Court File No. 08-CL-7878

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OF ARRANGEMENT OF UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

Applicant

TENTH REPORT OF THE MONITOR, ERNST & YOUNG INC., (Returnable July 17, 2009)

July 14, 2009

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Applicant

I N D E X

TAB NO.

TAB 1

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ONTARIO
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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 UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

TENTH REPORT OF THE MONITOR
July 14, 2009

INTRODUCTION

1. On December 2, 2008, Universal Settlements International Inc. ("**USI**", the "**Company**" or the "**Applicant**") filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act* R.S.C. 1985 c. C-36, as amended (the "**CCAA**") pursuant to provisions of an Order of this Honourable Court dated December 2, 2008 (the "**Initial Order**"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (the "**Monitor**") of the Applicant during these CCAA proceedings ("**CCAA Proceedings**").

2. To date, the Monitor has filed the following reports with this Honourable Court, which are available on the Monitor's website (www.ey.com/ca/universalsettlements):

Report	Date
First Report	December 17, 2008
Second Report	December 22, 2008
Third Report	January 8, 2009
Fourth Report	January 20, 2009
Fifth Report	February 23, 2009
Sixth Report	April 21, 2009
Seventh Report and Supplement to Seventh Report	May 7, 2009 and May 15, 2009
Eighth Report	June 10, 2009
Ninth Report	June 19, 2009

3. The purpose of this tenth report (the "**Tenth Report**" or "**Report**") is to request this Honourable Court's approval of the:

   i) Monitored Account Agreement ("**MAA**"), substantially in the form attached hereto as **Appendix "A"**;

   ii) Declarations of Trust, substantially in the form attached hereto as **Appendix "B"**;

   iii) activities of the Monitor as set out in this Report; and

   iv) fees and disbursements of the Monitor and its legal counsel for the periods beginning November 24, 2008 to July 3, 2009 and November 25, 2008 to July 10, 2009, respectively.

TERMS OF REFERENCE

4. In preparing this Report, the Monitor has relied upon unaudited financial information, the Applicant's books and records, financial information prepared by the Applicant and Mills, the financial analysis prepared by the Applicant in support of the Plan and discussions with the management, legal counsel and advisors of the Applicant. The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this Report. An examination of the financial projection or any other future-oriented financial information as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events. Actual results achieved will vary from this information and the variations may be material.

5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

6. Capitalized terms not defined in this Report are as defined in the Initial Order, the Monitor's previous reports to this Honourable Court, the Claims Procedure Order and the Plan.

CONDITIONS FOR APPROVAL OF THE PLAN

7. On June 22, 2009, the Amended Plan dated June 16, 2009 (the "**Plan**") was approved by this Honourable Court pursuant to the CCAA following approval by the requisite majorities of applicable Creditors at the Meetings of Creditors held on June 17, 2009.

8. The remaining conditions which must be satisfied prior to the Plan being implemented are:

   i) Execution and delivery of a corporate resolution of USI authorizing the Plan and the steps needed to implement the Plan;

   ii) Payment, or provision for payment, of Unaffected Claims;

   iii) Execution and delivery of Declarations of Trust by the Company and Mills; and

   iv) Execution and delivery of any documents or instruments necessary to implement the provisions of the Plan or the Sanction Order. In addition to the MAA described in further detail below, these documents will include a direction from the shareholders of USI regarding the payment if the Escrow Funds (as defined in the Plan), attached as **Appendix "C"**, and the Guidelines for the establishment of the Creditor's Committee, as required by the Plan, attached as **Appendix "D"**. Also necessary will be the opening of the Monitored Trust Account.

9. The Plan cannot be implemented until such time as the remaining conditions described above are met to the satisfaction of the Monitor and the Applicant.

MONITORED ACCOUNT AGREEMENT

10. The MAA is a condition to Plan Implementation. The MAA provides further clarification of certain aspects of the Plan in order to facilitate its implementation and administration by the Company. As well, it defines the Monitor's role following Plan Implementation.

11. In accordance with the MAA, the Company and Mills ("**Trustees**") will hold in trust the cash, insurance policies and other assets outlined in the Plan ("**Plan Assets**") for the benefit of the stakeholders of the Plan ("**Plan Beneficiaries**"). Prior to Plan Implementation, the Trustees will execute Declarations of Trust in which they declare that effective on the Plan Implementation Date, they will hold all Plan Assets in trust for the Plan Beneficiaries, and that the Plan Assets shall be dealt with only in the manner provided for in the Plan. The forms of Declarations of Trust are substantially as attached as **Appendix "B"** to this Report.

12. Consequently, the Monitor will not have possession of or control any of the Plan Assets. According to the MAA, the Trustees will have sole possession and control of the Plan assets. The Monitor will only be responsible for monitoring the administration of the Plan Assets by the Company and Mills in accordance with the terms of the Plan and the MAA.

13. Subject to this Honourable Court approving the MAA and the Declarations of Trust on July 17, 2009 and subject to all pre-conditions being satisfied, the Applicant expects that the Plan Implementation Date will be July 20, 2009.

LITIGATION CONTRIBUTION

14. The Monitor wishes to bring to this Honourable Court's attention a to potential issue which may arise with regards to the mechanism for funding the Litigation Contribution as provided in the Plan.

15. The Plan permits the Applicant to pursue the Actions. The legal fees and disbursements incurred by the Applicant in pursuing the Actions may be funded from the Monitored Trust Account to a maximum of US $500,000. In exchange for contributing US

\$500,000 to fund the costs of litigation, Litigation Recovery from the Actions, if any, must first be used to reimburse the Monitored Trust Account for the amount previously paid out to fund the litigation costs and any remainder is to be distributed based upon a scheme of distribution described in Section 4.5 of the Plan.

16. The Applicant has advised the Monitor that it takes the view that the Litigation Contribution is to be a revolving contribution. In other words, if there is Litigation Recovery from one of the two Actions which reimburses the Litigation Contribution previously paid out of the Monitored Trust Account, the Applicant is of the view that the Monitored Trust Account may use the reimbursed funds to continue to fund ongoing litigation costs relating to the second Action.

17. Section 4.5 of the Plan describes in detail the treatment of the Litigation Contribution and the Litigation Recovery. The following is an excerpt from Section 4.5 of the Plan:

> *"The Applicant shall have the power to continue the Actions, and the Litigation Contribution (including any portion of the Escrow Fund deposited into the Monitored Trust Account in accordance with Section 2.5 of this Plan) shall be made available to the Applicant and its counsel for the payment of the Applicant's legal fees and disbursements with respect to the Actions. As noted in the definition of "Litigation Contribution", U.S. \$500,000 of the Litigation Contribution shall be made available from the Monitored Trust Account. In this Section 4.5, this is referred to as the "Litigation Contribution sourced from cash". In addition, any portion of the Escrow Fund paid into the Monitored Trust Account shall also be available as part of the Litigation Contribution. In this Section 4.5, this is referred to as the "Litigation Contribution sourced from the Escrow Fund".*
>
> *No amount in excess of the Litigation Contribution shall be paid out of the Monitored Trust Account toward payment of the Applicant's legal fees and disbursements with respect to the Actions...*
>
> *The amount of the Litigation Contribution actually used to pay the Applicant's legal fees and disbursements related to the Actions shall be considered a deduction from the monies otherwise transferable from the Monitored Trust Account to the Ordinary Creditor Pool. The Litigation Contribution may be paid out of the Monitored Trust Account at any time, and from time to time, provided that sufficient funds are available in the Monitored Trust Account, and regardless of whether the funds at that time available for transfer to the Ordinary Creditor Pool are greater than or less than the amount of the Litigation Contribution sought by the Applicant at that time. However, no transfer from the Monitored Trust Account to the Ordinary Creditor Pool shall take place until the funds available for transfer to the Ordinary Creditor Pool in accordance with*

Section 4.8 of this Plan exceed the Litigation Contribution previously paid out of the Monitored Trust Account and then outstanding.

All Litigation Recovery will be deposited into the Monitored Trust Account, and shall be applied as follows (in each case without interest or deduction):

> *(a) first, to reimburse the Monitored Trust Account for the full amount of any Litigation Contribution sourced from cash and previously paid out to fund the Applicant's legal fees and disbursements with respect to the Actions...*

The Applicant has agreed to establish a committee of three Creditors to consult with the Applicant with respect to the conduct of the Actions and the fees and disbursements incurred in prosecuting the Actions."

18. The Applicant's view is that if the Litigation Contribution is reimbursed, it may again be used up to the limit of US \$500,000. A further explanation provided by the Applicant to support its view is that by not allowing the Litigation Contribution to "revolve", further recovery from a second Action may be hampered as there may be no further ability to fund the costs to litigate the second Action.

19. The Plan does not explicitly state that Litigation Contribution, once reimbursed, may be used again, nor does the Plan state that the reimbursed funds cannot be used again. This potential issue will only arise if there is Litigation Recovery greater than US \$500,000, and there is a second Action which remains open and the Litigation Committee believes there continues to be favourable prospects of recovery from the second Action which justifies incurring additional litigation costs to pursue the matter.

20. The effect of allowing the reimbursed Litigation Contribution to be used again is that any funds utilized to fund litigation costs relating to the second ongoing Action will not be recovered if that Action is unsuccessful. The advantage of allowing the reimbursed Litigation Contribution to be used again is a potential further and greater net recovery from the second ongoing Action.

21. If a situation arises resulting in the Applicant requesting the Monitor's approval to release the reimbursed Litigation Contribution from the Monitored Trust Account to fund ongoing litigation costs, the Monitor will seek further direction from this Honourable Court as to whether this is permissible according to the Plan.

ASSIGNMENTS OF CLAIMS

22. Since the commencement of the CCAA Proceedings there have been approximately 64 assignments of claims from Purchasers to third parties. To date, the Company has used its normal pre-filing procedures and forms for registering the assignments. In addition, following the issuance of the Claims Procedure Order, as further evidence of any assignments, the assignors and the assignees together completed and signed the assignment section of the Proof of Claim form to ensure and confirm that both parties were aware of the CCAA Proceedings prior to completing the assignment.

23. The Company and the Monitor agree that a new mechanism should be established to register assignments following Plan Implementation that is consistent with the terms of the Plan. Therefore, the Company has proposed that a new form be created to be completed by the assignees and assignors in order for an assignment to be registered by the Monitor and the Company for distribution purposes. Following Plan Implementation, the Company, in consultation with the Monitor, will prepare such form.

PROFESSIONAL FEES

24. Pursuant to the Initial Order, since the start of the CCAA Proceedings the Monitor's fees and expenses (including the fees and disbursements of its legal counsel) were paid by the Applicant on a weekly basis at its standard rates and charges as part of the costs of the CCAA Proceedings. In addition, the Applicant was authorized to pay to the Monitor and its legal counsel retainers in the amounts of $100,000 and $50,000, respectively, (the "**Retainers**") which were received by the Monitor and its legal counsel prior to the commencement of the CCAA Proceedings. The Retainers continue to be held as security by the Monitor and its legal counsel and, to date, have not been applied against fees or disbursements. In accordance with the MAA, the Monitor and its legal counsel will continue to hold the Retainers as security following Plan Implementation.

25. In accordance with the Initial Order, the Monitor and its legal counsel are required to pass their accounts from time to time and refer the matter to a judge of the Commercial List of the Ontario Superior Court of Justice.

26. The Monitor and its counsel, Blakes Cassels and Graydon LLP ("**Blakes**"), have maintained detailed records of their professional costs and time during the course of the CCAA Proceedings.

27. Attached as Exhibits "A" and "B" to the affidavit of Brian Michael Denega sworn July 14, 2009 and attached as **Appendix "E"** to this Tenth Report (the "**Denega Affidavit**") is a summary and copies, respectively, of the accounts rendered to date by the Monitor in respect of the CCAA Proceedings. For the period November 24, 2008 to July 3, 2009, the Monitor's accounts amount to $1,446,290.00 in fees, $52,942.12 in disbursements, $130,166.10 in administration costs and $81,469.92 in GST for a total amount of $1,710,868.14. Exhibit "C" to the affidavit of Brian Denega contains a summary of the personnel, hours and hourly rates charged by the Monitor in respect of these proceedings.

28. Exhibit "A" to the affidavit of Susan Grundy sworn July 13, 2009 and attached as **Appendix "F"** to this Tenth Report (the "**Grundy Affidavit**") are copies of the accounts rendered to date by Blakes in respect of the CCAA Proceedings. For the period November 25, 2009 to July 10, 2009, the Blakes accounts amount to $311,373.16, inclusive of disbursements and GST. Exhibit "B" to the affidavit of Susan Grundy contains a summary of the personnel, hours and hourly rates charged by Blakes in respect of these proceedings.

29. Given the voluminous nature of the material, copies of the detailed invoices of the Monitor and Blakes will not be included in the motion material served upon the service list. However, copies of such invoices will be provided to the Court and are available upon request.

CONCLUSION AND RECOMMENDATION

30. According to the Plan and the MAA, the Plan Assets remain in the possession of the Applicant who will administer these assets for the term of the Plan. The Monitor will monitor USI's administration of the Plan Assets throughout the term of the Plan in accordance with the Plan and the MAA.

31. The Monitor requests that this Honourable Court approve:

    i) the MAA substantially in the form attached;

    ii) the Declarations of Trust substantially in the form attached;

    iii) the activities of the Monitor as set out in this Report; and

    iv) the Monitor's and Blake's fees and disbursements for the periods from November 24, 2008 to July 3, 2009 and November 25, 2009 to July 10, 2009, respectively.

ALL OF WHICH is respectfully submitted this 14th day of July, 2009.

ERNST & YOUNG INC.,
Court-appointed Monitor of Universal Settlements International Inc.

Name: Brian Denega
Title: Senior Vice-President

APPENDIX "A"

MONITORED ACCOUNT AGREEMENT

AGREEMENT dated as of July 15, 2009 between **UNIVERSAL SETTLEMENTS INTERNATIONAL INC.** (the "**Company**") and **ERNST & YOUNG INC.** (solely in its capacity as monitor of the Company pursuant to the Initial Order and the other orders in the CCAA Proceedings and without personal liability) (the "**Monitor**") witnesses that:

WHEREAS:

A. The Company is in the business of, among other things, purchasing and selling Life Settlements and fractional interests in Life Settlements;

B. On December 2, 2008, the Company initiated the CCAA Proceedings;

C. The Company has filed an amended plan of compromise and arrangement dated June 16, 2009 (as amended, varied or supplemented from time to time, the "**Plan**") with the Court;

D. The relevant creditors of the Company have approved the Plan by the required majorities under the CCAA, and the Court has sanctioned the Plan;

E. The Company and Mills have executed and delivered Declarations of Trust pursuant to which the Company and Mills have declared that they hold certain insurance policies and the proceeds thereof, and certain other amounts, in trust for the beneficiaries of the Plan;

F. As contemplated by the Plan, the Company and the Monitor wish to enter into an agreement with respect to the management by the Company of certain cash and other assets of the Company held pursuant to the Declarations of Trust;

NOW THEREFORE in consideration of the respective covenants of the parties hereto herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions.

Except as otherwise defined in this Section 1.1, all capitalized terms used in this Agreement shall have the meanings given to them in the Plan. In this Agreement, the following terms shall have the following meanings:

"**Bank**" means TD Canada Trust at its 381 King Street, Kitchener, Ontario branch;

"**Borrowing Costs**" means any borrowing costs incurred with respect to Borrowings, including the repayment of such Borrowings, whether such Borrowings were incurred prior to Plan Implementation Date, or subsequent to Plan Implementation Date;

"**Borrowing Proceeds**" means the proceeds of any Borrowings by the Company;

"**Cash on Hand**" means the amount of U.S. $• deposited into the Monitored Trust Account on the Plan Implementation Date in accordance with Section 2.4 of the Plan;

"**Declarations of Trust**" means the declarations of trust dated as of the Plan Implementation Date executed and delivered by the Company and Mills pursuant to Sections 4.2 and 5.3 of the Plan;

"**Monitored Trust Account**" is the Monitored Trust Account referred to in the Plan, and means, as applicable, (i) in respect of receipts by the Company in U.S. dollars, the segregated U.S. dollar trust account established and maintained by the Company with the Bank, having the account number 27522-7312639, and (ii) in respect of receipts by the Company in Canadian dollars, the segregated Canadian dollar trust account established and maintained by the Company with the Bank, having the account number 27522-5246267, into which, as applicable, shall be deposited all Cash on Hand, Insurance Proceeds, Litigation Recovery, Released Escrow Funds, TPI Proceeds, Borrowing Proceeds, Sale Proceeds and Tax Refunds and from which disbursements shall be made for Costs and transfers to the Pools pursuant to the Plan and this Agreement;

"**Ordinary Creditor Pool Trust Account**" means the segregated Canadian dollar trust account to be established and maintained by the Company with the Bank pursuant to the Plan and this Agreement, into which all amounts on account of the Ordinary Creditor Pool shall be transferred from the Monitored Trust Account, to be disbursed pursuant to the Plan and this Agreement;

"**Purchaser Pool Trust Account**" means the segregated U.S. dollar trust account to be established and maintained by the Company with the Bank pursuant to the Plan and this Agreement, into which all amounts on account of the Purchaser Pool shall be transferred from the Monitored Trust Account to be disbursed pursuant to the Plan and this Agreement;

"**Released Escrow Funds**" means any portion of the Escrow Fund received by or on behalf of the Company or any Shareholder;

"**ROI Pool Trust Account**" means the segregated U.S. dollar trust account to be established and maintained by the Company with the Bank pursuant to the Plan and this Agreement, into which all amounts on account of the ROI Pool shall be transferred from the Monitored Trust Account to be disbursed pursuant to the Plan and this Agreement; and

"**Trust Accounts**" means the Monitored Trust Account, the Ordinary Creditor Pool Trust Account, the Purchaser Pool Trust Account and the ROI Pool Trust Account.

Section 1.2 **Construction.** In this Agreement, unless otherwise stated or the context otherwise requires:

(a) the division of the Agreement into articles and sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation of the Agreement;

(b) the words "hereunder", "hereof" and similar expressions refer to this Agreement and not to any particular article, section or schedule and references to "Articles", "Sections", and "Schedules" are to articles and sections of and schedules to this Agreement;

(c) words importing the singular include the plural and vice versa and words importing any gender include all genders;

(d) the word "including" means "including without limiting the generality of the foregoing";

(e) a reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted or replaced and includes any regulation made thereunder;

(f) a reference to any agreement, indenture or other document is to that document as amended, supplemented, restated or replaced from time to time;

(g) references to dollar amounts are to Canadian dollars, unless otherwise indicated;

(h) references to times are to local time in Toronto, Ontario, Canada; and

(i) the recitals to this Agreement shall form an integral part of this Agreement and shall be read and construed as part of this Agreement.

Section 1.3 **Deeming Provisions.** In the Agreement, the deeming provisions are not rebuttable and are conclusive and irrevocable.

Section 1.4 **Date for any Action.** If any date on which any action required to be taken hereunder by a Person is not a Business Day, such action must be taken on the next succeeding day which is a Business Day.

Section 1.5 **Schedules.** The following are the Schedules to this Agreement:

Schedule A Illustrative Calculations

Schedule B Form of Officer's Certificate

Schedule C Monitoring Checklist

ARTICLE 2
TRUST ACCOUNTS

Section 2.1 **Establishment of Trust Accounts.** The Company represents, warrants and covenants to the Monitor that (a) on or before the date hereof, the Company has established the Monitored Trust Account, the funds deposited and to be deposited therein to be held in trust pursuant to the terms of the Declaration of Trust, the Plan and this Agreement; (b) the amount of US$• has been deposited into the Monitored Trust Account, being all of the Cash on Hand on the Plan Implementation Date; and (c) at the request of the Monitor, the Company shall establish the Ordinary Creditor Pool Trust Account, the Purchaser Pool Trust Account and ROI Pool Trust Account, the funds to be deposited therein to be held in trust pursuant to the terms of the Declaration of Trust, the Plan and this Agreement.

Section 2.2 **Pool Trust Accounts.** Forthwith upon the establishment of any of the Ordinary Creditor Pool Trust Account, the Purchaser Pool Trust Account, and the ROI Pool Trust Account, the Company shall advise the Monitor of the account details for such account.

Section 2.3 **Transfers to Pool Trust Accounts**. The Company agrees that all monies that are transferred to or from any of the Pools pursuant to the Plan shall be transferred to or from, and only to or from, the corresponding Trust Account. That is, all monies to be transferred pursuant to the Plan to or from (a) the Ordinary Creditor Pool, shall be transferred to or from the Ordinary Creditor Pool Trust Account, (b) the Purchaser Pool, shall be transferred to or from the Purchaser Pool Trust Account, and (c) the ROI Pool, shall be transferred to or from the ROI Pool Trust Account.

Section 2.4 **Contributions to Trust Accounts.** The Company covenants and agrees that:

(a) All Insurance Proceeds, Litigation Recovery, Sale Proceeds, Borrowing Proceeds, TPI Proceeds, Tax Refunds and Released Escrow Funds received by or on behalf of the Company shall be deposited forthwith upon receipt into the Monitored Trust Account. Any such amounts received by Mills or any Shareholder shall forthwith upon receipt be paid over by Mills or such Shareholder to the Company to be deposited by the Company into the Monitored Trust Account as provided above.

(b) Any such amounts received in Canadian or U.S. dollars shall be deposited into the applicable Monitored Trust Account. Any such amounts received in any other currency shall be converted into U.S. dollars or Canadian dollars, with the consent of the Monitor, and deposited into the applicable Monitored Trust Account.

(c) The Company shall use its best efforts to maximize GST refunds in respect of input tax credits for GST relating to Costs. All such refunds received after the Initial Order Date shall be deposited to the Monitored Trust Account for disbursement to Creditors under the Plan and this Agreement.

Section 2.5 **Disbursements from Trust Accounts.** Withdrawals, transfers and disbursements of funds out of the Trust Accounts may only be made by the Company in accordance with the Plan and this Agreement.

Section 2.6 **Income.** All income earned in respect of the Trust Accounts shall be available for payment of Costs, and to the extent applicable, distributions to Creditors, as provided herein and in the Plan.

Section 2.7 **Maximizing Receipts.**

(a) The Company agrees to use its best efforts to collect Insurance Proceeds after the Plan Implementation Date, which efforts shall, at a minimum, reflect the same efforts and tenacity as the Company used in collecting Insurance Proceeds before the Plan Implementation Date.

(b) Without limiting Section 2.7(a), the Company shall use its commercially reasonable efforts to reduce Premium load costs by optimizing Premiums paid to Insurers by first setting them off against built up cash value in the Policies and, based upon premium illustrations received from Insurers, by optimizing the amount of Premiums which should be paid, in each case using its commercially reasonable efforts to ensure that there are no overpayments of Premiums.

(c) The Company agrees to use its best efforts to maximize net recoveries of the Litigation Recovery, TPI Proceeds and Tax Refunds.

Section 2.8 **Set Off**. Except as provided herein, the Company shall not be entitled to set off Insurance Proceeds, Litigation Recovery or TPI Proceeds against any Insurance Premium or other obligations of the Company without the prior written approval of the Monitor.

Section 2.9 **Controls.**

(a) The Company shall implement and maintain prudent internal controls with respect to its cash management, including operation of the Trust Accounts and record-keeping and designation of authorized signing officers in connection therewith, as may be satisfactory to the Monitor, acting reasonably.

(b) The Company shall instruct the Bank that any disbursements, withdrawals and transfers from the Trust Accounts (whether by cheque, wire transfer or any other form) shall require authorization from the authorized signing officers of the Company contemplated in Section 2.9(a) and shall provide the Monitor with evidence satisfactory to the Monitor of such instructions on the Plan Implementation Date. Such instructions shall not be revoked or changed without the prior written approval of the Monitor.

(c) The Company shall provide the Bank with a copy of the Court Order approving this Agreement in order to provide notice to the Bank of the oversight of the Trust Accounts provided for herein.

Section 2.10 **Taxes.** In accordance with Section 4.2 of the Plan, payments out of the Trust Accounts on account of any Canadian taxes or withholdings as required by law shall be permitted. The Company shall provide to the Monitor, prior to any distribution, such documentary evidence supporting any non-withholding of taxes, including legal or other professional opinions regarding tax or withholding obligations, as the Monitor may request, acting reasonably.

Section 2.11 **Bank Charges.** Any bank charges imposed by the Bank in respect of the Trust Accounts may be deducted by the Bank from the applicable account.

Section 2.12 **Monitor Review and Approval**. With the exception of the bank charges referred to in Section 2.11 of this Agreement, all disbursements, withdrawals and transfers from any Trust Account (whether by cheque, wire transfer or any other form) shall be subject to the prior review and approval of the Monitor. The Company shall make any request for such approval of the Monitor in writing, at least five Business Days before the relevant payment due date, which request shall be accompanied by all relevant invoices and such additional supporting documentation required hereunder and as the Monitor may require.

Section 2.13 **View Access to Accounts**. The Company shall ensure that the Monitor shall have internet-based view-only access to each Trust Account.

Section 2.14 **Illustrative Calculations**. For illustration purposes, attached as Schedule "A" are sample calculations illustrating the calculation of amounts payable into or out of the Trust Accounts in respect of the disbursement of any of Litigation Contribution and the application of any Litigation Recovery. The Company agrees that these illustrations reflect how it intends that Section 4.5 of the Plan will operate.

ARTICLE 3
COSTS

Section 3.1 **Reserve for Costs.** Pursuant to Section 4.3 of the Plan, the Reserve for Costs shall be established in the Monitored Trust Account for purposes of ensuring that the Company has sufficient funds on hand to pay for Costs for a two-year period following any transfer of funds from the Monitored Trust Account to the Pools. The amount of the Reserve for Costs may be reset at such time intervals as may be required by the Monitor, based on projections for the two-year period following that time.

Section 3.2 **Conditions on Payment of Costs.** Payment of Costs from the Monitored Trust Account is subject to the conditions set out in Section 4.2 of the Plan. When requesting the Monitor's authorization for the payment of any Costs, the Company shall provide an officer's certificate from the Company in the form attached as Schedule B, confirming that the Costs are due and payable, that such Costs are a permitted disbursement for Costs pursuant to the Plan and that there are sufficient funds in the Monitored Trust Account to make such payments, along with invoices and such other supporting documentation as the Monitor may require.

Section 3.3 **Professional Retainers.** The retainers held by the Monitor, counsel to the Monitor, and counsel to the Company that were established pursuant to the Initial Order shall continue to be held by them subsequent to Plan Implementation until such time as their services are no longer required in connection with the Plan or the CCAA Proceedings, at which time the balance of any such retainers returned to the Company shall be deposited by the Company into the Monitored Trust Account for payment of Costs and distributions pursuant to the Plan and this Agreement.

Section 3.4 **Payment of Legal Fees and Disbursements**. As provided in the Plan, and subject to the limitations therein, the Company may request that the Litigation Contribution be used to pay the Company's legal fees and disbursements in the Actions. The Monitor shall not be obliged to consider the reasonableness of the request for payment of such legal fees and disbursements.

Section 3.5 **Professional Costs**. In Section 2.6(b) of the Plan, the reference to "the legal advisors to the Applicant" means Ogilvy Renault LLP, Rueter Scargall Bennett LLP, and Dr. Isabelle Dessulemoustier-Bovekercke (European counsel to the Company). In addition, the Company agrees that the intention of Section 2.6(b) of the Plan was and is that fees and disbursements, if any, incurred by the Monitor and its counsel with respect to the Actions shall constitute Professional Costs.

ARTICLE 4
DISTRIBUTIONS TO CREDITORS

Section 4.1 **Conditions to Distributions**. Payment of Distributions to Creditors in accordance with the Plan shall be subject to receipt of any clearance certificates, withholding of amounts on account of withholding or other taxes payable or any other legal or regulatory pre-condition to payment as may be determined by the Monitor, acting reasonably.

Section 4.2 **Third Party Services.** With the prior written consent of the Monitor, the Company may retain a third party service provider at arm's length to the Company in order to assist the Company in making payments from the Purchaser Pool Trust Account and ROI Pool Trust Account to Purchasers pursuant to the Plan and this Agreement. In such case, any payments due to Purchasers may be transferred from the applicable Trust Account to such third party to be distributed by such third party to Purchasers in accordance with the Plan, subject to the Monitor being satisfied as to the controls established by the Company and/or the third party service provider in respect of the transfer and distribution of such funds.

Section 4.3 **Locating Creditors**. The Company agrees that it will make reasonable efforts to locate any Creditor for which the Company does not have a current address, provided however that nothing in this Agreement shall require the Company or the Monitor to locate any such Creditor.

ARTICLE 5
REPORTING

Section 5.1 **Reporting as at the Plan Implementation Date.** The Company shall on the Plan Implementation Date deliver to the Monitor confirmation from the Bank that the Cash on Hand has been deposited into the Monitored Trust Account.

Section 5.2 **Reports and Compliance Requirements.** The Company shall provide to the Monitor each of the deliverables described in the Monitoring Checklist attached as Schedule "C" hereto, on or before the date prescribed for the deliverable set out therein.

Section 5.3 **Other Information**. Without limiting Section 5.1 of the Plan, the Company shall provide the Monitor with full and complete access to the books and records of the Company and Mills for the purposes of supervision and monitoring of the Trust Accounts and compliance with this Agreement and the Plan.

ARTICLE 6
TERM AND TERMINATION

Section 6.1 **Term.** This Agreement shall come into effect at the Effective Time and shall terminate on the earlier of: (a) the date so specified by Court Order, (b) except as otherwise directed by the Court, the date of the discharge of the Monitor from its appointment pursuant to the CCAA in respect of the Company, (c) such time as the Monitor may determine in its discretion that (i) Creditors have received their maximum entitlement pursuant to the Plan, or (ii) further Distributions to Creditors under the Plan and this Agreement are unlikely, as set out in written notice to the Company to that effect, and (d) except as otherwise directed by the Court, termination of the Plan pursuant to an Order of the Court.

Section 6.2 **Events of Default.** The Company agrees that any default under this Agreement shall constitute a default under the Plan. The provisions of Section 4.14 of the Plan shall also apply to a default by the Company under this Agreement.

ARTICLE 7
GENERAL

Section 7.1 **Assignment.** This Agreement is binding upon each of parties hereto and their respective successors and assigns, and shall enure to the benefit of each of the parties and their respective successors and permitted assigns. This Agreement shall not be assignable by the Company or Mills without the prior written consent of the Monitor.

Section 7.2 **Amendments.** This Agreement may not be amended unless the amendment is in writing and signed by all parties hereto.

Section 7.3 **Waiver**. A waiver by the Monitor of any default by the Company under this Agreement is not effective unless in writing and signed by the Monitor. No waiver shall be inferred from or implied by any failure to act or delay in acting by the Monitor in respect of any default by the Company, or by anything done or omitted to be done by either of them. The waiver by the Monitor of any default by the Company under this Agreement shall not operate as a waiver of the Monitor's rights under this Agreement, the Plan or the CCAA in respect of any continuing or subsequent default by the Company or Mills (either of the same or any other nature).

Section 7.4 **Further Assurances.** The Company shall forthwith, and from time to time, execute and do all deeds, documents and things which may be necessary or advisable, in the opinion of the Monitor, to give full effect to the provisions set out in this Agreement.

Section 7.5 **Severability.** If any provision hereof is held to be illegal, invalid, or unenforceable in any jurisdiction, such provision shall be deemed to be severed from the remainder of this Agreement with respect only to such jurisdiction and the remaining provisions of this Agreement shall not be affected thereby and shall continue in full force and effect.

Section 7.6 **Notices.** Any notice or other communication to be delivered or filed hereunder must be in writing and reference this Agreement and shall be given in accordance with Section 7.9 of the Plan. In addition, any notice or other communication to be delivered hereunder or under the Plan, if addressed to the Monitor, shall be copied to its counsel as follows:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 2800
Commerce Court West
Toronto, Ontario M5L 1A9

Attention: Katherine McEachern
Fax No.: (416) 863 2653
Email: katherine.mceachern@blakes.com

Section 7.7 **Entire Agreement.** This Agreement, together with the Plan, constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes any prior agreement or understanding among them with respect to such subject matter.

Section 7.8 **Plan Terms to Govern.** The terms of this Agreement may supplement or clarify certain terms of the Plan, but are not intended to supersede the provisions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern to the extent of any such inconsistency.

Section 7.9 **Time of the Essence.** Time shall be of the essence of this Agreement.

Section 7.10 Governing Laws. The validity, interpretation and enforcement of this Agreement and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 7.11 Submission to Jurisdiction. The parties hereto irrevocably consent and submit to the non-exclusive jurisdiction of the Court and waive any objection based on venue or *forum non conveniens* with respect to any action instituted therein arising under this Agreement or in any way connected with or related or incidental to the dealings of the parties herein in respect of this Agreement or the transactions related hereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the Court.

Section 7.12 Counterparts. This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof.

Section 7.13 Role of Monitor. Ernst & Young Inc. has entered into this Agreement solely in its capacity as Monitor and not in its personal capacity, and not in any capacity as trustee, and notwithstanding any other provision of this Agreement and without limitation to the foregoing:

(a) in connection with this Agreement and otherwise, the Monitor has the full benefit of the rights and protections afforded to it pursuant to the Plan, the CCAA, pursuant to all orders made in the CCAA Proceedings and as an officer of the court (including without limitation, Sections 5.1 and 5.2 of the Plan) and to the extent that any provision of this Agreement is inconsistent with those rights and protections or purports to require the Monitor to do any act or thing that is inconsistent with the Plan, the CCAA or any order made in the CCAA Proceedings, or with any the duty or obligation of the Monitor thereunder, such provision will be of no force or effect;

(b) the Monitor is not responsible or liable for any obligations of the Company, and without limitation to the foregoing, the Monitor is not guaranteeing or otherwise ensuring that the Company complies with this Agreement or any of its obligations to the Creditors and holders of Unaffected Claims;

(c) the Monitor is not responsible or liable for the management or control of the business of the Company;

(d) the Monitor will have no obligation to do any act or thing under or in connection with this Agreement if, at the relevant time, any amount owing to it or its counsel remains unpaid or if in the Monitor's opinion there are or will be insufficient funds to pay in full any unbilled amounts then accrued or any amounts that would be incurred in doing such act or thing;

(e) the Monitor may, if acting in good faith, rely and act upon any notice or other communication given to it by the Company or Mills and the truth and accuracy of any statements, reports and other information provided to it in connection with this Agreement and without limitation to the foregoing, when conducting any review contemplated by this Agreement, the Monitor will not be performing an audit of such information;

(f) nothing in this Agreement is intended to impose any duty or obligation on the Monitor, whose duties and obligations in respect of the Company and Creditors of the Company shall be governed by the Plan, the CCAA and all Orders made by the Court in the CCAA Proceedings;

(g) the Monitor, in its discretion, may at any time report to the Court or seek direction from the Court with respect to any issue arising in connection with this Agreement, the Plan, or otherwise; and

(h) except as expressly provided herein or in the Plan, any approval, consent or other exercise of right or discretion by the Monitor contemplated hereunder or under the Plan may be exercised, withheld or conditioned, as the Monitor may determine in its sole and absolute discretion.

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their duly authorized officers.

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

By: ______________________

Title: ______________________

ERNST & YOUNG INC. (solely in its capacity as Monitor of Universal Settlements International Inc., and not in its personal capacity)

By: ______________________

Title: ______________________

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned are hereby executing this Agreement for the purposes of acknowledging their obligations under Section 2.4 of this Agreement, and shall be bound by that Section 2.4, as well as Article 7 in its entirety, as if they were a party hereto.

THE BROKERWISE GROUP INC.

By: ______________________________

Title: ______________________________

1508211 ONTARIO INC.

By: ______________________________

Title: ______________________________

MILLS, POTOCZAK & COMPANY

By: ______________________________

Title: ______________________________

SCHEDULE A

(Illustrative Calculations)

Please see attached.

SCHEDULE B

(Form of Officer's Certificate)

<u>OFFICER'S CERTIFICATE</u>

TO: **ERNST & YOUNG INC.** (solely in its capacity as Monitor of Universal Settlements International Inc.) (the "**Monitor**")

RE: **Request for Payment of Costs**

The undersigned, **[insert name]**, the **[insert Officer position]** of Universal Settlements International Inc. (the "**Company**"), hereby certifies on behalf of the Company, and not in a personal capacity, as follows:

1. This Certificate is delivered pursuant to Section 3.2 of the Monitored Account Agreement (the "**Monitored Account Agreement**") dated as of July 15, 2009 between the Company and the Monitor. Initially capitalized terms used but not defined in this Certificate shall have the respective meanings given to them in the Monitored Account Agreement.

2. The Costs identified in Schedule "A" to this Certificate are due and payable, and are a permitted disbursement for Costs pursuant to the Plan.

3. Attached to this Certificate are true and complete copies of all invoices in respect of such Costs.

4. There are sufficient funds in the Monitored Trust Account to make such payments.

DATED: **[insert date of Certificate]**

____

Name:
Title:

Appendix "C"

Universal Settlements International Inc.
Post - Plan Implementation Monitoring Checklist

Description of USI Responsibilities	Deliverable	Frequency
<u>Monitored Trust Accounts' Receipts:</u>		
1. **General** a. Booking receipts in general ledger on cash basis.	 – Detailed general ledger including descriptions of receipts	 – Monthly
2. **Insurance Proceeds (incl. USII Trust a.k.a. Pillo Trust)** a. Social security number and obituary database tracking for all open policies (including USII Trust policies) b. Apply for verifications of coverage ("VOC") from Insurance companies, including Page and group policies through legal owners c. Processing maturity claims d. Collection of medical information and life expectancy reports	 – Tracking printout from website for each policy showing result of search – Tracking sheet summarizing search results – Copy of VOC from each insurance company with open claim – VOC tracking sheet – Copy of annual statement from insurers – Copy of death certificate, claim application and any other documents sent to insurance companies when filing a claim. – Copy of response received from the insurance company with regards to the claim, including copy of cheque. – Medical Information and life expectancy reports obtained by USI – Tracking schedule of medical information and life	 – Monthly – Annually – Monthly – Annually – Upon filing of claim – Upon receipt by USI – Upon receipt by USI – Monthly

	expectancy reports needed and by when	
3. **Annuities** a. Confirmation of annuities received	– Schedule of annuities tracking receipts – Copy of cheque received or wire confirmation	– Monthly – Upon receipt by USI
4. **Litigation recovery** a. Administer the Actions (as defined in the Amended Plan)	– Report from USI and its legal counsel with regards to each Action including prospects of recovery – Report from Litigation committee	– At a minimum Quarterly, and as significant developments occur, in writing – Semi-annually
5. **Escrow funds** a. Administer the legal process for the release of the escrow funds	– Reconciliation of escrow funds, including balance in escrow, accrued interest and prospects of recovery of $290,000 loaned to Tony Duscio	– Quarterly report in writing and as significant developments occur
6. **Investment income** a. Deposit investment income into Monitored Trust Accounts b. Invest excess funds in a Canadian investment guaranteed by the Canadian Federal government, purchased through a Canadian chartered bank	– Provide Monitor with copy of account agreement and assign account with appropriate name (i.e. Monitored Trust Account) – Provide investment options to the Monitor after consulting with chartered bank	– At commencement of use of the account – Assessed quarterly and investments made following approval by the Monitor in writing

Monitored Trust Accounts' Disbursements		
1. **General**		
a. Booking disbursements in general ledger on a cash basis	– Detailed general ledger, including description of disbursements	– Monthly
b. Prepare certificate of costs in form attached to Monitored Account Agreement	– Copy of completed and signed certificate	– Upon request for payment of any disbursement from the Monitored Trust Account
2. **Premiums**		
a. Track when premiums must be funded	– Prepare premium tracking sheet	– Monthly at least 30 days prior to premium due date
b. Establish premium payment optimization strategy for each policy	– Obtain premium illustrations from all insurers and develop optimization strategy	– To be completed by September 30/09 and re-assessed annually on September 30
c. Track remaining cash value in each policy that is available for set off against premiums	– Schedule tracking remaining cash value available for set off	– Monthly
d. Obtain premium waivers or re-instate premium payments previously waived	– Provide Monitor with schedule indicating when premium waivers must be renewed and proof of USI's efforts to obtain information from the insured for its renewal, if possible	– Monthly
3. **Professional Costs** (as defined in the Amended Plan)		
a. Restrict professional services to those included under the definition of Professional Costs in the Amended Plan. Any new service providers must meet this definition and be pre-approved by the Monitor. Currently, the professionals defined under Professional Costs who may be paid from the Monitored Trust	– Copies of invoices	– Monthly

Account are: - Ernst & Young Inc. as Monitor - Blakes Cassels Graydon LLP as Monitor's legal counsel - Reuter Scargall Bennett LLP as USI counsel for CCAA matters - Ogilvy Renault LLP as USI counsel for CCAA matters - USI counsel in Europe for work in liquidating USI Europe		
4. **Litigation Contribution** a. Review and track invoices received from USI legal counsels with regards to Actions (as defined in the Amended Plan) against the US $500,000 and the Escrow Funds paid to the Monitored Trust Account in S. 1.1 of the Amended Plan	 - Schedule which compiles legal fees paid against Litigation Contribution ($Cdn payments are translated to $US at the noon spot rate on the day the payment is issued)	 - Monthly
5. **Administrative Fees** a. Prepare internal invoice in advance of each month for Administration Fee	 - Copies of internal monthly invoices for Monitor pre-approval	 - Monthly in advance
6. **Mills fees** a. Review and approve Mills' fees	 - Copies of Mills invoices for Monitor approval	 - Monthly in arrears
7. **Borrowing costs** a. Verification of loan amounts b. Repayment of borrowings	 - Verify available loan amounts in VOCs - Copies of loan statements from insurers indicating amounts outstanding and proof of repayments (i.e. copy of cheque)	 - Annually - Upon receipts of statements and repayments made
8. **Unaffected Claims** a. Post filing goods and services for	 - Copies of invoices or other	 - Monthly

period up to Plan Implementation	supporting documentation	
b. Professional Advisors (see # 3 above)	– Copies of invoices or other supporting documentation	– Monthly
c. Secured Creditors (if any)	– Copies of invoices or other supporting documentation	– Monthly
d. Insured Claims (if any)	– Copies of invoices or other supporting documentation	– Monthly
e. Claims of the Crown (source deductions)	– Copies of invoices or other supporting documentation	– Monthly
<u>**Other**</u>		
1. **Taxes / Regulators**		
a. File all USI tax returns and information slips (i.e. source deductions, GST, federal/provincial income tax)	– Provide the Monitor copies of all filed tax returns and assessments/ statements of account received from the tax authorities	– As filed with government authority or statement indicating there are none
b. Comply with all securities regulations which govern USI and make all necessary filings with the regulators, as required	– Copies of all correspondence received from regulators or filings/applications made with regulators	– Monthly or statement indicating there are none
2. **Prepare statement of receipts and disbursement**	– Statement of receipts and disbursements beginning on Plan Implementation for each Monitored Trust Account	– Monthly
3. **Prepare bank account reconciliations**	– Bank account reconciliations for each Monitored Trust Account	– Monthly (5 business days from month end)
4. **Gather correspondence** from: - Purchasers: re: claims, issues, concerns - Ordinary Creditors: re: claims, issues, concerns - Insurance Companies: all - Insureds: all	– Copies of all correspondence	– As received by USI

5. **Obtain opinion as to whether taxes must be withheld from distributions, or obtain other assurances satisfactory to the Monitor, acting reasonably, prior to the release of any distributions**	– Opinion letter from qualified and recognized tax specialist	– Prior to preparation for issuance of first distribution
6. **Prepare two year cash flow projection**	– Cash flow projection for following 2 years – Variance analysis comparing 2 year projection to projection filed with Court ("Monte Carlo Model") for same period	– Quarterly beginning September 30, 2009 – Quarterly
7. **Following distributions, work with Agents to locate Purchasers who have not deposited their cheques**	– List of outstanding cheques attached to bank reconciliations which include description of efforts to locate Purchasers	– Monthly with bank reconciliations
8. **Maintain internal controls with regards to the Monitored Trust Accounts**	– Provide in writing description of internal controls in place	– By end of July '09 and annually thereafter

APPENDIX "B"

DECLARATION OF TRUST

Dated as of the ________ day of July, 2009,

by **Mills, Potoczak & Company,**
a **[corporation]** incorporated under the laws of the **[State of Ohio]**
(hereinafter referred to as the "**Trustee**")

WHEREAS:

(a) On December 2, 2008, Universal Settlements International Inc. ("**USI**") obtained an Order (the "**Initial Order**") of the Ontario Superior Court of Justice granting it protection pursuant to Section 11 of the *Companies' Creditors Arrangement Act* (the "**CCAA**");

(b) USI has developed an Amended Plan of Compromise and Arrangement dated June 17, 2008 (as amended, the "**Plan**");

(c) The Plan was approved by the Ontario Superior Court of Justice on June 22, 2009 in the form attached hereto as Schedule "A";

(d) Under the terms of the Plan, as the United States of America service agent for the Policies (as defined in the Plan) on behalf of USI, the Trustee will continue to service certain of the Policies for USI;

(e) Under the terms of the Plan, certain Policies and Insurance Proceeds (all as defined in the Plan) may be in the possession of or received by the Trustee (collectively, the "**Property**");

(f) For the purposes of this Declaration, the "**Beneficiaries**" include the following parties: the Purchasers (as defined in the Plan); the Ordinary Creditors (as defined in the Plan); and any other parties receiving benefits under the Plan; and

(g) The Trustee has agreed to hold the Property in trust for the Beneficiaries in accordance with Sections 4.2 and 5.3 of the Plan.

NOW THEREFORE the Trustee agrees as follows:

1. The Trustee declares that it holds the Property in trust for the Beneficiaries in accordance with the terms of the Plan and the Monitored Account Agreement dated July •, 2009 between USI and Ernst & Young Inc., in its capacity as Monitor (the "**Monitored Account Agreement**").

2. The Trustee agrees to deal with the Property only as necessary to give effect to the provisions of the Plan and the Monitored Account Agreement.

3. The Trustee acknowledges and agrees that all profits, interest and other receipts of any nature or kind arising from the Property or the use thereof shall be held in trust for the benefit of the Beneficiaries and that the Trustee has no beneficial interest in such profits, interest and other receipts.

4. The Trustee shall promptly transmit to the Monitor and USI copies of all notices, claims, demands or other communications which the Trustee may receive and which relate in any way to the Property, and shall provide such information relating to the Property as may be requested by USI or the Monitor.

5. The relationship between the Trustee and the Beneficiaries shall be that of trustee and beneficiary only. There is no intention to create a relationship of partnership, joint venture or association between the Beneficiaries and the Trustee in relation to the Property.

6. All provisions of this Declaration are subject to the terms of the Plan. In the case of any conflict between this Declaration and the Plan, the Plan will govern.

IN WITNESS WHEREOF this Declaration has been executed by the Trustee on the day, month and year first above written.

MILLS, POTOCZAK & COMPANY

Per: ______________________________

Name:

Title:

I have the authority to bind the Corporation

SCHEDULE "A"

[Plan]

DECLARATION OF TRUST

Dated as of the ________ day of July, 2009

by **Universal Settlements International Inc.,**
a corporation incorporated under the laws of the Province of Ontario
(hereinafter referred to as the "**Trustee**")

WHEREAS:

(a) On December 2, 2008, the Trustee obtained an Order (the "**Initial Order**") of the Ontario Superior Court of Justice granting it protection pursuant to Section 11 of the *Companies' Creditors Arrangement Act* (the "**CCAA**");

(b) The Trustee has developed an Amended Plan of Compromise and Arrangement dated June 17, 2008 (as amended, the "**Plan**");

(c) The Plan was approved by the Ontario Superior Court of Justice on June 22, 2009 in the form attached hereto as Schedule "A";

(d) Under the terms of the Plan, certain Policies, Insurance Proceeds, Litigation Recovery, Cash on Hand, Tax Refunds and remaining TPI Proceeds (all as defined in the Plan) may be in the possession of or received by the Trustee (collectively, the "**Property**");

(e) For the purposes of this Declaration, the "**Beneficiaries**" include the following parties: the Purchasers (as defined in the Plan), the Ordinary Creditors (as defined in the Plan), and any other parties receiving benefits under the Plan; and

(f) The Trustee has agreed to hold the Property in trust for the Beneficiaries in accordance with Sections 4.2, 4.6, 4.7, and 4.8 of the Plan.

NOW THEREFORE the Trustee agrees as follows:

1. The Trustee declares that, effective on the Plan Implementation Date (as such term is defined in the Plan), the Trustee holds all Policies (as such term is defined in the Plan) and all funds deposited in the Monitored Trust Account (as defined in the Plan) in trust for the beneficiaries of the Plan, and that the Policies and Insurance Proceeds (as such terms are defined in the Plan) and all other funds held in the Monitored Trust Account (as defined in the Plan) shall be dealt with only in the manner provided for in the Plan and in the Monitored Account Agreement dated July •, 2009 between the Trustee and Ernst & Young Inc., in its capacity as Monitor (the "**Monitored Account Agreement**").

2. The Trustee agrees to deal with the Property only as necessary to give effect to the provisions of the Plan and the Monitored Account Agreement.

3. The Trustee acknowledges and agrees that all profits, interest and other receipts of any nature or kind arising from the Property or the use thereof shall be held in trust for the benefit of the Beneficiaries and that the Trustee has no beneficial interest in such profits, interest and other receipts.

4. The Trustee shall promptly transmit to the Monitor copies of all notices, claims, demands or other communications which the Trustee may receive and which relate in any way to the Property.

5. The relationship between the Trustee and the Beneficiaries shall be that of trustee and beneficiary only. There is no intention to create a relationship of partnership, joint venture or association between the Beneficiaries and the Trustee in relation to the Property.

6. All provisions of this Declaration are subject to the terms of the Plan. In the case of any conflict between this Declaration and the Plan, the Plan will govern.

IN WITNESS WHEREOF this Declaration has been executed by the parties hereto on the day, month and year first above written.

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

Per: ______________________________

Name:

Title:

SCHEDULE "A"

[Plan]

APPENDIX “C”

Direction to Release Funds

To: **Gowling Lafleur Henderson LLP** (the "**Escrow Agent**")

Re: **Escrow Agreement dated January 25, 2007** (the "**Escrow Agreement**")

Re: **Section 2.5 of the Universal Settlements International Inc. Amended Plan of Compromise and Arrangement pursuant to the *Companies Creditors Arrangement Act* (Canada), dated June 17, 2009** (the "**Plan**")

WHEREAS certain monies were paid into escrow pursuant to an interim award of the arbitrator dated January 16, 2007, in Re In the Matter of an Arbitration between The Brokerwise Group Inc. and 1508211 Ontario Inc., claimants, vs. Antonio Duscio and Martina Capital Corporation, respondents;

AND WHEREAS the sum of approximately ● Dollars ($●) (the "**Escrow Funds**"), with interest thereon, remain on deposit with the Escrow Agent as of June ●, 2009;

AND WHEREAS pursuant to section 2.5 of the Plan, the shareholders of Universal Settlements International Inc. (being The Brokerwise Group Inc. and 1508211 Ontario Inc.; collectively, the "**Shareholders**") have agreed that any and all portions of the Escrow Funds that are released to those Shareholders or to Universal Settlements International Inc. ("**USI**") shall be paid into the Monitored Trust Account (as such term is defined in the Plan), the bank location and account number for which is identified in a certain Monitored Account Agreement dated July ●, 2009 between the Universal Settlements International Inc. and Ernst & Young Inc., in its capacity as Monitor;

AND WHEREAS the undersigned wish to direct the Escrow Agent to pay the Escrow Funds and all interest accrued thereon to the Monitored Trust Account, if and when the Escrow Funds or any portion thereof are available for release to the Shareholders, or either of them, and/or USI;

NOW THEREFORE, THE UNDERSIGNED each hereby authorize and direct the Escrow Agent to deposit the Escrow Funds together with all accrued interest forthwith into the Monitored Trust Account (if and when the Escrow Funds or any portion thereof are available for release to the Shareholders, or either of them, and/or USI), less any fees, costs, or charges incurred by the Escrow Agent; and each of the undersigned acknowledges and agrees that upon deposit of the Escrow Funds together with all accrued interest to the Monitored Trust Account as set out in this Direction, the Shareholders and Universal Settlement International Inc. each hereby forever release and discharge the Escrow Agent from any and all obligations and liabilities relating to or arising from the Escrow Agreement or the Escrow Funds and interest thereon.

This Direction may be executed by the parties by facsimile and in separate counterparts, each of which when so executed and delivered shall be an original, such that all such counterparts shall together constitute one and the same instrument. To the extent that this Direction is executed by facsimile signature, the parties so executing shall forthwith deliver to the Escrow Agent manually executed copies thereof.

This Direction shall be binding upon and shall enure to the benefit of the parties and their heirs, administrators, personal representatives, successors and permitted assigns.

The parties hereto will upon reasonable request from time to time of the other parties or any one of them, execute and deliver such further documentation and do such further acts as may be reasonably requested to carry out and give full effect to the terms and conditions of this Direction and/or the Escrow Agreement.

DATED at _______________ this __ day of June, 2009.

THE BROKERWISE GROUP INC.

Per: ____________________________________

Name:

Title:

1508211 ONTARIO INC.

Per: ____________________________________

Name:

Title:

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

Per: ____________________________________

Name:

Title:

APPENDIX "D"

Protocol for Creditors' Committee

Pursuant to the Amended Plan of Compromise and Arrangement dated June 16, 2009 (the "**Plan**"), Universal Settlements International Inc. (the "**Company**") agreed to establish a committee of creditors (the "**Committee**").

Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to those terms in the Plan.

Section 4.5 of the Plan provides in part that the Company will establish the Committee, consisting of three Creditors, to consult with the Applicant with respect to the conduct of the Actions and the fees and disbursements incurred in prosecuting the Actions.

In view of the financial interest that Ordinary Creditors and the Purchasers have in the Litigation Recovery, the Company proposes that:

1. the Committee be comprised three Creditors, being a nominee of the largest Ordinary Creditor, and a nominee of each of two Purchasers;

2. the initial Committee members be Ted Buczek, Fred Nightingale, and Edmond Lamek;

3. if any member of the Committee resigns or is unable to continue to serve on the Committee, the other two members of the Committee may replace the member that has resigned or who is unable to continue to serve on the Committee;

4. the Committee shall meet by telephone or in person once per quarter year, at such time and place to be designated by the Company or its counsel;

5. the Committee will take minutes at each of its meetings and will provide a copy of the minutes to the Monitor. The version of the minutes provided to the Monitor may be redacted as necessary to preserve privilege;

6. prior to each Committee meeting, the Company or its counsel shall provide a written summary of the status of the Actions, together with a report on the fees and disbursements incurred to date in the Actions, and shall provide such additional information as any Committee member may reasonably request, provided however that the Company shall be under no obligation to disclose information if the disclosure of this information would result in the loss of solicitor-client privilege or if, in the Company's view, such disclosure of information would jeopardize the prosecution of the Actions, or either of them, or settlement discussions related to the Actions, or either of them;

7. the Company will consult with the Committee prior to proposing or accepting any settlement of either Action, and if the members of the committee are unanimous in their views with respect to any such settlement, the Company shall then either (i) accept the unanimous direction of the members of the Committee, or (ii) seek direction from the Court with respect to such settlement;

8. no compensation shall be paid or payable to the members of the Committee, provided however that any professional fees incurred by the Committee or any member thereof

may be reimbursed by the Company, to the aggregate maximum of \$20,000 for the Committee and all of its members. The \$20,000 will be taken from the Litigation Contribution; and

9. the Company may at any time seek direction from the Court with respect to any matter relating to the Committee.

APPENDIX "E"

Court File No. 08-CL-7878

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 UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

AFFIDAVIT

I, Brian Michael Denega, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY**:

1. I am a Senior Vice-President of Ernst & Young Inc. and, as such, have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. On December 2, 2008, Universal Settlements International Inc. (the "**Applicant**" or "**USI**") filed for and obtained protection from its creditors under the Companies' Creditors Arrangement Act (the "**CCAA**" and the "**CCAA Proceedings**") pursuant to an Order of this Honourable Court (the "**Initial Order**").

3. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor of the Applicant (the "**Monitor**") under the CCAA.

4. The total amount of professional fees being claimed for work performed by the Monitor for the period from November 24, 2008 to July 3, 2009 inclusive (the "**Period**") is $1,446,290.00, plus disbursements and administration costs of $52,942.12 and $130,166.10, respectively, (excluding GST). Attached hereto as **Exhibit "A"** to this Affidavit is a summary of all invoices (the "**Accounts**") rendered by the Monitor on a weekly basis during the Period. True copies of the Accounts, inclusive of details of the

individuals involved in the activities of the Monitor and the hours and applicable rates claimed are attached as **Exhibit "B"** to this Affidavit.

5. The activities undertaken and services provided by the Monitor in connection with the Applicant are described in the First through Ninth Reports of the Monitor.

6. In the course of performing its duties pursuant to the Initial Order, the Monitor and its staff have expended a total of 3,685.5 hours during the Period. Attached hereto as **Exhibit "C"** to this Affidavit is a schedule setting out the personnel involved in the activities of the Monitor and the hours and applicable rates claimed for the Period.

7. The Monitor has not received any remuneration or consideration in the Period other than the amount claimed herein.

8. To the best of my knowledge, the rates charged by the Monitor throughout the course of these proceedings are comparable to the rates charged by other large accounting firms in the Toronto market for the provision of similar services.

9. The hourly billing rates outlined in **Exhibit "C"** to this Affidavit are comparable to the hourly rates charged by Ernst & Young Inc. for services rendered in relation to similar proceedings.

DATED at Toronto, Ontario this 14th day of July, 2009.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on this 14th day of July, 2009	
Commissioner for Taking Affidavits	Brian Michael Denega

JEFFREY DANIEL KERBEL, a Commissioner, etc., City of Toronto, for Ernst & Young Inc., Trustee in Bankruptcy. Expires May 13, 2011.

This is Exhibit "A" referred to in
the Affidavit of

Brian Michael Denega

Sworn before me this 14 day of July, 2009.

A Commissioner, etc.

JEFFREY DANIEL KERBEL, a Commissioner, etc.,
City of Toronto, for Ernst & Young Inc.,
Trustee in Bankruptcy.
Expires May 13, 2011.

Exhibit A

Universal Settlements International Inc.
Monitor - Summary of Hours and Rates (14256776)
December 2, 2008 to July 3, 2009

Invoice Date	Invoice #	Period	Fees	Disbursements	Admin Costs	GST	Total
December 18, 2008	CA0189465631	Dec 2, to Dec 12, 2008	82,657.50		7,439.18	4,504.83	94,601.51
December 22, 2008	CA0189467039	Dec 13 to Dec 19, 2008	73,000.00	5,621.62	6,570.00	4,259.58	89,451.20
January 7, 2009	CA0189468010	Dec 20, 2008 to Jan 2, 2009	34,407.50		3,096.68	1,875.21	39,379.38
January 12, 2009	CA0189468963	Jan 3 to Jan 9, 2009	51,552.50		4,639.73	2,809.61	59,001.84
January 23, 2009	CA0189r70084	Jan 10 to Jan 16, 2009	43,435.00	72.00	3,909.15	2,370.81	49,786.96
January 27, 2009	CA0189470891	Jan 17 to Jan 23, 2009	41,007.50		3,690.68	2,234.91	46,933.08
February 4, 2009	CA0189472623	Jan 24 to Jan 30, 2009	46,982.50	14,353.68	4,228.43	3,278.23	68,842.84
February 12, 2009	CA0189474029	Feb 1 to Feb 6, 2009	21,615.00		1,945.35	1,178.02	24,738.37
February 24, 2009	CA0189476111	Feb 6 to Feb 20, 2009	68,942.50	444.40	6,204.83	3,779.59	79,371.31
March 5, 2009	CA0189478445	Feb 21 to Feb 27, 2009	65,065.00	337.10	5,855.85	3,562.90	74,820.85
March 11, 2009	CA0189479254	Feb 28 to Mar 6, 2009	41,445.00	14,046.20	3,730.05	2,961.06	62,182.31
March 20, 2009	CA0189481124	Mar 6 to Mar 13, 2009	37,690.00	952.64	3,392.10	2,101.74	44,136.48
March 24, 2009	CA0189483687	Mar 14 to Mar 20, 2009	28,705.00		2,583.45	1,564.42	32,852.87
April 1, 2009	CA0189483829	Mar 21 to Mar 27, 2009	33,637.50	272.47	3,027.38	1,846.87	38,784.21
April 6, 2009	CA0189484911	Mar 28 to Apr 3, 2009	45,202.50	265.28	4,068.23	2,476.80	52,012.81
April 13, 2009	CA0189487607	Apri 4 to Apr 10, 2009	47,152.50		4,243.73	2,569.81	53,966.04
April 22, 2009	CA0189488345	Apr 11 to Apr 17, 2009	63,400.00	2,300.19	5,706.00	3,570.31	74,976.50
April 25, 2009	CA0189489316	Apr 18 to Apr 24, 2009	49,490.00		4,454.10	2,697.21	56,641.31
May 4, 2009	CA0189493475	Apr 24 to May 1, 2009	68,282.50		6,145.43	3,721.40	78,149.32
May 11, 2009	CA0189494268	May 2 to May 8, 2009	107,702.50	2,489.47	9,693.23	5,994.26	125,879.45
May 19, 2009	CA0189495551	May 9 to May 15, 2009	76,337.50	914.02	6,870.38	4,206.10	88,328.00
May 25, 2009	CA0189499864	May 16 to May 22, 2009	21,367.50	1,248.54	1,923.08	1,226.96	25,766.07
June 2, 2009	CA0189500332	May 23 to May 29, 2009	41,295.00	171.71	3,716.55	2,259.16	47,442.42
June 8, 2009	CA0189501364	May 30 to June 5, 2009	50,335.00	3,897.03	4,530.15	2,938.11	61,700.29
June 5, 2009	CA0189502681	Jun 6 to Jun 12, 2009	62,760.00	261.88	5,648.40	3,433.51	72,103.79
June 22, 2009	CA0189503266	Jun 13 to June 19, 2009	94,847.50	4,602.39	8,536.28	5,399.31	113,385.47
June 26, 2009	CA0189505850	June 20 to June 26, 2009	30,617.50		2,755.58	1,668.65	35,041.73
July 6, 2009	CA0189506979	June 27 to July 3, 2009	17,357.50	691.50	1,562.18	980.56	20,591.73
		TOTAL	**1,446,290.00**	**52,942.12**	**130,166.10**	**81,469.92**	**1,710,868.14**

This is Exhibit "B" referred to in
the Affidavit of

Brian Michael Denega

Sworn before me this 14 day of July, 2009.

A Commissioner, etc.

JEFFREY DANIEL KERBEL, a Commissioner, etc.,
City of Toronto, for Ernst & Young Inc.,
Trustee in Bankruptcy.
Expires May 13, 2011.

EXHIBIT "B"

See attached

Information Available Upon Request

This is Exhibit "C" referred to in
the Affidavit of

Brian Michael Denega

Sworn before me this 14 day of July, 2009.

A Commissioner, etc.

JEFFREY DANIEL KERBEL, a Commissioner, etc.,
City of Toronto, for Ernst & Young Inc.,
Trustee in Bankruptcy.
Expires May 13, 2011.

Exhibit C

Universal Settlements International Inc.
Monitor - Summary of Hours and Rates (14256776)
December 2, 2008 to July 3, 2009

Staff Member	Title	Number of Hours	Hourly Rate	Total ($)
Brian Denega	Partner	150.7	650.00	97,955.00
Brian Denega	Partner	131.2	625.00	82,000.00
Sharon Hamilton	Partner	10.6	650.00	6,890.00
Sharon Hamilton	Partner	10.8	625.00	6,750.00
Mike Dean	Partner	0.3	650.00	195.00
Jim Doherty	Partner	4.0	650.00	2,600.00
Rahn Dodick	Senior Manager	832.9	500.00	416,450.00
Karen Fung	Manager	272.3	425.00	115,727.50
Daniel Pollack	Manager	505.2	425.00	214,710.00
Karoline Elkind	Manager	70.3	425.00	29,877.50
Elyia Morgan	Senior Associate	3.2	325.00	1,040.00
Patrick Bourke	Associate	8.0	425.00	3,400.00
Christopher Doedtmann	Analyst	46.6	425.00	19,805.00
Christopher Doedtmann	Analyst	3.0	325.00	975.00
Michael Kaye	Analyst	5.7	325.00	1,852.50
Mona Mahmodani	Senior Staff Accountant	1.5	325.00	487.50
Andrew Kaye	Staff Accountant	30.4	275.00	8,360.00
Justine Fong	Staff Accountant	22.0	275.00	6,050.00
Masoud Hotaki	Staff Accountant	28.1	275.00	7,727.50
Stephanie De Santo	Staff Accountant	24.1	175.00	4,217.50
Franca Mazulla	Para-Professional	246.7	275.00	67,842.50
Robert Ferguson	Para-Professional	367.3	275.00	101,007.50
Donna Hatfull	Para-Professional	62.9	275.00	17,297.50
Marie Jackson	Para-Professional	810.5	275.00	222,887.50
Kinderjit Sangha	Para-Professional	5.9	275.00	1,622.50
Elaine Hildebrand	Para-Professional	9.2	275.00	2,530.00
Cam Bear	Para-Professional	8.4	275.00	2,310.00
Marites Carandang	Estate Account Specialist	12.8	275.00	3,520.00
Marites Carandang	Estate Account Specialist	0.9	225.00	202.50
Total		3,685.5		1,446,290.00
		Blended rate	392.43	

APPENDIX "F"

Court File No. 08-CL-7878

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

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 UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

Applicant

AFFIDAVIT OF SUSAN GRUNDY

I, SUSAN GRUNDY, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a Partner at the law firm of Blake, Cassels & Graydon LLP ("Blakes"), counsel for Ernst & Young Inc. ("E&Y") in its capacity as Monitor of the Applicant, Universal Settlements International Inc., and as such have knowledge of the matters to which I hereinafter depose.

2. By Order of the Honourable Mr. Justice Wilton-Siegel dated December 2, 2008 (the "Initial Order"), E&Y was appointed as Monitor of the Applicant.

3. Pursuant to the terms of the Initial Order, the Monitor retained Blakes to advise it with regards to the matters related to its appointment and the exercise of its duties and powers thereunder.

4. Blakes' fees and disbursements for the period from November 25, 2008 to July 10, 2009 are summarized in the invoices rendered to E&Y (the "Invoices"). The Invoices are a fair and accurate description of the services provided, the disbursements incurred and the

amounts charged by Blakes. Copies of the Invoices are attached hereto and marked as **Exhibit "A"**. Copies of the Invoices, with detailed docket entries attached, will be provided to the Court. I am advised by E&Y that E&Y has reviewed the Invoices and that it considers the fees and disbursements fair and reasonable. To July 10, 2009, the total fees and disbursements, including GST, of Blakes is $311,373.16.

5. Attached hereto and marked as **Exhibit "B"** is a summary of the lawyers whose services are reflected on the Invoices, including year of call, hourly rate and the total fees and hours billed. This summary indicates an average hourly rate of $567.03.

6. This affidavit is sworn in support of a motion for, among other things, approval of E&Y's fees and disbursements and those of its legal representatives and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, this 14th day of July, 2009	)))))	
A Commissioner for Taking Affidavits		S Grundy **SUSAN GRUNDY**

This is **Exhibit "A"** referred to in the

Affidavit of Susan Grundy

sworn before me
this 14th day of July, 2009

A Commissioner, etc.

Information Available Upon Request

EXHIBIT "B"

Name of Lawyer	Year of Call	Hourly Rate (2008 / 2009)
Belanger, Paul	1988	$750
Blinick, jesse	*Student*	$185
Burr, Chris	2008	$355
Crangle, Hilary	*Student*	$170
Flynn, Marc	2006	$350
Grundy, Susan	1980	$790 / $815
Harle, Kim	1995	$580
MacDonald, Kevin	*Student*	$190
McEachern, Katherine	1996	$525 / $580
Roininen, Marti	*Law Clerk*	$280
Shinfield, Jacqueline	1989	$630
Weisz, Steven	1991	$650 / $680
Ziaie Moayyed, Zahra	*Student*	$170

Total Fees Billed:	$295,594.50
Total Hours:	521.3
Average Hourly Rate:	$567.03

Court File No.: 08-CL-7878

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 UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

AFFIDAVIT OF SUSAN GRUNDY
Sworn July 14, 2009

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
Box 25, Commerce Court West
199 Bay Street, Suite 2800
Toronto, Ontario M5L 1A9

Katherine McEachern 38345M
Tel: 416-863-2566
Fax: 416-863-2653

Lawyers for the Monitor