

**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

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

February 24, 2011

PURPOSE

1. The purpose of this Report (the "**Twelfth Report**") is as follows:
 - (a) to provide this Honourable Court with information on the conduct of the proceeding since the Monitor's Eleventh Report dated December 8, 2010 (the "**Eleventh Report**");
 - (b) to provide this Honourable Court with the Monitor's recommendation on the request of the Interim Operating Officer (the "**IOO**") for an extension of the stay of proceedings to May 31, 2011;
 - (c) to raise concerns regarding the process and timetable being proposed by the IOO and the Representative Counsel (as defined herein) for the filing of the Plan of Arrangement dated February 11, 2011 (the "**Plan**") and meeting of creditors to vote on the Plan; and
 - (d) to provide this Honourable Court with information so that certain Orders of this Honourable Court dated November 16, 2010 and December 9, 2010 may be

finalized.

NOTICE TO READER

2. In preparing this Twelfth Report 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.
3. Unless otherwise stated, all monetary amounts referred to in this Report are expressed in Canadian dollars.
4. All capitalized terms used herein and not otherwise defined are as defined in the Eleventh Report.

BACKGROUND

5. 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") and A. John Page & Associates Inc. was appointed as monitor of the Applicant (the "**Monitor**"). A copy of the Initial Order is attached hereto as Exhibit "**A**".

6. Nelson's largest body of creditors consists of holders of certain promissory notes issued by Nelson. As at the date of the CCAA filing, Nelson had 685 outstanding promissory notes in the aggregate principal amount of \$36,583,422.89 (the "**Promissory Notes**") together with unpaid interest thereon in the amount of \$181,382.59 held by approximately 321 persons (the "**Noteholders**").
7. By Order of this Honourable Court dated June 15, 2010, Douglas Turner, Q.C. was appointed as representative counsel (the "**Representative Counsel**") to represent the interests of 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**"). The Representative Counsel was required to retain Richard B. Jones as his special counsel on an as needed basis to provide advice in respect of the Mandate and the provisions and operation of the CCAA. A copy of the Order dated June 15, 2010 is attached hereto as Exhibit "**B**".
8. Subsequent to his appointment, the Representative Counsel established an advisory committee comprised of four Noteholders (the "**Noteholder Committee**"). The Noteholder Committee was not established by the Court and cannot bind the Noteholders. The members of the Noteholder Committee were not elected by the Noteholders and the Monitor is of the view that they may not be representative of the general body of Noteholders, many of whom are quite elderly.
9. By Order of this Honourable Court dated November 22, 2010, the incumbent management of Nelson was removed and Ms Sherry Townsend, one of the members of the Noteholder Committee, was appointed as the IOO to supervise and manage the operations of Nelson. A copy of the Order dated November 22, 2010 is attached hereto

as Exhibit "C".

10. Further details regarding this proceeding to December 8, 2010 are set out in the Eleventh Report, a copy of which (without exhibits) is attached hereto as Exhibit "D".

CONDUCT OF THE PROCEEDING SINCE DECEMBER 8, 2010

(a) The IOO's Failure to Provide Financial Information to the Monitor

11. Subsequent to her appointment, the IOO has failed to provide the Monitor with the financial information she is required to provide the Monitor under the CCAA and the Orders made in this proceeding.
12. Pursuant to the Order of this Honourable Court dated December 1, 2010, the Monitor's activities were restricted to the following:
 - (a) reviewing Nelson's weekly receipts and disbursements in reliance upon the reports of the IOO;
 - (b) being available to review any plan of arrangement that may be developed by the IOO or the Representative Counsel and presented by either Nelson or any creditor;
 - (c) preparing the report to the creditors required under Section 23(1)(d.1) of the CCAA; and
 - (d) fulfilling any other obligations required by the CCAA.

A copy of the Order dated December 1, 2010 is attached hereto as Exhibit "E".

13. Pursuant to the Endorsement of the Honourable Madam Justice Pepall dated December 9,

2010, Her Honour clarified the Monitor's activities. In particular, the Monitor was not required to attend Nelson's premises unless so requested by the IOO or unless the Monitor believed it should do so as a result of its statutory obligations. Accordingly, the Monitor has not attended Nelson's premises since November 25, 2010. A copy of the Endorsement dated December 9, 2010 is attached hereto as Exhibit "F".

14. Shortly after the IOO's appointment, in late November or early December 2010, the Monitor's remote access to Nelson's Quickbooks accounting records was terminated. While the Monitor's remote access was restored on January 26, 2011 (as described below), it was subsequently terminated again sometime between February 15 and 17, 2011. Despite the Monitor's request to the IOO on February 17, 2011 that its remote access be restored, to date, the IOO has not done so.
15. Ms Stephanie Lockman Sobol, Nelson's general manager, and her staff have sent the Monitor a weekly package of financial information, which has generally included copies of bank statements, a listing of receipts and disbursements and a bank reconciliation. However, a number of the Monitor's outstanding queries on account of the weekly information have yet to be fully satisfied by the IOO.
16. Without notice to the Monitor, the IOO shut down Nelson's operations over the Christmas holidays and went away on vacation to Florida for approximately two weeks.
17. On January 3, 2011, the Monitor sent an email to the IOO advising that it had not received any recent communications from the IOO regarding Nelson, its operations and its restructuring and requesting certain information. A copy of the Monitor's email dated January 3, 2011 is attached hereto as Exhibit "G".
18. On January 5, 2011, Mr. Jones responded to the Monitor and advised that he was preparing a full response to the Monitor's inquiry on behalf of the IOO and the Representative Counsel. A copy of Mr. Jones' email dated January 5, 2011 is attached hereto as Exhibit "H".

19. By email and letter sent to the Monitor on February 16, 2011, Mr. Jones, on the instructions of the IOO, purported to provide a full response to the Monitor's inquiry of January 3, 2011 and advised, among other things (discussed below), that most of the information requested was outside the scope of the Monitor's mandate and, as such, was being provided as a courtesy only. Mr. Jones' email and letter dated February 16, 2011 are attached hereto as Exhibit "I".
20. The Monitor has sent a number of other email enquiries and information requests to the IOO that she has not responded to.
21. Since the appointment of the IOO, the only extensive written reporting directly to the Monitor from or on behalf of the IOO is the letter from Mr. Jones dated February 16, 2011.
22. The Monitor has received a few verbal status briefings from the IOO, however, at the present time, the IOO will not accept or return the Monitor's telephone calls or respond to the Monitor's emails asking her to return its calls.

(b) The IOO's and the Representative Counsel's Attempt to Resile from the Settlement

23. On December 9, 2010, this Honourable Court heard various motions for the approval of the professional costs of the Monitor, the Monitor's legal counsel, Thornton Grout Finnigan LLP ("TGF"), the Representative Counsel, Mr. Jones and Nelson's former legal counsel, Gowling Lafleur Henderson LLP ("Gowlings").
24. Notwithstanding assurances from the Representative Counsel and Mr. Jones that the Monitor's and TGF's professional costs would not be challenged, at this hearing, Mr. Jones advised the Court that he was appearing on behalf of the IOO in this one instance and opposed the approval of the professional costs of Gowlings and the Monitor but not

those of TGF, the Representative Counsel and Mr. Jones.

25. With respect to the approval of the Monitor's and TGF's professional costs, the Monitor proposed a settlement whereby the Monitor would provide a gross reduction of its accounts for the period July 1, 2010 to and including November 30, 2010 in the amount of \$90,816.36 inclusive of HST and TGF's accounts for that same period would be approved in their entirety (the "**Settlement**").
26. Notwithstanding that the Order appointing the Representative Counsel provides that the Representative Counsel may consult with individual Noteholders but is not obligated to follow their instructions, the Representative Counsel advised the Monitor that he was taking instructions from the IOO and the Noteholder Committee. The Representative Counsel sought instructions from both the IOO and Ms Tina Young, a member of the Noteholder Committee. The Representative Counsel advised the Monitor that both the IOO and the Noteholder Committee agreed to the Settlement.
27. Counsel for the Monitor, the Representative Counsel and Mr. Jones advised the Court of the terms of the Settlement. Mr. Jones also advised the Court that a draft restructuring plan would be circulated the following week and would be put forward in mid-January, 2011.
28. Pursuant to Madam Justice Pepall's Endorsement (which is attached as Exhibit "F" hereto), this Honourable Court approved the Settlement subject to only the Court's review of the Monitor's and TGF's account for October and November, 2010 which, although included in the Settlement, were not before the Court. The gross reduction in the amount of \$92,423.73 referred to in Her Honour's Endorsement was clerically incorrect as it was calculated based on HST at 15% not 13%. There is no dispute that the gross reduction agreed to by the Monitor was in fact \$90,816.36.
29. Subsequently, the IOO and the Representative Counsel attempted to resile from the Settlement.

30. Attached hereto as Exhibit "J" is a copy of an email dated December 11, 2010 from the IOO to the Monitor pursuant to which, notwithstanding the Settlement, the IOO demanded a reduction of TGF's fees for November, 2010.
31. Attached hereto as Exhibit "K" is an email chain between Ms Seema Aggarwal of TGF and Mr. Jones dated December 10 to 14, 2010 pursuant to which Mr. Jones, on behalf of the Representative Counsel, attempted to resile from the Settlement.

(c) The IOO's Failure to Comply with the Established Protocol

32. In light of all of the foregoing, on December 22, 2010, the Monitor advised the Representative Counsel that it was not prepared to continue to act, it would be bringing a motion to be discharged and released and that it was incumbent upon the Representative Counsel to locate a substitute monitor. A copy of a letter from Ms Aggarwal, on behalf of the Monitor, to the Representative Counsel and Mr. Jones dated December 22, 2010 is attached hereto as Exhibit "L".
33. Having received no reply to this letter, on January 10, 2011, Ms Aggarwal, on behalf of the Monitor, canvassed the Commercial List Office for Justice Pepall's availability for a motion to replace the Monitor. At this time, Mr. Jones advised as follows:
 - (a) the Representative Counsel had reviewed the letter dated December 22, 2010 but, having heard nothing further, thought the idea of the Monitor's resignation had been abandoned; and
 - (b) the Representative Counsel and the IOO accepted the Monitor's decision to resign and thought that the replacement of the Monitor could be dealt with expeditiously at a brief Court attendance the following week on consent of the parties.

A copy of an email chain between Mr. Jones and Ms Aggarwal is attached hereto as

Exhibit "M".

34. Notwithstanding this advice and Mr. Jones' advice to the Court on December 9, 2010 that a draft plan would be circulated the following week and put forward in mid-January, 2011, the Monitor subsequently found an Interim Report of the Representative Counsel dated January 5, 2011 (the "**Representative Counsel Interim Report**") on the Noteholder Committee's website, which report had not been served on the Monitor. The Representative Counsel Interim Report stated that the Monitor wished to resign and that the mechanics of dealing with a change in the monitor would cause a delay in the restructuring. A copy of the Representative Counsel Interim Report is attached hereto as Exhibit "N".
35. Upon returning to Canada from her holidays in Florida and learning of the Monitor's intentions, on January 12, 2011, the IOO met with the Monitor. She advised the Monitor that she did not want the Monitor to resign and wanted to know if a way could be found to persuade the Monitor to continue to act.
36. Pursuant to this meeting and a subsequent meeting between the Monitor and the IOO on January 14, 2011, the Monitor and the IOO agreed that the Monitor would continue to act subject to a number of terms and conditions including the following:
 - (a) the Representative Counsel Interim Report would be removed immediately from the Noteholder Committee's website;
 - (b) the IOO would comply with the Settlement and immediately pay the outstanding accounts of the Monitor and TGF for November, 2010;
 - (c) the Monitor's remote access to Nelson's Quickbooks accounting records would be restored;
 - (d) the Monitor and the IOO would discuss directly with one another to resolve any

issues relating to this proceeding, including any future issues with professional costs; and

(e) the IOO would retain independent counsel;

(collectively, the “**Protocol**”).

37. In addition, notwithstanding the Endorsement of Madam Justice Pepall dated December 9, 2010, which required the Monitor to transfer certain funds in the amount of \$5 million that the Monitor was holding in trust in a GIC back to Nelson and which was made on the advice of the Representative Counsel that these funds were urgently required by Nelson for its lending business, the IOO advised the Monitor that there was no need to transfer the funds at that time, that she was quite comfortable having the funds remain with the Monitor and she undertook to provide the Monitor with particulars of an investment with a British Columbia enterprise pursuant to which she thought the Monitor could obtain a higher interest rate. The Monitor advised the IOO that he would take this investment proposal under advisement as it was concerned about the safety of such an investment.
38. In accordance with the Protocol, the IOO had the Representative Counsel Interim Report immediately removed from the Noteholder Committee’s website, sent cheques dated January 20, 2011 to the Monitor and TGF for payment of their outstanding accounts for November, 2010 and restored the Monitor’s remote access to Nelson’s Quickbooks accounting records on January 26, 2011.
39. In accordance with the Protocol, on January 13, 2011, the IOO had a copy of the December 15, 2010 power point Phase I Report of Avanzare, the IOO’s consultant, sent to the Monitor.
40. In accordance with the Protocol, on February 2, 2011, the IOO:
- (a) advised the Monitor directly that she was “okay” with the Monitor’s and TGF’s

accounts for December, 2010 and that payment would be made later that week;
and

(b) provided the Monitor with a copy of an email report of the IOO to the Noteholders dated January 27, 2011, which suggested that restructuring and business plans would be finalized by February 17, 2011 and set a tentative date of March 26, 2011 for a meeting of creditors to vote on a plan.

41. In accordance with the Protocol, the Monitor advised the IOO directly that the Monitor and its legal counsel were required at the meeting of creditors, that normally the Monitor is the chairperson for the meeting and that the Monitor and its legal counsel were not available on March 26 and April 2, 2011, respectively. The Monitor also gave the IOO a list of dates when the Monitor and its legal counsel were available. The IOO responded by email saying "Let me see what I can do". Copies of these emails between the IOO and the Monitor dated February 2, 2011 are attached hereto as Exhibit "O".

42. In accordance with the Protocol, on February 9, 2011, the Monitor sent an email to the IOO reminding her that Nelson's stay of proceedings would expire on February 28, 2011 and requesting her plans for obtaining a further stay extension. A copy of the Monitor's email to the IOO dated February 9, 2011 email is attached hereto as Exhibit "P".

43. The Monitor did not receive a response from the IOO to this email.

44. However, on February 9, 2011, Mr. Jones, purporting to act for the IOO, emailed the service list and advised that the Representative Counsel and the IOO would be finalizing a plan that week and would be seeking a plan filing, meeting and stay extension order on February 22, 2011 with a proposed meeting of creditors to be held on March 26, 2011. Mr. Jones also advised that efforts were being made to reschedule the meeting of creditors to either March 19 or April 2 to accommodate the Monitor's schedule. At this time, Mr. Jones knew that the Monitor and its legal counsel were not available on March 26 and April 2, respectively. A copy of Mr. Jones' email to the service list dated

February 9, 2011 is attached hereto as Exhibit "Q".

45. In response thereto, by email on February 11, 2011, Ms Aggarwal, on behalf of the Monitor, advised Mr. Jones of the Protocol, that communications regarding the proposed timetable were continuing between the Monitor and the IOO and that, accordingly, it would be premature to agree to any dates including the proposed February 22, 2011 motion date. A copy of Ms Aggarwal's email dated February 11, 2011 is attached hereto as Exhibit "R".

46. By email dated February 11, 2011 to Ms Aggarwal, Mr. Jones advised, among others, as follows:
 - (a) Ms Aggarwal was misinformed and that he had instructions from both the Representative Counsel and the IOO to bring a motion on February 22, 2011 to file the plan, call the creditors' meeting and extend the stay of proceedings to May 31, 2011;

 - (b) there was no Protocol between the Monitor and the IOO and the Monitor's list of requirements was mostly unacceptable to the Representative Counsel and the IOO;

 - (c) the IOO did not accept the Monitor's advice that it should chair the creditors' meeting; and

 - (d) a Monitor's report to the creditors will not be needed as the plan does not exclude the application of preference claims under section 36.1.

Mr. Jones also enclosed a copy of the letter that he sent to Justice Pepall dated February 9, 2011, which was sent to Her Honour without any consultation with TGF. Attached hereto as Exhibit "S" is a copy of Mr. Jones' email and letter to Justice Pepall.

47. In accordance with the Protocol, the Monitor attempted to contact the IOO to discuss Mr. Jones' email. On February 11, 2010, the Monitor left a voicemail message for the IOO asking her to return its call and sent her an email with the same message. On February 14, 2011, the Monitor left another similar voicemail message for the IOO. To date, the IOO has not responded to any of these communications.
48. By letter dated February 14, 2011, Ms Aggarwal, on behalf of the Monitor, advised the IOO and the Representative Counsel as follows:
- (a) the Monitor's statutory duties include reviewing the draft plan and providing its recommendation to the stakeholders and the Court;
 - (b) the Monitor must file a report in advance of the creditors' meeting;
 - (c) it is normal course practice in CCAA proceedings for the Monitor to chair the meeting of unsecured creditors as the Monitor is a neutral party;
 - (d) as the Monitor had not yet received the draft plan, it was premature to set a date for the creditors' meeting and, in any event, the Monitor and TGF were not available on either March 26 or April 2; and
 - (e) the Monitor has a statutory duty to file a report not later than 45 days after the day on which Nelson's fiscal quarter ends, that the Monitor would be filing this report in connection with the IOO's request for an extension of the stay of proceedings and that the Monitor expected the IOO to comply with all information requests by the Monitor on a timely basis.

Attached hereto as Exhibit "T" is a copy of Ms Aggarwal's letter dated February 14, 2011.

49. By letter dated February 14, 2011, Ms Aggarwal, on behalf of the Monitor, advised

Madam Justice Pepall that Mr. Jones had written to Her Honour without consultation from TGF, that in the Monitor's view the relief requested by Mr. Jones was premature and suggested that counsel attend before Her Honour at a 9:30 a.m. appointment to discuss scheduling matters. Attached hereto as Exhibit "U" is a copy of Ms Aggarwal's letter to Justice Pepall.

50. Subsequent to Ms Aggarwal's letters, by email sent at 5:24 p.m. on February 14, 2011, Mr. Jones served the service list with the IOO's Notice of Motion for a plan filing, meeting and stay extension order and the Plan. The Notice of Motion and Plan contemplate a creditors' meeting date of March 26, 2011 when the Monitor is not available and a sanction hearing on April 1, 2011. TGF is not available on April 1, 2011. A copy of Mr. Jones' email to the service list (without attachments) is attached hereto as Exhibit "V".
51. The Monitor did not receive any direct response from the IOO to its email of February 9, 2011 requesting the IOO's plans to obtain a further stay extension. However, as noted above, the Monitor did receive copies of communications from Mr. Jones indicating that the IOO planned to apply for a stay extension to May 31, 2011. On February 15, 2011, the Monitor sent a follow up email to the IOO indicating that it was assuming that the IOO would be presenting cash flow projections to support her application and asking when they would be available for the Monitor to review. A copy of the Monitor's follow up email dated February 15, 2011 is attached hereto as Exhibit "W".
52. The Monitor did not receive a response to its follow up email nor was it provided with any cash flow projections to review.
53. By email dated February 15, 2011 to the IOO, the Representative Counsel and Mr. Jones, Ms Aggarwal proposed a meeting between the parties in the afternoon of February 16, 2011. Mr. Jones advised that he was available to meet however the Representative Counsel and the IOO advised that they had prior commitments. Ms Aggarwal advised the parties that, given the timetable they were proposing, she recommended that the

parties make themselves available for a meeting or advise of other dates and times whereupon both the IOO and Mr. Jones were available to meet. Mr. Jones suggested that he meet with the Monitor and TGF alone however Ms Aggarwal advised that it would be best to have all of the decision makers in the room together. A copy of the email chains between the parties is attached hereto as Exhibit "X".

54. The IOO and the Representative Counsel did not make themselves available for the proposed meeting on February 16, 2011 and neither of them nor Mr. Jones proposed a new date and time.
55. However, by email dated February 16, 2011 to Ms Aggarwal, the Representative Counsel advised that it was apparent that the Monitor wished to withdraw and requested that TGF provide the Monitor's resignation and a draft Order providing for the Monitor's discharge. A copy of the Representative Counsel's email dated February 16, 2011 is attached hereto as Exhibit "Y".
56. By email sent at 3:02 p.m. on February 16, 2011 to Ms Aggarwal, Mr. Jones reiterated the Representative Counsel's request for a draft Order providing for the Monitor's discharge. A copy of Mr. Jones' email is attached hereto as Exhibit "Z".
57. At 4:04 p.m. on February 16, 2011, Mr. Jones, acting on the instructions of the IOO, sent the Monitor the email and letter referred to above (which is attached as Exhibit "I"). In addition to responding to some of the Monitor's information inquiry of January 3, 2011 as a courtesy, Mr. Jones advised that:
 - (a) the IOO was not prepared to approve accounts rendered by the Monitor and TGF for any material professional time outside the scope of the Monitor's mandate;
 - (b) the accounts rendered by the Monitor and TGF for professional costs incurred during the months of December, 2010 and January, 2011 contain matters that are outside the Monitor's mandate and make no contribution to the interests of the

creditors; and

- (c) the Representative Counsel and the IOO have decided to accept the Monitor's proffered resignation.
58. The Monitor is of the view that there is a pattern in this proceeding where, if the Monitor disagrees with the IOO, she resiles from her agreement to pay the fees of the Monitor and its legal counsel.
59. By email sent at 5:28 p.m. on February 16, 2011 to Ms Aggarwal, Mr. Jones requested that she consent to a 9:30 a.m. appointment with Justice Morawetz to schedule the creditors' meeting and stay extension motion and to seek directions on the procedure to replace the Monitor. A copy of Mr. Jones' email is attached hereto as Exhibit "AA".
60. By email sent at 10:14 p.m. on February 16, 2011 to the service list, Mr. Jones advised counsel that he did not receive any reply to his several emails to the Monitor and proposed to attend at a 9:30 a.m. appointment with Justice Morawetz to schedule the motion for a creditors' meeting order and stay extension. In addition, Mr. Jones advised the service list that the Monitor has been threatening to resign from its position since before Christmas and that the Representative Counsel and the IOO had decided to acquiesce to the Monitor's request. A copy of Mr. Jones' email to the service list is attached hereto as Exhibit "BB".
61. By letter dated February 17, 2011 to the IOO, the Representative Counsel and Mr. Jones, Mr. James Grout of TGF responded to the email sent by the Representative Counsel to Ms Aggarwal and the various correspondence from Mr. Jones on February 16, 2011 and advised as follows:
- (a) the Monitor would not resign;
 - (b) the Monitor had and would continue to comply with its statutory duties;

- (c) the Monitor must have an adequate opportunity to review and analyze the complete Plan, the corresponding business plan and the cash flow forecast for the Plan period and make its recommendation to the creditors;
- (d) the creditors are entitled to this same information and a recommendation from the Monitor;
- (e) it was premature to schedule a creditors' meeting to vote on the Plan until such time as a proper review by the Monitor had been completed; and
- (f) the Monitor and TGF would make themselves available for a chambers appointment with Justice Morawetz on February 22 but would prefer February 23 due to a scheduling conflict.

A copy of Mr. Grout's letter is attached hereto as Exhibit "CC".

- 62. On February 21, 2011, the Monitor found the IOO Report on the Noteholder Committee website. At that time, the IOO Report had not been served on the Monitor.
- 63. Pursuant to the IOO Report, the Plan, which, as previously advised, is incomplete on its face, has been filed with this Honourable Court without consultation with or input from the Monitor.
- 64. Furthermore, pursuant to the IOO Report, the IOO recommends that she be authorized to terminate Nelson's lease of 900 Dillingham Road, Pickering, Ontario as of July 31, 2011 under Section 32 of the CCAA. However, the IOO has not sought the consent of the Monitor contrary to the requirements of the CCAA.
- 65. On February 22, 2011, each of the IOO and the Representative Counsel demanded the immediate return of the \$5 million funds in trust from the Monitor. This was the first

clear demand made by the IOO of the Monitor for the return of these funds and was inconsistent with her earlier advice to the Monitor that she did not require the \$5 million and that these funds could remain with the Monitor. Copies of these emails are attached hereto as Exhibit “**DD**”.

66. By letter dated February 23, 2011 to Mr. Grout, Mr. Jones, on behalf of the IOO, the Representative Counsel and himself, accused the Monitor of resiling from its decision to resign back in December, 2010 and advised that the preparation of a cash flow projection for the period of the Plan was not contemplated and that the IOO and the Representative Counsel expected the Monitor to endorse the Plan. A copy of Mr. Jones’ letter dated February 23, 2011 is attached hereto as Exhibit “**EE**”.
67. In response to the demand for the \$5 million trust funds, by email dated February 23, 2010 to the IOO, Ms Aggarwal, on behalf of the Monitor, requested advice as to the manner in which the \$5 million would be invested by the IOO. Upon receiving confirmation that the IOO would invest the \$5 million in bank or government quality instruments pending its use in the lending business, on February 23, 2011, Ms Aggarwal, on behalf of the Monitor, advised the IOO and the Representative Counsel that the funds would be promptly transferred to Nelson’s bank account. Ms Aggarwal also advised that the IOO Report had not been served on the Monitor. Copies of these email chains are attached hereto as Exhibit “**FF**”.
68. On February 23, 2011, the IOO Report was served on the Monitor. However, to date, the Monitor has not been provided with the business plan underlying the Plan or any findings of Avanzare beyond its December 15, 2010 Phase I power point presentation. Pursuant to the IOO Report, the IOO has authorized Avanzare to proceed with its Phase II work.

THE STAY EXTENSION REQUEST

69. The IOO is requesting an extension of the stay of proceedings to May 31, 2011.

70. The Monitor is of the view that the IOO has provided insufficient disclosure to the Monitor of information on a timely basis contrary to the provisions of the CCAA and the Orders made in this proceeding.
71. Accordingly, the Monitor recommends that this Honourable Court grant only a short extension of the stay of proceedings to allow the IOO an opportunity to comply with the provisions of the CCAA and the Orders made in this proceeding including, without limitation:
- (a) resuming communications with the Monitor, which the IOO has unilaterally terminated;
 - (b) responding to the Monitor's outstanding questions and information requests;
 - (c) providing the Monitor with the financial reporting that is required under the CCAA and the Orders made in this proceeding;
 - (d) restoring the Monitor's remote access to Nelson's Quickbooks accounting records;
 - (e) paying the fees and disbursements of the Monitor and its legal counsel in accordance with the Initial Order, including the immediate payment of their outstanding accounts for December, 2010 and January, 2011; and
 - (f) providing a cash flow projection covering the period of any requested stay extension to the Monitor for the Monitor's review in accordance with the CCAA.
72. From March to November 30, 2010, the Monitor had been able to compare actual receipts and disbursements to cash flow projections that had been prepared by Nelson and filed with this Honourable Court. The last such cash flow projection covered the period September 11, 2010 to December 10, 2010 (the "**Third Updated Cash Flow Forecast**").

Pursuant to the Monitor's Tenth Report dated November 29, 2010 (the "**Tenth Report**"), the Monitor has provided information to this Honourable Court on the actual cash flows to November 19, 2010.

73. However, as advised in the Tenth Report, although Ms Sobol and the IOO had been working together in late November, 2010 to prepare an updated cash flow projection covering the period from November 20, 2010 to March 4, 2011, the IOO did not execute the management representation letter with respect to the projection and no cash flow was presented to the Court as part of the last stay extension application that was heard on December 1, 2010. At that time, the Monitor recommended that the Court extend the stay of proceedings on the basis of the draft projection that had been prepared (the "**Unapproved Fourth Updated Cash Flow Forecast**") and given that the Monitor held \$5,000,000 in trust for Nelson. The Monitor was of the view that the Applicant had sufficient cash with which to operate for the period up to and including February 28, 2011.
74. To date, the IOO has not responded to the Monitor's inquiries regarding whether the IOO has approved the Unapproved Fourth Updated Cash Flow Forecast or any other updated cash flow projection. It is only pursuant to the IOO Report that the Monitor became aware of the existence of a cash flow projection for the period through to the end of May, 2011. While this cash flow projection is meant to be attached to the IOO Report, no such attachment is provided.
75. In the absence of an approved cash flow projection for the requested stay extension period, the Monitor has compared the actual weekly results from November 20, 2010 to the Unapproved Fourth Updated Cash Flow Forecast in its possession.
76. The following three schedules are attached hereto as Exhibits "**GG**", "**HH**" and "**II**":
 - (a) the Unapproved Fourth Updated Cash Flow Forecast (covering the period, by week, from November 20, 2010 to March 4, 2011);

- (b) the actual cash flow, by week, from November 20, 2010 to February 11, 2011 and the projected cash flow, by week, from then on to March 4, 2011 (the “**Actual/Projected Cash Flow**”); and
 - (c) the variance by week from the Unapproved Fourth Updated Cash Flow Forecast (the “**Cash Flow Variance Report**”).
77. Nelson’s cash position as at February 11, 2011 is \$7,169,797 as compared to a forecast amount of \$6,642,387.
78. The major components of the variance are that collection of existing loans is \$411,000 below forecast and new lending is \$646,000 below forecast. The Monitor does not have a full understanding of the reasons for these and the smaller variances at this time.
79. Since Nelson has over \$7,000,000 on hand at the present time, it seems most unlikely that it will have insufficient funds with which to operate during the short stay extension period recommended by the Monitor. However, the absence of cash flow projections is of concern as it is difficult for the Monitor to fulfill its statutory mandate, including identifying if any material adverse change has occurred, without projections against which to compare actual results.

CONCERNS REGARDING THE PROPOSED PROCESS FOR THE FILING OF A PLAN AND MEETING OF CREDITORS TO VOTE ON THE PLAN

80. The Monitor is concerned that the IOO and the Representative Counsel are establishing a timetable pursuant to which the Monitor will not have adequate time to obtain all of the requisite information, analyze the Plan and provide its recommendation to the creditors on a timely basis.
81. Typically in a CCAA proceeding, the applicant seeks the input of the Monitor prior to the

filing of a plan. However, in this proceeding, neither the IOO nor the Representative Counsel have seen fit to involve the Monitor although, pursuant to Mr. Jones' letter dated February 23, 2011 (which attached hereto as Exhibit "EE"), they expect the Monitor to endorse the Plan.

82. The Monitor is still prepared to provide the IOO with its input, however, regardless of whether the IOO wishes to obtain this input, no creditors' meeting date should be set until such time as the Monitor has been provided with all the relevant information and can prepare its recommendation to the Court and be ready to deliver it to the creditors.
83. The Monitor is concerned that the IOO and the Representative Counsel are proposing a process that substitutes the IOO and/or the Representative Counsel for the Monitor such that the very parties that drafted the Plan are the parties recommending the Plan to the creditors and the creditors would not have the benefit of receiving the recommendation of the Monitor who acts as a neutral party and who owes a duty to all stakeholders.
84. The Monitor must comply with its statutory duties and the creditors are entitled to a timely recommendation of the Monitor.
85. While the Representative Counsel owes a duty to the Noteholders, he has been acting on the instructions of the Noteholder Committee, which was not established by this Honourable Court, whose members were not elected by the Noteholders and whose members, in the Monitor's view, may not be representative of the entire body of Noteholders.
86. The Monitor is concerned that there may be two groups of Noteholders with quite different needs - one group who have a longer time horizon and may be prepared to take the risks involved in leaving their investment in Nelson in the hope that it will grow in value and another group of Noteholders who are older or more risk averse where a more immediate payout of their investment is more appropriate. The Noteholder Committee appears to be made up of members of the first group. The Monitor would like to ensure

that all of the Noteholders receive full disclosure of the risks and rewards of any proposed plan and any alternatives well in advance of a vote. The Monitor is also concerned that the rushed process that is being proposed by the IOO and the Representative Counsel may disenfranchise certain of the older Noteholders who are out of the country for the winter. The IOO and the Representative Counsel have provided no meaningful basis for the proposed expedited process.

87. The Monitor also queries whether it is appropriate that Mr. Jones acts as counsel to both the Representative Counsel and the IOO.
88. Subsequent to the appointment of the Representative Counsel, the Representative Counsel held a meeting of Noteholders during which he advised them that he would hold another Noteholders meeting to discuss the plan prior to the meeting to vote on any plan. The Monitor recommends that, once the complete Plan and all accompanying documents are available, the Representative Counsel be required to hold this pre-meeting as promised with the attendance and active involvement of the Monitor and the Monitor's legal counsel.
89. In addition, in light of the foregoing, the Monitor is of the view that it should chair any meeting of creditors to vote on the Plan.

FINALIZING THE ORDERS OF THIS HONOURABLE COURT

90. On November 16, 2010, the Honourable Madam Justice Pepall released her Reasons for Decision on the Preferred Shareholder Motion. Her Honour determined that all claims and potential claims of the Preferred Shareholders relating to their preferred shares were "equity claims" within the meaning of the CCAA with two possible exceptions being the claims of Mr. John McVey that the conversion of his promissory note to preferred shares was unauthorized and the claims of Mr. Larry Debono that certain monthly dividends payable to him on his preferred shares were advanced by him to Nelson as a loan. Her Honour directed the Monitor to investigate both scenarios, consider a resolution of same

and report back to the Court on notice to any affected parties. In addition, Her Honour directed the Monitor to consider an appropriate approach to any amendments to the claims procedure and make a recommendation to the Court to accommodate the needs of the stakeholders.

91. At the hearing on December 9, 2010, the Representative Counsel confirmed that he wanted the Monitor to investigate these claims as per Madam Justice Pepall's direction in her Reasons for Decision. This is reiterated in Her Honour's Endorsement of December 9, 2010.
92. Notwithstanding this, by email dated December 11, 2010 from the Representative Counsel to the Monitor, the Representative Counsel advised that the IOO was reviewing Nelson's records for information regarding the claims of Mr. McVey and Mr. Debono and was in contact with Mr. Debono to obtain certain details regarding his claim. The Representative Counsel indicated that this information would be provided to the Monitor on a timely basis and that the most expeditious way of dealing with any further information required and to avoid unnecessary expense would be for the Monitor to contact the IOO directly. A copy of the Representative Counsel's email dated December 11, 2010 is attached hereto as Exhibit "JJ".
93. The Monitor has been working with the IOO and the Representative Counsel to finalize an Order reflecting Madam Justice Pepall's Reasons for Decision on the Preferred Shareholder Motion.
94. The IOO and the Representative Counsel have asserted the position that Madam Justice Pepall's direction to investigate the claim of Mr. Debono in her Reasons for Decision does not allow the Monitor to investigate the claims of Mr. Debono's wife, Frances Debono, and his company, Larr Engineered Prototypes, although the affidavit evidence submitted by Mr. Debono at the return of the Preferred Shareholder Motion is clear that he was representing himself, his wife and his company and that his own investment in Nelson was in fact a joint investment with his wife. The Monitor is of the view that the

position asserted by the IOO and the Representative Counsel is an incorrect interpretation of Madam Justice Pepall's Reasons for Decision. A copy of Mr. Debono's affidavit evidence (without exhibits) is attached hereto as Exhibit "KK".

95. The Monitor has also been working with the IOO and the Representative Counsel to finalize an Order reflecting Madam Justice Pepall's Endorsement of December 9, 2010 regarding, among others, the approval of professional costs.
96. Initially, this Order could not be finalized as the IOO attempted to resile from the Settlement of the Monitor's professional costs described above. Although that issue was resolved, this Order is still not finalized as it also refers to the Monitor's review of Mr. Debono's claims the exact scope of which is being disputed by the IOO and the Representative Counsel.

All of which is respectfully submitted this 24th day of February, 2011.

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

Per: _____

A handwritten signature in black ink, appearing to read "A. John Page", written over a horizontal line.

Name: A. JOHN PAGE, CA•CIRP

Title: PRESIDENT

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

February 24, 2011

Initial Order dated March 23, 2010	A
Order dated June 15, 2010 appointing the Representative Counsel	B
Order dated November 22, 2010 appointing the IOO	C
Eleventh Report of the Monitor dated December 8, 2010 (without exhibits)	D
Order dated December 1, 2010	E
Endorsement of the Honourable Madam Justice Pepall dated December 9, 2010	F
Email from the Monitor to the IOO dated January 3, 2011	G
Email from Mr. Jones to the Monitor dated January 5, 2011	H
Email and letter from Mr. Jones to the Monitor dated February 16, 2011	I
Email from the IOO to the Monitor dated December 11, 2010	J
Email chain between Ms Aggarwal and Mr. Jones dated December 10-14, 2010	K
Letter from Ms Aggarwal to the Representative Counsel and Mr. Jones dated December 22, 2010	L
Email chain between Mr. Jones and Ms Aggarwal dated January 10, 2011	M
Representative Counsel Interim Report dated January 5, 2011	N
Emails between the IOO and the Monitor dated February 2, 2011	O
Email from the Monitor to the IOO dated February 9, 2011	P

Email from Mr. Jones to the Service List dated February 9, 2011	Q
Email from Ms Aggarwal to Mr. Jones dated February 11, 2011	R
Email from Mr. Jones to Ms Aggarwal and Letter from Mr. Jones to the Honourable Madam Justice Pepall dated February 11, 2011	S
Letter from Ms Aggarwal to the IOO, the Representative Counsel and Mr. Jones dated February 14, 2011	T
Letter from Ms Aggarwal to the Honourable Madam Justice Pepall dated February 14, 2011	U
Email from Mr. Jones to the Service List sent at 5:24 p.m. on February 14, 2011	V
Email chains between Ms Aggarwal, the IOO, the Representative Counsel and Mr. Jones dated February 15, 2011	W
Email from the Monitor to the IOO dated February 15, 2011	X
Email from the Representative Counsel to Ms Aggarwal dated February 16, 2011	Y
Email from Mr. Jones to Ms Aggarwal sent at 3:02 p.m. on February 16, 2011	Z
Email from Mr. Jones to Ms Aggarwal sent at 5:28 p.m. on February 16, 2011	AA
Email from Mr. Jones to the Service List sent at 10:14 p.m. on February 16, 2011	BB
Letter from Mr. Grout to the IOO, the Representative Counsel and Mr. Jones dated February 17, 2011	CC
Email chains between Ms Aggarwal, the IOO and the Representative Counsel dated February 22, 2011	DD
Letter from Mr. Jones to Mr. Grout dated February 23, 2011	EE
Email chains between Ms Aggarwal and Mr. Jones dated February 23, 2011	FF
Unapproved Fourth Updated Cash Flow Forecast for the period November 20, 2010 to March 4, 2011	GG
Actual/Projected Cash Flow	HH
Cash Flow Variance Report	II
Email from the Representative Counsel to the Monitor dated December 11, 2010	JJ
Affidavit Evidence of Mr. Larry Debono (without exhibits)	KK



Exhibit "A"

Twelfth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated February 24, 2011

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

SERVICE

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

APPLICATION

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

PLAN OF ARRANGEMENT

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

RESTRUCTURING

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

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

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

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

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

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

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

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

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

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

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

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

APPOINTMENT OF MONITOR

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

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

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

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

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

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

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

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

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

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

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

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

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

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

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

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

SERVICE AND NOTICE

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

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

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

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

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

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.

DePall, J.

LE 7123

MAR 23 1990

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

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

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

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

SOLICITORS FOR THE APPLICANT



Exhibit "B"

Twelfth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated February 24, 2011

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MADAM) TUESDAY, THE 15th
)
JUSTICE PEPALL) 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, Foscarini Mackie Holdings Inc.} ~~and such other counsel as were present, no one else~~ ^{Noel and Lorna D'Elves and Landcare Financial Services Inc., no one else} appearing although duly served as appears from the affidavit of service, filed.

Hus G+
L. Mackie

MP

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.

- subject to 3(e) -

of

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

✓ willful misconduct on his part; and,

(e) is directed to engage Richard B. Jones as special counsel on an as needed basis to assist the Representative Counsel with advice in respect of the Mandate and the provisions and operation of the CCAA.

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

87P

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.

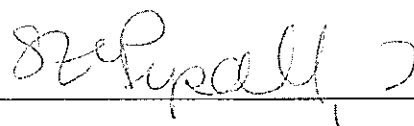
6. **THIS COURT ORDERS** that, subject to such fee arrangements as have been agreed to by the Applicant and Representative Counsel, all reasonable legal fees and other incidental fees and disbursements incurred by Representative Counsel, up to an aggregate amount of \$75,000, shall be paid by the Applicant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



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

JUN 15 2010

PER / PAR:



Court File No. 10-8630-00CL

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

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
(PROCEEDING COMMENCED AT TORONTO)

ORDER
(Appointing Representative Counsel)

GOWLING LAFLEUR HENDERSON LLP

Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
TORONTO, Ontario
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Clifton P. Prophet / Frank Lamie
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SOLICITORS FOR THE APPLICANT

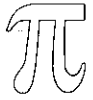


Exhibit "C"

Twelfth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated February 24, 2011

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:

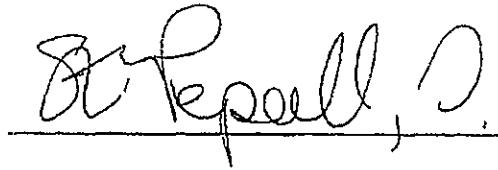
- (a) To take such steps, in consultation with representative Noteholders as he may determine, the Monitor and the IOO that he may determine in his professional judgment to be prudent and reasonable, for the preservation and protection of the rights of Noteholders generally in respect of their investment 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
Suite 1201, Scotia Plaza
100 Yonge Street
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 "D"

Twelfth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated February 24, 2011

**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

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

December 8, 2010

INTRODUCTION

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"**.

1. 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.
2. 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.
3. 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.

4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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 herein).
10. 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.

11. By Order of this Honourable Court dated November 12, 2010, the stay of proceedings was extended from November 15, 2010 to and including December 3, 2010.
12. The Monitor has filed the Ninth Report of the Monitor dated November 15, 2010 (“**the Ninth Report**”), the Supplement to Ninth Report dated November 18, 2010 (“**the Supplement to Ninth Report**”) and the Tenth Report of the Monitor dated November 29, 2010 (“**the Tenth Report**”) with this Honourable Court.
13. By Order of this Honourable Court dated December 1, 2010, the stay of proceedings was extended from December 3, 2010 to and including February 28, 2011.
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 Tenth Report.

PURPOSE OF THE REPORT

18. This is the Eleventh Report of the Monitor in this proceeding (**“the Report”**). The purpose of the Report is to respond to the Third Report of Douglas Turner, Q.C., in his capacity as the Representative Counsel (**“the Representative Counsel”**) for the holders of promissory notes issued by the Applicant (**“the Noteholders”**), dated November 29, 2010 (**the “Rep Counsel Third Report”**).

BACKGROUND TO THIS CCAA PROCEEDING

19. In a typical CCAA proceeding, an initial stay of proceedings is granted to give the debtor company breathing room so that it may disseminate information, conduct a claims process, communicate and negotiate with its stakeholders and propose a plan of arrangement or compromise.
20. This CCAA proceeding has not been typical. Upon the initial application, Staff of the Ontario Securities Commission (**“the OSC”**) expressed concerns regarding the viability of Nelson. In order to address Staff’s concerns, the Monitor undertook to conduct a viability study of Nelson and to report back to the stakeholders and this Honourable Court on its results. The Applicant undertook not to take any significant restructuring steps, including the implementation of a claims process, until such time as the Monitor reported back to the stakeholders and this Honourable Court with its viability study.
21. Pursuant to the First Report, the Monitor disclosed its viability study, which concluded that, subject to the assumptions and qualifications contained therein, Nelson had a

realistic prospect of being able to restructure its debt, service that debt and continue in business for the foreseeable future provided that it could obtain financing to assist in the redemption of existing debt in accordance with the debt maturity terms set down in an approved restructuring plan. Pursuant to the Third Report, the Monitor updated its viability study to reflect its findings on its review of the Applicant's loan portfolio and the Applicant's decision to reduce its lending volumes to 50% of its historical levels. The Monitor's updated viability study suggested that, even with an increased bad debt reserve, reduced lending volumes and no external financing, there was a realistic prospect that the Applicant could restructure its debt, service that debt and continue in business for the foreseeable future.

22. The next step in this CCAA proceeding was for the Monitor to conduct a liquidation analysis to assist the Applicant in preparing a restructuring plan and to assist the stakeholders and this Honourable Court in assessing any such plan. The liquidation analysis would allow all parties, including the Applicant, Staff of the OSC, the stakeholders and this Honourable Court, to better assess whether the Applicant should propose a plan or liquidate its assets and make a distribution to its stakeholders.
23. Pursuant to the Third Report, the Monitor disclosed its liquidation analysis, which provided that, subject to the assumptions and qualifications contained therein, the Noteholders and other creditors would recover approximately 38% of their investment/claim and that the holders of preferred shares issued by the Applicant ("**the Preferred Shareholders**") would not receive any recovery on account of their investment since they were only entitled to receive payment if all of the claims of the unsecured creditors were paid in full.
24. Pursuant to the Third Report, the Monitor also advised that it had been working closely with the Applicant to develop a restructuring plan and outlined the form of plan being developed. The form of plan being developed did not provide for any distributions to the Preferred Shareholders. In order to assist in the development of a plan, the Monitor had prepared sophisticated cash flow projections and had numerous meetings and discussions

with the Applicant and its legal counsel regarding the terms and conditions of a draft plan, including, without limitation, the governance structure of the restructured entity. From the outset of these discussions, the Monitor was of the view that representatives of the creditors would have control of the restructured entity.

25. In or about early June, 2010, the Applicant concluded that it would be appropriate to appoint representative counsel for the Noteholders for the sole purpose of advising the Noteholders in respect of any plan of compromise or arrangement in this CCAA proceeding (**“the Rep Counsel Mandate”**). At the hearing of the stay extension motion on June 4, 2010, the Applicant advised this Honourable Court that it would be seeking such appointment. On or about this time, Staff of the OSC, whose mandate is to protect all investors, raised concerns regarding the protection of the interests of the Preferred Shareholders and suggested that the Applicant appoint representative counsel for the Preferred Shareholders. The Applicant took Staff’s suggestion under advisement.
26. By Order of this Honourable Court dated June 15, 2010 (**“the Rep Counsel Appointment Order”**), the Representative Counsel was appointed for the sole purpose of the Rep Counsel Mandate. Pursuant to the Rep Counsel Appointment Order, the Representative Counsel was directed to retain Mr. Richard B. Jones as special insolvency counsel (**“the Special Counsel”**) and their collective fees and disbursements were subject to a cap in the aggregate amount of \$75,000 or such other arrangement as may be agreed by the Applicant and the Representative Counsel. Attached hereto as **Exhibit “B”** is a copy of the Rep Counsel Appointment Order.
27. Given that:
 - (a) the Representative Counsel, the Applicant, the Monitor and their respective legal counsel were all of the view that any claims of the Preferred Shareholders were equity claims that were subordinate to the claims of the Noteholders; and
 - (b) the Representative Counsel was of the view that the Noteholders having the economic interest in the Applicant should not bear the entire cost of appointing

representative counsel for the Preferred Shareholders to litigate this issue,

the Applicant agreed to seek the appointment of independent counsel for the sole purpose of reviewing the terms and conditions of the preferred shares issued by the Applicant and reporting to the stakeholders and this Honourable Court with its opinion as to whether the claims and potential claims of the Preferred Shareholders constituted claims provable within the meaning of the CCAA and the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-13, as amended (“**the BIA**”) and, if so, whether they constituted equity claims within the meaning of the CCAA (“**the Preferred Shareholder Opinion**”). The Applicant agreed to commission the Preferred Shareholder Opinion in order to satisfy both Staff’s concerns regarding the protection of investors and the Representative Counsel’s concerns regarding the costs of doing so and to provide information to the Preferred Shareholders so that they could make an informed decision on whether they should spend their own monies on bringing a motion for a determination of their claims and potential claims in this CCAA proceeding.

28. By Order of this Honourable Court dated July 7, 2010 (“**the Independent Counsel Appointment Order**”), this Honourable Court authorized and directed the Monitor to retain Ms Pillon as the Monitor’s independent counsel (“**the Independent Counsel**”) to provide the Monitor with the Preferred Shareholder Opinion by no later than July 31, 2010. Furthermore, this Honourable Court ordered that the Preferred Shareholder Motion did not constitute issue estoppel or *res judicata* with respect to any matters of fact or law contained therein. Pursuant to the Independent Counsel Appointment Order, the Independent Counsel was subject to a cap in the aggregate amount of \$50,000 for its fees and disbursement or such other arrangement as may be agreed by the Applicant and the Independent Counsel. Attached hereto as **Exhibit “C”** is a copy of the Independent Counsel Appointment Order. By this Honourable Court’s Endorsement dated July 27, 2010, the date by which the Independent Counsel was to provide the Preferred Shareholder Opinion to the Monitor was extended to August 11, 2010. Attached hereto as **Exhibit “D”** is a copy of this Endorsement.

29. The next step in this CCAA proceeding was to establish a claims procedure. The Applicant and the Monitor devised a claims procedure (“**the Claims Procedure**”) that:
- (a) established, by way of negative confirmation, the claims of the Noteholders and any other creditors;
 - (b) established, by way of negative confirmation, the holdings of preferred shares of the Preferred Shareholders including any unpaid dividends thereon; and
 - (c) provided that the treatment of the claims and potential claims of any Preferred Shareholders was to be determined pursuant to further Order of this Honourable Court.

By Order of this Honourable Court dated July 27, 2010, the Claims Procedure was approved.

30. The Applicant and the Monitor were of the view that, given that the Preferred Shareholder Opinion was outstanding and that, in any event, any matters of fact or law contained therein would not be binding on any Preferred Shareholder, the Applicant would bring a motion for a final determination of the claims and potential claims of the Preferred Shareholders some time subsequent to the release of the Preferred Shareholder Opinion (“**the Preferred Shareholder Motion**”) so that the Applicant would have certainty as to the quantum of claims against it and it could proceed to finalize a plan to propose to its creditors.
31. During this time, the Applicant was continuing to work with the Monitor on the terms of a draft restructuring plan but such plan could not be brought forward until such time as the issues pursuant to the Preferred Shareholders were resolved.
32. At the return of the hearing on July 27, 2010, the Applicant had also sought approval of a settlement relating to the secured indebtedness of Foscarini Mackie Holdings Inc. (“**Foscarini**”). Pursuant to the Fifth Report, the Monitor reported that the Applicant had

entered into a settlement with Foscarini, a secured creditor, pursuant to which the Applicant would pay the then outstanding secured indebtedness in the amount of \$695,772.49. The Monitor recommended the approval of the settlement by this Honourable Court so that the secured indebtedness could be discharged, which would have stopped the accrual of interest at a rate of 12% per annum and would have also eliminated the Applicant's costs associated with the collection and segregation of the pool of consumer loans against which Foscarini had registered a security interest and the legal costs associated with this debt. However, the Representative Counsel had raised concerns regarding whether Foscarini gave valid consideration for its promissory note and security agreement and whether the granting of the security agreement by the Applicant constituted a fraudulent preference or transaction at undervalue pursuant to Sections 95 and 96 of the BIA. Pursuant to the Supplemental to Fifth Report, the Monitor disclosed the opinion it obtained by its legal counsel on the validity and enforceability of the Foscarini security. The Monitor's legal counsel considered the concerns raised by the Representative Counsel and concluded that, subject to the assumptions and qualifications contained in its opinion, Foscarini gave valid consideration for the promissory note and that the granting of the security agreement was likely not a fraudulent preference or transaction at undervalue. Notwithstanding this opinion, the Representative Counsel obtained an adjournment of the motion to approve the settlement so that it could thoroughly canvas its concerns. The Special Counsel proceeded to conduct examinations of the Applicant and Foscarini. Subsequently, the Representative Counsel advised that it may wish to challenge the validity and enforceability of the Foscarini security and a Court-ordered timetable was established regarding the hearing of this dispute. Ultimately, the Representative Counsel agreed to a settlement with Foscarini that was approved by Order of this Honourable Court dated September 16, 2010 and resulted in a payment to Foscarini of the secured indebtedness in the amount of \$696,775.43. The final settlement amount was approximately \$1,000 more than the original settlement amount plus the Applicant bore the professional costs of the Applicant's legal counsel, the Monitor, the Monitor's legal counsel, the Representative Counsel and the Special Counsel associated with the Representative Counsel's review of this issue.

33. On or about August 11, 2010, the Independent Counsel provided the Preferred Shareholder Opinion to the Monitor. On or about this time, the Special Counsel took the position that the Representative Counsel and not the Applicant was the appropriate party to bring the Preferred Shareholder Motion.
34. By Order of this Honourable Court dated August 27, 2010 (“**the August 27 Order**”), the Representative Counsel was authorized and directed to bring the Preferred Shareholder Motion, a procedure for the disclosure of the Preferred Shareholder Opinion was approved and a procedure for service by the Monitor of the Preferred Shareholder Motion on the Preferred Shareholders was approved. This Honourable Court also expanded the Rep Counsel Mandate to include the bringing and prosecution of the Preferred Shareholder Motion, the costs of which were not subject to the prior fee cap but were subject to the approval of the Monitor.
35. On or about September 2, 2010, the Representative Counsel served its Notice of Motion in respect of the Preferred Shareholder Motion. At this time, no Preferred Shareholder with a substantial holding of preferred shares retained counsel to oppose the motion, however, several Preferred Shareholders with smaller holdings of preferred shares wrote letters to this Honourable Court and the Monitor alleging certain misrepresentations made by the Applicant to them, complaining about the determination of their claims as equity claims pursuant to the Preferred Shareholder Opinion and requesting various relief such as the appointment of representative counsel for the Preferred Shareholders and an adjournment of the Preferred Shareholder Motion to allow time for them to group together and retain counsel. Pursuant to the Endorsement of this Honourable Court dated September 16, 2010, the Monitor was directed to respond to these inquiries.
36. Pursuant to the August 27 Order, the Preferred Shareholder Motion was scheduled to be heard on September 27, 2010. On or about September 23, 2010, Mr. John McVey, one of the unrepresented Preferred Shareholders, requested an adjournment of the Preferred Shareholder Motion and the parties, including the Representative Counsel and the Special

Counsel, agreed to this adjournment request. By Order of this Honourable Court dated September 23, 2010, the Preferred Shareholder Motion was adjourned to October 18 and 19, 2010. Attached hereto as **Exhibit "E"** is a copy of the Order and Endorsement dated September 23, 2010.

37. Between the adjournment of the Preferred Shareholder Motion on September 23, 2010 and the hearing of the Preferred Shareholder Motion on October 18 and 19, 2010, the unrepresented litigants submitted affidavit evidence to the Monitor in opposition to the Preferred Shareholder Motion.
38. It was only on or about October 13, 2010, five days prior to the hearing of the Preferred Shareholder Motion, that Clifford Styles, Jackie Styles and Playle Investments Ltd., Preferred Shareholders with substantial holdings of preferred shares, retained the law firm of Templeman Menninga LLP to oppose the Preferred Shareholder Motion.
39. In response to the Preferred Shareholder Motion, allegations that misrepresentations were made by the Applicant to Noteholders to convert their holdings of promissory notes to preferred shares were revealed by way of letters from Preferred Shareholders to this Honourable Court and to the Monitor, affidavit evidence filed with this Honourable Court and submissions made by individual Preferred Shareholders at the hearing of the Preferred Shareholder Motion.
40. Since the Preferred Shareholder Opinion was rendered by the Independent Counsel to the Monitor on or about mid-August, 2010 to the hearing of the Preferred Shareholder Motion on or about mid-October, 2010, the parties spent a considerable amount of time that was not anticipated dealing with this issue.
41. During the height of the preparations for the Preferred Shareholder Motion, the Representative Counsel raised concerns with the Monitor regarding incumbent management. As set out in the Rep Counsel First Report, between October 5, 2010 and October 14, 2010, the Representative Counsel, with the assistance of the Noteholder

Committee, canvassed the Noteholders by email and solicited responses that the Noteholders would not support a plan of arrangement on the terms outlined by the Monitor on July 21, 2010 where the business and assets of the Applicant remained under the control of incumbent management, particularly Mr. Boutet. Pursuant to the Fifth Report, which is dated July 21, 2010, the Monitor outlined the possible distributions that would be made to creditors under the draft plan being developed by the Applicant but did not address the governance structure of the restructured entity. As outlined above, the Monitor was always of the view that the governance of the restructured entity would be an issue and that representatives of the creditors would have control of the restructured entity. However, the Monitor was not of the view that the restructured entity would not include a role for Mr. Boutet given that, since the outset of this CCAA proceeding, the Monitor had received feedback from various Noteholders indicating that they wanted Mr. Boutet to lead this restructuring. Attached hereto as **Exhibit "F"** is a copy of an email dated June 6, 2010 to the Monitor, the Monitor's legal counsel, the Applicant and the Applicant's legal counsel from a Noteholder that is now a member of the Noteholder Committee pursuant to which this Noteholder advised that the removal of Mr. Boutet would not serve to protect the investors but only harm them and that the only person in a position to carry out a successful CCAA restructuring was Mr. Boutet. A copy of this email was attached as Exhibit "K" to the Third Report. Furthermore, at the information meeting held on July 21, 2010 by the Representative Counsel for the Noteholders, Mr. Boutet addressed the approximately 156 Noteholders that attended the information meeting and received applause from them for his promised efforts to restructure the Applicant.

42. During the months of October and November, 2010, the Applicant, the Applicant's legal counsel, the Representative Counsel, Special Counsel and Staff of the OSC engaged in lengthy negotiations regarding the removal of Mr. Boutet as a director and officer of the Applicant. This resulted in the delivery of 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**") and the associated Notices of Motion of the Representative Counsel seeking the removal

of Mr. Boutet.

43. The Monitor and its legal counsel assisted in the negotiations that culminated in the Heads of Agreement, which was approved by this Honourable Court on November 22, 2010, and the appointment of Ms Sherry Townsend as the Applicant's Interim Operating Officer ("**the IOO**"). During the negotiations, the Monitor also ensured that the operations of the Applicant remained stable. In particular, the Monitor was concerned that a public battle to remove Mr. Boutet could have a serious, negative impact on Nelson's staff, perhaps resulting in resignations, and Nelson's viability. By having the parties agree to the Heads of Agreement, and therefore a consensual removal of Mr. Boutet, the Monitor was able to manage this risk.

44. Based on the foregoing, the Monitor is of the view that this has been an atypical CCAA proceeding that has resulted in increased professional costs for the following reasons:
 - (a) Staff of the OSC, in order to discharge its duties to all investors, had to be convinced at the outset that the Applicant was viable and that a restructuring plan would yield a better result for the Applicant's stakeholders than a liquidation;
 - (b) the Preferred Shareholder Opinion was commissioned to satisfy the concerns of Staff of the OSC regarding investor protection and to provide information to the Preferred Shareholders so that they could make an informed decision as to whether they wanted to spend monies on bringing a motion for the determination of their claims and potential claims in this CCAA proceeding;
 - (c) the Rep Counsel Mandate was expanded to include the bringing and prosecution of the Preferred Shareholder Motion so that there would be certainty as to the quantum of the claims against the Applicant and the Applicant could proceed to finalize a plan to propose to its creditors;
 - (d) notwithstanding the views set out in the Preferred Shareholder Opinion, the

Preferred Shareholder Motion was opposed and such opposition was from numerous unrepresented litigants;

- (e) the Representative Counsel exceeded the Rep Counsel Mandate by, among other things, reviewing the Foscarini matter as it was of the view that it needed to do so in order to discharge its duties to the Noteholders; and
- (f) the governance of the Applicant was resolved pursuant to the Heads of Agreement rather than through a restructuring plan as was initially contemplated.

THE REP COUNSEL THIRD REPORT

45. Pursuant to a letter dated November 28, 2010 addressed to the Representative Counsel from Ms Tina Young, on behalf of the Noteholder Committee, which is attached as Exhibit "1" to the Rep Counsel Third Report ("**the Committee Letter**"), Ms Young raises a number of concerns regarding the professional costs of the Monitor and its legal counsel in this CCAA proceeding and advises that "[t]he Noteholders' Committee is comfortable with the fees that representative counsel and its special counsel have had to charge to date, having to deal with unexpected issues such as the Foscarini-Mackie matter, the preferred shareholder issue, and ultimately, the initiation and negotiation of the removal of incumbent management from Nelson Financial." Ms Young also seeks a restriction of the role of the Monitor and its legal counsel to only monitoring activities required under the CCAA.
46. Pursuant to the Committee Letter, the Noteholder Committee recognizes that there have been a number of unexpected issues in this CCAA proceeding that have driven up the professional costs of the Representative Counsel and the Special Counsel. These unexpected issues are the same issues outlined above, which in the Monitor's view, make this CCAA proceeding atypical. The Representative Counsel, the Special Counsel, the Monitor and the Monitor's legal counsel have been involved in each of these unexpected or atypical issues and such involvement has not been a duplication of efforts. The Representative Counsel has a duty to only the Noteholders whereas the Monitor has a

duty to all stakeholders, including the Noteholders, other creditors, the Preferred Shareholders and the Applicant. Given these differing duties, it was necessary for the Monitor and its legal counsel to be involved in each of these issues, even where the Representative Counsel and the Special Counsel were involved, to ensure that all of the stakeholders were being treated fairly in this restructuring. While the Noteholders are the stakeholder group with the economic interest in the Applicant, this does not mean that the interests of the other stakeholder groups are disregarded. An example of this is the payment by the Applicant of approximately \$68,000 (approximately \$61,000 plus GST/HST) to the Independent Counsel in respect of the Preferred Shareholder Opinion. While the Independent Counsel incurred fees and disbursements in excess of the \$50,000 fee cap, pursuant to the Ninth Report, the Monitor advised that it had recommended to the Applicant that the Applicant approve this account as the Independent Counsel, in fulfilling its Mandate (as defined in the Independent Counsel Appointment Order), was required to respond to numerous inquiries from Preferred Shareholders that were not anticipated at the time that the \$50,000 fee cap was imposed. Many of the Preferred Shareholders were of the view that the Independent Counsel had been appointed as their representative counsel and the Independent Counsel, while advising them otherwise, responded sensitively to this issue as was appropriate in the circumstances. The Monitor did not note in the Ninth Report, but it should be noted now, that the Independent Counsel has already applied a discount to its above account in the amount of \$55,749.76.

47. In addition to the unexpected or atypical issues discussed above, the Monitor has had extensive dealings with the Representative Counsel, the Special Counsel and with certain members of the Noteholder Committee throughout this restructuring. In particular, the Monitor has had extensive dealings with Ms Young. Ms Young has been very actively engaged in the restructuring of the Applicant since immediately after its CCAA filing on March 23, 2010. The Monitor understands that Ms Young has held a number of meetings with Mr. Boutet and has called him on many occasions. The Monitor also understands that, early in this CCAA proceeding, Mr. Boutet allowed Ms Young and Ms Townsend to meet with Nelson staff to better understand the Applicant's operations and procedures.

48. Ms Young has contacted the Monitor on a very regular basis, sometimes numerous times a day. The Monitor has engaged in lengthy telephone calls with her and has reviewed her numerous and lengthy emails and has responded to them where appropriate. For example, during the month of July alone, Ms Young called the Monitor 28 times and sent the Monitor at least 9 emails. The Monitor has also met with Ms Young on a number of occasions. In particular, the Monitor met with Ms Young and her husband, Mr. Benjamin Kranc, on or about June 16, 2010 for approximately 3 ½ hours to discuss in detail the excel spreadsheet cash flow projections supporting the plan that the Applicant was developing (“**the Excel Model**”) and to get feedback from Ms Young and Mr. Kranc on the general direction of the Applicant’s plan.
49. The Monitor met with Ms Young and Ms Townsend on or about July 28, 2010 at which time the Monitor spent approximately 2 hours reviewing in detail the latest version of the Excel Model. An electronic copy of that Excel Model was then forwarded to Ms Young and Ms Townsend to enable them to review it in detail and to test the outcome of different go-forward assumptions. The Monitor has had numerous discussions with Ms Young regarding the Excel Model and the basis for the underlying assumptions contained therein.
50. However, Ms Young’s demands on the Monitor’s time reached a point where the Monitor had to request Representative Counsel to intervene and have Ms Young funnel enquiries to the Monitor through Representative Counsel so that they could be better prioritized and focused. After that time, direct communications from Ms Young were reduced significantly.
51. The Monitor met with Ms Young and Ms Townsend on or about October 13, 2010 and spent approximately 2 ½ hours reviewing in detail the latest version of the Excel Model. The Monitor supplied Ms Young and Ms Townsend with an electronic copy of that Excel Model later that month.
52. Upon the appointment of the IOO on November 22, 2010, the Monitor sent to Ms

Townsend a copy of the draft restructuring plan that has been prepared by the Applicant's legal counsel.

53. In addition to the Monitor's dealings with the Representative Counsel and the Special Counsel as set out above and in the Monitor's previous reports, the Monitor has also provided logistical assistance to the Representative Counsel. For example, the Monitor organized all aspects of the Representative Counsel's information meeting for Noteholders that was held on July 21, 2010. In addition, the Monitor handled service of all motion materials in respect of the Preferred Shareholder Motion on the Preferred Shareholders; responded to all enquiries from the Preferred Shareholders; and assisted in having their letters and affidavits properly served and filed with this Honourable Court.
54. Throughout this CCAA proceeding, the Monitor has had numerous meetings, telephone conversations and email exchanges with the Representative Counsel and the Special Counsel and has cooperated and assisted them with their activities. Ms Young's statement that "[a]t times, our representative counsel's progress was impeded by the monitor..." is unfair and conflicts with the comments made by Representative Counsel about the Monitor in the Rep Counsel First Report. Pursuant to paragraph 3.7 of the Rep Counsel First Report, the Representative Counsel advised this Honourable Court that "[t]he Monitor has co-operated fully with Representative Counsel and Representative Counsel had nothing but praise for the Monitor's professionalism and conduct."
55. Pursuant to the Committee Letter, Ms Young complains that the Monitor allowed the Applicant to pay legal accounts relating to the OSC proceeding directed to Nelson Investment Group Ltd. ("**Nelson Investment**").
56. Pursuant to the Third Report, which was dated June 11, 2010, the Monitor advised that:
 - (a) Staff of the OSC had issued a Statement of Allegations against, among others, the Applicant, Nelson Investment, Marc Boutet and Stephanie Lockman Sobol ("**the OSC Respondents**");

- (b) the OSC Respondents had retained counsel to defend them against allegations advanced by the OSC;
- (c) the Applicant was funding these defense costs; and
- (d) pursuant to Section 6.2 of the Applicant's Bylaws, Nelson was required to indemnify a director or officer and its legal representatives against all such costs.

The Monitor attached a copy of the Applicant's Bylaws as an Exhibit to its Third Report.

57. Staff of the OSC has been investigating the business and affairs of the Applicant since before this CCAA proceeding was commenced. Early on in this proceeding, the Monitor reported to the stakeholders and to this Honourable Court that Staff of the OSC had advanced allegations against the Applicant and other parties and that the Applicant was funding their defence costs. Accordingly, it should be of no surprise to the parties, including the Noteholders' Committee, that the Applicant was paying legal accounts in respect of the OSC proceeding regardless of the OSC Respondent to whom the legal accounts were rendered.
58. In addition, the Monitor is of the view that, while it has authority to review the receipts and disbursements of the Applicant, it is not in possession and control of the Applicant's assets and has no authority to prohibit the Applicant from making any payments. The Monitor's role is to:
- (a) review the Applicant's receipts and disbursements;
 - (b) compare them to the cash flow projections; and
 - (c) where the Monitor is of the view that any disbursement is not appropriate, object to such payment by the Applicant and flag the issue for the stakeholders and this

Honourable Court.

In this instance, the Monitor has made full disclosure to the stakeholders and this Honourable Court regarding the payment of the OSC defence costs.

59. While the Monitor understands the frustrations of the Noteholder Committee as to the professional costs of any formal restructuring, the Monitor is of the view that the professional costs incurred by the Monitor and its legal counsel have been appropriate given the issues that have arisen in this CCAA proceeding to date.
60. Furthermore, the Monitor and its legal counsel have been very conscious of keeping professional costs low in this matter. To the extent possible, the Monitor's legal counsel has had junior lawyers with lower billing rates performing the majority of the work. For example, Ms Young's assertion that the Monitor had two lawyers attend in Court on November 12, 2010 is simply incorrect. Ms Aggarwal was the only lawyer that attended on behalf of the Monitor at the Chambers appointment on November 12, 2010. Attached hereto as **Exhibit "G"** is a copy of the entire email chain dated July 22, 2010 between the Monitor and Ms Young. Pursuant to the Rep Counsel Third Report, only the initial email from Ms Young to the Monitor is attached as part of Exhibit "1" thereto. While the Monitor is of the view that the staffing of this matter has been reasonable throughout, it nevertheless responded to Ms Young's email by raising the issue with its legal counsel and establishing a protocol whereby it would discuss with its legal counsel, in advance of any Court attendance, which counsel would attend.
61. Prior to the service of the Rep Counsel Third Report, the Monitor and its legal counsel had already agreed with the Representative Counsel and the Special Counsel that, on a go-forward basis, the Monitor would restrict its activities to the performance of its statutory duties, only. By Order of this Honourable Court dated December 1, 2010, the Monitor's activities were so restricted and the Monitor did not oppose this relief.
62. However, the Monitor notes that the exact manner in which the Monitor's activities are

restricted will need to be resolved. For example, on December 8, 2010, each of the Monitor and the Monitor's legal counsel received a telephone call from Mr. John McVey, a Noteholder and a Preferred Shareholder, expressing concern that, with the restricted role of the Monitor, his and Mr. Larry Debono's claims, which this Honourable Court directed the Monitor to review pursuant to the Reasons for Decision dated November 16, 2010 in respect of the Preferred Shareholder Motion, would be reviewed by the Representative Counsel and the Special Counsel and not by the Monitor whom Mr. McVey and Mr. Debono viewed as being the only impartial party in this restructuring. Attached hereto as **Exhibit "H"** is a copy of a letter dated December 8, 2010 to the Monitor from Mr. McVey with respect to this issue.

63. Furthermore, the Monitor has concerns with the manner in which the Noteholder Committee solicited the support of 61% of the Noteholders holding promissory notes representing 71% of the value of the total promissory notes outstanding. Attached hereto as **Exhibit "I"** is a copy of the email dated November 24, 2010 sent by the Noteholder Committee to the Noteholders soliciting support for their complaint about the Monitor's professional costs ("**the Committee Email**"). A copy of this email was forwarded to the Monitor by more than one Noteholder.
64. This support was not generated as a result of a clear, considered report of the Representative Counsel to the Noteholders outlining the various issues that were dealt with. Instead, pursuant to the Committee Email, there is no mention of any of the unexpected issues that is referred to in the Committee Letter and which forms the basis of the Noteholder Committee's approval of the Representative Counsel and the Special Counsel costs. Furthermore, there is no mention of the substantial amount of the Monitor's time that was solicited by Ms Young, Ms Townsend, other members of the Noteholder Committee, the Representative Counsel and the Special Counsel to, among other things, meet with them to discuss the financial situation of the Applicant, to review the Excel Model and to provide other information regarding the Applicant, all as discussed above, and to begin transitioning the business from Mr. Boutet to Ms Townsend even before the Heads of Agreement was settled.

RECOMMENDATIONS

65. Based on the foregoing, the Monitor recommends that this Honourable Court:
- (a) approve the fees and disbursements of the Monitor and the Monitor's legal counsel as set out in their respective fee affidavits; and
 - (b) approve the Seventh Report, the Supplemental to Seventh Report, the Second Supplemental to Seventh Report, the Ninth Report, the Supplement to Ninth Report, the Tenth Report and the Monitor's conduct and activities as described therein.

All of which is respectfully submitted this 8th day of December, 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

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

December 8, 2010

Initial Order of the Honourable Madam Justice Pepall dated March 23, 2010	A
Rep Counsel Appointment Order	B
Independent Counsel Appointment Order	C
Endorsement of this Honourable Court dated July 27, 2010	D
Order and Endorsement of this Honourable Court dated September 23, 2010	E
Email dated June 6, 2010 from a Noteholder to the Monitor, the Monitor's legal counsel, the Applicant and the Applicant's legal counsel	F
Email chain dated July 22, 2010 between the Monitor and Ms Tina Young	G
Letter dated December 8, 2010 to the Monitor from Mr. John McVey	H
Email dated November 24, 2010 to the Noteholders from the Noteholder Committee	I

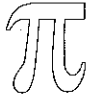


Exhibit "E"

Twelfth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated February 24, 2011

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MADAM

JUSTICE PEPALL

)
)
)
)
)

WEDNESDAY, THE 1ST

DAY OF DECEMBER, 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

THESE MOTIONS 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 November 12 Notice of Motion") and its Notice of Motion dated November 24, 2010 (the "Monitor November 24 Notice of Motion"), and made by Douglas Turner, Q.C., in his capacity as the representative counsel (the "Representative Counsel") of the holders of promissory notes issued by the Applicant, for certain of the relief set out in its Notice of Motion dated November 12, 2010 (the "Representative Counsel Notice of Motion"), were heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the material filed, including, the Monitor November 12 Notice of Motion, the Monitor November 24 Notice of Motion, the Motion Record of the Monitor dated November 12, 2010, which includes the Affidavit of A. John Page sworn October 26, 2010 and the Affidavit of James H. Grout sworn October 29, 2010, the Seventh Report of the Monitor dated September 13, 2010, the Supplemental to Seventh Report of the Monitor dated September 17, 2010, the Second Supplemental to Seventh Report of the Monitor dated October 14, 2010, the Ninth Report of the Monitor dated November 15, 2010, the Supplement to Ninth Report of the Monitor dated November 18, 2010 and the Tenth Report of the Monitor dated November 29, 2010, the Representative Counsel Notice of Motion, the First Report of the Representative Counsel dated November 3, 2010, the Second Report of the Representative Counsel dated November 15, 2010, the Third Report of the Representative Counsel dated November 29, 2010, the Affidavit of Douglas Turner sworn November 16, 2010, the Affidavit of Richard B. Jones sworn November 17, 2010 and the two Affidavits of Tina M. Woodside sworn November 17, 2010 (collectively, the "**Motion Materials**"), and on hearing from counsel for the Monitor, counsel for the Representative Counsel, counsel for the Applicant, counsel for Staff of the Ontario Securities Commission, no one else appearing although duly served as appears from the Affidavits of Service filed:

SERVICE

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

STAY EXTENSION

2. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 13 of the Initial Order of the Honourable Madam Justice Pepall dated March 23, 2010) be and it is hereby extended until and including February 28, 2011.

PROFESSIONAL FEES AND APPROVAL OF REPORTS

3. **THIS COURT ORDERS** that the motions seeking approval of all professional fees and disbursements and of the Monitor's Reports be adjourned to December 9, 2010. SNP

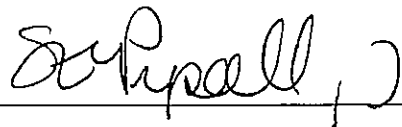
MONITOR'S ROLE

4. **THIS COURT ORDERS** that, subject to further Order of this Court, the Monitor shall hereafter restrict its activities to monitoring the cash receipts and disbursements of the Applicant in reliance upon the reports of the Interim Operating Officer appointed by the Court under the Order of November 22, 2010, being available to review any plan of arrangement that may be developed by the Interim Operating Officer or the Representative Counsel and presented by either the Applicant or any creditor, preparing the report to the creditors required under section 23(1)(d.1) of the *Companies Creditors' Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the "CCAA") and fulfilling any other obligations required by the CCAA.

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

DEC 01 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.

Applicants

Court File No.: 10-8630-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceedings commenced at Toronto

ORDER

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

James H. Grout (LSUC# 22741H)
Seema Aggarwal (LSUC# 50674J)
Tel: 416-304-1616
Fax: 416-304-1313

Lawyers for the Monitor

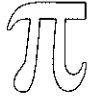


Exhibit "F"

Twelfth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated February 24, 2011

100 22, 2010

Adj'd to Dec 1, 2010.

M. Repell, J.

Dec. 9, 2010

There are a variety of issues before me today.

Firstly, it is agreed that the Crutley accounts will be reduced by \$2,475 inclusive of HST + no claim will be made for any further assessment under the Solicitors Act with respect to any other legal services provided by Crutleys to any of the Nelson companies.

Secondly, subject to my review of the Monitor's Oct + Nov accounts + those of Thornton Groat for the same period, there will be a reduction of \$92,423.93 inclusive of HST with respect to the Monitor's account.

Thirdly, my order of Dec 1, 2010 will be amended such that the Monitor need not make a site visit on a weekly basis unless requested by the 100 or unless the Monitor believes it should do so as a

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

Nov 22-10

Court File No.: 10-8630-09CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

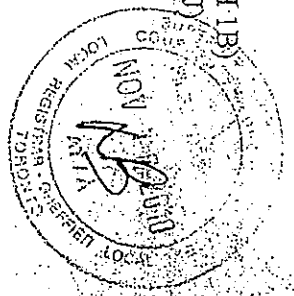
Proceedings commenced at Toronto

MOTION RECORD
(RETURNABLE NOVEMBER 22, 2010)

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

James H. Groat (LSUC # 22741H1B)
Seema Aggarwal (LSUC # 50674J)
Tel: 416-304-1616
Fax: 416-304-1313

Lawyers for the Monitor



result of ~~the~~ statutory obligation
subject to my review of appropriate language,
the Nov 22, 2010 order will be revised
with respect to the Monitor's powers & key
the desire of the parties present that
those powers be rescinded save & except
that the Monitor will complete the claims
process & address the claims of Messrs.

DeBene & Mevey ~~subject to~~ to the same
process, the \$5 million held by the
Monitor - a GIC will be transferred
back to NF once it may be tasked.

Next, the fees of Thornton Circuit
for July, Aug & Sept are approved. The
Rep Counsel consents to approval of
the Oct + Nov fees.

Lastly, the Monitor's reports #7,
supplement to #7, second supplement
to #7, #9, supplement to #9, #10,
are in consent of Rep Counsel approved.

In addition, the fees of Rep Counsel
& Special Counsel to Oct 26 + Oct 28
zero respectively are approved.

Counsel will attend at a 9³⁰
with the proposed order.

J. Repull, J



Exhibit "G"

Twelfth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated February 24, 2011

Seema Aggarwal

From: A. John Page [ajpage@ajohnpage.com]
Sent: January 3, 2011 11:35 AM
To: Sherry Townsend
Cc: sherry; Colleen Delaney; Seema Aggarwal
Subject: Nelson Financial Group Ltd. ("Nelson")

To Ms Townsend

I have had no recent communications from you regarding Nelson, its operations and its restructuring. Please note that I need sufficient information to enable me to fulfil my duties as Monitor under the Companies' Creditors Arrangement Act.

Could you please forward to me a copy of the report of the consultants, Avanzare.

Could you also provide me with a status report and likely time line regarding your preparation of a restructuring plan and the resulting court hearings, creditor meeting etc.

What restructuring options are you considering at the present time?

Have you, or are you contemplating selling or otherwise disposing of assets of Nelson outside of the ordinary course of business?

Have you or are you contemplating assigning, disclaiming or resiliating any agreements that Nelson has with third parties?

Could you also let me know what operational changes you have made to Nelson and what changes you plan to make in the near future.

Have there been any staff changes, and, if so, who and why. Were they initiated by you or did the employees leave of their own accord?

Could you give me a brief overview of Nelson's recent performance. In particular, can you advise me as to why lending (of \$29,554) was so low in the week from December 11-17, 2010.

Have any projections been prepared and approved by you and, if so, can you supply me with a copy? If no projections have been prepared and approved by you, do you plan to have projections prepared and, if so, when and, if not, why not? Please provide me with a copy when they have been completed.

Are there any other matters relating to the operations of Nelson and its restructuring that we, as Monitor, should be aware of? In particular, have there been any material changes in Nelson's operations, prospects or financial circumstances. If so, can you please immediately provide me with details.

I note that Nelson has over \$1million in cash in its bank account. Mr. Turner indicated last month in court that you were proceeding with new lending opportunities and would need funds in excess of the funds you have on hand very shortly. Given Nelson's recent rate of lending this seems to imply a major change in underwriting criteria or a major expansion of Nelson's customer base. Is this the case and, if so, could you provide me with particulars?

Thank you.

John Page
President
A. John Page & Associates Inc.
CCAA Monitor of Nelson
100 Richmond St. West, Suite 447

Toronto, Ontario, Canada M5H 3K6

Telephone: 416-364-4894

Fax: 416-364-4869

Email: ajpage@ajohnpage.com

www.ajohnpage.com

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Thank you

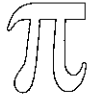


Exhibit "H"

Twelfth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated February 24, 2011

Seema Aggarwal

From: Richard Jones [richard.jones@sympatico.ca]
Sent: January 5, 2011 2:18 PM
To: A. John Page
Cc: Seema Aggarwal; Sherry Townsend; Douglas Turner, Q.C.
Subject: Letter of January 3, 2011

Dear Mr. Page:

Your email of January 3, 2011 (a statutory holiday) to Ms. Townsend, the Interim Operating Officer of Nelson Financial Group Ltd., has been forwarded to me to prepare a full response on behalf of the IOO and the Representative Counsel. As you know, the transition of management was only finalized on December 13, 2010. There are various matters in progress so that my response will take several days. In the meantime, please confirm that you are receiving current financial reports on receipts and disbursements. The IOO has confirmed that there have been no material or adverse changes to the circumstances of the debtor company.

Yours truly

Richard B. Jones, B.A.Sc., LL.B., LL.M., P.Eng.

Business Counsel at Law

100 Yonge Street, Suite 1201

Toronto, Ontario

Canada M5C 2W1

Office: (416) 863-0576
Office Fax: (416) 863-0092
Mobile: (416) 508-6009
Email: richard.jones@sympatico.ca

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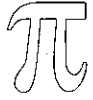


Exhibit "I"

Twelfth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated February 24, 2011

Seema Aggarwal

From: A. John Page [ajpage@ajohnpage.com]
Sent: February 16, 2011 4:19 PM
To: Seema Aggarwal
Subject: Fw: Nelson Financial
Attachments: Page eltr draft Feb16-11 (3).pdf

John Page
President
A. John Page & Associates Inc.
100 Richmond St. West, Suite 447
Toronto, Ontario, Canada M5H 3K6

Telephone: 416-364-4894
Fax: 416-364-4869
Email: ajpage@ajohnpage.com
www.ajohnpage.com

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Thank you
----- Original Message -----
From: Richard Jones
To: A. John Page
Cc: Sherry Townsend ; James H. Grout ; Douglas Turner, Q.C.
Sent: Wednesday, February 16, 2011 4:04 PM
Subject: Nelson Financial

Dear Mr. Page:

Although Ms Townsend understands that much of the information requested in your email of January 3 has been provided, she has instructed me to provide a full response. The attached letter has been reviewed by her and is sent with her approval.

Yours truly

Richard B. Jones, B.A.Sc., LL.B., LL.M., P.Eng.
Business Counsel at Law
100 Yonge Street, Suite 1201
Toronto, Ontario
Canada M5C 2W1

Office:
(416) 863-0576

Office Fax:
(416) 863-0092
Mobile:
(416) 508-6009
Email: richard.jones@sympatico.ca

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Dear Mr. Page:

Although Ms Townsend understands that much of the information requested in your email of January 3 has been provided, she has instructed me to provide a full response. The attached letter has been reviewed by her and is sent with her approval.

Yours truly

Richard B. Jones, B.A.Sc., LL.B., LL.M., P.Eng.
Business Counsel at Law
100 Yonge Street, Suite 1201
Toronto, Ontario
Canada M5C 2W1

Office: (416) 863-0576
Office Fax: (416) 863-0092
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**Richard B.
Jones**

Business Counsel at Law

100 Yonge Street
Suite 1201
Toronto, CANADA
M5C 2W1

*Telephone: 416-863-0576
Fax: 416-863-0092
Mobile: 416-508-6009
Email: richard.jones@sympatico.ca*

**SENT VIA EMAIL to ajpage@ajohnpage.com
ORIGINAL BY MAIL**

February 16, 2011

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

Dear Mr. Page:

Re: Nelson Financial Group Ltd.

The Interim Operating Officer has asked me to respond specifically to each of the items raised in your email of January 3, 2011.

First, she assumes that you are aware that Nelson Financial Group Ltd. closed for the holiday season on December 23, 2010 and that she herself was not back in Canada until January 10, 2011. Accordingly, at the time of your communication, she had only been in place on the premises of the Company with the authority as chief executive officer for just over a week.

Further, your request for information indicated to the IOO and to the Representative Counsel that you were not proceeding in accordance with the understandings that had been reached on December 9, 2010 to remove substantially all of the functions and responsibilities imposed upon the Monitor under the earlier Court orders. It was the IOO's understanding that you would receive weekly reports of cash received and disbursed, complete the allowance and disallowance of unsecured creditor claims, address the two possible creditor claims of John McVey and Larry Debono in accordance with the decision of Justice Pepall of November 16, 2010 and await the filing of a plan of arrangement. You would then prepare the report to the Court with your opinion as to the fairness and reasonableness of that plan.

The IOO and the Noteholders' Advisory Committee are very concerned by the scope of the enquiries that you have continued to make since December. Our efforts to address these concerns with you and with your counsel since then have been repeatedly ignored or rebuffed.

These responses are made without prejudice to the position of the IOO and the Representative Counsel that these engage areas that are outside the mandate of the Monitor as set by the December 9, 2011 Order.

1. Report of the Consultants, Avanzare:

A copy of the Phase 1 Report of Avanzare Inc. delivered to the Company on December 15, 2010 was provided to you. On the basis of that report, the IOO authorized Avanzare Inc. to proceed with the further work under Phase 2 of the consulting arrangements, including the development with the IOO and her staff of a full business plan for the Company. It is expected that business plan will be finalized tomorrow at meetings between the consultants, the IOO, the Representative Counsel and members of the Noteholders' Advisory Committee.

2. Timeline regarding Preparation of Restructuring Plan, Court Hearings, Creditor Meeting:

You were advised on December 9, 2010 that the target for the filing of a plan of arrangement to implement a restructuring plan was then the middle of January. That was delayed by a month principally due to the issues that the IOO discovered in the operations of the Company. It was also delayed by some degrees of complexity arising from consultation with Noteholders and the need to accommodate diverse expectations created by the plan outline that you had presented on behalf of Marc Boutet.

As to the schedule, once a plan is filed, you are as familiar as anyone with the likely timeline. Typically, with the diversity of stakeholders, a month's notice of the meeting seems reasonable. Assuming an affirmative vote at the meeting, a sanction hearing within a week is usual. Assuming approval by the Court, prudence usually results in implementation being delayed until the time for any possible application for leave to appeal has expired. Sixty days from plan filing to implementation seems to be a minimum.

3. What are the Structuring Options being considered:

On a number of occasions, including during our attendance in Court on December 9, 2010, you were advised that the tax attributes of the corporation indicated that a debt to equity conversion restructuring was appropriate. It was clear under the terms of the Heads of Agreement negotiated with Marc Boutet that we contemplated that all of the equity in Nelson Financial Group Ltd. would be cancelled and new shares will be issued to the unsecured creditors participating in the plan on a *pro rata* basis. Conveyancing issues, including the transfers of material causes of action, were considered to preclude any asset sale restructuring.

4. Disposition of Assets of Nelson Financial:

Apart from future sales of redundant office equipment, furnishings, no sales of material assets are contemplated. There have been approaches from both Newstart and Lendcare seeking to take over the loan portfolio. In each case, the outline terms proposed were completely

unacceptable and the IOO and the Representative Counsel have declined to have any discussions with either of those parties.

5. Assigning, Disclaiming or Resiliating Agreements:

Apart from the agreements that were terminated prior to the appointment of the IOO, the IOO has identified two material long term obligations that Nelson Financial had that would burden its restructuring.

The first of these is the lease of the premises at 900 Dillingham Road, Pickering. This whole building lease at a net net net rental of \$12,000.00 per month is wildly excessive. Even during the tenure of Marc Boutet, portions of the building were used, essentially, as his personal playrooms. Other substantial space was occupied by Nelson Investment and, as late as December 2010, by Nelson Mortgage. You have been copied on a letter sent to the lessor on the instructions of the IOO proposing an agreed termination of that lease as at August 1, 2011. If some arrangement such as that cannot be made with the lessor, it will be necessary to disclaim that lease in accordance with s.32 of the CCAA.

The other agreement that serves no useful purpose for the Company is a 5-year term agreement with ADT respecting security for the building. This was entered into in September 2009 and has no utility whatsoever for the Company in the future. Details of the agreement are being provided to me and we will explore an agreed termination. Failing that, disclaiming the agreement in the proceedings may be necessary.

6. Operational Changes made in Nelson Financial and Future Changes:

Immediately upon her assuming control of the operations, the IOO discovered that the credit approval function at Nelson Financial was out of control. Recommendations of junior staff to reject deals in compliance with established procedures were being overridden by the credit manager. There has been a substantial deterioration of credit quality in the portfolio and defaults and delinquencies were increasing rapidly. The manager of the credit function was terminated.

As detailed in the Report of the IOO to be filed with the Court this week, all vendor arrangements have been reviewed and several have been renegotiated on improved terms. New vendors are operational and others are arranged to be effective once the restructuring is approved.

7. Staff Changes:

On the initial review by the IOO, was the fact that the other businesses owned by Marc Boutet were continuing to operate while Nelson Financial was in its CCAA process. Their accounting, premises and staff functions were being provided to them by Nelson Financial. All

of those arrangements have been terminated on the direction of the IOO. Consequently, staff redundancies have been identified

One member of the collection staff was discovered to have been making collection calls that were abusive, threatening and sexually inappropriate. That person was terminated for cause. Another member of the collection staff was discovered to be completely unqualified and not, in fact, performing any useful collection functions. She was also terminated. Both of those persons are understood to have obtained new employment at Newstart and Lendcare.

Total employee count has been reduced from 23 to 19 since the IOO was appointed. There are three additional terminations scheduled for the end of February and one in March. There are no employment related claims outstanding against Nelson Financial. E.S.A. obligations are being processed in the ordinary course.

8. Overview of Recent Performance:

New loan advances during December were substantially reduced on the direction of the IOO. The discovery that loans were being approved with beacon scores of below 500 led the IOO to instruct that no loans were to be approved unless the beacon score was at least 700. New lending criteria are now in place and being applied.

New vendors are coming on stream and the relationships with several existing vendors have been renegotiated. Nelson Financial has taken the position that it will not function as a secondary or back up lender for vendors but only as their number one credit supplier or a co-number one. When those arrangements have been put in place, net new loan performance has increased from \$32,847 in the week of December 18, 2010 to \$75,752 in the week of February 5, 2011. It is expected that this trend will continue and accelerate in the next several months. We have major new vendors committed who will commence doing business with the Provider Capital once its restructuring plan is approved.

9. Financial Projections:

Numerous financial projections have been prepared during the last number of months by the Noteholders' Advisory Committee and several of its members. Some of those projections have been developed from and are enhancements to the modelling that you did and provided to us.

More recently, the proposed new business model and business plan for the restructured Nelson Financial has been developed. This financial model, including an opening balance sheet, projected operating statements and cash flow analysis under several sensitivity analyses, is being developed by and with our consultants, including Avanzare Inc. Financial projections and the business plan are being finalized this week. They will be summarized in the

information circular to be provided to the creditors as part of the meeting material. You will be provided with that meeting material when it is prepared.

10. Material Changes in the Operations, Prospects or Financial Circumstances of Nelson Financial:

There have been numerous changes, both large and small, made in the operations of Nelson Financial under the direction of the IOO acting as its chief executive officer. The IOO and the Representative Counsel are both satisfied that these changes have all been necessary and are positive and beneficial for both the Company and, most importantly, its creditors as its only remaining stakeholders. These steps are described in some detail in the Interim Operating Officer's First Report, which will be filed with the Court and provided to you within the next few days.

11. Cash Position:

The cash position of Nelson Financial is now approximately \$2 million in its operating bank account as well as the \$5 million that you are holding in trust, notwithstanding the direction of the Court given on December 9, 2010. Those funds will be required for the lending expansion that is part of the business plan. They will also be required to fund the cash exit option for such creditors as elect to take that option. Among the new vendors that the IOO has established for the Company, is a vendor that could represent an annual lending stream of as much as \$30 million.

However, such new sources of business are understandably unwilling to place their customers with Nelson Financial while it is still subject to the CCAA. Further, they are conscious of the reputational taint attached to the name and its past association with Marc Boutet and others. It is for that reason that a rebranding and change of corporate name to Provider Capital Group Inc. is an integral part of the business plan and will be implemented by way of the Articles of Reorganization. The major expansion of the customer base is a key element of the business plan and the commitments already negotiated give the IOO confidence that those targets will be achieved.

The Interim Operating Officer has instructed me to provide this information to you as a courtesy. She and the Representative Counsel are of the view that most of it is relevant to concerns that are outside of your role as agreed to under the amendments in the December 9 order. She is not prepared to approve accounts rendered for any material professional time expended by you or by your counsel in addressing matters that are outside of your mandate.

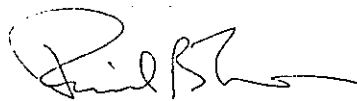
A. John Page, CA ● CIRP
February 16, 2011
Page 6

The Noteholders and the Noteholders' Advisory Committee made their concerns in that regard abundantly clear last year. Notwithstanding those concerns that were well known to you, the accounts rendered for December 2010 and January 2011 and the accounts of your counsel for the same period contain matters that are outside of your mandate and make no contribution to the interests of the creditors. These are serious issues that we have attempted repeatedly to address with your counsel or with you. Our efforts to have such discussions have been rebuffed or, frequently, simply ignored.

The Interim Operating Officer and the Representative Counsel had instructed me to meet with you and your counsel so that you may provide them with your perspective as to what you believe your role should be and whether or not the obviously broken communications can be repaired.

Regrettably it seems too late for that. I understand that the Representative Counsel and the Interim Operating Officer have decided that there is no alternative but to accept your proffered resignation subject to approval by the Court and arrangements for an orderly transition to a replacement monitor. I remain

Yours very truly,



Richard B. Jones

RBJ/mw

cc: *(by email)*
Nelson Financial Group Ltd.
Attention: Ms. Sherry Townsend
Interim Operating Officer

(by email)
Douglas Turner, Q.C.

(by email)
ThorntonGroutFinnigan LLP
Attention: James H. Grout, Esq.

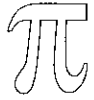


Exhibit "J"

Twelfth Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated February 24, 2011

Seema Aggarwal

Subject: FW: Nelson - TGF Bill Dec 6, 2010.pdf
Attachments: Nelson - TGF Bill Dec 6, 2010.pdf

----- Original Message -----

From: Sherry Townsend

To: A. John Page

Cc: sherry

Sent: Saturday, December 11, 2010 1:00 PM

Subject: Fw: Nelson - TGF Bill Dec 6, 2010.pdf

Good Morning John

Please request that TGF review / resubmit their November bill to reflect the cost adjustments for the time spent (a portion of the total hours identified for the docketed items below) on for the following

i.e. discussions around fee approval, summarizing of their professional costs, disgorgement issues for Boutet .

Nov 18 - EF - Disgorgement cases - .30 hour

Nov 23 - SA - fee approval and discussion with Page, Grout and Prophet regarding the same - 3.0 hours

Nov 24 - SA - consider and provide fee estimates - 3.3 hours

Nov 25 - SA - conference with Page and Grout re professional costs and go forward strategy - 1.6 hours

Nov 26 - SA - consider costs issue; costs - 2.2 hours

Nov 27 - SA - professional costs budget; receipt and receive emails from Page regarding professional costs variances - 2.0

Nov 29 - JG - discussion about fee approval - 1.2 hours

Nov 29 - SA - discussion with Page regarding same (prof costs); email to Grout regarding summary review TGF accounts and prepare summary chart of TGF professional costs - 8.2 hours of fees,

Nov 30 - SA - review Solicitors Act, Review accounts and prepare summaries of same; discussion with Page regarding same - 6.00 hours

Regards;

Sherry Townsend

IOO

Nelson Financial