HARRY R. BURKMAN

BARRISTER AND SOLICITOR

TELEPHONE (416) 364-3831
TELECOPIER (416) 364-3832
E-MAIL hburkman@burkman.com
WEBSITE www.burkman.com

SUITE 2810,
1 FIRST CANADIAN PLACE,
P.O. BOX 129,
TORONTO, ONTARIO M5X 1A4

April 20, 2005.

DELIVERED AND BY E-MAIL

Ontario Securities Commission,
P.O. Box 55, 19th Floor,
20 Queen Street West,
TORONTO, Ontario
M5H 3S8

Attention: Mr. Paul Hayward, Senior Legal Counsel,
and Mr. Marcel Tillie, Senior Accountant, Corporate Finance

Dear Sirs:

Re: Hollinger Inc. ("Hollinger") – Application for an Order to Vary the Hollinger MCTO (as defined below) under Section 144 of the *Securities Act* (Ontario)

I am providing a further submission with respect to the application of Argus Corporation Limited (**"Argus"**) and its five numbered company subsidiaries (the "Numbered Subsidiaries") to vary the Management Cease Trade Order (**"MCTO"**) of Hollinger Inc. (**"Hollinger"**) (the **"Hollinger MCTO"**) (the **"Application"**). This submission relates to dividends paid by Argus.

Argus pays dividends on its each of its classes and series of shares and has done so since its incorporation in 1945. Certain of the dividends are paid at fixed rates as established in the Articles of Argus while others are related to the company's financial results.

Argus regards the payment of dividends on its publicly held shares as an imperative. It has not missed, or been late in, paying a dividend to its public shareholders in its sixty years.

Argus is essentially a bare holding company. Its practice has been to distribute its excess cash periodically beyond retaining a reasonable amount for foreseeable expenses. Historically, the expenses of Argus have been relatively modest while it has been profitable.

In the six-year period since January 1, 1999 until December 31, 2004, Argus paid $6,210,355 of dividends on its two publicly held series of Class A Preference Shares and its Class B Preference Shares (together the **"Class A and Class B Preference Shares"**). (An additional $251,703 of dividends were paid on the Class A and Class B Preference Shares on February 1, 2005.)

The rates of the dividends to be paid on the Class A and Class B Preference Sharers are specified in Argus' Articles. A total of $6,210,355 of dividends were paid on the Class A and Class B Preference Shares over the six-year period beginning on January 1, 1999, being an average of $1,035,059 of dividends each year.

The effective average annual dividend yield on the average of $19,322,600 of stated capital of these shares was approximately 5.4% over that six-year period.

In the same six-year period between January 1, 1999 and December 31, 2003, Argus paid dividends on its Common Shares and Class C Preference Shares, all of which are held by The Ravelston Corporation Limited (**"Ravelston"**).

Argus' practice for many years has been to advance to Ravelston the amounts that are intended to be paid as dividends on its Common Shares and Class C Preference Shares (**"advances"**) and to then declare the dividends at a subsequent date.

As intercorporate dividends flow tax-free, there has been no income or taxation advantage in following this practice. As Ravelston was the sole holder of the participating equity shares of Argus, it was simply the way that it was done.

In effect, an advance by Argus to Ravelston in a given year as a payment through a shareholders account was the practical equivalent of the declaration of a dividend for that year as the intention was that a dividend would be eventually declared for that amount.

As at December 31, 1998, such outstanding advances totaled $32,775,447. In the three-year period from January 1, 1999 to December 31, 2001, an additional $26,466,742 was advanced such that the total advance was $59,242,189.

In that same three-year period from January 1, 1999 to December 31, 2001, Argus' net investment income (after its expenses and an amount on account of its minority interest) (**"Net Investment Income"**) was $27,844,844.

No advances were made in 2002, 2003 or 2004.

On April 7, 2004, dividends were declared on Argus' Common Shares and Class C Preference Shares totaling $60,242,189, being the total amount of the advances at December 31, 1998 and in the following three years and an additional $1,000,000.

With the dividend payment, the advances were repaid and Ravelston received the net $1,000,000.

In considering the dividends that were paid on the Class A and Class B Preference Shares on April 7, 2004, one needs to consider that

1. the dividends related to a period of many years and were effectively considered as dividends when the advances had been made rather than being related to results or circumstances at the time of the dividend payment

2. Argus had considerable Net Investment Income in the period that justified the payment of the dividends

3. The stated capital on the Common Shares and Class C Preference Shares of Argus held by Ravelston totalled $76,268,118 throughout this period.

4. the average annual yield to Ravelston on its stated capital over the six-year period from January 1, 1999 to December 31, 2004 was reasonable and commensurate with Ravelston's capital and risk position, including as compared with the fixed average 5.4% yield paid to the holders of the Class A and Class B Preference Shares.

For comparative purposes, during the six-year period from January 1, 1999 to December 31, 2004, Argus' advances to Ravelston of $26,466,742 (all advanced by 2001) together with the additional $1,000,000 that was included in the declared dividend on April 7, 2004 (the **"Six Years of Advances"**) represented an average annual 6.9% yield on the stated capital of Ravelston's shares over the six years.

Argus had Net Investment Income of $34,933,123 during this six-year period. From this Net Investment Income, $6,210,355 of dividends were paid on Argus' Class A and Class B Preference Shares during this period, being again an average yield of 5.4%. There remained $1,256,026 after the Six Years of Advances, totaling $27,466,742, were made.

By way of summary, from its Net Investment Income, (which is again after expenses and the minority interest), Argus paid dividends on each of its class of shares and was left with a reserve of $1,256,026 from those six years of earnings.

The following developments then occurred:

1. In 2004 and 2005, while Hollinger is a mutual fund, no dividends have been paid by it despite that it received from Hollinger International Inc. ("International") (i) four quarterly dividends of US $0.05 per share of International held by Hollinger in 2004 (totaling approximately US $3,200,000) (ii) one such quarterly dividend payment to date in 2005, and (iii) two special dividends from International totaling approximately US $86,751,077.

2. By comparison, Argus had received $9,850,428 of cash dividends from Hollinger in 2002. In 2003, Argus received from Hollinger cash dividends of $998,208 and 1,632,775 Retractable Common Shares of Hollinger (**"Shares"**) as stock dividends.

.../4

While those Shares have a market value of approximately $9,633,373 (at yesterday's Closing Price on the Toronto Stock Exchange of $5.90 per Share), the Shares are presently illiquid due to the MCTO.

3. Certain of Hollinger's directors were removed, Lord Black resigned and the independent directors of Hollinger gained control.

4. As Argus and Ravelston ran out of cash, primarily due to additional regulatory, litigation, accounting and governance expenses in the case of Argus, Hollinger did not declare any dividends while its independent directors began to cause Hollinger to pay to themselves upwards of $100,000 a month in directors' fees and voted each of themselves a $600,000 termination payment.

5. Ravelston was meanwhile responsible for support payments for Hollinger, guaranteed two additional loan amounts for Hollinger (US $15 million and US $40 million), paid considerable expenses on behalf of Hollinger and agreed to pay for Hollinger's going private transaction expenses. Lord Black personally advanced US $15.3 million to Hollinger on July 16, 2004.

6. While Hollinger reduced its retraction price on its Retractable Common Shares to as low as $4.65 but would not retract any Shares, the Ontario Securities Commission considered that the initiative of Ravelston to cause the payment by Hollinger of $7.60 to the holder of each Share together with two additional rights was effectively not "in the public interest".

7. Hollinger now holds US $73.8 million of cash, another Cdn. $8 million in a trust account as an indemnification fund for its independent directors and a further US $5.5 in escrow for future interest payments while its parent companies are in significant financial difficulties.

8. Hollinger, the shares of which are 78% owned by Argus and Ravelston, is now evicting Ravelston and Argus from the head office building they have shared for many years and is taking steps to seize the shares of Argus held by Ravelston pursuant to security given by Ravelston with respect to its agreement to support Hollinger.

9. International has still not provided financial statements for any period since December 31, 2003 and Hollinger and Argus are accordingly unable to prepare and file their own financial statements to regularize their reporting and cause the MCTOs to be lifted.

10. Ravelston is pursuing protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* and other statutes.

These are only some of the developments. Such an evolution simply could not have been predicted in April, 2004.

It is not contrary to the public interest to not be omniscient.

.../5

Argus is now unfairly faulted for not having properly forecast its future financial position in April, 2004. The claims are initiated by those with adverse economic interests.

The fact is that Argus did plan ahead. Despite the extent of additional litigation, accounting, regulatory and reporting and governance expenses over the past year, Argus has managed to meet its shareholder and regulatory requirements until now.

While Argus was not aware that it would not be able to file its financial statements for such an extended period, it contemplated that it would need to be able to sell Shares at some future date.

Argus specifically requested in its MCTO application dated May 14, 2004 that it be permitted to sell Shares as required to meet its obligations. It was represented to Argus by Staff of the OSC ("Staff") that such relief could be provided on a "spot" exemptive basis and that, in effect, such relief would not be unreasonably withheld. Argus' intercorporate dividend was then known.

The possibility of a request being made by Argus to sell Shares was then raised with Staff, although in the future context, several additional times throughout the year.

The "public interest" is now raised in conjunction with the Application as if it is in the public interest that an issuer should not be able to meet its obligations to its shareholders and the public.

To the contrary, there simply is no public interest in refusing an issuer that has done its utmost to comply with regulatory requirements the right to sell a limited amount of its own capital property in order to meet its regulatory and shareholder obligations.

A regulator must regulate reasonably.

A MCTO is not intended to be punitive or an effective enforcement proceeding.

Should you require any additional analysis or comments with respect to any of these or other issues, I would be pleased to provide same.

Yours very truly,

Harry R. Burkman

HRB:ke