



Financial Institutions
Commission of BC

June 27, 2007

Plan Number: P085488
CRA Number: 1008978

BY REGISTERED MAIL

Mr. Thomas E. Skidmore and Mr. A. Allan Skidmore
Co-Chief Executive Officers
TCG International Inc.
28th Floor, 4710 Kingsway
Burnaby BC V5H 4M2

Dear Messrs. Skidmore:

Re: TCG International Inc. Life Income Plan (“the Plan”)

I have become aware that TCG International Inc. (“TCGI”) is in arrears in contributions to the Plan. The arrears are estimated to be \$2,242,297.

Pursuant to section 71(2) of the *Pension Benefits Standards Act* (“the Act”), I hereby direct that:

1. TCGI provide a complete accounting, in consultation with your actuary, of when contributions to the plan for 2005, 2006 and 2007 were due, if and when they were paid, and what amounts remain outstanding.
2. TCGI, in consultation with your actuary, investment manager and fund holder, must calculate investment income foregone by the Plan as a result of these late payments. Investment income must be calculated as the greater of the estimated long-term return on assets used in your most recent actuarial valuation and the actual rate of return earned by the fund.
3. TCGI remit to the Plan fund the sum of items 1 and 2, described above, no later than July 3, 2007.
4. TCGI pay any and all fees and charges resulting from complying with the above requirements.
5. With immediate effect, TCGI meet the statutory requirements for remittance of all contributions to the Plan.

.../2

Messrs. Skidmore
June 27, 2007
Page 2

The information concerning the non-remittance of contributions became known to me as a result of the June 20, 2007 meeting between Mr. Ron Sowerby of TCGI, and Mr. Johnny Yang of Morneau Sobeco, and Michael Peters and Michael Hambrook of my office.

Contributions for the 2006 Plan year were not remitted when due and that neither the administrator nor fund holder notified our office of the problem as required by the Act until this month. I view non-remittance of required contributions as a serious matter and fully expect all parties to fulfill their responsibilities under the Act.

The failure to remit required contributions to the Plan within 30 days of the end of the period for which they are payable contravenes section 43(3) of the Act and section 37 of the Regulation.

Section 43(3) of the Act states:

“An employer must, within the prescribed period, remit employer and member contributions due to the pension plan, as follows:

- (a) in the case of a multi-employer plan, to the administrator;
- (b) in the case of a plan other than a multi-employer plan, to the fund holder.”

Section 37 of the Regulation states that the period for remittance of contributions to a defined benefit plan is 30 days after the quarter to which the contributions relate.

Section 43(5) of the Act states:

“If, 60 days following the period allowed by subsection (3) for remitting contributions, an employer has still failed to remit the contributions, the administrator or the fund holder who should have received the contributions must notify the superintendent, in writing and within 30 days, respecting the failure of the employer to remit, whether or not the contributions were subsequently remitted.”

Any fees or other charges resulting from the above services are payable by your firm and not by the pension plan.

Please provide written confirmation to our office that the contributions and replacement investment income have been remitted to the plan, and that any related fees and charges have been paid by your firm. Please also include a spreadsheet detailing the contributions and investment income calculations. These confirmations are due no later than July 20, 2007.

Messrs. Skidmore
June 27, 2007
Page 3

Please contact Michael Hambrook at 604-953-5385 if you or your staff has further questions about the above matters.

Yours truly,

A handwritten signature in black ink, appearing to read "W. Alan Clark", with a long horizontal flourish extending to the right.

W. Alan Clark
Superintendent of Pensions

pc: Ron Sowerby, TCGI
Johnny Yang, Morneau Sobeco
Barbara Sharp, GWL