receivables are all for amounts under \$40,000 and some time ago were passed to a collection agency. Little success has been achieved, due to consistent claims by many clients of Buckingham that there was unauthorized trading of their accounts by the principals or salesmen of Buckingham. Nonetheless, collection procedures are ongoing.

Proposed Settlement and Release of Indebtedness owing by Canada Auto Parks and Konstantinos Papadakos

20. Buckingham's books and records indicate that the amount of \$186,864.60 was owing to Buckingham as at July 31, 2001 by Mr. Konstantinos Papadakos and that the amount of \$158,582.37 was owing to Buckingham by Canada Auto Parks as at July 31, 2001. The Receiver attempted to collect those amounts and initiated litigation against Mr. Papadakos and two companies, Canada Auto Parks-HarborPark Ltd., which signed a client account agreement with Buckingham, as well as Canada Auto Parks-DomePark Ltd., to whom monthly statements were sent by Buckingham in respect of the account. Both Mr. Papadakos and the corporate defendants denied liability for the amounts claimed by the Receiver to be owing by them to Buckingham and defended the litigation commenced by the Receiver, alleging unauthorized trading in their accounts and breach of fiduciary duty by Buckingham. The Receiver has received a global offer to settle the amounts owing by Mr. Papadakos and the two Canada Auto Parks companies for a total amount of \$35,000.00. In connection with that offer, the defendants agreed to submit to an examination under oath as to their income, assets and liabilities, and provided information under oath to enable the Receiver to assess what assets and income would be available to the estate in the event that the Receiver was successful in the litigation in recovering judgment for the amounts claimed to be owing. The financial disclosure obtained on those examinations conducted by counsel for the Receiver revealed that the individual defendant and Canada Auto Parks companies did not have significant assets,

such that, the likely recoveries following execution upon any judgment obtained did not warrant incurring the additional costs and delay in proceeding to trial.

21. Accordingly, the Receiver requests the approval of this Honourable Court to accept the offer to settle on the basis that the indebtedness of both Konstantinos Papadakos and the Canada Auto Parks corporate defendants be released and the litigation against them be dismissed without costs, upon payment to the Receiver in the amount of \$35,000.00

Securities Portfolio

22. The statements obtained by the Receiver show the portfolio of investments held by the Receiver on behalf of Buckingham and/or its clients as follows:

Broker	Valuation Date	Balance Owing	Cash & Securities	Net Equity
*2 Bear Stearns in CDN\$	December 31 2003	(334,486)	\$ 796,140	\$ 461,655
*2 RBC - USD Gen	December 31 2003		6,083	6,083
RBC - CDN Gen	December 31 2003		761,170	761,170
*1 RBC - W.D. Latimer	December 31 2003	(2,000,000)	4,954,433	2,954,433
HSBC - CDN Cash	December 31 2003		12,592	12,592
*2 Canaccord Capital in US\$	December 31 2003		50,505	50,505
Totals		(2,334,486)	\$ 6,580,922	\$ 4,246,437

*1 The Balance Owing is estimated

*2 Exchange Rate of \$US/\$CDN = \$1.295 used in conversion

- [1] Based on an analysis completed by HSBC Securities the Receiver is advised that approximately 75% of the portfolio of the securities is illiquid securities ("penny stocks") and may take between 11 to over 180 days to realize on.
- [2] It should be noted that quoted values for "penny stocks" may greatly exceed liquidation values, especially where large blocks of shares are held. Accordingly, the estimated net equity of \$4,246,437 may be greatly overstated to the point where realizable liquidation values could well be insufficient to discharge the costs of the receivership.
- [3] The Court's decision re entitlement to securities held by W.D. Latimer to cover its indebtedness of approximately \$2,000,000 is being appealed by the Receiver. The Receiver estimates the claim of W.D. Latimer to be between \$700,000 and \$2,000,000, excluding interest charges.
- [4] All securities held by HSBC Securities were transferred over to RBC Global Services when the former shut down its institutional sales department in Canada. Mutual funds are still held at HSBC Securities.

W. D. Latimer Co. Limited (“Latimer”)

23. In accordance with the Appointment Order, the Receiver sought to obtain possession and control of all of the securities held by Buckingham on behalf of its clients and on its own account, from the various brokerage houses which had acted for Buckingham and which had securities in their possession. Two of these brokerage houses asserted a security interest over the securities in their possession. These are Latimer a Canadian firm and Bear Stearns & Co. Inc. (“Bear Stearns”), a U.S. firm. Latimer subsequently filed a motion with the Court for an Order:

a) declaring that the security interest held by Latimer is valid and in priority to the Receiver;
and

b) permitting Latimer to sell sufficient of its collateral to recover its indebtedness.

24. The Receiver in its Second and Third reports to Court dated 2 October 2001 and 17 October 2001 respectively sought to dispute Latimer’s claim, asserted its own right to possession of these securities, and moved for a trial of the issues relating to the validity of the security interest claimed by Latimer.

25. The Receiver on 23 November 2001 attended before the Honourable Mr. Justice Campbell, in chambers, regarding the issues raised by Latimer’s motion and was requested by the Court to provide information regarding a breakdown of Buckingham clients as follows:

a) those clients of Buckingham who are indebted to Buckingham and who signed written Margin Account Agreements authorizing Buckingham to pledge securities held in such clients’ account as security for Buckingham’s own indebtedness (the “Margin Clients with Agreements”);

b) those clients of Buckingham who are indebted to Buckingham in respect of which no written agreement is contained among Buckingham’s records authorizing Buckingham to pledge

securities in the client's accounts to secure Buckingham's indebtedness (the "Margin Clients without Agreements");

c) those clients of Buckingham who executed written Margin Account Agreements and who are not indebted to Buckingham (the "Non-Margin Position Client"); and

d) those clients of Buckingham who are not indebted to Buckingham and who may or may not have executed Client Account Agreements authorizing Buckingham to pledge securities in the clients' account whenever the client is indebted to Buckingham (the "Custodial Account Client).

26. This information requested by the court in connection with the issues raised by Latimer was then provided in the Receiver's Fifth and Sixth reports to Court dated 12 December 2001 and 8 March 2002, respectively.

27. In addition, at the request of the Court, the Receiver prepared an analysis which indicated how securities held at Latimer were categorized relative to the above agreements and further categorized by whether the clients were indebted to Buckingham or not indebted to Buckingham. A more detailed commentary on the above can be found in the Receiver's Fourth Report to the Court dated 25 October 2001.

28. The Honourable Mr. Justice Campbell also directed the Receiver to serve notice of Latimer's claim to all Buckingham clients and to request that any clients who intended to appear and participate in a Court proceeding advise the Receiver thereof. The Receiver prepared a letter to the clients of Buckingham, which was approved by the Court and subsequently sent out to all known clients of Buckingham on 29 November 2001.

29. The Receiver reported to the Court on the many responses received from these clients in its Fifth Report to the Court dated 12 December 2001 and further in the Receiver's Sixth Report dated 8 March 2002.
30. Despite numerous demands by the Receiver and its counsel that Latimer deliver possession of the securities and cash held by Latimer in the account of Buckingham, in accordance with paragraph 4 of the Appointment Order, Latimer persistently refused to deliver over to the Receiver the securities and cash held by Latimer in the account maintained by Buckingham. Therefore, on 19 December 2001, the Receiver brought a motion to the court for an Order declaring Latimer in contempt of the Appointment Order. A true copy of the Affidavit of Martin Clarkson sworn in support of that motion is attached hereto as Appendix "B". On the same day, Latimer served a cross-motion for an Order varying the Appointment Order to permit Latimer to retain possession of the securities and cash in the account of Buckingham at Latimer, pending the determination of the validity of the security interest claimed by Latimer, and declaring that Latimer is not subject to the first charge of the Receiver for its costs and expenses as provided for in paragraph 19 of the Appointment Order. A true copy of Latimer's Further Amended Notice of Cross-Motion returnable 19 December 2001, is attached hereto as Appendix "C".
31. On 19 December 2001, the Honourable Mr. Justice Farley found that in accordance with the Appointment Order, the Receiver was entitled to take possession of all securities belonging to Buckingham or the clients of Buckingham and ordered Latimer to turn over such securities to the Receiver forthwith. A true copy of the handwritten Endorsement of Mr. Justice Farley dated 19 December 2001, together with a typed transcription thereof are attached hereto and marked collectively as Appendix "D". The Receiver therefore took possession of all of the securities and cash in the possession of Latimer and other brokerage houses with the exception of Bear Stearns in the U.S.

32. In preparation for the trial of the claim by Latimer to a security interest over all of the securities belonging to Buckingham and/or the clients of Buckingham in its possession, the Receiver prepared Reports Numbers Seven, Eight and Nine to Court outlining the obligation of Buckingham to segregate securities held on behalf of its clients and sought to explain the segregation process with supporting schedules. All of the details are contained in these Reports dated 22 March 2002, 27 March 2002, and 3 April 2002 respectively.
33. The Receiver attended at the Court for the Latimer trial in the first week of June 2002 and testified in support of its position regarding the Latimer claim. The Honourable Mr. Justice Ground released his findings on 17 October 2002, which were as follows:
- “Accordingly, on the issues to be tried in this proceeding, I find as follows:
1. A trust relationship did exist between Buckingham and its customers who held fully paid or excess margin securities.
 2. Buckingham was in breach of such trust relationship in pledging its customers’ fully paid and excess margin securities to Latimer.
 3. Latimer did not have actual or constructive knowledge of such breach of trust.”
34. Following discussions with its counsel, the Receiver filed an appeal from that decision, which appeal is pending.
35. In discharging its duties and fulfilling its obligations pursuant to the Appointment Order, the Receiver has relied upon the Receiver’s Charge created in the Appointment Order, and the priority thereof to secure its fees and disbursements. The Receiver has incurred significant fees and expenses in the course of fulfilling its obligations under the Appointment Order and will be prejudiced in the event that the first priority charge upon which the Receiver has relied in carrying out its duties is altered at this stage of the

proceeding. Further, the Receiver would not have undertaken this engagement in the absence of a first priority charge to secure its fees and disbursements.

Action Against the Auditors of Buckingham

36. In order to continue its licence under the provisions of the Ontario Securities Act, Buckingham was required to submit a Form 9 to the Ontario Securities Commission on an annual basis. The Form 9 reports, among other things, a securities firm's capital position and requirements and confirms the segregation of fully paid and excess margin securities. The Receiver has examined the Form 9 report submitted to the Ontario Securities Commission for the year ended 31 March 2000, which form Buckingham's auditors certified under date of 8 June 2000. The form states that Buckingham had properly segregated client securities in segregated accounts with financial institutions, whereas the account records of Buckingham clearly indicate that none of the securities were segregated.
37. The Receiver is advised that Buckingham, through its Receiver, may have an action against the auditors, the firm of Miller, Bernstein & Partners LLP for breach of contract, negligence, and breach of fiduciary duty in the conduct of its audits which caused damage to Buckingham and its creditors. In addition, certain of the clients of Buckingham wished to initiate a class action lawsuit against the auditors in an attempt to recover some or all of the losses incurred by the clients of Buckingham as a result of the auditors' negligence. Accordingly, the Receiver and the class representatives have retained the firm of Stikeman Elliott, on a contingency basis, to pursue the potential action against the auditors of Buckingham. The Receiver is advised that a statement of claim was recently prepared and brought to the attention of the auditors and their insurers in an attempt to facilitate a reasonable settlement and avoid protracted litigation.

Ontario Contingency Fund

38. As early as 23 August 2001, the Receiver met with representatives of CIBC Mellon Trust Company, the Trustees of the Ontario Contingency Fund (“OCF”) to request support for a refinancing of Buckingham to avoid a liquidation and resultant claims from the Buckingham investors. The Receiver was advised that no such support could be provided, as it was not contemplated by the By-Laws of the OCF.
39. At subsequent meetings at the offices of the Ontario Securities Commission on 9 October 2001, and 7 November 2001, which meetings were attended by counsel for OCF, the OCF was asked to help fund a pay out of investor claims, but again the Receiver was advised this was not possible under the OCF agreement.
39. Subsequently, the Receiver again verbally, and, by letter dated 11 December 2002, in writing advised counsel for OCF of the pending claims of Buckingham customers for losses suffered by the insolvency of Buckingham, requested that \$5 Million be set aside by the Fund to cover such claims, and requested that OCF not be wound up pending determination of the claims of Buckingham customers.
40. On 15 April 2003, the Receiver received a telephone call from the lawyers for the OCF, Borden Ladner Gervais LLP, indicating that the Buckingham matter was the last substantive issue preventing a wind-up of OCF, and that OCF might now wish to entertain claims from Buckingham investors, up to a maximum of \$5,000 each, so as to repay the remaining balance of OCF funds to the original contributors.
41. The Receiver, together with its legal counsel on 8 May 2003 met with representatives of CIBC Mellon Trust Company and OCF legal counsel to consider the possibility of now creating a claims adjudication process so as to facilitate a recovery for the small investors of Buckingham, calculated by the Receiver to total approximately 830 in number, with

claims against OSF of about \$1,600,000, on the assumption of a Nil recovery to customers from the assets of Buckingham. Subsequent to the meeting, the Receiver provided additional requested information to OCF.

42. On follow-up inquiry from the Receiver, the Receiver in August 2003 was verbally advised by counsel for OCF that OCF had decided, notwithstanding its earlier contact to the Receiver, that it was not in a position to deal with investor claims until such time as a realization process had been concluded and investor losses definitely determined.

VISA Gold Explorations

43. On or about 13 June 2003, the Receiver was served by the Royal Canadian Mounted Police, with a search warrant pertaining to trades in a stock called VISA Gold Explorations, by certain named customers of Buckingham. This search warrant required the Receiver's staff to undertake a thorough review of the trading and customer account records of Buckingham, in order to satisfy the requirements of the Search Warrant, to turn over such records (keeping copies thereof for the estate), and to swear a detailed affidavit related to the Receiver's efforts in compliance of the Search Warrant.

Receiver's Interim Statement Of Receipts And Disbursements

44. Attached as Appendix "E" is the Receiver's Interim Statement of Receipts and Disbursements to 19 January 2004 ("R&D Statement"). The R&D Statement shows total receipts to date of \$881,164.22 and disbursements to date of \$792,605.24, leaving a current balance in the Receiver's account of \$88,558.98.
45. Notes to the R&D Statement indicate outstanding Receiver's fees totaling \$309,784.88, plus GST of \$21,684.94, for the period ended 31 December 2003, which have not yet been billed or drawn. As disclosed in the R&D Statement, \$293,649.94 plus GST of \$20,555.51 for a sum total of \$314,205.45 has been drawn on account to date.

46. The notes also indicate outstanding invoices from the Receiver's legal counsel amounting to \$255,092.55, plus GST of \$17,655.52, to August 31, 2003. In addition, \$258,974.52 plus GST of \$18,010.90, for a sum total of \$276,985.42, has been paid by the Receiver.

Receiver's Fees

47. The Receiver has provided services and incurred disbursements in the performance of its powers and duties, pursuant to the Appointment Order. The Receiver requests that this Honourable Court approve its interim account for the period from 27 July 2001 to 31 December 2003 in the amount of \$603,434.82, plus applicable GST of \$42,240.45, as detailed in the affidavit of Uwe Manski sworn 21 January 2004.

Receiver's Legal Counsel Fees

48. Pursuant to the Appointment Order, the Receiver retained Blake, Cassels & Graydon LLP to advise it with regard to its appointment and the performance of its duties and powers. The Receiver requests that this Honourable Court approve the interim accounts of Blake, Cassels & Graydon LLP for the period from July 26, 2001 to August 20, 2003 in the amount of \$514,067.07, plus applicable GST of \$35,666.42.

Realization Of Securities

49. Paragraph 19 of the Order of Mr. Justice Madam Swinton, dated 26 July 2001, states "this Court orders that any expenditure or liability which shall properly be made or incurred by the Receiver in so doing, including the fees of the Receiver, the fees and disbursements of its legal counsel, on the solicitor and his own client basis, shall be allowed to it in passing its accounts and shall form a first charge on the property in priority to any charge, mortgage, lien, security interest or encumbrance on or in the property (the "Receiver's charge")". Of the cash and securities currently in the Receiver's possession, with a market value as at 31 December 2003 of \$6,580,922, the sum of \$725,065 is invested in cash or cash equivalent positions. It is the recommendation of the Receiver that, in

compliance with the aforementioned paragraph 19 of the Order, the Receiver be authorized to utilize the cash and cash equivalent balance for the purposes of meeting the Receiver's liabilities including but not limited to the taxed fees of the Receiver and of the Receiver's legal representative.

ALL OF WHICH is respectfully submitted this 21st day of January, 2004.

BDO DUNWOODY LIMITED

in its capacity as Receiver and Manager of
the assets, property and undertaking of
Buckingham Securities Corporation
Per:

Uwe Manski, FCA, FCIRP