

27 August, 2004

Mr. Stephane Marnier
Department of Justice
The Exchange Tower
130 King Street West, Suite 3400
Toronto, Ontario
M5X 1K6

Dear Sir:

Further to our discussion today, please see attached the following:

- (a) My statement of facts upon which my objection to the assessment is based and a summary of my reasons (This was sent to CRA on 2 August 2004).
- (b) My letter of 16 August 2004 to CRA following my subsequent discussion with CRA.

CRA adamantly refuses to disclose to me on what evidence they base their conclusion that there was illegality on the part of Sheffield International Corporation and myself.

If I had that information, I would be able to explain everything, but George Misiak says he doesn't want explanations. He is being unreasonable and unfair.

He obviously knows that my explanations would ruin his case.

Accordingly, I would like to discuss the matter with someone in your office so that I can offer explanations for any apparently incriminating evidence before any charges are laid.

Only then can a fair decision be made as to whether to lay charges at all.

Sincerely,

Peter Eickmeier
20 Red Haven Drive, Unit 11
Grimsby, Ontario
L3M 5K1

Phone: (905) 309-0709
Fax: (905) 309-0914

Statement of the relevant facts upon which the objection is based and a summary of the reasons for the objection:

Re: SHEFFIELD INTERNATIONAL CORPORATION and
Peter Eickmeier as an officer, director, or agent of
Sheffield International Corporation

Canada Revenue Agency falsely “determined” that, from 8 August 1995 to 31 May 2001, Sheffield International Corporation did not carry on any commercial activity. In fact, Sheffield International Corporation did carry on commercial activity every month of that period.

Peter Eickmeier, managing director, has repeatedly requested of both George Misiak and Al Horbatiuk of Canada Revenue Agency to disclose to Peter Eickmeier upon what evidence Canada Revenue Agency bases its said determination. Both George Misiak and Al Horbatiuk have adamantly refused to disclose this evidence to Peter Eickmeier. Consequently, Peter Eickmeier is unable to provide explanations for such evidence that would show that the determination was wrong.

George Misiak stated that he didn’t want any explanations, but that he would accept documents.

In fact, both George Misiak and Al Horbatiuk know that if Peter Eickmeier became aware of the evidence upon which Canada Revenue Agency’s determination was based, Peter Eickmeier would then be able to, and would then offer, explanations for all such evidence, explanations that would expose the falseness of Canada Revenue Agency’s determination that Sheffield International Corporation did not carry on any commercial activity from 8 August 1995 to 31 May 2001.

After three years of investigating this case, both George Misiak and Al Horbatiuk know that there is no valid complaint about Sheffield International Corporation. But they do not want the blame for spending so much time on a case that didn’t merit it. So they have contrived a case that looks good because no opportunity to respond to the evidence has been allowed. (It is well known that it is always easy for a judge to decide a case if he has heard only one side of it.)

They have sent the case to the Department of Justice whom they hope will be led to think, by this maneuver, that it is a good case. Then, when the case ultimately goes sour, the Crown Attorney will get the blame for losing the case. (Neither George Misiak nor Al Horbatiuk will get the blame, because it will be out of their hands.) And since the Crown Attorney is a lawyer, he will be deemed the one who should have prevented this from happening. (The lawyers always get the blame for everything.)

Sequence of Events:

1. On 2 December 2003, Peter Eickmeier told George Misiak to advise him if there was any evidence that suggested irregularities on the part of Sheffield International Corporation, so that Peter Eickmeier could offer an explanation. George Misiak immediately assured Peter Eickmeier that he would be given ample opportunity to explain anything that needed explaining.
2. On 6 July 2004, Peter Eickmeier asked George Misiak and Al Horbatiuk whether there were any matters that needed explaining, and they both said not at this time. Yet on 13 July 2004, they recommended criminal charges to the Department of Justice without having indicated to Peter Eickmeier that there was any evidence that needed explaining.
3. As soon as Peter Eickmeier received notification of this (on 16 July 2004) he called George Misiak's and Al Horbatiuk's phone numbers, but both of them were away until 26 July 2004. When Peter Eickmeier spoke to them on 26 July 2004, Al Horbatiuk did give, for the first time ever, suggestions of evidence that needed explaining (while mentioning that he could not remember all of the things), namely:
 - (a) Al Horbatiuk said that they had examined bank accounts and saw no evidence of commercial activity. He said that they looked like personal activity. They had never told Peter Eickmeier this before to enable him to explain it. The field auditor, Ashish Patel, had asked about monies received by Sheffield International Corporation and Peter Eickmeier had told him about monies received from the customer. Furthermore, Ashish Patel requested in his letter of 24 July 2000 production of "Sales and cash receipts journals" and "Purchase and cash disbursement journals," and these were subsequently provided to him at 1 Front Street, Toronto. In addition, George Misiak had asked Peter Eickmeier whether any payments had been received by Sheffield International Corporation from a customer and Peter Eickmeier had replied in writing by saying, "Yes," but George Misiak did not ask for further particulars.

In fact, Sheffield International Corporation has never been audited for Income Tax, and if it had been, the relevant records would have been produced — ledger statements with columns indicating which disbursements were "Drawings" and which disbursements were "Investments." In addition, records of all transactions, not merely the bank accounts that were examined in the GST audit and investigation, would have been produced. The practice of having personal expenses paid

out of a business account is common for all small businesses, and such disbursements are recorded in the “Drawings” column of the Ledger Statements. No requests for these records were ever made to Peter Eickmeier or to Sheffield International Corporation, and Peter Eickmeier was never aware that there might be a use for them until 26 July 2004 when he spoke to Al Horbatiuk who provided only hints that gave Peter Eickmeier the idea that such information could help with the investigation.

All payments received on account of the software were in cash. Payment by cash is not a crime. Cash is legal tender and is negotiable. When someone says that he wants to pay me the money he owes me by a cash payment (as opposed to a cheque) I do not object. After all, cash is legal tender, and I have no right to object. If I were to object, my not accepting tender of the cash could jeopardize my legal right to the money. These funds received were invested in US metal-fabricating (transit-shelter-manufacturing) companies in Buffalo.

The proposal made to Peter Eickmeier by Mr. Singh in Toronto involved him getting paid in cash for the computer software. The agreement was that the software would be sold to Peter Eickmeier at a very low price and paid for in cash and Mr. Singh would not give a receipt in exchange for the cash payment. He did not indicate why he did not want to give a receipt, but as long as the price was low enough, the arrangement suited Peter Eickmeier. This meant that the expense for computer software could not be claimed as a deduction for Income Tax purposes. But this was not a problem because the claiming of deductions is optional. There is nothing illegal about not claiming some expenses when filing an Income Tax return. And if the business is profitable after taxes even without these deductions, then the proposal that Mr. Singh made to Peter Eickmeier and Sheffield International Corporation was a good one.

- (b) Al Horbatiuk said that there was no evidence of delivery of software by e-mail on either of Peter Eickmeier’s computers, erroneously assuming, without asking Peter Eickmeier, that there was no other computer. Peter Eickmeier did discuss with Ashish Patel another computer that was used for the delivery of software by e-mail. (And Ashish Patel never complained that he needed further evidence of e-mail delivery of software.) However, neither George Misiak nor Al Horbatiuk ever asked Peter Eickmeier or Sheffield International Corporation for information about, or evidence of, e-mails for delivery of computer software. There is, however, mention in the letter to Ashish Patel, dated 13 November 2000, of two notebook computers with internet access, one of which was supplied by Mr. Singh to Peter Eickmeier. This notebook computer was used for the receipt and

delivery of software. (The desktop computer that Sheffield International Corporation had at its office in Toronto did not have Internet access. And the notebook computer later acquired by Peter Eickmeier had not yet been acquired.)

- (c) Al Horbatiuk said that Peter Eickmeier did not provide any pamphlets of Frontier Metals, but no one had ever mentioned to Peter Eickmeier that this needed an explanation. The explanation is simple: Peter Eickmeier does not do the selling to the retail customer, and there is no reason that the retailer would reveal to Peter Eickmeier anything that could enable him to compete with the retailer. No one gives business information to anyone except customers. If they can prevent anyone else from getting copies of any sales literature they may have, they do so.

Aside from these suggestions of what evidence they have for this case, no other evidence was provided. In fact, after Peter Eickmeier spoke to both George Misiak and Al Horbatiuk on 26 July 2004, George Misiak called Peter Eickmeier back and emphatically stated that they were not going to disclose to Peter Eickmeier what evidence they had for this case. Consequently, Peter Eickmeier is unable to explain anything, because he doesn't know what needs explaining, since George Misiak and Al Horbatiuk categorically refuse to tell him.

Peter Eickmeier
Sheffield International Corporation
20 Red Haven Drive, Unit 11
Grimsby, Ontario
L3M 5K1

Phone: (905) 309-0709
Fax: (905) 309-0914

August 16, 2004

Mr. G. Misiak
Toronto Centre Tax Services Office
1 Front Street West
Toronto, Ontario
M5J 2X8

Dear Mr. Misiak:

Re: Sheffield International Corporation et al

In response to your letter of August 10, 2004, I submit the following information and enclosures:

- (c) The interest expenses referred to in item 1 in your letter were interest payable to Peter Eickmeier in respect of accounts payable to Peter Eickmeier for software, and these interest expenses were not paid.
- (d) I called Princeton Media, Inc. and was informed that information would be mailed the next Monday. I called the next week and was informed that, after consultation with a lawyer, the decision was made not to send any information.
- (e) Originally, Frontier Metals, Inc. did business for a few months in the US but never made any money and never filed any tax returns and, as far as I know, was never served with a request to file a return. And, as far as I know, there were no financial statements prepared for Frontier Metals, Inc. that represented the financial dealings of the company. Then when Mr. Singh took over and operated his division of the company I did not get any information about what he did regarding financial statements and the preparation and filing of tax returns.
- (f) Copies of Receipts regarding cash payments from Mr. Singh's division of Frontier Metals, Inc. to Sheffield International Corporation.
- (g) Copies of Investment Certificates from Rockwell to Sheffield International Corporation should be available tomorrow.
- (h) As mentioned to Ashish Patel and as mentioned in your letter of August 10, 2004, there were no deposit slips for the cash payments, as many payments of expenses of Rockwell were in cash.

- (i) Regarding financial statements of Rockwell that would show loans or advances, Rockwell kept copies of the investment certificates. (When Rockwell ceased operations, the financial records were incomplete.)
- (j) Regarding Mr. Singh, it has occurred to me that Mr. Singh might have been an undocumented resident of North America (an illegal alien) and accordingly might not want to be involved with a CCRA audit — not that he has done anything wrong fiscally, but rather that such an investigation might reveal other irregularities that might send him back to India. This may explain why he has never wanted to reveal anything that would disclose his whereabouts.

Bear in mind that privacy is not a crime. I had all the records I needed to satisfy Canada Revenue Agency, and no one said I needed more. And no one said I had to get personal information from suppliers or customers to satisfy Canada Revenue Agency. The level of privacy was set by the supplier and the customer. I found it acceptable since I was not at risk of non-payment because I was the payer to Singh CN. For Singh US I hoped for payment, but since he had no proven credit history, I was not relying on his creditworthiness, and he may have had none, so knowing where he lived would not help to get payment anyway.

- (k) In the letter of August 10, 2004, there is mention that you have not intentionally withheld any information that would assist me in responding to any of the allegations made by the Agency. To date I have never been advised what evidence forms the basis of the charges, (other than what Mr. Horbatiuk mentioned to me, and which I responded to in my letter of August 3, 2004). I would like to receive that information as soon as possible.

Sincerely,

Peter Eickmeier
20 Red Haven Drive, Unit 11
Grimsby, Ontario
L3M 5K1

Phone: (905) 309-0709
Fax: (905) 309-0914