March 16, 2005

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, ON
M5H 3S8

Re: Multilateral Instrument 52-111 Reporting on Internal Control over Financial Reporting.

You have asked for comments from reporting issuers on the above.

Trimin Capital Corp. is a non-venture issuer based in Toronto listed on the TSX with a market capitalization of approximately $50 million. Trimin has a small corporate office supporting several "partners in industry" – currently five – through provision of strategic advice, financing etc. Depending on ownership, these companies are consolidated, proportionately consolidated or accounted for on an equity basis. Companies are generally in their formative stages, with entrepreneurial management actively and directly involved in the businesses as managers and owners. Ernst & Young are the auditors of Trimin.

Multilateral Instrument 52-111 is being proposed as part of a response to high profile business problems of recent years.

Greed and dubious ethics, not poor internal controls, are the problem. In my view, internal control reporting does not address this primary problem; any marginal improvement in business ethics resulting from the requirement to report on internal controls is not justified by the significant costs of implementation.

You have asked for comment on several alternative possibilities. Alternative 4 – the "tone at the top" alternative could be implemented, at little cost, for a five year trial period. This alternative does go to the heart of the business ethics issue. Reporting on internal controls over financial reporting should remain voluntary for Canadian reporting issuers for this trial period.

I would like to comment briefly on the difficulties and complexities of internal control reporting. At the last meeting of Trimin's Board we received the 2004 audit plan from Ernst & Young, our auditors. Included as an appendix to this document E & Y reproduced a summary of PCAOB Standard No. 2 on audits of internal control over financial reporting. The definition of a significant deficiency reads as follows:

"The Final Standard retains the concept that a significant deficiency is a deficiency, or a combination of deficiencies, that results in more than a remote likelihood that a misstatement of the company's annual or interim financial statements that is more than inconsequential will not be prevented or detected. However, the Final Standard notes that a misstatement is inconsequential if a reasonable person would conclude, after considering the possibility of further undetected misstatements, that the misstatement, either individually or when aggregated with other misstatements, would clearly be immaterial to the financial statements". The Final Standard goes on to note that "the evaluation of the materiality of a control deficiency should include both quantitative and qualitative considerations." (This definition will guarantee work for a new specialty in the legal profession).

Is this definitional concern real? Consider Nortel's recently released 2003 Annual Report (p. 104) describes their 2003 experience with reporting internal control deficiencies. On July 24 Deloitte & Touche informed the Audit Committee that "documentary support for certain accruals and provisions…contributed a reportable condition, but not a material weakness, in our internal control over financial reporting." By November 18, 2003 this had become two reputable conditions, each of which was material. Subsequently, still relating to year 2003, (P. 110) a total of six material weaknesses were identified.

As someone who survived (and enjoyed) the world of public accounting for thirty-two years, and was trained in the “Analytical Auditing” techniques pioneered by Rod Anderson, all I can say is good luck to future practitioners.

Sincerely,

Walter Ross FCA
Chair, Audit Committee
Trimin Capital Corp.

416.923.4322