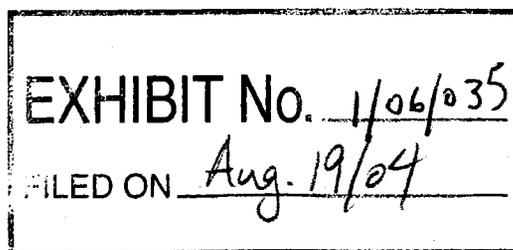


August 20, 2004



Standing Committee on Finance and Economic Affairs
C/O Mr. Trevor Day, Clerk
Room 1405, Whitney Block
Queens Park,
Toronto, ON
M7A 1A2

Dear Mr. Day:

Please accept this letter and attachments as my written submission to the Standing Committee on Finance and Economic Affairs.

My purpose in writing is to underline the need for better enforcement of securities violations, and to add support to the call for a national regulator.

I am a former Hollinger executive, who informed the OSC about conflict of interest activities engaged in by Conrad Black and his deputy David Radler. I spent eight days in a B.C. Supreme Court proving my case of wrongful dismissal against Hollinger, and in the process getting valuable evidence about their wrong doing on the record. Evidence I thought the authorities would love to have. I was wrong.

After a convincing victory in my lawsuit (the judgement came down seven months following the trial) I sent the B.C. Securities Commission a letter outlining the conflict of interest that Black and Radler were involved in. They responded, indicating that Hollinger was an Ontario based company that traded on the TSX, and that I should forward my complaint to the OSC.

I sent the OSC an email outlining my concerns and attached a copy of the 35-page judgement handed down in my case. I was promptly sent a reply indicating that they saw no regulatory issues to address. I was very upset with this, but not entirely surprised, since my earlier and repeated attempts to have the local and national media delve into this problem also failed to produce any investigation or coverage. I also provided considerable information to the federal Competition Bureau only to see them get involved but fail to do anything meaningful.

It was only after the Chicago Tribune flew a reporter to St. Catharines, where I now work, in July of 2003 and interviewed me that the story finally broke. The Tribune ran it on their front page and went into considerable detail about the relationship between Black and Radler's private company Horizon and Hollinger.

In the months that followed, Hollinger investors began looking into more of these anomalies which ultimately led to Black's and Radler's demise. In November 2003, I sent the SEC and OSC material that I thought they'd be interested in concerning the Hollinger matter. The SEC quickly followed up and interviewed via the telephone. The OSC seemed much less interested and only requested further information after reading in the Globe and Mail that I had sent material to the SEC. The sequence of events is outlined in the attached Globe story.

From where I sit, it would appear that both the U.S. media and U.S. securities authorities are much quicker to act than their Canadian counterparts. Perhaps in this country it was out of fear to confront the once unassailable Conrad Black and his litigious ways. I would have thought that catching a fish as big as him would have been a prize worth pursuing.

This entire experience eroded the confidence I had in my industry (the media) and in the public institutions I had naively trusted. I am also a reluctant investor in equity markets, largely due to my lack of confidence in the system.

I must state however that my faith in the judicial system remains, thanks to a very competent judge who wrote a very thorough judgement in my case.

I wish the Committee all the best in its deliberations.

If I can be of any further assistance please contact me at (905) 646-7744 ext. 228 or email at pwinkler@trajan.ca

Yours truly,

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

Paul Winkler
President and Publisher
Trajan Publishing Corporation

OSC alerted year ago about Hollinger

Saturday, Jan. 24, 2004

KAREN HOWLETT AND PAUL WALDIE

A former publisher in Conrad Black's embattled empire alerted Canadian securities regulators a year ago about alleged conflicts of interest involving newspapers owned by Hollinger Inc., but the regulator concluded after a "preliminary review" that there was no need for it to get involved.

Paul Winkler, now publisher of several trade magazines based in St. Catharines, Ont., asked the Ontario Securities Commission to investigate the intricate relationship between the Hollinger group and Horizon Publications Inc., a private company partly owned by Lord Black and his lieutenant David Radler.

In November, 1999, Mr. Winkler was fired as publisher of the Kelowna Capital News, a community newspaper owned by Hollinger Inc. in the Okanagan region of British Columbia. He won a wrongful dismissal suit against the company in August, 2002.

In his letter to the OSC on Jan. 5, 2003, Mr. Winkler asked the commission to review the relationship and dealings between Hollinger and Horizon, which both owned community papers in the Okanagan. Mr. Winkler also sent the OSC a copy of the judgment in his case, which concludes that Hollinger supported the papers owned by Horizon, instead of competing with them, while setting out to avoid the scrutiny of the federal Competition Bureau. This strategy benefited Horizon's operations while hurting those of Hollinger, says the decision handed down in the Supreme Court of British Columbia.

"For me, it was always about getting what I knew out and wanting somebody to do something with it," Mr. Winkler said in an interview yesterday.

The Commission responded to his letter the following day, essentially saying it saw no reason to investigate, he said. "They blew me off."

Eric Pelletier, a spokesman at the OSC, said yesterday that the regulator did not pursue the matter at that time because Mr. Winkler's allegations involved Horizon, a private company that is not a reporting issuer in Ontario.

However, the matter also involved Hollinger Inc., a Canadian holding company controlled by Lord Black and listed on the Toronto Stock Exchange. "I suppose whoever was looking at the specifics of his request judged that what he was asking was about Horizon, and with it not being a reporting issuer in Ontario, it was judged that no action was needed," Mr. Pelletier said.

The allegations Mr. Winkler made in his wrongful dismissal suit and to the OSC are similar to some of those now at the heart of regulatory probes in two countries as well as a series of lawsuits involving the Hollinger group.

The Securities and Exchange Commission in the United States launched a formal

investigation last November, shortly after Hollinger Inc.'s Chicago-based operating subsidiary, Hollinger International Inc., disclosed that Lord Black and a handful of other executives had collected more than \$32-million (U.S.) in unauthorized "non-competition" fees.

In Canada, the OSC revealed this week that it too has been investigating matters relating to Lord Black's companies for some time. Mr. Pelletier said this week that the regulator took the unusual step of announcing the probe because of concerns about the reputation of the Canadian marketplace. "If people think that it is unregulated, that can have an unhealthy impact on our market," he said.

The Canadian regulator has come under fire in recent months, with critics saying the country suffers from inadequate enforcement and inconsistent investor protection.

Mr. Winkler is not alone in having complained to the OSC about Hollinger. Sources in the investment community said other investors have approached the regulator in recent years, asking it to look into fees paid by Hollinger Inc., a publicly-traded holding company based in Toronto, to Lord Black's private companies.

Mr. Winkler said yesterday that he was furious when the OSC did not take action, and did not pursue the matter until last November, shortly after Lord Black resigned as Hollinger International Inc.'s chief executive officer amid allegations that he, Mr. Radler and others received unauthorized payments. Mr. Radler stepped down as chief operating officer. Both have denied any wrongdoing.

On Nov. 20, three days after Mr. Black and Mr. Radler resigned, Mr. Winkler sent a letter to the SEC and the OSC, outlining the Hollinger Inc. deals with Horizon. The SEC responded within days and two officials interviewed him for nearly two hours, he said.

An OSC official responded on Nov. 24 and said: "A preliminary review of your matter was conducted upon receipt of your initial correspondence on January 5th, 2003, and staff concluded there were no securities regulatory issues at that time for the OSC to address." The e-mail went on to say that although OSC staff had not changed its position, his correspondence had been forwarded to "the appropriate area of the Commission for their information."

Three days later, a case assessment officer at the OSC contacted him.

"We simply had a chat and she indicated that they weren't launching an investigation as such," Mr. Winkler said. "I was kind of surprised that all of a sudden now somebody [at the OSC] is phoning me."

Mr. Pelletier said the initial response on Nov. 24 came from an official who would not have been aware of inquiries already under way in the enforcement branch.

On Dec. 9, The Globe and Mail reported that Mr. Winkler had been interviewed by the SEC and that he had provided the U.S. regulator with documents.

That afternoon, he received another call from an OSC official, asking for copies of the same documents he had forwarded to the SEC.

Mr. Pelletier said the investigation is continuing. "We will be following up on a variety of lines of inquiry."

He said a team that includes staff from enforcement and corporate finance sections of the commission is investigating the Hollinger matter.

Mr. Winkler said he feels some vindication that the OSC is finally investigating Hollinger. But he wishes the commission had gotten involved sooner.

"My victory seems very hollow quite frankly."