

5 September 2001

**TO: BUCKINGHAM SECURITIES CORPORATION CUSTOMERS**

Dear Sir/Madam,

***Re: Buckingham Securities Corporation ("BSC"), in Receivership***

We previously notified customers and creditors of the Court appointment of BDO Dunwoody Limited as Receiver and Manager of BSC following an application brought by the Ontario Securities Commission ("OSC"). Our appointment Order extends previous halt trading orders initiated by the OSC on July 6, 2001. All trading and related activities have been frozen since that earlier date.

For those customers with securities that are clearly registered in their own name as "customer-owned" securities, the freeze does not apply. This only pertains to Retirement Savings Plans. In this event, and only in this event, you can proceed to arrange to have your securities transferred.

We are still experiencing a large volume of telephone calls and messages from concerned BSC clients inquiring about their cash and/or security balances. At this time it is impossible to render an opinion on the likelihood of either a distribution of cash and/or securities to BSC customers. The following is a brief summary of the problems which the Receiver must resolve before it can make any comment on the quantum, makeup and timing of any distribution to BSC clients.

**Problems:**

With the exception of certain RSP customer-owned securities, the majority of BSC traded securities have not been registered in clients' names but held for BSC's account at the various brokerage firms.

Certain brokerage firms are owed approximately \$2 million by BSC. The largest of these firms is claiming that the monies owed to it by BSC are secured by the securities it holds for BSC's account. If its claim to securities is proven to be valid, it will have priority over the claims of BSC's customers. This, of course, impacts upon any recovery for BSC's customers, who in turn, depend to a great extent upon the access and recovery of securities held by this broker.

Securities held in the name of BSC were frozen by the OSC's application and ensuing Order. As a further complication, the Receiver has determined that there is a shortage of securities at the brokerage firms compared with BSC's indicated customer holdings. This shortage is estimated at approximately \$400,000 (at reported market values). This complicates any proposed distribution of securities.

There was a severe shortage in BSC's cash holdings at the date of the receivership to meet the \$1.4 million (approx.) due to BSC clients.

At the date of the receivership clients reportedly owed BSC \$3.9 million (approx.). Collection procedures have been undertaken by the Receiver. A number of the debts owing to BSC have been disputed rendering uncertain the amount of available cash for customers and other creditors.

The Receiver has been advised by several customers that their accounts are misstated or that they have received no mailings which requires further investigation.

Until the above issues are resolved, it is impossible to determine the time necessary for the Receiver to complete the administration of the receivership and be in a position to make any distribution. Additionally, in order to control administration costs, we have set up a website that can be accessed at [www.bdo.ca/buckingham](http://www.bdo.ca/buckingham) by BSC customers to answer more common queries and keep them updated on BSC's status and current developments.

Yours very truly,

**BDO DUNWOODY LIMITED**