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LITIGATION AND INVESTIGATIVE ACCOUNTANTS

Forensic Accounting
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Carla-Marie Hait
Chief Accountant, Corporate Finance
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, British Columbia
V7Y 1L2

Sylvie Anctil-Bavas
Chef Comptable
Autorité des Marchés Financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400 2640 Laurier Boulevard, Suite 400
Quebec, Quebec
G1V 5C1

Ladies:

Re: CSA Concept Paper 52-402 – Request for Comment

This document is extremely biased, one-sided, and inappropriate for Canada.

We now all know that, by your actions, you apparently fully intend to ignore the interests of investors, as you help the CICA ram through IFRS in Canada.

Attached are articles that you should have deeply considered before you acted, along with the growing body of research, that strongly shows that IFRS' proclaimed benefits are largely and significantly bogus. Outrageous fabrications is probably more descriptive. Investors be damned runs through much of IFRS, should you read it.

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It is impossible for me to believe that the Securities Administrators actually analyzed IFRS, and thought about the huge holes (e.g., related parties are one of at least fifty massive deficiencies).

I am sending you this letter so that you cannot claim (as you seemingly have done by astonishingly publishing the totally one-sided flowery Cherry letter from the CICA) that there have been no objections to your unfortunate cozy relationship with the CICA, and major IFRS drawbacks. In basic terms, IFRS is “miles” below U.S. GAAP in quality. The proof is extensive. The holes in IFRS are well beyond massive, and will cause extensive grief.

If the U.S. adopts IFRS, so be it. But, if they don’t, Canada will become a haven for pervasive criminal IFRS activity.

How dare I say this? Our firm has handled a huge number of Canadian financial failures over the past 25 years. We have repeatedly seen the enormous financial damage that arises from “cooking the books”. IFRS is heaven for crooks. Why you can’t see this is astounding. CICA has turned a blind eye.

At least, you should try hard to make one fundamentally astute decision: do NOT make a decision on banning U.S. GAAP until the U.S. position on IFRS is clear, and proclaimed. The U.S. election this November could easily lead to Cox being booted out, along with the IFRS water-down brigade. The sagging U.S. economy cannot be ignored, nor can the derivative and other instrument failures.

By the way, why haven’t the Securities Administrators clued in that, after a honeymoon period, the IFRS “book-cooking” companies will collapse, one after another? You missed this phenomenon with income trusts, ABCP, etc. Why repeat such serious mistakes?

Learning should be taking place. Denial is surely unprofessional and immature, and clearly is destructive to investors. Making decisions without having conducted extensive research is inexcusable. I'm shocked.

As for the auditors, bye-bye their job. What's left to audit under IFRS? What basis exists for objections? No "value-added" occurs in audits.

Being exceedingly nasty to investors (IFRS-style) is surely not wise. Review events of the 1950s and 1960s, and note how investors in Canada turned against equities. Why? (By their observing that they were left unprotected, which is what you are doing by your cozy CICA friendship and accepting inept IFRS numbers and notes. What you have done is astounding, because you could not possibly have counted all the serious IFRS gaps.)

On the brighter side for me, your behaviour will provide lots of material for books and articles on white collar crime (and whose inactions or actions caused it).

Bluntly stated, your support of IFRS is, I'm sorry to say, inexcusable. You will be brought down harshly because the evidence of ineptitude will be plentiful when the tricksters act and you don't respond.

Yours very truly,

ROSEN & ASSOCIATES LIMITED



L.S. Rosen

P.S.: Your "laughter" will come back to haunt you. Do some research and evaluate the significant downside.