

**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.

Applicant

**MOTION RECORD
OF REPRESENTATIVE COUNSEL FOR NOTEHOLDERS
(Motion returnable September 27, 2010)**

September 2, 2010

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Financial Group Ltd.**

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By his Special Counsel:

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TO: **THIS HONOURABLE COURT**

AND TO: **THE ATTACHED SERVICE LIST**

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**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.

Applicant

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TAB 1

Court File No. 10-8630-00CL

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

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

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

Applicant

**NOTICE OF MOTION
OF REPRESENTATIVE COUNSEL FOR NOTEHOLDERS
(Motion returnable September 27, 2010)**

Douglas Turner, Q.C., in his capacity as the Court-appointed Representative Counsel for the holders of promissory notes issued by the Applicant (the "Representative Counsel"), will make a motion before a judge of the Ontario Superior Court of Justice sitting on the Commercial List on September 27, 2010 at 10:00 a.m. or as soon after that time as the motion can be heard at 330 University Avenue, in the City of Toronto.

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

THE MOTION IS FOR:

- (a) An order that this motion is properly returnable at that time and dispensing with further service thereof;
- (b) An order that all claims and potential claims of holders of preferred shares of the Applicant (the "**Preferred Shareholders**") against the Applicant, Nelson

Financial Group Ltd. (“**Nelson Financial**”), including, without limitation, any claims for unpaid dividends, redemption or retraction of such preferred shares, rescission of a purchase or subscription of such preferred shares or damages or other compensatory orders with respect to negligent or fraudulent misrepresentations made by or on behalf of the Applicant in connection with the sale or purchase of any such preferred shares, (severally and collectively a “Preferred Shareholder Claim”) shall for all purposes of these proceedings, including the claims procedure established under the Claims Procedure Order made by this Honourable Court on July 27, 2010 and any plan of arrangement that may be filed by the Applicant or by any creditor, be classified as “equity claims” within the meaning of the *Companies’ Creditors Arrangement Act* (the “**CCAA**”);

- (c) An order amending the Claims Procedure Order to require the Monitor in assessing any Preferred Shareholder Claim filed to designate such claim in a separate class of claim designated as an Equity Claim and not as an unsecured creditor claim;
- (d) An order directing that all Preferred Shareholder Claims shall form a separate class of claims and shall not be entitled to vote at any meeting of creditors called to consider any plan of arrangement in this proceeding in respect of any such Claims as such are defined in the Claims Procedure Order;
- (e) An order directing that any plan of arrangement to be proposed by the Applicant or by any creditor must provide that all claims of unsecured creditors are to be paid in full before any Preferred Shareholder Claim is to be paid; and

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

THE GROUNDS FOR THE MOTION ARE:

Background

- (a) Pursuant to the order of the Honourable Madam Justice Pepall made March 23, 2010 (the “**Initial Order**”), the Applicant obtained protection from its creditors pursuant to the CCAA, the Monitor was appointed and the Applicant was authorized to prepare and file a plan of arrangement pursuant to the CCAA;
- (b) Pursuant to the order of the Honourable Madam Justice Pepall dated June 15, 2010, the Representative Counsel was appointed for the holders of promissory notes issued by the Applicant investors (the “**Noteholders**”);
- (c) Pursuant to the order of the Honourable Madam Justice Pepall dated August 27, 2010, the Representative Counsel was authorized and directed to bring this motion for the purpose of classifying the claims of Preferred Shareholders and for the purpose of providing a forum for any Preferred Shareholder to address the issue as to whether or not such person’s claims against the Applicant constitute an “equity claim” as defined in the CCAA;
- (d) The Applicant is reported to have outstanding promissory notes in the aggregate principal amount of \$36,583,422, together with unpaid interest of \$181,382 to March 23, 2010, held by some 321 Noteholders;

- (e) The Applicant has an authorized capital permitting it to issue 2,800,000 Series A preferred shares and 2,000,000 Series B preferred shares, each with a stated capital of \$25.00;
- (f) As of the date of the application in the within proceeding, the Applicant had outstanding 585,916.6 preferred shares (the “**Preferred Shares**”) with an aggregate stated capital of \$14,647,914.48 and said to be entitled to receive \$53,632.06 of declared but unpaid dividends. Dividends continue to cumulate at the rate of 10 percent per annum and a further \$83,285.22 is said by the Applicant to have accumulated by March 23, 2010. The Preferred Shares are held by some 82 persons according to the records of the Applicant;
- (g) It has been alleged by the Staff of the Ontario Securities Commission that the Preferred Shares that were issued and sold to investors in breach of the prospectus requirements, and not within any of the exemptions from such requirements, of the *Securities Act* (Ontario);
- (h) It appears that Preferred Shareholders may file claims as creditors of Nelson Financial for unpaid dividends, for the rescission of their purchases or subscriptions for Preferred Shares, for redemption of Preferred Shares or for damages or compensation for either negligent or fraudulent misrepresentations made by the Applicant, or by persons for whom it is responsible, in the course of the sale of the Preferred Shares;
- (i) Any of the said claims of Preferred Shareholders and any other claim that any Preferred Shareholder might assert against Nelson Financial in respect of the

Preferred Shares would constitute an “equity claim” within the meaning ascribed to such term under the CCAA;

- (j) Any equity claim made by a Preferred Shareholder of the Applicant is in a class separate from the class comprised of the unsecured creditors of the Applicant and should not be entitled to vote at any meeting of unsecured creditors of the Applicant in respect of such equity claim;
- (k) In order for the Applicant or any creditor to propose a plan of arrangement or compromise in this proceeding, it is necessary for there to be some reasonable degree of certainty as to the classification and the rights and priorities of the various creditors and their respective claims;
- (l) The CCAA, including section 2(1), 6(8), 11, 22 and 22.1; and
- (m) Such further and other grounds as counsel may advise and this Honourable Court may accept.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) The Application Record including the affidavit of Marc Boutet sworn March 22, 2010, the transcript of his cross-examination thereon, exhibits and responses to undertakings;
- (b) The Seventh Report of the Monitor (to be filed); and

- (c) Such further and other material as counsel may advise and this Honourable Court may permit.

September 2, 2010

**Douglas Turner Q.C. as Representative
Counsel for the Noteholders of Nelson
Financial Group Ltd.**

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Special Counsel for the Representative
Counsel for Noteholders

TO: **THIS HONOURABLE COURT**

AND TO: The holders of Preferred Shares issued by Nelson Financial Group Ltd. by way of substitutional service in accordance with the Order of this Honourable Court made August 27, 2010.

AND TO: **THE ATTACHED SERVICE LIST**

SERVICE LIST**TO: ONTARIO SECURITIES COMMISSION**

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Counsel for Nelson Financial Group Ltd. and Nelson Investment Group Ltd.

TAB 2

Court File No. 10-8630-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MADAM)
JUSTICE PEPALL)

TUESDAY, THE 15th
DAY OF JUNE, 2010

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

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

Applicant

ORDER
(Appointing Representative Counsel)

THIS MOTION, made by Nelson Financial Group Ltd. (the "Applicant") 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 Notice of Motion of the Applicant, the Affidavit of Marc Boutet sworn June 11, 2010 and the Third Report (the "Third Report") of A. John Page & Associates Inc. in its capacity as Court-appointed monitor of the Applicant (the "Monitor") and on hearing from counsel for the Applicant, the Monitor, ~~and such other counsel as were present, no one else~~ *the Ontario Securities Commission, Fossarini, Markie Holdings* *and Noel and Lorna D'Elves and London Financial Services Inc., No one else* appearing although duly served as appears from the affidavit of service, filed.

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

2. **THIS COURT ORDERS** that Douglas Turner, Q.C. be and is hereby appointed as representative counsel (the "**Representative Counsel**") to represent the interests of all persons who, as at March 23, 2010, held promissory notes issued by the Applicant (the "**Noteholders**") for the sole purpose of advising the Noteholders in respect of any plan of compromise or arrangement in this CCAA proceeding (the "**Mandate**").

3. **THIS COURT ORDERS** that, in fulfilling the Mandate, the Representative Counsel:

- (a) may consult with individual Noteholders but shall not be obligated to follow the instructions of nor provide opinions to individual Noteholders;
- (b) may consult with and provide his views to the Monitor and/or the Applicant;
- (c) shall act in the best interests of the Noteholders as a whole and take such necessary and appropriate actions and steps as the Representative Counsel deems fit from time to time; and,
- (d) shall incur no liability or obligation as a result of his appointment or the carrying out of the provisions of this Order save and except for any gross negligence or wilful misconduct on his part.

4. **THIS COURT ORDERS** that the activities of the Representative Counsel shall be restricted to fulfilling the Mandate.

5. **THIS COURT ORDERS** that the Applicant shall, subject to the Representative Counsel executing a confidentiality agreement, provide to Representative Counsel, without charge, the names, last known addresses, last known telephone numbers, and last known e-mail addresses (if any) of all the Noteholders, to be used only for the purposes of the performance by the Representative Counsel of the Mandate.

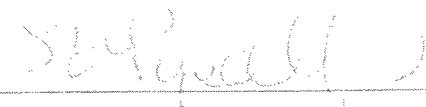
6. **THIS COURT ORDERS** that, subject to such fee arrangements as have been agreed to by the Applicant and Representative Counsel, all reasonable legal fees and other incidental fees and disbursements incurred by Representative Counsel, up to an aggregate amount of \$75,000, shall be paid by the Applicant 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 Court for determination.

7. **THIS COURT ORDERS** that the Representative Counsel is authorized to take all steps and to do all acts necessary or desirable to carry out the terms of this Order, including dealing with any Court or any regulatory body, other governmental ministry, department or agency (each a "**Governmental Authority**"), and to take all such steps as are necessary or incidental thereto, provided adequate notice is given to the Applicant and the Monitor before any formal proceedings before a Court or Governmental Authority are commenced.

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

9. **THIS COURT ORDERS** that no action or other proceedings shall be commenced against the Representative Counsel relating to their acting as such, except with prior leave of this Court, on at least 7 days' notice to the Representative Counsel.

10. **THIS COURT ORDERS** that Representative Counsel may from time to time apply to this Court for advice and directions in respect of its appointment or the fulfillment of its 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 the Court.



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<p style="text-align: center;">Court File No. 10-8630-00CL</p> <p style="text-align: center;">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.</p>	<p style="text-align: right;">Applicant</p>
<p style="text-align: center;">ONTARIO SUPERIOR COURT OF JUSTICE (PROCEEDING COMMENCED AT TORONTO)</p>	
<p style="text-align: center;">ORDER (Appointing Representative Counsel)</p>	
<p>GOWLING LAFLEUR HENDERSON LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 TORONTO, Ontario M5X 1G5</p> <p>Clifton P. Prophet / Frank Lamic LSUC No.: 34345K / 54035S</p> <p>Telephone: (416) 862-3509 / (416) 862-3609 Facsimile: (416) 862-7661</p> <p style="text-align: center;">SOLICITORS FOR THE APPLICANT</p>	

TAB 3

Court File No. 10-8630-00CL

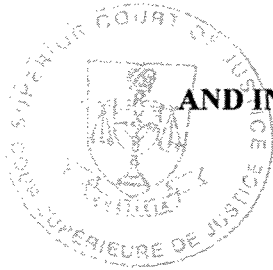
**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**THE HONOURABLE MADAM)
JUSTICE PEPALL)**

**TUESDAY, THE 27th
DAY OF JULY, 2010**

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

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



Applicant

CLAIMS PROCEDURE ORDER

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

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

counsel for Staff of the Ontario Securities Commission, no one appearing for the other parties served with the Applicant's Motion Record, although duly served:

SERVICE

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

MONITOR'S ROLE

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

THE CLAIMS PROCESS

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

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

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

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

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

- (e) "Commencement Date" means 4:00 p.m. (Eastern Daylight Time) on August 13, 2010, or such later date as may be ordered by the Court;
- (f) "Court" means the Ontario Superior Court of Justice (Commercial List);
- (g) "Creditor" means any Person having a Claim;
- (h) "Creditors' Meeting" means the meeting or meetings of Creditors scheduled pursuant to further Order of this Court, or by the Plan when and as filed with this Court;
- (i) "Directors" means Marc Boutet, Stephanie Sobol and all other current and former directors, officers and Persons acting in a management or other similar capacity of the Applicant;
- (j) "Dispute Notice" means a written notice to the Monitor, in substantially the form attached as **Schedule "F"** hereto, delivered to the Monitor by a Creditor or a Preferred Shareholder who has received a Notice of Disallowance, of its intention to dispute such Notice of Disallowance and provide further evidence to support its Claim or Shareholding, respectively;
- (k) "Document Packages" means the Noteholder Package, the Trade Creditor Package and the Preferred Shareholder Package (each a "Document Package");
- (l) "Excluded Claim" means
 - (i) claims secured by any of the "Charges", as defined in the Initial Order;

- (ii) claims against a Director which cannot be compromised due to the provisions of subsection 5.1(2) of the CCAA;
 - (iii) claims for interest accruing on a Claim after the Filing Date;
 - (iv) claims secured by any of the "Charges" subsequently incorporated by means of an amendment or variation of the Initial Order; and,
 - (v) Shareholdings;
-
- (m) "Filing Date" means March 23, 2010;
 - (n) "Initial Order" has the meaning ascribed to that term in paragraph 2 of this Order;
 - (o) "Instruction Letter for Noteholders" means the Instruction Letter to Noteholders, in substantially the form attached as **Schedule "B1"** hereto;
 - (p) "Instruction Letter for Preferred Shareholders" means the Instruction Letter to Preferred Shareholders, in substantially the form attached as **Schedule "B2"** hereto;
 - (q) "Instruction Letter for Trade Creditors" means the Instruction Letter to Trade Creditors, in substantially the form attached as **Schedule "B3"** hereto;
 - (r) "Known Preferred Shareholders" means those Persons which the books and records of the Applicant disclose as holding preferred shares issued by the Applicant as at the Filing Date;

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

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

- (ff) "Proof of Shareholding" means the form of Proof of Shareholding in substantially the form attached as **Schedule "D2"** hereto;
- (gg) "Proven Claim" has the meaning ascribed to that term in paragraph 4 of this Order;
- (hh) "Proven Shareholding" has the meaning ascribed to that term in paragraph 5 of this Order;
- (ii) "Recorded Noteholding" has the meaning ascribed to that term in paragraph 7 of this Order;
- (jj) "Recorded Shareholding" has the meaning ascribed to that term in paragraph 10 of this Order;
- (kk) "Secured Claim" means any Claim or portion thereof that is secured by a security interest, pledge, mortgage, lien, hypothec or charge on any property of the Applicant, but only to the extent of the value of the security in respect of the Claim;
- (ll) "Shareholding" means
 - (i) the number of preferred shares issued by the Applicant and held by a Preferred Shareholder as at the Filing Date;
 - (ii) the amount of any due but unpaid dividends thereon as at the Filing Date;and,

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

DETERMINATION OF PROVEN CLAIM AND PROVEN SHAREHOLDING

4. **THIS COURT ORDERS** that the amount and status of every Claim of a Creditor, as finally determined in accordance with the forms and procedures hereby authorized (a "**Proven Claim**"), including any determination as to the nature, amount, value, priority or validity of any Claim, including any Secured Claim, shall be final for all purposes, including the Plan, and including, without limitation, for any distribution made to Creditors.
5. **THIS COURT ORDERS** that the Shareholding of a Preferred Shareholder, as finally determined in accordance with the forms and procedures hereby authorized (a "**Proven Shareholding**"), shall be final for all purposes to be determined by further Order of the Court.

NOTICE TO CREDITORS AND PREFERRED SHAREHOLDERS

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

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

CREDITORS' CLAIMS

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

(attached as **Schedule "D1"** hereto) after receipt of the Notice of Noteholder Claim and on or before the Claims Bar Date, in which case (a) the Claim as set out in the Proof of Claim shall be considered by the Monitor in accordance with the provisions of this Order, (b) the Notice of Noteholder Claim shall cease to have any effect whatsoever; and, (c) the Recorded Noteholding shall cease to be a Proven Claim.

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

PREFERRED SHAREHOLDERS' SHAREHOLDINGS

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

set out in the Proof of Shareholding shall be considered by the Monitor in accordance with the provisions of this Order; (b) the Notice of Shareholder shall cease to have any effect whatsoever; and, (c) the Recorded Shareholding shall cease to be a Proven Shareholding.

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

CLAIMS AND SHAREHOLDINGS BAR

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

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

as a Creditor in, these proceedings, except with respect to a Recorded Noteholding.

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

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

PROOFS OF CLAIM AND PROOFS OF SHAREHOLDINGS

14. THIS COURT ORDERS that:

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

REVIEW OF PROOFS OF CLAIM AND PROOFS OF SHAREHOLDING

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

Claim or that the Preferred Shareholder file a revised Proof of Shareholding. Where the Monitor delivers a Notice of Disallowance in accordance with this paragraph 15, it shall also deliver a blank Dispute Notice (attached as **Schedule "F"** hereto).

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

EFFECT OF CLAIM THAT IS NOT A PROVEN CLAIM

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

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

DISPUTE NOTICE

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

RESOLUTION OF CLAIMS

23. **THIS COURT ORDERS** that as soon as practicable after the delivery of the Dispute Notice to the Monitor, the Creditor or the Preferred Shareholder and the Monitor, in consultation with the Applicant, shall attempt to resolve and settle the Creditor's Claim or the Preferred Shareholder's Shareholding.

24. **THIS COURT ORDERS** that, in the event that the dispute between the Creditor or the Preferred Shareholder and the Monitor is not settled within ten (10) days after delivery of the Dispute Notice to the Monitor, ^{concerning} ~~the~~ ^{subject to any further order of this court on the appointment of a claims officer - or} the Monitor shall bring the dispute to the Court for determination, by way of a motion for advice and direction.

25. **THIS COURT ORDERS** that the determination of a Claim or Shareholding by this Court shall be final and binding for all purposes, and that there shall be no further right of appeal, review or recourse from this Court's determination of a Claim or Shareholding.

NOTICE OF TRANSFEREES

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

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

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

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

SERVICE AND NOTICE

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

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

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

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

MISCELLANEOUS

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



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

JUL 27 2010

PER / PAR: 

SCHEDULE "A"

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

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

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

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

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

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

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

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

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

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

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

DATED at Toronto this _____ day of August, 2010.

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

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

SCHEDULE "B1"

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

A. CLAIMS PROCEDURE

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

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

B. RECORDED NOTEHOLDINGS

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

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

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

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

C. FOR PROMISSORY NOTEHOLDERS FILING A PROOF OF CLAIM

A blank Proof of Claim form is enclosed.

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

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

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

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

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

SCHEDULE "B2"

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

A. CLAIMS PROCEDURE

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

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

B. RECORDED SHAREHOLDINGS

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE "B3"

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

A. CLAIMS PROCEDURE

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

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

B. FOR TRADE CREDITORS FILING A PROOF OF CLAIM

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

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

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

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

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

Canada

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

SCHEDULE "C1"

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

PARTICULARS OF CLAIM:

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

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

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

ACTION REQUIRED:

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

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

FILING OF PROOF OF CLAIM

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

Dated at _____ this _____ day of _____, 2010.

Schedule listing:

Name of Noteholder(s)

Address of Noteholder

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

Total amount owing with respect to all promissory notes held

SCHEDULE "C2"

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

PARTICULARS OF CLAIM:

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

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

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

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

ACTION REQUIRED:

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

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

FILING OF PROOF OF SHAREHOLDING

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

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

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

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

Dated at _____ this _____ day of _____, 2010.

Schedule listing:

TOR_LAW\7431814\2
7/27/10

Name of Preferred shareholder(s)

Address of Preferred shareholder(s)

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

Total of the above shareholdings

SCHEDULE "D1"

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

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

A. PARTICULARS OF CREDITOR:

1. Full Legal Name of Creditor: _____

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

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

3. Telephone Number: _____

4. E-Mail Address: _____

5. Facsimile Number: _____

6. Attention (Contact Person): _____

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

Yes: ☐

No: ☐

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

8. Full Legal Name of Assignee(s):

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

9. Full Mailing Address of Assignee(s):

10. Telephone Number of Assignee(s): _____

11. E-Mail Address: _____

12. Facsimile Number: _____

13. Attention (Contact Person): _____

C. PROOF OF CLAIM:

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

(a) that I [check (✓) all that apply]

☐ am the Creditor of Nelson;

☐ am the Creditor of the Directors;

☐ am _____ (state position or title) of

(name of creditor)

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

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

(i) Nelson ☐

(ii) Director(s) ☐

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

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

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

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

(ii) INTERIM PERIOD CLAIM:

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

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

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

D. NATURE OF CLAIM

(check (✓) one and complete appropriate category)

☐ A. UNSECURED CLAIM OF \$ _____

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

(Check (✓) appropriate description)

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

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

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

☐ B. SECURED CLAIM OF \$ _____

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

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

E. PARTICULARS OF CLAIM:

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

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

guarantor which has guaranteed the Claim, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by Nelson or any Director to the Creditor and estimated value of such security, and particulars of any interim period claim.)

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

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

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

F. FILING OF PROOF OF CLAIM

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

G. RECORDED NOTEHOLDINGS

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

Claim on account of such Claim. If you file a Proof of Claim on account of such Claim, then the Recorded Noteholding will cease to have any effect.

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

H. EXCLUDED CLAIMS

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

Dated at _____ this _____ day of _____, 2010.

Signature of Creditor

SCHEDULE "D2"

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

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

A. PARTICULARS OF PREFERRED SHAREHOLDER:

14. Full Legal Name of Preferred Shareholder:

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

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

16. Telephone Number: _____

17. E-Mail Address: _____

18. Facsimile Number: _____

19. Attention (Contact Person): _____

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

Yes: ☐ No: ☐

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

21. Full Legal Name of Assignee(s):

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

22. Full Mailing Address of Assignee(s):

23. Telephone Number of Assignee(s): _____

24. E-Mail Address: _____

25. Facsimile Number: _____

26. Attention (Contact Person): _____

C. PROOF OF SHAREHOLDING:

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

(a) that I [check (✓) one]

☐ am the Preferred Shareholder of Nelson; OR

☐ am _____ (state position or title) of

(name of Preferred Shareholder)

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

D. PARTICULARS OF SHAREHOLDING:

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

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

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

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

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

E. FILING OF SHAREHOLDING

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

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

G. RECORDED SHAREHOLDINGS

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

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

Dated at _____ this _____ day of _____, 2010.

Signature of Preferred Shareholder

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SCHEDULE "E"**REFERENCE NUMBER [●]**

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

TO: [insert name of Creditor or Preferred Shareholder]

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

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

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

Shareholding	Proof of Shareholding as submitted	Shareholding as accepted

D. Reasons for Disallowance or Revision:

[insert explanation]

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

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

DATED at Toronto, this day of , 2010.

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

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SCHEDULE "F"

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

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

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

Name of Creditor or Preferred Shareholder _____

(Signature of individual completing this Dispute)

Date

(Please print name)

Telephone Number: () _____

E-mail Address: _____

Facsimile Number: () _____

Full Mailing Address _____

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

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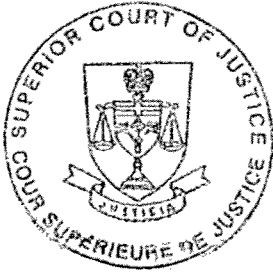
RECEIVED NO LATER THAN 4:00 P.M. (EASTERN DAYLIGHT TIME) ON [INSERT DATE] TO:

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

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

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

TAB 4



**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM

FRIDAY, THE 27TH DAY

JUSTICE PEPALL

OF AUGUST, 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

THIS MOTION made by A. John Page & Associates Inc., in its capacity as the Court-appointed monitor of the Applicant (the "**Monitor**"), for the relief set out in its Notice of Motion dated August 23, 2010 (the "**Notice of Motion**") was heard this day at 330 University Avenue, Toronto, Ontario.


UPON READING the Monitor's Sixth Report to the Court dated August 23, 2010 and upon hearing from counsel for the Monitor, counsel for the Applicant, counsel for Staff of the Ontario Securities Commission, counsel for Douglas Turner Q.C. in his capacity as Court-appointed Representative Counsel for the holders of promissory notes issued by the Applicant (the "**Representative Counsel**"), counsel for Foscarini Mackie Holdings Inc. and Glen and Lisa

Mackie, 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 Sixth Report is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.

THE PREFERRED SHAREHOLDER MOTION

2. **THIS COURT ORDERS** that the Representative Counsel is authorized and directed to make a motion to this Court at 10:00 a.m. on September 27, 2010 for an Order that all claims and potential claims of the holders of preferred shares of the Applicant (the "**Preferred Shareholders**") relating directly or indirectly to the ownership, purchase or sale of such preferred shares are "equity claims" within the meaning of the *Companies' Creditors Arrangement Act* (Canada) and that the Preferred Shareholders are to constitute a separate class in any plan of arrangement, are not entitled to vote at any meeting of creditors and that such claims shall not participate in any distribution by the Applicant to its creditors pursuant to any plan of compromise or arrangement in this proceeding until all creditors of the Applicant have been paid in full (the "**Preferred Shareholder Motion**"). 

3. **THIS COURT ORDERS** that the Representative Counsel shall serve its motion record in respect of the Preferred Shareholder Motion by no later than September 2, 2010 and that the Monitor shall post such motion record on the Monitor's website.

4. **THIS COURT ORDERS** that the Order of this Court made June 15, 2010 in this proceeding (the “**Representative Counsel Appointment Order**”) be and the same is hereby amended and varied to include the bringing and prosecution of the Preferred Shareholder Motion and any related motions or appeals that may arise therefrom within the scope of the Mandate of the Representative Counsel.

5. **THIS COURT ORDERS** that the costs and disbursements of the Representative Counsel incurred in preparing and prosecuting the Preferred Shareholder Motion shall be subject to review and reasonable approval by the Monitor without waiver of any privilege by the Representative Counsel, shall thereupon be reimbursed and paid by the Applicant and shall not be subject to the terms and limitations of paragraph 6 of the Representative Counsel Appointment Order.

6. **THIS COURT ORDERS** that the Monitor shall serve the Preferred Shareholders with notice of the Preferred Shareholder Motion by sending a letter to each of the Preferred Shareholders (the “**Preferred Shareholder Letter**”), by ordinary prepaid mail to the Preferred Shareholder’s last known address based on the books and records of the Applicant by no later than September 3, 2010, enclosing a copy of the Representative Counsel’s Notice of Motion in respect of the Preferred Shareholder Motion, and advising the Preferred Shareholders as follows:

- (a) the Monitor has obtained an opinion from the Monitor’s Independent Counsel (the “**Opinion**”) and setting out the conclusions contained therein;
- (b) the Representative Counsel will make the Preferred Shareholder Motion to this Court at 10:00 a.m. on the date set forth in paragraph 2 above. The Monitor shall

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- (e) if the Preferred Shareholder wishes to oppose the Preferred Shareholder Motion and assert that it is entitled to rank equally with the Applicant's creditors, it is free to do so; and *by serving + filing materials on or before 5*

and assert that it is entitled to rank equally with the Applicant's creditors, it is free
~~that~~ *that* ~~senior~~ *senior* + ~~file~~ *file* ~~materials~~ *materials* ~~on or before~~ *on or before* ~~Sept 20, 2010~~ *Sept 17, 2010*
 to do so; and

- 8/11

MP

8. **THIS COURT ORDERS** that, in connection with the Preferred Shareholder Motion, the Monitor shall post a copy of the Opinion on its website and report to the stakeholders and this Court on the conclusions of the Opinion.

8. **THIS COURT ORDERS** that, in connection with the Preferred Shareholder Motion, the Monitor shall post a copy of the Opinion on its website and report to the stakeholders and this Court on the conclusions of the Opinion.

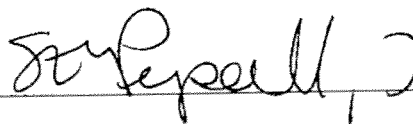
9. **THIS COURT ORDERS** that the Monitor's disclosure of the Opinion shall not constitute a waiver of the solicitor-client privilege of the Monitor with respect to any matters pertaining to the Opinion.

10. **THIS COURT ORDERS** that the Opinion shall not constitute evidence and the legal conclusions contained in any Monitor's report and the Preferred Shareholder Letter shall not constitute expert opinion evidence in this proceeding, or any subsequent proceeding, and the Monitor, its counsel and its Independent Counsel shall not be cross-examined on these documents or any of them.

11. **THIS COURT ORDERS** that the Monitor is hereby authorized, *nunc pro tunc*, to redact the Opinion attached as Exhibit "D" to the version of the Sixth Report served upon any party other than this Court.

MONITORS ACTIVITIES

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



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

AUG 27 2010

PER / PAR:



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

Court File No.: 10-8630-00CL

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

Proceedings commenced at **Toronto**

ORDER

ThorntonGroutFinnigan LLP

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

Seema Aggarwal (LSUC# 50674J)

James H. Grout (LSUC# 22741H 1B)

Tel: 416-304-1616

Fax: 416-304-1313

Lawyers for the Monitor

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")

Court File No. 10-8630-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

MOTION RECORD
OF REPRESENTATIVE COUNSEL
FOR NOTEHOLDERS

(Motion returnable September 27, 2010)

Douglas Turner Q.C. as Representative Counsel
for the Noteholders of Nelson Financial Group
Ltd.

Barrister & Solicitor
63 Albert Street
Uxbridge, ON L9P 1E5

Tel: (905) 852-6196

Fax: (905) 852-6197

Email: doug@pdturner.com