

**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**

---

---

**MOTION RECORD  
(Returnable July 7, 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.**

## **INDEX**

<b>TAB</b>		<b>PAGE</b>
<b>1</b>	Notice of Motion	1 – 4
<b>A</b>	Draft Order Appointing Independent Counsel	5 – 10
<b>2</b>	Affidavit of Marc Boutet, to be sworn	11 – 15
<b>A</b>	<b>Exhibit “A”:</b> Initial Order of the Honourable Madam Justice Pepall dated March 23, 2010	16 – 31
<b>B</b>	<b>Exhibit “B”:</b> Notice of Disclaimer of Lease dated June 28, 2010	32 - 35

## **TAB 1**

Court File No.: 10-8630-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

**Applicant**

---

**NOTICE OF MOTION**  
**(Returnable July 7, 2010)**

---

**THE APPLICANT, NELSON FINANCIAL GROUP LTD. ("Nelson Financial" or the "Applicant")**, will make a motion to the Court on Tuesday, July 7, 2010, at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario

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

1. **THE MOTION IS FOR AN ORDER** substantially in the form attached as **Schedule "A"**, *inter alia*:
  - (a) Abridging the time for service of the Notice of Motion, Motion Record and the Fourth Report (as defined below), if necessary, and declaring that this motion is properly returnable on July 7, 2010;
  - (b) Approving the Fourth Report of the Monitor, A. John Page & Associates Inc. ("AJP&AI" or the "**Monitor**") to be filed (the "**Fourth Report**"), and the activities of the Monitor as described therein;
  - (c) Appointing Elizabeth Pillon as independent counsel for the sole purpose of reviewing the terms and conditions of the preferred shares issued by Nelson

Financial and reporting to the stakeholders and this Honourable Court with her opinion on the issues set out below; and

- (d) Such further and other relief as counsel may request and this Honourable Court deem just.

## **2. THE GROUNDS FOR THE MOTION ARE:**

### **Background**

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

### **Restructuring Activities**

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

### **Appointment of Independent Counsel**

- (h) It is both necessary and desirable that independent counsel be appointed to review the terms and conditions of the preferred shares issued by Nelson Financial and to report to the stakeholders and this Honourable Court with her opinion as to
  - (i) the legal relationship of Nelson Financial and all persons who, as at March 23, 2010, held preferred shares issued by Nelson Financial (the "Preferred Shareholders");

- (ii) whether the Preferred Shareholders have a claim provable against Nelson Financial within the meaning of Section 20(1)(a) of the CCAA and Section 121 of the *Bankruptcy and Insolvency Act*; and, if so,
- (iii) whether such claims provable are equity claims within the meaning of Section 2 of the CCAA (together, the “Mandate”);
- (i) Elizabeth Pillon possesses the requisite skill, experience, and knowledge in order to act in an efficient and cost-effective manner as independent counsel with respect to the Mandate;

**General**

- (j) The provisions of the CCAA, as amended, and the equitable jurisdiction of this Honourable Court;
- (k) Rules 1.04, 2.03, 3.02, 10, 14.05(2) and 16.08 of the *Rules of Civil Procedure*, R.R.O. 1990, c. C.43; and
- (l) Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

- (a) The Affidavit of Marc Boutet, to be sworn;
- (b) The Fourth Report of A. John Page & Associates Inc. in its capacity as Monitor of Nelson Financial Group Ltd.; and
- (c) Such further and other materials as counsel may advise and this Honourable Court permits.

Date: June 30, 2010

**GOWLING LAFLEUR HENDERSON LLP**

Barristers and Solicitors

1 First Canadian Place

100 King Street West, Suite 1600

Toronto, ON M5X 1G5

**Clifton P. Prophet / Frank Lamie**

**LSUC No.: 34845K / 54035S**

Tel: 416-862-3509 / 416-862-3609

Fax: 416-862-7661

Counsel for the Applicant,  
Nelson Financial Group Ltd.

**TO: THE SERVICE LIST**

## **TAB A**



## Schedule "A"

Court File No. 10-8630-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MADAM	)	WEDNESDAY, THE 7 <sup>th</sup>
	)	
JUSTICE PEPALL	)	DAY OF JULY, 2010
	)	

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

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

Applicant

**ORDER**

(Appointing Independent Counsel)

**THIS MOTION** made by Nelson Financial Group Ltd. (the "Applicant") for an Order,  
*inter alia*:

(a) appointing Elizabeth Pillon as independent counsel for the sole purpose of reviewing the terms and conditions of the preferred shares issued by the Applicant and reporting to the stakeholders and this Honourable Court with her opinion as to (i) the legal relationship of the Applicant and all persons who, as at March 23, 2010, held preferred shares issued by the Applicant (the "Preferred Shareholders"); (ii) whether the Preferred Shareholders have a claim provable against the Applicant within the meaning of Section 20(1)(a) of the *Companies' Creditors Arrangement Act* (the "CCAA") and Section 121 of the *Bankruptcy and Insolvency*

*Act* (the “**BIA**”); and, if so, (iii) whether such claims provable are equity claims within the meaning of Section 2 of the CCAA (the “**Mandate**”); and

(b) approving the Fourth Report dated July 2, 2010 (the “**Fourth Report**”) of A. John Page & Associates Inc. in its capacity as the Court-appointed Monitor of the Applicant (the “**Monitor**”) and the conduct and activities of the Monitor described therein,

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

**UPON READING** the Affidavit of Marc Boutet sworn June 30, 2010 and the Fourth Report and upon hearing from counsel for the Applicant, counsel for the Monitor, counsel for Staff of the Ontario Securities Commission, counsel for Foscarini Mackie Holdings Inc., Greg Mackie and Lisa Mackie, Douglas Turner, Q.C. in his capacity as representative counsel for the holders of promissory notes issues by the Applicant, and the proposed independent counsel, no one else appearing although duly served as appears from the Affidavit of Service, filed:

#### **SERVICE**

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

#### **INDEPENDENT COUNSEL**

2. **THIS COURT ORDERS** that Elizabeth Pillon is hereby appointed as independent counsel (the “**Independent Counsel**”) for the sole purpose of advising the stakeholders and this Honourable Court in respect of the Mandate.

3. **THIS COURT ORDERS** that, in fulfilling the Mandate, the Independent Counsel:
  - (a) may consult with individual Preferred Shareholders but shall not follow the instructions of nor provide opinions to individual Preferred Shareholders;
  - (b) may consult with and provide her views to the Monitor and/or the Applicant;
  - (c) shall take such necessary and appropriate actions and steps as the Independent Counsel deems fit from time to time; and
  - (d) shall incur no liability or obligation as a result of her appointment or the carrying out of this Order save and except for any gross negligence or wilful misconduct on her part.
4. **THIS COURT ORDERS** that the activities of the Independent Counsel shall be restricted to fulfilling the Mandate.
5. **THIS COURT ORDERS** that the Applicant shall, subject to the Independent Counsel executing a confidentiality agreement, provide to the Independent Counsel, without charge, the names, last known addresses, last known telephone numbers and last known email addresses (if any) of all of the Preferred Shareholders to be used only for the purpose of the performance by the Independent Counsel of the Mandate.
6. **THIS COURT ORDERS** that, subject to such fee arrangements as have been agreed to by the Applicant and the Independent Counsel, all reasonable legal fees and other incidental fees and disbursements incurred by the Independent Counsel up to an aggregate amount of \$25,000, shall be paid by the Applicant on a monthly basis forthwith upon the rendering of accounts to the

Applicant. In the event of any disagreement regarding such fees, such matters may be remitted to this Honourable Court for determination.

7. **THIS COURT ORDERS** that a copy of this Order and a letter from the Independent Counsel explaining the effect of this Order be posted on the Monitor's website.

8. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against the Independent Counsel relating to her acting as such except with prior leave of this Honourable Court made on at least seven (7) days notice to the Independent Counsel, the Applicant and the Monitor.

9. **THIS COURT ORDERS** that the Independent Counsel may from time to time apply to this Honourable Court for advice and directions in respect of her appointment for the fulfillment of her duties in carrying out the provisions of this Order upon notice to the Applicant and the Monitor and to other interested parties unless otherwise ordered by this Court.

#### **MONITOR'S ACTIVITIES**

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

---

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

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

**Applicant**

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

**ORDER**  
(Appointing Independent Counsel)

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

**Clifton P. Prophet / Frank Lamie**

**LSUC No.: 34345K / 54035S**

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

**Solicitors for the Applicant**

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

**Applicant**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**NOTICE OF MOTION**  
(Returnable July 7, 2010)

**GOWLING LAFLEUR HENDERSON LLP**

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

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

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

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

## **TAB 2**

Court File No. 10-8630-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

**Applicant**

**AFFIDAVIT OF MARC BOUTET  
(Sworn July 5, 2010)**

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

**Introduction**

1. I am the President, Secretary and sole director of Nelson Financial Group Ltd. ("**Nelson Financial**" or the "**Applicant**"). Accordingly, I have personal knowledge of the matters deposed to in this Affidavit. Where this Affidavit is not based on my personal knowledge, it is based on information and belief and I verily believe such information to be true.
2. This Affidavit is sworn in support of Nelson Financial's motion for the appointment of independent counsel to review the terms and conditions of the preferred shares issued by Nelson Financial and to report to the stakeholders and this Honourable Court with independent counsel's opinion on the issues encompassed within the limited mandate as I understand will be defined in the Monitor's Fourth Report to Court.



### **Background**

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

### **Restructuring Activities**

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

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

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

#### **Disclaimer of Barrie Lease**

12. On June 29, 2010, the Monitor informed counsel for Nelson Financial that the Monitor approved of Nelson Financial's intention to proceed to disclaim a lease indenture made between Covecrest Holdings Inc. ("**Covecrest**"), as landlord, and Nelson Financial, as tenant, dated March 12, 2008 (the "**Barrie Lease**"). Accordingly, on June 29, 2010, counsel for Nelson Financial caused a Notice of Disclaimer to be delivered to Covecrest. The Notice of Disclaimer informed Covecrest of Nelson Financial's intention to disclaim the Barrie Lease. A copy of the Notice of Disclaimer is attached hereto as **Exhibit "B"**.
13. Based on my discussions with the Monitor, I believe that the disclaimer of the Barrie Lease enhances the prospects of a viable compromise or arrangement being made by Nelson Financial and would not likely cause significant financial hardship to Covecrest as compared to Nelson Financial.

#### **Appointment of Independent Counsel**

14. Numerous investors (the "**Preferred Shareholders**") in Nelson Financial hold preferred shares issued by Nelson Financial.
15. Although I am not certain of the extent to which the Preferred Shareholders will be permitted to participate in any plan of compromise and arrangement put forward by Nelson Financial, based on my discussions with the Monitor it appears that it is both necessary and desirable that independent counsel be appointed to review the terms

and conditions of the preferred shares issued by Nelson Financial and to report to this Honourable Court with her opinion on the issues encompassed within the limited mandate as I understand will be particularized in the Monitor's Fourth Report to Court.

16. Based on recent discussions with the Monitor, I understand Elizabeth Pillon possesses the requisite skill, experience, and knowledge in order to act in an efficient and cost-effective manner as independent counsel.
17. Nelson Financial and its legal counsel are of the view that the appointment of Elizabeth Pillon as independent counsel is appropriate. Based on the foregoing, Nelson Financial seeks the appointment of Elizabeth Pillon as independent counsel.

#### **Ontario Securities Commission**

18. As previously disclosed to this Honourable Court in my Affidavit sworn June 11, 2010, Nelson Investment Group Limited ("**Nelson Investment**") has been the subject of a compliance review and investigation by the Ontario Securities Commission (the "**OSC**"). Nelson Financial cooperated with the OSC enforcement staff handling the investigation and worked with the OSC to ensure that issues raised were addressed with the OSC in a timely fashion.
19. On May 12, 2010, the OSC delivered a Notice of Hearing pursuant to section 127(1) and 127.1 of the *Securities Act*, together with a Statement of Allegations (the "**OSC Proceedings**"), to Nelson Financial, Nelson Investment, Marc Boutet, Stephanie Lockman Sobol, Paul Manuel Torres and H.W. Peter Knoll.
20. The OSC Proceedings were spoken to before the OSC on the initial return date of Thursday, June 3, 2010. A pre-hearing return conference occurred before the OSC on June 18, 2010. Counsel for the OSC and Nelson Financial are currently working together to set a date for the return of a further pre-hearing conference.

- ## Conclusion

- SWORN before me at the City of  
Pickering, in the Province  
of Ontario this 5<sup>th</sup> day of July, 2010.

## MARC BOUTET

<p style="text-align: center;"><b>Court File No. 10-8630-00CL</b></p> <p><b>IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED</b> <b>AND IN THE MATTER OF A PLAN OF COMPOMISE OR ARRANGEMENT OF NELSON FINANCIAL GROUP LTD.</b></p>		<p style="text-align: center;"><b>Applicant</b></p>
		<p style="text-align: center;"><b>ONTARIO</b> <b>SUPERIOR COURT OF JUSTICE</b>  (PROCEEDING COMMENCED AT TORONTO)</p>
		<p style="text-align: center;"><b>AFFIDAVIT OF MARC BOUTET</b> <b>(Sworn July 5, 2010)</b></p>
		<p><b>GOWLING LAFLEUR HENDERSON LLP</b> Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 TORONTO, Ontario M5X 1G5</p> <p style="text-align: right;"><b>Clifton P. Prophet / Frank Lamie</b> <b>LSUC No.: 34345K / 54035S</b></p> <p style="text-align: right;">Telephone: (416) 862-3509 / (416) 862-3609 Facsimile: (416) 862-7661</p> <p style="text-align: right;"><b>SOLICITORS FOR THE APPLICANT, NELSON FINANCIAL GROUP LTD.</b></p>

This is **Exhibit "A"** to the  
Affidavit of Marc Boutet  
sworn before me, this 5<sup>th</sup> day of  
July, 2010.

---

A Commissioner for taking Affidavits

Court File No. 10-8630-00CL

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

THE HONOURABLE MADAM

)

TUESDAY, THE 23<sup>rd</sup>

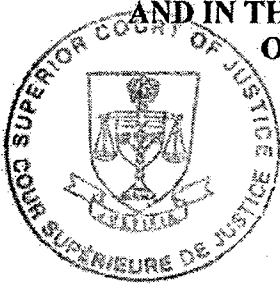
JUSTICE PEPALL

)

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 COMPROMISE OR ARRANGEMENT**  
**OF NELSON FINANCIAL GROUP LTD. (the "Applicant")**



Applicant

**INITIAL ORDER**

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

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

## **SERVICE**

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

## **APPLICATION**

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

## **PLAN OF ARRANGEMENT**

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

## **POSSESSION OF PROPERTY AND OPERATIONS**

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

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

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



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

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

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

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

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

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

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

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

## **RESTRUCTURING**

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

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

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

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

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

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

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

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

### **NO EXERCISE OF RIGHTS OR REMEDIES**

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

### **NO INTERFERENCE WITH RIGHTS**

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

### **CONTINUATION OF SERVICES**

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

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

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

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

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

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

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

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

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

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

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

#### **APPOINTMENT OF MONITOR**

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

#### **SERVICE AND NOTICE**

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

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

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

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

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

#### GENERAL

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

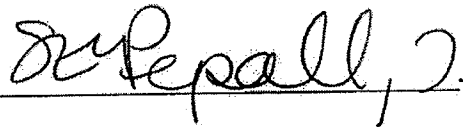
42. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

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

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


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

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



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

MAR 23 2010

PER / PAR: 

<p><b>Court File No. 10-8630-00CL</b></p> <p><b>IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED</b></p> <p><b>AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON FINANCIAL GROUP LTD.</b></p> <p><b>Applicant</b></p>	<table border="1"><tr><td data-bbox="381 113 613 877"><p><b>ONTARIO</b></p><p><b>SUPERIOR COURT OF JUSTICE</b></p><p>(PROCEEDING COMMENCED AT TORONTO)</p></td><td data-bbox="613 113 760 877"><p><b>INITIAL ORDER</b></p></td><td data-bbox="760 113 1403 877"><p><b>GOWLING LAFLEUR HENDERSON LLP</b> Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 TORONTO, Ontario M5X 1G5</p><p><b>Clifton P. Prophet / Frank Lamie</b> LSUC No.: 34345K / 54035S</p><p>Telephone: (416) 862-3509 / (416) 862-3609 Facsimile: (416) 862-7661</p><p><b>SOLICITORS FOR THE APPLICANT</b></p></td></tr></table>	<p><b>ONTARIO</b></p> <p><b>SUPERIOR COURT OF JUSTICE</b></p> <p>(PROCEEDING COMMENCED AT TORONTO)</p>	<p><b>INITIAL ORDER</b></p>	<p><b>GOWLING LAFLEUR HENDERSON LLP</b> Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 TORONTO, Ontario M5X 1G5</p> <p><b>Clifton P. Prophet / Frank Lamie</b> LSUC No.: 34345K / 54035S</p> <p>Telephone: (416) 862-3509 / (416) 862-3609 Facsimile: (416) 862-7661</p> <p><b>SOLICITORS FOR THE APPLICANT</b></p>
<p><b>ONTARIO</b></p> <p><b>SUPERIOR COURT OF JUSTICE</b></p> <p>(PROCEEDING COMMENCED AT TORONTO)</p>	<p><b>INITIAL ORDER</b></p>	<p><b>GOWLING LAFLEUR HENDERSON LLP</b> Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 TORONTO, Ontario M5X 1G5</p> <p><b>Clifton P. Prophet / Frank Lamie</b> LSUC No.: 34345K / 54035S</p> <p>Telephone: (416) 862-3509 / (416) 862-3609 Facsimile: (416) 862-7661</p> <p><b>SOLICITORS FOR THE APPLICANT</b></p>		

This is **Exhibit "B"** to the  
Affidavit of Marc Boutet  
sworn before me, this 5<sup>th</sup> day of  
July, 2010.

---

A Commissioner for taking Affidavits

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 OF ARRANGEMENT  
OF NELSON FINANCIAL GROUP LTD. (the "Applicant")**

**Applicant**

**NOTICE BY NELSON FINANCIAL GROUP LTD.  
TO DISCLAIM OR RESILIAE AN AGREEMENT**

**TO: COVECREST HOLDINGS INC.**  
c/o Hassey Management Corp.  
17 Poyntz Street  
Barrie, Ontario  
L4N 0W5

**AND TO: A. JOHN PAGE & ASSOCIATES INC.**  
In its Capacity as Monitor of Nelson Financial Group Ltd.  
100 Richmond Street West  
Suite 447  
Toronto, Ontario  
M5H 3K6

**TAKE NOTICE THAT**

1. Proceedings under the *Companies' Creditors Arrangement Act* (the "Act") in respect of Nelson Financial Group Ltd. were commenced on the 22<sup>nd</sup> day of March, 2010.
2. In accordance with subsection 32(1) of the Act, the debtor company, Nelson Financial Group Ltd., gives you notice of its intention to disclaim or resiliate the following agreement:

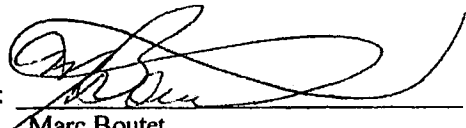
The Indenture between Covecrest Holdings Inc., as Landlord, and Nelson Financial, as Tenant, dated March 12, 2008, and any offers to lease, assignments

of lease, amendments to lease, and renewals thereof, with respect to the lease of the premises known municipally as 630 Huronia Road, Barrie, Ontario.

3. In accordance with subsection 32(2) of the Act, any party to the agreement may, within 15 days after the day on which this notice is given and with notice to the other parties to the agreement and to the monitor, apply to Court for an order that the agreement is not to be disclaimed or resiliated.
4. In accordance with paragraph 32(5)(a) of the Act, if no application for an order is made in accordance with subsection 32(2) of the Act, the agreement is disclaimed or resiliated on the 29<sup>th</sup> day of July, 2010, being 30 days after the day on which this notice has been given.

Dated at Pickering, Ontario, this 28<sup>th</sup> day of June, 2010.

**NELSON FINANCIAL GROUP LTD.**

Per:   
Marc Boutet  
President, Nelson Financial Group Ltd.

The monitor approves the proposed disclaimer or resiliation.

Dated at Toronto, Ontario, this 28<sup>th</sup> day of June, 2010.

**A. JOHN PAGE & ASSOCIATES INC.**  
In its Capacity as the Monitor of Nelson  
Financial Group Ltd.

Per: 



<p style="text-align: center;"> <b>Court File No. 10-8630-00CCL</b>   <b>IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36, AS AMENDED</b>  <b>AND IN THE MATTER OF A PLAN OF COMPOMISE OR ARRANGEMENT OF NELSON FINANCIAL GROUP LTD.</b> </p>	<p style="text-align: right;"><b>Applicant</b></p>
	<p style="text-align: center;"> <b>ONTARIO</b>  <b>SUPERIOR COURT OF JUSTICE</b>             (PROCEEDING COMMENCED AT TORONTO)         </p>
	<p style="text-align: center;"> <b>AFFIDAVIT OF MARC BOUTET</b>  <b>(Sworn July 5, 2010)</b> </p>
	<p> <b>GOWLING LAFLEUR HENDERSON LLP</b>            Barristers and Solicitors            1 First Canadian Place            100 King Street West, Suite 1600            TORONTO, Ontario            M5X 1G5         </p> <p style="text-align: right;"> <b>Clifton P. Prophet / Frank Lamie</b>  <b>LSUC No.: 34345K / 54035S</b> </p> <p style="text-align: right;">           Telephone: (416) 862-3509 / (416) 862-3609            Facsimile: (416) 862-7661         </p> <p style="text-align: right;"> <b>SOLICITORS FOR THE APPLICANT,</b>  <b>NELSON FINANCIAL GROUP LTD.</b> </p>

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

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

**Applicant**

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

**(PROCEEDING COMMENCED AT TORONTO)**

**MOTION RECORD  
(Returnable July 7, 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.**