

**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

**TENTH REPORT OF A. JOHN PAGE & ASSOCIATES INC.
IN ITS CAPACITY AS THE MONITOR OF THE APPLICANT**

November 29, 2010

INTRODUCTION

1. By Order of this Honourable Court dated March 23, 2010 ("**the Initial Order**"), Nelson Financial Group Ltd. ("**Nelson**" or "**the Applicant**") obtained protection from its creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**the CCAA**"). A copy of the Initial Order is attached hereto as **Exhibit "A"**.
2. Pursuant to the Initial Order, A. John Page & Associates Inc. was appointed as monitor of the Applicant ("**the Monitor**"). Pursuant to the Initial Order, all proceedings against the Applicant were stayed until April 22, 2010, or such later date as this Honourable Court may order.
3. By Order of this Honourable Court dated April 22, 2010, the stay of proceedings was extended from April 22, 2010 to and including April 30, 2010.
4. By Order of this Honourable Court dated April 30, 2010, the stay of proceedings was

extended from April 30, 2010 to and including June 7, 2010. The First Report of the Monitor dated April 15, 2010 ("**the First Report**") was also approved.

5. By Order of this Honourable Court dated June 4, 2010, the stay of proceedings was extended from June 7, 2010 to and including June 15, 2010. The Second Report of the Monitor dated June 2, 2010 ("**the Second Report**") was also approved.
6. By Order of this Honourable Court dated June 15, 2010, the stay of proceedings was extended from June 15, 2010 to and including July 30, 2010. The Third Report of the Monitor dated June 11, 2010 ("**the Third Report**") was also approved.
7. By Order of this Honourable Court dated July 7, 2010, the Fourth Report of the Monitor dated July 2, 2010 ("**the Fourth Report**") was approved.
8. By Order of this Honourable Court dated July 27, 2010, the stay of proceedings was extended from July 30, 2010 to and including October 1, 2010. The Fifth Report of the Monitor dated July 21, 2010 ("**the Fifth Report**") and the Supplemental to Fifth Report dated July 23, 2010 ("**the Supplemental to Fifth Report**") were also approved.
9. By Order of this Honourable Court dated August 27, 2010, the Sixth Report of the Monitor dated August 23, 2010 (the "**Sixth Report**") was approved.
10. The Monitor has filed the Seventh Report of the Monitor dated September 13, 2010 ("**the Seventh Report**"), the Supplemental to Seventh Report dated September 17, 2010 ("**the Supplemental to Seventh Report**") and the Second Supplemental to Seventh Report dated October 14, 2010 ("**the Second Supplemental to Seventh Report**") with this Honourable Court. These Reports were prepared in connection with the Preferred Shareholder Motion (as defined therein).
11. By Order of this Honourable Court dated October 1, 2010, the stay of proceedings was extended from October 1, 2010 to and including November 15, 2010. The Eighth Report

of the Monitor dated September 28, 2010 (**"the Eighth Report"**) was also approved.

12. By Order of this Honourable Court dated November 12, 2010 (**"the November 12 Order"**), the stay of proceedings was extended from November 15, 2010 to and including December 3, 2010. Also by the November 12 Order, the Applicant was directed to transfer the amount of \$5,000,000 to the Monitor to be held by the Monitor in trust for the Applicant until further Order of this Honourable Court.
13. The Monitor has filed its Ninth Report of the Monitor dated November 15, 2010 (**"the Ninth Report"**) and the Supplement to Ninth Report dated November 18, 2010 (**"the Supplement to Ninth Report"**).
14. A. John Page & Associates Inc. also prepared a report dated March 22, 2010 in its capacity as proposed monitor (**"the Pre Filing Report"**).

NOTICE TO READER

15. In preparing this Report (as defined herein) and making the comments contained in the Report, the Monitor has been provided with and has relied upon unaudited financial information, information from the Applicant's books and records and financial information prepared by the Applicant and its advisors. In addition the Monitor has held discussions with management of the Applicant and has relied upon the information conveyed in those discussions. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy and completeness of any of the information obtained and, accordingly, expresses no opinion or other form of assurance in respect of the information contained in this Report. Some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future oriented financial information referred to or relied upon in this Report was based on management's estimates and assumptions. Readers are cautioned that, since such information is based on assumptions about future

events and conditions that are not ascertainable, the actual results will vary from the forecasts and projections and the variations may be material.

16. Unless otherwise stated, all monetary amounts referred to in this Report are expressed in Canadian dollars.
17. All capitalized terms used herein and not otherwise defined are as defined in the Ninth Report.

PURPOSE OF THE REPORT

18. This is the Tenth Report of the Monitor in this proceeding ("**the Report**"). The purpose of the Report is to provide information to this Honourable Court with respect to the following:
 - (a) the status of the motion brought by the Representative Counsel (as defined herein) for a change in the management of the Applicant;
 - (b) further information regarding the outstanding requests for approval of certain professional fees and disbursements;
 - (c) the receipts and disbursements of the Applicant for the period October 30, 2010 to November 19, 2010, including budget to actual variance analysis; and
 - (d) the Monitor's request for an extension of the stay of proceedings from December 3, 2010 to and including February 28, 2011.

THE CHANGE IN MANAGEMENT OF THE APPLICANT

19. Pursuant to an Amended Notice of Motion dated November 12, 2010, Douglas Turner, Q.C., in his capacity as the representative counsel ("**the Representative Counsel**") for the holders of promissory notes issued by the Applicant, brought a motion seeking

approval of certain Heads of Agreement entered into on or about November 12, 2010 (**“the Heads of Agreement”**).

20. Generally, the Heads of Agreement provide for the resignation of Mr. Marc Boutet as a director, officer and employee of the Applicant and the appointment of Ms Sherry Townsend as the Interim Operating Officer (**“IOO”**) of the Applicant to direct and manage all efforts to develop a plan for the restructuring of the Applicant or of its business, assets and undertaking.
21. Pursuant to the Ninth Report, the Monitor provided details regarding the Heads of Agreement and the Representative Counsel’s motion for the approval of same. A copy of the Heads of Agreement is attached as Exhibit **“C”** to the Ninth Report.
22. Pursuant to an Order of this Honourable Court dated November 22, 2010 (**“the IOO Order”**), the Heads of Agreement were approved and Ms Townsend was appointed as IOO. Attached hereto as **Exhibit “B”** is a copy of the IOO Order.
23. Ms Townsend has been in regular attendance at Nelson.
24. The Monitor understands that the Applicant, Mr. Boutet and the Representative Counsel are in the process of finalizing and executing the documentation required pursuant to the Heads of Agreement.

FURTHER INFORMATION REGARDING PROFESSIONAL FEES

25. Pursuant to Notices of Motion dated November 12, 2010 from each of the Monitor and the Representative Counsel, the parties sought approval of, among others, certain professional fees and disbursements of the Monitor, the Monitor’s counsel, the Representative Counsel, the Representative Counsel’s special counsel and the Applicant’s counsel.

26. Pursuant to the Endorsement of the Honourable Madam Justice Pepall dated November 22, 2010, the request for the foregoing relief was adjourned to December 1, 2010.
27. With respect to the approval of professional fees and disbursements, each of the Monitor, the Monitor's counsel, the Representative Counsel, the Representative Counsel's special counsel and the Applicant's counsel submitted Affidavits outlining their respective professional costs. Copies of these Affidavits have been served and filed with this Honourable Court and are available on the Monitor's website at www.ajohnpage.com/html/files.html.
28. At the Court hearing on November 22, 2010, the Representative Counsel advised this Honourable Court that the Representative Counsel may object to the approval of certain professional fees of the Applicant's counsel. The Monitor understands that the Representative Counsel may have concerns regarding the Applicant's payment of legal costs relating to the OSC Proceedings (as defined below).
29. The Affidavits filed by the Applicant's counsel in respect of its professional fees and disbursement are two Affidavits of Tina M. Woodside sworn November 17, 2010. One Affidavit was sworn in respect of professional costs incurred for the period March 9, 2010 to November 12, 2010 relating to the Applicant's restructuring. The other Affidavit was sworn in respect of professional costs incurred for the period March 16, 2010 to November 11, 2010 relating to the proceedings commenced by Staff of the Ontario Securities Commission against the Applicant, Nelson Investment Group Ltd. ("**Nelson Investment**"), Mr. Boutet, Ms Stephanie Lockman Sobol and others ("**the OSC Proceedings**").
30. As noted in the Ninth Report, the Monitor has been undertaking a review of the books and records of the Applicant. As part of that review, the Monitor has been reviewing all disbursements in excess of \$25,000 in the 3 months prior to the commencement of these CCAA proceedings and all disbursements in excess of \$100,000 in the 12 months prior to

the commencement of these CCAA proceedings. As noted in the Ninth Report, the Monitor's review is not yet complete.

31. While the results of the Monitor's review will be disclosed once that review is completed, given the concerns raised by the Representative Counsel regarding the Applicant's legal costs, the Monitor is of the view that it is appropriate to provide, at this time, further information regarding the Applicants' legal costs as follows.
 - (a) on or about March 10, 2010, the Applicant paid the amount of \$18,564.26 on account of invoice 16938316 dated March 2, 2010 rendered by its legal counsel to the Applicant for costs incurred for the period February 1, 2010 to February 26, 2010 relating to the Applicant's general corporate matters;
 - (b) on or about March 10, 2010, the Applicant paid the amount of \$53,134.14 on account of invoice 16938317 dated March 2, 2010 rendered by its legal counsel to Nelson Investment for costs incurred for the period January 14, 2010 to February 26, 2010 relating to the OSC Proceedings. By an accounting entry dated March 2, 2010, the Applicant charged Nelson Investment the amount of \$22,000.00 on account of that invoice;
 - (c) on or about March 19, 2010, the Applicant paid the amount of \$12,293.75 on account of invoice 16945990 dated March 16, 2010 rendered by its legal counsel to the Applicant for costs incurred for the period February 27, 2010 to March 12, 2010 relating to the Applicant's general corporate matters; and
 - (d) on or about March 19, 2010, the Applicant paid the amount of \$20,448.49 on account of invoice 16945991 dated March 16, 2010 rendered by its legal counsel to Nelson Investment for costs incurred for the period March 1, 2010 to March 12, 2010 relating to the OSC Proceedings.

32. The Monitor has not disclosed copies of the foregoing invoices as the Applicant may have rights to claim privilege in respect of the information contained therein.

THE APPLICANT'S RECEIPTS AND DISBURSEMENTS

33. Pursuant to the Eighth Report, the Monitor provided this Honourable Court with the Applicant's cash flow forecast for the period from September 11, 2010 to December 10, 2010 (**"the Third Updated Cash Flow Forecast"**). The Third Updated Cash Flow Forecast was prepared in order to assist this Honourable Court in considering the Applicant's motion for an extension of the stay of proceedings to and including November 15, 2010.
34. The Third Updated Cash Flow Forecast also formed one of the grounds for the interim extension of the stay of proceedings from November 15, 2010 to and including December 3, 2010.
35. The Monitor has been monitoring the Applicant's receipts and disbursements on a weekly basis in accordance with the Initial Order and the CCAA. The Monitor has been comparing the actual results with the Third Updated Cash Flow Forecast. Pursuant to the Ninth Report, the Monitor provided information to this Honourable Court on the actual cash flows to October 29, 2010. Attached hereto as **Exhibits "C", "D" and "E"** are the following three schedules:
- (a) the Third Updated Cash Flow Forecast covering the period by week from September 11, 2010 to December 10, 2010;
 - (b) the actual cash flow by week from September 11, 2010 to November 19, 2010 and the projected cash flow by week from then on to December 10, 2010 (**"the Actual/Projected Cash Flow"**); and

(c) the variance by week from the Third Updated Cash Flow Forecast (“**the Cash Flow Variance Report**”).

36. The major variance during the three weeks from October 30, 2010 to November 19, 2010 was the Applicant’s payment of \$5,000,000 to the Monitor pursuant to the November 12 Order. As set out above, the Monitor is holding this sum in trust for the Applicant pending further Order of this Honourable Court.

THE REQUEST FOR A STAY EXTENSION

37. The Monitor has requested that this Honourable Court extend the stay of proceedings from December 3, 2010 to and including February 28, 2011. The basis for this request is to allow the Applicant an opportunity to take further steps in its restructuring, including continuing to develop a restructuring plan.

38. The Monitor understands that Ms Stephanie Lockman Sobol and the IOO have been working together to prepare, with the assistance of the Monitor, an updated cash flow projection covering the period from November 19, 2010 to March 4, 2011 (“**the Fourth Updated Cash Flow Forecast**”).

39. The IOO has not yet executed the management representation letter with respect to the Fourth Updated Cash Flow Forecast. However, the Monitor is of the view that, based on the draft of the Fourth Updated Cash Flow Forecast reviewed by the Monitor and given that the Monitor is holding \$5,000,000 in trust for the Applicant, the Applicant has sufficient cash with which to operate for the period up to and including February 28, 2011.

40. Furthermore, the Monitor is of the view that the Applicant has been acting in good faith and with due diligence and is in compliance with the provisions of the Initial Order.

41. Based on the foregoing, the Monitor recommends that this Honourable Court extend the stay of proceedings as requested.

All of which is respectfully submitted this 29th day of November, 2010.

**A. JOHN PAGE & ASSOCIATES INC. IN ITS
CAPACITY AS THE MONITOR OF NELSON
FINANCIAL GROUP LTD.**

Per: 

Name: A. JOHN PAGE, CA, CIRP

Title: PRESIDENT

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

**EXHIBITS TO THE TENTH REPORT OF A. JOHN PAGE & ASSOCIATES INC.
IN ITS CAPACITY AS THE MONITOR OF THE APPLICANT**

November 29, 2010

Initial Order of the Honourable Madam Justice Pepall dated March 23, 2010	A
Order of the Honourable Madam Justice Pepall dated November 22, 2010 (the IOO Order)	B
Third Updated Cash Flow Forecast	C
Actual/Projected Cash Flow	D
Cash Flow Variance Report	E



Exhibit "A"

**Tenth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated November 29, 2010**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)
)
JUSTICE PEPALL) TUESDAY, THE 23rd
) 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 Boutel 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.

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.

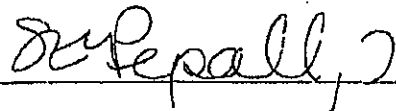
42. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

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.



15/1/2016

MAR 23 2016

PER / PAR *JV*

Court File No. 10-8630-00CL

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

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
(PROCEEDING COMMENCED AT TORONTO)

INITIAL ORDER

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SOLICITORS FOR THE APPLICANT



Exhibit "B"

Tenth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated November 29, 2010

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MADAM)
JUSTICE PEPALL)
)
)

MONDAY, THE 22nd DAY
OF NOVEMBER, 2010

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT *The*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

THESE MOTIONS made by **Douglas Turner, Q.C.**, in his capacity as the Court-appointed Representative Counsel (the "**Representative Counsel**") for the holders of promissory notes issued by the Applicant (collectively, the "**Noteholders**" and each a "**Noteholder**"), for the relief set out in the Amended Notice of Motion dated November 12, 2010 (the "**Representative Counsel Notice of Motion**") and 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 November 12, 2010 (the "**Monitor Notice of Motion**") were heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the material filed, including the Representative Counsel Notice of Motion, the First Report of the Representative Counsel dated November 3, 2010 (the “**Rep Counsel First Report**”), the Second Report of the Representative Counsel dated November 15, 2010 (the “**Rep Counsel Second Report**”), the Affidavit of Douglas Turner sworn November 16, 2010, the Affidavit of Richard B. Jones sworn November 17, 2010, the Monitor’s Motion Record dated November 12, 2010, the Ninth Report of the Monitor dated November 15, 2010 (the “**Ninth Report**”), the Supplemental to the Ninth Report of the Monitor dated November 18, 2010 and the Affidavit of A. John Page sworn October 26, 2010, the Affidavit of James H. Grout sworn October 29, 2010 and the two Affidavits of Tina M. Woodside sworn November 17, 2010 (collectively, the “**Motion Materials**”), and on hearing from counsel for the Representative Counsel, counsel for the Monitor, counsel for the Applicant, counsel for Staff of the Ontario Securities Commission (the “**OSC**”), no one else appearing although duly served as appears from the Affidavits of Service filed:

SERVICE

1. **THIS COURT ORDERS** that, *nunc pro tunc*, the Monitor shall serve the Motion Materials on the holders of preferred shares issued by the Applicant (the “**Preferred Shareholders**”) as follows:
 - (a) by posting copies of the Motion Materials on the Monitor’s website; and
 - (b) by delivering, by courier, copies of the Motion Materials to all of the Preferred Shareholders who made oral submissions to this Court on October 18, 2010 except for Mr. John McVey who shall be served by email.

2. **THIS COURT ORDERS** that the time for service of the Motion Materials is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.

CHANGE OF MANAGEMENT OF APPLICANT: APPROVAL OF THE HEADS OF AGREEMENT

3. **THIS COURT ORDERS** that the arrangements proposed between the Applicant, Nelson Financial Group Ltd., and each of Marc Boutet (“Boutet”) and Stephanie Lockman Sobol (“Sobol”) as set out in the Heads of Agreement dated November 11, 2010 attached as Exhibit “C” to the Ninth Report of the Monitor filed (the “Heads of Agreement”) be and the same are hereby approved and the Applicant is authorized and directed to take all reasonable steps to implement the same, including without limitation to enter into the engagement letter with Ms Sherry Townsend or her service corporation for her retainer as the Interim Operating Officer as hereinafter defined of the Applicant, to accept the common shares of Marc Boutet or any associate or affiliate for cancellation, to accept the resignation of Marc Boutet as an officer, employee and the director of the Applicant, to exchange general releases with Marc Boutet and with Nelson Mortgage Group Ltd., to grant the limited release to Stephanie Lockman Sobol and to enter into the interim employment arrangements with Stephanie Lockman Sobol all and on the terms provided for in the Heads of Agreement.

THE APPOINTMENT AND ROLE OF THE INTERIM OPERATING OFFICER

4. **THIS COURT ORDERS** that the engagement by the Applicant of Ms. Sherry Townsend as its interim chief executive officer to direct and manage all of its business operations and to manage all efforts to develop a plan for the restructuring of the Applicant or of its business,

assets and undertaking on and subject to the Engagement Letter filed and the Orders of this Court be and it is hereby approved and the Applicant is authorized to enter into such engagement and to give it full force and effect.

5. **THIS COURT ORDERS** that Ms. Sherry Townsend is hereby appointed to be the Interim Operating Officer (“IOO”) of the Applicant on and subject to the terms of the Engagement Letter and of this Order.

6. **THIS COURT ORDERS** that Ms Sherry Townsend shall be and she is hereby appointed as an officer of this Court to be the IOO over and in respect of all of the Property (as defined in the Initial Order of the Honourable Madam Justice Pepall dated March 23, 2010 (the “**Initial Order**”)) of the Applicant and is hereby directed and empowered to supervise and manage the business and affairs of the Applicant and shall have the powers, responsibilities and duties of the chief executive officer of the Applicant, subject to the supervision of the Monitor. In particular, the IOO is authorized and empowered to do the following:
 - (a) enter into and execute any and all ancillary documents and take all such other steps or acts necessary to implement the terms of the Heads of Agreement, including, without limitation, executing the releases in favour of Boutet, Sobol and Nelson Mortgage Group Inc. contemplated therein;

 - (b) approve all expenditures and commitments of the Applicant, provided that the IOO shall be required to approve all expenditures and commitments of the Applicant in excess of \$10,000.00 and shall be required to obtain the approval, in advance, of the Monitor for all expenditures and commitments over \$20,000.00;

(c) authorize payments out of any account of the Applicant whether by cheque, internet banking or otherwise, provided that the IOO shall be required to actively authorize all payments in excess of the amount of \$10,000.00 and shall be required to obtain the approval, in advance, of the Monitor of all payments over the amount of \$20,000.00;

(d) take such actions and steps, and execute such documents and writings as may be required to cause or permit the Applicant to do all things authorized, directed and permitted pursuant to the terms of the Initial Order and any subsequent Orders of this Court, subject to the terms of those Orders;

(e) take such steps as in the opinion of the IOO are necessary or appropriate to maintain control over all receipts and disbursements of the Applicant including, without limiting the generality of the foregoing, take such steps as are necessary or desirable to control and use all bank accounts, investment accounts or financial instruments of the Applicant;

(f) the IOO, together with such other persons as she may designate in writing with the approval of the Monitor, shall become signing officers of all bank accounts of the Applicant and the Applicant's banks are hereby directed, when notified in writing by the IOO and the Monitor, to revoke any existing signing authorities in respect of any accounts of the Applicant and to act on the instructions only all of the IOO and her designated signing officers;

- (g) retain and terminate the employment or services contracts of employees, agents or consultants of the Applicant and otherwise deal with human resources and other organization issues on behalf of the Applicant;
- (h) conduct such inquiries and investigations as she shall determine to be necessary to identify the fair value of the assets, undertaking and business enterprise of the Applicant for the purposes of a viable restructuring of such for the benefit of the creditors of the Applicant and to represent the Applicant having regard to the best interests of its creditors in any negotiations with any prospective acquirer or plan sponsor in respect of any restructuring plan for the Applicant or its business or assets;
- (i) retain advisory counsel, including the Representative Counsel and its special counsel, to review claims and rights that the Applicant may have against any person or persons and to cause the Applicant to commence such actions or proceedings as may be recommended by such counsel and approved by the Monitor or further Order of this Court to preserve or perfect such claims and rights;
- (j) communicate with and provide information to the Monitor, the Representative Counsel and the Court regarding the business and affairs of the Applicant and the progress of plans for the restructuring of the Applicant or its business or assets; and
- (k) take all such steps and actions, enter into and execute all such agreements and documents and incur such expenses and obligations for or on behalf of the Applicant as may be necessary or incidental to the exercise of the powers of the IOO in order to continue the operation of the business of the Applicant and to preserve and protect its

assets and undertaking including its going-concern business, including preparing plans for any restructuring.

7. **THIS COURT ORDERS** that the IOO shall be entitled to all of the benefits and protections afforded to the Monitor or to any director of the Applicant under the terms of the Initial Order made on March 23, 2010 in this proceeding including, without limitation, those provided in paragraphs 18, 19, 20, 25 and 27 of the Initial Order, provided that, for the benefit of the IOO only, the amount of the Directors' Charge as defined in the Initial Order is hereby increased to \$1,000,000 in both paragraphs 20 and 31 of the Initial Order.
8. **THIS COURT ORDERS AND DIRECTS** that the IOO shall immediately advise the Monitor if, in the opinion of the IOO, there is a material adverse change in the operations of the Applicant or in the event that the IOO has any major concerns regarding the operations of the Applicant.
9. **THIS COURT ORDERS** that none of the IOO and any of the employees of or consultants to the IOO or to the Applicant shall be deemed to be a director of the Applicant pursuant to section 115(4) of the *Business Corporations Act* (Ontario) or otherwise.
10. **THIS COURT ORDERS** that the IOO may from time to time apply to this Court for advice and directions in the discharge of her powers and duties hereunder.

EXPANSION OF MONITOR'S POWERS UNDER INITIAL ORDER

11. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "CCAA") and the Initial Order be and it is hereby empowered and directed to:

- (i) supervise, cooperate with and complement the work of the IOO and the Representative Counsel in the development of plans for the restructuring and refinancing of the business, assets and undertaking of the Applicant and the development and negotiation of transactions to implement such plans with a view to the maximization of recoveries for the unsecured creditors;
- (ii) have full continuing access to all transactions in the bank accounts, payments and receipts of the Applicant while such shall be controlled and operated by the IOO;
- (iii) provide full access to all records of or pertaining to the Applicant as are in the possession or under the control of the Monitor, on the execution of confidentiality agreements satisfactory to the Monitor and its counsel, for the coordination and provision of opportunities for prospective investors or plan sponsors to conduct due diligence investigations with respect to any such restructuring opportunities as the Monitor, the IOO and the Representative Counsel shall determine may be beneficial to the interests of the unsecured creditors; and
- (iv) Consult with the IOO and the Representative Counsel with respect to the restructuring of the Applicant.

12. THIS COURT ORDERS AND DIRECTS that the Monitor, in addition to its duties under the CCAA, the Initial Order and any other Orders in these proceedings, is hereby empowered to take such other actions and fulfil such other roles as are authorized by this Order and the CCAA and that, in taking such other actions and in fulfilling such other roles, the Monitor shall have all of the benefits and protections afforded to the Monitor pursuant to the CCAA, the Initial Order and this Order.

13. **THIS COURT ORDERS** that the Monitor shall continue to have the benefit of all of the protections and priorities as set out in the CCAA and the Initial Order and any such protections and priorities shall apply to the Monitor in fulfilling its duties under this Order or carrying out the provisions of this Order.

THE REPRESENTATIVE COUNSEL

14. **THIS COURT ORDERS** that the Order of this Court made on June 15, 2010 appointing the Representative Counsel is hereby amended to expand the Mandate of the Representative Counsel to include the following:
- (a) To take such steps, in consultation with representative Noteholders as he may determine, the Monitor and the IOO that he may determine in his professional judgment to be prudent and reasonable, for the preservation and protection of the rights of Noteholders generally in respect of their investment in and claims against the Applicant, including the prosecution of such proceedings including preference, fraudulent conveyance, derivative or oppression actions as the Representative Counsel may determine to be necessary to preserve, protect or enforce any such rights;
 - (b) to develop, in consultation with representative Noteholders as he may determine, the Monitor and the IOO, transactions with any persons willing to invest capital or management skills in the Applicant or otherwise to sponsor any restructuring plan for the restructuring or refinancing of the Applicant or its business and assets to be implemented by way of a plan or plans of compromise and arrangement in respect of the Applicant or its assets and undertaking for the purpose of maximizing the recovery of the unsecured creditors of the Applicant;

- (c) to cooperate with and provide information to regulatory authorities and law enforcement officials in a manner that he determines to be consistent with the best interests of the Noteholders and consistent with his duties of an officer of this Court;
 - (d) to advise and assist the IOO in the performance of the powers and functions of the IOO, including without limitation the review of the claims and rights that the Applicant may have or be entitled to assert as against any other person;
 - (e) to inform and cooperate with the Monitor in respect to such functions and the taking of any such actions and proceedings and, subject to further order of this Court, to coordinate all such with the Monitor and the IOO to ensure that such are conducted by the most appropriate party and without duplication of costs to the estate;
 - (f) to report to this Court on such activities from time to time as required by this Court and in conjunction with the Monitor; and
 - (g) the Representative Counsel may from time to time apply to this Court for advice and directions in the discharge of his powers and duties hereunder.
15. **THIS COURT ORDERS** that paragraph 6 of the Order of this Court made June 15, 2010 appointing the Representative Counsel is replaced *nunc pro tunc* with the following:

“THIS COURT ORDERS that the remuneration and disbursements of the Representative Counsel, including professional fees and disbursements of the special counsel retained by the Representative Counsel, in each case at their standard rates and charges, shall be paid by the Applicant as part of these proceedings on a bi-weekly basis and such fees and disbursements of the Representative Counsel and his special counsel outstanding from time to time shall have the benefit of the Administration Charge

established under the Initial Order and the Representative Counsel and his special counsel shall pass all accounts in respect of their fees and disbursements from time to time, and for this purpose the accounts of the Representative Counsel and his special counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.”

16. **THIS COURT ORDERS** that the motions seeking approval of all professional fees and disbursements and of the Monitor’s reports be adjourned to December 1, 2010.
17. **THIS COURT ORDERS** that any interested party 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.



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

NOV 25 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

Douglas Turner Q.C.
63 Albert St.
Uxbridge, Ontario
L9P 1E5

Representative Counsel to Noteholders

Richard B. Jones
Barrister & Solicitor
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Toronto, ON M5C 2W1

Richard B. Jones (LSUC No. 11575V)
Tel: 416-863-0576
Fax: 416-863-0092
Email:

**Special Counsel for the Representative Counsel for
the Noteholders**



Exhibit "C"

**Tenth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated November 29, 2010**

Nelson Financial Group Ltd
Weekly Cash Flow Forecast
For the 13 week period ending Dec 10, 2010

Updated Cash Flow Projection

Unaudited

Week Ending

	17-Sep-10	24-Sep-10	01-Oct-10	08-Oct-10	15-Oct-10	22-Oct-10	29-Oct-10	05-Nov-10	12-Nov-10	19-Nov-10	26-Nov-10	03-Dec-10	10-Dec-10	Total
Opening Cash	\$4,744,211	\$4,894,799	\$5,193,072	\$5,289,835	\$5,284,586	\$5,408,529	\$5,375,315	\$5,409,844	\$5,441,678	\$5,547,555	\$5,679,550	\$5,718,555	\$5,769,908	\$4,744,211
Total Operating Receipts	324,308	346,243	353,733	302,131	286,207	346,666	296,559	354,794	294,457	342,375	340,585	349,713	290,385	4,228,156
Disbursements:														
Payroll and benefits	50,000		55,800		46,000		46,000	5,800	46,000		46,000	5,800	46,000	347,400
Rent			6,780				6,780					6,780		20,340
SG&A	12,000	12,000	16,000	20,000	11,000	11,000	11,000	23,000	11,000	11,000	11,000	21,000	11,000	181,000
Other		(104,000)												(104,000)
Net new Deal Funding	111,720	111,720	111,720	131,580	105,264	131,580	131,580	131,580	131,580	131,580	131,580	131,580	131,580	1,624,644
Payments to Noteholders														0
Payments to Pref Shareholders														0
Restructuring Costs		28,250	66,670	155,800		237,300	73,450	155,800		67,800	113,000	133,200		1,031,270
Total Disbursements	173,720	47,970	256,970	307,380	162,264	379,880	262,030	322,960	188,580	210,380	301,580	298,360	188,580	3,100,654
Net Operating Cash Flow	150,588	298,273	96,763	(5,249)	123,943	(33,214)	34,529	31,834	105,877	131,995	39,005	51,353	101,805	1,127,502
Closing Cash	\$4,894,799	\$5,193,072	\$5,289,835	\$5,284,586	\$5,408,529	\$5,375,315	\$5,409,844	\$5,441,678	\$5,547,555	\$5,679,550	\$5,718,555	\$5,769,908	\$5,871,713	\$5,871,713

See attached schedule entitled - Notes/Probable and Hypothetical Assumptions underlying Weekly Cash Flow Forecast for the 13 week period ending December 10, 2010

NELSON FINANCIAL GROUP LTD. ("Nelson")
NOTES/PROBABLE AND HYPOTHETICAL ASSUMPTIONS UNDERLYING
WEEKLY CASH FLOW FORECAST FOR THE 13 WEEK PERIOD ENDED
DECEMBER 10, 2010

1. The Cash Flow Forecast has been prepared by Nelson to support a further application to extend the stay of proceedings first ordered when Nelson filed for and obtained protection from its creditors pursuant to the Companies Creditors' Arrangement Act ("CCAA") on March 23, 2010
2. Nelson is assumed to continue to operate on a going concern basis throughout the Cash Flow Period.
3. Opening Cash - The actual reconciled cash balance on September 10, 2010.
4. Net new lending forecasts are based on recent historical trends combined with the net addition of certain new vendors. The net new lending forecasts do not include the impact, if any, of the recent decision by Nelson to abandon its self imposed lending cap and instead seek out further vendors in order to ensure that its book of loans trend towards 50% of their historical level.
5. No significant changes underwriting criteria and related loan pricing
6. Collection of accounts receivable is based on historical average collection patterns having regard to the declining loan balances and the change in the mix of lending.
7. Payroll costs are based on 24 full time staff. Employee liabilities are assumed to be paid in the ordinary course. All other pre filing liabilities are stayed as a result of the CCAA proceedings.
8. Payments of investor interest, investor redemptions, preferred share dividends and preferred share redemptions are stayed as a result of the CCAA proceedings
9. Rent payments are on the basis of existing lease arrangement at the Pickering location only.
10. Selling, general and administrative expenses are calculated based on the recent patterns of payment in which variable components are lower than historical levels reflecting lower loan volumes.
11. Restructuring costs represent projected payments on account of the fees and expenses of the Monitor, the Monitor's counsel, Nelson's counsel, the Noteholders' Representative Counsel and the Independent Counsel to the Monitor. It is assumed that the unpaid balance of the fees and expenses billed by the Monitor up to June 30, 2010 will be paid by Nelson at the rate of \$30,000 per month through 2010. All other fees and expenses to be paid as billed.

12. The Cash Flow Forecast does not include any payments that might flow from of the successful adoption of a plan of compromise or arrangement.
13. The disbursement labelled "Other" reflects the amount transferred back to Nelson's general operating account in connection with the settlement reached with a secured creditor, Foscarini Mackie Holdings Inc.

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Exhibit "D"

Tenth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated November 29, 2010

Nelson Financial Group Ltd
 Weekly Cash Flow Forecast
 For the 13 week period ending Dec 10, 2010

Unaudited Actual/Projected Cash Flows

	Week Ending													Total
	Actual													
	17-Sep-10	24-Sep-10	01-Oct-10	08-Oct-10	15-Oct-10	22-Oct-10	29-Oct-10	05-Nov-10	12-Nov-10	19-Nov-10	26-Nov-10	03-Dec-10	10-Dec-10	
Opening Cash	\$4,744,211	\$4,943,874	\$5,250,709	\$5,314,284	\$5,306,674	\$5,498,048	\$5,634,345	\$5,673,589	\$5,749,436	\$782,737	\$889,248	\$927,253	\$978,606	\$4,744,211
Total Operating Receipts	354,737	309,156	400,439	264,913	294,144	299,257	263,211	384,072	261,423	335,789	340,585	349,713	290,385	4,147,824
Disbursements:														
Payroll and benefits	48,133		32,285		46,307		46,766	5,682	46,933		46,000	5,800	46,000	373,906
Rent			6,780			4,520		2,260				6,780		20,340
SG&A	8,995	13,578	23,963	6,116	10,993	21,753	8,537	19,866	6,815	10,897	11,000	21,000	11,000	174,513
Other		(103,225)						5,000,000						4,896,775
Net new Deal Funding	97,946	64,333	163,460	94,469	45,470	99,954	93,863	118,140	86,439	114,382	131,580	131,580	131,580	1,373,196
Payments to Noteholders														
Payments to Pref Shareholders														
Restructuring Costs			27,695	60,376	171,938	41,253	70,281	162,277	87,935	104,999	113,000	133,200		972,894
Total Disbursements	155,074	2,321	336,864	272,823	102,770	162,960	223,967	308,225	5,228,122	230,278	301,580	298,560	188,580	7,811,624
Net Operating Cash Flow	199,663	306,835	63,575	(7,610)	191,374	136,297	39,244	75,847	(4,966,699)	105,511	39,005	51,353	101,805	(3,663,800)
Closing Cash	\$4,943,874	\$5,250,709	\$5,314,284	\$5,306,674	\$5,498,048	\$5,634,345	\$5,673,589	\$5,749,436	\$782,737	\$889,248	\$927,253	\$978,606	\$1,080,411	\$1,080,411



Exhibit "E"

Tenth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated November 29, 2010

Cash Flow Variance Report

Nelson Financial Group Ltd
Weekly Cash Flow Forecast
For the 13 week period ending Dec 10, 2010

Unaudited

Week Ending

	17-Sep-10	24-Sep-10	01-Oct-10	08-Oct-10	15-Oct-10	22-Oct-10	29-Oct-10	05-Nov-10	12-Nov-10	19-Nov-10	26-Nov-10	03-Dec-10	10-Dec-10	Total
Opening Cash	0	\$49,075	\$57,637	\$24,449	\$22,088	\$89,519	\$259,030	\$263,745	\$307,758	(\$4,764,818)	(\$4,791,302)	(\$4,791,302)	(\$4,791,302)	\$0
Total Operating Receipts	30,429	(37,087)	46,706	(37,218)	7,937	(47,409)	(33,348)	29,278	(33,034)	(6,586)	0	0	0	(80,352)
Disbursements:														
Payroll and benefits	(1,867)	0	26,485	0	307	0	766	(118)	933	0	0	0	0	26,506
Rent	0	0	0	0	0	0	4,520	(4,520)	0	0	0	0	0	0
SG&A	(3,005)	1,578	7,963	(13,884)	(7)	10,753	(2,463)	(3,134)	(4,185)	(103)	0	0	0	(6,487)
Other	0	775	0	0	0	0	0	0	5,000,000	0	0	0	0	5,000,775
Net new Deal Funding	(13,774)	(47,387)	51,740	(37,111)	(59,794)	(31,626)	(37,717)	(13,440)	(45,141)	(17,196)	0	0	0	(251,448)
Payments to Noteholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments to Pref Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring Costs	0	(615)	(6,294)	16,138	0	(196,047)	(3,169)	6,477	87,935	37,199	0	0	0	(58,376)
Total Disbursements	(18,646)	(45,649)	79,894	(34,857)	(59,494)	(216,920)	(38,063)	(14,735)	5,039,542	19,898	0	0	0	4,710,970
Net Operating Cash Flow	49,075	8,562	(33,188)	(2,361)	67,431	169,511	4,715	44,013	(5,072,576)	(26,484)	0	0	0	(4,791,302)
Closing Cash	\$49,075	\$57,637	\$24,449	\$22,088	\$89,519	\$259,030	\$263,745	\$307,758	(\$4,764,818)	(\$4,791,302)	(\$4,791,302)	(\$4,791,302)	(\$4,791,302)	(\$4,791,302)

**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.**

Court File No.: 10-8630-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

**TENTH REPORT OF A. JOHN PAGE &
ASSOCIATES INC. IN ITS CAPACITY AS THE
MONITOR OF THE APPLICANT
DATED NOVEMBER 29, 2010**

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