

**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

**APPLICATION RECORD
(Returnable March 23, 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 (LSUC 34845K)

Frank Lamie (LSUC #54035S)

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

Facsimile: (416) 863-3609 / (416) 862-7661

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

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INDEX

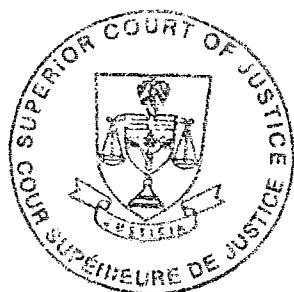
TAB		PAGE
1	Notice of Application	1 - 6
A	Draft Initial Order	7 - 20
2	Affidavit of Marc Boutet, sworn March 22, 2010	21 - 40
A	Exhibit "A" : Financial Statements for the Year Ending July 31, 2008	41 - 52
B	Exhibit "B" : Financial Statements for the Year Ending July 31, 2009	53 - 55
C	Exhibit "C" : Financial Statements for the Period Ending February 28, 2010	56 - 58
D	Exhibit "D" : Security Agreements dated November 16, 2009	59 - 77
E	Exhibit "E" : Cash Flow Forecast for the Period March 22, 2010 to June 18, 2010	78 - 79
F	Exhibit "F" : Consent of A. John Page & Associates Inc. to Act as Monitor	80

TAB 1

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Applicant

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the applicant. The claim made by the applicant is set out on the following pages.

THIS APPLICATION will come on for a hearing on Tuesday, March 23, 2010 at 10:00 a.m., or as soon thereafter as the application can be heard, at the Courthouse located at 330 University Avenue, Toronto.

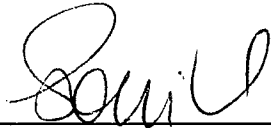
IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38C prescribed by the *Rules of Civil Procedure*, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2:00 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: March 22, 2010

Issued by _____



Local Registrar

Address of Court Office:

330 University Avenue
Toronto, Ontario

APPLICATION

1. **THE APPLICANT, NELSON FINANCIAL GROUP LTD. (“Nelson Financial” or the “Applicant”), MAKES APPLICATION FOR** an Order, without notice, under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (“CCAA”) substantially in the form attached as **Schedule “A”** which, *inter alia*:

- (a) grants leave to bring this Application on short notice;
- (b) dispenses with service on all creditors of the Applicant;
- (c) grants immediate relief in the form of a stay of proceedings;
- (d) grants restructuring powers for Nelson Financial that will enable it to propose and implement a plan of compromise or arrangement with the assistance of the Monitor;
- (e) permits an exemption from the publishing of creditor identity and contact information;
- (f) grants a charge over the property of Nelson Financial in respect of the fees and expenses of the Monitor, its legal counsel and the Applicant’s legal counsel;
- (g) grants a charge over the property of Nelson Financial to secure the indemnification of the directors and officers of Nelson Financial, to the extent permitted under the CCAA; and
- (h) such further and other relief as this Honourable Court may deem just and equitable.

2. **THE GROUNDS FOR THE APPLICATION ARE:**

Background

- (a) Nelson Financial is a privately owned company incorporated pursuant to the *Business Corporations Act* (Ontario) with its head office located at 900 Dillingham Road, Pickering, Ontario. Nelson Financial does not have any subsidiaries.

- (b) Nelson Financial carries on a consumer finance business. In particular, its activities are predominantly focused on vendor-assisted financing and small consumer loans;

Financial Difficulties

- (c) Nelson Financial is insolvent, will be unable to meet its obligations as they become due, and has need of immediate relief;
- (d) Nelson Financial's current financial difficulties have arisen as a result of the following two factors: (i) Higher than anticipated losses on its non-prime and sub-prime portfolio, in particular, historical losses attributable to its vehicle financing, and (ii) its voluntary cessation of the issuance of unsecured promissory notes and preferred shares pending the completion of a review by the Ontario Securities Commission;

Proposed Financial Restructuring

- (e) Nelson Financial requires a stay of proceedings from its creditors in order to complete a financial restructuring so as to ensure the long-term viability of its business and to enhance returns for investors;
- (f) Nelson Financial intends to formulate a plan of compromise and arrangement to be proposed to its stakeholders on terms that will preserve the long term value of their investments;
- (g) Nelson Financial is a company to which the CCAA applies;
- (h) A restructuring under the CCAA represents the best possible means of securing the restoration of value in Nelson Financial's holdings;
- (i) The investors in Nelson Financial, many of whom are individuals, invested with the expectation that the fact of their investment would remain private and that their identities would not be disclosed;

Conclusion

- (j) Nelson Financial requires the stability that can be afforded by the commencement of proceedings under the CCAA in order to negotiate a plan of compromise or arrangement with its creditors;
- (k) If the requested relief is not granted, the most likely scenario is cessation of business and the liquidation of Nelson Financial's assets. This result will have an immediate adverse impact on the Applicant's employees, customers and creditors. Nelson Financial anticipates there being a significant shortfall for its investors and creditors in a liquidation scenario;
- (l) The grounds as more fully set out in the Affidavit of Marc Bouter, filed herewith;
- (m) The provisions of the CCAA, as amended, and the equitable jurisdiction of this Court;
- (n) Rules 1.04, 2.03, 3.02 and 14.05(2) and 16.08 of the *Rules of Civil Procedure*, R.R.O. 1990, c. C.43; and
- (o) Such further and other grounds as counsel may advise and this Honourable Court permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the Application:

- (a) The Affidavit of Marc Boutet;
- (b) The Report of A. John Page & Associates Inc. in its capacity as the Proposed Monitor;
- (c) The Consent of A. John Page & Associates Inc. to act as Monitor; and
- (d) Such further material as counsel may advise and this Honourable Court may permit.

Date: March 22, 2010

GOWLING LAFLEUR HENDERSON LLP

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

Clifton P. Prophet / Frank Lamie

LSUC No.: 34345K / 54035S
Tel: (416) 862-3509 / (416) 862-3609
Fax: (416) 862-7661

Solicitors for the Applicant

TAB A

Schedule "A"

Court File No. 10-8630-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE _____)

TUESDAY, THE 23rd

JUSTICE _____)

DAY OF MARCH, 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 COMPOMISE OR ARRANGEMENT
OF NELSON FINANCIAL GROUP LTD. (the "Applicant")

Applicant

INITIAL ORDER

THIS APPLICATION, made by 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 Group Ltd. ("Nelson Financial" or the "Applicant"), 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.

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.

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

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
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NOTICE OF APPLICATION

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

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 March 22, 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 my 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 application for protection from its creditors under the *Companies' Creditors Arrangement Act* (the "CCAA").

Nature of Application and Overview of Relief Sought

3. Nelson Financial is in financial distress and has need of immediate relief.

4. Nelson Financial carries on a consumer finance business. In particular, its activities are predominantly focussed on vendor-assisted financing and small consumer loans. Historically, Nelson Financial also operated a sub-prime vehicle leasing business.
5. In order to fund its activities, Nelson Financial raises monies through the placement of investments in the exempt market, primarily through the issuance of unsecured promissory notes ("Notes") and, to a lesser extent, preferred shares ("Pref Shares").
6. Until January 29, 2010, Nelson Financial had offered Notes and Pref Shares to investors through Nelson Investment Group Ltd. ("Nelson Investment"), an affiliated company registered under applicable securities legislation to carry on business as an exempt market dealer.
7. Nelson Financial's current financial difficulties have largely arisen as a result of the following two factors:
 - (a) Higher than anticipated losses on its non-prime and sub-prime portfolio, in particular, historical losses attributable to its vehicle financing activities; and
 - (b) Its voluntary cessation of the issuance of Notes and Pref Shares, pending the completion of a review by the Ontario Securities Commission.
8. As a result of the factors referenced above, Nelson Financial needs to complete a financial restructuring in order to ensure the long term viability of its business and to enhance returns for its investors. Nelson Financial intends to formulate a plan of compromise and arrangement to be proposed to its stakeholders on terms that will preserve the long term value of the investors' Notes and Pref Shares. If such a restructuring can be achieved, Nelson Financial is confident that its ongoing business model will provide it with a stable financial base and permit it to pay returns to investors which are significantly better than recoveries that would be realized in the

event of a bankruptcy. Conversely, if Nelson Financial does not have the opportunity to propose and implement a financial restructuring, it is likely that its business will cease; its assets will be liquidated or collected; and, that investors will suffer a significant shortfall on the principal amounts of their investments.

9. Nelson Financial is therefore requesting relief that includes the following:
 - (a) immediate relief in the form of a stay of proceedings;
 - (b) the appointment of A. John Page & Associates Inc. as Monitor;
 - (c) restructuring powers for Nelson Financial that will enable it to propose and implement a plan of compromise or arrangement with the assistance of the Monitor;
 - (d) a charge over the property of Nelson Financial in respect of the fees and expenses of the Monitor, its legal counsel and the Applicant's legal counsel; and
 - (e) a charge over the property of Nelson Financial to secure the indemnification of the directors and officers of Nelson Financial, to the extent permitted under the CCAA.

Corporate Structure and Management

10. Nelson Financial was incorporated under the *Business Corporations Act* (Ontario) pursuant to Articles of Incorporation dated September 4, 1990. As set out in more detail below, Nelson Financial currently has outstanding two classes of common shares and two series of Pref Shares, which are non-voting.
11. I am the owner of all of the issued and outstanding voting common shares in the capital of Nelson Financial.

12. Nelson Financial is affiliated with Nelson Investments (the exempt market dealer described above) and Nelson Mortgage Group Ltd. ("Nelson Mortgage"). I am also the owner of all of the issued and outstanding common shares of Nelson Investments and Nelson Mortgage. Nelson Mortgage carries on business as a mortgage broker and has no significant business connections with Nelson Financial.

13. As the President of Nelson Financial, I have overall executive responsibility for the company. Stephanie Sobol is the General Manager of Nelson Financial. Ms. Sobol oversees the Applicant's finances and its day-to-day operations. The Applicant's business affairs are organized into the following three departments, each with its own manager:
 - (a) Finance and Administration Department – Dorothy Inkster, Manager;
 - (b) Loans Department – Melissa Marten, Manager; and
 - (c) Customer Service, Collections and Legal Recovery Department – Al Garrison, Manager.

Nature of the Business

14. Nelson Financial carries on business from leased premises located at 900 Dillingham Road, Pickering, Ontario.

15. As indicated above, Nelson Financial's principal business is vendor-assisted financing. Until 2007, Nelson Financial's principal business was sub-prime vehicle financing. Nelson Financial's current business lines comprise (i) vendor-assisted financing, (ii) consumer loans, and (iii) its winding down portfolio of sub-prime vehicle leases.

Customer Profile

16. Nelson Financial's customers include a mix of prime borrowers, non-prime borrowers and sub-prime borrowers. Typically, its customers are individuals who are under-served by traditional banks and financial services companies. Customers of Nelson Financial's remaining vehicle-leasing business are, for the most part, sub-prime borrowers. Customers in Nelson Financial's vendor-assisted programs are typically a mix of prime borrowers and non-prime borrowers.
17. The non-prime and sub-prime credit markets provide financing to borrowers who may have limited or no credit histories, past credit problems and who are attempting to re-establish credit. As a result, non-prime and sub-prime lenders typically price their loans and design their portfolio management systems to withstand a higher level of delinquency and credit losses than those experienced by traditional lending sources. In order to compensate for this higher default risk, non-prime consumers are charged higher interest rates.
18. As is set out in more detail below, in order to provide financing to customers, Nelson Financial borrows money from investors in the exempt market pursuant to a continuous offering of Notes with a 12.00% rate of interest and/or Series A and Series B Pref Shares at an issue price of \$25.00 with a fixed preferential cumulative dividend at the rate of 10% per annum, payable monthly.

Business Model

19. Nelson Financial's business model is based on being able to raise money from investors and, in turn, use that money to extend credit at higher yields to vendor-assisted finance customers and sub-prime vehicle lessees. The "spread" is utilized by Nelson Financial for portfolio management, administration, payment of commissions to Nelson Investment and general working capital purposes, including repayment of Nelson Financial's investors.

20. In some circumstances, Nelson Financial has partnered with Lendcare Financial Services Inc. ("Lendcare"). Lendcare is a national provider of financial services which specializes in consumer financing partnerships with finance companies, merchants, and distributors to offer retail and direct financing programs to customers. When partnered with Nelson Financial, Lendcare acts as a factor conduit to aggregate a significant percentage of the accounts receivable of Nelson Financial. By engaging Lendcare, Nelson Financial reduces its credit risk and the costs associated with credit control and administration.

Vendor-Assisted Financing

21. Since 2005, Nelson Financial has provided vendor-assisted financing to vendors across Canada. Nelson Financial offers vendor-assisted financing to clients seeking to enhance sales levels through customer financing programs. Where possible, Nelson Financial enters into exclusivity arrangements with vendors for periods of up to ten (10) years. Vendors of consumer goods will often seek out third party financing arrangements in order to achieve sales goals and meet their customer's needs by offering flexible financing solutions. Nelson Financial currently provides vendor-assisted financing in two sectors: consumer household goods/appliances and food. In particular, Nelson Financial currently has arrangements with vendors that finance grocery delivery, water and air purification systems, furnaces, vacuums and energy efficient products.
22. In a typical transaction, once a customer's financing application is approved, Nelson Financial will pay the vendor the cost of the product being financed, usually at a discount to the purchase price. The customer will purchase the product from Nelson Financial, usually interest-free, by paying Nelson Financial monthly instalments. The return received by Nelson Financial following repayment of the full purchase price constitutes Nelson Financial's yield on the transaction. In some limited cases, Nelson Financial can increase its yield by receiving a discount on the purchase price of the product from the vendor plus an additional rate of interest on the purchase price

payable by the customer. Nelson Financial mitigates its risk by the discount rate and interest rate (if applicable) that it receives.

Sub-Prime Vehicle Financing

23. Historically, Nelson Financial offered financing in the sub-prime vehicle finance industry by offering consumer loans to sub-prime borrowers or lessees. Title to the vehicle would be retained by Nelson Financial, and ownership transfer would occur upon final payment of interest and principal. In view of significant losses in the sub-prime auto finance industry, Nelson Financial began its gradual exit from this portion of the financing industry.
24. Nelson Financial financed its last vehicle lease in the sub-prime auto industry in 2007 and has been winding down the portfolio of sub-prime auto leases from a high of approximately 4,500 vehicle leases to 713 vehicle leases remaining in its portfolio as of February, 2010.

Consumer Loans

25. Consumer loans, outside the vendor-assisted financing and sub-prime vehicle finance programs, have not comprised a significant portion of Nelson Financial's loan receivables. Further, Nelson Financial does not seek to make significant consumer loans outside of its vendor-assisted consumer financing programs. However, from time-to-time, consumer loans for a variety of purposes may be made to an existing customer that has previously been approved and borrowed under a vendor-assisted financing program. Consumer loans are made on terms determined between Nelson Financial and the customer.

Future Marketplace Opportunities

26. Over the past two (2) years, certain of large U.S. financing companies have exited the Canadian non-prime and sub-prime consumer finance marketplace. In view of this opportunity, greater room in the marketplace likely exists for vendor-assisted financing

for customers that do not meet bank level creditor requirements or that are too small to be underwritten by most banks.

27. Currently, Nelson Financial employs 27 people, split between its three departments as follows:
- (a) Finance and Admin – 9 people
 - (b) Loans – 4 people
 - (c) Customer Service and Collections – 14 people

Financial Difficulties

28. As indicated above, the Applicant's financial difficulties can be primarily attributed to its sub-prime vehicle leasing business which began in 2003. At that time, Nelson Financial began a movement away from its traditional consumer finance business which had been focussed on financing the acquisition of computer systems. At its peak, Nelson Financial had more than 4,500 vehicle leases in its portfolio totalling \$32,000,000. Delinquencies and losses on this portfolio were substantially greater than forecast and Nelson Financial suffered ongoing losses as a result.
29. The problems caused by Nelson Financial's vehicle leasing portfolio were exacerbated by the Applicant's exposure to a car dealership that Nelson Financial had acquired in conjunction with its leasing programs. Nelson Financial provided operating financing for this dealership in excess of \$2,500,000.
30. When it became apparent to me that the vehicle leasing business was not going to be successful in the long term, I recommended that Nelson Financial exit the business, starting in or about early 2006. At that time, I had a partner in the Nelson Financial business, Mr. David Baker. Mr. Baker had a very different view of the potential of the leasing business (which proved to be an incorrect view). As a result of our differing views, Mr. Baker and I agreed to sever our business relationship and entered into a

series of agreements to accomplish this. Under these agreements (as ultimately structured), Mr. Baker agreed to assume and discharge the liabilities owing to Nelson Financial in relation to the owned car dealership and purchased a portion of the vehicle lease portfolio on credit terms.

31. Although Nelson Financial had security over the vehicle leases sold to Mr. Baker and although the credit provided to Mr. Baker in connection with the acquisition of the portfolio was on "interest only terms" for a period of 36 months, Mr. Baker was unable to make required payments either on account of the lease portfolio or on account of the debt obligations of the automobile dealership which he had assumed. Ultimately, Nelson Financial had to take back the lease portfolio (following a substantial decrease in value due to write-offs, settlements and repossessions by Mr. Baker or his company while they had control of the portfolio) and had to write-off in total the outstanding loans in relation to the automobile dealership. These losses totalled in excess of \$3,000,000.00 and were in addition to the already noted losses incurred as a result of general difficulties with the vehicle lease program.
32. In view of the foregoing problems, Nelson Financial has been running down its vehicle leasing portfolio. From the peak noted above, Nelson Financial's vehicle leasing portfolio now comprises only 678 leases with a total exposure of \$2,900,000.

OSC Review of Nelson Investment Group Limited

33. October 19, 2009, the compliance staff of the Registrant Regulation Branch of the Ontario Securities Commission ("OSC") commenced a compliance review of Nelson Investment pursuant to their authority under applicable securities laws to undertake compliance reviews of registered firms.
34. The OSC review addressed the period from September 1, 2008 to August 31, 2009. On January 4, 2010, following the completion of the review, the OSC identified a significant number of compliance issues in relation to Nelson Investment under

securities law requirements, and indicated that the matter would be forwarded to the OSC Enforcement Branch.

35. To date, formal proceedings have not been initiated against Nelson Investment and Nelson Investment and its advisors continue to be in discussion with the OSC.
36. Nelson Investment has cooperated throughout the review with a view to making suitable adjustments to address the concerns raised by the OSC and continues to work with the OSC to ensure that issues raised are addressed with the OSC in a timely fashion.
37. While the OSC review is ongoing, Nelson Financial has voluntarily ceased the issuance of Notes and Pref Shares.

Assets and Current Financial Status

38. As at February 28, 2010, based on the Applicant's internal financial records, Nelson Financial had assets valued at \$30,565,759.72, consisting of the following:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$805,304.05
Prepaid and Other Current Assets	\$1,817,336.15
Fixed Assets, net of depreciation	\$290,911.46
Loan Assets	\$27,457,935.11
Other Accounts Receivable	\$194,272.95
Total Assets	\$30,565,759.72

As can be seen from the foregoing, Nelson Financial's substantial portfolio of consumer loans (including residual vehicle leases) constitutes its largest asset class by far.

39. Nelson Financial's financial statements are prepared on a review engagement basis by PricewaterhouseCoopers LLP. The most current finalized financial statements for the Applicant are for the financial year ending July 31, 2008. Attached as **Exhibit "A"** is a copy of Nelson Financial's 2008 financial statements. Internally prepared statements for Nelson Financial, which have not been reviewed by PricewaterhouseCoopers LLP, for the year ending July 31, 2009, are attached as **Exhibit "B"**. Internally prepared financial statements, which have not been reviewed by PricewaterhouseCoopers LLP, for the interim period from August 1, 2009 to February 28, 2010, are attached as **Exhibit "C"**.
40. As can be noted from a review of the financial statements referred to above, Nelson Financial has been experiencing continuing losses for some time. These losses have been caused by the financial and business challenges referred to above. The cessation of the issuance of new Notes and new Pref Shares has recently exacerbated Nelson Financial's difficulties, since it has no bank or other source of financing. Nelson Financial is now insolvent.

Creditors

Secured Creditors

41. Nelson Financial does not have significant liabilities to secured creditors. I am advised by D'Arcy Doherty of Gowling Lafleur Henderson LLP and verily believe that a search of the records maintained under the *Personal Property Security Act*, current as at March 16, 2010, reveals the following parties as having registrations:
 - (a) Marchant Securities Inc.;
 - (b) Exchequer Financial Limited Partnership;

- (c) The Toronto-Dominion Bank;
 - (d) Nelson Mortgage Group Ltd.;
 - (e) Nelson Investment Group Ltd.;
 - (f) Glenn Mackie and Lisa Mackie; and
 - (g) Foscarini Mackie Holdings Inc.
42. The registrations in favour of Marchant Securities Inc., Exchequer Financial Limited Partnership, the Toronto-Dominion Bank and Nelson Mortgage are historical and do not evidence security for any debt currently owed by Nelson Financial. Since Nelson Financial owes no money or obligations to these three parties, their registrations should be discharged.
43. The registration in favour of Nelson Investment is in favour of the affiliated corporation of which I am the sole shareholder and principal and relates to a security agreement securing payment of an intercompany amount owing from Nelson Financial to Nelson Investment. This intercompany indebtedness represents earned but unpaid commissions in relation to the sale by Nelson Investments of Notes and Pref Shares.
44. The registrations in favour of Glenn Mackie, Lisa Mackie and Foscarini Mackie Holdings Inc. (the "Mackie Parties") all relate to investments described as being issued on a secured basis. The security granted in favour of the Mackie Parties attaches to specific financed contracts with identified customers. The Mackie Parties' security does not attach to any of the other assets of Nelson Financial. The Applicant is consulting with its legal advisors and will consult with any Monitor appointed concerning the validity, enforceability and perfection of the security in favour of the Mackie Parties. Attached hereto as **Exhibit "D"** is a copy of the Mackie Parties' security agreements. The schedules to the Mackie Parties' security agreements have been redacted in order to maintain the confidentiality of the individual customers listed therein.

Noteholders and Pref Shareholders

45. As indicated above, Nelson Financial finances its business through the issuance of the Notes and the Pref Shares to accredited investors (respectively, the "Noteholders" and "Pref Shareholders") from time to time. In general terms, the Notes are unsecured debt obligations owed to investors by Nelson Financial. The Notes vary in term from 12 months to 60 months. More recently, most Notes issued were for 12 or 24 months terms. The Notes pay interest at 12% per annum, paid monthly. Certain of the Notes (the "P&I Notes") provide for blended payments of principal and interest over their term, such that the principal will be paid in full at maturity. Other Notes provide for the payment of interest only over their term, with the total principal amount to be paid at maturity.
46. Notes are made available for issuance by Nelson Financial on the second, sixteenth and twenty-fifth day of each month (the "Issue Dates"). Interest (or in the case of P&I Notes, principal and interest) is paid monthly on the Issue Date corresponding to the Note in question.
47. Sixty to ninety days in advance of the Issue Date which corresponds to the end of a Note's term, it is Nelson Financial's practice to contact each Noteholder to ascertain whether they wish to renew their investment for another term. If an investor wishes to renew, new documentation evidencing the renewed investment is prepared and executed. Investors who indicate that they do not wish to renew have amounts remaining unpaid under their Notes paid in full. Up to the date of filing, Nelson Financial has never failed to honour an obligation (including an interest obligation), under any of the Notes.
48. In addition to the Notes, Nelson Financial has issued two series of the Pref Shares, with identical terms. The Pref Shares were issued at an issue price of \$25.00. The Pref Shares pay a cumulative 10% dividend payable monthly. The Pref Shares rank ahead of the common shares of Nelson Financial both as to dividend rights and as to priority on wind-up. At the option of the Pref Shareholders, Nelson Financial has re-

invested certain dividends payable into additional Pref Shares. The Pref Shares are redeemable at the option of Nelson Financial.

49. Like the Notes, the Pref Shares were issued on the Issue Dates. Monthly dividend payments have been made on Pref Shares on the Issue Date corresponding to the particular Pref Share.
50. The Pref Shares did not provide Pref Shareholders with retraction rights, however, Nelson Financial had the unilateral right to redeem the Pref Shares at any time. Where a Pref Shareholder indicated that they wanted their shares redeemed, Nelson Financial, as a matter of practice, would generally exercise its right to redeem the shares.
51. As at February 28, 2010 there were approximately 323 Noteholders with total principal outstanding of \$36,647,019.03 and 79 Pref Shareholders holding Pref Shares with an aggregate issue price, including dividend re-investment, of \$14,636,274.93.
52. With respect to the dividends otherwise payable on the March 16 Issue Date for certain of the Pref Shares, the Applicant was unable to make this payment on March 16, 2010 and these shareholders are creditors of the Applicant in the aggregate amount of \$53,804.00.

Trade and Other Unsecured Creditors

53. As at February 28, 2010, Nelson Financial's total trade debt was approximately \$15,613.21. Nelson Financial is paying this debt current on 30 day terms. The trade debt is predominately owed to the providers of office supplies and equipment.

Employee Claims

54. Nelson Financial is current on all wages and benefits due and owing to its employees. Nelson Financial does not sponsor any registered pension plans in respect of its employees. Nelson Financial intends to continue to meet all employee liabilities as they fall due. As at February 28, 2010, Nelson Financial had accrued the sum of

\$1,788.40 and the sum of \$76,940.11 for accrued but unpaid vacation pay and bonuses, respectively.

55. Nelson Financial uses the Ceridian payroll service to process its employee payments. Nelson Financial is current and intends to remain current on all amounts required to be funded to Ceridian to meet payroll. Ceridian is responsible for the calculation and remittance of amounts to be withheld and remitted at source in respect of taxes, Canada Pension Plan contributions and Employment Insurance.

Taxes and Crown Claims

56. As indicated above, Nelson Financial is current on all amounts required to be withheld from employees at source and remitted. As at February 28, 2010, Nelson Financial's other tax liabilities/assets were as follows:

- (a) Net G.S.T. payable – \$1,070.92;
- (b) Federal corporate income tax payable – \$2,202.70;
- (c) Provincial corporate income tax receivable – \$48,891.49 (refund); and
- (d) Provincial sales tax payable – \$6,185.56.

57. With respect to the P.S.T. and G.S.T. amounts referenced above, it should be noted that Nelson Financial is fully current and that these amounts were not due as at February 28, 2010.

Operations During CCAA and Cash Flow

58. If this Honourable Court grants Nelson Financial's application for protection under the CCAA, the Applicant intends to continue to carry on its business through the restructuring period. In particular, Nelson Financial intends to continue to fund new customer loans. Over the term of the restructuring period, Nelson Financial plans to

use net revenues generated from its existing portfolio of loans for the purpose of acquiring new customer loans and for general operating costs, including restructuring costs. The continuation of the business should mean that the overall value of the loan portfolio remains constant as individual customer loans turn over and new customer loans are acquired.

59. During the period of the restructuring, Nelson Financial will not be making any payments on Noteholder debt. Similarly, no payments will be made to Pref Shareholders.
60. As described below, Nelson Financial intends to resume payment to investors (through payments of interest or principal and interest to Noteholders in accordance with their Notes and through discretionary dividends to Pref Shareholders) following a successful restructuring and on the basis of the new Notes and new Pref Shares which are intended to form the backbone of Nelson Financial's restructuring plan.
61. A projected cash flow for Nelson Financial has been prepared for the purposes of these proceedings for the period from March 22, 2010 to June 18, 2010 (the "Cash Flow Forecast"). A copy of the Cash Flow Forecast is attached hereto as **Exhibit "E"**. As I understand it, A. John Page & Associates Inc., the proposed Monitor, has prepared a pre-filing report to the Court which comments upon the reasonableness of the Cash Flow Forecast and the assumptions which underlie it.
62. Based on the Cash Flow Forecast, Nelson Financial believes that it can meet all of its operating costs during the period of its restructuring from cash flow generated by the business and accordingly is not seeking authority to obtain debtor-in-possession financing.

Monitor and Charges

63. In early March, 2010, A. John Page & Associates Inc. ("AJP&AI") was engaged as an advisor to Nelson Financial to assist Nelson Financial with the assessment of its

restructuring options. AJP&AI has reviewed the draft initial order setting out the relief Nelson Financial is seeking and has conducted a general review of the Applicant's financial information, business and affairs. Following this review AJP&AI has consented to act as Monitor for the purposes of these CCAA proceedings. Attached hereto as **Exhibit "F"** is AJP&AI's Consent to act as Monitor.

64. As I understand it, the CCAA will require the Monitor to disclose the names and addresses of Nelson Financial's creditors on its website unless the Court directs otherwise.
65. The investors in Nelson Financial, many of whom are individuals, made their investments by way of a private placement in the exempt market. The investors had the expectation that the fact of their investment would remain private and that their identities would not be disclosed. Accordingly, as part of Nelson Financial's application, Nelson Financial is seeking an exemption from the Monitor's disclosure obligation with respect to the investors.
66. In order to adequately provide for the fees and disbursements of the Monitor, counsel for the Monitor and counsel to Nelson Financial, Nelson Financial is seeking a charge in favour of these professionals to secure payment of their fees and disbursements incurred both prior to filing and after filing (the "Administration Charge") in the amount of \$1,000,000. Nelson Financial is requesting that the Administration Charge have first priority over the Applicant's property, assets and undertaking, subject only to the security in favour of the Mackie Parties, to the extent that this security is valid and enforceable security and properly perfected. Since the other personal property registrations referenced above do not appear to relate to any debt obligation or liability actually owing by Nelson Financial to an arm's length party, it is Nelson Financial's view that none of these parties will be affected by the proposed administration. To the extent that they are secured creditors, Nelson Investment and Nelson Mortgage are consenting to the Administration Charge.

67. As indicated above, I am the sole director and officer of Nelson Financial. Although Nelson Financial intends to continue to comply with applicable laws with respect to matters affecting it, including without limitation the payment of wages, employee source deductions, vacation pay, GST, provincial sales tax and other requirements, the failure to successfully complete the restructuring may result in significant personal liabilities for me in my capacity as director and officer. Historically, Nelson Financial has not had insurance coverage for this sort of potential liability. Although Nelson Financial has recently attempted to secure coverage, its insurance broker has advised that it is unlikely that director's and officer's liability insurance can now be obtained. Nelson Financial is accordingly requesting court-ordered indemnification for its director and officer, to the extent permitted under the CCAA, and the creation of a charge in favour of the director and officer to secure payment and performance of this indemnity (the "Director's Charge") in the amount of \$200,000.00.
68. Nelson Financial is requesting that the Director's Charge have priority over all claims against the Applicant's property, assets and undertaking, save and except the Administration Charge and security in favour of the Mackie Parties, to the extent that this security is valid and enforceable and properly perfected.

Proposed Restructuring

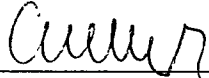
69. In consultation with stakeholders and investors, and in particular the Noteholders and the Pref Shareholders, the Applicant intends to develop and propose a formal plan of compromise or arrangement and a plan of arrangement under applicable corporate legislation which will include the following general features:
- (a) the conversion of some percentage of the existing Notes to new preferred shares (with rights and attributes to be determined) in the capital of the restructured Nelson Financial;

- (b) the conversion of the remainder of the existing Notes into a new series of notes with substantially similar rights and attributes as the Notes (including interest rate and interest payment terms), but with amended maturity dates;
 - (c) the conversion of existing Pref Shares into a new class (or classes) of preferred shares (with attributes and rights to be determined);
 - (d) the provision for satisfaction of any valid prior secured claims in favour of the Mackie Parties; and
 - (e) the payment or assumption of all employee claims.
70. If Nelson Financial can achieve the proposed restructuring, it intends to exit the CCAA and, as soon as possible, resume sales of its securities in compliance with all applicable securities law.
71. Since Nelson Financial's current portfolio of assets has improved (exposure to sub-prime customers has been reduced as noted above), the Applicant believes that it will have a stable revenue base going forward.
72. The Applicant further believes that its revised business model, including a focus on vendor-assisted financing of a variety of consumer goods for customers with better credit histories, will generate a stable and increased margin from new activities following its restructuring. Accordingly, the Applicant is hopeful that investor returns can be enhanced and that it will pay meaningful recoveries on any securities issued as part of the restructuring plan described above.
73. The Applicant is strongly of the view that the proposed capital restructuring will represent a far better recovery alternative for investor stakeholders. In the event that a restructuring is impossible, the Applicant is concerned that very significant losses could be suffered by investors, with no prospect of investors sharing in revenues generated by Nelson Financial's business activities going forward.

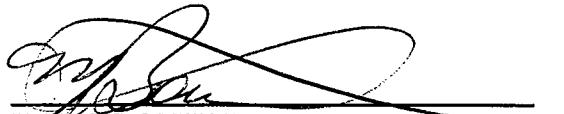
Conclusion

74. I make this Affidavit in support of Nelson Financial's application for protection from its creditors under the CCAA, and for no other or improper purpose.

SWORN before me at the City of Pickering, in the Province of Ontario this 22nd day of March, 2010.



A Commissioner, etc

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MARC BOUTET

Colleen Harriet Delaney,
a Commissioner, etc.,
Province of Ontario, for A. John Page
Chartered Accountant and A. John Page &
Associates Inc., Trustee in Bankruptcy.
Expires February 26, 2013.



This is **Exhibit "A"** to the
Affidavit of Marc Boutet
sworn before me, this 22nd day of
March, 2010.



A Commissioner for taking Affidavits

Colleen Harriet Delaney,
a Commissioner, etc.,
Province of Ontario, for A. John Page
Chartered Accountant and A. John Page &
Associates Inc., Trustee in Bankruptcy.
Expires February 26, 2013.



Nelson Financial Group Ltd.

Financial Statements
(Unaudited)
July 31, 2008

PricewaterhouseCoopers LLP
Chartered Accountants
North American Centre
5700 Yonge Street, Suite 1900
North York, Ontario
Canada M2M 4K7
Telephone +1 416 218 1500
Facsimile +1 416 218 1499

October 23, 2009

Review Engagement Report

**To the Shareholders of
Nelson Financial Group Ltd.**

We have reviewed the balance sheet of **Nelson Financial Group Ltd.** as at July 31, 2008 and the statements of operations and deficit and cash flows for the year then ended. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using differential reporting options available to non-publicly accountable enterprises, as described in note 3 to the financial statements. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

The financial statements as at July 31, 2007 and for the year then ended were neither audited nor reviewed.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Nelson Financial Group Ltd.

Balance Sheet

(Unaudited)

As at July 31, 2008

	2008 \$ (note 1)	2007 \$
Assets		
Current assets		
Cash and cash equivalents	250,070	954,235
Amounts receivable and other	12,820	14,127
Dealer receivables	-	873,411
Income tax recoverable	46,923	47,246
Prepaid expenses	277,824	240,428
Term loans receivable (note 8)	-	5,731,292
Loans receivable (note 4)	9,414,700	4,535,126
Net investment in leases (note 5)	2,391,799	2,807,479
	<u>12,394,136</u>	<u>15,203,344</u>
Deferred costs	1,476,262	233,686
Equipment (note 6)	207,205	251,805
Loans receivable (note 4)	10,626,270	1,168,776
Net investment in leases (note 5)	3,170,524	5,449,813
	<u>27,874,397</u>	<u>22,307,424</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	295,990	688,400
Dealer holdbacks	1,039,132	605,338
Loans payable (note 7)	20,237,651	5,794,482
Due to related party (note 8)	-	2,647,985
	<u>21,572,773</u>	<u>9,736,205</u>
Loans payable (note 7)	13,596,467	17,460,665
	<u>35,169,240</u>	<u>27,196,870</u>
Shareholders' Deficiency		
Capital stock (note 8)	9,262,814	4,590,431
Deficit	(16,557,657)	(9,479,877)
	<u>(7,294,843)</u>	<u>(4,889,446)</u>
	<u>27,874,397</u>	<u>22,307,424</u>
Approved by the Board of Directors		

Director_____
Director

Nelson Financial Group Ltd.

Statement of Operations and Deficit

(Unaudited)

For the year ended July 31, 2008

	2008 \$ (note 1)	2007 \$
Revenue	5,100,679	7,593,474
Expenses		
Investor loan interest	3,482,199	2,866,516
Salaries and benefits	1,341,778	1,804,766
Investor commissions and expenses	395,454	610,963
Management fees	-	41,933
Office and general	168,673	320,266
Management remuneration	188,122	96,000
Professional fees	207,318	391,088
Interest and bank charges	108,875	114,345
Amortization	93,152	162,776
Commissions and client referral fees	169,419	5,248
Reconditioning and remarketing	-	531,762
Travel and automobile	37,981	337,323
Advertising and promotion	66,453	69,374
Rent	99,954	111,316
Insurance	38,288	87,070
Telephone and utilities	111,923	224,906
Bad debts	1,476,773	1,221,307
Meals and entertainment	7,045	20,362
Miscellaneous	159,663	333,436
	<u>8,153,070</u>	<u>9,350,757</u>
Loss before the undernoted	(3,052,391)	(1,757,283)
Writeoff of term loans receivable - net (note 8)	(2,936,918)	-
Writeoff of mortgage receivable	<u>(360,834)</u>	-
Net loss for the year	(6,350,143)	(1,757,283)
Deficit - Beginning of year	(9,479,877)	(6,080,074)
Loss on redemption of common shares (note 8)	-	(1,600,000)
Dividends paid	<u>(727,637)</u>	<u>(42,520)</u>
Deficit - End of year	<u>(16,557,657)</u>	<u>(9,479,877)</u>

Nelson Financial Group Ltd.

045

Statement of Cash Flows

(Unaudited)

For the year ended July 31, 2008

	2008 \$ (note 1)	2007 \$
Cash provided by (used in)		
Operating activities		
Net loss for the year	(6,350,143)	(1,757,283)
Items not affecting cash		
Amortization	93,152	162,776
Loss on disposal of equipment	-	5,400
	<u>(6,256,991)</u>	<u>(1,589,107)</u>
Change in non-cash working capital items		
Amounts receivable and other	1,307	1,516
Inventory	-	436,926
Dealer receivables	873,411	896,101
Income tax recoverable	323	(38,971)
Deferred costs	(1,242,576)	(233,686)
Prepaid expenses	(37,396)	372,931
Due from related parties	-	439,983
Accounts payable and accrued liabilities	(392,410)	241,766
Dealer holdbacks	433,794	(462,308)
Due to related party	(2,647,985)	2,647,985
	<u>(9,268,523)</u>	<u>2,713,136</u>
Investing activities		
Purchase of equipment	(48,552)	(78,689)
Proceeds from disposal of equipment	-	104,499
Term loans receivable	5,731,292	(5,731,292)
Loans advanced - net	(14,337,068)	(4,709,118)
Decrease in net investment in leases - net	2,694,969	7,835,063
	<u>(5,959,359)</u>	<u>(2,579,537)</u>
Financing activities		
Net change in loans payable	10,578,971	(1,689,810)
Net change in due to shareholders	-	(700,000)
Issuance of preferred shares - net of share issue costs	4,672,383	4,590,231
Loss or redemption of common shares	-	(1,600,000)
Dividends paid	(727,637)	(42,520)
	<u>14,523,717</u>	<u>557,901</u>
Change in cash and cash equivalents during the year	(704,165)	691,500
Cash and cash equivalents - Beginning of year	954,235	262,735
Cash and cash equivalents - End of year	250,070	954,235
Supplementary information		
Interest paid	3,924,013	2,686,153

Nelson Financial Group Ltd.

046

Notes to Financial Statements

(Unaudited)

July 31, 2008

1 Going concern

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due.

For the year ended July 31, 2008, Nelson Financial Group Ltd. (the company) reported a loss of \$6,350,143 and an accumulated deficit of \$16,557,657 at that date. In addition to its ongoing working capital requirements, the company must secure sufficient funding for existing commitments, including repayment of investor loans. These circumstances lend significant doubt as to the ability of the company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In recognition of these circumstances, the company has secured additional investor loans subsequent to year-end in the amount of \$32,203,175 and has issued \$5,944,956 net of share issue costs to fund operations and meet loan payment obligations. The company has refocused itself away from the consumer automobile financing business as of November 2007 as this business has resulted in the accumulated deficit noted above. The existing lease portfolio will continue to be serviced until all leases mature, but the company will not be entering into any new leases. The company's primary focus is on consumer loans and conditional sales contracts. These new lines of business have proven to be more profitable than the automobile financing business and sales have increased 282% from 2007. Nevertheless, there is no assurance these initiatives will be successful.

The company's ability to continue as a going concern is dependent on its ability to fund its operations and generate positive cash flows from operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2 Organization

The company was incorporated in 1990 under the Ontario Business Corporations Act. The company offers financing for conditional sales contracts as well as consumer loans.

3 Summary of significant accounting policies

Basis of presentation

The company, with the unanimous consent of its shareholders, has elected to prepare its financial statements in accordance with Canadian generally accepted accounting principles, using the differential reporting options available to non-publicly accountable enterprises described below:

Nelson Financial Group Ltd.

047

Notes to Financial Statements

(Unaudited)

July 31, 2008

- Financial instruments

The company has elected not to disclose fair value information about financial assets and liabilities for which fair value was not readily obtainable.

- Income taxes

The company has elected to account for income taxes using the taxes payable method.

- Share capital

The company has elected to disclose information on share capital as required by paragraph 3240.02, only for those classes of shares that have been issued.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and investments in money market investments with maturity dates less than 90 days.

Deferred costs

Deferred costs include financing commissions incurred in the issuance of debt and are amortized on a straight-line basis over the term of the credit facilities. Referral fees on consumer loans are also included and are amortized on a straight-line basis over the term of the respective loan.

Revenue recognition

Interest income on loans receivable is recognized as revenue over the term of the customer contract when collectibility is reasonably assured. Interest income on net investment in leases is recognized on a constant yield basis over the term of each lease.

Net investment in leases

The company accounts for automotive leases as direct finance leases. Under this method, the company records the total value of the lease payments to be received under the lease terms at the commencement of the lease. The difference between this total value and the cost of the leased asset is recorded as deferred income and is shown as a reduction of the net investment in leases.

All other revenue is recorded when the goods are delivered or the services are completed.

Conditional sales contracts and consumer loans receivable

Loans receivable are recorded at cost, net of unearned income and provisions for losses.

The company maintains allowances for losses on loan receivables at amounts management believes are sufficient to provide adequate coverage against losses that currently exist within the portfolio. The allowances are determined principally on the basis of historical loss experience, and reflect management's best estimate of potential losses considering current economic conditions and the nature and characteristics of the loans. An allowance is recorded for loan receivables, in part or in whole, during the month in which either of the following conditions occur: (i) a bankruptcy notice or a notice of death is received; or (ii) amounts are owing for greater than 91 consecutive days. Additions to the allowances are charged to bad debts in the statement of operations and deficit.

Impaired loans

Loans are classified as impaired when payments are 90 days past due. Loans are written off when they are 180 days past due. When a loan is identified as impaired, interest income is no longer recorded.

Equipment

Equipment is stated at cost. Amortization is provided on a straight-line basis at the following annual rates:

Office equipment and furniture	20%
Automobiles	33%
Computer equipment	20%
Computer software	20%
Leasehold improvements	over the term of the lease

Impairment of long-lived assets

An impairment charge is recognized for long-lived assets when an event or change in circumstances causes an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated as the difference between the fair value of the assets and their carrying value.

Financial instruments and financial instrument risk

The fair values of cash and cash equivalents, amounts receivable and other, income tax recoverable, accounts payable and accrued liabilities and dealer holdbacks approximate their recorded amounts because of the short period to receipt or payment of cash.

The main risks arising from the company's financial instruments are interest rate, liquidity and credit risks. The company's approach to managing these risks is summarized below.

Credit risk

Credit risk arises from the possibility borrowers may default on their obligations. The company strives to limit credit risk by dealing with borrowers who are believed to be creditworthy and use credit limits to manage borrower exposure.

Nelson Financial Group Ltd.

Notes to Financial Statements

(Unaudited)

July 31, 2008

- Interest rate risk

Interest rate risk is mitigated in that the interest rate charged on the investor loans is fixed as well as the interest rate charged on the consumer loans.

- Liquidity risk

Liquidity risk arises since the company relies on investor loans in order to obtain cash flows to advance future loans to customers.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to amortization and provision on net investment in leases. Actual results could differ from those estimates.

Accounting pronouncements adopted in the year

On October 2, 2008, the Accounting Standards Board (AcSB) announced that application of the following standards of The Canadian Institute of Chartered Accountants (CICA) Handbook was voluntary: Section 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments - Recognition and Measurement; Section 3862, Financial Instruments - Disclosures; and Section 3863, Financial Instruments - Presentation. In accordance with this announcement the company has chosen not to adopt these standards.

Recent Canadian accounting pronouncements issued and not yet adopted

CICA Section 1535, Capital Disclosures, requires that an entity disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. The new standard applies to the company effective with the fiscal year commencing July 31, 2009. This standard may impact the company's disclosures provided but will not affect the company's results or financial position.

4 Loans receivable

The loans receivable bear interest at varying levels of fixed rates of interest with a weighted average of 22.35% at July 31, 2008 (2007 - 23.89%).

Nelson Financial Group Ltd.**050**

Notes to Financial Statements

(Unaudited)

July 31, 2008

The company's loans receivable include the following:

	2008 \$	2007 \$
Consumer loans		
Total minimum loan payments	32,367,552	8,084,510
Less: Deferred income	12,326,582	2,380,608
	<hr/>	<hr/>
Net loans receivable	20,040,970	5,703,902
Less: Current portion	9,414,700	4,535,126
	<hr/>	<hr/>
Long-term portion of loans	10,626,270	1,168,776

5 Net investment in leases

The company's net investment in leases includes the following:

	2008 \$	2007 \$
Total minimum lease payments	7,849,004	12,357,118
Less: Deferred income	2,286,681	4,099,826
	<hr/>	<hr/>
Net investment in leases	5,562,323	8,257,292
Less: Current portion	2,391,799	2,807,479
	<hr/>	<hr/>
Long-term portion of net investment in leases	3,170,524	5,449,813

All of the net investment in leases bears interest at varying levels of fixed rates of interest. Total minimum lease payments include the estimated residual value of leased assets.

6 Equipment

	2008		2007	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office equipment and furniture	68,447	52,441	16,006	24,560
Automobiles	-	-	-	2,917
Computer equipment	232,228	149,918	82,310	124,414
Computer software	229,362	135,147	94,215	90,290
Leasehold improvements	50,577	35,903	14,674	9,624
	<hr/>	<hr/>	<hr/>	<hr/>
	580,614	373,409	207,205	251,805

(5)

Nelson Financial Group Ltd.

Notes to Financial Statements

(Unaudited)

July 31, 2008

7 Loans payable

	2008 \$	2007 \$
Loans payable	33,834,118	23,255,147
Less: Current portion	<u>20,237,651</u>	<u>5,794,482</u>
	<u>13,596,467</u>	<u>17,460,665</u>

Loans payable bear interest at rates ranging from 7.0% to 14.5% and mature at various dates through to January 2, 2014. Upon maturity of the loans, investors typically reinvest their monies and either renew their loans or invest in preferred shares. Future repayments are as follows:

	\$
2009	20,237,651
2010	6,965,281
2011	872,515
2012	2,873,595
2013	1,578,401
Thereafter	<u>1,581,582</u>
	<u>34,109,025</u>

8 Capital stock

Authorized

An unlimited number of Class A and Class B common shares
 280,000 Series A preferred shares
 2,000,000 Series B preferred shares

Issued

	2008		2007	
	Number of shares	Amount \$	Number of shares	Amount \$
Class A common shares, voting	910,000	175,049	910,000	175,049
Class B common shares, non-voting	925,000	175,050	925,000	175,050
Series A preferred shares	349,229	8,730,730	176,675	4,416,925
Series B preferred shares	27,080	<u>677,000</u>	-	-
		9,757,829		4,767,024
Less: Issuance costs		<u>(495,015)</u>		<u>(176,593)</u>
		<u>9,262,814</u>		<u>4,590,431</u>

The Series A and B preferred shares have an annual dividend rate of 10% and are redeemable at the option of the company.

During the year, the company issued 172,554 Series A preferred shares and 27,080 Series B preferred shares at \$25 per share for total cash consideration of \$4,990,805 and incurred issuance costs of \$318,422.

In fiscal 2007, the company repurchased common shares held by one of its directors and a related shareholder for \$1,950,000 and incurred a loss on redemption of shares of \$1,600,000. The company paid \$350,000 in cash as part of the transaction and the remainder of the purchase price was to be paid in 30 monthly instalments. As part of the transaction, the company sold certain automotive leases and in return held term loans receivable. In fiscal 2008, the director defaulted on the term loans receivable, which resulted in a termination of the share agreement and the remaining payments on the repurchase of the common shares ceased. As a result, the company incurred net bad debt of \$2,936,918 and took possession of the outstanding automotive leases.

9 Income taxes

At July 31, 2008, the company had accumulated losses for income tax purposes of approximately \$14,795,300, which may be carried forward and used to reduce taxable income in future years. These losses expire as follows:

	\$
2009	282,600
2010	44,100
2014	2,023,400
2015	3,937,000
2026	3,144,000
2027	5,364,200
	<hr/>
	14,795,300

10 Related party transactions

The company uses the services of related companies in the normal course of operations. Commissions of \$316,779 (2007 - \$222,035) were paid to Nelson Investment Group Ltd. to secure new investors. In addition, the company recovered \$nil (2007 - \$43,729) from Nelson Mortgage for shared office space.

11 Subsequent events

Subsequent to July 31, 2008, the company issued 199,213 Series B preferred shares for \$4,980,326.

This is **Exhibit "B"** to the
Affidavit of Marc Boutet
sworn before me, this 22nd day of
March, 2010.



A Commissioner for taking Affidavits

**Colleen Harriet Delaney,
a Commissioner, etc.,
Province of Ontario, for A. John Page
Chartered Accountant and A. John Page &
Associates Inc., Trustee in Bankruptcy.
Expires February 26, 2013.**



Nelson Financial Group Ltd.
Balance Sheet
As of July 31, 2009

053

Jul 31, 09

ASSETS	
Current Assets	
Chequing/Savings	
1000 · TD Canada Trust	500,181.33
1003 · Money Market Fund	1,305,389.87
1005 · Petty Cash	2,000.00
1009 · U.S Funds	4,468.64
1010 · Cash in Transit	19,083.41
Total Chequing/Savings	1,831,123.25
Accounts Receivable	
1159 · Misc. Accounts Receivable	200,636.68
Total Accounts Receivable	200,636.68
Other Current Assets	
1184 · Nelson Social Committee	-631.26
1185 · Prepaid Financing Commission	744,342.10
1186 · Prepaid Referral Fees	851,672.33
1187 · Def. Financing Charges-RRSP Fnd	112,117.15
1190 · Prepaid Expense	12,527.43
1192 · Nelson Investment-Intercompany	-219,499.14
Total Other Current Assets	1,500,528.61
Total Current Assets	3,532,288.54
Fixed Assets	
1500 · Fixed Assets	692,720.98
1580 · Accumulated Depreciation	-399,805.95
Total Fixed Assets	292,915.03
Other Assets	
1300 · Consumer Loans	1,207,085.67
1303 · Itinerant Sales Loans	21,616,410.65
1306 · Unapplied Interest - Loans	987,095.81
1400 · Net Investment in Leases	2,370,300.81
Total Other Assets	26,180,892.94
TOTAL ASSETS	<u>30,006,096.51</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
1999 · Accounts Payable Vendors U.S.\$	-180.09
2000 · Accounts Payable Vendors	133,992.91
Total Accounts Payable	133,812.82
Other Current Liabilities	
2001 · Provision for Audit Expense	30,000.00
2002 · Provision for Legal Expense	50,000.00
2005 · Accruals	105,698.69
2008 · Accrued Vacation Pay	4,063.40
2009 · Bonus Accrual	100,000.00
2014 · Deferred Charges	31,072.00
2200 · GST Payable - (Receivable)	2,792.93
2204 · Federal Income Tax- Corporate	2,210.69
2205 · Provincial Income Tax-Corporate	-48,891.49
2240 · PST Payable	14,253.96
2500 · Accrued Int. Investor Loans	560,215.44
2600 · Dealer Backend Accounts	625,489.76
2701 · Investor Holding Account	-460,216.58
Total Other Current Liabilities	1,016,688.80
Total Current Liabilities	1,150,501.62
Long Term Liabilities	

Nelson Financial Group Ltd.
Balance Sheet
As of July 31, 2009

054

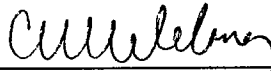
	Jul 31, 09
2700 - Investor Loans	6,988,590.06
2702 - Subordinated Investor Loans	27,623,536.36
Total Long Term Liabilities	34,612,126.42
Total Liabilities	35,762,628.04
Equity	
2950 - Capital Stock - Common	350,099.00
2951 - Preferred Shares	13,882,962.75
2952 - Preferred Share Issue Cost	-762,209.98
3000 - Opening Balance Equity	-1,678,180.33
3001 - Retained Earnings	-14,109,319.59
3002 - Preferred share Dividends	-2,100,871.97
Net Income	-1,339,011.41
Total Equity	-5,756,531.53
TOTAL LIABILITIES & EQUITY	<u>30,006,096.51</u>

Nelson Financial Group Ltd.
Profit & Loss
 August 2008 through July 2009

Aug '08 - Jul 09

Ordinary Income/Expense	
Income	
5002 · Floor Plan Interest	7,853.58
5003 · Interest Income	6,837.56
5005 · Lease Income	1,069,051.11
5014 · Itinerant Sales Income	5,402,484.76
5016 · Consumer Loan Income	992,568.97
5020 · Administration Fee	337,279.65
Total Income	7,816,075.63
Gross Profit	7,816,075.63
Expense	
3900 · Investor Expenses	1,010,383.96
4001 · Investor Loan Interest	4,200,535.68
4009 · Personnel Cost	1,462,834.01
4333 · Nelson Client Referral Fees	334,020.37
4400 · Office Rent	122,522.83
4428 · Insurance - Fleet	38,754.88
4429 · Management Insurance	6,033.33
4430 · Depreciation - Fixed Assets	84,938.95
4440 · Computer Repairs & Maint.	20,740.99
4441 · Software License Fees - Saturn	57,257.80
4442 · Computer - Hosting Fees	40,190.97
4443 · Computer Portal Fees	5,400.00
4455 · Moving Expenses	15,882.48
4500 · Telephone - Fax & Cable Service	94,648.45
4501 · Utilities - Hydro Gas	17,198.94
4502 · Property Tax Expense	2,023.00
4510 · Postage & Courier	24,406.26
4520 · Advertising & Promotion	22,513.85
4540 · Parking & Car Expense	90.19
4542 · Miscellaneous Expense	-95,429.19
4543 · Automobile Expense - Gas	4,225.03
4546 · Credit Reports	40,970.90
4547 · Repo Charges	46,440.24
4550 · Meals & Entertainment	1,610.25
4553 · Continuing Education	4,549.45
4554 · Association Dues & Fees	1,936.00
4560 · Legal Fees	59,773.33
4561 · Legal Fees - Bad Debt Expense	195,692.16
4580 · Accounting Fees	32,000.00
4620 · Bank Charges	138,337.50
4621 · Auto Warranty	377.52
4630 · Office Supplies	20,387.45
4631 · Office Repairs & Maint.	28,586.00
4710 · PPSA Registration	1,700.00
4714 · Gain/Loss Disposal Fixed Assets	3,237.84
4957 · Dealer Licences	290.00
4963 · Customer Bad Debt Loss	1,109,489.23
4964 · Dealer Bad Debt Loss	0.00
Total Expense	9,154,550.65
Net Ordinary Income	-1,338,475.02
Other Income/Expense	
Other Expense	
6004 · Exchange Gain/Loss	536.39
Total Other Expense	536.39
Net Other Income	-536.39
Net Income	<u>-1,339,011.41</u>

This is **Exhibit "C"** to the
Affidavit of Marc Boutet
sworn before me, this 22nd day of
March, 2010.



A Commissioner for taking Affidavits

Colleen Harriet Delaney,
a Commissioner, etc.,
Province of Ontario, for A. John Page
Chartered Accountant and A. John Page &
Associates Inc., Trustee in Bankruptcy.
Expires February 26, 2013.



Nelson Financial Group Ltd.
Balance Sheet
As of February 28, 2010

Feb 28, 10

ASSETS

Current Assets

Chequing/Savings

1000 · TD Canada Trust	238,170.92
1003 · Money Market Fund	393,450.56
1005 · Petty Cash	1,182.42
1009 · U.S Funds	6,016.09
1010 · Cash in Transit	166,484.06

Total Chequing/Savings 805,304.05

Accounts Receivable

1156 · Direct to Home Grocers Misc Rec	45,428.00
1159 · Misc. Accounts Receivable	148,844.95

Total Accounts Receivable 194,272.95

Other Current Assets

1184 · Nelson Social Committee	-1,183.06
1185 · Prepaid Financing Commission	823,163.09
1186 · Prepaid Referral Fees	990,639.52
1187 · Def. Financing Charges-RRSP Fnd	128,052.40
1190 · Prepaid Expense	18,634.16
1192 · Nelson Investment-Intercompany	-190,792.89
1193 · Nelson Mortgage - Intercompany	48,822.93

Total Other Current Assets 1,817,336.15

Total Current Assets 2,816,913.15

Fixed Assets

1500 · Fixed Assets	751,015.20
1580 · Accumulated Depreciation	-460,103.74

Total Fixed Assets 290,911.46

Other Assets

1300 · Consumer Loans	1,230,050.94
1303 · Itinerant Sales Loans	23,136,811.45
1305 · Other Loans	28,687.92
1306 · Unapplied Interest - Loans	1,289,126.75
1400 · Net Investment in Leases	1,773,258.05

Total Other Assets 27,457,935.11

TOTAL ASSETS 30,565,759.72

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

1999 · Accounts Payable Vendors U.S.\$	-9,654.40
2000 · Accounts Payable Vendors	25,267.61

Total Accounts Payable 15,613.21

Other Current Liabilities

2001 · Provision for Audit Expense	27,615.00
2002 · Provision for Legal Expense	70,252.34
2005 · Accruals	76,490.87
2008 · Accrued Vacation Pay	1,788.40
2009 · Bonus Accrual	76,940.11
2014 · Deferred Charges	17,478.00
2200 · GST Payable - (Receivable)	1,070.92
2204 · Federal Income Tax- Corporate	2,202.70
2205 · Provincial Income Tax-Corporate	-48,891.49
2240 · PST Payable	6,185.56
2500 · Accrued Int. Investor Loans	524,450.77
2600 · Dealer Backend Accounts	483,561.13
2701 · Investor Holding Account	-584,383.57

Total Other Current Liabilities 654,760.74

Nelson Financial Group Ltd.
Balance Sheet
As of February 28, 2010

057

	Feb 28, 10
Total Current Liabilities	670,373.95
Long Term Liabilities	
2700 · Investor Loans	3,961,095.07
2702 · Subordinated Investor Loans	32,685,923.96
Total Long Term Liabilities	36,647,019.03
Total Liabilities	37,317,392.98
Equity	
2950 · Capital Stock - Common	350,099.00
2951 · Preferred Shares	14,636,274.93
2952 · Preferred Share Issue Cost	-830,385.33
3000 · Opening Balance Equity	-1,678,180.33
3001 · Retained Earnings	-15,448,331.00
3002 · Preferred share Dividends	-3,038,063.27
Net Income	-743,047.26
Total Equity	-6,751,633.26
TOTAL LIABILITIES & EQUITY	<u>30,565,759.72</u>

Nelson Financial Group Ltd.
Profit & Loss
 August 2009 through February 2010

Aug '09 - Feb 10

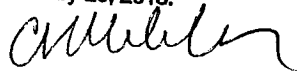
Ordinary Income/Expense	
Income	
5003 · Interest Income	4,103.88
5005 · Lease Income	205,261.07
5014 · Itinerant Sales Income	3,560,512.64
5016 · Consumer Loan Income	253,447.17
5020 · Administration Fee	173,949.75
5021 · Other Income	50.00
Total Income	4,197,324.51
Gross Profit	
	4,197,324.51
Expense	
3900 · Investor Expenses	621,181.49
4001 · Investor Loan Interest	2,584,521.91
4009 · Personnel Cost	795,389.03
4333 · Nelson Client Referral Fees	200,952.20
4400 · Office Rent	46,869.64
4428 · Insurance - Fleet	15,436.35
4429 · Management Insurance	3,770.48
4430 · Depreciation - Fixed Assets	60,297.79
4440 · Computer Repairs & Maint.	14,280.45
4441 · Software License Fees - Saturn	7,238.12
4442 · Computer - Hosting Fees	25,793.80
4443 · Computer Portal Fees	400.00
4455 · Moving Expenses	644.06
4500 · Telephone - Fax & Cable Service	25,125.56
4501 · Utilities - Hydro Gas	11,270.69
4502 · Property Tax Expense	13,882.13
4510 · Postage & Courier	13,110.48
4520 · Advertising & Promotion	911.00
4540 · Parking & Car Expense	276.50
4542 · Miscellaneous Expense	1,547.32
4543 · Automobile Expense - Gas	491.12
4546 · Credit Reports	21,389.40
4547 · Repo Charges	8,275.63
4550 · Meals & Entertainment	188.61
4552 · Magazines & Subscriptions	79.95
4553 · Continuing Education	1,367.90
4554 · Association Dues & Fees	165.00
4560 · Legal Fees	35,000.00
4561 · Legal Fees - Bad Debt Expense	85,650.43
4580 · Accounting Fees	21,000.00
4620 · Bank Charges	94,945.31
4630 · Office Supplies	12,938.75
4631 · Office Repairs & Maint.	13,889.63
4710 · PPSA Registration	200.00
4957 · Dealer Licences	300.00
4963 · Customer Bad Debt Loss	187,632.12
4964 · Dealer Bad Debt Loss	13,023.29
Total Expense	4,939,436.14
Net Ordinary Income	-742,111.63
Other Income/Expense	
Other Expense	
6004 · Exchange Gain/Loss	935.63
Total Other Expense	935.63
Net Other Income	-935.63
Net Income	<u>-743,047.26</u>

This is **Exhibit "D"** to the
Affidavit of Marc Boutet
sworn before me, this 22nd day of
March, 2010.



A Commissioner for taking Affidavits

Colleen Harriet Delaney,
a Commissioner, etc.,
Province of Ontario, for A. John Page
Chartered Accountant and A. John Page &
Associates Inc., Trustee in Bankruptcy.
Expires February 26, 2013.



SECURITY AGREEMENT

This Agreement made as of the 16th day of November, 2009.

B E T W E E N:

NELSON FINANCIAL GROUP LTD.
(hereinafter called the "Debtor")

and

GLENN & LISA MACKIE
(hereinafter called the "Creditor")

WHEREAS the Creditor has loaned certain funds to the Debtor and may in future make additional loans to the Debtor;

AND WHEREAS the Debtor has agreed to grant a security interest to the Creditor on the terms set out herein, in order to secure its Obligations (hereinafter defined) to the Creditor,

NOW THEREFORE this Agreement witnesses that in consideration of the mutual covenants contained herein and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The Debtor hereby charges and creates a security interest in favour of the Creditor in all its assets listed in Schedule "A" attached hereto, together with all renewals, substitutions and proceeds thereof. For the purposes of this Security Agreement, the assets of the Debtor referred to herein are called the "Collateral". The security interest created herein is a first charge against the Collateral, ranking in priority to any other security interest, lien or encumbrance.
2. The security interest granted to the Creditor herein shall serve as security for the repayment of any and all indebtedness of the Debtor to the Creditor, and for the payment and discharge of all other liability and obligations, direct or indirect, absolute or contingent, now or hereafter arising, of the Debtor to the Creditor (all such indebtedness, interest, liabilities and obligations being hereinafter collectively called the "Obligations").
3. The Collateral will be equal to (2) two times the total principal amount of the Obligations. It is acknowledged and agreed that the contracts comprising the Collateral mature from time to time in the ordinary course of the Debtor's business, and that the Debtor shall replenish the Collateral on an scheduled basis, such that the actual total market value of the Collateral shall at no time be less than an amount equal to (1 and a 1/2) one and one half times the total principal amount of the Obligations. The Debtor shall, upon one (1) week's notice, provide to the Creditor an up-to-date copy of Schedule

"A", revised to show the deletion of matured contracts and the addition of new contracts comprising the Collateral. In the absence of such notice, the Debtor shall provide an updated Schedule "A" to the Creditor annually on the 1st day of November. All revised Schedules "A" shall form a part of this Security Agreement, and the security interest created by this Agreement applies to all contracts listed both now and subsequently in Schedule "A". Upon two (2) week's notice, the contracts included in Schedule "A" from time to time shall be made available for inspection by the Creditor at the Debtor's business premises during business hours.

4. The Debtor shall be in default under this Security Agreement upon the occurrence of any one of the following events:
 - (a) the Debtor defaults under any of the Obligations;
 - (b) the Debtor defaults in the due observance or performance of any covenant, undertaking or agreement heretofore or hereafter given to the Creditor, whether contained herein or not;
 - (c) an execution of any other process of any court shall come enforceable against the Debtor or a distress or analogous process shall be levied upon the Collateral or any part thereof;
 - (d) the Debtor becomes insolvent or commits any act of bankruptcy, or makes an assignment in bankruptcy or a bulk sale of the Collateral or is petitioned into bankruptcy;
 - (e) the Debtor ceases to carry on business;
 - (f) the Debtor sells all or substantially all of the Collateral or sells any of the Collateral outside the ordinary course of the Debtor's business;
 - (g) the Debtor permits the creation of or acknowledges the validity of a security interest claiming priority over the Creditor's security interest; or
 - (h) the Debtor permits the actual total market value of the Collateral to fall below the amount which is (1.5) 1 and a ½ times the principal amount of the Obligations.
5. Upon any default under this Security Agreement, the Creditor may declare any or all of the Obligations to be immediately due and payable and may proceed to realize the security hereby constituted and to enforce rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or an employee or employees of the Creditor or not, and the Creditor may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment

of a receiver or receivers or for the sale of the Collateral or any part thereof, or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and the Creditor may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor. Any such receiver or receivers so appointed shall have power to take possession of the Collateral or any part thereof and to carry on the business of the Debtor, and to borrow money required for maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to sell, lease, or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he or they shall determine. In exercising any powers any such receiver or receivers shall act as agent or agents for the Debtor and the Creditor shall not be responsible for his or their actions.

In addition, the Creditor may enter upon and sell the whole or any part of the Collateral and any such sale may be made hereunder by public auction, by public tender or by private contract, with or without notice and with or without advertising and without any other formality, all of which are hereby waived by the Debtor, and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Creditor in its sole discretion may seem advantageous, and such sale may take place whether or not the Creditor has taken possession of such assets.

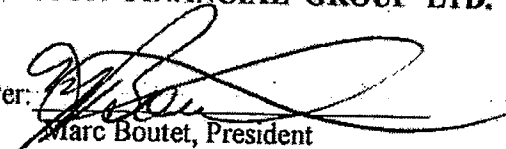
No remedy for the realization of the security hereof or for the enforcement of the rights of the Creditor shall be exclusive of or dependant on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this Security Agreement includes a receiver and a manager.


6. The Debtor agrees to pay all reasonable expenses, including solicitor's fees and disbursements and the remuneration of any receiver appointed hereunder, incurred by the Creditor in the enforcement of this Security Agreement and the payment of such expenses shall be secured hereby.
7. The Creditor may waive any default herein referred to; provided always that no act or omission by the Creditor in the Premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.
8. The Debtor warrants and acknowledges that the Debtor and the Creditor intend each of the security interests in this Security Agreement to attach upon the execution of this Security Agreement, that value has been given and that the Debtor has rights in the Collateral.
9. This Security Agreement shall enure to the benefit of and be binding upon the respective successors and assigns of the Debtor and the Creditor. The recitals at the head of this Agreement are true and accurate and form a part of this Agreement.

IN WITNESS WHEREOF this Security Agreement has been executed by the Debtor and the Creditor as of the 16th day of November, 2009.

NELSON FINANCIAL GROUP LTD.

GLENN & LISA MACKIE

Per: 
Marc Boutet, President

Per: 
Glenn Mackie

I have the authority to bind the Corporation.

I have the authority to bind this agreement.

SCHEDULE "A"

Set out on the following pages is a listing of the Collateral. Each item represents a loan agreement entered into between the named Customer, as borrower, and Nelson Financial Group Ltd. as lender. This listing shall be amended from time to time in strict accordance with paragraph 3 of the Security Agreement of which this Schedule "A" forms a part.

Schedule A

Assigned to: Mackie

Deal ID	Customer	Sale Price	Monthly	CashFlow
28721		\$3,871.44	\$100.03	\$8,802.64
42525		\$4,033.63	\$108.41	\$7,155.06
42583		\$3,463.84	\$86.83	\$5,730.78
41349		\$3,238.75	\$97.23	\$6,319.95
41450		\$3,238.75	\$97.23	\$6,319.95
39884		\$3,238.75	\$97.23	\$6,222.72
39977		\$3,238.75	\$97.23	\$6,222.72
39886		\$3,238.75	\$97.23	\$6,222.72
40076		\$3,238.75	\$97.23	\$6,222.72
39731		\$3,238.75	\$97.23	\$6,125.49
39650		\$3,238.75	\$97.23	\$6,125.49
39187		\$3,238.75	\$97.23	\$6,125.49
39186		\$3,238.75	\$97.23	\$6,125.49
39200		\$3,238.75	\$97.23	\$6,125.49
39433		\$3,238.75	\$97.23	\$6,125.49
39674		\$3,238.75	\$97.23	\$6,125.49
39641		\$3,238.75	\$97.23	\$6,125.49
39185		\$3,238.75	\$97.23	\$6,125.49
45726		\$1,700.00	\$54.90	\$3,294.00
45880		\$2,935.74	\$94.80	\$5,688.00
45898		\$2,809.46	\$90.72	\$5,443.20
45987		\$2,809.46	\$90.72	\$5,443.20
45784		\$2,809.46	\$90.72	\$5,443.20
45878		\$1,724.99	\$55.70	\$3,342.00
45909		\$2,809.46	\$90.72	\$5,443.20
45768		\$3,184.74	\$102.84	\$6,170.40
45749		\$3,394.49	\$109.61	\$6,576.60
45879		\$1,724.99	\$55.70	\$3,342.00
45997		\$1,700.00	\$54.90	\$3,294.00
45902		\$2,809.46	\$90.72	\$5,443.20
45622		\$2,637.95	\$85.18	\$5,025.62
45334		\$2,809.46	\$90.72	\$5,352.48
45348		\$2,659.75	\$85.89	\$5,067.51
45611		\$2,684.74	\$86.70	\$5,115.30
45608		\$1,399.74	\$45.20	\$2,666.80
45630		\$2,684.74	\$86.70	\$5,115.30
45620		\$2,659.74	\$85.89	\$5,067.51
45174		\$2,809.46	\$90.72	\$5,352.48
45259		\$2,809.46	\$90.72	\$5,352.48
46489		\$1,399.74	\$45.20	\$2,666.80
45266		\$3,879.89	\$125.28	\$7,391.52
45558		\$2,809.46	\$90.72	\$5,352.48
45584		\$2,809.46	\$90.72	\$5,352.48
45450		\$3,655.21	\$118.03	\$6,983.77
45566		\$2,809.46	\$90.72	\$5,352.48

3/19/2009



 1 of 2

Schedule A

Assigned to: Mackie

45569
45923
45256
45171
45170
44758
45029
45041
45063
45933
45015
45144
45146
44933
44920
44819
45147
45149
45148
44528
44142
44386
44250
44418
44302
44126
44187
44209
44542
45730
43438
43742
43782
43925
43814
43768
43416
44039
43820
43818
43452
43428
Accounts:

\$3,184.74	\$102.84	\$6,067.56
\$3,402.41	\$110.89	\$6,530.71
\$4,019.45	\$129.80	\$7,658.20
\$2,809.46	\$90.72	\$5,352.48
\$2,809.46	\$90.72	\$5,352.48
\$3,751.74	\$121.15	\$7,026.70
\$3,184.74	\$102.84	\$5,984.72
\$1,619.69	\$52.30	\$3,033.40
\$2,314.81	\$74.75	\$4,335.50
\$2,926.40	\$95.93	\$5,563.94
\$3,819.49	\$123.34	\$7,153.72
\$4,019.49	\$129.80	\$7,528.40
\$2,809.46	\$90.72	\$5,261.78
\$4,019.49	\$129.80	\$7,528.40
\$4,019.49	\$129.80	\$7,528.40
\$4,004.50	\$129.31	\$7,499.98
\$2,809.46	\$90.72	\$5,261.76
\$2,809.46	\$90.72	\$5,261.76
\$2,809.46	\$90.72	\$5,261.76
\$4,019.49	\$129.80	\$7,398.60
\$4,019.49	\$129.80	\$7,398.60
\$2,832.90	\$74.98	\$4,273.86
\$2,139.95	\$89.01	\$3,933.57
\$4,854.24	\$156.75	\$8,934.75
\$4,019.49	\$129.80	\$7,398.60
\$3,184.74	\$102.84	\$5,861.88
\$2,866.81	\$75.87	\$4,324.59
\$2,636.69	\$89.78	\$3,977.46
\$4,019.49	\$129.80	\$7,398.60
\$2,745.75	\$90.72	\$5,171.04
\$4,004.50	\$129.31	\$7,241.36
\$3,337.95	\$107.79	\$6,036.24
\$3,766.69	\$121.63	\$6,811.28
\$3,766.69	\$121.63	\$6,811.28
\$2,866.81	\$60.84	\$3,407.04
\$3,766.69	\$121.63	\$6,811.28
\$2,125.00	\$68.62	\$3,842.72
\$2,698.00	\$87.12	\$4,878.72
\$2,866.81	\$60.84	\$3,407.04
\$2,866.81	\$60.84	\$3,407.04
\$2,809.46	\$90.72	\$5,080.32
\$4,004.50	\$129.31	\$7,241.36
\$288,242.62	\$8,340.26	\$486,685.54

(Signature) *(Signature)* 2 of 2

SECURITY AGREEMENT

This Agreement made as of the 16th day of November, 2009.

BETWEEN:

NELSON FINANCIAL GROUP LTD.
(hereinafter called the "Debtor")

and

FOSCARINI MACKIE HOLDINGS INC.
(hereinafter called the "Creditor")

WHEREAS the Creditor has loaned certain funds to the Debtor and may in future make additional loans to the Debtor;

AND WHEREAS the Debtor has agreed to grant a security interest to the Creditor on the terms set out herein, in order to secure its Obligations (hereinafter defined) to the Creditor,

NOW THEREFORE this Agreement witnesses that in consideration of the mutual covenants contained herein and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The Debtor hereby charges and creates a security interest in favour of the Creditor in all its assets listed in Schedule "A" attached hereto, together with all renewals, substitutions and proceeds thereof. For the purposes of this Security Agreement, the assets of the Debtor referred to herein are called the "Collateral". The security interest created herein is a first charge against the Collateral, ranking in priority to any other security interest, lien or encumbrance.
2. The security interest granted to the Creditor herein shall serve as security for the repayment of any and all indebtedness of the Debtor to the Creditor, and for the payment and discharge of all other liability and obligations, direct or indirect, absolute or contingent, now or hereafter arising, of the Debtor to the Creditor (all such indebtedness, interest, liabilities and obligations being hereinafter collectively called the "Obligations").
3. The Collateral will be equal to (2) two times the total principal amount of the Obligations. It is acknowledged and agreed that the contracts comprising the Collateral mature from time to time in the ordinary course of the Debtor's business, and that the Debtor shall replenish the Collateral on an scheduled basis, such that the actual total market value of the Collateral shall at no time be less than an amount equal to (1 and a 1/2) one and one half times the total principal amount of the Obligations. The Debtor shall, upon one (1) week's notice, provide to the Creditor an up-to-date copy of Schedule

"A", revised to show the deletion of matured contracts and the addition of new contracts comprising the Collateral. In the absence of such notice, the Debtor shall provide an updated Schedule "A" to the Creditor annually on the 1st day of November. All revised Schedules "A" shall form a part of this Security Agreement, and the security interest created by this Agreement applies to all contracts listed both now and subsequently in Schedule "A". Upon two (2) week's notice, the contracts included in Schedule "A" from time to time shall be made available for inspection by the Creditor at the Debtor's business premises during business hours.

4. The Debtor shall be in default under this Security Agreement upon the occurrence of any one of the following events:
 - (a) the Debtor defaults under any of the Obligations;
 - (b) the Debtor defaults in the due observance or performance of any covenant, undertaking or agreement heretofore or hereafter given to the Creditor, whether contained herein or not;
 - (c) an execution of any other process of any court shall come enforceable against the Debtor or a distress or analogous process shall be levied upon the Collateral or any part thereof;
 - (d) the Debtor becomes insolvent or commits any act of bankruptcy, or makes an assignment in bankruptcy or a bulk sale of the Collateral or is petitioned into bankruptcy;
 - (e) the Debtor ceases to carry on business;
 - (f) the Debtor sells all or substantially all of the Collateral or sells any of the Collateral outside the ordinary course of the Debtor's business;
 - (g) the Debtor permits the creation of or acknowledges the validity of a security interest claiming priority over the Creditor's security interest; or
 - (h) the Debtor permits the actual total market value of the Collateral to fall below the amount which is (1.5) 1 and a ½ times the principal amount of the Obligations.
5. Upon any default under this Security Agreement, the Creditor may declare any or all of the Obligations to be immediately due and payable and may proceed to realize the security hereby constituted and to enforce rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or an employee or employees of the Creditor or not, and the Creditor may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment

of a receiver or receivers or for the sale of the Collateral or any part thereof, or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and the Creditor may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor. Any such receiver or receivers so appointed shall have power to take possession of the Collateral or any part thereof and to carry on the business of the Debtor, and to borrow money required for maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to sell, lease, or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he or they shall determine. In exercising any powers any such receiver or receivers shall act as agent or agents for the Debtor and the Creditor shall not be responsible for his or their actions.

In addition, the Creditor may enter upon and sell the whole or any part of the Collateral and any such sale may be made hereunder by public auction, by public tender or by private contract, with or without notice and with or without advertising and without any other formality, all of which are hereby waived by the Debtor, and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Creditor in its sole discretion may seem advantageous, and such sale may take place whether or not the Creditor has taken possession of such assets.

No remedy for the realization of the security hereof or for the enforcement of the rights of the Creditor shall be exclusive of or dependant on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this Security Agreement includes a receiver and a manager.

6. The Debtor agrees to pay all reasonable expenses, including solicitor's fees and disbursements and the remuneration of any receiver appointed hereunder, incurred by the Creditor in the enforcement of this Security Agreement and the payment of such expenses shall be secured hereby.
7. The Creditor may waive any default herein referred to; provided always that no act or omission by the Creditor in the Premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.
8. The Debtor warrants and acknowledges that the Debtor and the Creditor intend each of the security interests in this Security Agreement to attach upon the execution of this Security Agreement, that value has been given and that the Debtor has rights in the Collateral.
9. This Security Agreement shall enure to the benefit of and be binding upon the respective successors and assigns of the Debtor and the Creditor. The recitals at the head of this Agreement are true and accurate and form a part of this Agreement.

IN WITNESS WHEREOF this Security Agreement has been executed by the Debtor and the Creditor as of the 16th day of November, 2009.

NELSON FINANCIAL GROUP LTD.

Per:

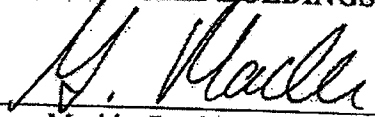


Marc Boutet, President

I have the authority to bind the Corporation.

FOSCARINI MACKIE HOLDINGS INC.

Per:



Glenn Mackie, President

I have the authority to bind the Corporation.

SCHEDULE "A"

Set out on the following pages is a listing of the Collateral. Each item represents a loan agreement entered into between the named Customer, as borrower, and Nelson Financial Group Ltd. as lender. This listing shall be amended from time to time in strict accordance with paragraph 3 of the Security Agreement of which this Schedule "A" forms a part.

Schedule A

Assigned to: Foscarini Mackle
612-

Deal ID	Sale Price	Monthly	CashFlow
45091	\$2,988.00	\$107.77	\$4,957.42
45085	\$3,992.89	\$121.39	\$5,583.94
44896	\$7,738.85	\$278.20	\$12,797.20
44877	\$2,662.85	\$80.96	\$3,724.16
45082	\$2,622.90	\$94.29	\$4,337.34
44879	\$3,766.69	\$135.40	\$6,228.40
45086	\$2,798.00	\$100.58	\$4,626.68
44880	\$3,766.69	\$135.40	\$6,228.40
44881	\$3,082.85	\$93.73	\$4,311.58
44882	\$1,805.71	\$57.72	\$2,655.12
44883	\$2,925.57	\$105.17	\$4,837.82
45081	\$2,866.81	\$103.06	\$4,740.76
44876	\$2,925.57	\$105.17	\$4,837.82
44894	\$2,925.57	\$105.17	\$4,837.82
44878	\$2,800.00	\$100.65	\$4,629.80
44897	\$2,452.85	\$74.58	\$3,430.68
45080	\$1,822.85	\$65.53	\$3,014.38
45076	\$2,056.74	\$62.53	\$2,876.38
44913	\$4,284.75	\$154.03	\$7,085.38
44901	\$4,284.75	\$154.03	\$7,085.38
45075	\$3,073.74	\$110.49	\$5,082.54
45074	\$2,970.77	\$106.79	\$4,912.34
44904	\$2,557.85	\$77.77	\$3,577.42
45834	\$2,904.42	\$108.79	\$4,912.34
44905	\$2,767.85	\$84.15	\$3,870.90
44886	\$2,925.57	\$105.17	\$4,837.82
44863	\$3,238.75	\$116.43	\$5,355.78
44874	\$2,256.25	\$88.60	\$3,155.60
44859	\$2,031.74	\$73.04	\$3,359.84
44861	\$3,766.69	\$135.40	\$6,228.40
45094	\$2,784.95	\$100.11	\$4,605.06
44846	\$2,970.77	\$106.79	\$4,912.34
44845	\$3,427.68	\$123.22	\$5,668.12
44862	\$1,907.75	\$68.58	\$3,154.68
44857	\$2,970.77	\$106.79	\$4,912.34
44864	\$3,238.75	\$116.43	\$5,355.78
45083	\$2,767.85	\$84.15	\$3,870.90
45084	\$3,238.75	\$116.43	\$5,355.78
44839	\$2,925.57	\$105.17	\$4,837.82

Schedule A

Assigned to: Foscarini Mackie
612-

45085
44844
35124
33839
33840
33893
33986
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38973
39497
44532
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\$1,822.85	\$65.53	\$3,014.38
\$2,505.35	\$90.06	\$4,142.76
\$2,877.72	\$49.62	\$2,232.90
\$13,200.00	\$426.25	\$19,181.25
\$13,200.00	\$426.25	\$19,181.25
\$2,859.88	\$92.35	\$4,155.75
\$3,442.72	\$111.17	\$5,002.65
\$13,200.00	\$426.25	\$19,181.25
\$2,758.72	\$89.08	\$4,008.60
\$2,935.74	\$99.49	\$4,477.05
\$2,970.77	\$83.78	\$3,770.10
\$2,638.69	\$74.35	\$3,345.75
\$2,827.85	\$101.66	\$4,574.70
\$1,139.40	\$40.96	\$1,843.20
\$2,297.69	\$69.86	\$3,143.70
\$3,238.75	\$116.43	\$5,239.35
\$2,925.57	\$105.17	\$4,732.65
\$3,238.75	\$116.43	\$5,239.35
\$3,238.75	\$116.43	\$5,239.35
\$2,935.74	\$105.53	\$4,748.85
\$2,935.74	\$105.53	\$4,748.85
\$3,768.69	\$135.40	\$6,093.00
\$1,544.95	\$55.54	\$2,499.30
\$2,935.74	\$105.53	\$4,748.85
\$3,238.75	\$116.43	\$5,239.35
\$1,941.71	\$59.02	\$2,655.90
\$3,260.45	\$99.11	\$4,459.95
\$2,682.85	\$80.96	\$3,643.20
\$2,925.57	\$105.17	\$4,732.65
\$2,925.57	\$105.17	\$4,732.65
\$2,276.95	\$81.85	\$3,683.25
\$3,238.75	\$116.43	\$5,239.35
\$2,557.85	\$77.77	\$3,499.65
\$2,866.81	\$103.06	\$4,637.70
\$2,460.01	\$88.43	\$3,979.35
\$3,427.69	\$104.21	\$4,689.45
\$2,686.81	\$95.87	\$4,314.15
\$2,970.66	\$90.32	\$4,064.40
\$2,970.77	\$106.79	\$4,805.55
\$636.30	\$22.87	\$1,029.15

Schedule A

Assigned to: Foscarini Mackie

612-

44375	\$2,970.77	\$106.79	\$4,805.55
44377	\$1,399.74	\$50.32	\$2,264.40
44537	\$4,019.49	\$144.49	\$6,502.05
44558	\$2,925.57	\$105.17	\$4,732.65
44419	\$2,866.61	\$103.77	\$4,669.65
44404	\$2,898.00	\$107.77	\$4,849.65
44406	\$2,866.81	\$103.06	\$4,637.70
44408	\$2,866.81	\$103.06	\$4,637.70
44347	\$2,970.77	\$106.79	\$4,805.55
44456	\$2,894.35	\$104.05	\$4,682.25
44450	\$2,557.85	\$77.77	\$3,499.65
44449	\$2,827.85	\$85.98	\$3,869.10
44457	\$1,702.76	\$51.77	\$2,329.65
44445	\$2,925.57	\$105.17	\$4,732.65
44484	\$3,238.75	\$116.43	\$5,239.35
44420	\$3,238.75	\$116.43	\$5,239.35
44442	\$3,238.75	\$116.43	\$5,239.35
44422	\$2,847.74	\$102.37	\$4,606.65
44424	\$2,598.76	\$79.01	\$3,555.45
44425	\$2,970.77	\$106.79	\$4,805.55
44426	\$2,970.77	\$106.79	\$4,805.55
44428	\$1,807.90	\$64.99	\$2,924.55
44429	\$2,666.81	\$95.87	\$4,314.15
44448	\$1,941.78	\$69.80	\$3,141.00
44496	\$2,127.75	\$64.69	\$2,911.05
44383	\$2,257.74	\$81.16	\$3,652.20
44264	\$2,662.85	\$95.72	\$4,307.40
44387	\$2,866.81	\$103.06	\$4,637.70
44390	\$2,970.77	\$106.79	\$4,805.55
44391	\$3,992.69	\$121.39	\$5,462.55
44392	\$4,019.49	\$144.49	\$6,502.05
44393	\$2,557.85	\$77.77	\$3,499.65
44501	\$2,925.57	\$105.17	\$4,732.65
44402	\$3,238.75	\$116.43	\$5,239.35
44497	\$2,677.75	\$81.41	\$3,663.45
44396	\$1,822.65	\$55.42	\$2,493.90
44495	\$3,766.69	\$135.40	\$6,093.00
44494	\$2,899.10	\$104.22	\$4,689.90
44492	\$2,766.81	\$99.46	\$4,475.70
44490	\$3,030.35	\$108.93	\$4,901.85

[Handwritten signature]

Schedule A

Assigned to: Foscarini Mackie

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44489
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44141
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44222
44695
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44255
44687
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44251

\$2,925.57	\$105.17	\$4,732.65
\$2,767.85	\$99.50	\$4,477.50
\$2,767.85	\$99.50	\$4,477.50
\$1,518.74	\$54.80	\$2,457.00
\$1,927.85	\$69.30	\$3,118.50
\$2,031.74	\$73.04	\$3,286.80
\$3,201.69	\$115.09	\$5,179.05
\$3,238.75	\$116.43	\$5,239.35
\$2,242.85	\$80.63	\$3,628.35
\$3,007.75	\$108.12	\$4,865.40
\$2,718.45	\$97.72	\$4,397.40
\$2,866.81	\$103.06	\$4,637.70
\$2,734.74	\$98.31	\$4,423.95
\$2,719.40	\$97.78	\$4,399.20
\$2,866.81	\$103.06	\$4,637.70
\$3,751.74	\$134.87	\$6,069.16
\$3,266.69	\$117.43	\$5,284.35
\$3,227.75	\$116.03	\$5,221.35
\$3,238.75	\$116.43	\$5,239.35
\$2,622.90	\$94.29	\$4,243.05
\$2,662.85	\$80.96	\$3,643.20
\$2,698.00	\$96.89	\$4,364.55
\$2,866.81	\$103.06	\$4,637.70
\$2,767.85	\$84.15	\$3,786.75
\$3,394.36	\$122.02	\$5,490.90
\$4,004.50	\$143.95	\$6,477.75
\$4,019.49	\$144.49	\$6,502.05
\$4,019.49	\$144.49	\$6,502.05
\$3,766.69	\$135.40	\$6,093.00
\$2,662.85	\$80.96	\$3,643.20
\$3,227.75	\$116.03	\$5,221.35
\$3,238.75	\$116.43	\$5,239.35
\$2,970.77	\$106.79	\$4,805.55
\$2,032.85	\$61.81	\$2,781.45
\$1,822.85	\$65.53	\$2,948.85
\$1,927.85	\$69.30	\$3,118.50
\$2,866.81	\$103.06	\$4,637.70
\$2,242.85	\$88.19	\$3,068.55
\$2,452.85	\$88.17	\$3,967.65
\$2,866.81	\$103.06	\$4,637.70

Schedule A

Assigned to: Foscarini Mackle
612-

44247
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\$2,767.85	\$99.50	\$4,477.60
\$4,184.75	\$150.43	\$6,769.35
\$3,394.35	\$122.02	\$5,490.90
\$3,238.75	\$116.43	\$5,239.35
\$2,557.85	\$77.75	\$3,498.75
\$2,242.85	\$80.63	\$3,628.35
\$2,320.34	\$83.41	\$3,753.45
\$2,970.77	\$106.79	\$4,805.55
\$1,597.90	\$57.44	\$2,584.80
\$2,387.75	\$65.83	\$3,862.35
\$2,970.77	\$106.79	\$4,805.55
\$1,387.90	\$42.20	\$1,899.00
\$2,237.75	\$80.44	\$3,619.80
\$2,347.85	\$71.38	\$3,212.10
\$3,082.85	\$93.73	\$4,217.85
\$2,862.85	\$95.72	\$4,307.40
\$2,077.71	\$74.69	\$3,361.05
\$2,866.00	\$87.14	\$3,921.30
\$2,734.35	\$98.29	\$4,423.05
\$1,941.71	\$69.80	\$3,141.00
\$1,867.45	\$67.13	\$3,020.85
\$2,866.81	\$103.06	\$4,637.70
\$1,918.74	\$68.97	\$3,103.65
\$2,304.25	\$82.83	\$3,727.35
\$2,866.81	\$103.06	\$4,637.70
\$2,137.85	\$65.00	\$2,925.00
\$3,919.49	\$140.90	\$6,340.50
\$2,925.57	\$105.17	\$4,732.65
\$1,998.00	\$71.82	\$3,231.90
\$2,866.81	\$103.06	\$4,637.70
\$2,970.77	\$106.79	\$4,805.55
\$1,145.00	\$41.16	\$1,852.20
\$2,975.69	\$106.97	\$4,813.65
\$2,866.81	\$103.06	\$4,637.70
\$2,866.81	\$103.06	\$4,637.70
\$1,154.35	\$41.50	\$1,867.50
\$2,925.57	\$105.17	\$4,732.65
\$1,941.76	\$59.04	\$2,656.80
\$2,452.85	\$74.58	\$3,356.10
\$2,925.67	\$105.17	\$4,732.65



Schedule A

Assigned to: Foscarini Mackie

612-

44619
44318
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43980

\$2,975.69	\$108.97	\$4,813.65
\$1,399.74	\$50.32	\$2,264.40
\$2,925.57	\$105.17	\$4,732.65
\$2,242.85	\$80.63	\$3,628.35
\$3,238.75	\$116.43	\$5,239.35
\$2,662.85	\$95.72	\$4,307.40
\$2,925.57	\$105.17	\$4,732.65
\$3,919.49	\$140.90	\$6,340.50
\$2,242.85	\$68.19	\$3,068.55
\$3,238.75	\$116.43	\$5,239.35
\$7,123.25	\$256.07	\$11,523.15
\$2,866.81	\$103.06	\$4,637.70
\$3,030.35	\$108.93	\$4,901.85
\$2,892.18	\$93.39	\$4,202.55
\$13,200.00	\$426.25	\$19,181.25
\$3,442.72	\$111.17	\$5,002.65
\$5,836.59	\$108.40	\$4,769.60
\$2,925.57	\$105.17	\$4,627.48
\$3,238.75	\$116.43	\$5,122.92
\$2,137.85	\$76.85	\$3,381.40
\$2,662.85	\$80.96	\$3,562.24
\$2,734.74	\$98.31	\$4,325.64
\$3,879.69	\$139.47	\$6,136.68
\$2,970.77	\$106.79	\$4,698.76
\$3,238.75	\$116.43	\$5,122.92
\$2,970.77	\$106.79	\$4,698.76
\$2,925.57	\$105.17	\$4,627.48
\$2,866.81	\$103.06	\$4,534.64
\$2,925.57	\$105.17	\$4,627.48
\$2,662.85	\$80.96	\$3,562.24
\$2,032.85	\$61.81	\$2,719.64
\$2,866.81	\$103.06	\$4,534.64
\$2,932.05	\$105.43	\$4,638.82
\$1,912.90	\$58.16	\$2,559.04
\$2,925.57	\$105.17	\$4,627.48
\$3,238.75	\$116.43	\$5,122.92
\$5,824.35	\$209.37	\$9,212.28
\$2,866.81	\$103.06	\$4,534.64
\$3,201.69	\$97.34	\$4,282.96
\$2,930.77	\$105.35	\$4,635.40

Schedule A

Assigned to: Foscarini Mackie
612-

43975			
43994	\$1,907.75	\$68.58	\$3,017.52
43783	\$3,919.49	\$140.90	\$6,199.60
43998	\$2,837.71	\$88.28	\$3,796.32
43918	\$4,019.49	\$144.49	\$6,357.56
44004	\$2,517.90	\$90.51	\$3,982.44
44002	\$2,100.00	\$75.49	\$3,321.56
43928	\$3,084.75	\$110.89	\$4,879.16
43957	\$2,925.57	\$105.17	\$4,627.48
43956	\$2,866.81	\$103.06	\$4,534.64
43955	\$1,822.85	\$65.53	\$2,883.32
43953	\$3,238.75	\$116.43	\$5,122.92
43952	\$3,238.75	\$116.43	\$5,122.92
43951	\$3,238.75	\$116.43	\$5,122.92
43936	\$3,238.75	\$116.43	\$5,122.92
43935	\$2,037.95	\$73.26	\$3,223.44
43930	\$2,698.00	\$104.18	\$4,583.92
43929	\$2,662.85	\$80.96	\$3,562.24
43999	\$2,925.57	\$105.17	\$4,627.48
43547	\$2,847.74	\$102.37	\$4,504.28
43522	\$2,067.90	\$74.34	\$3,270.96
43570	\$3,766.69	\$135.40	\$5,957.60
43569	\$4,169.80	\$149.90	\$6,595.60
43563	\$3,379.40	\$121.48	\$5,345.12
43562	\$4,169.80	\$149.90	\$6,595.60
43561	\$4,004.50	\$143.95	\$6,333.80
43551	\$4,004.50	\$143.95	\$6,333.80
43577	\$2,825.58	\$101.57	\$4,469.08
43548	\$1,814.76	\$65.24	\$2,870.56
43590	\$2,866.81	\$103.06	\$4,534.64
43546	\$1,807.90	\$64.99	\$2,859.56
43544	\$2,970.77	\$106.79	\$4,698.76
43535	\$2,647.90	\$80.51	\$3,542.44
43529	\$2,925.57	\$105.17	\$4,627.48
43528	\$3,766.69	\$135.40	\$5,957.60
43525	\$3,766.69	\$135.40	\$5,957.60
43786	\$2,970.77	\$106.79	\$4,698.76
43549	\$2,734.74	\$98.31	\$4,325.64
43628	\$2,970.77	\$106.79	\$4,698.76
	\$3,238.75	\$116.43	\$5,122.92
# Accounts:	\$840,553.44	\$29,103.11	\$1,307,260.13

16-Nov-09

This is **Exhibit "E"** to the
Affidavit of Marc Boutet
sworn before me, this 22nd day of
March, 2010.



A Commissioner for taking Affidavits

**Colleen Harriet Delaney,
a Commissioner, etc.,
Province of Ontario, for A. John Page
Chartered Accountant and A. John Page &
Associates Inc., Trustee in Bankruptcy.
Expires February 26, 2013.**



Nelson Financial Group Ltd
 Weekly Cash Flow Forecast
 For the 13 week period ending June 18, 2010
 Unaudited

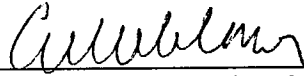
	Week Ending													Total
	26-Mar-10	02-Apr-10	09-Apr-10	16-Apr-10	23-Apr-10	30-Apr-10	07-May-10	14-May-10	21-May-10	28-May-10	04-Jun-10	11-Jun-10	18-Jun-10	
Opening Cash	\$405,004	\$455,153	\$421,478	\$382,965	\$354,710	\$420,539	\$374,141	\$376,606	\$274,363	\$419,631	\$373,233	\$402,196	\$299,953	\$405,004
Total Operating Receipts	411,124	428,113	314,541	395,145	402,116	353,619	400,200	314,541	471,555	353,619	416,698	314,541	400,623	4,976,435
Disbursements:														
Payroll and benefits	53,730	53,730	53,730	53,730	53,730	53,730	6,293	53,730	53,730	53,730	6,293	53,730	53,730	334,966
Rent	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388	25,164
SG&A	8,664	17,047	25,431	17,047	8,664	8,664	25,431	8,664	8,664	8,664	25,431	25,431	8,664	213,233
Net new Deal Funding	322,311	317,623	317,623	317,623	317,623	317,623	317,623	317,623	317,623	317,623	317,623	317,623	317,623	4,133,787
Payments to Noteholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments to Pref Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring Costs	30,000	65,000	10,000	35,000	10,000	20,000	40,000	20,000	0	20,000	30,000	20,000	10,000	310,000
Total Disbursements	360,975	461,788	353,054	423,400	336,287	400,017	397,735	416,784	326,287	400,017	387,735	416,784	336,287	5,017,150
Net Operating Cash Flow	50,149	(33,675)	(38,513)	(28,255)	65,829	(46,398)	2,465	(102,243)	145,268	(46,398)	28,963	(102,243)	64,336	(40,715)
Closing Cash	\$455,153	\$421,478	\$382,965	\$354,710	\$420,539	\$374,141	\$376,606	\$274,363	\$419,631	\$373,233	\$402,196	\$299,953	\$364,289	\$364,289

See attached schedule entitled - Notes/Probable and Hypothetical Assumptions underlying Weekly Cash Flow Forecast for the 13 week period ending June 18, 2010

NELSON FINANCIAL GROUP LTD. ("Nelson")
NOTES/PROBABLE AND HYPOTHETICAL ASSUMPTIONS UNDERLYING
WEEKLY CASH FLOW FORECAST FOR THE 13 WEEK PERIOD ENDED JUNE 18,
2010

1. The Cash Flow Forecast has been prepared in order to accompany, in accordance with Section 10(2)(a) of the Companies' Creditors Arrangement Act ("CCAA"), the initial application of Nelson for protection from its creditors under the CCAA.
2. Nelson is assumed to continue to operate on a going concern basis throughout the Cash Flow Period.
3. Opening Cash - This is the projected opening cash balance of the Applicant at the commencement of the CCAA proceedings based on the actual reconciled cash balance on March 12, 2010.
4. Sales forecasts are based on historical trends adjusted for a slight change in the mix as the Nelson replaces some of the existing business with a more profitable business line.
5. No significant changes to rates billed to client or accepted from vendors.
6. Collection of accounts receivable are based on historic average sales patterns over past six weeks.
7. Employee liabilities are assumed to be paid in the ordinary course. All other pre filing liabilities are stayed as a result of the CCAA proceedings
8. Payments of investor interest, investor redemptions, preferred share dividends and preferred share redemptions are stayed as a result of the CCAA proceedings
9. Post-filing rent payments are on the basis of existing lease arrangements.
10. Post-filing selling, general and administrative expenses are calculated based on existing arrangements and historical patterns of payment.
11. Restructuring costs represent projected payments on account of the fees and expenses of the Monitor, the Monitor's counsel and the Nelson's counsel. It is assumed that the fees and expenses billed by the Monitor during the Cash Flow Period will be paid by Nelson at the rate of \$30,000 per month through 2010.
12. The Cash Flow Forecast does not include any payments that might flow from of the successful adoption of a plan of compromise or arrangement.

This is **Exhibit "F"** to the
Affidavit of Marc Boutet
sworn before me, this 22nd day of
March, 2010.



A Commissioner for taking Affidavits

**Colleen Harriet Delaney,
a Commissioner, etc.,
Province of Ontario, for A. John Page
Chartered Accountant and A. John Page &
Associates Inc., Trustee in Bankruptcy.
Expires February 26, 2013.**



Court File No.

**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

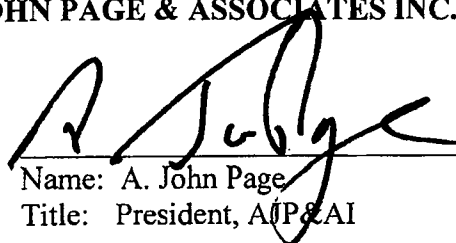
CONSENT

A. JOHN PAGE & ASSOCIATES INC ("AJP&AI") hereby consents to our being appointed and acting as the Court-appointed Monitor of Nelson Financial Group Ltd. ("Nelson Financial") in the within proceeding in accordance with an Order substantially in the form of the Order enclosed with the Application Record of Nelson Financial dated March 22, 2010.

Dated at Toronto this 20th day of March, 2010.

A. JOHN PAGE & ASSOCIATES INC.

Per:



Name: A. John Page
Title: President, AJP&AI

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
(March 22, 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

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)

APPLICATION RECORD
(Returnable March 23, 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.