

Mr. Henry Paulson  
U.S. Department of Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

February 2, 2007

Dear Mr. Paulson,

As you prepare for the upcoming G7 finance ministers meeting in Germany, you may have the occasion to meet with Mr. James Flaherty - the Finance Minister of Canada - who would like to discuss the issue of freer securities trade between the U.S. and Canada. While I am certainly in favor of the idea of more open access to each others' capital markets, I feel it is important that you should be made aware of a critical issue concerning the Canadian marketplace that has impacted many U.S. investors and which has eliminated over \$30 billion worth of market value.

The losses incurred by investors in the Canadian income trust sector resulting from Mr. Flaherty's surprise announcement on October 31, 2006 needs to be addressed during your meeting. When governmental officials make a promise not to tax publicly-traded flow-through-entities, investors include that promise in their risk assessment prior to electing to purchase securities in that sector. The Harper government made a promise not to tax income trusts and then broke that pledge with Mr. Flaherty's Halloween announcement with absolutely no open discussion or forewarning. It is critical to the success of all capital markets to have open access to information so that investors may make informed decisions based on transparent data and the credibility of corporate and governmental officials as well as regulatory agencies and stock exchanges.

I am not disputing Canada's sovereign right to change the way in which the federal or provincial governments collect tax revenues from businesses and individuals. A newly elected governmental administration often does make changes to the taxation process in an effort to manage the fiscal affairs of its country according to the platform upon which they win election. The fact that this administration is not honoring its own pledge to maintain the trust status causes me to wonder whether or not investors can expect similar vicissitudes on issues directly concerning other sectors in Canadian public markets. I have included several articles from the Canadian press that further underscore this important issue. I hope that you agree with me that this is an issue that must be addressed with Mr. Flaherty. Thank you very much for your consideration.

Yours Truly,

Marvin Gottlieb

Enclosures (articles & letters from Members of Parliament and Senators)  
CC: Susan Schwab, Carlos Gutierrez