

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C., 1985 c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF NELSON FINANCIAL GROUP LTD. (the "Applicant")**

**Applicant**

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**MOTION RECORD  
(Returnable July 27, 2010)**

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Financial Group Ltd.**

**TO: THE SERVICE LIST**

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# TAB 1

Court File No.: 10-8630-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OR COMPROMISE OR ARRANGEMENT  
OF NELSON FINANCIAL GROUP LTD. (the "Applicant")**

Applicant

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**NOTICE OF MOTION**  
(Returnable July 27, 2010)

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**THE APPLICANT, NESLSON FINANCIAL GROUP LTD. ("Nelson Financial" or the "Applicant")**, will make a motion to the Court on Tuesday, July 27, 2010, at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

1. **THE MOTION IS FOR AN ORDER** substantially in the forms attached as Schedules "A" and "B", *inter alia*:
  - (a) Abridging the time for service of the Notice of Motion and Motion Record, if necessary, and declaring that this motion is properly returnable on July 27, 2010;
  - (b) Approving the Fifth Report of the Monitor, A. John Page & Associates Inc. ("AJP&AI" or the "Monitor") to be filed (the "Fourth Report"), and the activities of the Monitor as described therein;
  - (c) Approving a procedure for the determination of claims (the "Claims Procedure") with respect to the holders of unsecured promissory notes (the "Noteholders") and preferred shares issued by Nelson Financial (the "Preferred Shareholders") and other trade creditors;

- (d) Approving the validity and enforceability of the security held by Foscarini Mackie Holdings Inc. ("**Foscarini Mackie**") and authorizing the payment of Foscarini Mackie on account of its security interest;
- (e) Approving and authorizing the payment of the professional fees and disbursements of the Monitor and its counsel as set out in the Affidavit of A. John Page sworn July 16, 2010, and James H. Grout, sworn July 16, 2010;
- (f) Approving an extension of the stay of proceedings to and including October 1, 2010; and
- (g) Such further and other relief as counsel may request and this Honourable Court deem just.

## 2. THE GROUNDS FOR THE MOTION ARE:

### Background

- (a) On March 23, 2010, Nelson Financial filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), pursuant to an Order of the Honourable Madam Justice Pepall (the "**Initial Order**");
- (b) Pursuant to the Initial Order, AJP&AI was appointed as Monitor of Nelson Financial;
- (c) On June 15, 2010, the Honourable Madam Justice Pepall issued an Order granting an extension of the stay of proceedings against Nelson Financial to and including July 30, 2010;

### Restructuring Activities

- (d) Since the issuance of the Initial Order, Nelson Financial has been working diligently to stabilize its business and maintain operations in compliance with the cash projections filed with this Honourable Court;
- (e) Nelson Financial, in conjunction with the Monitor, is currently developing the basic parameters of a plan of compromise or arrangement which will not require external financing or the historic volumes of customer referrals;
- (f) there is a realistic prospect that Nelson Financial could restructure its debt and be able to service that debt and continue in business for the foreseeable future;

**Claims Procedure**

- (g) The Monitor has formulated the Claims Procedure and believes that it is a fair, expeditious and cost effective approach to the determination of the claims of Noteholders and Preferred Shareholders of Nelson Financial;

**Foscarini Mackie Security**

- (h) Foscarini Mackie holds a valid and enforceable security interest securing amounts due to Foscarini Mackie under certain promissory notes issued by Nelson Financial (the “**Foscarini Mackie Security**”);
- (i) Authorizing the payment of the Foscarini Mackie Security at this stage in the proceeding will avoid continued accrual of interest on this secured debt, the continued administrative expense associated with the analysis and designation of customer contracts, and will enhance the prospects of a viable compromise or arrangement being made by Nelson Financial;

**Professional Fees**

- (j) Since the issuance of the Initial Order, the Monitor and its counsel have monitored Nelson Financial and the Monitor has assisted this Honourable Court with respect to all aspects of these proceedings;
- (k) The dockets of the Monitor and its counsel are a fair and accurate description of the services provided and the amounts charged;
- (l) The fees and disbursements of the Monitor and its counsel are fair and reasonable;

**Stay Extension**

- (m) The continuation of the stay of proceedings is necessary in order to provide the stability needed to continue Nelson Financial’s restructuring activities which have been ongoing following the granting of the Initial Order;
- (n) Circumstances exist which make the extension of the stay of proceedings appropriate;
- (o) Nelson Financial has acted and continues to act in good faith and with due diligence;
- (p) The Projected Cash Flow to be contained in the Monitor’s Fifth Report supports an extension of the stay of proceedings to and including October 1, 2010;

**General**

- (q) The provisions of the CCAA, as amended, and the equitable jurisdiction of this Honourable Court;

- (r) Rules 1.04, 2.03, 3.02, 10, 14.05(2) and 16.08 of the *Rules of Civil Procedure*, R.R.O. 1990, c. C.43; and
- (s) Such further and other grounds as counsel may advise and this Honourable Court may permit.

**3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:**

- (a) The Affidavit of Marc Boutet, sworn July 21, 2010;
- (b) The Fifth Report of A. John Page & Associates Inc. in its capacity as Monitor of Nelson Financial Group Ltd. dated July 21, 2010;
- (c) The Affidavit of A. John Page, sworn July 16, 2010;
- (d) The Affidavit of James H. Grout, sworn July 16, 2010; and
- (e) Such further and other materials as counsel may advise and this Honourable Court permits.



Date: July 21, 2010

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Nelson Financial Group Ltd.

**TO: THE SERVICE LIST**

Schedule "A"

Court File No. 10-8630-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MADAM ) TUESDAY, THE 27<sup>th</sup>  
 )  
JUSTICE PEPALL ) DAY OF JULY, 2010

**IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF NELSON FINANCIAL GROUP LTD. (the "Applicant")**

**Applicant**

**ORDER**

**THIS MOTION** made by the Applicant, Nelson Financial Group Ltd. ("**Nelson Financial**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an Order, *inter alia*:

- (a) abridging and validating the time for service of the Notice of Motion, the Motion Record, the Fifth Report of the Monitor, A. John Page & Associates Inc. (the "**Monitor**") dated July 21, 2010 (the "**Fifth Report**"), so that this motion is properly returnable today and dispensing with further service thereof;
- (b) approving the Fifth Report;
- (c) approving the fees and disbursements of the Monitor and its counsel;
- (d) approving an extension of the stay of proceedings from July 30, 2010, to and including October 1, 2010,

was heard this day at 330 University Avenue, Toronto, Ontario.

**UPON READING** the material filed, including the Notice of Motion, the Fifth Report, and the Affidavit of Marc Boutet sworn July 20, 2010, and upon hearing the submissions of counsel for Nelson Financial, counsel for the Monitor, counsel for Staff of the Ontario Securities Commission, representative counsel for the holders of promissory notes issued by Nelson Financial (the "**Representative Counsel**") and special counsel to the Representative Counsel, counsel for Foscarini Mackie Holdings Inc., Glenn Mackie and Lisa Mackie, no one else appearing although duly and properly served,

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Fifth Report is hereby abridged and validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.

### **FOSCARINI MACKIE SECURITY**

2. **THIS COURT ORDERS** that Nelson Financial is hereby authorized and directed to pay \$695,772.49 to Foscarini Mackie Holdings Inc. on account of amounts owing under the Foscarini Mackie Security (as defined in the Affidavit of Marc Boutet sworn July 21, 2010).

### **MONITOR'S ACTIVITIES**

3. **THIS COURT ORDERS** that the Fifth Report and the conduct and activities of the Monitor described therein be and are hereby approved.

### **FEE APPROVAL**

4. **THIS COURT ORDERS** that the fees for professional services and the disbursements of the Monitor, as set out in the Affidavit of A. John Page sworn July 16, 2010, and counsel for the Monitor, as set out in the Affidavit of James H. Grout sworn July 16, 2010, be and are hereby approved.

**STAY EXTENSION**

5. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 13 of the Initial Order of the Honourable Madam Justice Pepall, dated March 23, 2010) is hereby extended until and including Friday, October 1, 2010.

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**Court File No. 10-8630-00CL**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON FINANCIAL GROUP LTD.**

**Applicant**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(PROCEEDING COMMENCED AT TORONTO)**

**ORDER**

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**SOLICITORS FOR THE APPLICANT**

## Schedule "B"

Court File No. 10-8630-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**THE HONOURABLE MADAM )  
JUSTICE PEPALL )**

**TUESDAY, THE 27<sup>th</sup>  
DAY OF JULY, 2010**

**IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF NELSON FINANCIAL GROUP LTD. (the "Applicant")**

**Applicant**

**CLAIMS PROCEDURE ORDER**

**THIS MOTION**, made by the Applicant, for an Order, *inter alia*, approving the claims procedure with respect to holders of promissory notes issued by the Applicant, other creditors of the Applicant and holders of preferred shares issued by the Applicant was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Applicant's Notice of Motion, the Affidavit of Marc Boutet sworn July 21, 2010, the Fifth Report of A. John Page & Associates Inc. ("AJP&AI") in its capacity as the Monitor of the Applicant (the "**Monitor**") dated July 21, 2010, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, Representative Counsel for the holders of promissory notes issued by the Applicant, counsel for Foscarini Mackie Holdings Inc., Greg Mackie and Lisa Mackie, and counsel for Staff of the Ontario Securities Commission,

no one appearing for the other parties served with the Applicant's Motion Record, although duly served as appears from the Affidavit of Service of ► sworn July ►, 2010, filed:

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record filed by the Applicant in support of this Motion be and it is hereby abridged such that the Motion is properly returnable today.

### **MONITOR'S ROLE**

2. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA (as hereinafter defined) and under the Initial Order of this Court dated March 23, 2010 (such Order, as supplemented, amended or varied from time to time, is referred to herein as the "**Initial Order**"), is hereby directed and empowered to take such other actions and fulfill such other roles as are authorized by this Order.

### **THE CLAIMS PROCESS**

3. **THIS COURT ORDERS** that the following terms shall have the following meanings ascribed thereto:
  - (a) "Business Day" means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario;
  - (b) "CCAA" means *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
  - (c) "Claim" means
    - (i) any right of any Person against the Applicant in connection with any

indebtedness, liability or obligation of any kind of the Applicant, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing on or prior to the Filing Date or which would have been claims provable in bankruptcy had the Applicant become bankrupt on the Filing Date, and any indebtedness, liability or obligation of any kind arising out of the restructuring, termination, repudiation or disclaimer of any lease, contract, employment agreement or other agreement after the Filing Date to and including the Valuation Date (each a "Claim", and collectively, the "Claims"); and,

- (ii) any right of any Person against the Directors of the Applicant that relates to the Claims for which the Directors of the Applicant are by law liable to pay in their capacity as directors, officers, management and/or in such other similar capacity,

provided however, that "Claim" shall not include an Excluded Claim;

- (d) "Claims Bar Date" means 4:00 p.m. (Eastern Daylight Time) on September 15, 2010, or such later date as may be ordered by the Court;



- (e) "Commencement Date" means 4:00 p.m. (Eastern Daylight Time) on August 13, 2010, or such later date as may be ordered by the Court;
- (f) "Court" means the Ontario Superior Court of Justice (Commercial List);
- (g) "Creditor" means any Person having a Claim;
- (h) "Creditors' Meeting" means the meeting or meetings of Creditors scheduled pursuant to further Order of this Court, or by the Plan when and as filed with this Court;
- (i) "Directors" means Marc Boutet, Stephanie Sobol and all other current and former directors, officers and Persons acting in a management or other similar capacity of the Applicant;
- (j) "Dispute Notice" means a written notice to the Monitor, in substantially the form attached as **Schedule "F"** hereto, delivered to the Monitor by a Creditor or a Preferred Shareholder who has received a Notice of Disallowance, of its intention to dispute such Notice of Disallowance and provide further evidence to support its Claim or Shareholding, respectively;
- (k) "Document Packages" means the Noteholder Package, the Trade Creditor Package and the Preferred Shareholder Package (each a "Document Package");
- (l) "Excluded Claim" means
  - (i) claims secured by any of the "Charges", as defined in the Initial Order;
  - (ii) claims against a Director which cannot be compromised due to the

provisions of subsection 5.1(2) of the CCAA;

- (iii) claims for interest accruing on a Claim after the Filing Date;
  - (iv) claims secured by any of the "Charges" subsequently incorporated by means of an amendment or variation of the Initial Order; and,
  - (v) Shareholdings;
- (m) "Filing Date" means March 23, 2010;
- (n) "Initial Order" has the meaning ascribed to that term in paragraph 2 of this Order;
- (o) "Instruction Letter for Noteholders" means the Instruction Letter to Noteholders, in substantially the form attached as **Schedule "B1"** hereto;
- (p) "Instruction Letter for Preferred Shareholders" means the Instruction Letter to Preferred Shareholders, in substantially the form attached as **Schedule "B2"** hereto;
- (q) "Instruction Letter for Trade Creditors" means the Instruction Letter to Trade Creditors, in substantially the form attached as **Schedule "B3"** hereto;
- (r) "Known Preferred Shareholders" means those Persons which the books and records of the Applicant disclose as holding preferred shares issued by the Applicant as at the Filing Date;

- (s) "Known Noteholders" means those Persons which the books and records of the Applicant disclose as holding promissory notes issued by the Applicant as at the Filing Date;
- (t) "Known Trade Creditors" means all Persons which the books and records of the Applicant disclose as holding Claims, other than Noteholders;
- (u) "Noteholder" means any Person holding promissory notes issued by the Applicant.
- (v) "Noteholder Package" means a document package that includes a copy of the Instruction Letter for Noteholders, a Notice of Noteholder Claim, a blank Proof of Claim, the Claims Procedure Order and such other materials as the Monitor may consider appropriate or desirable;
- (w) "Notice of Disallowance" means the notice, in substantially the form attached as **Schedule "E"** hereto, advising
  - (i) a Creditor that the Monitor has revised or rejected all or part of such Creditor's Claim set out in the Proof of Claim; or,
  - (ii) a Preferred Shareholder that the Monitor has revised or rejected all or part of such Preferred Shareholder's Shareholding set out in the Proof of Shareholding;
- (x) "Notice of Noteholder Claim" means the notice to Noteholders substantially in the form attached as **Schedule "C1"** hereto;

- (y) "Notice of Shareholding" means the notice to Preferred Shareholders substantially in the form attached as **Schedule "C2"** hereto;
- (z) "Notice to Creditors and Preferred Shareholders" means the notice to Creditors and Preferred Shareholders for publication in substantially the form attached as **Schedule "A"** hereto;
- (aa) "Person" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted;
- (bb) "Plan" means the plan of arrangement by the Applicant, if and when filed and approved by this Court, as revised, amended, modified or supplemented from time to time in accordance with its terms;
- (cc) "Preferred Shareholder" means any Person holding preferred shares issued by the Applicant;
- (dd) "Preferred Shareholder Package" means a document package that includes a copy of the Instruction Letter for Preferred Shareholders, a Notice of Shareholding, a blank Proof of Shareholding, a blank Proof of Claim, the Claims Procedure Order and such other materials as the Monitor may consider appropriate or desirable;
- (ee) "Proof of Claim" means the form of Proof of Claim in substantially the form attached as **Schedule "D1"** hereto;
- (ff) "Proof of Shareholding" means the form of Proof of Shareholding in substantially the form attached as **Schedule "D2"** hereto;

- (gg) "Proven Claim" has the meaning ascribed to that term in paragraph 4 of this Order;
- (hh) "Proven Shareholding" has the meaning ascribed to that term in paragraph 5 of this Order;
- (ii) "Recorded Noteholding" has the meaning ascribed to that term in paragraph 7 of this Order;
- (jj) "Recorded Shareholding" has the meaning ascribed to that term in paragraph 10 of this Order;
- (kk) "Secured Claim" means any Claim or portion thereof that is secured by a security interest, pledge, mortgage, lien, hypothec or charge on any property of the Applicant, but only to the extent of the value of the security in respect of the Claim;
- (ll) "Shareholding" means
  - (i) the number of preferred shares issued by the Applicant and held by a Preferred Shareholder as at the Filing Date;
  - (ii) the amount of any due but unpaid dividends thereon as at the Filing Date;  
and,
  - (iii) the amount of any accrued and unpaid dividends thereon as at the Filing Date;

- (mm) "Trade Creditor" means any Person asserting a Claim other than a Noteholder, including, without limitation, the following:
- (i) those Persons which the books and records of the Applicant disclose were owed monies by the Applicant as of the Filing Date and which monies remain unpaid in whole or in part;
  - (ii) any Person who commenced a legal proceeding against the Applicant which legal proceeding was commenced and served upon the Applicant prior to the Filing Date;
  - (iii) any Person who is party to a lease, contract, employment agreement or other agreement of the Applicant which was terminated or disclaimed by the Applicant between the Filing Date and the Valuation Date; and,
  - (iv) any other Creditor actually known to the Applicant as at the Valuation Date;
- (nn) "Trade Creditor Package" means a document package that includes a copy of the Instruction Letter for Trade Creditors, a blank Proof of Claim, the Claims Procedure Order and such other materials as the Monitor may consider appropriate or desirable; and,
- (oo) "Valuation Date" means the date of this Order.

#### **DETERMINATION OF PROVEN CLAIM AND PROVEN SHAREHOLDING**

4. **THIS COURT ORDERS** that the amount and status of every Claim of a Creditor, as finally determined in accordance with the forms and procedures hereby authorized (a

"**Proven Claim**"), including any determination as to the nature, amount, value, priority or validity of any Claim, including any Secured Claim, shall be final for all purposes, including the Plan, and including, without limitation, for any distribution made to Creditors.

5. **THIS COURT ORDERS** that the Shareholding of a Preferred Shareholder, as finally determined in accordance with the forms and procedures hereby authorized (a "**Proven Shareholding**"), shall be final for all purposes to be determined by further Order of the Court.

#### **NOTICE TO CREDITORS AND PREFERRED SHAREHOLDERS**

6. **THIS COURT ORDERS** that:

- (a) the Monitor shall, by no later than the Commencement Date, post copies of the Claims Procedure Order, the Instruction Letter for Noteholders, the Instruction Letter for Trade Creditors, the Instruction Letter for Preferred Shareholders, a blank Proof of Claim and a blank Proof of Shareholding on its website and make them available for unrestricted download;
- (b) the Monitor shall, by no later than the Commencement Date, send on behalf of the Applicant
  - (i) a Noteholder Package to each of the Known Noteholders;
  - (ii) a Trade Creditor Package to each of the Known Trade Creditors; and,
  - (iii) a Preferred Shareholder Package to each of the Known Preferred Shareholders;

- (c) the Monitor shall publish on one (1) day, within 12 days of the Commencement Date, a Notice to Creditors and Preferred Shareholders (in substantially the form attached hereto as **Schedule "A"** hereto) in the Globe and Mail and the Toronto Star; and
- (d) the Monitor shall, provided such request is received prior to the Claims Bar Date, deliver as soon as reasonably possible following receipt of a request therefore a copy of the applicable Document Package to any Person claiming to be a Creditor or Preferred Shareholder and requesting such material.

#### **CREDITORS' CLAIMS**

7. **THIS COURT ORDERS** that the Monitor shall, as part of the delivery of the Noteholder Package to each Known Noteholder, record on the Notice of Noteholder Claim (attached as **Schedule "C1"** hereto) the amounts due to the Known Noteholder by the Applicant as at the Filing Date, including the amount of accrued interest to the Filing Date, on each of the promissory notes issued by the Applicant and held by the Known Noteholder (a "**Recorded Noteholding**").
8. **THIS COURT ORDERS** that the Recorded Noteholding set out in a Notice of Noteholder Claim shall be the Proven Claim of that Known Noteholder, unless the Known Noteholder elects to complete and file with the Monitor a Proof of Claim (attached as **Schedule "D1"** hereto) after receipt of the Notice of Noteholder Claim and on or before the Claims Bar Date, in which case (a) the Claim as set out in the Proof of Claim shall be considered by the Monitor in accordance with the provisions of this Order,



(b) the Notice of Noteholder Claim shall cease to have any effect whatsoever; and, (c) the Recorded Noteholding shall cease to be a Proven Claim.

9. **THIS COURT ORDERS** that the Monitor shall, as part of the delivery of the Trade Creditor Package to each Known Trade Creditor, send to any Known Trade Creditor a blank Proof of Claim (attached as **Schedule "D1"** hereto) pursuant to which the Known Trade Creditor may record its Claim. The Known Trade Creditor must complete and file the Proof of Claim with the Monitor on or before the Claims Bar Date in which case the Claim as set out in the Proof of Claim shall be considered by the Monitor in accordance with the provisions of this Order.

#### **PREFERRED SHAREHOLDERS' SHAREHOLDINGS**

10. **THIS COURT ORDERS** that the Monitor shall, as part of the delivery of the Preferred Shareholder Package to each Known Preferred Shareholder, record on the Notice of Shareholding (attached as **Schedule "C2"** hereto) the Shareholding of the Known Preferred Shareholder (the "**Recorded Shareholding**").
11. **THIS COURT ORDERS** that the Recorded Shareholding set out in a Notice of Shareholding shall be the Proven Shareholding of that Known Preferred Shareholder, unless the Known Preferred Shareholder elects to complete and file with the Monitor a Proof of Shareholding (attached as **Schedule "D2"** hereto) after receipt of the Notice of Shareholding and on or before the Claims Bar Date, in which case
- (a) the Shareholding as set out in the Proof of Shareholding shall be considered by the Monitor in accordance with the provisions of this Order;

- (b) the Notice of Shareholder shall cease to have any effect whatsoever; and,
- (c) the Recorded Shareholding shall cease to be a Proven Shareholding.

For greater certainty, the delivery of the Notice of Shareholding, a Proof of Shareholding and/or the existence of a Proven Shareholding under the terms of this Order shall not entitle Preferred Shareholders to vote on or receive distributions under the Plan, absent further Order of this Court.

#### **CLAIMS AND SHAREHOLDINGS BAR**

12. **THIS COURT ORDERS** that any Creditor that elects to complete and file a Proof of Claim with the Monitor must do so such that the Proof of Claim is received by the Monitor on or before the Claims Bar Date. Any Creditor that does not file a Proof of Claim as provided for herein such that such Proof of Claim is received by the Monitor on or before the Claims Bar Date

- (a) shall be and is hereby forever barred from making or enforcing any Claim (other than a Recorded Noteholding) against the Applicant, the Directors, or any of them, as applicable;
- (b) shall not be entitled to vote at the Creditors' Meeting in respect of the Plan or to receive any distribution thereunder, except with respect to a Recorded Noteholding; and,
- (c) shall not be entitled to any further notice in, and shall not be entitled to participate as a Creditor in, these proceedings, except with respect to a Recorded Noteholding.

13. **THIS COURT ORDERS** that any Preferred Shareholder that elects to complete and file a Proof of Shareholding with the Monitor must do so such that the Proof of Shareholding is received by the Monitor on or before the Claims Bar Date. Any Preferred Shareholder that does not file a Proof of Shareholding as provided for herein such that such Proof of Shareholding is received by the Monitor on or before the Claims Bar Date

- (a) shall be and is hereby forever barred from making or enforcing any Shareholding (other than a Recorded Shareholding) against the Applicant, the Directors, or any of them, as applicable;
- (b) shall not be entitled to vote in its capacity as a Preferred Shareholder at the Creditors' Meeting in respect of the Plan or to receive any distribution thereunder, except with respect to a Recorded Shareholding, if it is determined by further Order of this Court that Preferred Shareholders are entitled to so vote or receive such distributions; and,
- (c) shall not be entitled to any further notice in, and shall not be entitled to participate in its capacity as a Preferred Shareholder as a creditor in, these proceedings, except with respect to a Recorded Shareholding, if it is determined by further Order of this Court that Preferred Shareholders are entitled to receive further notice in or participate as a creditor in these proceedings.

**PROOFS OF CLAIM AND PROOFS OF SHAREHOLDINGS**

14. **THIS COURT ORDERS** that:

- (a) the Monitor may, where it is satisfied that a Claim or Shareholding has been adequately proven, waive strict compliance with the requirements of this Order as to completion and execution of Proofs of Claim or Proofs of Shareholding;
- (b) the Monitor may determine the amount and status of any claim of a creditor arising after the Valuation Date but prior to the implementation of any Plan on a case by case basis; and,
- (c) any Claims denominated in any currency other than Canadian dollars shall, for the purposes of this Order, be converted to, and constitute obligations in, Canadian dollars, such calculation to be effected by the Monitor using the Bank of Canada noon spot rate on the Filing Date, as applicable.

#### **REVIEW OF PROOFS OF CLAIM AND PROOFS OF SHAREHOLDING**

15. **THIS COURT ORDERS** that the Monitor, in consultation with the Applicant, shall review all Proofs of Claims and Proofs of Shareholding filed on or before the Claims Bar Date and shall accept or disallow (in whole or in part) the amount and/or status of the Claim or Shareholding set out therein. Where the Monitor, in consultation with the Applicant, disallows (in whole or in part) the amount and/or status of a Claim or Shareholding, then the Monitor shall deliver a Notice of Disallowance (attached as **Schedule "E"** hereto) as soon as practicable to the respective Creditor or Preferred Shareholder. At any time, the Monitor may request additional information with respect to the Claim or Shareholding, and may request that the Creditor file a revised Proof of Claim or that the Preferred Shareholder file a revised Proof of Shareholding. Where the

Monitor delivers a Notice of Disallowance in accordance with this paragraph 15, it shall also deliver a blank Notice of Dispute (attached as **Schedule "F"** hereto).

16. **THIS COURT ORDERS** that where a Claim has been accepted by the Monitor, such Claim shall constitute such Creditor's Proven Claim for all purposes, including for the purposes of voting and distribution under the Plan.
17. **THIS COURT ORDERS** that where a Shareholding has been accepted by the Monitor, such Shareholding shall constitute a Proven Shareholding, however, this determination shall not entitle Preferred Shareholders to vote on or receive distributions under the Plan absent further Order of this Court.
18. **THIS COURT ORDERS** that where a Claim or Shareholding has been disallowed (in whole or in part), the disallowed Claim or Shareholding (or disallowed portion thereof) shall not be a Proven Claim or Proven Shareholding, respectively, unless the Creditor or the Preferred Shareholder has disputed the disallowance and proven the disallowed Claim or Shareholding (or portion thereof) in accordance with paragraphs 21 to 25 of this Order.

#### **EFFECT OF CLAIM THAT IS NOT A PROVEN CLAIM**

19. **THIS COURT ORDERS** that where a Claim has not become a Proven Claim prior to the Creditors' Meeting, the Creditor may vote its Claim at the Creditors' Meeting, and such vote shall be recorded by the Monitor, but the validity of the Claim and the corresponding vote by the Creditor shall not be final or binding on the Creditor, the Monitor, or the Applicant unless and until, and only to the extent that, the Claim becomes a Proven Claim.

20. **THIS COURT ORDERS** that where a Claim has not become a Proven Claim prior to a distribution under any Plan, the dividend to Creditors shall be calculated on the basis of the full amount of the Claim, and a reserve in respect of the specific Claim shall be established and held by the Monitor, but the Creditor shall not be entitled to a dividend based on the Claim unless and until, and only to the extent that, the Claim becomes a Proven Claim.

**DISPUTE NOTICE**

21. **THIS COURT ORDERS** that any Creditor or Preferred Shareholder who intends to dispute a Notice of Disallowance shall file a Dispute Notice (attached as **Schedule "F"** hereto) with the Monitor as soon as reasonably possible but in any event such that such Dispute Notice shall be received by the Monitor on or before 4:00 p.m. (Eastern Daylight Time) on the day that is fourteen (14) days after the Monitor sends the Notice of Disallowance in accordance with paragraph 15 of this Order. The filing of a Dispute Notice with the Monitor within the time limited therefore shall constitute an application to have the amount or status of such Claim or Shareholding determined as set out in paragraphs 23 to 25 hereof.
22. **THIS COURT ORDERS** that where a Creditor or Preferred Shareholder that receives a Notice of Disallowance fails to file a Dispute Notice with the Monitor within the time limited therefore, the amount and status of such Creditor's Claim or such Preferred Shareholder's Shareholding shall be deemed to be as set out in the Notice of Disallowance and such amount and status, if any, shall constitute such Creditor's Proven Claim or such Preferred Shareholder's Proven Shareholding.

**RESOLUTION OF CLAIMS**

23. **THIS COURT ORDERS** that as soon as practicable after the delivery of the Dispute Notice to the Monitor, the Creditor or the Preferred Shareholder and the Monitor, in consultation with the Applicant, shall attempt to resolve and settle the Creditor's Claim or the Preferred Shareholder's Shareholding.
24. **THIS COURT ORDERS** that, in the event that the dispute between the Creditor or the Preferred Shareholder and the Monitor is not settled within ten (10) days after delivery of the Dispute Notice to the Monitor, the Monitor shall bring the dispute to the Court for determination, by way of a motion for advice and direction.
25. **THIS COURT ORDERS** that the determination of a Claim or Shareholding by this Court shall be final and binding for all purposes, and that there shall be no further right of appeal, review or recourse from this Court's determination of a Claim or Shareholding.

**NOTICE OF TRANSFEREES**

26. **THIS COURT ORDERS** that if, after the Filing Date, the holder of a Claim or Shareholding on the Filing Date, or any subsequent holder of the whole of a Claim or Shareholding, transfers or assigns the whole of such Claim or Shareholding to another Person, neither the Applicant nor the Monitor shall be obligated to give notice to or to otherwise deal with a transferee or assignee of a Claim as the Creditor in respect thereof or of a Shareholding as the Preferred Shareholder in respect thereof, unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received by the Monitor, at least five (5) Business Days before any Creditors' Meeting, and thereafter such transferee or assignee shall for

the purposes hereof constitute the "Creditor" in respect of such Claim or the "Preferred Shareholder" in respect of such Shareholding. Any such transferee or assignee of a Claim or Shareholding, and such Claim or Shareholding, shall be bound by any notices given or steps taken in respect of such Claim or Shareholding in accordance with this Order prior to receipt by the Monitor of satisfactory evidence of such transfer or assignment.

27. **THIS COURT ORDERS** that if, after the Filing Date, the holder of a Claim or Shareholding on the Filing Date, or any subsequent holder of the whole of a Claim or Shareholding, transfers or assigns the whole of such Claim or Shareholding to more than one Person or part of such Claim or Shareholding to another Person or Persons, such transfer or assignment shall not create a separate Claim or Claims or Shareholding, respectively, and such Claim or Shareholding shall continue to constitute and be dealt with as a single Claim or Shareholding notwithstanding such transfer or assignment, and the Applicant and the Monitor shall in each such case not be bound to recognize any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim or Shareholding only as a whole and then only to and with the Person last holding such Claim or Shareholding in whole as the Creditor or Preferred Shareholder in respect of such Claim or Shareholding, provided such Creditor or Preferred Shareholder may by notice in writing to the Monitor, received at least five (5) Business Days prior to a Creditors' Meeting, direct that subsequent dealings in respect of such Claim or Shareholding, but only as a whole, shall be with a specified Person and in such event, such Creditor or Preferred Shareholder, such transferee or assignee of the Claim or Shareholding and the whole of such Claim or Shareholding shall be bound by any notices



given or steps taken in respect of such Claim or Shareholding by or with respect to such Person in accordance with this Order.

**SERVICE AND NOTICE**

28. **THIS COURT ORDERS** that the Monitor be at liberty to deliver the Document Packages, and any letters, notices or other documents to Creditors, Preferred Shareholders or other interested Persons, by forwarding true copies thereof by prepaid ordinary mail, registered mail, courier, personal delivery or electronic or digital transmission to such Persons at the address as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic or digital transmission shall be deemed to be received on the next Business Day following the date of forwarding thereof, or if sent by ordinary prepaid mail, on the second Business Day after mailing. Notwithstanding anything to the contrary in this paragraph 28, Disallowances of Claims shall be sent only by registered mail or by courier.
29. **THIS COURT ORDERS** that any notice or other communication (including, without limitation, Proofs of Claim, Proofs of Shareholding and Dispute Notices) to be given under this Order by a Creditor or a Preferred Shareholder to the Monitor shall be in writing in substantially the form, if any, provided for in this Order and will be sufficiently given only if given by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission addressed to:

**A. John Page & Associates Inc.**  
**Court-Appointed Monitor of Nelson Financial Group Ltd.**  
100 Richmond Street West, Suite 447  
Toronto, Ontario, M5H 3K6  
Canada

Attention: A. John Page  
Telephone: (416) 364-4894  
E-mail [nelson@ajohnpage.com](mailto:nelson@ajohnpage.com)  
Fax: (416) 364-4869

Any such notice or other communication by a Creditor or Preferred Shareholder shall be deemed received only upon actual receipt thereof during normal business hours on a Business Day.

**MISCELLANEOUS**

30. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court of any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to Section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Order.
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**SCHEDULE "A"**

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**NOTICE TO CREDITORS AND PREFERRED SHAREHOLDERS  
OF NELSON FINANCIAL GROUP LTD.  
(hereinafter referred to as "Nelson")**

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**RE: NOTICE OF CLAIMS PROCEDURE FOR NELSON PURSUANT TO THE  
COMPANIES' CREDITORS ARRANGEMENT ACT (the "CCAA")**

**PLEASE TAKE NOTICE** that this notice is being published pursuant to an Order of the Ontario Superior Court of Justice made July 27, 2010 (the "**Claims Procedure Order**").

On March 23, 2010, Nelson obtained protection pursuant to the CCAA and A. John Page & Associates Inc. was appointed as the monitor of Nelson (the "**Monitor**"). Pursuant to the Claims Procedure Order, Nelson has been authorized to conduct a claims procedure under the CCAA for all claims of creditors and preferred shareholders of Nelson (the "**Claims Procedure**").

The Claims Procedure is intended for any Person with: (i) any claim of any kind or nature whatsoever, other than an Excluded Claim, against Nelson, that arose on or prior to March 23, 2010, unliquidated, contingent or otherwise; (ii) any claim arising after March 23, 2010 to and including July 27, 2010 as a result of the restructuring, termination, repudiation or disclaimer of any lease, contract, employment agreement or other agreement; and (iii) certain claims against the Directors of Nelson (collectively, a "**Claim**"). The Claims Procedure is also intended for any Person that held preferred shares of Nelson as at March 23, 2010 (a "**Shareholding**"). Please review the Claims Procedure Order, which may be found on the Monitor's website at ([www.ajohnpage.com/html/files.html](http://www.ajohnpage.com/html/files.html)), for the complete definition of Claim, Excluded Claim, Directors and Shareholding.

On August 13, 2010, the Monitor sent by mail packages to all known promissory noteholders, other creditors and preferred shareholders of Nelson providing information on the Claims Procedure. The package sent to promissory noteholders contained a schedule detailing the amount shown in the records of Nelson as being owed to that noteholder (the "**Recorded Noteholding**"). The package sent to preferred shareholders contained a schedule detailing the number of preferred shares held by that preferred shareholder and any accrued and unpaid dividends thereon shown in the records of Nelson (the "**Recorded Shareholding**").

If you are a noteholder or preferred shareholder of Nelson and you either (i) do not agree with the amount detailed in the Recorded Noteholding or Recorded Shareholding in the package sent to you, or (ii) did not receive a package from the Monitor, then you must file a Proof of Claim or Proof of Shareholding with the Monitor.

If you are an other creditor of Nelson, then you must file a Proof of Claim with the Monitor. All promissory noteholders, other creditors and preferred shareholders of Nelson must file a Proof of Claim with the Monitor for any Claims against the Directors.

Please take notice that preferred shareholders will not be entitled to vote on or receive any distributions under any plan of arrangement or compromise proposed by Nelson on account of their preferred shares absent further order of the court.

A copy of the Claims Procedure Order, blank Proof of Claim and Proof of Shareholding forms and the other general information contained in the packages can be downloaded from the Monitor's website at [www.ajohnpage.com/html/files.html](http://www.ajohnpage.com/html/files.html).

**You must file your Proof of Claim or Proof of Shareholding so that it is received by the Monitor by no later than 4:00 p.m. (Eastern Daylight Time) on September 15, 2010 (the "Claims Bar Date"). If the Monitor does not receive your Proof of Claim or Proof of Shareholding by the Claims Bar Date, then your claims on account of your promissory notes and preferred shares will be limited to the Recorded Noteholding and Recorded Shareholding, respectively, and any other Claims will be forever barred and extinguished.**

**DATED** at Toronto this \_\_\_\_\_ day of August, 2010.

**A. John Page & Associates Inc.**  
**Court-Appointed Monitor of Nelson Financial Group Ltd.**  
100 Richmond Street West, Suite 447  
Toronto, Ontario, M5H 3K6  
Canada

Attention: Colleen Delaney  
Telephone: (416) 364-4894  
E-mail: [nelson@ajohnpage.com](mailto:nelson@ajohnpage.com)  
Fax: (416) 364-4869

**SCHEDULE "B1"**

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**INSTRUCTION LETTER FOR PROMISSORY NOTEHOLDERS  
FOR THE CLAIMS PROCEDURE  
OF NELSON FINANCIAL GROUP LTD. ("Nelson")**

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**A. CLAIMS PROCEDURE**

On March 23, 2010, Nelson obtained protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and A. John Page & Associates Inc. was appointed as the monitor of Nelson (the "Monitor"). Pursuant to the Order of the Ontario Superior Court of Justice made July 27, 2010 (the "Claims Procedure Order"), Nelson has been authorized to conduct a claims procedure under the CCAA to prove the claims of all of its creditors and preferred shareholders (the "Claims Procedure").

The Claims Procedure is intended for any Person with: (i) any claim of any kind or nature whatsoever, other than an Excluded Claim, against Nelson, that arose on or prior to March 23, 2010, unliquidated, contingent or otherwise; (ii) any claim arising after March 23, 2010 to and including July 27, 2010 as a result of the restructuring, termination, repudiation or disclaimer of any lease, contract, employment agreement or other agreement; and (iii) certain claims against the Directors of Nelson (collectively, a "Claim"). Please review the enclosed Claims Procedure Order for the complete definition of Claim, Excluded Claim and Directors.

**B. RECORDED NOTEHOLDINGS**

Nelson's records indicate that you hold promissory notes issued by Nelson. In accordance with the Claims Procedure, enclosed, please find a Notice of Noteholder Claim, which has been completed on your behalf by the Monitor and sets out all amounts owing to you on your promissory notes by Nelson as at March 23, 2010. This is your Recorded Noteholding.

If you agree with all amounts owing to you on your promissory notes as set out in the Recorded Noteholding, then you do not need to take any further steps. Your Recorded Noteholding will be your Proven Claim for Nelson's CCAA proceeding and you will be entitled to vote on and receive distributions on account of your Proven Claim for any plan of arrangement or compromise proposed by Nelson.

However, if you disagree with any amount set out in your Recorded Noteholding, then you must complete and file a Proof of Claim with the Monitor as set out in Section C below within the time periods described. Please note that if you properly file a Proof of Claim, then the Notice of Noteholder Claim will cease to be a Recorded Noteholding and will cease to have any effect.

In addition, if you believe that you have any other Claims, other than Excluded Claims, against Nelson and/or the Directors, then you must also complete and file a Proof of Claim with the Monitor in respect of such Claim as set out in Section C below within the time periods described.

**C. FOR PROMISSORY NOTEHOLDERS FILING A PROOF OF CLAIM**

A blank Proof of Claim form is enclosed.

**You must ensure that the Monitor receives your Proof of Claim by no later than 4:00 p.m. (Eastern Daylight Time) on September 15, 2010 (the "Claims Bar Date"). You may deliver your completed Proof of Claim to the Monitor by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission. If the Monitor does not receive your Proof of Claim by the Claims Bar Date, then your Claim on account of your promissory notes will be limited to the Recorded Noteholding and any other Claims against Nelson and/or the Directors will be forever barred and extinguished.**

If you have any questions regarding the Claims Procedure, please consult the Monitor's website ([www.ajohnpage.com/html/files.html](http://www.ajohnpage.com/html/files.html)) or contact the Monitor at the address provided below. Please note that you may obtain additional Proof of Claim forms and other information from the Monitor's website.

All notices and enquiries with respect to the Claims Procedure should be addressed to:

**A. John Page & Associates Inc.**  
**Court-Appointed Monitor of Nelson Financial Group Ltd.**  
100 Richmond Street West, Suite 447  
Toronto, Ontario, M5H 3K6  
Canada

Attention: Colleen Delaney  
Telephone: (416) 364-4894  
E-mail: [nelson@ajohnpage.com](mailto:nelson@ajohnpage.com)  
Fax: (416) 364-4869

**SCHEDULE "B2"**

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**INSTRUCTION LETTER FOR PREFERRED SHAREHOLDERS  
FOR THE CLAIMS PROCEDURE  
OF NELSON FINANCIAL GROUP LTD. ("Nelson")**

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**A. CLAIMS PROCEDURE**

On March 23, 2010, Nelson obtained protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and A. John Page & Associates Inc. was appointed as the monitor of Nelson (the "Monitor"). Pursuant to the Order of the Ontario Superior Court of Justice made July 27, 2010 (the "Claims Procedure Order"), Nelson has been authorized to conduct a claims procedure under the CCAA to prove the claims of all of its creditors and preferred shareholders (the "Claims Procedure").

The Claims Procedure is intended for any Person with: (i) any claim of any kind or nature whatsoever, other than an Excluded Claim, against Nelson, that arose on or prior to March 23, 2010, unliquidated, contingent or otherwise; (ii) any claim arising after March 23, 2010 to and including July 27, 2010 as a result of the restructuring, termination, repudiation or disclaimer of any lease, contract, employment agreement or other agreement; and (iii) certain claims against the Directors of Nelson (collectively, a "Claim"). The Claims Procedure is also intended for any Person that held preferred shares of Nelson as at March 23, 2010 (a "Shareholding"). Please review the enclosed Claims Procedure Order for the complete definition of Claim, Excluded Claim, Directors and Shareholding.

**B. RECORDED SHAREHOLDINGS**

Nelson's records indicate that you hold preferred shares issued by Nelson. In accordance with the Claims Procedure, enclosed, please find a Notice of Shareholding, which has been completed on your behalf by the Monitor and sets out the number of preferred shares of Nelson held by you as at March 23, 2010 and the amount of all unpaid dividends thereon. This is your Recorded Shareholding.

If you agree with the number of preferred shares and the amount of unpaid dividends thereon set out in the Recorded Shareholding, then you do not need to take any further steps. Your Recorded Shareholding will be your Proven Shareholding for Nelson's CCAA proceeding.

However, if you disagree with the number of preferred shares and/or the amount of unpaid dividends thereon set out in your Recorded Shareholding, then you must complete and file a Proof of Shareholding with the Monitor as set out in Section C below within the time periods described. Please note that if you properly file a Proof of Shareholding, then the Notice of Shareholding will cease to be a Recorded Shareholding and will cease to have any effect.

**Please be advised that, even if you agree with your Recorded Shareholding or you file a Proof of Shareholding with the Monitor, you will not be entitled to vote on or receive any distributions under any plan of arrangement or compromise proposed by Nelson on account of your preferred shares absent further order of the court.**

In addition, if you believe that you have any Claims, other than Excluded Claims, against Nelson and/or the Directors, then you must also complete and file a Proof of Claim with the Monitor in respect of such Claim as set out in Section C below within the time periods described.

**C. FILING A PROOF OF SHAREHOLDING AND/OR PROOF OF CLAIM**

Blank Proof of Shareholding and Proof of Claim forms are enclosed.

**You must ensure that the Monitor receives your Proof of Shareholding and/or Proof of Claim by no later than 4:00 p.m. (Eastern Daylight Time) on September 15, 2010 (the "Claims Bar Date").** You may deliver your completed Proof of Shareholding and/or Proof of Claim to the Monitor by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission. **If the Monitor does not receive your Proof of Shareholding and/or Proof of Claim by the Claims Bar Date, then your claims on account of your preferred shares will be limited to the Recorded Shareholding and any Claims will be forever barred and extinguished.**

If you have any questions regarding the Claims Procedure, please consult the Monitor's website ([www.ajohnpage.com/html/files.html](http://www.ajohnpage.com/html/files.html)) or contact the Monitor at the address provided below. Please note that you may obtain additional Proof of Shareholding and Proof of Claim forms and other information from the Monitor's website.

All notices and enquiries with respect to the Claims Procedure should be addressed to:

**A. John Page & Associates Inc.**  
**Court-Appointed Monitor of Nelson Financial Group Ltd.**  
100 Richmond Street West, Suite 447  
Toronto, Ontario, M5H 3K6  
Canada

Attention: Colleen Delaney  
Telephone: (416) 364-4894  
E-mail: [nelson@ajohnpage.com](mailto:nelson@ajohnpage.com)  
Fax: (416) 364-4869



**SCHEDULE "B3"**

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**INSTRUCTION LETTER FOR TRADE CREDITORS  
FOR THE CLAIMS PROCEDURE  
OF NELSON FINANCIAL GROUP LTD.  
(hereinafter referred to as "Nelson")**

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**A. CLAIMS PROCEDURE**

On March 23, 2010, Nelson obtained protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and A. John Page & Associates Inc. was appointed as the monitor of Nelson (the "Monitor"). Pursuant to the Order of the Ontario Superior Court of Justice made July 27, 2010 (the "Claims Procedure Order"), Nelson has been authorized to conduct a claims procedure under the CCAA to prove the claims of all of its creditors and preferred shareholders (the "Claims Procedure").

The Claims Procedure is intended for any Person with: (i) any claim of any kind or nature whatsoever, other than an Excluded Claim, against Nelson, that arose on or prior to March 23, 2010, unliquidated, contingent or otherwise; (ii) any claim arising after March 23, 2010 to and including July 27, 2010 as a result of the restructuring, termination, repudiation or disclaimer of any lease, contract, employment agreement or other agreement; and (iii) certain claims against the Directors of Nelson (collectively, a "Claim"). Please review the enclosed Claims Procedure Order for the complete definition of Claim, Excluded Claim and Directors.

**B. FOR TRADE CREDITORS FILING A PROOF OF CLAIM**

If you believe that you have a Claim against Nelson and/or the Directors, then you must complete and file a Proof of Claim with the Monitor. A blank Proof of Claim form is enclosed.

**You must ensure that the Monitor receives your Proof of Claim by no later than 4:00 p.m. (Eastern Daylight Time) on September 15, 2010 (the "Claims Bar Date").** You may deliver your completed Proof of Claim to the Monitor by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission. **If the Monitor does not receive your Proof of Claim by the Claims Bar Date, then your Claim will be forever barred and extinguished.**

If you have any questions regarding the Claims Procedure, please consult the Monitor's website ([www.ajohnpage.com/html/files.html](http://www.ajohnpage.com/html/files.html)) or contact the Monitor at the address provided below. Please note that you may obtain additional Proof of Claim forms and other information from the Monitor's website.

All notices and enquiries with respect to the Claims Procedure should be addressed to:

**A. John Page & Associates Inc.**  
**Court-Appointed Monitor of Nelson Financial Group Ltd.**  
100 Richmond Street West, Suite 447  
Toronto, Ontario, M5H 3K6

Canada

Attention: Colleen Delaney  
Telephone: (416) 364-4894  
E-mail [nelson@ajohnpage.com](mailto:nelson@ajohnpage.com)  
Fax: (416) 364-4869

**SCHEDULE "C1"**

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**NOTICE OF NOTEHOLDER CLAIM  
RELATING TO NELSON FINANCIAL GROUP LTD.  
(hereinafter referred to as "Nelson")**

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**PARTICULARS OF CLAIM:**

The books and records of Nelson indicate that you had a Claim against Nelson at March 23, 2010 relating to the promissory note(s) issued by Nelson listed at the bottom of this notice.

Our review of your Claim indicates that it is an unsecured Claim.

The Claim listed below is your "**Recorded Noteholding**".

**ACTION REQUIRED:**

If you agree with the Recorded Noteholding, then you do not have to take any further steps. If, however, you disagree with the Recorded Noteholding in any respect, then you must file a Proof of Claim with the Monitor by the time and date set out below. Please note that if you file a Proof of Claim, then this notice and the Recorded Noteholding will cease to have any effect.

In addition, if you have any other Claims against Nelson and/or the Directors, then you must file a Proof of Claim with the Monitor in respect of that Claim by the time and date set out below.

**FILING OF PROOF OF CLAIM**

**If you disagree with the Recorded Noteholding in any respect and/or have additional Claims against Nelson and/or the Directors, then you must complete and file a Proof of Claim with the Monitor by no later than 4:00 p.m. (Eastern Daylight Time) on September 15, 2010 (the "Claims Bar Date"). You may deliver your completed Proof of Claim to the Monitor by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission. If the Monitor does not receive your Proof of Claim by the Claims Bar Date, then your Claim on account of your promissory notes will be limited to the Recorded Noteholding and any other Claims against Nelson and/or the Directors will be forever barred and extinguished.**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

Schedule listing:

Name of Noteholder(s)

Address of Noteholder

Each promissory note held by the Noteholder, detailing investment account number and amount owing including accrued interest, all as at March 23, 2010

Total amount owing with respect to all promissory notes held

**SCHEDULE "C2"**

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**NOTICE OF SHAREHOLDING  
RELATING TO NELSON FINANCIAL GROUP LTD.  
(hereinafter referred to as "Nelson")**

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**PARTICULARS OF CLAIM:**

The books and records of Nelson indicate that you owned the number of preferred shares issued by Nelson as of March 23, 2010 (the "**Preferred Shares**") listed at the bottom of this notice.

The books and records of Nelson indicate that the amount of dividends due but unpaid on your Preferred Shares as of March 23, 2010 is as listed at the bottom of this notice.

The books and records of Nelson indicate that the amount of dividends accrued and unpaid on your Preferred Shares as of March 23, 2010 is as listed at the bottom of this notice.

The Shareholding listed below is, collectively, the "**Recorded Shareholding**".

**ACTION REQUIRED:**

If you agree with the Recorded Shareholding, then you do not have to take any further steps. If, however, you disagree with the Recorded Shareholding in any respect, then you must file a Proof of Shareholding by the time and date set out below. Please note that if you file a Proof of Shareholding, then this notice and the Recorded Shareholding will cease to have any effect.

In addition, if you have any Claims against Nelson and/or the Directors, then you must file a Proof of Claim with the Monitor in respect of that Claim by the time and date set out below.

**FILING OF PROOF OF SHAREHOLDING**

**If you disagree with the Recorded Shareholding in any respect, then you must complete and file a Proof of Shareholding with the Monitor by no later than 4:00 p.m. (Eastern Daylight Time) on September 15, 2010 (the "Claims Bar Date").**

**If you have Claims against Nelson and/or the Directors, then you must complete and file a Proof of Claim with the Monitor by no later than the Claims Bar Date.**

You may deliver your completed Proof of Shareholding and/or Proof of Claim to the Monitor by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission. **If the Monitor does not receive your Proof of Shareholding and/or Proof of Claim by the Claims Bar Date, then your claim on account of your Preferred Shares will be limited to the Recorded Shareholding and any Claims against Nelson and/or the Directors will be forever barred and extinguished.**

**Please be advised that, even if you agree with your Recorded Shareholding or you file a Proof of Shareholding with the Monitor, you will not be entitled to vote on or receive any distributions under any plan of arrangement or compromise proposed by Nelson on account of your Preferred Shares absent further order of the court.**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

Schedule listing:

Name of Preferred shareholder(s)

Address of Preferred shareholder(s)

Each holding of preferred shares held by the shareholder, detailing investment account number, the number of shares held, the amount of dividends due but unpaid, the amount of dividends accrued and unpaid, all as at March 23, 2010

Total of the above shareholdings

**SCHEDULE "D1"**

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**PROOF OF CLAIM RELATING TO NELSON FINANCIAL GROUP LTD.**  
(hereinafter referred to as "Nelson")

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Please read carefully the enclosed Instruction Letter for completing this Proof of Claim.

**A. PARTICULARS OF CREDITOR:**

1. Full Legal Name of Creditor: \_\_\_\_\_

\_\_\_\_\_

(the "Creditor"). (Full legal name should be the name of the original Creditor of Nelson or the Directors, notwithstanding whether an assignment of a Claim, or a portion thereof, has occurred following March 23, 2010.)

2. Full Mailing Address of the Creditor (the original Creditor not the Assignee):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. Telephone Number: \_\_\_\_\_

4. E-Mail Address: \_\_\_\_\_

5. Facsimile Number: \_\_\_\_\_

6. Attention (Contact Person): \_\_\_\_\_

7. Has the Claim been sold or assigned by the Creditor to another party [check (√) one]?

Yes:

No:



**B. PARTICULARS OF ASSIGNEE(S) (IF ANY):**

8. Full Legal Name of Assignee(s):

\_\_\_\_\_

(If Claim has been assigned, insert full legal name of assignee(s) of Claim. If there is more than one assignee, please attach a separate sheet with the required information.)

9. Full Mailing Address of Assignee(s):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. Telephone Number of Assignee(s): \_\_\_\_\_

11. E-Mail Address: \_\_\_\_\_

12. Facsimile Number: \_\_\_\_\_

13. Attention (Contact Person): \_\_\_\_\_

**C. PROOF OF CLAIM:**

I, \_\_\_\_\_  
[name of Creditor or Representative of the Creditor], of  
\_\_\_\_\_ do hereby certify:  
(city and province)

(a) that I [check (√) all that apply]

am the Creditor of Nelson;

am the Creditor of the Directors;

am \_\_\_\_\_ (state position or title) of

\_\_\_\_\_  
(name of creditor)

(b) that I have knowledge of all the circumstances connected with the Claim referred to below;

(c) the Creditor asserts its claim against [check (√) one or both, as applicable]:

(i) Nelson

(ii) Director(s)

(If you are making a claim against the Directors, please list the Director(s) against which you assert your claim); and

(d) Nelson/the Director(s) was/were and still is/are indebted to the Creditor as follows:

(i) CLAIM ARISING ON OR PRIOR TO [FILING DATE]:

\$ \_\_\_\_\_ [insert \$ value of claim] CAD.

(ii) INTERIM PERIOD CLAIM:

(Interim Period Claim against Nelson or any Director arising out of the restructuring, termination, repudiation or disclaimer of any lease, contract, employment agreement or other agreement after March 23, 2010 to and including [DATE OF CLAIMS PROCEDURE ORDER]

(iii) TOTAL CLAIM: \$ \_\_\_\_\_ [total (i) plus (ii)] CAD

(Claims in a foreign currency are to be converted to Canadian Dollars at the Bank of Canada noon spot rate as at March 23, 2010. The Canadian Dollar/U.S. Dollar rate of exchange on that date was CDN\$●/US\$1.00.

**D. NATURE OF CLAIM**

(check (√) one and complete appropriate category)

A. UNSECURED CLAIM OF \$ \_\_\_\_\_

That in respect of this debt, I do not hold any security and

(Check (✓) appropriate description)

Regarding the amount of \$ \_\_\_\_\_, I do not claim a right to a priority.

Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 136 of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") or would claim such a priority if this Proof of Claim were being filed in accordance with that Act.

(Set out on an attached sheet details to support priority claim.)

B. SECURED CLAIM OF \$ \_\_\_\_\_

That in respect of this debt, I hold security valued at \$ \_\_\_\_\_, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

**E. PARTICULARS OF CLAIM:**

Other than as already set out herein the particulars of the undersigned's total Claim are attached.

(Provide all particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor which has guaranteed the Claim, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by Nelson or

any Director to the Creditor and estimated value of such security, and particulars of any interim period claim.)

**This Proof of Claim must be received by the Monitor by no later than 4:00 p.m. (Eastern Daylight Time) on September 15, 2010 (the "Claims Bar Date"), by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission at the following address:**

**A. John Page & Associates Inc.**  
**Court-Appointed Monitor of Nelson Financial Group Ltd.**  
100 Richmond Street West, Suite 447  
Toronto, Ontario, M5H 3K6  
Canada

Attention: Colleen Delaney  
Telephone: (416) 364-4894  
E-mail: [nelson@ajohnpage.com](mailto:nelson@ajohnpage.com)  
Fax: (416) 364-4869

**F. FILING OF PROOF OF CLAIM**

**Failure to file your Proof of Claim by the Claims Bar Date will result in your Claim being barred and forever extinguished and in you being prevented from making or enforcing a Claim against Nelson and/or the Directors. In addition, you shall not be entitled to further notice in, and shall not be entitled to participate as a creditor in, these proceedings (other than a Recorded Noteholding as set out in Section G below).**

**G. RECORDED NOTEHOLDINGS**

If your Claim on account of your promissory notes has already been recorded by a Notice of Noteholder Claim delivered to you by the Monitor (the "Recorded Noteholding"), and if you agree with the Recorded Noteholding, then you do not need to file a Proof of Claim on account of such Claim. If you file a Proof of Claim on account of such Claim, then the Recorded Noteholding will cease to have any effect.

**If you disagree with the Recorded Noteholding in any respect, then you must complete and file a Proof of Claim with the Monitor by no later than the Claims Bar Date.**

**H. EXCLUDED CLAIMS**

The following are Excluded Claims and no person needs to file any Proof of Claim in respect thereof at this time: (i) claims secured by any of the "Charges", as defined in the Initial Order made in these proceedings on March 23, 2010, (ii) any claim against a Director which cannot be compromised due to the provisions of subsection 5.1(2) of the CCAA, (iii) claims for interest accruing on a Claim after March 23, 2010, (iv) claims secured by any of the "Charges" subsequently incorporated by means of an amendment or variation of the Initial Order, and (v) claims on account of preferred shares issued by Nelson (which must be asserted pursuant to a Proof of Shareholding form that can be obtained on the Monitor's website [www.ajohnpage.com/html/files.html](http://www.ajohnpage.com/html/files.html) or by contacting the Monitor).

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Signature of Creditor

**SCHEDULE "D2"**

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**PROOF OF SHAREHOLDING RELATING TO NELSON FINANCIAL GROUP LTD.**  
(hereinafter referred to as "Nelson")

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Please read carefully the enclosed Instruction Letter for completing this Proof of Shareholding.

**A. PARTICULARS OF PREFERRED SHAREHOLDER:**

14. Full Legal Name of Preferred Shareholder:

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(the "**Preferred Shareholder**"). (Full legal name should be the name of the original Preferred Shareholder of Nelson whether an assignment of preferred shares, or a portion thereof, has occurred following March 23, 2010.)

15. Full Mailing Address of the Preferred Shareholder (the original Preferred Shareholder not the Assignee):

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16. Telephone Number: \_\_\_\_\_

17. E-Mail Address: \_\_\_\_\_

18. Facsimile Number: \_\_\_\_\_

19. Attention (Contact Person): \_\_\_\_\_

20. Have the Shareholding been sold or assigned by the Preferred Shareholder to another party [check (✓) one]?

Yes:  No:

**B. PARTICULARS OF ASSIGNEE(S) (IF ANY):**

21. Full Legal Name of Assignee(s):

\_\_\_\_\_

(If the Shareholding has been assigned, insert full legal name of assignee(s) of the Shareholding. If there is more than one assignee, please attach a separate sheet with the required information.)

22. Full Mailing Address of Assignee(s):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

23. Telephone Number of Assignee(s):

\_\_\_\_\_

24. E-Mail Address:

\_\_\_\_\_

25. Facsimile Number:

\_\_\_\_\_

26. Attention (Contact Person):

\_\_\_\_\_

**C. PROOF OF SHAREHOLDING:**

I, \_\_\_\_\_  
[name of Preferred Shareholder or Representative of the Preferred Shareholder], of  
\_\_\_\_\_ do hereby certify:  
(city and province)

(a) that I [check (v) one]

am the Preferred Shareholder of Nelson; OR

am \_\_\_\_\_ (state position or title) of

\_\_\_\_\_  
(name of Preferred Shareholder)

- (b) that I have knowledge of all the circumstances connected with the Shareholding referred to below;
- (c) The Preferred Shareholder owns [NUMBER] of preferred shares of Nelson.

**D. PARTICULARS OF SHAREHOLDING:**

Other than as already set out herein the particulars of the undersigned's total Shareholding, including copies of the share certificates evidencing such Shareholding, are attached.

(Provide all particulars of the Shareholding and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Shareholding.

**This Proof of Shareholding must be received by the Monitor by no later than 4:00 p.m. (Eastern Daylight Time) on September 15, 2010 (the "Claims Bar Date"), by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission at the following address:**

**A. John Page & Associates Inc.**  
**Court-Appointed Monitor of Nelson Financial Group Ltd.**  
100 Richmond Street West, Suite 447  
Toronto, Ontario, M5H 3K6  
Canada

Attention: Colleen Delaney  
Telephone: (416) 364-4894  
E-mail: [nelson@ajohnpage.com](mailto:nelson@ajohnpage.com)  
Fax: (416) 364-4869

**E. FILING OF SHAREHOLDING**

**Failure to file your Proof of Shareholding by the Claims Bar Date will result in your claim on account of your Preferred Shares being barred and forever extinguished**



**and in you being prevented from making or enforcing such a claim against Nelson (other than a Recorded Shareholding as set out in Section G below).**

**G. RECORDED SHAREHOLDINGS**

If your Shareholding has already been recorded by a Notice of Shareholding delivered to you by the Monitor (the "**Recorded Shareholding**"), and if you agree with the Recorded Shareholding, then you do not need to file a Proof of Shareholding on account of such Shareholding. If you file a Proof of Shareholding on account of such Shareholding, then the Recorded Shareholding will cease to have any effect.

**If you disagree with the Recorded Shareholding in any respect, then you must complete and file a Proof of Shareholding with the Monitor by no later than the Claims Bar Date.**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

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Signature of Preferred Shareholder

**SCHEDULE "E"****REFERENCE NUMBER [●]**


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**NOTICE OF DISALLOWANCE  
RELATING TO NELSON FINANCIAL GROUP LTD.  
(hereinafter referred to as "Nelson")**

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TO: [insert name of Creditor or Preferred Shareholder]

The Monitor hereby gives you notice that it has reviewed your Claim and has revised or rejected your Claim as follows:

	<b>The Proof of Claim as Submitted</b>	<b>The Claim as Accepted</b>
<b>A. Claim relating to facts existing on or prior to March 23, 2010</b>		
<b>B. Interim Period Claim arising after March 23, 2010 to and including July 27, 2010</b>		
<b>C. Total Claim</b>		

The Monitor hereby gives you notice that it has reviewed your Shareholding and has revised or rejected your Shareholding as follows:

<b>Shareholding</b>	<b>Proof of Shareholding as submitted</b>	<b>Shareholding as accepted</b>

**D. Reasons for Disallowance or Revision:**

[insert explanation]

If you do not agree with this Notice of Disallowance, please take notice of the following:

1. **If you dispute this Notice of Disallowance, you must, by no later than 4:00 p.m. (Eastern Daylight Time) on [INSERT DATE], being fifteen (15) days after the Notice of Disallowance is sent to you by the Monitor (see paragraph 21 of the Claims Procedure Order), notify the Monitor by delivery of a Dispute Notice. The form of Dispute Notice is enclosed.**
2. **If you do not deliver a Dispute Notice, your Claim or Shareholding, as applicable, shall be deemed to be as set out in this Notice of Disallowance.**

**IF YOU FAIL TO TAKE ACTION WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF DISALLOWANCE WILL BE BINDING UPON YOU.**

**DATED** at Toronto, this          day of    , 2010.

**A. JOHN PAGE & ASSOCIATES INC., COURT-APPOINTED MONITOR OF NELSON FINANCIAL GROUP LTD.**

**SCHEDULE "F"**

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**DISPUTE NOTICE  
RELATING TO NELSON FINANCIAL GROUP LTD.  
(hereinafter referred to as "Nelson")**

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We hereby give you notice of our intention to dispute the Notice of Disallowance bearing Reference Number \_\_\_\_\_ and dated \_\_\_\_\_ issued in respect of our Claim and/or Shareholding.

**Reasons for Dispute** (attach additional sheet and copies of all supporting documentation if necessary):

Name of Creditor or Preferred Shareholder \_\_\_\_\_

\_\_\_\_\_  
(Signature of individual completing this Dispute)

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Please print name)

Telephone Number: ( ) \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Facsimile Number: ( ) \_\_\_\_\_

Full Mailing Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**THIS FORM TO BE RETURNED BY PREPAID ORDINARY MAIL, COURIER,  
PERSONAL DELIVERY OR ELECTRONIC OR DIGITAL TRANSMISSION-AND BE**

**RECEIVED NO LATER THAN 4:00 P.M. (EASTERN DAYLIGHT TIME) ON [INSERT DATE] TO:**

**A. John Page & Associates Inc.**  
**Court-Appointed Monitor of Nelson Financial Group Ltd.**  
100 Richmond Street West, Suite 447  
Toronto, Ontario, M5H 3K6  
Canada

Attention: Colleen Delaney  
Telephone: (416) 364-4894  
E-mail [nelson@ajohnpage.com](mailto:nelson@ajohnpage.com)  
Fax: (416) 364-4869

**Court File No. 10-8630-00CL**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON FINANCIAL GROUP LTD.**

**Applicant**

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

(PROCEEDING COMMENCED AT TORONTO)

**CLAIMS PROCEDURE ORDER**

**GOWLING LAFLEUR HENDERSON LLP**

Barristers and Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
TORONTO, Ontario  
M5X 1G5

**Clifton P. Prophet / Frank Lamie  
LSUC No.: 34345K / 54035S**

Telephone: (416) 862-3509 / (416) 862-3609  
Facsimile: (416) 862-7661

**SOLICITORS FOR THE APPLICANT**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON FINANCIAL GROUP LTD.**

**Applicant**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**NOTICE OF MOTION  
(Returnable July 27, 2010)**

**GOWLING LAFLEUR HENDERSON LLP**

Barristers and Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto, ON M5X 1G5

**Clifton P. Prophet / Frank Lamie  
LSUC No.: 34845K / 54035S**

Tel: (416) 862-3509 / (416) 862-3609  
Fax: (416) 862-7661

Counsel for the Applicant,  
Nelson Financial Group Ltd.

# TAB 2



Court File No. 10-8630-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF NELSON FINANCIAL GROUP LTD. (the "Applicant")**

**Applicant**

**AFFIDAVIT OF MARC BOUTET  
(Sworn July 21, 2010)**

**I, MARC BOUTET, of the City of Pickering, in the Province of Ontario, MAKE OATH  
AND SAY AS FOLLOWS:**

**Introduction**

1. I am the President, Secretary and sole director of Nelson Financial Group Ltd. ("**Nelson Financial**" or the "**Applicant**"). Accordingly, I have personal knowledge of the matters deposed to in this Affidavit. Where this Affidavit is not based on my personal knowledge, it is based on information and belief and I verily believe such information to be true.
2. This Affidavit is sworn in support of Nelson Financial's motion for, among other things, the approval of the claims procedure and the extension of the stay of proceedings to and including October 1, 2010.

### **Background**

3. On March 23, 2010, Nelson Financial filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act* (the "CCAA") pursuant to the Order of the Honourable Madam Justice Pepall (the "Initial Order"). A copy of the Initial Order is attached hereto as **Exhibit "A"**.
4. Pursuant to the Initial Order, A. John Page & Associates Inc. ("**AJP&AI**") was appointed as Monitor of the Applicant (the "**Monitor**").
5. On April 22, 2010, Nelson Financial was granted an extension of the stay of proceedings to April 30, 2010.
6. On April 30, 2010, Nelson Financial was granted an extension of the stay of proceedings to June 7, 2010.
7. On June 4, 2010, Nelson Financial was granted an extension of the stay of proceedings to June 15, 2010, and certain other relief.
8. On June 15, 2010, Nelson Financial was granted an extension of the stay of proceedings from June 15, 2010 to and including July 30, 2010, and certain other relief.

### **Restructuring Activities**

9. Since the issuance of the Initial Order, Nelson Financial has been working diligently to stabilize its business and maintain operations, the cash flow results of which exceed those forecast in the cash projections filed with this Honourable Court.
10. Based on my discussions with the Monitor, I continue to believe that Nelson Financial will be able to propose a plan of compromise or arrangement to its creditors that offers stakeholders a better result than bankruptcy or liquidation. Furthermore, Nelson Financial should be able to generate stable and increased margins from its business,

based on a changed focus towards the financing of consumer goods for customers with stronger credit histories.

11. In conjunction with the Monitor, Nelson Financial is currently developing a plan of compromise or arrangement which anticipates (a) not requiring external financing, and (b) not requiring the historic volumes of customer receivables provided by Lendcare Financial Services Inc.

### **Foscarini Mackie Security**

12. Based on the opinion of counsel to the Monitor, Foscarini Mackie Holdings Inc. ("**Foscarini Mackie**") holds a valid and enforceable security interest securing amounts due to Foscarini Mackie under certain promissory notes issued by Nelson Financial (the "**Foscarini Mackie Security**"). The security interest created by the Foscarini Mackie Security attaches to certain contracts financed by Nelson Financial and continues to accrue interest.
13. Upon request, the Foscarini Mackie Security requires the analysis and inspection of the current collateral and related contracts to which the Foscarini Mackie Security attaches in view of contract renewals and substitutions. If it is determined that the value of assigned contracts is less than one and one half times the value of the debt due to Foscarini Mackie, Nelson Financial is required to designate further contracts to the Foscarini Mackie Security to "top it up". There is a significant administrative expense associated with these requirements.
14. Based on my discussions with the Monitor, I believe that the payment of the Foscarini Mackie Security at this stage in the proceeding will avoid the continued accrual of interest on this secured debt, the continued administrative expense associated with the analysis and designation of customer contracts, and will enhance the prospects of a viable compromise or arrangement being made by Nelson Financial. I understand that the Monitor's Fifth Report to this Honourable Court will address the Foscarini

Mackie Security in detail. Attached hereto as **Exhibit "B"** is a copy of a statement showing amounts owing under the Foscarini Mackie Security.

### **Claims Procedure**

15. based on my discussions with the Monitor, I understand that a claims procedure has been developed for the assessment and inventory of claims in relation to Nelson Financial. I understand that the Monitor's Fifth Report to this Honourable Court will address the claims procedure in detail.

### **Ontario Securities Commission**

16. As previously disclosed to this Honourable Court in my Affidavit sworn July 5, 2010, Nelson Investment Group Limited ("**Nelson Investment**") has been the subject of a compliance review and investigation by the Ontario Securities Commission (the "**OSC**"). Nelson Financial cooperated with the OSC enforcement staff handling the investigation and worked with the OSC to ensure that issues raised were addressed with the OSC in a timely fashion.
17. On May 12, 2010, the OSC delivered a Notice of Hearing pursuant to section 127(1) and 127.1 of the *Securities Act*, together with a Statement of Allegations (the "**OSC Proceedings**"), to Nelson Financial, Nelson Investment, Marc Boutet, Stephanie Lockman Sobol, Paul Manuel Torres and H.W. Peter Knoll.
18. The OSC Proceedings were spoken to before the OSC on the initial return date of Thursday, June 3, 2010. A pre-hearing return conference occurred before the OSC on June 18, 2010. Counsel for the OSC and Nelson Financial are currently working together to set a date for the return of a further pre-hearing conference.
19. Nelson Financial maintains that the OSC Proceedings against Nelson Financial, Nelson Investment, Marc Boutet and Stephanie Lockman Sobol are not necessary or in the public interest.

20. With respect to Nelson Financial's intended restructuring, it should be noted that under its current plans, Nelson Financial will not require the ability to issue securities to the public in order to finance its operations, nor does it intend to do so (except in accordance with a creditor and Court-approved plan substituting new notes and preferred shares for existing notes and preferred shares in a manner and to an extent to be determined). Accordingly, the actions by the OSC described above are not directly relevant to Nelson Financial's ability to restructure.

### **Professional Fees**

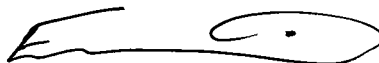
21. Since the issuance of the Initial Order, the Monitor and its counsel have diligently monitored Nelson Financial and the Monitor has assisted this Honourable Court in regard to all aspects of these proceedings.
22. I am of the view that the fees and disbursements of the Monitor and its counsel are fair and reasonable.

### **Stay Extension**

23. In order to permit Nelson Financial to move forward with its intended restructuring in conjunction with the Monitor and interested stakeholders, it is appropriate and necessary to extend the stay of proceedings to and including October 1, 2010.
24. The continuation of the stay of proceedings is necessary to provide the stability required to continue Nelson Financial's restructuring activities which have been ongoing following the granting of the Initial Order.
25. Nelson Financial has acted in good faith and with due diligence since the issuance of the Initial Order in pursuing its restructuring.
26. I am informed by the Monitor that the projected cash flow that will be contained in the Monitor's Fifth Report supports an extension of the stay of proceedings to and including October 1, 2010.



This is **Exhibit "A"** to the  
Affidavit of Marc Boutet  
sworn before me, this 21<sup>st</sup> day of  
July, 2010.



---

A Commissioner for taking Affidavits

Court File No. 10-8630-00CL

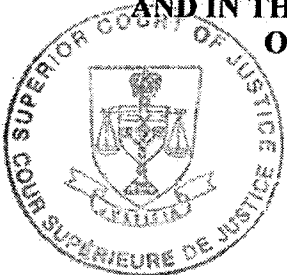
**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**THE HONOURABLE MADAM            )                                    TUESDAY, THE 23<sup>rd</sup>  
  )                                    DAY OF MARCH, 2010  
JUSTICE PEPALL                        )**

**IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPOMISE OR ARRANGEMENT  
OF NELSON FINANCIAL GROUP LTD. (the "Applicant")**

**Applicant**



**INITIAL ORDER**

THIS APPLICATION, made by the Applicant, Nelson Financial Group Ltd. ("Nelson Financial" or the "Applicant"), without notice, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Marc Boutet sworn March 22, 2010 and the Exhibits thereto, and the Report of A. John Page & Associates Inc. in its capacity as the Proposed Monitor to the Applicant dated March 22, 2010 and the Exhibits thereto, and on hearing the submissions of counsel for Nelson Financial, and counsel for A. John Page & Associates Inc., and on reading the consent of A. John Page & Associates Inc. to act as the Monitor,



**SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

**APPLICATION**

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

**PLAN OF ARRANGEMENT**

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

**POSSESSION OF PROPERTY AND OPERATIONS**

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

7. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any

nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## RESTRUCTURING

10. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$100,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and

- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing.

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

11. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

**NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY**

13. THIS COURT ORDERS that until and including April 22, 2010, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

14. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

**NO INTERFERENCE WITH RIGHTS**

15. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

**CONTINUATION OF SERVICES**

16. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data

services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

#### **NON-DEROGATION OF RIGHTS**

17. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

18. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

#### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

19. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant

after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$200,000, as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraphs 31 and 33 herein.

21. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 19 of this Order.

#### **APPOINTMENT OF MONITOR**

22. THIS COURT ORDERS that A. John Page & Associates Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;

- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (d) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) perform such other duties as are required by this Order or by this Court from time to time.

24. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

25. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations



thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

27. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a bi-weekly basis.

29. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of

\$1,000,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 31 hereof.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

31. THIS COURT ORDERS that the priorities of the Directors' Charge and the Administration Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$1,000,000.00); and

Second – Directors' Charge (to the maximum amount of \$200,000.00).

32. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge and the Administration Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

33. THIS COURT ORDERS that each of the Directors' Charge and the Administration Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person, save and except the Encumbrances in favour of Glen Mackie and Lisa Mackie and Foscarini Mackie Holdings Inc., to the extent they are determined to be valid and enforceable and properly perfected by counsel to the Monitor.

34. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

35. THIS COURT ORDERS that the Directors' Charge and the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicant pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

36. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

#### **SERVICE AND NOTICE**

37. THIS COURT ORDERS that, subject to paragraph 38 of this Order, the Monitor shall (i) without delay, publish in the Globe and Mail newspaper a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the

estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

38. THIS COURT ORDERS that notwithstanding the provisions of paragraph 23(1)(a)(ii) of the CCAA, the Monitor shall not be obliged to publish and/or make publicly available the name or address of (i) any current and former Nelson Financial employees on account of employment-related liabilities, and (ii) any person holding securities issued by the Applicant which includes, but is not limited to, any person holding Notes and Pref Shares as defined in the Affidavit of Marc Boutet sworn March 22, 2010.

39. THIS COURT ORDERS that the Applicant and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

40. THIS COURT ORDERS that the Applicant, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at [www.ajohnpage.com](http://www.ajohnpage.com).

#### **GENERAL**

41. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

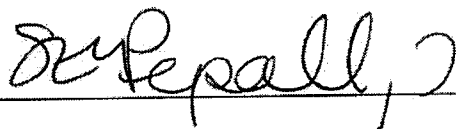
42. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

43. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

44. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.


45. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

46. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Daylight Time on the date of this Order.



ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

MAR 23 2010

PER / PAR: 

**Court File No. 10-8630-00CL**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON FINANCIAL GROUP LTD.**

**Applicant**

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**(PROCEEDING COMMENCED AT TORONTO)**

**INITIAL ORDER**

**GOWLING LAFLEUR HENDERSON LLP**

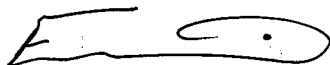
**Barristers and Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
TORONTO, Ontario  
M5X 1G5**

**Clifton P. Prophet / Frank Lamie  
LSUC No.: 34345K / 54035S**

**Telephone: (416) 862-3509 / (416) 862-3609  
Facsimile: (416) 862-7661**

**SOLICITORS FOR THE APPLICANT**

This is **Exhibit "B"** to the  
Affidavit of Marc Boutet  
sworn before me, this 21<sup>st</sup> day of  
July, 2010.



---

A Commissioner for taking Affidavits

**From:** Sanj Mitra <smitra@airdberlis.com>  
**To:** Prophet, Clifton  
**Cc:** Seema Aggarwal <SAggarwal@tgf.ca>; lisa@mackie.info <lisa@mackie.info>; glenn@mackie.info <glenn@mackie.info>  
**Sent:** Wed Jul 21 10:15:44 2010  
**Subject:** RE: Nelson Payment to Foscarini Mackie Holdings Limited

Without Prejudice

Clif, further to our various discussions, we confirm that your client will be paying out the secured note in full on or before July 27, 2010. Our client will provide a release to the officers and directors of the debtor in a form satisfactory to both parties provided it receives the following is the payout amount:

Principal Note Value - \$653,341.63

Outstanding interest from March 16, 2010 to July 27, 2010 - \$28,529.24

Recovery costs to complete settlement - \$13,901.62

Total amount to be paid by July 27, 2010 - **\$695,772.49**

Per Diem - \$217.78

E.O & E.

Please provide us with the form of your draft release.

Thanks

---

**Sanjeev Mitra**, B.Sc., LL.B.

T 416.865.3085  
F 416.863.1515  
E [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

Brookfield Place • 181 Bay Street  
Suite 1800 • Box 754  
Toronto ON • M5J 2T9 • Canada  
[www.airdberlis.com](http://www.airdberlis.com)

---

**AIRD & BERLIS LLP**  
Barristers and Solicitors

21/07/2010



1084

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**Court File No. 10-8630-00CL**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON FINANCIAL GROUP LTD.**

**Applicant**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(PROCEEDING COMMENCED AT TORONTO)**

**AFFIDAVIT OF MARC BOUTET  
(Sworn July 21, 2010)**

**GOWLING LAFLEUR HENDERSON LLP**

Barristers and Solicitors

1 First Canadian Place  
100 King Street West, Suite 1600  
TORONTO, Ontario  
M5X 1G5

**Clifton P. Prophet / Frank Lamie  
LSUC No.: 34345K / 54035S**

Telephone: (416) 862-3509 / (416) 862-3609  
Facsimile: (416) 862-7661

**SOLICITORS FOR THE APPLICANT,  
NELSON FINANCIAL GROUP LTD.**

# TAB 3

Court File No. 10-8630-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C., 1985 c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF NELSON FINANCIAL GROUP LTD. (the "Applicant")**

**Applicant**

**AFFIDAVIT OF A. JOHN PAGE  
(Sworn July 16, 2010)**

I, **A. John Page**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the President of A. John Page & Associates Inc. and, as such, have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. By Order of this Honourable Court dated March 23, 2010 (the "**Initial Order**"), the Applicant obtained protection from its creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and A. John Page &

Associates Inc. was appointed as monitor of the Applicant in these CCAA proceedings (the "**Monitor**").

3. The total amount of professional fees being claimed for work performed by the Monitor for the period from March 1, 2010 to June 30, 2010 inclusive (the "**Period**") is \$413,561.12 plus disbursements of \$9,979,89 (excluding GST). Attached hereto as **Exhibit "A"** to this Affidavit is a summary of all invoices (the "**Monitor Accounts**") rendered by the Monitor during the Period. True copies of the Monitor Accounts, inclusive of details of the individuals involved in the monitoring of the Applicant and the hours and applicable rates claimed are attached as **Exhibit "B"** to this Affidavit.

4. Details of the activities undertaken and services provided by the Monitor in connection with the monitoring of the Applicant are described in the First through Fifth Reports of the Monitor.

5. In the course of performing its duties pursuant to the Initial Order, the Monitor has expended a total of 1,237.25 hours during the Period. Attached hereto as **Exhibit "C"** to this Affidavit is a schedule setting out the personnel involved in the monitoring of the Applicant and the hours and applicable rates claimed for the Period.

6. The Monitor has not received any remuneration or consideration other than the amount claimed herein.

7. To the best of my knowledge, the rates charged by the Monitor throughout the Period are comparable to the rates charged by other accounting firms in the Toronto market for the provision of similar services.

8. The hourly billing rates outlined in Exhibit "C" to this Affidavit are comparable to the hourly rates charged by A. John Page & Associates Inc. for services rendered in relation to similar proceedings.

9. Attached as Exhibit "A" to the Affidavit of James H. Grout to be sworn and filed in support of the within motion are copies of the accounts rendered by ThorntonGroutFinnigan LLP ("TGF"), counsel to the Monitor, during the Period.

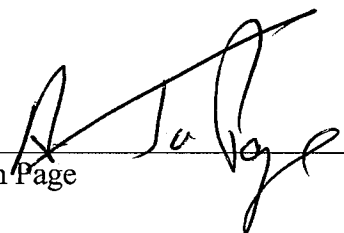
10. TGF rendered services throughout these proceedings in a manner consistent with instructions from the Monitor.

11. I verily believe that the fees and disbursements incurred by the Monitor and its legal counsel, TGF, were fair and reasonable in the circumstances.

12. This Affidavit is sworn in support of the motion for approval of the Monitor Accounts, which were rendered during the Period relating to the monitoring of the Applicant and the approval of the fees and disbursements of TGF in its capacity as counsel to the Monitor, and for no other or improper purpose.

**SWORN BEFORE ME** at the City of  
Toronto, in the Province of Ontario on  
this 16<sup>th</sup> day of July, 2010

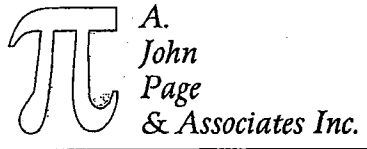
\_\_\_\_\_  
Commissioner for Taking Affidavits

  
\_\_\_\_\_  
A. John Page

**EXHIBIT "A"**

**A. John Page & Associates Inc. CCAA Monitor of Nelson Financial Group Ltd.**  
**Summary of Monitor's Fees and Disbursements**  
**March - June 2010**

<b>Month</b>	<b>Invoice Date</b>	<b>Invoice #</b>	<b>Hours</b>	<b>Gross Billing</b>	<b>Fees</b>	<b>Disbursements</b>	<b>GST</b>
March 2010	April 7, 2010	5171	310.49	\$106,387.41	\$99,615.62	\$1,706.10	\$5,065.69
April 2010	May 5, 2010	5180	296.13	111,327.00	99,735.04	6,290.67	5,301.29
May 2010	June 11, 2010	5184	296.28	106,080.52	99,957.21	1,071.86	5,051.45
June 2010	June 30, 2010	5187	334.35	120,922.74	114,253.25	911.26	5,758.23
<b>Total</b>			<b>1,237.25</b>	<b>\$444,717.67</b>	<b>\$413,561.12</b>	<b>\$9,979.89</b>	<b>\$21,176.66</b>



100 RICHMOND ST. WEST, SUITE 447  
TORONTO, ONTARIO M5H 3K6  
TELEPHONE: (416) 364-4894  
FAX: (416) 364-4869  
www.ajohnpage.com

April 7, 2010

# EXHIBIT "B"

Nelson Financial Group Ltd.  
900 Dillingham Rd.  
Pickering ON L1W 1Z6

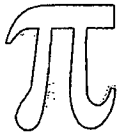
## Acting as Monitor pursuant to the Companies' Creditors Arrangement Act

Invoice # 5171

	Hours	Amount
For professional services rendered	310.49	\$99,615.62
Total out of pocket expenses		\$1,706.10
GST		\$5,065.69
Total amount of this bill		<u>\$106,387.41</u>

13892 7470 RT0001





A.  
John  
Page  
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April 7, 2010

Nelson Financial Group Ltd.  
900 Dillingham Rd.  
Pickering ON L1W 1Z6

Acting as Monitor pursuant to the Companies'  
Creditors Arrangement Act

Invoice # 5171

Billing for professional services

		Hours
05/03/10	AJP Call from C.Prophet; Call to S.Sobol; Internet research; Call from C.Delaney; Email from S.Sobol; Review financials; Draft action plan; Meeting with C.Prophet; Discuss options to model etc.	3.58
08/03/10	CV AJP re status; Draft letter to company re preparation of cash flow projections for CCAA filing	0.75
	AJP Prepare for meeting; Attend at premises; C.Delaney re plans etc.; Meeting with S.Sobol & then M.Boutet re operations & plans; Call from C.Delaney; Draft engagement letter; Call from C.Delaney	8.67
	CD Meet with AJP for update; Attend at Nelson's premises and meet with M. Boutet, S. Sobol and AJP re background and next steps; Meetings with S. Sobol to understand the business, current financial position and support for cash flows; Ongoing discussions and information gathering with S. Sobol; Discussions with AJP; Review and understand Nelson's cash flow projections	8.00
09/03/10	AJP Drafting engagement letter; C.Delaney re status etc.	1.50
	CD Attend at Nelson's premises and obtain additional information in support of Cash Flows re interest/dividend/principal payments, investors, noteholders, customers etc; Prepare cash flow projection scenarios;	6.00



Nelson Financial Group Ltd.

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		Hours
10/03/10	AJP C.Delaney re status; Review draft cash flows & discuss with C.Delaney; Review revised drafts	1.58
	CD Disc. with AJP; Model liquidation scenario; Revise Cash Flow assumptions based on additional information; Emails to/from S. Sobol; Update cash flow scenarios;	6.08
11/03/10	AJP Review latest draft cash flow; Discuss with C.Delaney; Email from Gowlings; Review draft liquidation analysis; Update & consider assumptions to cash flows; Draft agenda re conference call; Call to M.Boutet; C.Delaney re go forward strategy	4.67
	CD Discuss cash flow projections with AJP; Call S. Sobol with questions; Revise model scenarios; Review Liquidation analysis; Prepare for March 12th meeting; Conference call with AJP, M. Boutet and S. Sobol re status and next steps; Discussions with AJP	4.75
12/03/10	CD Review payouts estimates on Mar 16th and 25th; Pre-meeting with Gowlings to review issues and strategize re CCAA filing; Conference call with Gowlings, Nelson re current status of payment, next steps re filing; Develop Action Plan re pre-CCAA filing; Review CCAA Engagement letter in light of meeting; Call to S. Sobol re logistics for Mar. 15th; Prepare list of information to give to S. Sobol on Mar. 15th; Disc. with AJP re logistics and work allocation;	4.25
	CV Prepare summary of secured creditors registered on PPSA	0.50
	AJP Call to C.Prophet; C.Delaney re status etc.; Prepare for meeting; Meeting with Gowlings and conference call with Nelson; Action plan; Finalize engagement letters; Call to M.Boutet; C.Delaney re work plan etc.; Prepare for meeting; Review PPSA printout; Attend at Nelson's offices; Meeting with M.Boutet & S.Sobol	7.92
13/03/10	CD Draft scripts for the Noteholders, Preferreds, Suppliers, Employees, Vendors etc; Review cash flow formats for Court reporting	2.75



Nelson Financial Group Ltd.

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		Hours
13/03/10	AJP Email from S.Sobol; Review action plan etc.; Drafting pre-filing report	2.83
15/03/10	AJP Drafting outline to report; Create list of key information needs; Drafting sections of report; C.Delaney re priorities; Review cashflow layout; General administrative matters; Email from M.Boutet; Email from C.Delaney; Call to C.Prophet - leaving message; Email to C.Prophet; Call from C.Delaney re status; Planning	4.42
	CD Review status and allocate work/timelines; Send Information request to S. Sobol; Set up Cash Flow format for Monitor's Report to Court; Prepare to attend at Nelson's offices to meet with S. Sobol and collect supporting documentation; Meet with S. Sobol to review information requests and discuss questions related to same; Discussions with AJP; Review Initial application; Set up Cash Flow working papers	6.17
	PF General administrative matters	0.33
16/03/10	AJP Email from C.Prophet; Email from S.Sobol; Call from C.Delaney; Emails from C.Delaney (numerous); Call to C.Delaney; Call to C.Prophet; Call to M.Boutet - leaving message; Call to C.Delaney	1.58
	CD Receive and review updated and weekly cash flows; Discuss list of questions re underlying cash flow assumptions; Meet Marc and Stephanie to review their queries re disclosure issues, cash cushion, CCAA costs and timing of filing; Discuss issues with AJP; Emails to/from AJP; Call from C. Prophet re disclosure and cash flow issues; Discuss nature of PPSA registrations with S. Sobol and report findings to AJP; Prepare schedules and notes for Monitor's report; Prepare working paper files; Meeting with Marc re handling of preferred shareholder calls re: no dividends paid Mar. 16th	8.00
17/03/10	AJP Review emails; Review status of report; Call with C.Delaney re report etc.; Email from C.Prophet re information for motion record; Drafting report; Call to M.Boutet; Review	7.58



		Hours
	financial history; Review draft offering memorandum; Review historical financial statements; Call to C.Prophet; Call to M.Boutet; Further calls with C.Delaney; Continued drafting of report; Meeting with C.Delaney re status	
17/03/10	CD Compile schedule of historical financial information for Monitor's Report together with supporting documentation; Request from C. Prophet re certain financial statement information for affidavit; Disc. with AJP re: status and allocation of work and priorities; Discuss historical financial information with AJP; Review Barrie lease and provide details to AJP; Compile summary financial info. for C. Prophet; Emails to/from S. Sobol; Disc. with Marc and S. Sobol re information requirements and next steps; Send Information Memorandum, financials and other summaries to AJP; Draft debt structure section and prepare queries for S. Sobol; Review Cash Flow assumptions with S. Sobol and obtain support	9.00
18/03/10	AJP Review documents from C.Delaney; Drafting report; Numerous calls to C.Delaney re report etc.; Review cashflow & assumptions; Call from C.Prophet; Call to J.Grout - leaving message; Email from S.Sobol re insurance; Continued drafting of report etc.; Call from J.Grout; Call to C.Delaney; Call from C.Prophet; Update cashflow for restructuring cost estimate; Conference call with M.Boutet & S.Sobol; General administrative matters; Call to C.Prophet	7.67
	CD Prepare working papers to support review of Cash Flow assumptions; Discuss increase in collection rate with S. Sobol and receive amended Cash Flows with a flat rate throughout the Cash Flow period; Write Debt Structure section; Send Jul. 31/09 Management Accounts and Feb. 28/10 YTD financials to C. Prophet and AJP; Ongoing discussions with S. Sobol, M. Boutet regarding process, next steps etc.; Ongoing discussions with AJP	8.50



Nelson Financial Group Ltd.

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		Hours
18/03/10	PF General administrative matters	0.33
19/03/10	CD Disc. with AJP re next steps; Send summary information to AJP; Email S. Sobol re creditor list in excel; Draft proposed Monitor's Report on Cash Flows; Draft Debtor's Representation Letter on Cash Flows; Disc. with AJP re databases, Notices, website; Adjustments to cash flows; Finalize Cash Flow Assumptions to accompany Cash Flow projections; Email C.Vangelisti re databases for mailing Notices and for posting on website; Cash Flow working papers; Read proposed final Monitor's report	8.25
	AJP Email from Gowlings; Review draft affidavit; Report drafting; Review of cash flow; Calls with M.Boutet et.al.; Call from C.Prophet; Calls with C.Delaney; Further work on report, cash flow etc.; Further calls with C.Prophet; Emails to & from C.Delaney; Email to J.Grout; Review latest draft affidavit of M.Boutet; Call from C.Prophet	10.00
	CV Email with C.Delaney re creditor lists for mailing to creditors; Review same; R. Shepherd re same; Research OSB website re format of company CCAA Notices, etc.	0.92
	RS Prepare creditors mailing lists on Excel;	3.50
20/03/10	AJP Email from C.Prophet; Email from S.Sobol; Email to S.Sobol; Review M.Boutet affidavit; Review & finalize report; Planning; C.Delaney re status; Email from F.Lamie; Review draft Initial Order; Calls with F.Lamie; Further emails to & from F.Lamie	4.58
	CD Disc. with AJP re logistics and next steps; Disc. with Gowlings re financial information required for Court application and logistics re affidavit, Director's Resolution etc; Review Draft Monitor's Report; Respond to Gowlings request for certain exhibits for the Court Application; Conference calls with AJP and Gowlings regarding outstanding documents and to agree process; Prepare a document list for S. Sobol for Monday; Compile documents to be sworn by M. Boutet on March 22nd; Prepare working paper file and Action Plan for March 22nd;	3.67



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		Hours
22/03/10	AJP Review emails; Email to Gowlings; Draft section 10.2(b) report; Call from C.Delaney re plans; Update pre-filing report; Emails from TGF & Gowlings; Email to Gowlings; Sign pre-filing report; Review cash flow working papers; Sign cash flow report; Call to Gowlings; Consider script for dealing with various stakeholders; Prepare draft FAQ/Frequently Asked Questions list; Prepare draft enquiry checklist; Review draft letter to creditors; Call from C.Prophet; Call to M.Boutet; Review draft advertisement; Planning; Draft standard announcement	8.50
	CV AJP re status; C.Delaney re status; Prepare exhibits for Report to Court; R. Shepherd re creditor lists for mailing	0.67
	PF Prepare report and organize delivery	1.58
	RS Prepare creditors mailing lists on Excel;	0.50
	CD Attend at Nelson's premises to produce Cash Flow Report and support required under S 10.2(b); Review all documents with Marc Boutet and take oath for his affidavit; Compile cash flow documents; Arrange logistics re legal documents with Gowlings; Update Action Plan and scripts; Meeting with AJP re next steps and scripts, notices; Call to M. Boutet re Court logistics and employee meeting on Mar. 23rd; Draft newspaper ad; Draft Notice to Creditors; Email to S. Sobol re Debtor's Cash Flow letter; Review FAQ's with AJP; Template to log creditor queries; Discuss mailing data bases with CV and RS; Respond to questions from Gowlings	7.25
23/03/10	CV C.Delaney re status; Email with C.Delaney re mailing to creditors; Update other creditors list; General administrative matters	1.42
	AJP Prepare for Court; Draft letter to creditors; Drafting FAQs etc.; Review action plan; Attendance in Court & discussions with parties in attendance; Planning; Prepare for website posting; C.Delaney re strategy; Email to Gowlings; Call to J.Grout - leaving message; Call from J.Grout; Call from C.Delaney; Set up web page; Post key documents on website; Set	10.08



Nelson Financial Group Ltd.

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		Hours	
23/03/10	PF	up custom email & email forwarding	
	PF	General administrative matters	0.58
	RS	Prepare creditors mailing lists on Excel;	1.58
	CD	Disc. with AJP re Action Plan and logistics;	8.08
		Update Action Plan; Court meetings with lawyers, OSC etc; Court hearing for CCAA application; Meetings with employees with M. Boutet and S. Sobol; Meet with M. Martin to train re: scripts, logs etc. for incoming calls re CCAA filing; Calls from investors and preferred shareholders and documentation re same: Meet with S. Sobol re OSC chronology and related documents; Disc. with AJP re plan for balance of week	
24/03/10	AJP	Planning; Review emails etc.; Prepare for meeting; C.Delaney re status & priorities; Meeting with OSC & J.Grout; Review draft notices etc.; OSB Notice filing; Call from M.Boutet; Review draft ad etc.; Information action plan; Review status of mailing etc.; Drafting letter to Globe & Mail; Call to J.Grout; Call to C.Delaney; Review status of mailing & database issues	9.00
	CV	C.Delaney re status; R. Shepherd re creditor mailing lists for C.Delaney review; Review notice for placement in The Globe and Mail; Meeting with C.Delaney and R. Shepherd re status of mailing to creditors; Draft letter to The Globe and Mail re ad placement; Update other creditors mailing list; Meeting with AJP and R. Shepherd re status of mailing to creditors	2.33
	RS	Prepare creditors mailing lists for C.Delaney review; Meeting with C.Delaney re same; Prepare creditors mailing lists on Excel; Meeting with AJP re status of creditors mailing lists;	5.00
	JAP	General administrative matters; Preparing creditor mailing	0.17
	CD	Disc. with AJP re: ad, mailing, logistics; Discuss mailing to creditors; Gather information and complete OSB Forms 1 and 2 and related back-up; Update Action Plan; Send documents to OSB; Prioritize plan over next few days;	8.42



		Hours
	Creditor lists for website to be as per Court Order re disclosure; Gather employee information for mailing; Arrive at Nelson and meet with M. Boutet and S. Sobol; Update re OSC calling investors; Take investor calls; Meet with M. Martin re her questions on incoming calls; Request additional information from S. Sobol re o/s payables; Speak to CV and AJP re how to handle co-investors; Disc. with AJP re accounting, banking follow-up	
25/03/10	AJP Investor database issues; Email from OSB; Call from OSB; Research NAICS code; Call to OSB; Call from C.Delaney; Procedure re investor enquiries; Issue re Globe & Mail advertisement; Finalize & approve labels re mailing; Call to C.Delaney re status; General administrative matters; Email from C.Delaney; Email to J.Grout re secured claims; Email from J.Grout; Email to J.Grout	7.92
	PF General administrative matters; Preparing CCAA binder; Transcribing endorsement of Madam Justice Pepall	3.33
	RS Meeting with AJP re final creditors mailing lists for CCAA notice; Verifying final creditors mailing lists for notice; Responding to telephone enquiries from investors and creditors	1.58
	JAP General administrative matters; Creditor mailing preparations	0.50
	CD Incoming calls with M. Martin; Calls and meetings with investors; Follow-up re Globe and Mail ad; Review additional list of required information with S. Sobol; Email Mackie and Foscarini security documents to AJP; Review website	4.75
26/03/10	AJP Globe & Mail ad issue; Planning; Creditor list preparation; Meeting with staff re status; Draft letter to investors; Approve advertisement; Call with C.Delaney; Call with M.Boutet re creditor letter; Review employee list; Finalize creditors' letter; Call from Financial Post; Email from investor; Call to investor; Further calls with C.Delaney; Review additional creditor list; Review endorsement of Pepall J.; Oversee preparation etc. of creditor mailing	8.00





		Hours	
26/03/10	JAP	General administrative matters; Preparing creditor mailing	3.25
	RS	Reviewing ad proof received from The Globe and Mail; AJP re same; Fax to The Globe and Mail re approved proof of ad; Organizing mailing of CCAA notice to creditors; Responding to telephone enquiries from investors and creditors	3.92
	CV	Meeting with AJP and R. Shepherd re mailing of CCAA Notice to creditors; Call from advisor re status; Calls from investor re status; Email to C.Delaney re same; Review letter to creditors re CCAA proceedings; General administrative matters	1.25
	AS	Prepare mailing of CCAA Notice to Creditors	4.33
	CD	Calls from investors and shareholders; Disc. with S. Sobol re loans, and related documents for week ended Mar. 19th; Update Accounts Payable for accruals to Mar. 23rd; Disc. with AJP re creditor details to be posted on the website; Review Lendcare Agreement; Conference call with AJP, M. Boutet and S. Sobol to review draft Letter to Creditors; Meet with a noteholder with c. \$1,000,000 invested through various entities and personally; Forward certain investor information to AJP; Speak to OSC re script sheets; Meeting with S. Sobol re documents, sales, payable listings; Review samples of deals booked for week ended Mar. 19th; Collect log sheets from Melissa and Marc; Queries from M. Martin; Emails from office re additional investors to be called and call; Return CRA's call	6.58
27/03/10	AJP	Review emails & documents; Notes; General administrative matters; Update action plan; Review revised creditor & employee lists; Organizing mailing; Consider omissions; Call from investor; Email from investor	2.50
28/03/10	CD	Review call notes to date and update FAQ's based on feedback to date;	0.67
29/03/10	RS	Prepare Affidavit of Mailing of CCAA notice to creditors; Responding to telephone enquiries from investors and creditors	0.58



Nelson Financial Group Ltd.

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		Hours	
29/03/10	AJP	Review emails re creditors etc.; Email from J.Grout; Email to J.Grout; Review draft FAQ; Follow up re outstanding creditor information; C.Delaney re FAQs; Draft web notice re creditors; Call from investor; Finalize mailing to creditors; Email from OSB re filing; Calls with C.Delaney re status; Finalize list of creditors; Review etc. transcription of endorsement of Pepall J.	7.58
	PF	Preparation of mailing to Creditors;	1.08
	CD	Disc. with AJP re Creditor information; Disc. with AJP re: Cash Flow Budget/Actual; Disc. with Marc and Stephanie re Lendcare sales; Gather information on PST, GST, Visa and Mastercard; Debtor's cash flow letter; Meeting with investors; Incoming Investor calls and follow-up; Disc. with M. Martin re calls and logs; Call with AJP re status and priorities; Review proposed creditor list to be posted on website; Meeting with Marc and Stephanie re Cash Flows and Lendcare meeting on Wed.; Cash Flow review and format	6.92
30/03/10	PF	General administrative matters; Investor Enquiries	1.00
	RS	Organizing mailing of CCAA Initial Order to investors; Responding to telephone enquiries from investors and creditors	1.67
	AJP	Call from investor; General administrative matters; Monitor nature of investor enquiries and update FAQ to address concerns; Email from C.Delaney; Email to C.Delaney; Finalize FAQ; Email from TGF; Call from C.Delaney re status; Read OSC communication	5.83
	CV	Calls from investors re status of company; Email to C.Delaney re same	0.67
	CD	Meeting with investor; Respond to email (via phone) from investor re security registrations; Tie sample loans booked into bank balances; Calls from investors and follow-up; Additional questions for FAQ's; Review Budget/Actual Cash Flow explanations and related queries with S. Sobol; Prepare Cash Flow schedule for Monitor's report; Emails to/from AJP re various issues; Disc. with M. Martin re handling of	7.17



Nelson Financial Group Ltd.

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		Hours	
	investor/shareholder calls; Review updated FAQ's; Email AJP re NIGL staff; Meeting with Marc and Stephanie re investor and request related paperwork and summary; Tie weekly Cash Flows into reconciled bank balance.		
31/03/10	CV Call from investor re status; Email to C.Delaney re same; General administrative matters	0.67	
	RS Preparing mailings of CCAA Initial Order to Investors; Responding to telephone enquiries from investors and creditors	2.33	
	AJP Email to C.Delaney re issues; General administrative matters; Call from C.Delaney re status & priorities; Email to C.Delaney re creditor information request policy; P.Foulds re investor enquiry policy; R.Shepherd re investor information requests; Oversee investor emails & other enquiries; Drafting letter to investors; Call to C.Delaney re status etc.	2.67	
	PF General administrative matters; Investor enquiries	1.00	
	CD Disc. with AJP re handling of investor calls, sample loan transactions, cash flows etc; Emails to R. Shepherd re documents to be mailed; Calls from investors and follow-up; Nelson's response to OSC report; Review recent call logs for additional FAQ's; Tie 3 additional sample loans into banking activity; Disc. with S. Sobol re various items; Disc. with Marc as requested; Review OSC report; Meeting with investor	9.25	
		<hr/>	Amount
	For professional services rendered	310.49	\$99,615.62
	Out of pocket expenses		
	Fax		16.20
	Mileage		724.84
	Parking		69.00
	Photocopies		552.90
	Postage		335.16
	PPSA Printouts		8.00
			<hr/>
	Total out of pocket expenses		\$1,706.10



Nelson Financial Group Ltd.

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Amount

GST

\$5,065.69

Total amount of this bill

\$106,387.41

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User summary

User	Hours	Rate	Amount
A. John Page - President	128.66	385.00	\$49,534.10
Catherine Vangelisti BBM - Manager	9.18	173.00	\$1,588.14
Colleen Delaney CA, CA.CIRP	134.51	330.00	\$44,388.30
Julia A. Page BA - Assistant	3.92	113.00	\$442.96
Philip Foulds BA - Assistant	9.23	72.00	\$664.56
Rhonda Shepherd - Assistant Manager	20.66	130.00	\$2,685.80
Assistant	4.33	72.00	\$311.76

13892 7470 RT0001

May 5, 2010

Nelson Financial Group Ltd.  
900 Dillingham Rd.  
Pickering ON L1W 1Z6

Acting as Monitor pursuant to the Companies'  
Creditors Arrangement Act

Invoice # 5180

Billing for professional services

			Hours
01/04/10	PF	Investor Enquiries	0.92
	RS	AJP re investor change of address request procedure; Responding to telephone enquiries from investors and creditors;	0.67
	CD	Investor calls and follow-up; Disc. with P. Foulds and R. Shepherd re calls and follow-up required and paperwork for files; Notes and files; Call from Marc re an Investor concern; Cash Flow schedule; Review revised FAQ's with AJP; Meeting re protocol going forward	4.08
	AJP	Email from Gowlings; Draft updates FAQs; Call to M.Boutet - leaving message; Review notes re recent investor contacts - set up procedure re change of address requests; Email from investor	4.83
03/04/10	AJP	Emails from investors; Review examples of lending contracts & calculate internal rate of return; General administrative matters; Review OSC correspondence	2.17
04/04/10	AJP	Drafting weekly monitoring plan; Investor enquiry report; General administrative matters	1.17
05/04/10	RS	Arrange issuance of CCAA Initial Order etc to investors; Responding to telephone enquiries from investors and creditors;	1.17
	PF	General administrative matters; Investor Enquiries	0.75
	AJP	C.Delaney re cash flow monitoring; C.Delaney re assessment of IRR of loans; Investor enquiries; Call to F.Lamie - leaving message; Set policy re responses to investor email	7.83



Nelson Financial Group Ltd.

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		Hours
	enquiries; Respond to email enquiries; Email from J.Grout; Call to J.Grout; Emails to J.Grout; Email from Aird & Berlis; Meeting with C.Delaney re status; Review letter from TGF	
05/04/10	CD Disc. with AJP re priorities and Court report; Disc. with M. Martin re FAQ's and call log queries; Disc. with S. Sobol re cash flow comparison, interest rate calculations on loans; Investor calls and meetings; Meeting with S. Sobol re reporting and returns on loans; Meet with M. Boutet and a noteholder; Memo on IRR vs. EAR vs. APR calculations and explanation of variances; Disc. with S. Sobol re support required for cash flows	8.17
06/04/10	RS Arrange issuance of CCAA Initial Order etc to investors; logging investor change of address requests; Responding to telephone enquiries from investors and creditors;	2.50
	PF General administrative matters; Investor enquiries	1.08
	AJP Review memorandum etc. on IRR calculations; Emails from investors; Review endorsement transcript; Draft investor communication; Email from J.Grout; Call with C.Delaney re IRR review etc.; Post endorsement onto website; Review investor enquiries logs; Review cash flow information & devise cash flow review program; Call to C.Delaney to discuss; Call to M.Boutet to discuss status; Create plan re extending our understanding of the business; Oversee issuance of documents to investors; Review weekly cash flow; Call from C.Delaney; P.Foulds re enquiries	6.67
	CD Calls and meetings with noteholders and shareholders; Disc. with AJP regarding business review, letter on website re update; some investor queries; Review cash flows; Format cash flow reporting for Court; Disc. re cash flow reporting; Email investor with response to queries; Disc. with AJP re status; Disc. with Stephanie re supporting documents; Review vendor agreements	7.75



Nelson Financial Group Ltd.

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		Hours
07/04/10	RS Arrange issuance of CCAA Initial Order to investors; Responding to telephone enquiries from investors and creditors;	0.92
	AJP Email from investor; Call from C.Delaney re status; Email to investor; Drafting letter to Nelson; Call from C.Delaney re Lendcare; Consider options; Call to J.Grout - leaving message; Update FAQ; Drafting letter to investors; Call from Financial Post; Review details of investor enquiries; Call from M.Boutet; Refine weekly cash flow reporting template; Further call from Financial Post; Review letter from P.Przybylo; Email to P.Przybylo; Call to C.Delaney re status; Call to J.Grout - leaving message; Call from J.Grout; Conference call with C.Prophet & J.Grout; Email from C.Delaney	7.25
	PF General administrative matters; Responding to telephone enquiries from investors and creditors	0.83
	CD Disc. with AJP; Meeting with M. Boutet; Investor calls and meetings; Review of daily bank reconciliations; Summarize Lendcare status and obtain documents; Memo re Lendcare returns; Tie receipts/disbursements >\$10,000 into banking documents; Review receipts/disbursements for reasonableness; Request additional banking back-up information from D. Inkster	7.58
08/04/10	RS Responding to telephone enquiries from investors and creditors; Arrange issuance of CCAA Initial Order to investors;	0.67
	AJP Review memorandum from C.Delaney; Attempt to connect to Quickbooks; Email to C.Delaney; Call from C.Delaney; Attendance at Nelson; Meeting with C.Delaney; Meeting with M.Boutet et.al.; Call to J.Grout - leaving message; Review Lendcare agreement; Email to C.Delaney; Email from C.Delaney; P.Foulds re investor enquiries; Email from Gowlings; Call from C.Delaney; Review vendor agreements; Further emails with C.Delaney; Review Lendcare Non Solicitation Agreement	7.33



Nelson Financial Group Ltd.

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		Hours	
08/04/10	PF	General administrative matters; Responding to telephone enquiries from investors and creditors	0.83
	CD	Disc. with AJP re: Lendcare, meeting with M. Boutet/S. Sobol and due diligence review; Meeting with MB, SS and AJP re Lendcare replacement business and priorities over the next 10 days; Meeting with AJP re status and priorities; Investor calls and meetings; Delinquency review with S. Sobol; Queries from staff on various issues; Compile due diligence information in support of report	8.00
09/04/10	PF	General administrative matters; Responding to telephone enquiries from investors and creditors	1.08
	CD	Disc. with AJP re Lendcare sales; Disc. with M. Boutet re various issues; Queries from employees re timing etc; Meeting with M. Martin to walk through 6 representative examples of loan transactions and related paperwork; Queries from accounting; Review M. Martin's summaries and request additional support; Disc. with Dorothy re additional banking support required; Disc. with AJP, SS and DI re Quickbooks issue; Meeting with M. Boutet re new business and next steps; Update from AJP re Gowlings meeting re timelines and Court dates; Review support for a sample rolling loan; Additional back-up for a customer loan from S. Sobol; Investor calls	9.00
	RS	Arrange issuance of Notice, affidavit etc to investors; Investor change of address requests; Responding to telephone enquiries from investors and creditors;	0.67
	AJP	Call from Nelson re Quickbooks access; Call from C.Delaney re status; Attempt to access Quickbooks; Further call with C.Delaney; Review investor enquiry logs; Review loan example with refinancing element; Email to investor; Email to investors; Prepare for & then meeting with Gowlings & TGF; Drafting Court Report; C.Delaney & S.Sobol re Quickbooks issues; Further Quickbooks problems; Call from M.Boutet & C.Delaney; C.Delaney re plans & priorities	10.00





Nelson Financial Group Ltd.

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		Hours
10/04/10	CD	6.50
	Compile sample transaction packages; Write-up of chronology for a loan transaction; Cash Flow review; Analysis of delinquent transaction detail for 3 customers; Disc. with AJP re: sample transactions, accounting, loan pricing, credit ratings, booking income, cash flow working papers, priorities for Mon., Court report status and next steps	
	AJP	7.83
	Email from investors; Respond to investor email; Drafting Court Report; Email to Gowlings re PPSA registration; Email to Aird & Berlis; C.Delaney re status; Review investor call logs; Investigating nature/basis of secured creditor claims; Review test example of loan with refinancing element; Detailed review of typical lending chronology for selected vendors; Tie in key aspects of typical loans to Quickbooks; Identify areas for further review; Produce & review various Quickbook financial statements to better understand core business; C.Delaney re delinquency review etc.; Email from S.Mitra of Aird & Berlis	
11/04/10	AJP	1.08
	Research on APR & other methods of calculating rates of return; Review historical P/L statements & identify components for viability review; Drafting Court Report	
12/04/10	RS	0.17
	Responding to telephone enquiries from investors and creditors;	
	AJP	9.33
	Drafting report to Court; Quickbooks data problem; Review historical profit & loss information & create normalized go forward estimate; Faxes from C.Delaney; Call from C.Delaney; Assess critical viability issue; Email from J.Grout; Email to J.Grout; Detailed consideration of available information on delinquency trends & adequacy of reserves; C.Delaney re same; Review treatment of rebates to Lendcare; Review issues related to treatment of interest on NSF payments & delinquent accounts; Consider GST status of company; C.Delaney re status; Review excel database of consumer loans; Review C.Delaney email re referral fees etc.	



Nelson Financial Group Ltd.

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		Hours
12/04/10	CD Meeting with A. Garrison re delinquency procedures and examples; Meeting with M. Martin re Lendcare returns and call logs; Meeting with S. Sobol re: Quickbooks, creditor payments; Disc. with D. Inkster re support for Mar. 31/10 income and accounts receivable and tie into accounting records; Disc. with AJP re status and information required in support of Court report; Review A/R detail, referral fees, GST, PST, sample transactions, allowance for doubtful accounts; Tie 6 new loans booked the week ended Mar. 19/10 into loan receivable listings; Access to Quickbooks issue; Provide summary information to AJP re: fees, unapplied interest, loan A/R; Queries for S. Sobol re provision for bad debts calculation	9.25
	PF General administrative matters; Responding to telephone enquiries from investors and creditors	0.83
13/04/10	RS Responding to telephone enquiry from C.Delaney to locate investors contact information; Email to C.Delaney.	0.17
	AJP Review email from C.Delaney re Lendcare referral fees; Call from C.Delaney; Email to C.Delaney re key issues; Email to Gowlings re report etc.; Drafting report to Court; P.Foulds re excel investor analysis; Email from K.McInnon; Fax from C.Delaney re referral fees; Call to C.Delaney re issues; Review information on bad debt provisioning & consider implications; Conference call with S.Sobol & C.Delaney re bad debts etc.; Email from F.Lamie; Email from C.Delaney; Call to M.Boutet; Call to C.Delaney; Email to OSB re NAICS code	8.58
	CD Sample investor referral fee issue and tie-in; Accounts receivable per LMS tie into Quickbooks; Conference call with AJP and S. Sobol re provision for doubtful accounts reserve; Tie in a sample of delinquent transactions from Bank to LMS report to Quickbooks; Receive Cash Flows for week ended Apr. 9/10, review and agree to banking records; Review support for all	9.25



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Hours

	payments/receipts > \$10,000; Disc. with S. Sobol re cash flow variance explanations; Investor calls; Update from lawyers re Court reporting timelines, Apr. 14th conference call and Court hearing date and requirements; Disc. with P. Foulds and R. Shepherd re certain investor calls; Call logs from M. Boutet and M. Martin and review of same; Disc. with M. Boutet; Disc. with A. Garrison re delinquent account follow-up; Disc. with D. Inkster re difference in loan A/R balance between LMS report and Quickbooks; Finalize form of Cash Flow template for Monitor's reporting		
13/04/10	PF	General administrative matters; Responding to telephone enquiries from investors and creditors	0.58
14/04/10	RS	Responding to telephone enquiries from investors and creditors; logging investor change of address request; Arrange issuance of CCAA Initial Order, Notice etc to investors;	1.33
	AJP	Memorandum re viability issues; Call to C.Delaney; Report to court; Email from Financial Post; Email to Financial Post; Conference call with Gowlings; Call from investor; Email to investor; Email from C.Delaney; Discussions with C.Delaney re Lendcare to lending etc.; Conference call with S.Sobol & C.Delaney; Continued work on viability memorandum & court report; Call from J.Grout; Email to Gowlings & J.Grout; Email from Gowlings; Email to Gowlings; Review draft Boutet affidavit	11.25
	JAP	Creditor phone call	0.08
	CD	Business review queries: admin. fees, referral fees, deferral fees, new vendor charges etc; Understand NSF procedures and related accounting and tie into accounting records; Disc. with M. Boutet and S. Sobol re: status of new vendor to replace Lendcare business; Disc. re amortization of discounts; Discuss and review procedures for closure of loan files; Review draft Monitor's report and provide written comments thereon	8.50



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		Hours
15/04/10	RS Responding to telephone enquiries from investors and creditors; Review draft of First Report of Monitor; Report preparation	1.00
	AJP Call from C.Prophet; Email to C.Prophet; Email from F.Lamie; Email to J.Grout; Email from J.Grout; Further emails with J.Grout; Review C.Delaney comments on draft report etc.; Revisions to draft report & viability memorandum; Call from J.Grout; Call with C.Prophet & F.Lamie; Email from C.Delaney; Call to C.Delaney; Review investor enquiry logs; Overseeing forwarding copies of documents to investors; Call to investor	10.42
	CD Investor calls; Review Draft Monitor's report facts with M. Boutet and S. Sobol; Review revised Monitor's report; Provide AJP with additional information for Monitor's report; Read M. Boutet's affidavit; Obtain report of loans closed during April and select a sample to review in detail; Review of accounting entries for sample transactions; Introduction to new management of a proposed new vendor (by M. Boutet); Review of banking and cash flows with S. Sobol to ensure consistency with the Budgeted Cash Flow Projections included in the Proposed Monitor's report;	8.83
	PF Responding to telephone enquiries from investors and creditors	0.67
16/04/10	PF Responding to telephone enquiries from investors and creditors	0.92
	CD Investor calls; Review call logs from other staff; Data to files; Disc. with AJP re: report items, status of proceedings; Review Motion Record for Apr. 22/10; Weekly cash flow documentation and summaries	3.08
	RS Logging investors change of address requests; Responding to telephone enquiries from investors and creditors.	0.92
	AJP Call from investor; Email from Gowlings; Investor log review; Update report to reflect acceptable suggestions/comments received; C.Delaney re status; Email to Gowlings & TGF; Email from Gowlings; Review M.Boutet affidavit; Review investor logs; Respond to	7.75



Nelson Financial Group Ltd.

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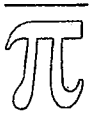
		Hours
	investor email enquiries; Post updated information on website; Call from J.Grout; Email to Gowlings; Call from F.Lamie; Finalize & issue report; Email to Financial Post; Email from Gowlings; Further updates to website; Review Barrie lease; Email to Gowlings re lease; Emails re Barrie lease; Receipt of motion record; Email from F.Lamie; Pay bill; Email to F.Lamie	
19/04/10	RS Arrange issuance of CCAA Initial Order to investors.	0.33
	AJP Call from C.Prophet; Call to C.Prophet & F.Lamie; Various emails; Call from C.Prophet; Email to C.Delaney; Liquidation analysis planning; Call to C.Delaney re liquidation analysis; Call to J.Grout - leaving message; Call to C.Prophet; Email from C.Delaney; Call from J.Grout; Conference call with J.Grout & C.Prophet; Call to C.Delaney; Email to C.Delaney re Mackies; Email to Financial Post; Email to investor; Drafting letter to investor; Call from Financial Post	4.17
	PF Responding to telephone enquiries from investors and creditors	0.67
	CD Disc with M. Boutet re proposed investor lawsuit; Receive and review call logs from M. Martin; Identify bankrupt/write-off accounts for analysis; Draft Balance Sheet analysis memo; Liquidation analysis discussion and review; Conference calls with AJP; Disc. with A. Garrison and D. Inkster regarding queries in connection with liquidation analysis; Disc. with M. Boutet re OSC request for adjournment and related liquidation analysis; Disc. with M. Boutet re timing of proceedings	3.17
20/04/10	AJP Email from secured creditor; Respond to investor email enquiries; C.Delaney re liquidation analysis plan etc.; Drafting letter to investor; Review weekly cash flow report	1.42
	RS Responding to telephone enquiries from investors and creditors; Arrange issuance of Notice to creditors.	0.25



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		Hours	
20/04/10	PF	General administrative matters; Responding to telephone enquiries from investors and creditors	0.50
	CD	Review M. Martin's call logs; Emails re Mackie & Foscarini accounts; Disc. with AJP; Discussions and obtain info. from D. Inkster; Weekly cash flow review and enter on to Template; Meet with D. Inkster and S. Sobol re Balance Sheet review; Email R. Shepherd re Investor follow-up required; Disc. with S. Sobol re classify Loans receivables into when due and review of delinquencies by year; Disc. with A. Garrison re reports required for accounts with delinquencies; Tie cash flows into bank statements and review detailed support for all transactions greater than \$10,000	3.75
21/04/10	AJP	Call from investor; Email from investor; Emails from J.Grout & S.Mitra; Call from C.Delaney re priorities; Call from investor; Emails re court; C.Delaney re status	1.58
	CD	Investor calls; Memo on analysis of Balance Sheet assets; Disc. with M. Boutet; Emails to/from AJP; Follow-up on investor logs; Review prepaid referral fee list	5.83
	JAP	General administrative matters	0.08
	RS	Responding to telephone enquiries from investors and creditors	0.33
22/04/10	AJP	Review investor logs; Email to C.Prophet; Email from C.Prophet; Prepare for & then attend in court for extension application; Discussions with S.Mitra re secured claim; Call from C.Delaney re status & priorities; General administrative matters; Review endorsement transcription; Email from Gowlings; Update website; Call from potential financier; Review emails re Mackie security status; Email to C.Delaney; Review emails re asset values	5.08
	PF	General administrative matters; Responding to telephone enquiries from investors and creditors	0.92
	CD	Review of accounts receivable; Summarize delinquencies; Review Memo (Balance Sheet Assets and sample journal entries) with S. Sobol; Meeting with D. Inkster re	5.25



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		Hours
	LMS/Quickbooks reconciliation; Emails to/from AJP; Investor calls; Nelson/Mackie schedule - review and send to AJP; Emails to/from S. Sobol	
23/04/10	PF Responding to telephone enquiries from investors and creditors	0.17
	AJP Consider C.Delaney memorandum on various balance sheet captions; Email to C.Delaney re clarification & followup queries; Email from investor; Detailed review of selected consumer loan & impact on balance sheet etc.; Email from C.Delaney re large disbursement	2.83
24/04/10	AJP Email from J.Grout; Email from investor; Email to OSC; Review detailed accounting & tie in to LMS & Quickbooks for sample loan; Investor log review; Legal bill	1.83
26/04/10	AJP General administrative matters; Planning; Call from C.Delaney re priorities; Foscarini claim; Email to C.Delaney re queries; LMS tie in issue; Call from C.Prophet; Call to C.Delaney; Email from OSC; Email from C.Delaney; Call from investor; Email to investor; Email from investor; Review investor logs; Respond to investor email enquiries	5.83
	PF General administrative matters; Responding to telephone enquiries from investors and creditors	2.42
	CD Disc. with AJP re legal update, Mackies, return cheque examples; Meeting with an Investor; Calls to investors; Review M. Martin's call logs; Summarize LMS vs. Quickbooks in an email; Review summary of Lendcare referral fee estimate with D. Inkster; Review AJP's emails re o/s items; Discussions with S. Sobol re Court hearing, o/s items; Disc. with S. Sobol re cash flows for week ended Apr. 23rd	5.67
27/04/10	AJP Email from C.Delaney; Review letter from Walker Head; Email to J.Grout; Review letter from investor; Email to J.Grout; Review investor logs; Prepare for meeting with OSC; Call to S.Sobol - leaving message; Update action plan; Email to C.Delaney; Email from S.Aggarwal; Meeting with OSC & TGF	5.33



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		Hours
27/04/10	PF General administrative matters; Responding to telephone enquiries from investors and creditors	0.75
28/04/10	PF General administrative matters; Responding to telephone enquiries from investors and creditors	0.75
	AJP Email from C.Delaney; Email to C.Delaney; Action plan re key issues for Pickering; Call from C.Delaney; Attend at Pickering location; Meeting with M.Boutet & S.Sobol; Meeting with D.Ingster of Nelson re loan accounting etc.; Conference call with C.Prophet & Nelson; Email from TGF; Sign Supplement to First Report; Call to TGF - leaving message; Review various emails; Continue review of loan buildup & related accounting	9.58
	CD Disc. with AJP re status of outstanding items in preparation for Court hearing	0.33
29/04/10	PF General administrative matters;	0.08
	RS Responding to telephone enquiries from investors and creditors; Arrange issuance of Notice to creditors; Logging investor change of address.	0.83
	AJP Review detailed information on overall tie in of accounts between LMS & Quickbooks & consider implications; Review emails; Memorandum on detailed accounting for consumer loans; Call from investor; Briefing staff re status; Investor log reviews; Call from C.Prophet; Email to C.Prophet; Email to S.Sobol re 2009 cash flow; Notes; Email from S.Aggarwal; Call to S.Aggarwal - leaving message; Review letter from investor; Email from investor; Review weekly cash flow; Email from S.Mitra; Email from C.Prophet; Email to C.Delaney; Email from S.Sobol; Call from S.Aggarwal; Email from S.Mitra; Review Foscarini security; Call from C.Prophet; Email to C.Prophet; Emails with TGF; Email from S.Sobol re Lendcare; Drafting letter to investor; Email to investor	7.58
	PF General administrative matters; Responding to telephone enquiries from investors and creditors	0.67



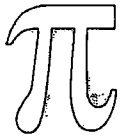


Nelson Financial Group Ltd.

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		Hours	
29/04/10	PF General administrative matters;	0.08	
30/04/10	AJP Email from S.Sobol; Email to S.Sobol et al re Lendcare; Prepare for court; Review factum; Email to C.Prophet re Lendcare issues; Email from C.Prophet; Respond to email from investor; Attendance in court for extension application hearing; Dialogue with parties in attendance, including counsel for OSC, Lendcare, Foscarini and Nelson and an investor; Meeting with Monitor's counsel; Post court hearing meeting with Nelson and counsel; General administrative matters; Investor correspondence; Email from D.Ingster of Nelson; Email from Gowlings re orders; Email from Aird & Berlis re Foscarini security	5.58	
	RS Responding to telephone enquiries from investors and creditors	0.17	
	PF General administrative matters;	0.08	
		<hr/>	Amount
	For professional services rendered	296.13	\$99,735.04
	Out of pocket expenses		
	Advertising		5,188.40
	Fax		26.70
	Mileage		672.66
	Parking		88.00
	Photocopies		290.40
	Postage		24.51
			<hr/>
	Total out of pocket expenses		\$6,290.67
	GST		\$5,301.29
			<hr/>
	Total amount of this bill		<u>\$111,327.00</u>

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A.  
John  
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& Associates Inc.

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TELEPHONE: (416) 364-4894  
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June 11, 2010

Nelson Financial Group Ltd.  
900 Dillingham Rd.  
Pickering ON L1W 1Z6

Acting as Monitor pursuant to the Companies'  
Creditors Arrangement Act

Invoice # 5184

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	Hours	Amount
For professional services rendered	296.28	\$99,957.21
Total out of pocket expenses		\$1,071.86
GST		\$5,051.45
Total amount of this bill		<u>\$106,080.52</u>

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13892 7470 RT0001

June 11, 2010

Nelson Financial Group Ltd.  
900 Dillingham Rd.  
Pickering ON L1W 1Z6

Acting as Monitor pursuant to the Companies'  
Creditors Arrangement Act

Invoice # 5184

Billing for professional services

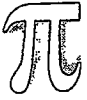
		Hours
01/05/10	AJP Review various emails; Post documents on website; Respond to investor emails; Plan options brainstorming	3.33
02/05/10	AJP Review Lendcare Responding Motion Record	0.50
03/05/10	EDeL General administrative matters;	0.17
	RS Responding to telephone enquiries from investors and creditors; Arrange Issuance of Notice to creditors; Logging investor change of address request;	0.50
	AJP Review & revise FAQ; Call to C.Delaney re status; Update action plan; Review investor contact logs; Email to investor; Organizing endorsement transcription; Drafting letter to investor	2.33
	CD Meeting with S. Sobol re priorities; Return investor calls; Review cash flow actuals and banking support for the weeks ended Apr. 23; Review banking support for cash flows for week ended Apr. 30/10; Follow-up on queries re cash flows; Disc. with AJP re status and priorities;	5.33
04/05/10	EDeL General administrative matters;	0.33
	RS Responding to telephone enquiries from investors and creditors	0.50
	AJP Investor log review; C.Delaney re priorities; Call from C.Prophet; Call from S.Aggarwal; Email from S.Aggarwal; C.Delaney re Liquidation analysis sample testing etc.	1.58



Nelson Financial Group Ltd.

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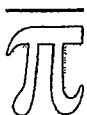
		Hours
04/05/10	CD	6.08
	Disc. with AJP re strategy; Foscarini: read Aird & Berlis letter and email S. Sobol with request for information; Review Schedule A and instruct S. Sobol on revisions to same: indicate whether current, separate bank account, identify additional accounts to bring value up to 1.5X amount owed; Investor calls; Review CAIRP SPP 09-5 re Disclaimer of Agreements; Draft letter for M. Boutet re responsibilities re Disclaimer; Call from S. Sobol re Foscarini request and discussions related thereto; Disc. with AJP re liquidation analysis, 5 sample accounts with Unapplied Interest balances etc; Create spreadsheet of 5 accounts to send to S. Sobol/D. Inkster for review and comment; Emails to S. Sobol and D. Inkster; Organize and file Cash Flow documents; Analyze and mail S. Sobol re average SG&A variance in cash flows to Apr. 30/10; Disc. with AJP re disclaimer of Barrie lease and Lendcare agreement and support required; Review revised Foscarini schedule and send emails to Nelson with further queries	
05/05/10	EDeL	0.25
	AJP	3.50
	General administrative matters; C.Delaney re status & priorities; Review requirements for disclaiming agreements; Review draft letter to Nelson re same; Call from F.Lamie; Call from C.Prophet; C.Delaney re drafting etc.; Draft work program for dealing with requests to disclaim leases; Discuss same with C.Delaney; Email from F.Lamie re disclaiming lease; Email from C.Prophet re disclaiming Lendcare agreement	
	CD	6.83
	Disc. with AJP re status of Foscarini and liquidation analysis; Review S. Sobol's response re SG&A; Prepare priority list for S. Sobol for next few days; Disc. with S. Sobol re Foscarini Schedule, SG&A difference, 5 accounts analysis and Apr. 30/10 cash flows; File notes; Lease disclaimer review; Call from Ogilvy Renault re Veridian Connections position on Nelson's deposit pre-CCAA; Receive Apr. 30/10 detailed cash flow	



Nelson Financial Group Ltd.

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		Hours	
		schedules, enter into template and conduct review procedures; Commence draft of Court Report re Lendcare Disclaimer; Read OSC letter and request of Apr. 29/10; Gather information in response to OSC letter; Emails to S. Sobol; Disc. with AJP re letter to M. Boutet from Monitor re disclaimers	
06/05/10	EDeL	General administrative matters;	0.33
	AJP	Drafting letter to M. Boutet re proposed disclaimers; Call from investor; Email to M. Boutet re plan; Review status & priorities; Review work on Foscarini claim; Review & document examples of consumer loan transaction accounting; C. Delaney re status of proposed disclaimers	5.17
	RS	Responding to telephone enquiries from investors and creditors	1.00
	CD	Email queries to D. Inkster re: Foscarini; Receive and review Nelson's Notice of Disclaimer re Lendcare Agreement; Call to S. Sobol with questions re Lendcare disclaimer; Disc. with AJP re Foscarini schedule; Call to investor; Review S. Sobol's detailed email response re reasons and impact of Lendcare disclaimer; Prepare memo on Monitor's review of proposed Lendcare Agreement disclaimer; Emails to/from S. Sobol; Compile documents for Barrie lease disclaimer; Call to F. Lamie re status of affidavits, dating of Notice of Disclaimer and timing overall; Disc. with AJP re LMS and Quickbooks; Call to S. Sobol re clarification on Lendcare disclaimer; Email to D. Inkster re progress on review of 5 accounts; Review of letter to M. Boutet re disclaimers; Amend Foscarini schedule after discussions with AJP	5.92
07/05/10	CD	Disc. with AJP re: status and priorities; Emails to/from and calls to/from D. Inkster re: information required on Lendcare with respect to Monitor's review; Revise and send Foscarini schedule to AJP; Calls from investors; Disc. with AJP re: potential Lendcare damages claim; Review S. Sobol's affidavit; Memo and supporting documents	9.08



Nelson Financial Group Ltd.

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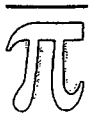
		Hours
	in support of Monitor's review of Nelson's decision to disclaim the Lendcare agreements; EMT S. Sobol re status of new bank account and transfer of collateral funds into it; Prepare second Foscarini schedule;	
07/05/10	RS Responding to telephone enquiries from investors and creditors.	0.83
	AJP Email from F.Lamie; Review Nelson affidavits re Lendcare; Review disclaimer reporting example; C.Delaney re priorities; Review Foscarini accounts schedule & update; Email to F.Lamie re Lendcare; Various emails re Lendcare; Email to C.Prophet re Foscarini; Email from Nelson re possible delinquent accounts; Email to S.Sobol re GST; Meeting with C.Delaney re status of Lendcare disclaimer review; Analysis of Lendcare disclaimer request; Email from creditor re set-off; Email to C.Prophet re same; Call from M.Boutet; Continued review & investigation into the Lendcare relationship etc.; Discussions re same with C.Delaney; Explore range of possible damages claim by Lendcare & impact of disclaimer on them; Explore reasons for disclaimer & impact on plan; Email from C.Prophet; Call to C.Prophet; Email from S.Mitra re Foscarini; Review investor contact logs; Call from C.Prophet	9.58
08/05/10	AJP Notes; Continued drafting of memorandum on review of Lendcare disclaimer request; Review historical lending patterns; General administrative matters	3.25
09/05/10	AJP Brainstorming alternative plan structures in preparation for meeting	0.50
10/05/10	EDeL General administrative matters;	1.00
	RS Responding to telephone enquiries from investors and creditors	0.50
	AJP Prepare for meeting; Review investor contact logs; Meeting with C.Delaney re status; Review background information on typical notes; Memorandum re Lendcare disclaimer; Attend at Nelson; Meeting with M.Boutet & S.Sobol to discuss structure of plan & other key issues; Meeting with S.Sobol re GST;	9.17



Nelson Financial Group Ltd.

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		Hours
	Call to C.Prophet - leaving message; Conference call with C.Prophet; Model plan options under major assumptions discussed earlier; Call from C.Prophet; Email from S.Sobol; Email to S.Sobol	
10/05/10	CD Disc. with AJP re noteholders; Review noteholder documents and compile email of queries for S. Sobol; Barrie Lease disclaimer review; Email queries to D. Inkster re April 2010 loan balance, compilation of banking support for trans. >\$10,000 etc; Disc. with AJP re funding and meeting with Nelson; Investor calls; Emails to/from D. Inkster re LMS balances; List of items for Nelson in preparation for Tues. meeting	5.83
11/05/10	EDeL General administrative matters;	0.08
	RS Responding to telephone enquiries from investors and creditors	0.25
	AJP Investor contact logs; Update website; Modelling alternative restructuring plans; Call from S.Aggarwal; Call from C.Delaney re status; Email to S.Sobol; Review letter from OSC; Email to J.Grout re same; C.Delaney re liquidation analysis & preferred shareholder enquiry; Email from S.Sobol; Call from C.Prophet	6.58
	CD Disc. with M. Martin re investor calls; Tie banking transactions >\$10,000 for Week Ended May 7/10 into support banking documents; Disc. with S. Sobol re Cash Flows for WE May 7/10 to confirm no material variances; Investor calls; Information to AJP re noteholder details; Set up review procedure, documents required for review of delinquent accounts	6.50
12/05/10	EDeL General administrative matters; Prepare Unapplied Interest Balances Excel Spreadsheet	0.92
	AJP Notes; Considering strategic options; Investor enquiry logs & emails; C.Delaney re liquidation analysis; Call from investor; Tax loss review; Attend at Pickering location; Meeting with M.Boutet & S.Sobol re possible restructuring plans; Call to C.Prophet; Email	5.83



Nelson Financial Group Ltd.

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		Hours	
12/05/10	CD	from S.Mitra; Email from S.Aggarwal Disc. with AJP re strategy; Receive and review Nelson's 2007 tax returns and confirm they were the last ones filed; Calls from investors and suppliers; Delinquent accounts memo update; Analysis of sample delinquent accounts 196-200 and 496-500; Emails to/from D. Inkster re: sample accounts and request for calls logs and payment histories for select accounts; Review D. Inkster's responses to 10 additional account selected and prepare list of queries; Update call from AJP	6.92
	RS	Responding to telephone enquiries from investors and creditors	0.25
13/05/10	EDeL	General administrative matters;	0.25
	RS	Responding to telephone enquiries from investors and creditors	0.58
	AJP	Review OSC notice postings; Email to TGF; Email to S.Sobol; C.Delaney re status & priorities; Prepare revised plan scenario spreadsheet; Call from investor; Call from TGF; Email from C.Prophet; Call from S.Aggarwal; Email to C.Prophet; Email from J.Grout; Consider liquidation analysis; Meeting with J.Grout & S.Aggarwal; C.Delaney re liquidation analysis; Conference call with C.Prophet et.al.; Call from S.Aggarwal; Call from M.Boutet & S.Sobol	9.08
	CD	Review OSC allegations; Disc. with AJP re OSC; Email to D. Inkster with information request, review and respond; Email to S. Sobol re: cash flows, bad debts, noteholders; Investor calls; Liquidation analysis support; Dis. with AJP re strategy; Meeting with J. Grout and S. Aggarwal; Conf. call with Nelson/C. Prophet/S. Aggarwal/AJP re Plan options and next steps; Emails to from D. Inkster re: specific queries on certain select accounts; Calls; Email from S. Sobol with answers on Barrie lease disclaimer	6.83
14/05/10	RS	Responding to telephone enquiries from investors and creditors	0.58





Nelson Financial Group Ltd.

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		Hours	
14/05/10	EDeL	0.83	
	CD	7.50	
		General administrative matters; Review and tie in cash flows for week ended May 7/10; Review supporting documents for select accounts with Unapplied Interest balances; Email to D. Inkster with request for additional payment history info; Disc. with AJP re: Liquidation analysis and next steps; Disc. with staff re investor calls; Analyze sample transactions selected with Unapplied Interest balances; Calls to/from D. Inkster with detailed explanations, payment histories, call logs etc; Emails to S. Sobol requesting information on: delinquent accounts, head office lease, computer vendor contract etc.; Email to D. Inkster requesting responses on select delinquent accounts # 196-200 and 2996-3000	
	AJP	4.50	
15/05/10	AJP	4.58	
		Detailed review of examples of delinquent accounts & C.Delaney memorandum of same; Excel modelling of investor database to aid in assessment of potential bad debt allowance	
17/05/10	EDeL	0.08	
	AJP	7.83	
		General administrative matters; Review & modelling loan portfolio database; C.Delaney re loan portfolio review; Call from investor; Continued review of loan portfolio & delinquency/bad debt position; C.Delaney re findings to date	
	CD	6.83	
		Mtg. with AJP re detailed review required of a sample of delinquent accounts and next steps; Disc. with AJP re Court reporting and revised Cash Flows; Call to S. Sobol re timing and priorities; Email to D. Inkster re weekly cash flow requests; Email to/from D. Inkster re follow-up on various items outstanding; Prepare to attending at Nelson's offices; Email from S. Sobol re responses and availability; Investor calls; Emails to Nelson re: fees, status of certain delinquent accounts;	



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		Hours
17/05/10	RS Responding to telephone enquiries from investors and creditors;	0.67
18/05/10	EDeL General administrative matters;	0.08
	AJP Call to C.Delaney re LMS reporting; Email from C.Delaney re bad debt review; Review status; Call from C.Delaney re recent developments; Email from C.Delaney; Fax from C.Delaney re delinquent account; Review recent information; Email from Ogilvy Renault; Email to Gowlings; Draft memorandum re loan review; Fax from C.Delaney re LMS (loan management system) software; Call from C.Delaney	3.25
	CD Disc. with M. Martin re calls and account that was re-written; Mtg. with A. Garrison to review collection strategy and status on a sample of accounts selected for detailed review; Meeting with D. Inkster to review queries re: booking of fees, differences in LMS vs. AR Payoff for individual accounts, pay-off balances, unpaid interest balances, fee triggers in LMS, LMS' ability to identify potential problem accounts; Tie all banking transactions >\$10,000 for week ended May 14/10 into supporting banking documents; Meetings with S. Sobol re: new vendor, new cash flow projections required, LMS reporting; Summary of findings for review by AJP	7.92
	RS Responding to telephone enquiries from investors and creditors; Arrange issuance of CCAA Initial Order to Investors; Prepare summary notes of Lease agreement.	1.50
19/05/10	EDeL General administrative matters;	0.08
	AJP Memorandum re problem loans review; Call to C.Delaney; Review emails; Email from S.Sobol	5.33
	CD Emails to/from Nelson staff; Meeting with D. Inkster re AR Report vs. 30/60/90 day aging report and individual examples where Customer Payment History different from AR Report information; Review of delinquent account samples and Nelson's analysis thereof re possible bad debt provision;	6.92



		Hours	
		Receive and review fax letter from a concerned preferred shareholder; Receive and perform detailed review of Cash Flow actuals for week ended May 14/10; Call to S. Sobol re: AR Report at May 14/10 not available; Working papers and supporting documents for sampling of select delinquent accounts	
20/05/10	EDeL	General administrative matters;	1.00
	AJP	Meeting with C.Delaney re status; Prepare summary of possible delinquencies in preparation for meeting; Attendance at Nelson; Meeting with S.Sobol & M.Boutet re adequacy of bad debt provision etc.; Call to C.Prophet re status; Commence review & stratification of 2009 loans; Email from C.Delaney (various); Call from C.Delaney; Investor contact logs	7.50
	CD	Strategy meeting with AJP re delinquent accounts review and impact on provision for bad debts; Meeting with M. Boutet, S. Sobol, AJP and I to review findings from our detailed review of samples of delinquent accounts and the related impact on the bad debt provision; Email to D. Inkster re additional 15 accounts with Fees to be reviewed in detail; Disc. with AJP re next steps; Emails to office with documents; Meeting with S. Sobol re: outstanding reports, sample fees, questions relating to the liquidation scenario; Summarize findings for files; Call from lawyer representing a family of noteholders; Set up Liquidation Analysis spreadsheet and related assumptions	8.67
	RS	Responding to telephone enquiries from investors and creditors	0.33
21/05/10	EDeL	General administrative matters;	2.33
	CD	Meeting with AJP; Prepare spreadsheet for analysis of select 2009 accounts to send to S. Sobol for review; Investor calls; Prepare spreadsheets for select account sample Totals; Unapplied Interest, High Fees, Remainder; Review analysis of additional High Fee sample accounts as provided by D. Inkster; Send additional spreadsheets to S. Sobol with	6.83



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		Hours
	request for comments and related Customer Payment History and Call Log back-up; Emails to/from staff with requests; Emails to/from S. Sobol;	
21/05/10	AJP Email from S.Sobol; Prepare work program for review of 2009 loan portfolio & discuss same with C.Delaney; Review of 2009 loan portfolio & discuss same with C.Delaney; Review legal bill; C.Delaney re status	1.75
	RS Responding to telephone enquiries from investors and creditors; Verify data on loan portfolio.	1.00
24/05/10	AJP Email from supplier re post filing deposit; Email to supplier; General administrative matters; Review emails & faxes; Review status of corporate tax returns etc.	1.42
	CD Review and comment on 15 additional Fees' sample transactions as analyzed by Nelson; Review and comment on 25 2009 sample accounts as analyzed by Nelson; Complete Cash Flow package for week ended May 14/10; Email to S. Sobol requesting: missing supporting documents for 2009 transactions, 2007 financial statements in support of tax return filed, position of certain staff member	4.25
25/05/10	EDeL General administrative matters;	0.75
	RS Responding to telephone enquiries from investors and creditors	0.75
	AJP Detailed review of selected loan accounts as part of liquidation analysis etc.; Discuss with C.Delaney; Call from investor; Summarize findings; Detailed review of selected 2009 accounts; Assess magnitude of 2009 bad debt reserve requirements; Consider implications	8.83
	CD Disc. with AJP re strategy and priorities; Call to investor; Email responses from S. Sobol re queries raised yesterday; Reconcile 2009 data base to individual sample stratification samples; liquidation analysis assumptions; Investor calls; Request to S. Sobol re: 2009 loans spreadsheet, CRA Notice of Assessment, Revised Cash Flow Projections, operating cost details; Meeting with AJP to	6.58



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		Hours
	review results of sample accounts selected and conclusions re impact on allowance for doubtful accounts; Liquidation analysis and supporting schedules	
26/05/10	RS Responding to telephone enquiries from investors and creditors	0.17
	CD Email to S. Sobol re request for information on: operating cost details and cash flows; Meeting with AJP to review Liquidation analysis draft, discuss assumptions and next steps; Update from AJP on overall timing of Court reporting etc. based on disc. with TGF; Investor calls; Format 2009 loan report; Overhead assumptions in viability memo; Call to S. Sobol to follow-up on various outstanding items; Email to S. Sobol to confirm collection procedures and stats re accounts that require follow-up; Prepare for attending at Nelson on Thurs.; Enter Cash Flows on template; Talk to S. Sobol re: Energy Wise transactions and other follow-up items; Prepare Revised Cash Flow Projections working paper file; Disc. with AJP re allowance for doubtful accounts and impact; Receive, review and print 2009 write-off report; Disc. with AJP re status; Request Mar. 31/10 LMS AR report revised	7.42
	AJP Review investor contact logs; Review status of liquidation analysis with C.Delaney; Review outstanding issues & call to S.Aggarwal - leaving message; Call from S.Aggarwal; Review letter from investors counsel; Review 2009 loan volume data; Email from investor; Memorandum documenting methodology adopted re bad debt review; Refine conclusions & reserve worksheet; Call from investor	6.50
27/05/10	CD Meeting with S. Sobol re revised Cash Flow Projections, legal bill, new TD Bank account status, Lendcare status, OSC status, discuss re 2009 write-off report; Select and walk through 3 2009 write-off report examples with D. Inkster to understand how this	8.00



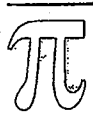
		Hours
	report ties into the accounting system; Review write-off samples with S. Sobol and agree on which items are included in write-off in the P&L; Disc. with AJP	
27/05/10	AJP Review emails; Portfolio analysis re 2009 bad debt writeoffs; Email to C.Delaney; Revise portfolio review to better reflect unearned discounts & fees; Summarize findings to date; Update memorandum supporting review & findings; Email from C.Delaney; Call from C.Delaney re 2009 bad debt write-offs; Continued review, modelling & estimation; Numerous calls with C.Delaney	7.67
28/05/10	CD Disc. with AJP re strategy and timing; Review Overall AFDA provision spreadsheet based on sampling work and discuss with AJP; Review estimated restructuring costs to include in revised Cash Flows and call S. Sobol to discuss; Review 2009 AFDA provision spreadsheet based on sampling work and discuss with AJP; Update delinquent accounts memo for new information received from S. Sobol on collection procedures; Disc. with AJP re Court dates and requirements; Send cash balance at May 21/10 to TGF	5.92
	RS Responding to telephone enquiries from investors and creditors; General administrative matters.	0.92
	AJP Planning; Review of 2009 loan portfolio; C.Delaney re key issues; C.Delaney re projections; Estimate ongoing restructuring costs; Call to S.Sobol to discuss cash flows & status; Email from S.Aggarwal; Call to S.Aggarwal; C.Delaney re developments; Completing review of 2009 loan portfolio & collectibility; Amending viability review conclusions for findings; Initial attempts at drafting Plan using new assumptions; Brainstorming options with C.Delaney; Email to S.Sobol	6.50
30/05/10	CD Cash Flow Projections review and comparison to previous assumptions; Email S. Sobol with queries	1.83



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		Hours	
31/05/10	EDeL	Preparing transcription of endorsement issued by the court; General administrative matters; Receive instruction from AJP re: document preparation; Prepare document;	2.50
	RS	Responding to telephone enquiries from investors and creditors; Logging investor change of address requests.	0.67
	CD	Review S. Sobol's emails and respond; Disc. with AJP re S. Sobol's email response and plan; Review working paper files; Organize files in preparation for meeting with S. Sobol tomorrow; Disc. with AJP re content of Court report for June 15, 2010; Disc. with S. Aggarwal at TGF and AJP re upcoming Court dates, M. Boutet's affidavit clarifications etc; Barrie lease disclaimer documents and memo; Disc. with S. Sobol and AJP re: bad debt provision meeting, implications on viability and the plan, meeting with B. Boutet and a preferred investor; Call from lawyer for clients of Nelson to confirm receipt of letter; Organize working paper files; Gather Barrie lease disclaimer documents for file; Prepare for attending at Nelson's offices tomorrow; Receive revised Cash Flow (budget amount) for week ended May 21/10; Email from D. Inkster to confirm that new TD bank account is open and to advise that banking documents in support of transactions > \$10,000 are available for my review;	5.08
	AJP	C.Delaney re status & email from S.Sobol; Call to S.Sobol - leaving message; C.Delaney re priorities; Email from F.Lamie; Review draft Boutet affidavit; Call to F.Lamie with comments; Email to S.Aggarwal; Email from F.Lamie re Alves; Further email to S.Aggarwal; Barrie Lease issue; Email from F.Lamie; Review revised draft affidavit; C.Delaney re strategy; Call to S.Aggarwal; Call to S.Sobol - leaving message; Update website; Call from S.Sobol; Brief review of requirements for claiming allowable business investment loss; Email from S.Aggarwal; Review draft report	5.17



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	Hours	Amount
For professional services rendered	296.28	\$99,957.21
Out of pocket expenses		
Fax		11.40
Mileage		459.54
Miscellaneous		173.25
Parking		98.00
Photocopies		329.10
Postage		0.57
Total out of pocket expenses		\$1,071.86
GST		\$5,051.45
Total amount of this bill		<u>\$106,080.52</u>

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User summary

User	Hours	Rate	Amount
A. John Page - President	131.23	385.00	\$50,523.55
Colleen Delaney CA, CA.CIRP	143.07	330.00	\$47,213.10
Emily DeLucia - Assistant	10.98	72.00	\$790.56
Rhonda Shepherd - Assistant Manager	11.00	130.00	\$1,430.00

13892 7470 RT0001



June 30, 2010

Nelson Financial Group Ltd.  
900 Dillingham Rd.  
Pickering ON L1W 1Z6

Acting as Monitor pursuant to the Companies'  
Creditors Arrangement Act

Invoice # 5187

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	Hours	Amount
For professional services rendered	334.35	\$114,253.25
Total out of pocket expenses		\$911.26
GST		\$5,758.23
Total amount of this bill		<u>\$120,922.74</u>

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13892 7470 RT0001

June 30, 2010

Nelson Financial Group Ltd.  
900 Dillingham Rd.  
Pickering ON L1W 1Z6

Acting as Monitor pursuant to the Companies'  
Creditors Arrangement Act

Invoice # 5187

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Billing for professional services

		Hours	
01/06/10	EDeL	General administrative matters;	0.33
	RS	Responding to telephone enquiries from investors and creditors; Arrange issuance of Notice to creditors; Logging investor change of address request.	1.92
	AJP	Email from Gowlings; Review Motion Record; Update website; Review draft report; Email to TGF; Email from S.Sobol; Email to S.Sobol; Email to C.Delaney; Attend at Pickering location; Meeting with M.Boutet; Meeting with S.Sobol; Investor correspondence; Email from investor; Email from S.Aggarwal; Drafting letter to S.Aggarwal re report; Email to S.Sobol; Call from C.Delaney; Email to S.Sobol	6.75
	CD	Tie in banking transactions >\$10,000 for week ended May 28/10 to banking documents and query same where necessary; Meeting with S. Sobol re:various outstanding items, new vendors, Lendcare, queries from cash flows etc; Review Monitor's Draft Court report; Confirm balance in new TD bank account; Review M. Boutet's affidavit of May 31/10 and Motion Record dated Jun 4/10; Review new cash flow assumptions; Meetings with S. Sobol and AJP re allowance for doubtful accounts approach and analysis; Review call logs; Speak to M. Martin re calls; Review potential impact of AFDA reserve on	7.50



		Hours
	Plan; Obtain updated AR balance for a vendor from D. Inkster; S. Sobol re detailed spreadsheets for high fee accounts; Revised cash flow projection template to S. Sobol; Review projected P&L to understand major items; Disc. with AJP re: timing, Plan and reporting	
02/06/10	AJP Email from C.Delaney; Call to C.Delaney; Email from S.Mitra; Email from S.Aggarwal; Review final version of 2nd Report; Call to C.Delaney; Call to S.Aggarwal; Further emails from C.Delaney; Notes; Review & respond to letters from investors	2.67
	CD Cash Flow file for week ended May 28/10; Call to S. Sobol re Thurs. meeting and clarify commission expense in P&L; Email D. Inkster with follow-up queries; Investor calls and discuss June date with Rhonda; Disc. with AJP re Plan and next steps; Draft Court report outline and supporting exhibits page; Emails to/from D. Inkster and AJP on various items	6.42
	RS Investor inquiries	0.58
03/06/10	CD Disc. with AJP; Return investor calls; Meeting with S. Sobol and AJP	8.17
	AJP Review emails; Update website; Prepare for & then attend at Pickering location; Call to C.Delaney re priorities; Meeting with S.Sobol re bad debt provision issue; Notes; Review investor contact logs etc.; Email from S.Aggarwal; Drafting letter to investors; Call from investor; Drafting memorandum on the loan portfolio review; C.Delaney re status	8.67
	RS Investor inquiries	0.67
04/06/10	EDeL General administrative matters; Transcribe court document to post on website	0.17
	AJP Review investor contact logs; Prepare for court; Attendance in court for extension application; Discussions with C.Prophet, S.Aggarwal, D.Turner, P.Foy & investor; Return call to National Post; C.Delaney re status; Call from Toronto Star; Transcription of endorsement; Updating website; Review status of report	6.67



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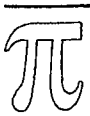
		Hours	
04/06/10	RS	Investor inquiries	0.25
06/06/10	AJP	Star article; Call to C.Delaney re cashflow issues & status of report; Email from C.Delaney; Review draft report; Drafting memorandum re bad debt provision; Notes	4.50
	CD	Receive and review Updated Cash Flow Projections and assumptions; Email S. Sobol with queries on Cash Flows; Prepare Court Report documents re updated cash flows; Conduct due diligence on assumptions; Prepare discussion points for AJP; Update sections of Court Report; Disc. with AJP re Court Report	4.00
07/06/10	JAP	Investor inquiries	1.25
	AJP	Email from investors; Email from Gowlings; Email to National Post; Update website; C.Delaney re status of cashflow & report; Bad debt memorandum; Call from investor; Call to S.Sobol; Viability review update memorandum; Brief staff re investor inquiries etc.; Consider implications of reduced volumes on viability review; Liquidation analysis review; Discussions with C.Delaney; Call from S.Aggarwal; Email to TGF	9.50
	EDeL	General administrative matters;	0.17
	CD	Email responses from S. Sobol on cash flows; Disc. with AJP; Revisions to Court Report; Conference call with S. Sobol to review certain items contained in cash flows in order to finalize version for reporting purposes; Email from S. Sobol to Lendcare collections; Call from D. Inkster re Lendcare info; Discuss liquidation analysis assumptions and support with AJP; Discuss viability review with AJP; Revise 2009 Loan Portfolio valuation based on S. Sobol's work and my review of same; Court Report; Agree cash flow assumptions into amounts; Investor calls and review investor call logs; Discuss re approach to certain investor calls	8.50
08/06/10	JAP	Investor inquiries; General administrative matters	0.58



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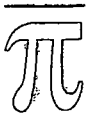
		Hours	
08/06/10	AJP	Continued work on liquidation analysis including assessment of impact of activities since March 31/10; C.Delaney re above; E.DeLucia re investor inquiries; Review Sobol comments on bad debt review; Calculation of bad debt provision & tie into Quickbooks; Call to S.Sobol to discuss; Review QB-LMS comparison worksheet; Further call with S.Sobol; Finalize bad debt review memorandum; Consider results of preferred shareholder inquiry review; Call to S.Aggarwal; Drafting update to viability review memorandum	8.58
	CD	Meeting with AJP re liquidation analysis roll forward assumptions; Update restructuring costs detail schedule that agrees to cash flows to Sept. 10/10; Email S. Sobol with queries; Disc. with S. Sobol re restructuring costs and lease portfolio valuation; Investor calls; Disc. revisions to bad debt provisions based on S. Sobol's work and my review and conclusion; Review 2009 sample accounts with AJP; Court Report drafting; Court Exhibit formatting; Respond to email from supplier to Nelson; Cash Flow working paper file; Review Loan Portfolio memo;	6.50
09/06/10	JAP	Investor inquiry	0.17
	AJP	Updating viability review; Liquidation analysis; Worksheet & memorandum; C.Delaney re status; Review & supplement third report; Review updated cashflow & assumptions; Email to C.Prophet; Email to S.Aggarwal	10.50
	CD	Review Loan Portfolio Review memo and Liquidation Analysis memo; Disc. Court Report with AJP; Working paper files; Emails from S. Sobol: Thurs. meeting, Cash Flows working papers for w/e Jun 4/10; Review call logs; Court Report revisions and review; Prepare to attend at Nelson's office on Thurs.	6.50
10/06/10	AJP	Email to C.Delaney; General administrative matters; Drafting report; Meeting with S.Aggarwal re report etc.; Call from C.Delaney & S.Sobol re draft report;	8.08



		Hours
	Continued review & editing report & exhibits; Call from C.Prophet; Call from investor; Call to M.Boutet - leaving message; Email to investor; Calls with investor re exhibit; Call to S.Aggarwal; C.Delaney re status; J.A.Page re FAQ etc. for next week	
10/06/10	JAP CD	1.25 8.08
	General administrative matters	
	Agree banking transactions >\$10,000 to supporting documentation for the week ended June 4/10; Review M. Martin's call logs; Review draft Monitor's report with M. Boutet and S. Sobol; Disc. with M. Martin re: calls and loan volumes/mix; Conf. call with AJP and S. Sobol re overall views; Due Diligence on Cash Flows for week ended Jun 4/10; New Cash Flow Monitoring Template based on updated Cash Flows; Cash Flow working paper file; Review of investor call logs; Update FAQ's; Review 2007 Assessment Notice from CRA; Disc. with staff re investor calls; Review drafts of Monitor's report	
11/06/10	CD	6.25
	Response from S. Sobol re creditor enquiry; Discuss and update FAQ's; Review black-lined Monitor's report; Call from significant investor; Review revisions to Monitor's report; Review M. Boutet's draft affidavit; Review of call logs; Review exhibits for Monitor's report; Incorporate new exhibits; Disc. with AJP re report, Court attendance, next steps	
	JAP	1.17
	General administrative matters; Working on FAQs; Discussions with C.Delaney re investor inquiries; Review letter from Alberta lawfirm re investor claim and court order	
	AJP	8.58
	Email from investor; Email to investor; Email from TGF; Review & revise draft report received from TGF; C.Delaney re report & logistics; Email to S.Aggarwal; Call to S.Aggarwal; Call from investor; Email from S.Aggarwal; Review draft documents from Gowlings; Call from S.Aggarwal; Further review & amendments to the report; Review cashflow forecast working papers & sign Monitor's Report on same; Brief review of	



		Hours	
		cashflow results; Review exhibits; Further call with S.Aggarwal; Sign report; Drafting letter to S.Aggarwal; Approve all documents; Review & comprising report for service & posting; Email from F.Lamie; Review motion record; Updating website	
11/06/10	Ass	General administrative matters; Responding to investor enquiries	2.50
12/06/10	AJP	Drafting letter to M.Boutet; General administrative matters; Review investor contact logs; Brief review of most recent corporate tax returns; Review & supplement	1.83
13/06/10	AJP	Drafting FAQ	0.33
14/06/10	JAP	General administrative matters; Investor inquiries	0.75
	EDeL	Responding to telephone enquiries from investors and creditors	0.25
	AJP	Update FAQ; Call from investor; Finalize & then discuss telephone inquiry announcement with staff; Call to investor; C.Delaney re recent investor inquiries; Further call from investor; Call to M.Boutet - leaving message; Investor inquiry; C.Delaney re investor inquiry; Call from M.Boutet; Call to preferred shareholder; Email from C.Prophet; Review draft orders; Call to S.Aggarwal; Prepare for court	7.08
	CD	Disc. with AJP; Review in box; Investor calls; Discuss approach to calls given Monitor's third report; Review new Investor script; Disc. with M. Martin at Nelson and internal staff re new Investor script; Review Investor call logs; Receive and review shareholder letter re rep counsel; Obtain updated Foscarini schedule; Prepare documents for Court hearing; Review Orders for Court hearing	3.83
15/06/10	JAP	General administrative matters; Meeting with C.Delaney re new FAQs after court; Change of address postings	0.67
	EDeL	Responding to telephone enquiries from investors and creditors; Prepare endorsement by Madam Justice Pepall	1.00



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		Hours	
15/06/10	AJP	Prepare for court; Revising plan; Drafting key points/timetable re claims process; Review precedents; Attendance in court for extension application; Discussions with counsel etc. in attendance; C.Delaney re strategy; Email from investor; Email from Gowlings; Update announcement; Review rules re ABILS (Allowable business investment losses); Notes; General administrative matters	8.58
	CD	Disc. with AJP re claims process, timing, strategy; Prepare for Court attendance; Attend at Court and related meetings; Investor calls; Meeting with AJP re timing and logistics; Update FAQ's and train staff on changes;	7.50
16/06/10	EDeL	General administrative matters; Responding to telephone enquiries from investors and creditors	1.33
	JAP	General administrative matters; Investor inquiry & change of address procedure	0.33
	AJP	Update website; Update draft plan for recent developments; Prepare for investor meeting; Long meeting with selected investors to discuss restructuring option; Call from investor; General administrative matters; Update action plan; C.Delaney re claims process logistics & other issues	9.25
	CD	Review of Court endorsement; Calls from investors and preferred shareholders; Review new Plan version and discuss same with AJP; Emails; Meeting with investors to road test the draft Plan and generate additional scenarios; Email to S. Sobol in preparation for attendance at Nelson tomorrow; Disc. with AJP re claims process dates, investor meeting date etc.	6.92
17/06/10	EDeL	General administrative matters; Responding to telephone enquiries from investors and creditors;	0.67
	JAP	General administrative matters; Investor inquiry	0.17
	AJP	Notes; Review enquiry from potential purchaser; Review letter from lawyer re preservation order; Email to TGF; Call to	6.50





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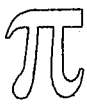
		Hours
	D.Turner - leaving message; Call from D.Turner; Review investor contact logs & change of address requests; Agenda for claims process meeting; Review forms of claims process orders; Draft outline for investors information meeting; C.Delaney re status; Email to C.Prophet et.al. re claims process precedent; Review email from investor; Review weekly cashflows; Review and approve transcription of endorsement for posting; Updating website; Return call to investor; Call from S.Aggarwal; Call from investor	
17/06/10	CD Review bank transaction detail for trans >\$10,000 for Week End Jun 11 10; Meeting with S. Sobol to review operation update, investor data base update, mailing capabilities, cash flows etc.; Investor and preferred shareholder calls; Receive and review Cash Flow actuals for week ended Jun 11 10 and perform due diligence; Meeting with AJP re: information meeting, claims process, preferred shareholder calls; Call from Nelson staff re Monitor's report on website; Emails; Review list of preferred shareholders	6.33
18/06/10	CD Meeting with TGF, Gowlings and AJP to discuss timetable and other issues; Investor calls; Emails; Review Claims Order; Email from preferred shareholder; Call to S. Sobol to upate and to discuss database information required and review of investor balances that Monitor is required to do; Select 5 sample investors and email to S. Sobol to prepare supporting documents	4.50
EDeL	Responding to telephone enquiries from investors and creditors	0.17
AJP	Email from S.Sobol; Review letter from investor; Call from investor; Prepare for meeting; Call from D.Turner; Meeting with C.Prophet, S.Aggarwal et.al.; Consider timeline logistics; C.Delaney re claims process issues; Call to S.Sobol - leaving message	3.75



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		Hours	
19/06/10	AJP	Review investor contact logs; Email from investors; Email to investors; Review letter from investor; Emails to a number of investors; Review letter from law firm; Email to C.Prophet et.al.; Initial preparations for presentation to investors	4.42
21/06/10	JAP	Investor inquiry	0.17
	EDeL	General administrative matters; Responding to telephone enquiries from investors and creditors	0.75
	AJP	Email from investor; Email to investor; Call from investor; Prepare for & then attend meeting at TGF re claims process & plan timetable etc.; Update action plan; Call to tax accountant - leaving message; C.Delaney re priorities; Email re tax services; C.Delaney re investor inquiry; Call to investor; Fax from investor; Email to TGF et.al.; Email to TGF re OSC issue	7.92
	CD	Meeting with Gowlings and TGF to review timetable, logistics, allocation of duties through to plan implementation; Emails to from S. Sobol; Investor calls; Strategy meeting with AJP; Calls from Preferred shareholders; Disc. with AJP re various issues; Email re investor	5.67
22/06/10	EDeL	Responding to telephone enquiries from investors and creditors; General administrative matters;	0.50
	CD	Investor calls; Disc. with S. Sobol re venue options for Noteholder meeting; Disc. with D. Turner re noteholder meeting venue and prep for meeting with him on Jun 23rd; Disc. with S. Sobol re various items; Complete test sample of noteholder balances at Mar. 23/10 - agree to source documents and check accrued interest and total calculation to Mar. 23/10; Investor calls; Disc. with AJP re strategy and priorities; Disc. with AJP re co-investor issue uncovered in test samples; Call to TGF; Barrie lease letter for M. Boutet to sign on Jun. 22nd	6.75



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		Hours	
22/06/10	JAP	General administrative matters; Investor inquiries	0.25
	AJP	Email to TGF re OSC issue; Email to TGF re fee approval & redacting; Message from investor; C.Delaney re investor database initial review; Call to M.Boutet; Call to tax lawyer - leaving message; Call to A.Church - leaving message; Email from investor; Review Barrie lease disclaimer request; Discuss same with C.Delaney; Call from A.Church; Review examples of investor note; C.Delaney re co-owner & interest accrual issue; Call to S.Aggarwal - leaving message; Email from J.Grout; Email to C.Prophet et.al.; Call from S.Aggarwal; C.Delaney re developments; Review investor notes & structure summary for S.Aggarwal; Review investor contact logs; Call from A.Church	6.33
23/06/10	EDeL	General administrative matters; Responding to telephone enquiries from investors and creditors	0.92
	CD	Disc. with AJP; Draft outline for power point presentation; Review D. Turner's memo and timetable; Calls and emails to S. Sobol re various items; Prepare for meetings at Nelson on Jun 24th; Draft timetable going forward; Conduct review of supporting documents for sample of 2 preferred shareholders	6.67
	AJP	Call from P.Howlett of EvansMartin re tax; Fax from D.Turner; C.Delaney re priorities; Review & update draft timeline; Review D.Turner plan; Further refine timeline; C.Delaney re powerpoint; Email to EvansMartin setting out tax advise needs; Email to S.Aggarwal re co-owner issue; Prepare for meetings with M.Boutet & D.Turner	4.83
24/06/10	CD	Disc. with AJP re meeting Agenda; Tie in bank trans. >\$10k for W/E Jun 18/10 to source documents; Meeting with AJP, S. Sobol and M. Boutet to review: timetable, claims process requirements and logistics going forward; Review M. Martin's call logs and meet with her to discuss; Meeting with	8.50



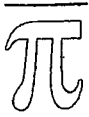
		Hours
	AJP and D. Turner to review timetable, issues raised by him and plan Jul. 21/10 meeting; Meeting with AJP, D.Turner, M. Boutet, S. Sobol to review various issues raised by D. Turner and to discuss timetable going forward; Strategy meeting with AJP; Meeting with S. Sobol and AJP to review the noteholder and preferred shareholder data bases, discuss edits required, map out information required for claim forms, discuss logistics re: claim documents, sampling of database, mailings etc	
24/06/10	EDeL Responding to telephone enquiries from investors and creditors	0.33
	AJP Attend at Pickering location; Review & consider back up etc. to typical preferred share investments; Emails with P.Howlett; Email to S.Aggarwal re negative confirmation options; Email from S.Aggarwal; Prepare for meeting; Meeting with M.Boutet & S.Sobol re status, timeline & latest plan; Meeting with S.Sobol & C.Delaney re claim process & preparation of negative confirmation statements; Further emails with S.Aggarwal; Map out plan for production & testing of noteholder balance confirmation; Discuss plan with S.Sobol; Meeting with D.Turner & discuss timetable, background & planned meeting; C.Delaney re plans	10.33
25/06/10	CD Email to Gowlings re D. Turner's appt. documents; Review, select and email sample of noteholders and preferred shareholders to S. Sobol for due diligence work; Book room for July 21st noteholders' meeting; Investor calls; Emails to S. Sobol, D. Turner, AJP; Review cash flows for W/E Jun. 18 and perform due diligence; Note and summaries; Update Action Plan list; Create cash flow working paper file	4.00
	EDeL Responding to telephone enquiries from investors and creditors	0.42
	AJP Email from C.Delaney; Email from F.Lamie; Email to D.Turner; Email from J.Grout; Email from investor; Email to investor;	4.25



Nelson Financial Group Ltd.

Page 12

		Hours
	Further emails with C.Delaney; Call to C.Delaney re database; Review draft rep counsel order; Email to J.Grout; Email from S.Aggarwal; Email to S.Aggarwal; Review investor contact logs; Notes; Consider claim procedure database review issues; Email from J.Grout; Review & approve proposed BarrieLease disclaimer; Email to F.Lamie; Review request re deceased investor; Email to S.Sobol; Drafting letter to preferred shareholder; Email from S.Aggarwal; Draft meeting notice	
28/06/10	EDeL General administrative matters; Responding to telephone enquiries from investors and creditors	1.58
	AJP General administrative matters; Email from investor; Fax from investor; C.Delaney re status; Email from S.Aggarwal; Review draft report; Email to S.Aggarwal; Call to S.Aggarwal - leaving message; Drafting letter to investor; Call with S.Aggarwal; Email to S.Aggarwal re report; Call from P.Howlett of EvansMartin re tax losses; Email from F.Lamie re disclaimer; Review document; Email to F.Lamie; Review draft Powerpoint outline; Email to investor; Sign lease disclaimer notice; Investor contact logs	5.83
	EDeL General administrative matters; Responding to telephone enquiries from investors and creditors	0.92
	CD Investor calls; Set up Investor Database due diligence review; Emails to/from S. Sobol on various issues; Update Power Point draft for July 21st Noteholder meeting; Due diligence work on Noteholder database samples; Disc. with AJP re Jul. 21/10 meeting;	6.17
29/06/10	CD Investor calls; Meeting with AJP re: changes of addresses and claims procedures related thereto; Call with AJP and S. Sobol re investor database, and changes of address going forward; Due diligence on noteholder and preferred shareholder samples from Investor database back to source documents;	7.83



		Hours	
	Confirm Jul 21/10 meeting room details and review Noteholder notice re same; Investor calls; Working paper file for Investor database sample review		
29/06/10	JAP General administrative matters; Investor inquiry	0.17	
	AJP Emails from investor; Email to investor; C.Delaney re status; Meeting logistics; Email from investor; General administrative matters; Review change of address (COA) requests; Consider policy both now & post claims process; Conference call - C.Delaney & S.Sobol to discuss COA procedures etc.; Email to S.Sobol re COA; Review letter from Gowlings; Review investor contact logs; Draft information meeting notice; C.Delaney re strategy; Call from S.Aggarwal; Email from investor; Email to D.Turner; Call from tax lawyer; Respond to investor emails; Further COA emails to S.Sobol	8.42	
30/06/10	CD Investor calls; Disc. with staff re investor calls; Due diligence on sample noteholder balances; Disc. with AJP; Emails to/from S. Sobol re various items; Disc. re ads for Claims Process notice; Review legal bill; Prepare for attendance at Nelson on July 5th	6.42	
	JAP General administrative matters; Investor inquiries	0.33	
	AJP Email from S.Aggarwal; Review draft 4th report; Email to S.Aggarwal; Review letter from investor; General administrative matters; C.Delaney re newspaper ads; Review letter from TGF; Investor inquiry issues; Issue re mailing meeting notices; Email to investor; C.Delaney re investor inquiries; Lease disclaimer issue; Email re LG; Email to C.Prophet; Investor contact logs; Email from S.Aggarwal; Call to S.Aggarwal; Drafting letter to S.Aggarwal	4.50	
		<hr/>	Amount
	For professional services rendered	334.35	\$114,253.25



Nelson Financial Group Ltd.

Page 14

## Out of pocket expenses

	Amount
Fax	1.80
Mileage	349.65
Parking	70.00
Photocopies	488.10
Postage	1.71
Total out of pocket expenses	<u>\$911.26</u>
GST	\$5,758.23
Total amount of this bill	<u><u>\$120,922.74</u></u>

## User summary

User	Hours	Rate	Amount
A. John Page - President	168.65	385.00	\$64,930.25
Casual Labour	2.50	72.00	\$180.00
Colleen Delaney CA, CA.CIRP	143.01	330.00	\$47,193.30
Julia A. Page BA - Assistant	7.26	113.00	\$820.38
Emily DeLucia - Assistant	9.51	72.00	\$684.72
Rhonda Shepherd - Assistant Manager	3.42	130.00	\$444.60

13892 7470 RT0001

**EXHIBIT** "C"

**A. John Page & Associates Inc. as CCAA Monitor of Nelson Financial Group Ltd.  
Schedule of Time Spent by Staff Members  
March - June 2010**

<b>Staff</b>	<b>Year Obtained CA</b>	<b>Year Received Trustee's License</b>	<b>Hours</b>	<b>Average rate per hour</b>	<b>Total</b>
<b>President</b>					
A. John Page, CA•CIRP, Trustee	1979 (England) 1982 (Canada) 1990 (FCA England)	1986	582.84	\$385	\$224,393.40
<b>Senior Vice President</b>					
Colleen Delaney, CA•CIRP, Trustee	1984	1993	534.58	\$330	\$176,411.40
<b>Managers</b>					
Catherine Vangelisti, BBM			9.18	\$173	\$1,588.14
Rhonda Shepherd			47.18	\$130	\$6,133.40
<b>Assistants</b>					
Julia Page, BA			11.34	\$113	\$1,281.42
Assistants			52.13	\$72	\$3,753.36
			<u>1237.25</u>	\$334	<u>\$413,561.12</u>



IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF NELSON FINANCIAL GROUP LTD.

Applicants  
Court File No.: 10-8630-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

Proceedings commenced at Toronto

AFFIDAVIT OF A. JOHN PAGE  
(Sworn July 16, 2010)

ThorntonGroutFinnigan LLP  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Canadian Pacific Tower  
Toronto-Dominion Centre  
Toronto, ON M5K 1K7

Seema Aggarwal (LSUC# 50674J )  
Tel: 416-304-0603  
James H. Grout (LSUC# 22741H)  
Tel: 416-304-0557  
Fax: 416-304-1313

Lawyers for the Monitor.

# TAB 4

Court File No. 10-8630-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C., 1985 c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF NELSON FINANCIAL GROUP LTD. (the "Applicant")**

**Applicant**

**AFFIDAVIT OF JAMES H. GROUT  
(Sworn July 16, 2010)**

I, **James H. Grout**, of the City of Toronto, in the Province of Ontario,  
**MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Barrister and Solicitor qualified to practice law in the Province of Ontario and am a partner with ThorntonGroutFinnigan LLP ("**TGF**"), solicitors for A. John Page & Associates Inc. in its capacity as the monitor (the "**Monitor**") of the Applicant and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto as **Exhibit "A"** are true copies of the invoices forwarded to the Monitor by TGF for fees and disbursements incurred by TGF in the course of the monitoring of the Applicant between March 1, 2010 and June 30, 2010 (the "**TGF Accounts**"). The TGF Accounts have been redacted to protect information subject to solicitor-client privilege and confidential information.

3. Attached hereto as **Exhibit "B"** is a schedule summarizing each invoice in Exhibit "A", the total fees charged per invoice, the total billable hours charged per invoice and the average hourly rate charged per invoice.

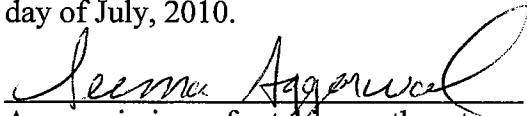
4. Attached hereto as **Exhibit "C"** is a schedule summarizing the respective years of call and billing rates of each of the solicitors and other personnel at TGF who acted for the Monitor.


5. To the best of my knowledge, the rates charged by TGF throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services.

6. The hourly billing rates outlined in Exhibit "C" to this Affidavit are comparable to the hourly rates charged by TGF for services rendered in relation to similar proceedings.

7. I make this affidavit in support of the motion for, *inter alia*, approval of the fees and disbursements of the Monitor's counsel.

**SWORN BEFORE ME**  
at the City of Toronto, in the  
Province of Ontario this 16<sup>th</sup>  
day of July, 2010.

  
A commissioner for taking oaths, etc.

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**James H. Grout**

**ThorntonGroutFinnigan**  
THE RESTRUCTURING & LITIGATION BOUTIQUE

**EXHIBIT** "A"

James H. Grout  
Direct: 416-304-0557 E-mail: jgrout@tgf.ca  
File No.: 1363-001

April 19, 2010

John Page  
A. John Page & Associates Inc.  
Suite 447  
100 Richmond Street West  
Toronto, ON M5H 3K6

Dear Mr. Page:

**Re: Nelson Financial Group Ltd,**

Enclosed herewith please find our account for professional services rendered and disbursements incurred for the period up to and including March 31, 2010 which we trust you will find satisfactory.

If you have any questions with respect to our account, please do not hesitate to contact the undersigned.

Yours very truly,

**ThorntonGroutFinnigan LLP**



James H. Grout

JHG\*pt  
Encl.

**ThorntonGroutFinnigan LLP**

# ThorntonGroutFinnigan LLP

A. John Page & Associates Inc.  
100 Richmond Street West  
Suite 447  
Toronto, ON M5H 3K6

April 19, 2010

Attention: John Page

Invoice No. 22632

File No.: 1363-001

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**RE: Nelson Financial Group Ltd., Nelson Investment Group Ltd., Nelson Mortgage Group Ltd. and Marc Boute**

**TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING**  
for the period ending: March 31, 2010

**FEES**

Mar-18-10 Discussions with counsel for Nelson and client; order searches; emails with counsel and client;

Mar-19-10 Emails with clients;

Mar-20-10 Review draft affidavit, report and order; email to client and counsel;

Mar-22-10 Discussions with client and debtor's counsel; review Monitor materials; prepare for initial CCAA application;

Mar-23-10 Prepare and attend in Court on initial CCAA application; emails with OSC and client; emails and discussions with Nelson's counsel;

Conduct corporate, PPSA, bankruptcy, Bank Act and execution searches;

Mar-24-10 Prepare and met with client; met with client and OSC; met with Nelson's counsel; call to OSC regarding Information Protocol; discussions with client and Nelson's counsel;

Mar-25-10 Emails with client and Nelson's counsel; review searches;

Mar-26-10 Emails regarding Mackie security and claims of [REDACTED]

Mar-27-10 Review notes and term sheet and term sheet for preferred shares; email to client; email from investor;

Mar-29-10 Review Mackie security agreements and letter to client;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>	
James H. Grout	17.60	
Annette Fournier (Law Clerk)	0.50	
Total Fees	\$15,537.50	
GST on Fees	\$776.88	
<b>Total Fees and GST</b>		<b>\$16,314.38</b>
<b><u>DISBURSEMENTS</u></b>		
Couriers	\$3.00	
Fee for searches/registrations	\$419.00	
Photocopies	\$76.25	
Disbursements for searches/registrations *	\$409.20	
Total Taxable Disbursements	\$498.25	
GST on Taxable Disbursements	\$24.91	
Total Non Taxable Disbursements	\$409.20	
<b>Total Disbursements and GST</b>		<b>\$932.36</b>
<b>Total Due and Owing</b>		<b>\$17,246.74</b>

**ThorntonGroutFinnigan LLP**



Per: James H. Grout

E. & O. E. GST # 87042 1039RT \* GST Exempt #Includes PST

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 4.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

**ThorntonGroutFinnigan LLP**

Tel:(416)304-1616 Fax:(416)304-1313 www.tgf.ca  
Suite 3200, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Canada M5K 1K7

# ThorntonGroutFinnigan

THE RESTRUCTURING & LITIGATION BOUTIQUE

James H. Grout  
Direct: 416-304-0557 E-mail: jgrout@tgf.ca  
File No.: 1363-001

May 13, 2010

John Page  
A. John Page & Associates Inc.  
Suite 447  
100 Richmond Street West  
Toronto, ON M5H 3K6

Dear Mr. Page:

**Re: Nelson Financial Group Ltd,**

Enclosed herewith please find our account for professional services rendered and disbursements incurred for the period up to and including April 30, 2010 which we trust you will find satisfactory.

If you have any questions with respect to our account, please do not hesitate to contact the undersigned.

Yours very truly,

**ThorntonGroutFinnigan LLP**



James H. Grout

JHG\*pt  
Encl.



# ThorntonGroutFinnigan LLP

A. John Page & Associates Inc.  
100 Richmond Street West  
Suite 447  
Toronto, ON M5H 3K6

May 13, 2010

Attention: John Page

Invoice No. 22717

File No.: 1363-001

**RE: Nelson Financial Group Ltd., Nelson Investment Group Ltd., Nelson Mortgage Group Ltd. and Marc Boute**

**TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING**  
for the period ending: April 30, 2010

**FEES**

- Apr-01-10 Discussions with Nelson's counsel regarding claims process and OSC;
- Apr-05-10 Discussions with client regarding viability analysis and OSC investigation and proposed claims process;
- Apr-06-10 Met with debtor's counsel regarding claims process;
- Apr-07-10 Emails and discussions with client and debtor's counsel regarding [REDACTED] and restructuring options;
- Apr-09-10 Discussions with P. Foy of OSC; review OSC and Nelson compliance correspondence; met with client and Nelson's counsel to discuss loss of customer, proposed replacement and viability issues;
- Apr-12-10 Emails regarding loan portfolio and extension motion;
- Apr-13-10 Discussions and emails with client and counsel regarding extension motion;
- Apr-14-10 Discussions with client; review and revise Court Report;
- Apr-15-10 Discussions with client regarding Court Report; revise Report; discussions with Nelson's counsel and P. Foy of OSC regarding report, extension motion;
- Apr-16-10 Letter to service list serving Court Report; review Nelson's motion materials;
- Apr-19-10 Discussions with client and counsel for Nelson regarding liquidation analysis and extension of the stay and discussions with OSC;
- Apr-20-10 Met with S. Aggarwal regarding extension motion; letters regarding secured claims and

extension motion;

Meet with J. Grout regarding status of matter and attendance in court for April 22; review emails between counsel regarding motion;

- Apr-21-10      Emails regarding extension motion and treatment of secured claims;
- Receive and review emails; review motion record returnable April 22 and Monitor's First Report;
- Apr-22-10      Attend motion for interim extension of CCAA stay;
- Apr-23-10      Emails regarding Mackie security;
- Apr-24-10      Emails regarding meeting with OSC;
- Apr-26-10      Emails with client and OSC regarding viability report;
- Apr-27-10      Emails from investors regarding restructuring proposals; discussions with client and counsel regarding restructuring issues; met with OSC;
- Review and respond to emails;
- Apr-28-10      Letters regarding [REDACTED] complaints; draft Supplementary Court Report; file motion record;
- Prepare for and attend 9:30 a.m. scheduling hearing regarding Lendcare; brief discussion with J. Grout regarding same; email to J. Page regarding same; brief discussion with J. Grout regarding meeting with OSC;
- Apr-29-10      Discussions with counsel and client; review factum; emails regarding Mackie security position;
- Discussion with J. Page regarding Lendcare and Monitor's Report; emails regarding stay extension motion and other issues;
- Apr-30-10      Prepare and attend in Court on extension motion; review Mackie security and discussions with client and counsel;
- Attend motion to extend stay of proceedings;
- And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>	
James H. Grout	19.80	
Seema Aggarwal	8.50	
Total Fees		\$20,937.50
GST on Fees		\$1,046.88
<b>Total Fees and GST</b>		<b>\$21,984.38</b>

**DISBURSEMENTS**

Binding	\$11.69	
Photocopies	\$122.50	
Total Taxable Disbursements	\$134.19	
GST on Taxable Disbursements	\$6.71	
Total Non Taxable Disbursements	\$0.00	
<b>Total Disbursements and GST</b>		<b>\$140.90</b>
<b>Total Due and Owing</b>		<b>\$22,125.28</b>

ThorntonGroutFinnigan LLP



Per: James H. Grout

E. &amp; O. E. GST # 87042 1039RT \* GST Exempt #Includes PST

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 4.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

### ThorntonGroutFinnigan LLP

Suite 3200, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Canada M5K 1K7  
Tel:(416)304-1616 Fax:(416)304-1313 www.tgf.ca

# ThorntonGroutFinnigan

THE RESTRUCTURING & LITIGATION BOUTIQUE

James H. Grout  
Direct: 416-304-0557 E-mail: jgrout@tgf.ca  
File No.: 1363-001

June 16, 2010

John Page  
A. John Page & Associates Inc.  
Suite 447  
100 Richmond Street West  
Toronto, ON M5H 3K6

Dear Mr. Page:

**Re: Nelson Financial Group Ltd,**

Enclosed herewith please find our account for professional services rendered and disbursements incurred for the period up to and including May 31, 2010 which we trust you will find satisfactory.

If you have any questions with respect to our account, please do not hesitate to contact the undersigned.

Yours very truly,

**ThorntonGroutFinnigan LLP**



James H. Grout

JHG\*pt  
Encl.

**ThorntonGroutFinnigan LLP**

Suite 3200, Canadian Pacific Tower, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Canada M5K 1K7  
Phone: (416) 304-1616 Fax: (416) 304-1313 www.tgf.ca

# ThorntonGroutFinnigan LLP

A. John Page & Associates Inc.  
100 Richmond Street West  
Suite 447  
Toronto, ON M5H 3K6

June 16, 2010

Attention: John Page

Invoice No. 22881

File No.: 1363-001

**RE: Nelson Financial Group Ltd., Nelson Investment Group Ltd., Nelson Mortgage Group Ltd. and Marc Boute**

**TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING**  
for the period ending: May 31, 2010

**FEES**

- May-04-10 Met with S. Aggarwal; review CCAA and motion materials and discussions with Nelson's counsel regarding Lendcare disclaimer;
- Discussion with C. Prophet regarding chambers appointment and timetable; discussion with J. Page regarding timetable; attend chambers appointment; discussion with J. Grout regarding timetable; conference call with J. Grout and C. Prophet regarding disclaimer of Lendcare agreement; discussion with H. Chaiton regarding Monitor's position on same;
- May-05-10 Review [REDACTED] and email from Nelson's counsel;
- Review emails; review draft [REDACTED];
- May-06-10 Emails from Nelson's counsel;
- Receive and review service of affidavits regarding Lendcare disclaimer;
- May-07-10 Emails regarding Lendcare disclaimer issue;
- Review and respond to emails regarding Lendcare disclaimer;
- May-10-10 Emails with S. Aggarwal regarding Lendcare disclaimer motion;
- Review court materials regarding Lendcare disclaimer; emails with J. Grout regarding same;
- May-11-10 Emails regarding Lendcare disclaimer motion;
- Discussion with J. Page regarding Lendcare disclaimer; email to C. Prophet regarding timetable; provide instruction to A. Shepherd regarding research [REDACTED]; review research; emails and discussions with A. Shepherd regarding same;
- Researching issue [REDACTED] discussing same with S. Aggarwal;

- Ma, 12-10      Review statement of allegations; discussions with S. Aggarwal; emails with counsel for Nelson and Mackie;

Review voicemail message from and discussion with C. Prophet regarding Monitor's Report; email to and discussion with D. Barirassa regarding same; email to C. Prophet, D. Barirassa and H. Chaiton regarding same; discussion with J. Grout regarding status;
- May-13-10      Met with S. Aggarwal; emails with counsel; draft letter to OSC; met with client and S. Aggarwal [REDACTED];

Schedule meetings and conference calls; meet with J. Grout, J. Page and C. Delaney regarding [REDACTED]; conference call with J. Page, C. Delaney, C. Prophet and M. Boutet regarding same;
- May-14-10      Met with S. Aggarwal regarding status of restructuring efforts;
- May-18-10      Review email from J. page regarding Veridian Connections;
- May-26-10      Review voicemail message from J. Page; discussion with J. Page regarding status; discussion with J. Grout regarding same; leave voicemail message for C. Prophet;
- May-27-10      Discussion with C. Prophet regarding status and next steps;
- May-28-10      Attend at chambers appointment regarding court dates and status; email to J. Page regarding same; discussion with J. Page regarding court report and timing; receive and review email from C. Delaney regarding cash position; draft Second Report; discussion with J. Grout regarding status and restructuring plan;
- May-31-10      Review stay extension affidavit; discussions with Nelson's counsel; met with S. Aggarwal;

Draft second report; discussions with F. Lasmie regarding affidavit and meeting with Douglas Turner; discussion with D. Turner; discussion with J. Page regarding status; discussion with P. Foy; email draft report to J. Page and C. Delaney; review and respond to emails;
- Jun-01-10      Review and respond to emails; review motion record regarding short stay extension; revise second report; discussion with J. Grout regarding rep counsel;
- Jun-02-10      Discussion with D. Turner regarding rescheduling meeting and appointment of regarding counsel; email revised second report overtime expenses cliental discussion with J. Page; discussion with C. Prophet and F. Lamie;
- Jun-03-10      Arrange for filing of second report; review and respond to emails; discussion with S. Mitra regarding OSC proceeding; and costs thereof;
- Jun-04-10      Prepare for and attend stay extension motion; meet with company, Gowlings and Monitor regarding restructuring plan;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>	
James H. Grout	7.20	
Seema Aggarwal	24.80	
Alana Shepherd (Student)	1.90	
Total Fees		\$17,267.50
GST on Fees		\$863.38
<b>Total Fees and GST</b>		<b>\$18,130.88</b>

**DISBURSEMENTS**

Computer Research	\$109.93	
Facsimiles	\$4.75	
Photocopies	\$248.50	
Telephone	\$0.54	
Filing of First Report of Monitor	\$27.00	
Filing of Supplement to the First Report of the Monitor	\$27.00	
Total Taxable Disbursements	\$417.72	
GST on Taxable Disbursements	\$20.89	
Total Non Taxable Disbursements	\$0.00	
<b>Total Disbursements and GST</b>		<b>\$438.61</b>
<b>Total Due and Owing</b>		<b>\$18,569.49</b>

**ThorntonGroutFinnigan LLP**



Per: James H. Grout

E. & O. E. GST # 87042 1039RT \* GST Exempt #Includes PST

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 4.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

**ThorntonGroutFinnigan LLP**

Suite 3200, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Canada M5K 1K7  
Tel:(416)304-1616 Fax:(416)304-1313 www.tgf.ca

# ThorntonGroutFinnigan

THE RESTRUCTURING & LITIGATION BOUTIQUE

James H. Grout  
Direct: 416-304-0557 E-mail: jgrout@tgf.ca  
File No.: 1363-001

July 16, 2010

John Page  
A. John Page & Associates Inc.  
Suite 447  
100 Richmond Street West  
Toronto, ON M5H 3K6

Dear Mr. Page:

**Re: Nelson Financial Group Ltd,**

Enclosed herewith please find our account for professional services rendered and disbursements incurred for the period up to and including June 30, 2010 which we trust you will find satisfactory. You will note that since Ms. Aggarwal's time in respect of work completed between June 1 and 4, 2010, inclusive, was inadvertently included on your previous account, it does not appear on the attached.

If you have any questions with respect to our account, please do not hesitate to contact the undersigned.

Yours very truly,

**ThorntonGroutFinnigan LLP**



*for* James H. Grout

JHG\*mc  
Encl.

**ThorntonGroutFinnigan LLP**

Suite 3200, Canadian Pacific Tower, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Canada M5K 1K7  
Phone: (416) 304-1616 Fax: (416) 304-1313 www.tgf.ca



# ThorntonGroutFinniganLLP

A. John Page & Associates Inc.  
 100 Richmond Street West  
 Suite 447  
 Toronto, ON M5H 3K6

July 16, 2010

Attention: John Page

Invoice No. 22997

File No.: 1363-001

**RE: Nelson Financial Group Ltd., Nelson Investment Group Ltd., Nelson Mortgage Group Ltd.  
 and Marc Boute**

**TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING**  
 for the period ending: June 30, 2010

## FEES

- Jun-01-10 Discussions with S. Aggarwal and P. Foy of the OSC and emails regarding corporate governance and regulatory proceeding and Lendcare settlement; review monitor's report;
- Jun-02-10 Review and finalize monitor's report; review stay extension motion; met with S. Aggarwal; discussions with counsel for Nelson regarding corporate governance, regulatory proceeding and representative counsel; emails with Mackie's counsel;
- Jun-03-10 Emails regarding representative counsel and court report;
- Jun-04-10 Review stay extension order and endorsement;
- Jun-07-10 Review shareholders rights in debt restructuring and met with S. Aggarwal;  
  
Discussions with J. Grout regarding Plan of Compromise; discussion with F. Lamie regarding same; discussion with J. Page regarding preferred shareholders;
- Jun-08-10 Review article; emails with Nelson's counsel; met with S. Aggarwal;  
  
Discussion with J. Page regarding preferred shareholders; discussion with J. Grout regarding same; draft excerpts of Third Report;

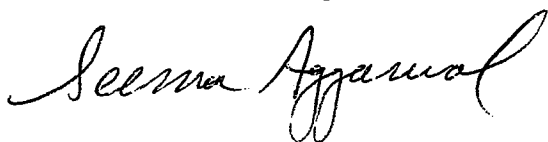
- Jun-09-10 Conference call with Gowlings regarding stay extension motion report and rep counsel; draft excerpts of Monitor's Third Report; emails with J. Page regarding same; review Lendcare settlement;
- Jun-10-10 Review and revise Third Report; discussion with J. Page regarding same; discussion with C. Prophet regarding same;
- Jun-11-10 Review and revise court report; met with S. Aggarwal;
- Finalize, serve and file Third Report; discussions and emails with J. Page regarding same; discussion and emails with F. Lamie regarding same; provide comments on Boutet Affidavit;
- Jun-12-10 Review emails regarding draft Order;
- Jun-14-10 Emails regarding representation of classes and disclosure of investor concerns; prepare for extension motion;
- Review draft Orders; provide comments thereon to F. Lamie; discussion with J. Page regarding same and liquidation analysis;
- Jun-15-10 Prepare and attend in Court on extension and Rep Counsel for noteholders appointment motion; met with S. Aggarwal and emails to counsel;
- Prepare for and attend stay extension Motion; emails scheduling meeting;
- Jun-16-10 Receive and review emails regarding claims process and meeting in respect thereof;
- Jun-17-10 Receive and review email from J. Page regarding preservation order and claims procedure order; discussion with J. Page regarding same and next steps; emails with C. Prophet scheduling meeting;
- Jun-18-10 Research regarding joint claims; review Claims procedure materials; attend meeting with J. Page, C. Delaney, C. Prophet and F. Lamie regarding claims process and next steps; receive and review emails;
- Jun-19-10 Letters from Special Counsel and from investors counsel;
- Receive and review emails;
- Jun-21-10 Conference call with S. Aggarwal, clients and Nelson's counsel; emails regarding appointment of Representative Counsel [REDACTED]; revise order;
- Attend meeting with J. Grout, A. Page, C. Delaney, C. Prophet and F. Lamie regarding strategy; receive and review emails;

- Jun-22-10 Discussions with S. Aggarwal and OSC regarding Representative Counsel [REDACTED]  
[REDACTED] emails [REDACTED]  
[REDACTED] revise order;  
Receive and review emails; discussion with J. Page regarding joint investor claims;
- Jun-23-10 Revise order appointing Representative Counsel [REDACTED] and letter to client and Nelson's counsel; review terms of preferred shares;
- Jun-24-10 Emails regarding pending motions;  
Review and respond to emails; review correspondence from J. Grout with draft rep counsel order; discussion with F. Lamie regarding claims procedure materials;
- Jun-25-10 Emails regarding Representative Counsel [REDACTED] and claims process and lease disclaimer;  
Review and respond to emails regarding rep counsel [REDACTED], draft Monitor's Fourth Report; email to F. Lamie regarding scheduling meeting;
- Jun-26-10 Draft Monitor's Fourth Report;
- Jun-28-10 Review and revise court report and claims procedure; met with S. Aggarwal;  
Email draft Report to J. Page and C. Delaney; discussion with J. Page regarding same and meeting with D. Turner; meet with J. Grout regarding same; discussion with F. Lamie regarding same and claims procedure; receive and review emails;
- Jun-29-10 Emails regarding claims process and appointment of Representative Counsel [REDACTED]  
[REDACTED]  
Discussion with C. Prophet regarding claims procedure; discussion with J. Page regarding same and approval of fees; discussion with C. Prophet regarding fee approval; discussion with J. Grout regarding same; revise Fourth Report and circulate same; review and respond to emails;
- Jun-30-10 Review and revise court report; emails with counsel;  
Receive and review comments on Fourth Report; discussion with F. Lamie regarding claims procedure; conference call with C. Prophet and F. Lamie regarding claims procedure; discussion with J. Page regarding same; revise Fourth Report; review and respond to emails; receive draft claims procedure documents;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>	
James H. Grout	23.80	
Seema Aggarwal	37.70	
Total Fees	\$36,847.50	
GST on Fees	\$1,842.38	
<b>Total Fees and GST</b>		<b>\$38,689.88</b>
 <b><u>DISBURSEMENTS</u></b>		
Binding	\$3.70	
Photocopies	\$45.25	
Total Taxable Disbursements	\$48.95	
GST on Taxable Disbursements	\$2.45	
Total Non Taxable Disbursements	\$0.00	
<b>Total Disbursements and GST</b>		<b>\$51.40</b>
 <b>Total Due and Owing</b>		 <b>\$38,741.28</b>

**ThorntonGroutFinnigan LLP**



Per: James H. Grout

E. & O. E. GST # 87042 1039RT \* GST Exempt #Includes PST

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**EXHIBIT "B"****Summary of Invoices****For the Period from March 1, 2010 to June 30, 2010**

<b>Invoice Number</b>	<b>Fees</b>	<b>Disbursements</b>	<b>GST</b>	<b>Hours</b>	<b>Average Rate</b>	<b>Total</b>
22632	\$15,537.50	\$907.45	\$801.79	18.10	\$858.43	\$17,246.74
22717	\$20,937.50	\$134.19	\$1,053.59	28.30	\$739.84	\$22,125.28
22881	\$17,267.50	\$417.72	\$884.27	33.90	\$509.37	\$18,569.49
22997	\$36,847.50	\$48.95	\$1,844.83	61.50	\$599.15	\$38,741.28
<b>TOTAL</b>	<b>\$90,590.00</b>	<b>\$1,508.31</b>	<b>\$4,584.48</b>	<b>141.80</b>	<b>\$638.86</b>	<b>\$96,682.79</b>

**EXHIBIT "C"****Billing Rates of ThorntonGroutFinnigan LLP****For the Period from March 1, 2010 to June 30, 2010**

	<u>Hourly Rate</u>	<u>Year of Call</u>
James H. Grout	\$875.00	1983
Seema Aggarwal	\$425.00	2005
Alana Shepherd	\$225.00	Student
Annette Fournier	\$275.00	Law Clerk

**IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF NELSON FINANCIAL GROUP LTD.**

Applicants

Court File No.: **10-8630-00CL**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**AFFIDAVIT OF JAMES H. GROUT  
(Sworn July 16, 2010)**

**ThorntonGroutFinnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Canadian Pacific Tower  
Toronto-Dominion Centre  
Toronto, ON M5K 1K7

Seema Aggarwal (LSUC# 50674J )

Tel: 416-304-0603

James H. Grout (LSUC# 22741H)

Tel: 416-304-0557

Fax: 416-304-1313

Lawyers for the Monitor.

**Court File No.: 10-8630-00CL**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON FINANCIAL GROUP LTD.**

**Applicant**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**(PROCEEDING COMMENCED AT TORONTO)**

**MOTION RECORD  
(Returnable July 27, 2010)**

**GOWLING LAFLEUR HENDERSON LLP**  
Barristers and Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto ON M5X 1G5

**Clifton P. Prophet (LSUC# 34845K)**  
**Frank Lamie (LSUC #54035S)**  
Tel: (416) 862-3509  
Fax: (416) 863-3509

**Solicitors for the Applicant,  
Nelson Financial Group Ltd.**