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.

TWENTY-FOURTH REPORT OF THE MONITOR ERNST & YOUNG INC.

DATED JANUARY 4, 2016

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TWENTY-FOURTH REPORT OF THE MONITOR
January 4, 2016

INTRODUCTION

1. On December 2, 2008, Universal Settlements International Inc. ("**USI**" or the "**Company**") 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 Court dated December 2, 2008 (the "**Initial Order**"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (solely in its capacity as monitor and not in its personal or corporate capacity, the "**Monitor**") of the Company during these CCAA proceedings (the "**CCAA Proceedings**").

2. Details of the background to the CCAA Proceedings are set out in the Twenty-Third Report of the Monitor dated March 24, 2015 (the "**Twenty-Third Report**").

3. To date, the Monitor has filed twenty-three reports with this Court, which are available on the Monitor's website at www.ey.com/ca/universalsettlements (the "**Monitor's Website**").

4. USI was in the business of "life settlements". This business involved the purchase of life insurance policies from beneficiaries at a discount from their face amounts. In order for investors to realize on their investment, it was necessary for the premiums on policies to

be maintained until the policies' maturity on the death of the policies' insureds.

5. USI sold fractional interests in various life insurance policies to investors. As of the date of its CCAA filing, USI had a portfolio of Policies (as defined below) with an aggregate face value of approximately US$192 million (the "**Portfolio**"). There were approximately 6,000 separate investments by individual and institutional investors in the Portfolio with certain individuals and institutional investors having several investments. USI also had a small interest in the Portfolio for its own account. A large proportion of USI's investors are located in South America and Europe, including Peru, Argentina, Spain, Austria, and Germany.

6. Pursuant to the terms of a court and creditor approved Amended Plan of Compromise and Arrangement dated June 16, 2009 (the "**2009 Plan**"), as amended by the Amendment to the Amended Plan of Compromise and Arrangement dated November 24, 2014 (the "**Plan Amendment**", and the 2009 Plan as amended by the Plan Amendment referred to herein as the "**Plan**"), USI sold the then remaining unmatured policies in the Portfolio (the "**Purchased Policies**") to Vida Capital, Inc. ("**Vida**"). The sale to Vida (the "**Vida Transaction**") closed on April 10, 2015.

7. It was anticipated by USI and Vida that the formal transfer of the Purchased Policies in the issuing insurance companies' books and records would be completed within approximately 60 days from closing. However, a number of logistical matters as detailed in this Report have delayed the completion of the transfers of all of the Purchased Policies to Vida.

8. Certain tax issues have, to date, prevented USI from making a distribution or interim distribution of the proceeds in the Monitored Trust Account to Creditors. However, as detailed below, USI has recently declared that an interim distribution will be made to

Creditors, which interim distribution is anticipated to occur in or about March 2016.

PURPOSE OF THIS REPORT

9. This twenty-fourth report (the "**Twenty-Fourth Report**" or "**Report**") provides:

   (a) an update on the post-closing activities of USI and the Monitor related to the Vida Transaction;

   (b) an update on the Company's cash flow in respect of the Policies from Plan Implementation to November 30, 2015;

   (c) an update on the other property held by USI on behalf of Creditors as of that date;

   (d) a report on the conduct of the Monitor since the Twenty-Third Report;

   (e) information about an interim distribution to Creditors anticipated to occur in or about March 2016; and

   (f) the Monitor's review and recommendations with respect to the Company's motions to seek Orders from the Court with respect to:

      (i) Payment of fees for services provided and those to be provided by USI during the period August 1, 2015 to March 31, 2016 pursuant to the Administrative Fee Proposal, described and defined herein;

      (ii) Payment of certain fees of Dykema Gossett PLLC ("**Dykema**") in respect of their legal services provided to USI in connection with *Universal Settlements International Inc. v. James Torchia, Marc Celello and National Viatical Inc.* (United States District Court, Western District of Michigan, Court File No. 1:07-cv-1243) (the "**Torchia Action**"); and

      (iii) the execution and delivery and approval, *nunc pro tunc*, of, an engagement letter with Reid Collins Tsai LLP dated November 24, 2015 (the "**Reid Collins Engagement Letter**"), in respect of the enforcement of the Torchia

Judgment (as defined below).

TERMS OF REFERENCE

10. In preparing this Twenty-Fourth Report and making the comments herein, the Monitor has been provided with, and has relied upon certain unaudited, draft and/or internal financial information, the Company's books and records, discussions with management of USI ("**Management**") and information from other third-party sources (collectively, the "**Information**"). Except as described in this Twenty-Fourth Report:

    (a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

    (b) The Monitor has prepared this Report in its capacity as a court-appointed officer solely for the use of the Court and has made a copy of this Report available on the Monitor's Website solely for purposes of providing an update to the Court and Creditors. This Report should not be used or relied upon by any other person or for any other purpose.

    (c) Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Additional information regarding the matters discussed herein is set

forth in the Affidavit of Chris Halas, sworn December 22, 2015 (the "**Halas Affidavit**"), upon which the Monitor has relied.

12. Capitalized terms not otherwise defined herein have the meaning given to them in the Plan.

PLAN & PLAN IMPLEMENTATION

13. On June 22, 2009, the 2009 Plan was approved by this Court, which was also approved by the requisite majorities of each of the following class of creditors: (i) investors (defined in the Plan as "**Purchasers**"), and (ii) ordinary trade and other creditors (defined in the Plan as "**Ordinary Creditors**", together with Purchasers, the "**Creditors**", or "**Plan Beneficiaries**"). A copy of the Plan is attached hereto as **Appendix "A"**.

14. The Plan provided for the "pooling" of all policies held by USI on behalf of its investors and all corporately owned policies (collectively, the "**Policies**" and individually a "**Policy**"), notwithstanding any ownership interest that might have been asserted by Purchasers, and notwithstanding that not all Purchasers were invested in the same Policies. The pooled Policies are held in trust by USI for the benefit of Creditors, pursuant to a declaration of trust executed by USI. For the reasons discussed below, no distributions have been made to Creditors since implementation of the 2009 Plan.

15. By January of 2014, it became apparent to the Monitor and USI that without new Policy maturities or other sources of funding, USI would run out of the funds necessary to continue to maintain the Policies and administer the 2009 Plan. At that time, the Monitor and USI began considering a sale of the Portfolio with a view to generating proceeds for distribution to Creditors.

16. The 2009 Plan prohibited a sale process from being undertaken unless either (a) USI had sufficient funds for distribution to Purchasers of an amount equal to 100% of their

original investments in the Portfolio, or (b) the proceeds of the sale process would be sufficient to pay Purchasers 100% of their original investments in the Portfolio. As discussed in the Monitor's previous reports, USI, with the assistance of actuarial consultants Lewis & Ellis, Inc., Actuaries & Consultants had determined that the satisfaction of this condition was unlikely to occur. As a result, in order to pursue a sale of the Policies, USI and the Monitor determined that the Plan would have to be amended.

17. As set out in the Twentieth Report dated September 19, 2014, USI, with the support of the Monitor, recommended to Creditors that they approve the Plan Amendment to permit a sale of the Policies notwithstanding the likelihood that there would not be sufficient funds to satisfy 100% of the original investments of the Purchasers.

18. On November 24, 2014, the Plan Amendment was approved by the requisite majorities of Creditors at Creditors' meetings held to consider and vote on the Plan Amendment.

19. By Order dated November 27th, 2014, Mr. Justice Wilton-Siegel approved and sanctioned the 2009 Plan, as amended by the Plan Amendment.

Sale of Policies to Vida

20. With the Plan Amendment approved, a court-approved sale and investor solicitation process to market and sell the Policies was implemented. Vida was chosen by USI as the favourable purchaser as part of this process.

21. As described in further detail in the Twenty-Third Report, an asset purchase agreement was executed between Vida and USI, in its capacity as trustee for the Plan Beneficiaries, dated as at March 23, 2015 (the "**Sale Agreement**") for the sale to Vida of the Purchased Policies. All capitalized terms used in this Section of this Report shall have the meanings given to them in the Sale Agreement, unless otherwise defined herein.

22. On April 9, 2015, an order was issued by Mr. Justice Pattillo approving the Vida Transaction. The closing of the Vida Transaction followed on April 10, 2015. The aggregate amount of cash paid to Mills, Potoczak & Company (the "**Escrow Agent**") was US$38,605,655.28 (the "**Total Vida Consideration**") comprised of a payment by Vida at Closing of US$32,473,072.25 (US$31,627,635.2 in respect of the adjusted Cash Payment and US$845,437.05 in respect of the adjusted Post-Closing Premiums) and release of the Deposit held by the Monitor in the amount of US$6,132,583.03.

23. The Cash Payment and Post Closing Premium actually paid on Closing were slightly different from the amounts set out in the Sale Agreement as a result of adjustments made on Closing in accordance with the Sale Agreement to account for two Policy maturities that occurred between the time of execution of the Sale Agreement and the Closing.

24. The Total Vida Consideration was deposited into an escrow account held by the Escrow Agent (the "**Mills Escrow Account**") established pursuant to an escrow agreement, as required by the terms of the Sale Agreement.

25. In addition to the Total Vida Consideration, US$740,357.43 was paid by Vida and deposited in the Purchaser Premium Reserve Account (held by the Escrow Agent) to fund estimated premiums payable in respect of the Purchased Policies due after Closing but before those Purchased Policies were formally transferred to Vida in the Issuing Insurance Companies books and records. The escrowed funds in the Purchaser Premium Reserve Account ensured that USI would have cash to fund premiums due on Purchased Policies post-closing until the applicable Issuing Insurance Company had registered the transfer of the Purchased Policies.

26. The amount deposited by Vida on Closing represented two months of Purchased Policy premiums based on the time initially estimated by USI and Vida for the formal transfer of

the Purchased Policies to be completed. However, if at any time the amount in the Purchaser Premium Reserve Account was insufficient to cover Purchased Policy premiums that have not yet been transferred, the Sale Agreement obligates Vida to fund the additional Purchased Policy premiums into the Purchased Premium Reserve Account, subject to the discretion of Vida not to fund any additional Purchased Policy premiums for Zero Valued Policies, in which case USI may permit such Zero Valued Policies to lapse. The Monitor is advised by USI that as of November 30, 2015, Vida has paid the premiums on each Purchased Policy that has not yet been formally transferred to Vida and therefore no Purchased Policies have lapsed as at such date. However, as described in paragraph 33, below, 5 Zero Valued Policies are expected to lapse in 2016.

Transfer of Purchased Policies

27. The Sale Agreement provides for the Purchase Price for Purchased Policies to be paid to the Escrow Agent and held in the Mills Escrow Account. Upon the formal transfer of each Purchased Policy by the applicable Issuing Insurance Company to Vida, the Sale Agreement provides for the release of the Purchase Price Allocation related to such Purchased Policy, together with the applicable portion of the Post-Closing Premiums, from the Mills Escrow Account to the Monitored Trust Account.

28. As at November 30, 2015, approximately US$38,589,445 (net of wire transfer fees of US$2,880) has been released from the Mills Escrow Account to the Monitored Trust Account, leaving a balance of US$16,209.52 in the Mills Escrow Account. Pursuant to the Sale Agreement, on the date that the last Purchased Policy (other than Zero Valued Policies) is transferred, the remaining Mills Escrow Account balance can be released to the Monitored Trust Account.

29. The transfer of Purchased Policies has not occurred as expeditiously as expected. USI has been working with the Issuing Insurance Companies to complete the transfers of the Purchased Policies to Vida as quickly as possible so that the balance of the Escrow Account funds may be released to the Monitored Trust Account.

30. As of November 20, 2015, seven Purchased Policies with a total Purchase Price Allocation of US$14,533.73 (together with applicable post-closing premiums in the amount of US$1,675.79, equal to the Mills Escrow Account amount of US$16,209.52 referred to in paragraph 28, above) have not been transferred and are pending approval of the from the Issuing Insurance Companies for the transfer.

31. The delay in the completion of the transfer of the Purchased Policies was primarily caused by the following factors:

(a) Change Forms: USI has executed and delivered to Vida the Change Forms to effect the transfer of the Purchased Policies. However, subsequent to submitting these Change Forms to the Issuing Insurance Companies, it was brought to USI and Vida's attention that certain of the Issuing Insurance Companies had changed their form of Change Form. As a result, new Change Forms had to be obtained, completed and executed in respect of certain Purchased Policies; and

(b) Additional Documentation: For certain of the Purchased Policies, particularly older Purchased Policies, additional documentation was required by the applicable Issuing Insurance Company before it would approve the transfer.

32. USI is required by the terms of the Sale Agreement to continue to administer each of the remaining Purchased Policies until the transfer is complete, unless a Purchased Policy is permitted to lapse by Vida due to non-payment by it of policy premiums after Closing or if a Zero Valued Policy is surrendered by Vida in accordance with the terms of the Sale

Agreement. The administration of Purchased Policies by USI pending transfer primarily includes managing and coordinating, in consultation with the Escrow Agent, the premiums due and maturity claims payable.

33. Of the seven Purchased Policies remaining to be transferred to Vida by the applicable Issuing Insurance Companies, five of these are "Zero Valued Policies" under the Sale Agreement, which means that Vida is entitled to choose not to fund premiums and allow them to lapse. In late November 2015, Vida advised USI that Vida will no longer make any further premium payments on these five Purchased Policies and would allow them to lapse. USI has acknowledged this request. The latest premiums on 2 of these Purchased Policies was due in December 2015, which the Monitor understands were not paid by Vida; these two policies should accordingly lapse in January, 2016. The remaining 3 of these Purchased Policies have been paid through to July 2016; if Vida does not fund these 3 policies, as it has indicated it will not, they are expected to lapse in August 2016.

34. The remaining two untransferred Purchased Policies are on premium waivers, which means that there are no premiums due on these Purchased Policies. Vida and USI have agreed that USI is to continue to pursue the transfer of these two Purchased Policies until March 1, 2016. If these policies have not transferred at that time, the parties will revisit the issue. These two Purchased Policies are not Zero Valued Policies under the Sale Agreement, and cannot be surrendered.

Tax Reserve

35. As part of the Sale Agreement, USI is required to withhold a reserve of at least 25% of the Cash Payment (the "**Tax Reserve**") to pay any Taxes that may be payable in connection with the sale of the Purchased Policies. The balance of the Reserve cannot be

distributed to the Plan Beneficiaries until there has been (i) a final determination by Canada Revenue Agency (the "**CRA**") of the amount of any Taxes payable and this amount has been paid out of the Tax Reserve to the Receiver General of Canada, or (ii) a compliance or clearance certificate has been obtained from CRA under the *Income Tax Act* (Canada).

36. USI is currently working to meet the terms of the Tax Reserve in the Sale Agreement to Vida's reasonable satisfaction by obtaining, among other things, a determination that the trust established under the Plan is a bare trust. This will require a Court application that is expected to be heard in mid-February, 2016, in connection with which the Monitor expects to provide a further report to the Court.

REPAYMENT OF BUONAVITA LOAN

37. Pursuant to a financing agreement dated October 18, 2012, Buonavita Investments Limited (the "**Lender**") provided to USI, on a secured, revolving basis, financing in the amount of US$5,000,000 for the payment of insurance premiums, professional costs and administration fees permitted under the Plan, with a repayment date of July 31, 2015, which amount was increased by addendum dated July 30, 2014 to US$10,000,000 (such credit facility, as amended, the "**Credit Facility**").

38. On or about May 20, 2015, USI fully repaid to the Lender all outstanding principal amounts together with all accrued interest as of that date under the Credit Facility. USI wished to terminate the Credit Facility prior to July 31, 2015 and entered into a payout, waiver and release agreement dated May 28, 2015, which stated that effective upon receipt by the Lender of the Payout Amount (as defined in such agreement), all security held by the Lender in respect of the Credit Facility would be discharged, and the Credit Facility would terminate. On June 1, 2015, USI released US$478,904.11 and $17,214.69 from the Monitored Trust Account to the Lender in full payment of the Credit Facility.

STATUS OF LITIGATION

Litigation Contributions available to continue pursuing outstanding Action

39. Under the Plan, USI was permitted to utilize "Litigation Contributions" to fund costs associated with two litigation matters (the "**Actions**") outstanding at that time, including the Torchia Action. The total allowable payments for Litigation Contributions were US$1,219,236 comprised of:

    (a) US$500,000 to be contributed, pursuant to Section 4.5 of the Plan, from the Monitored Trust Accounts towards the payment of the legal fees and disbursements incurred by USI in respect of the Actions (the "**Litigation Fund**"), and

    (b) The Escrow Funds in the amount of US$719,236 (representing the settlement received of $757,090 translated to US$ at CAD$1=US$0.95) to be released to the Monitored Trust Account pursuant to Section 2.5 of the Plan and to be applied towards payment of additional legal fees and disbursements incurred by USI in respect of the Actions (the "**Supplemental Litigation Fund**").

40. As at September 30, 2010, legal fees and disbursements for U.S. and Canadian legal counsel in respect of the Actions of $518,000 (US$492,000) were paid, substantially exhausting the Litigation Fund.

41. With respect to the Supplemental Litigation Fund, as described in further detail in the Twentieth Report of the Monitor, a settlement was reached in respect to the action titled *Universal Settlements International Inc. v. Antonio Duscio et al.* (Ontario Superior Court of Justice, Court file 06-CV-323645PD3) on or about July 2014. After payment of legal costs to USI's legal counsel with respect to this litigation, the balance of $201,573.32 (being $201,590.82, less a $17.50 bank charge) was deposited into the Monitored Trust Account. Pursuant to the Plan, this amount constitutes Litigation Contribution that is

available to pay the legal fees and disbursements of Dykema with respect to the Torchia Action.

Status of Torchia Action

42. As set out in the Monitor's Eighteenth Report, USI advised Creditors and the Court that it had settled the Torchia Action in principle and obtained an order that Court approval was not required for this settlement. However, subsequent to that motion, two of the defendants in the Torchia Action, National Viatical Inc. and James Torchia, brought a motion in the court of the State of Georgia (which USI did not attend or reply to), and obtained an injunction restraining USI from enforcing the settlement agreement against them. The action was subsequently moved from Georgia back to the State of Michigan (where the action originated), and USI obtained a lifting of the injunction, enabling it to enforce the settlement agreement.

43. Beginning in May 2013, USI received three favorable rulings:

(a) First, on May 23, 2013, the US Sixth Circuit Court of Appeals ruled in USI's favor on the plaintiffs' appeal and affirmed the district court's order lifting the injunction that prohibited USI from enforcing the judgment.

(b) Second, on June 21, 2013, the district court entered summary judgment in favor of USI, dismissing each of the claims against USI, which were premised on an alleged breach of a confidentiality term in the settlement agreement resolving the first case.

(c) Third, also on June 21, 2013, the district court granted USI's motion for entry of judgment and entered a default judgment in the amount of US$5 million against the defendants, National Viatical Inc. and James Torchia (the "**Torchia Judgment**"). These two parties have appealed the two orders entered on June 21,

2013. Those appeals do not, however, stay either the Torchia Judgment entered in USI's favor or any other district court order.

44. Section 4.2 of the Plan sets out the conditions for the payment of Litigation Contributions, and provides that payment of such amounts is subject to:

    (a) confirming that the Costs are due and are a permitted disbursement pursuant to the Plan;

    (b) there being sufficient funds in the Monitored Trust Account to make such payments;

    (c) the Monitor's review of the Costs for reasonableness;

    (d) the Court's approval of fees and disbursements, where applicable; and

    (e) the Monitor's ability to apply for direction from the Court, if necessary, prior to paying any Cost.

45. Further, pursuant to section 4.5 of the Plan, any Litigation Recovery from the Actions is required to be paid into the Monitored Trust Account and must be first applied to reimburse the Monitored Trust Account for the payment of legal fees and disbursements incurred in connection with the Actions.

46. Dykema is currently holding US$242,000 in trust received from one of the defendants in partial satisfaction of a judgment obtained in the Torchia Action, which constitutes Litigation Recovery pursuant to the terms of the Plan. The Torchia Judgment remains to be enforced and collected.

47. As described in the Halas Affidavit, Dykema has been acting as USI's counsel in the Torchia Action throughout that proceeding. It has expended substantial effort to obtain and enforce the settlement of that action Dykema's outstanding, unpaid invoiced legal fees as of the date of this Report are US$613,591.25. The Monitor has been advised by

USI that Dykema holds a charging lien, the equivalent of a solicitor's lien, over USI's files in respect of the Torchia Action.

48. There are currently insufficient Litigation Contribution and Litigation Recovery funds in the Monitored Trust Account to pay the outstanding legal fees and disbursements owing to Dykema for services performed to date. Accordingly, USI entered into discussions with Dykema to come to an agreement on its outstanding for legal fees and disbursements incurred in the Torchia Action. The Monitor is advised by USI that Dykema has agreed to accept the payment of (i) US$242,000 it holds in trust, and (ii) $201,573.32 in the Supplemental Litigation Fund, in full and final satisfaction of all outstanding legal fees and disbursements and to release USI from any obligation to pay the balance of legal fees and disbursements incurred by Dykema in connection with the Torchia Action.

49. In the Monitor's view, the payment of the foregoing amounts to Dykema, in full and final settlement of Dykema's claim for unpaid legal fees and disbursements, is fair and reasonable in the circumstances, and is properly payable to Dykema in accordance with the priority waterfall in Section 4.5 of the Plan.

50. As outlined in the Halas Affidavit, the enforcement and collection of the Torchia Judgment against the Torchia Judgment debtors, National Viatical Inc. and James Torchia, has been difficult and costly. Dykema has required a retainer agreement with USI to perform these services at the standard hourly rates for performing this type of work.

51. In light of the foregoing, USI decided not to retain Dykema to pursue enforcement of the Torchia Judgment and reviewed other alternative options for the enforcement of the Torchia Judgment, including sale of the Torchia Judgment to third party claims purchasers.

52. For reasons set out in the affidavit of Janet Lunau sworn December 30, 2015, USI has, subject to approval of the Court, entered into an alternative contingency retainer arrangement with Reid Collins Tsai LLP in the form of the Reid Collins Engagement Letter for which it is seeking the Court's approval, *nunc pro tunc*, by way of a separate motion (the "**Reid Collins Approval Motion**") concurrent with the hearing of the Motion to approve payment of the Administrative Fee Proposal and the payment of the Dykema fees noted above.

53. The Reid Collins Engagement Letter provides that it is subject to solicitor-client privilege and therefore has not been filed by USI as part of the Reid Collins Approval Motion, but the Monitor is advised that a copy of the Reid Collins Engagement Letter will be provided to the Court by USI at the hearing of the Reid Collins Approval Motion.

54. The Monitor believes that the terms of the Reid Collins Engagement Letter are reasonable and appropriate in the circumstances.

STATUS OF DISTRIBUTION TO CREDITORS

55. On December 24, 2015, USI, with consultation with the Monitor, announced an interim distribution of US$7,400,000 to be paid to Creditors in accordance with the Plan (the **"Interim Distribution")**. A copy of the notice of distribution is attached as **Appendix "B"**.

56. For the reasons set out below, the Monitor is of the view that the conditions for the Interim Distribution are sufficiently satisfied.

Conditions for a Distribution to Creditors

57. Pursuant to the Plan, the following conditions must be satisfied before a distribution to Creditors may be made:

(a) A Reserve for Costs shall be maintained in an amount sufficient, in the Monitor's sole discretion, to pay the anticipated costs for the following two years. The costs consist of Premiums, Unaffected Claims, Litigation Contribution, Professional Costs, Administrative Fees, Mill's fees and Borrowing Costs, if any;

(b) outstanding tax obligations payable from the Plan Assets must be paid, or reserved, prior to a distribution made to Creditors;

(c) outstanding issues in dispute and timing of a distribution may be considered prior to allowing a distribution to be made to Creditors;

(d) all outstanding Policy Loans must be repaid;

(e) the Monitor must agree that all conditions have been met prior to approving a distribution to Creditors; and

(f) the funds available in the Monitored Trust Account must exceed the Reserve amount by US$5,000,000, provided the other conditions are satisfied, 96.15% of such excess may be used for distributions to Purchasers, and 3.85% of such excess may be used for distributions to Ordinary Creditors.

Tax Obligations

58. The determination of the amount of Taxes payable (if any) on the Vida Transaction is entirely subject to the resolution of the Tax Reserve issue discussed at paragraphs 35 and 36 of this Report. The outcome of that matter will impact the tax implications of any distribution, and may require USI to withhold non-resident taxes for majority of the Creditors.

59. USI is of the view that the amount of the Interim Distribution will permit USI to retain sufficient funds to pay any tax obligations it may subsequently be determined to have, including tax obligations in respect of the Interim Distribution itself. The calculation of the Interim Distribution included broad and conservative assumptions about potential

future tax liabilities, and the Monitor is of the view that the assumptions, and the calculation itself, are appropriate in the circumstances.

60. If it is ultimately determined that withholdings are required, the Monitor notes that the Plan contemplates and explicitly permits such withholdings pursuant to Sections 4.2 and 4.10.

Determination of funds available for interim distribution

61. Pursuant to the Plan, distributions may be made to Creditors only when the amount in the Monitored Trust Account is greater than or equal to the total amount calculated for the Reserve for Costs, plus US$5.0 million, and provided all outstanding Policy Loans are repaid. Once these conditions, and any others listed in the Plan (summarized at paragraph 57 of this Report) are, satisfied, those funds in excess of the amount calculated as the Reserve for Costs, plus US$5.0 million, may be released to the Monitored Trust Account allocated to the Purchaser Pool (as to 96.15% of such excess) and Ordinary Creditor Pool (as to 3.85% of such access) for distribution to Purchasers and Ordinary Creditors in accordance with the terms and conditions of the Plan.

62. All outstanding Policy Loans have been assumed by Vida in accordance with the Sale Agreement.

63. Set out below is the calculation of the amount available as at November 30, 2015 to be released from the Monitored Trust Account for interim distribution:

	USD$000
Current Balance in Monitored Trust Account (Note 1)	36,084
Reserve for Costs (excluding potential taxes which are shown below)	(2,400)
Estimate of Vida Holdback (required by Sale Agreement)	(10,000)
Estimated excess available for distribution before taxes payable	23,684

Reserve for Costs re: Estimated hypothetical taxes payable based on conservative assumption if Trust under Plan is not a Bare Trust:	(16,284)
Estimated amount available for distribution	7,400

Note 1: Balance is comprised of USD$36,024 plus CAD$64

64. As set out in the final line, the foregoing discloses sufficient amounts in the Monitored Trust Account for the Interim Distribution to be made.

65. Pursuant to section 4.5, the amount of the Litigation Contribution actually used to pay the USI'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. 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 of Section 4.5 of this Plan exceed the Litigation Contribution previously paid out of the Monitored Trust Account and then outstanding. As discussed in paragraph 39, the aggregate amount of Litigation Contribution paid out of the Monitored Trust Account is US$1,219,236 and therefore, no interim distribution will be available for distribution to Ordinary Creditors.

Outstanding issues in dispute

66. We understand that there are 4 outstanding disputes concerning claims for the Purchaser Pool totalling approximately US$40,000. Until these disputed claims have been resolved, no Interim Distribution will be made in respect of these Disputed Claims, nor will there be any final distribution.

67. We also understand that there are 3 outstanding disputed claims for the Ordinary Creditor Pool totalling approximately $1.4 million. Until these disputed claims have been resolved, no Interim Distribution will be made in respect of these Disputed Claims, nor

will there be any final distribution.

ADMINISTRATIVE FEE

68. The Plan was premised on an analysis that projected that the pooled Policies held in trust by USI, along with any other cash deposited to the Monitored Trust Account, would generate sufficient proceeds to distribute to Purchasers the amount of their original investment with USI within six years after the Plan Implementation Date.

69. The Plan further contemplated that during this six year period, USI would be entitled to an Administrative Fee to perform the tasks mandated by the Plan, as well as additional functions necessary or desirable to fulfill the duties under the Monitored Account Agreement.

70. According to Section 1.1 of the Plan, this Administrative Fee became payable on Plan Implementation and continued until the earlier of (i) the date on which 100% of the Original Investment of Purchasers have been paid, (ii) six years from the Plan Implementation date, and (iii) such date as the Court may otherwise direct.

71. The Plan Implementation occurred on June 22, 2009, meaning the sixth anniversary and termination date for the Administrative Fee was June 22, 2015. Therefore, the last payment permitted by the Plan was for the Administrative Fee and services ending July 31, 2015.

72. Since August 1, 2015, USI has continued to provide services, as trustee, to assist with the administration of the Purchased Policies, the Tax Reserve matter and other outstanding matters in the administration of Plan and the CCAA Proceedings, including responding to continuing Creditor inquiries. No payment has been paid to USI for such services.

73. USI is seeking an order of the Court approving payment in the amount of $72,000 for

each of the months of August and September, 2015 and $50,000 per month from October 1, 2015 to March 31, 2016, inclusive (collectively, the "**Administrative Fee Proposal**").

74. Since the sale of the Purchased Policies to Vida, the role and requirements in connection with the Plan Implementation have changed and certain of the administrative services previously required are no longer applicable. Based on the changes in the needs, the Monitor has engaged in negotiations with USI for a fee proposal, in its capacity as trustee, which reflects the changed nature of the services required from USI. As a result of these negotiations, USI has proposed a flat fee of $72,000 for the months of August and September and $50,000 per month from October 1, 2015 to March 31, 2016, inclusive, for their services.

75. The administrative services provided and to be provided by USI since August 1, 2015 to March 31, 2016 include certain of the administrative services, as set out in Schedule A of the Plan and Schedule B of the Monitored Account Agreement (in each case as may still be required given the sale of the Purchased Policies to Vida under the Sale Agreement) or as may otherwise requested by the Monitor from time to time, as summarized as follows:

(a) working with the insurance companies to transfer the remaining Purchased Policies and deal with any Purchased Policies that the parties agree cannot be transferred;

(b) working with Vida to make arrangements for the remaining Policies that are not transferred at the end of July 31, 2015;

(c) transferring documents relating to the transferred Purchased Policies to Vida and other documents as per the arrangements with Vida indicated above;

(d) maintaining current Creditor lists and coordinating distribution(s) to Creditors, including following up on returned mail or uncashed cheques;

(e) assisting the Monitor with the resolution of disputes;

(f) administering the Monitored Trust Account;

(g) working with CRA in completing the tax requirements under the Sale Agreement;

(h) assisting with the completion of the Plan Implementation and the CCAA Proceedings generally; and

(i) responding to Creditor inquiries.

76. The \$50,000 per month amount will be reconsidered and reassessed by the Monitor in 2016, and recommendations will be made to the Court in respect of payments to be made to USI following March 31, 2016, if any.

77. The Monitor is of the view that the proposed fees for the period August 1, 2015 to March 31, 2016 are reasonable and appropriate in the circumstances:

(a) USI is holding the policies in trust for the Creditors pursuant to the Plan and a declaration of trust, and USI is maintaining and administering the Monitored Trust Account pursuant to the terms of the Monitored Trust Agreement. USI accordingly continues to have contractual obligations in respect of the CCAA Proceedings;

(b) as set out in section 2.3(b) of the Plan, USI is familiar with the Policies, which it has been managing and administering since its inception. In the Monitor's view, any other party engaged to provide the services anticipated to be provided by USI would be more costly and less effective;

(c) the services to be provided by USI are necessary for the successful administration of the Plan and the CCAA Proceedings; and

(d) the Monitor is not aware of any feasible alternative service providers.

78. In the Monitor's view, the jurisdiction and authority for the payments for which authorization is sought exists in the Plan. Section 2.6(b) and 4.2 of the Plan provides that

Professional Fees (as defined in the Plan) incurred in connection and incidental to, among other things, the CCAA Proceedings, the preparation, approval and administration of the Plan, may be disbursed out of the Monitored Trust Account.

79. Section 4.2 of the Plan sets out the conditions for the payment of Professional Costs and provides that payment of such amounts is subject to:

(a) confirming that the costs are due and are a permitted disbursement pursuant to the Plan;

(b) there being sufficient funds in the Monitored Trust Account to make such payments;

(c) the Monitor's review of the costs for reasonableness;

(d) the Court's approval of fees and disbursements, where applicable; and

(e) the Monitor's ability to apply for direction from the Court, if necessary, prior to paying any cost.

THE MONITORED TRUST ACCOUNT

80. In its Twenty-Third Report, the Monitor provided a Statement of Receipts and Disbursements ("**R&D**") for the period since the Plan Implementation Date to February 28, 2015. The Monitor has continued to monitor the transactions carried out in the Monitored Trust Account since its Twenty-Third Report. As at November 30, 2015, the Monitored Trust Account was holding cash in trust totalling approximately \$38 million as reflected in the R&D attached as **Appendix "C"**. The Monitor continues to use the historical exchange rate of CAD\$1 = US\$0.95.

81. Total receipts for the reporting period from March 1, 2015 to November 30, 2015 (the **"Reporting Period"**) were approximately \$50.0 million and were comprised of:

(a) collection by USI of approximately \$7.7 million relating to death benefits. This consisted of maturities that occurred during the Reporting Period prior to the closing of the Vida Transaction;

(b) additional borrowings, prior to the Closing, of approximately $1.3 million;

(c) receipt of approximately $39.7 million re: the Vida Transaction; and

(d) receipt of approximately $888,000 re: Post-Closing Premiums reimbursed by Vida.

82. Total disbursements for the Reporting Period were approximately $11.9 million and were comprised of:

(a) premium payments of approximately $781,000 incurred prior to Closing;

(b) administration fees payments of $400,000 to USI and approximately $30,000 to Mills, Potoczak and Company, USI's servicing agent;

(c) professional fees and disbursements of approximately $923,000; and

(d) repayment in full of the Credit Facility. Borrowing Costs including Interest Payments and Lenders Fees were approximately $0.9 million including the Lenders Fee of US$400,000 made in June 2015.

CONCLUSIONS AND RECOMMENDATIONS

83. USI is at the final stage of the Plan Implementation, and the Monitor requests the direction of the Court on certain items to complete the Plan Implementation. Accordingly, the Monitor recommends that the Court grant an Order:

(a) approving the Administrative Fee Proposal and authorizing the Monitor to compensate USI for its administrative services in the amount of $72,000 for each of August and September, 2015 and $50,000 per month for the period from October 1, 2015 to March 31, 2016;

(b) approving the payment of (i) US$242,000 Dykema holds in trust, and (ii) $201,573.32 in the Supplemental Litigation Fund, to Dykema, in full and final satisfaction of all outstanding legal fees and disbursements, and in exchange for a full and final release of USI from any obligation to pay the balance of legal fees and disbursements incurred by Dykema in connection with the Torchia Action; and

(c) authorizing the execution and delivery of, and approving, the Reid Collins Engagement Letter, *nunc pro tunc*, in respect of the enforcement of the Torchia Judgment.

ALL OF WHICH is respectfully submitted this 4th day of January 2016.

ERNST & YOUNG INC.,
Court-appointed Monitor of Universal Settlements International Inc. and not in its personal or corporate capacity.
Per:

Brian Denega
Senior Vice-President

Appendix A

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

PURSUANT TO THE

***COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)**

June 16, 2009

This Plan has not been approved or sanctioned in any way by the Ontario Superior Court of Justice (the "Court") pursuant to the proceeding brought by the Applicant under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended, and bearing Court File No. 08-CL-7878. Rather, the Court has only authorized that this Plan be sent to creditors of the Applicant for the purposes of allowing the Applicant to hold a meeting of creditors wherein its creditors may vote on whether or not to approve the Plan. Nothing in this Plan is to be taken as the Court having passed on the merits of this Plan.

AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

This is the amended plan of compromise and arrangement of Universal Settlements International Inc. (the "**Plan**").

ARTICLE 1
INTERPRETATIONS

1.1 Definitions

In this Plan, unless otherwise stated or the context otherwise requires:

"**Actions**" has the meaning given to that term in Section 2.3 of this Plan.

"**Administrative Fee**" means the administrative fee set out in Schedule A to this Plan, for the performance of the services also set out in Schedule A to this Plan, payable to the Applicant monthly in advance from the Monitored Trust Account for each month (or part thereof) starting on Plan Implementation and continuing until the earlier of (i) the date on which one hundred percent (100%) of the Original Investment of Purchasers has been paid, (ii) six years from the Plan Implementation Date, and (iii) the Court otherwise directs.

"**Agent**" means any Person who acted to facilitate a purchase of a Life Settlement by a Purchaser, and for the purposes of this Plan shall include Universal Settlements Vermogensberatung GmbH.

"**Annuities**" means annuities payable to the Applicant or Mills under the Policies.

"**Applicant**" means Universal Settlements International Inc.

"**Borrowings**" means any borrowings for the payment of Premiums, the Professional Costs, the Administrative Fee and/or Mills' fees, as permitted by Section 4.4 of this Plan.

"**Borrowing Costs**" means any borrowing costs incurred with respect to Borrowings.

"**Business Day**" means a day other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario, Canada.

"**Cash on Hand**" has the meaning given to that term in Section 2.4 of this Plan.

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

"**CCAA Proceedings**" means the proceedings under the CCAA commenced by the Applicant in the Ontario Superior Court of Justice, Toronto (Commercial List) under Court File No. 08-CL-7878.

"**Charges**" means the Administration Charge and Directors' Charge, as those terms are defined in the Initial Order.

"**Claim**" means (i) any right of any Person against the Applicant in connection with any indebtedness, liability or obligation of any kind of the Applicant, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing on or prior to the Valuation Date or which would have been claims provable in bankruptcy had the Applicant become bankrupt on the Valuation Date (each a "Claim", and collectively, the "Claims"), and (ii) any right of any Person against the Directors of the Applicant that relates to the Claims for which the Directors of the Applicant are by law liable to pay in their capacity as directors, provided however that the terms "Claim" and "Claims" shall not include (i) Unaffected Claims, (ii) any claims made in the Actions.

"**Claims Procedure Order**" means the Order of the Court made on January 23, 2009 in the CCAA Proceedings.

"**Classes**" means the classes of Creditors for the purposes of considering and voting upon this Plan in accordance with the provisions of this Plan, and receiving Distributions hereunder.

"**Corporate Policies**" means the interests in life insurance policies that are not identified on the records of the Applicant or Mills as allocated to a Purchaser as of the Valuation Date, and in which the Applicant had retained such interest for its sole benefit, including any interest of the Applicant in policies held in the USII Trust.

"**Costs**" has the meaning given to that term in Section 4.2 of this Plan.

"**Court**" means the Ontario Superior Court of Justice (Commercial List) in Canada.

"**Creditor**" means any Purchaser, Ordinary Creditor, or any other Person having a Claim, and "**Creditors**" means all of such Persons.

"**Creditor Approval**" means the approval of this Plan by each Class of Creditors.

"**Crown**" means Her Majesty the Queen in the Right of Canada or any province thereof.

"**Death Benefit Maturity Funds**" means all monies that have been or are received by the Applicant prior to the Plan Implementation Date from matured Policies, and which monies continue to be held by the Applicant on the Plan Implementation Date.

"**Director**" means any director of the Applicant as of the date of this Plan, and "**Directors**" means all of such directors.

"**Distributions**" are the amounts available for distribution to Purchasers and to Ordinary Creditors, from the Purchaser Pool, ROI Pool and the Ordinary Creditor Pool, respectively.

"**Effective Time**" means noon (Eastern Standard/Daylight Time) on the Plan Implementation Date.

"**Escrow Fund**" means those monies 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 the term "Escrow Fund" shall include (i) any amounts previously paid out of the Escrow Fund to Antonio Duscio and which are subsequently repaid by him to the Escrow Fund, and (ii) any interest or gains on the Escrow Fund, net of applicable taxes, but for the purposes of this definition, Escow Fund shall be net of any legal costs or disbursements incurred to recover the Escrow Fund.

"**Initial Order**" means the Order of the Court dated December 2, 2008, made in the CCAA Proceedings.

"**Initial Order Date**" means December 2, 2008.

"**Insurance Proceeds**" means death benefits in respect of matured Policies together with any Annuities, interest and dividends, any return or refund of Premiums, and any other amounts paid by insurance companies with respect to the matured Policies.

"**Life Settlement**" means a financial transaction whereby owners of life insurance policies sell their legal title and beneficial interest in such policies to a third party at a discount from the face value of such policies.

"**Litigation Contribution**" means an amount not to exceed the aggregate of (i) U.S. $500,000 to be contributed, pursuant to Section 4.5 of this Plan, from the Monitored Trust Account toward payment of the legal fees and disbursements incurred by the Applicant in the Actions, and (ii) the Escrow Funds to be paid to the Monitored Trust Account pursuant to Section 2.5 of this Plan and to be applied toward payment of any additional legal fees and disbursements incurred by the Applicant in the Actions.

"**Litigation Recovery**" means any proceeds received by the Applicant from the determination or settlement of either or both of the Actions, and shall include any costs recovered by the Applicant in the Actions, but shall exclude the Escrow Funds payable to the Monitored Trust Account in accordance with Section 2.5 of this Plan.

"**M-Series Trust**" means the trust created pursuant to a Master Declaration of Trust dated March 21, 2008 between Universal Settlements International Inc. and Mills (as defined below).

"**mature**": a Policy matures when the individual whose life is insured under that Policy dies, and "**maturity**" and "**Matured Policy**" shall have a corresponding meaning.

"**Meeting Order**" means the Order of the Court made on May 11, 2009 in the CCAA Proceedings.

"**Meeting**" and "**Meetings**" means the meeting or meetings of Creditors called for the purpose of considering and voting in respect of this Plan pursuant to the CCAA.

"**Mills**" means Mills, Potoczak & Company, in its capacity as the United States of America service agent for the Policies on behalf of the Applicant.

"**Monitor**" means Ernst & Young Inc., solely in its capacity as the Monitor appointed pursuant to the Initial Order, and not in its personal capacity.

"**Monitored Trust Account**" means a bank account established by the Applicant and held at a Canadian chartered bank, into which (from and after Plan Implementation) shall be deposited the Cash on Hand, all Insurance Proceeds, all Litigation Recovery and any TPI Proceeds.

"**Monitored Account Agreement**" means the agreement to be executed by the Monitor and the Applicant as provided for under Section 4.2 of this Plan.

"**Order**" means any order of the Court in the CCAA Proceedings.

"**Ordinary Creditors**" means all Creditors other than Purchasers.

"**Original Investment**" means the initial investment made by a Purchaser, as determined pursuant to the Claims Procedure Order or any subsequent Order, without interest or any other return on such initial investment.

"**Ordinary Creditor Pool**" means a pool of funds created for payment of Distributions to Ordinary Creditors, as described in Section 4.8 of this Plan.

"**Person**" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted.

"**Plan**" means this plan of compromise and arrangement filed by the Applicant pursuant to the Initial Order and the CCAA, as such Plan may be further amended, varied or supplemented from time to time.

"**Plan Circular**" means a circular dated May 5, 2009 wherein this Plan is summarized and discussed.

"**Plan Implementation Date**" means the date that is one (1) Business Day after the satisfaction of all conditions precedent in section 6.2 of this Plan, or such later date as the Applicant and the Monitor may agree in writing, and "**Plan Implementation**" shall have a corresponding meaning.

"**Policies**" means Purchaser Policies and Corporate Policies.

"**Pools**" means, collectively, the Purchaser Pool, the ROI Pool and the Ordinary Creditor Pool.

"**Premiums**" mean the amounts payable by the Applicant to keep the Policies in good standing, as determined by the Applicant and Mills.

"**Premium Reserves**" means the funds that were previously segregated for the purposes of paying Premiums for specific Policies.

"**Professional Costs**" has the meaning given to that term in Section 2.6 of this Plan.

"**Proven Claim**" means the Claims of Creditors which are Proven Claims within the meaning given to that term in the Claims Procedure Order.

"**Purchaser**" means a person who, pursuant to a purchase agreement with the Applicant or an Agent, purchased an interest in a Life Settlement, and from whom the Applicant received monies for this purpose.

"**Purchaser Policies**" means the interests in life insurance policies that are identified on the records of the Applicant or Mills as allocated to a Purchaser as of the Valuation Date, but not including those Purchasers' interests in policies held in the M-Series Trust or in the USII Trust.

"**Purchaser Pool**" means a pool of funds created to provide Purchasers with a return of their Original Investments, as described in Section 4.6 of this Plan.

"**Reserve for Costs**" has the meaning given to that term in Section 4.3 of this Plan.

"**ROI Pool**" means a pool of funds created to provide Purchasers with an amount over and above their Original Investments, as described in Section 4.7 of this Plan.

"**Sale Process**" means a sale process that may be conducted by the Monitor in accordance with and upon fulfillment of the conditions set out in Section 4.9 of this Plan.

"**Sanction Order**" means an Order on terms satisfactory to the Applicant and the Monitor approving and sanctioning this Plan.

"**Secured Claim**" means any Claim or portion thereof that is secured by a security interest, pledge, mortgage, lien, hypothec or charge on any property of the Applicant, but only to the extent of the value of the security in respect of the Claim, and for greater certainty, the Charges each constitute a Secured Claim.

"**Shareholders**" means the current shareholders of the Applicant, being The Brokerwise Group Inc. and 1508211 Ontario Inc.

"**Success Fee**" means the success fee, if any, payable to the Applicant pursuant to Section 4.10 and Schedule B of this Plan.

"**Tax Refunds**" means all tax refunds, including sales tax refunds, received by the Applicant at any time and relating to the period prior to the Initial Order Date.

"**TPI Proceeds**" means the net proceeds from the sale of the TPI Portfolio, approved by the Court by Order dated December 23, 2008.

"Unaffected Claims" has the meaning given to such term in section 2.6 of this Plan and "Unaffected Claim" means any one of such Unaffected Claims.

"Undistributed Distributions" has the meaning given to such term in Section 5.5 of this Plan.

"USII Trust" means the trust created pursuant to a Trust Agreement dated June 30, 2008 between Universal Settlements International Inc. and Valenzano & Pillo LLP.

"Valuation Date" means January 23, 2009.

1.2 Construction

In this Plan, unless otherwise stated or the context otherwise requires:

(a) the division of the Plan 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 Plan;

(b) the words "hereunder", "hereof" and similar expressions refer to this Plan 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 Plan;

(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) Undistributed Distributions shall be deemed to be paid as of the date of the payment of the Distributions to which they relate, for the purposes of (A) determining when contributions to the Purchaser Pool cease, and contributions to the ROI Pool begin, (B) determining when a transfer from the Purchaser Pool to the ROI Pool should occur, pursuant to Section 4.10(a) of this Plan, (C) determining if and when the initial Success Fee (of U.S. $1,000,000) should be paid, (D) determining the date on which payment of the Administrative Fee ceases; and

(i) references to times are to local time in Toronto, Ontario, Canada.

1.3 Conversion

The Claims of Purchasers are in U.S. dollars, and may be dealt with entirely in U.S. dollars. All payments hereunder to Purchasers shall be in U.S. dollars. The Claims of Ordinary Creditors that are denominated in a currency other than lawful money of Canada are to be converted to the equivalent thereof in lawful money of Canada at the noon rate of exchange as quoted by the Bank of Canada on the Valuation Date.

1.4 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

1.5 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.

1.6 Schedules

The following are the Schedules to this Plan:

Schedule A	Administrative services to be provided
Schedule B	Methodology for payment of Distributions from the ROI Pool

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose

The purpose of the Plan is to effect a compromise and arrangement of all Claims.

2.2 Overview

This overview is provided to assist the reader in understanding the Plan. Reference is also made to the Plan Circular, wherein further information with respect to the Plan is provided. In the event of an inconsistency between the overview in this Section 2.2 and the other provisions of the Plan, such other provisions shall govern. In the event of an inconsistency between the Plan Circular and the provisions of this Plan, this Plan shall govern.

The structure of the Plan and the flow of monies thereunder may be summarized as follows:

(a) Commencing on Plan Implementation, all Cash on Hand, Litigation Recovery, and remaining TPI Proceeds will be paid into the Monitored Trust Account. All Insurance Proceeds will continue to be received from the respective insurance companies by the Applicant, or Mills, each of whom shall receive such funds in trust for the benefit of this Plan, and each of whom will immediately pay and deposit the Insurance Proceeds into the Monitored Trust Account.

(b) Pursuant to the declaration of trust referred to in Section 6.2(e) of the Plan, effective on the Plan Implementation Date the Applicant will declare that it holds all Policies, Insurance Proceeds, Cash on Hand, Litigation Recovery, Tax Refunds, remaining TPI Proceeds and any other amounts to be deposited into the Monitored Trust Account in trust for the beneficiaries of the Plan, and that the Policies, Insurance Proceeds, Cash on Hand, Litigation Recovery, remaining TPI Proceeds and any other amounts shall be dealt with only in the manner provided for in the Plan. Pursuant to the trust declaration, no alteration in the Plan will affect the fact that the Policies are held in trust for the beneficiaries of the Plan.

(c) The Monitor and the Applicant shall enter into the Monitored Account Agreement.

(d) The majority of funds in the Monitored Trust Account will be available to pay Distributions to Purchasers and Ordinary Creditors in accordance with this Plan. However, the funds in the Monitored Trust Account will also be used to pay certain limited costs, being (i) Premiums on the Policies as and when due, (ii) Borrowing Costs, (iii) Professional Costs, (iv) the Administrative Fee and Mills' fees, (v) the Litigation Contribution, and (vi) Unaffected Claims, as provided for at Section 4.2 of the Plan.

(e) A Reserve for Costs will be maintained in the Monitored Trust Account, in accordance with Section 4.3 of the Plan. Once the funds available in the Monitored Trust Account exceed the Reserve for Costs amount by U.S. $5 million or more, 96.15% of such excess will be transferred into the Purchaser Pool (or the ROI Pool, as the case may be), which shall be used to pay Distributions to Purchasers, and 3.85% of such excess will be transferred into the Ordinary Creditor Pool, which shall be used to pay Distributions to Ordinary Creditors.

(f) Due to the costs of making a Distribution, it is anticipated that Distributions will be paid annually, and in any event not more frequently than semi-annually, in each case subject to availability of funds for the payment of Distributions.

(g) Distributions will be paid out of the Purchaser Pool until such time as Purchasers have been paid one hundred percent (100%) of their Original Investments, in aggregate. Distributions out of the Purchaser Pool will be calculated and paid based on the Original Investments, without interest or any other return. The Applicant anticipates that over approximately a six-year period the Purchaser Pool will pay sufficient Distributions to pay to Purchasers one hundred percent (100%) of their Original Investments.

(h) After Purchasers have been paid one hundred percent (100%) of their Original Investments, the ROI Pool shall be funded from the Monitored Trust Account, if additional monies are available. In addition, the Applicant is entitled to a Success Fee if one hundred and ten percent (110%) of Purchasers' Original Investments are paid, as described in Section 4.10 of this Plan.

(i) Distributions out of the ROI Pool will enable Purchasers to obtain a return on their investments, over and above their Original Investments; such Distributions will be paid based on the methodology found in Schedule B to this Plan.

(j) Distributions to Ordinary Creditors will be paid out of the Ordinary Creditor Pool, based on the Proven Claims of those Ordinary Creditors.

(k) A Sale Process relating to the Policies may in appropriate circumstances be conducted, as set out in Section 4.9 of this Plan.

2.3 Benefits of the Plan

It is the Applicant's view that the Plan offers several benefits to the Creditors, and will result in a maximization of the Distributions available to Creditors. The Applicant has identified the following benefits of a successful Plan implementation:

(a) This Plan will prevent a liquidation sale of the Applicant's portfolio of Policies. The Applicant believes that such a liquidation sale would generate net proceeds well below what this Plan will return to Creditors, and well below the Original Investments of Purchasers.

(b) The Applicant and Mills are very familiar with the portfolio of Policies and have been managing and administering this portfolio since inception. As such, there are existing processes and procedures in place, including databases, document management capabilities, insured monitoring protocols and other technological systems, all of which provide for the efficient maintenance of the portfolio. In addition, the Applicant and Mills have qualified administration staff who have relationships with insurance carriers, agents and the insured persons, and who routinely process premiums, track insured lives, and process death claims.

(c) This Plan will also permit the Applicant to utilize the Litigation Contribution to continue with two actions (the "**Actions**") currently outstanding, being *Universal Settlements International Inc.* v. *James Torchia, Marc Celello* and *National Viaticals Inc.* (United States District Court, Western District of Michigan, Court file no. 1:07-cv-1243) and in *Universal Settlements International Inc.* v. *Antonio Duscio et al.* (Ontario Superior Court of Justice, Court file no. 06-CV-323645 PD3), from which the Applicant expects to receive a net recovery. The potential benefit of the Actions may be lost if the Applicant does not continue to operate. As described in Section 4.5 of this Plan, all Litigation Recovery will be paid into the Monitored Trust Account.

(d) A typical Life Settlement transaction between the Applicant and a Purchaser commenced with the execution of a purchase agreement. The terms of the Applicant's purchase agreements evolved slightly over time as programs changed. The terms of many purchase agreements are ambiguous in some respects, and there is some doubt as to whether some Purchasers have (i) a claim only as a creditor of the Applicant, and no direct claim to the Policies purchased by the Applicant on their behalf, or (ii) a direct claim in the Policies purchased by the Applicant on their behalf. Except with respect to the life insurance policies held in the M-Series Trust or the USII Trust, since such policies are held in trust for the Purchasers of such policies, for the purposes of the Plan, all Purchasers will be treated as Creditors. The Applicant is strongly of the view that the approval and implementation of the Plan will return to Purchasers, in aggregate, more than the Purchasers would realize if they were to assert a direct ownership or beneficial interest in the Policies previously allocated to the Purchasers.

2.4 Cash on Hand to be paid into Monitored Trust Account

As of the close of business on June 25, 2009, the estimated Plan Implementation Date, the Applicant anticipates that the aggregate of approximately U.S. $8.7 million will be available for contribution into the Monitored Trust Account, such aggregate amount consisting of (i) cash in possession of the Applicant as of Plan Implementation Date, (ii) Premium Reserves, and (iii) Death Benefit Maturity Funds (collectively, "**Cash on Hand**").

2.5 Escrow Fund

The Shareholders have agreed that any and all portions of the Escrow Fund that are released to the Shareholders, or the Applicant, shall be paid into the Monitored Trust Account. Upon any release of all or any part of the Escrow Fund, it shall be deposited directly to the Monitored Trust Account, pursuant to a direction to be executed by the Applicant and the Shareholders. If all or any part of such amount is needed for the payment of the Applicant's legal fees and disbursements in the Actions, the Applicant shall be entitled to the release of all or part of such amount, upon presentation to the Monitor of a copy of an invoice or other similar documentary record of the amount to be paid, to the Applicant for such purpose. If not needed for payment of the Applicant's legal fees and disbursements in the Actions, 50% of the remaining balance of the Escrow Fund shall be paid directly to the Shareholders and the remaining 50% shall remain in the Monitored Trust Account to be distributed as otherwise provided for in this Plan. The

Monitor shall not be obliged to consider the reasonableness of the request for payment of any amount for the payment of legal fees equal to the amount of the Escrow Fund deposited to the Monitored Trust Account.

2.6 Unaffected Claims

This Plan does not affect the following claims, liabilities or other obligations of the Applicant, except as may expressly provided under the terms of any Order:

(a) *Post Filing Goods and Services* – the claims arising in respect of goods or services supplied after the Initial Order Date and prior to Plan Implementation;

(b) *Professional Advisors* - the claims of the Monitor and of the legal advisors to the Applicant and the Monitor for fees and disbursements (the "**Professional Costs**") incurred or to be incurred in connection with and incidental to (i) the CCAA Proceedings, (ii) the preparation, approval and administration of this Plan, and (iii) the recovery of Insurance Proceeds and the protection of the Policies, in each case other than fees and disbursements incurred with respect to the Actions.

(c) *Directors and Officers* – the Claims of individuals who are current officers or Directors of the Applicant for indemnity pursuant to indemnities provided by the Applicant.

(d) *Secured Creditors* – the Secured Claim of any Person.

(e) *Insured Claims* – the Claims arising in the ordinary course of business against the Applicant which are covered by insurance held by the Applicant ("Insured Claims"), including the Claims or portions of Claims which are below the deductible amounts in such insurance policies, provided, however, that the Applicant shall not be obliged to pay any obligations in respect of deductibles arising on or before the Initial Order Date. For greater certainty, Insured Claims shall have recourse solely against the applicable insurers, and neither the Person having an Insured Claim, nor the insurer itself (whether by subrogation or otherwise) shall have any recourse with respect to the Insured Claim as against the Applicant, or any Proven Claim for the purpose of the Plan.

(f) *Claims of the Crown* – Claims of the Crown referred to in paragraph 18.2(1) of the CCAA.

2.7 Affected Persons

On Plan Implementation, the Plan will become effective and be binding on the Applicant and the Creditors and all other Persons affected by the provisions of this Plan.

Other than the Corporate Policies, this Plan does not affect any policies held in the M-Series Trust or the USII Trust, since such policies are held in trust for the Purchasers of such policies. For greater certainty, however, this Plan does affect, compromise and release any Claim that any Purchaser of such policies may have against the Applicant or other Persons.

2.8 Persons not affected by this Plan

Except to the extent that they may be generally affected by the declarations of trust herein, (i) Persons holding Unaffected Claims shall not be affected by the compromise and arrangements set out in this Plan, and (ii) Persons with claims in the Actions shall not be affected by the compromise and arrangements set out in this Plan.

ARTICLE 3
CLASSIFICATION OF CREDITORS

3.1 Classification of Creditors

The classification of Creditors for the purpose of considering and voting on this Plan and receiving Distributions hereunder are:

(a) Purchasers; and

(b) Ordinary Creditors.

ARTICLE 4
TREATMENT OF CREDITORS

4.1 Compromise of Claims of Creditors

For the purposes of this Plan, the Creditors shall receive the treatment as provided in Article 4 of the Plan and on the Plan Implementation Date, Claims will be settled in accordance with the terms hereof.

Creditor Approval of this Plan shall be deemed to occur if each Class of Creditors (being Purchasers and Ordinary Creditors) approves this Plan in accordance with the CCAA at duly constituted Meetings of such Creditors, in which case this Plan and its terms shall bind all Creditors.

4.2 The Monitored Trust Account

The Monitored Trust Account shall be a segregated bank account or bank accounts in a Canadian chartered bank, established by the Applicant and, subject to the terms of this Plan, shall be held in trust for the Purchasers and the Ordinary Creditors, pursuant to a Declaration of Trust to be executed by the Applicant. As trustee for the Monitored Trust Account, the Applicant will enter into an agreement (the "Monitored Account Agreement") with the Monitor which will provide for the mechanics of operation of the Monitored Trust Account and the terms of oversight of the Monitored Trust Account to be provided by the Monitor.

The Monitored Trust Account may be held in Canadian or U.S. dollars, or in such other currencies as the Monitor may deem appropriate.

All Policies, Insurance Proceeds, Litigation Recovery, Cash on Hand, Tax Refunds, and remaining TPI Proceeds in possession of or received by the Applicant or Mills on or after Plan Implementation shall be held in trust by the Applicant, or Mills, as the case may be, pursuant to Declarations of Trust to be executed by the Applicant and Mills in favour of the Purchasers and the Ordinary Creditors. All Insurance Proceeds, Litigation Recovery, Cash on Hand, and remaining TPI Proceeds shall be paid forthwith after Plan Implementation by the Applicant, or Mills, as the case may be, for deposit into the Monitored Trust Account.

The funds may be disbursed out of the Monitored Trust Account in accordance with the Monitored Account Agreement and this Plan, to pay the following (collectively, the "**Costs**"):

1. Premiums;
2. Professional Costs;
3. Administrative Fees and Mills' fees;
4. Borrowing Costs ;
5. the Litigation Contribution; and
6. Unaffected Claims;

In addition, any bank charges related to the Monitored Trust Account may be deducted by the bank from the account.

Payment of such amounts are subject to:

- confirming that the Costs are due and are a permitted disbursement pursuant to the Plan;
- there being sufficient funds in the Monitored Trust Account to make such payments;
- the Monitor's review of the Costs for reasonableness;
- the Court's approval of fees and disbursements, where applicable; and
- the Monitor's ability to apply for direction from the Court, if necessary, prior to paying any Cost.

Payments out of the Monitored Trust Account on account of any Canadian taxes or withholdings as required by law shall also be permitted.

There shall be no obligation to pay Costs pro rata, in the event that sufficient funds are not available from time to time to pay all Cost, and the timing of the payment of all Costs shall be at the discretion of the Monitor, or as the Court may direct. The Monitor shall not incur any liability for the payment or non-payment of any Costs, or the timing or manner of such payments.

Subject to the Reserve for Costs described at Section 4.3 below, and the payment of Costs, funds may be made available to the Purchaser Pool, the ROI Pool and the Ordinary Creditor Pool in accordance with this Plan, to allow for the payment of Distributions from those Pools to Creditors. No payments shall be made directly to Creditors out of the Monitored Trust Account and Creditors shall not be entitled to assert any direct claim to the funds in the Monitored Trust Account, without Order of the Court.

4.3 Reserve for Costs

A reserve (the "**Reserve for Costs**") shall be established in the Monitored Trust Account in order to fund the Costs. As of Plan Implementation Date, the opening balance of the Reserve for Costs shall be the amount of the Cash on Hand. Thereafter, the Reserve For Costs shall be maintained in an amount sufficient, in the Monitor's sole discretion, to pay the anticipated Costs for the following two years. In determining the Reserve for Costs, the Monitor shall be entitled to rely on the information provided by the Applicant, Mills and the insurance companies, relating to projected Premium liabilities, Borrowing Costs, Professional Costs, Litigation Costs, the amount of any Unaffected Claims, and any other amounts or issues affecting the amount of Reserve for Costs.

Upon the maturity of all Policies and receipt of all Insurance Proceeds, or upon the completion of the Sale Process and the closing of all transactions for the sale of all remaining Policies, the remaining balance of the Reserve For Costs shall be available to pay any remaining Costs and to make transfers to the Pools for the payment of Distributions to Creditors.

4.4 Power to Borrow

The Applicant, with the Monitor's prior written consent, shall be entitled to borrow money against the Policies, and to grant security interests in the Policies to secure such loans, where such borrowings are necessary in the Monitor's opinion to provide funds for the payment of Premiums, the Professional Costs, the Administrative Fee and/or Mills' fees. Any such funds borrowed shall be deposited directly into the Monitored Trust Account to be used to pay the Premiums, Professional Costs, the Administration Fee, and Mills' fees. Other than borrowings for these purposes, the Applicant shall not borrow money against the Policies nor grant security interests in the Policies to secure any indebtedness or other obligations.

4.5 Litigation Contribution and Litigation Recovery

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.

To the extent that the Litigation Contribution sourced from the Escrow Fund is not needed to pay the Applicant's legal fees and disbursements with respect to the Actions, the Escrow Fund shall be distributed from the Monitored Trust Account in accordance with Section 2.5 of this Plan.

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;

(b) next, to pay to Borden Ladner Gervais LLP the amount of its Claim secured by a solicitor's lien, to the maximum amount of $840,000, in accordance with a settlement agreement approved by the Court on June 12, 2009;

(c) next, on a *pari passu* basis, to (i) reimburse the Monitored Trust Account for fifty percent (50%) of any Litigation Contribution sourced from the Escrow Fund and previously paid out to fund the Applicant's legal fees and disbursements with respect to the Actions, and (ii) pay to the Shareholders an equal amount;

(d) if payment of any portion of the Litigation Contribution previously resulted in a lower amount being transferred from the Monitored Trust Account to the Ordinary Creditor Pool, then the reimbursements in paragraphs (a) and (c)(i) of this Section 4.5, together with such additional funds as are available in the Monitored Trust Account from the Litigation Recovery, shall be paid into the Ordinary Creditor Pool to restore it to the position that it would have been in, had the Litigation Contribution not been paid out;

(e) next, an additional amount of the Litigation Recovery, equal to the total amount of the Litigation Contribution paid out to fund the Applicant's legal fees and disbursements, shall be transferred from the Monitored Trust Account into the Ordinary Creditor Pool, without regard to the formulae set out in Sections 4.6 and 4.8 of this Plan; and

(f) any remaining Litigation Recovery shall remain in the Monitored Trust Account for disbursement in accordance with this Plan.

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.

4.6 Purchaser Pool

The Applicant shall establish a segregated bank account into which funds from the Monitored Trust Account, for payment of Distributions to Purchasers, will be deposited and held in trust by the Applicant, pursuant to a Declaration of Trust to be executed by the Applicant. The payment of all amounts to be paid out of the Purchaser Pool will be subject to the provisions of the Monitored Account Agreement.

Upon declaring a Distribution, the Purchaser Pool shall be funded out of the proceeds held in the Monitored Trust Account based upon the following formula (all amounts in the following formula are in U.S. dollars):

(Purchaser Policies' face values and Premium Reserves at Plan Implementation Date) / (Purchaser Policies' and Corporate Policies' face values[1] and Premium Reserves at Plan Implementation Date) = Purchaser Pool allocation

= ($185,040,918 + $2,709,072) / ($185,040,918 + $7,473,456 + $2,744,944)

= 96.15%

The Purchaser Pool shall be funded based upon the above formula until such time as (i) the Purchaser Pool is in an amount sufficient to pay Distributions to Purchasers equal to one hundred percent (100%) of their Original Investments, or (ii) there are no funds available in the Monitored Trust Account for such purpose.

4.7 ROI Pool

The Applicant shall establish a segregated bank account for purposes of establishing the ROI Pool, which shall be held in trust by the Applicant pursuant to a Declaration of Trust to be executed by the Applicant for purposes of paying Distributions to Purchasers. The payment of

[1] Excluding the Applicant's interest in policies in the USII Trust, which the Applicant believes have negligible value.

all amounts to be paid out of the ROI Pool will be subject to the provisions of the Monitored Account Agreement.

Upon the payment into the Purchaser Pool of sufficient funds to pay to Purchasers amounts equal to one hundred percent (100%) of their Original Investments, funds shall be transferred to the ROI Pool from the Monitored Trust Account based upon the same formula used by the Monitor for transfers to the Purchaser Pool, as described in Section 4.6 above (that is, 96.15%).

4.8 Ordinary Creditor Pool

The Applicant shall establish a segregated bank account into which funds from the Monitored Trust Account, for payment of Distributions to Ordinary Creditors, will be deposited and held in trust by the Applicant, pursuant to a Declaration of Trust to be executed by the Applicant. The payment of all amounts to be paid out of the Ordinary Creditor Pool will be subject to the provisions of the Monitored Account Agreement.

Upon declaring a Distribution, the Monitor shall fund the Ordinary Creditor Pool out of the proceeds held in the Monitored Trust Account based upon the following formula (all amounts in the following formula are in U.S. dollars):

(Corporate Policies' face values[2] + Premium Reserves at Plan Implementation Date) / (Purchaser Policies' and Corporate Policies' face values[3] + all Premium Reserves at Plan Implementation Date) = Ordinary Creditor Pool allocation

= ($7,473,456 + $35,872) / ($185,040,918 + $7,473,456 + $2,744,944)

= 3.85%

The Ordinary Creditor Pool shall be funded based upon the above formula until such time as (i) the Ordinary Creditor Pool is in an amount sufficient to pay Distributions to Ordinary Creditors equal to one hundred percent (100%) of their Proven Claims, or (ii) there are no funds available in the Monitored Trust Account for such purpose.

4.9 Sale Process

The Applicant may request that the Monitor commence a Sale Process with respect to some or all Policies that have not matured under the following circumstances:

(a) After sufficient funds are available in the Purchaser Pool to pay to Purchasers Distributions equal to one hundred percent (100%) of their Original Investments; or

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[2] See footnote 1, above.

[3] See footnote 1, above.

(b) Prior to there being sufficient funds in the Purchaser Pool to pay to Purchasers Distributions equal to one hundred percent (100%) of their Original Investments if the proceeds from the Sale Process would be sufficient to pay to Purchasers Distributions equal to one hundred percent (100%) of their Original Investments.

Such a Sale Process shall be commenced only if market conditions are such that the financial recovery from the sale of the Policies is determined by the Applicant, in consultation with the Monitor, to be more advantageous to Purchasers and Ordinary Creditors than the continued payment of the Costs and the continued collection of death benefits in respect of the Policies under the terms of this Plan. Such Sale Process shall not be held without further Order.

The net proceeds from the sale of any Policies shall be deposited into the Monitored Trust Account and distributed in accordance with this Plan.

4.10 Disbursements from Pools

Funds shall be transferred to the Purchaser Pool (or the ROI Pool, as the case may be) and to the Ordinary Creditor Pool from the Monitored Trust Account as frequently as the Monitor deems prudent, or as directed by the Court, taking into account the amount contained in the Monitored Trust Account from time to time, the required amount of Reserve for Costs, timing, any disputed issues outstanding, and any other issues that may then exist, subject to the Reserve for Costs remaining in the Monitored Trust Account at all times and subject to all applicable tax payment or withholding obligations, and provided that a decision by the Monitor or the Court as to the frequency of Distributions is final and binding for all purposes. Distributions shall be paid from the Pools, in accordance with this Plan. The payment of the first Distribution, subject to the above conditions, will be made as soon as practicable after June 1, 2010.

Distributions will be paid from the Pools as follows:

(a) *Purchaser Pool*: Distributions from the Purchaser Pool shall be paid to Purchasers *pro rata* calculated on the basis of the amount of Purchasers' Original Investment, and without regard to (i) the date of that Original Investment, or (ii) any Claim based on interest or other return on the Original Investments of Purchasers. If at any time there are more monies in the Purchaser Pool than are necessary to pay to Purchasers one hundred percent (100%) of the Original Investments made by Purchasers, then the excess monies shall be transferred from the Purchaser Pool to the ROI Pool. Other than Distributions to Purchasers and the transfer of excess monies from the Purchaser Pool to the ROI Pool, no payments shall be made out of the Purchaser Pool.

(b) *ROI Pool*: Distributions from the ROI Pool shall be paid to Purchasers based on the methodology set out in Schedule B to this Plan, which includes the payment of the Success Fee to the Applicant. Payment of the Success Fee is aligned with the interests of the Purchasers since it shall only be paid to the Applicant after Distributions totalling 110% of Purchasers' Original Investments have been distributed to Purchasers. The Success Fee is calculated as follows:

U.S. \$1 million Success Fee paid when 110% of Original Investments is paid to Purchasers; and

After payment of U.S. \$1 million Success Fee, proceeds shared 75% / 25% (Purchasers / Applicant) for that portion of the ROI Pool in excess of 110% of Original Investments paid to Purchasers.

(c) *Ordinary Creditor Pool*: Distributions from the Ordinary Creditor Pool shall first be used to pay to Ordinary Creditors on a *pro rata* basis 100% of the lesser of \$250,000 or the total of each Proven Claim, and thereafter *pro rata* based on the remaining unpaid balance of each Proven Claim, at the same times as from the Purchaser Pool (or the ROI Pool, as the case may be). If the funds available in the Ordinary Creditor Pool exceed the aggregate amount of all Claims of Ordinary Creditors as of the Valuation Date, the Applicant shall transfer any remaining funds in the Ordinary Creditor Pool to the ROI Pool.

Notwithstanding the foregoing restrictions on disbursements from the Pools, disbursements may also be made on account of any clearance certificates or other legal or regulatory pre-conditions to payment of Distributions.

In making Distributions, the Applicant and the Monitor shall take into account the most cost-effective means of doing this, from both the Applicant's / Monitor's perspective, and also from the recipient's perspective.

4.11 Right to Vote and Receive Distributions

Only Creditors with a Proven Claim shall be entitled to vote or receive any Distribution under the Plan or in respect of a Claim, unless otherwise ordered by the Court. Notwithstanding the foregoing, if any Claims have not been finally determined pursuant to the Claims Procedure Order by the date of the Meeting, then a vote with respect to these unresolved Claims shall be recorded by the Monitor in accordance with Section 28 of the Claims Procedure Order. Purchasers shall not be entitled to recovery of any Claims out of any funds other than the Purchaser Pool and ROI Pool, and Ordinary Creditors shall not be entitled to recovery of any Claims out of any funds other than the Ordinary Creditor Pool.

4.12 Crown Priority Claims

Within six months after the date of the Sanction Order, the Applicant will pay in full all Claims pursuant to Section 18.2(1) of the CCAA.

4.13 Effect of Plan Generally

Save and except as otherwise provided herein, on the Plan Implementation Date the treatment of Claims under this Plan shall be final and binding on the Applicant and all Creditors (and their respective heirs, executors, administrators, legal or personal representatives, successors and assigns), and the Plan shall constitute (i) full, final and absolute settlement of all rights of the holders of all Claims; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Applicant, any Director, and any Agent in respect of any Claim.

From and after the Plan Implementation Date, no Creditor shall have any right to assert any claim against the Applicant, the Directors, the Monitor, or any Agent based, without limitation, on an assertion of a beneficial interest, ownership interest, trust interest, or any other proprietary interest against the Applicant or in any of its assets (including the Policies, the Premium Reserves and any Death Benefit Maturity Funds).

Further, on the Plan Implementation Date, all Creditors release and shall be deemed to release the Applicant, the Directors, the Monitor, and all Agents, of and from all obligations, liabilities, claims and causes of action, as set out more fully in Section 7.4 of this Plan.

4.14 Events of Default

If in the Monitor's opinion, acting reasonably, the Applicant has defaulted in the performance of this Plan, the Monitor shall promptly provide written notice to the Applicant of such default. If within thirty (30) days of written notice of default the Applicant has not remedied the default identified by the Monitor, and if the Monitor has not withdrawn its written notice of default, then the Monitor shall apply to the Court for such directions or Orders as it deems appropriate in the circumstances. As provided in Section 7.8 of this Plan, the Applicant and the Monitor may also, at any time, seek directions from the Court. If the urgency of the default is such that the Monitor, acting reasonably, cannot give the notice required herein, then the Monitor may apply to the Court for directions, on such notice as the Court may direct.

ARTICLE 5
MONITOR'S ROLE AND OTHER MATTERS

5.1 Monitor's Role

In addition to any role that it may have under any Order, the Monitor shall supervise this Plan and monitor the Applicant's compliance with this Plan. The Monitor shall have access to the Applicant's books and records for the purposes of such supervision and monitoring, but shall not assume management or control of the Applicant or its business. The Applicant shall at the Monitor's request compile and make commercially reasonable efforts to obtain information relating to verifications of coverage of Policies, annual reports from insurance companies, tracking reports of maturities, Premium illustrations, correspondence with insurance companies, Unaffected Claims, due diligence of Policy portfolio for purposes of the Sale Process, and previously transferred Policies, and shall provide all such information to the Monitor at the Monitor's request. The Monitor may report to the Court and/or Creditors and seek directions from the Court from time to time as to the status of the Plan, the Monitored Trust Account, the Reserve for Costs, Borrowings, or any other matter.

5.2 Protections relating to the Monitor

Ernst & Young Inc. is acting as Monitor in the CCAA Proceedings with respect to the Applicant and not in its personal or corporate capacity and will not be responsible or liable for any obligations of the Applicant. The Monitor shall be entitled to rely on information provided by the Applicant, subject only to the Monitor's review of such information for reasonableness. Ernst & Young Inc. in its capacity as Monitor will have the powers and protections granted to it by this Plan, the CCAA, the Initial Order, the Meeting Order, the Sanction Order and any other Order. When in the Monitor's view (i) all or substantially all of the obligations under the Plan have been performed, or (ii) a material adverse change with respect to the Plan has occurred, it may apply to the Court for directions with respect to the performance of any remaining obligations under the Plan or any other matter, and may seek its discharge as Monitor.

5.3 Role of Mills

As the United States of America service agent for the Policies on behalf of the Applicant, Mills will continue to service 138 of the 155 open Policies for the Applicant. Mills will execute a declaration of trust pursuant to the terms of the Plan. Pursuant to direction from the Applicant, Mills will perform limited policy administration services, including the payment of Premiums and Premium Reserves and the collection of death benefits. Further, Mills will correspond with insurance companies as required and directed by the Applicant, and assist the Applicant in managing any issues which arise with respect to Policies. For its services, Mills will charge a transaction based fee. Mills fee will not be paid from the Administrative Fee set out in Schedule A to this Plan.

5.4 Risks related to the Plan

The implementation and funding of the Plan is subject to a number of risks, which include without limitation:

(a) it may take significantly longer than anticipated for Policies to mature, resulting in additional costs incurred by the Monitored Trust Account to pay the Premiums and Costs necessary to maintain the Policies;

(b) if funds are not available (in the Reserve for Costs, or by way of Borrowings) to pay Premiums at any time, Policies may lapse;

(c) if there is a dispute with the insurance company issuing any of the Policies, payment of Insurance Proceeds with respect to such Policies may be delayed or may not be received;

(d) if the insured Person under any Policy cannot be located by the Applicant, or if a death certificate for that Person cannot be obtained on maturity of the Policy, the death benefit payable under the Policy may be delayed or may not be received;

(e) certain Policies do not record the Applicant as the owner of such Policies, and such Policies could in some circumstances be revoked by the Person recorded as the owner of such Policies;

(f) certain Policies are term life insurance policies, and may not be convertible to whole life policies, or may be subject to renewal at higher premiums;

(g) the insolvency of any life insurance company would jeopardize the Policies insured by that insurer;

(h) the Applicant's ability to retain its operations and perform the services outlined in Schedule A may in the future be adversely affected by changes in its business environment, by staff departures, or by other factors affecting its business, including without limitation any claims against it in the Actions.

5.5 Unpaid or Unclaimed Distributions

It is the Creditor's responsibility to ensure that the Creditor's current address is provided to the Applicant and the Monitor, and to advise the Applicant and the Monitor in writing if that address changes.

If the Monitor does not have the correct address for any Creditor entitled to a Distribution pursuant to this Plan, then such Distribution to that Creditor shall not be paid, and the amount of such Distribution shall remain in the applicable Pool. If such Creditor later provides a current address, the Distribution shall then be paid to the Creditor, without interest. Nothing contained in this Plan shall require the Applicant or the Monitor to locate such Creditor.

If prior to the time of the final payment of Distributions to Creditors from any Pool (i) any prior Distribution has not been paid to a Creditor, (ii) any cheque with respect to a prior Distribution has not been cashed, or (iii) the Monitor does not have any Creditor's then-current address for payment of any Distribution, then the Monitor shall deal with such Distributions ("**Undistributed Distributions**") in the manner then required by the CCAA, or as the Court may direct.

5.6 Effect of Sanction Order

The Applicant will seek a Sanction Order that will, in addition to sanctioning the Plan, and without limitation to any other terms that it may contain:

(a) declare that the compromises effected hereby are approved, binding and effective as herein set out upon all Creditors;

(b) approve all steps and transactions contemplated by the Plan, including, without limitation, those taken in connection with the completion of the restructuring;

(c) stay any and all steps or proceedings commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any or all Directors or Agents in respect of any Claim compromised or released hereby; and

(d) be in form and substance satisfactory to the Applicant and to the Monitor, acting reasonably.

ARTICLE 6
CONDITIONS PRECEDENT

6.1 Application for Sanction Order

The Applicant will apply to the Court for the Sanction Order within 10 days following the date upon which Creditor Approval is obtained. On the Plan Implementation Date, subject to the satisfaction or waiver of the conditions contained in section 6.2, the Plan shall be implemented by the Applicant and shall be binding upon all Creditors and all other Persons affected by the provisions of this Plan.

6.2 Conditions Precedent to the Implementation of the Plan

The implementation of this Plan will be conditional on the satisfaction of the following conditions:

(a) *Creditor Approval* - The Plan has been approved pursuant to the CCAA by each Class of Creditors;

(b) *Approval* - The Applicant shall have taken all corporate actions and proceedings which, in their reasonable opinion, are necessary to approve this Plan, and to enable them to execute, deliver and perform their obligations under this Plan;

(c) *Sanction Order* - The Sanction Order has been issued by the Court on or before June 22, 2009, or such later date as the Applicant and the Monitor deems reasonable, and any other order deemed necessary or desirable by the Applicant or the Monitor has been obtained;

(d) *Payment of Unaffected Claims* - all of the Unaffected Claims accrued to the Plan Implementation Date shall have been paid, or provision for payment of the Unaffected Claims shall have been made (in the opinion of both the Applicant and the Monitor, each acting reasonably);

(e) *Declaration of Trust* – the Applicant shall have delivered to the Monitor a declaration of trust, wherein the Applicant declares that effective on the Plan Implementation Date the Applicant holds all Policies and all funds deposited into the Monitored Trust Account in trust for the beneficiaries of this Plan, and that the Policies and Insurance Proceeds and all other funds held in the Monitored Trust Account shall be dealt with only in the manner provided for in this Plan;

(f) *Deliveries of Instruments* – The Applicant shall have executed and delivered all such other agreements, indentures, documents and other instruments which, in its opinion, and the Monitor's opinion, acting reasonably, are necessary to be executed and delivered by the Applicant in order to implement the Plan and perform its obligations hereunder;

(g) *Directions and declarations of trust, generally* – all directions and declarations of trust to be delivered pursuant to this Plan shall have been delivered in a form satisfactory to the Applicant and the Monitor, each acting reasonably; and

(h) *Deliveries of Documents* - all relevant Persons have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicant and the Monitor, acting reasonably, are necessary to implement the provisions of the Plan or the Sanction Order.

ARTICLE 7
GENERAL

7.1 Binding Effect

At the Effective Time on the Plan Implementation Date, the Plan will become effective and be binding on and enure to the benefit of the Applicant, the Creditors and all other Persons named or referred to in, or subject to, this Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

7.2 Amendments

(a) The Applicant reserves the right, at any time and from time to time, to amend modify and/or supplement this Plan, provided that any such amendment, modification or supplement must be contained in a written document which is filed with the Court and (i) if made prior to any meeting of Creditors called for the purpose of considering and voting in respect of the Plan pursuant to the CCAA, communicated to the Creditors in the manner deemed appropriate by the Monitor; and (ii) if made following such meeting, approved by the Court following notice to the Creditors affected thereby.

(b) Any amendment, modification or supplement may be made by the Applicant following the Sanction Order, with the consent of the Monitor, provided that it concerns a matter which, in the opinion of the Applicant, acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and to the Sanction Order and is not adverse to the financial or economic interests of the Creditors.

(c) Any supplementary plan or plans of compromise or arrangement filed with the Court and, if required by this Section, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporate into this Plan.

7.3 Termination

At any time prior to the Plan Implementation Date, the Applicant may determine not to proceed with this Plan, notwithstanding any prior approvals given at any Meeting or the obtaining of the Sanction Order.

7.4 Releases

Other than in respect of Unaffected Claims and obligations under the Plan, as at the Effective Time, each Creditor will be deemed to forever release, waive and discharge all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (including any claim of a beneficial interest, ownership interest, trust interest, or any other proprietary interest against the Applicant or in any of its assets, including the Policies and the Premium Reserves), in each case whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Valuation Date in any way relating to the Applicant, the CCAA Proceedings or this Plan against: (i) the Applicant; (ii) the Directors and those Persons who were employees of the Applicant as of the Valuation Date or thereafter; (iii) Persons who may claim contribution or indemnification against or from the Applicant; (iv) Agents, (v) the Monitor, and (vi) the legal counsel and other professional advisors to the Applicant or the Monitor, provided that nothing herein will release or discharge (A) directors or officers of the Applicant in respect of any claim referred to in paragraph 5.1(2) of the CCAA, or (B) any claims made in the Actions against the Applicant.

7.5 Consents, Waivers and Agreements

At the Effective Time, each Creditor shall be deemed to have consented and agreed to all of the provisions of this Plan, as an entirety. Without limitation to the foregoing, each Creditor will be deemed:

(a) to have executed and delivered to the Applicant all consents, assignments, releases and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety;

(b) to have waived any default by or rescinded any demand for payment against the Applicant that has occurred on or prior to the Plan Implementation Date pursuant to, based on or as a result of any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and such Applicant with respect to a Claim; and

(c) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Applicant with respect to a Claim as at the Plan Implementation Date and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

7.6 Severability of Plan Provisions

If, prior to the Effective Time, any provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Monitor may alter such provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of such provision, and such provision will then be applicable as altered and the remainder of the provisions of this Plan will remain in full force and effect and will in no way be invalidated by such alteration.

7.7 Governing Law

This Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

The Applicant agrees to execute and deliver, on or after the Effective Time, all such agreements, instruments and documents and to take all further actions as may be reasonably necessary from time to time to carry out the intent and purposes of this Plan.

7.8 Directions

The Applicant or the Monitor may at any time, and with such notice as the Court may require, seek directions from the Court with respect to this Plan and the provisions hereof, including the Schedules.

7.9 Notices

Any notice or other communication to be delivered or filed hereunder must be in writing and reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery, courier, registered mail, electronic mail or by facsimile addressed to the respective parties as follows:

(a) if to the Monitor:

Ernst & Young Inc.
Court-appointed Monitor of Universal Settlements International Inc.
222 Bay Street, Suite 1600
Toronto, Ontario M5K 1J7
Canada

Attention: Brian Denega
Fax No.: (416) 943-3300
Email: universal.settlements@ca.ey.com

(b) if to a Creditor:

to the last known address (including facsimile number) for such Creditor, or to such address specified in an Acknowledgement of Claim or Request for Amendment (each as defined in the Claims Procedure Order) or a Proof of Claim relating to such Creditor, or as such Creditor has otherwise specified in writing to the Monitor.

(c) if to the Applicant:

Universal Settlements International Inc.
5500 North Service Road
Burlington, Ontario
Canada L7L 6W6

Attention: Jeff Panos, President
Fax No.: (905) 331-6011
Email: jpanos@universalsettlements.com

with a copy to:

Rueter Scargall Bennett LLP
Brookfield Place
161 Bay Street, Ste 4220
Box 226
Toronto, Ontario M5J 2S1 Canada

Attention: Randy Bennett
Fax No.: (416) 869-3411
Email: randy.bennett@rslawyers.com

with a copy to:

Ogilvy Renault LLP / S.E.N.C.R.L., s.r.l.
Suite 3800, P.O. Box 84
Royal Bank Plaza, South Tower
200 Bay Street
Toronto, Ontario M5J 2Z4 Canada

Attention: William McNamara
Fax No.: (416) 216-3930
Email: wmcnamara@ogilvyrenault.com

or to such other address as any party may from time to time notify the others in accordance with this Section. All such communications that are delivered will be deemed to have been received on the day of delivery. All such communications that are sent by facsimile or electronic mail will be deemed to be received on the day sent if sent before 5:00 p.m. on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such facsimile or electronic mail was sent. Any notice or other communication sent by registered mail will be deemed to have been received on the third day after the date of mailing.

SCHEDULE A
(administrative services to be provided)

In consideration of the payment of the Administrative Fee of CDN $100,000 per month, the Applicant (with the assistance of Mills) shall provide the following services relating to the administration of the Policies and to the discharge by the Applicant of its duties under the Plan:

The Applicant will continue to do the following:

1. Premium management and funding

- Premium payments.
- monthly Premium reports.
- Premium payment optimization. Modifying the Premiums needed on a regular basis so as to minimize the Premiums needed to maintain Policies in good standing as new data is received.

2. Performing cash-value analyses and borrowing against or from Policies, where permitted by the Plan and for the purposes specified therein

3. Active management of cash surrender values on Policies

4. Insured tracking

- Monitoring the status of each insured person within the portfolio.
- Maintain direct personal contact with each insured person quarterly.

5. Group policy and Premium waiver management

6. Processing death claims as policy maturities occur, utilizing where possible the Applicant's relationships with insurers to facilitate the processing and collection of death benefits

7. Investor communications and information updates

- Collection of verifications of coverage annually and other information and documents from insurance companies as required.
- Collection of updated medical information and life expectancy reports as requested by the Monitor.
- Maintain, update and enhance Policy databases and related spreadsheets.
- Database updates and administrative processing of investor requests such as collateral assignments, beneficiary changes etc.
- Continuing to liaise with all Purchasers to ensure that everybody understands processes.
-

8. Maintaining web access for investors to view documents online.

- Maintain Purchaser communication tools like website and corporate updates.

9. Provide written reports to Purchasers as requested.

10. Customer support for Purchasers' telephone, fax or email inquiries, on Business Days during normal business hours.

11. Daily cash-flow reconciliations and reports.

12. Regular reporting to Monitor and Purchasers as mandated by the Court.

13. Ensuring regulatory compliance with respect to the Policies.

In the event that the Applicant defaults in the performance of these services for any reason, the Monitor shall be entitled to take the steps outlined in Section 4.14 of the Plan or, if the urgency of the default is such that the Monitor, acting reasonably, cannot give the notice required by Section 4.14 of the Plan, then the Monitor may apply to the Court for directions, on such notice as the Court may direct.

SCHEDULE B
(Methodology for payment of Distributions from the ROI Pool)

The monies in the ROI Pool shall be paid by the Monitor in the following order and in accordance with the following terms:

FIRSTLY, if monies are available in the ROI Pool after the payment of one hundred percent (100%) of Purchasers' Original Investments, then the Monitor shall pay Distributions to each Purchaser based on each Purchaser's proportionate entitlement, calculated in accordance with the following formula:

2009 minus the year in which the Original Investment was made by the Purchaser;

add one (1);

multiply by the amount of the Original Investment made by the Purchaser;

the product will then represent each Purchaser's proportionate entitlement to Distributions from the monies available in the ROI Pool.

FOR EXAMPLE:

Purchaser A invested \$100,000 in 2001, and Purchaser B invested \$100,000 in 2005. Their respective proportionate entitlements would be:

Purchaser A – 2009 minus 2001 equals 8, plus 1 equals 9, multiplied by \$100,000 equals 900,000 'units' for the purposes of calculating sharing of the monies available in the ROI Pool

Purchaser B – 2009 minus 2005 equals 4, plus 1 equals 5, multiplied by \$100,000 equals 500,000 'units' for the purposes of calculating sharing of the monies available in the ROI Pool

Such Distributions shall continue until Purchasers in aggregate are paid one hundred and ten percent (110%) of their Original Investments.

SECONDLY, the Monitor shall pay the next U.S. \$1,000,000 to the Applicant as a success fee.

THIRDLY, any monies remaining in the ROI Pool shall be distributed (i) seventy-five percent (75%) to the Purchasers, in accordance with the above formula, and (ii) twenty-five percent (25%) to the Applicant.

Appendix B

UNIVERSAL INTERNATIONAL SETTLEMENTS™ INC.
5500 north service road, burlington, ontario canada l7l 6w6
tel. (905) 331-9171 fax. (905) 331-6011 toll free. 1-888-874-4655

December 24, 2015

To: The Creditors of Universal Settlements International Inc.

Re: Notice of Interim Distribution for 2015

The Creditors approved a Plan Amendment at a Creditors' Meeting on November 24, 2014 to permit a sale of all or part of the Policies under the Plan. On March 23, 2015, as Trustee for the beneficiaries of the Plan, Universal Settlements International Inc. ("USI") executed an asset purchase agreement with Vida Capital, Inc. for the sale of all remaining unmatured Policies. On April 9, 2015, USI obtained Court approval of the Asset Purchase Agreement pursuant to an approval and vesting order and the sale of the Purchased Policies to Vida Capital, Inc. closed on April 10, 2015.

The Asset Purchase Agreement requires that USI hold in escrow a percentage of the sale proceeds as a tax reserve pending the resolution of and fulfilling certain tax requirements. USI is currently working to meet the terms of the tax reserve in the Asset Purchase Agreement to Vida Capital, Inc.'s reasonable satisfaction through, among other things, a determination that the trust under the Plan is a bare trust. This will require a court application that is expected to be heard in mid-February, 2016.

While the legal and tax issues necessary to meet the terms of the tax reserve in the Asset Purchase Agreement to Vida Capital, Inc. are being resolved, there are sufficient funds in the trust to make an interim distribution of US$7,400,000 among the Creditors of record as of December 31, 2015, allocated among such Creditors in accordance with the terms and conditions of the Amended Plan of Compromise and Arrangement dated June 16, 2009, as amended by the Plan Amendment dated November 24, 2014. Enclosed with a copy of this letter is a copy of the Notice of the Interim Distribution, which has also been posted on USI's website and the Monitor's website.

The interim distribution funds will be sent to the address in USI's records unless we receive other instructions in writing from you on or prior to February 1, 2016. Please provide any alternative instructions via email to universal.settlements@ca.ey.com.

Sincerely,

Christopher Halas
Vice-President and Secretary

Appendix C

Appendix "C"

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.
Monitored Trust Account Cash Flow
From July 21, 2009 to November 30, 2015
(approximately seventy six months)

($ Canadian)	March 1, 2015 - November 30, 2015	July 21, 2009 - November 30, 2015
Opening cash balance:	40,531	
Transfers from Premium Reserve account	0	2,952,296
Transfers from Maturities Account	0	7,007,999
Total Opening Cash Balance	0	9,960,295
Receipts		
Policy Maturities	7,726,304	43,936,706
Other	117	6,014,869
Loans	1,263,139	15,708,083
Portfolio Sales	39,732,207	39,732,207
Post Closing Premiums Reimbursement	888,048	888,048
Total Receipts	**49,609,815**	**106,279,912**
Disbursements		
Policy Portfolio Expenses:		
Premium Payments	781,340	46,461,310
Administrative Fees	400,000	7,228,552
Mills, Potozcak Fees	30,409	299,170
Portfolio Administrative Charges - Other	29,017	769,859
Total Policy Portfolio Expenses	**1,240,766**	**54,758,891**
Restructuring Expenses		
Unaffected Claims	0	782,378
Monitor's fees and disbursements	441,312	2,792,909
Legal fees and disbursements:		
Ogilvy Renault LLP (Norton Rose)	0	89,488
Rueter Scargall Bennett LLP	199,788	436,743
Blake, Cassels and Graydon LLP	282,336	1,090,165
Total Restructuring Expenses	**923,436**	**5,191,683**
Other Expenses:		
Litigation Contribution	0	1,073,571
Borrowing Costs Loan Payments	8,817,658	15,708,396
Borrowing Costs Interest Payments/Lenders Fee	899,323	1,764,163
Bank Charges	242	3,698
Bank Charges Portfolio Sales	2,831	2,831
Total Other Expenses	**9,720,053**	**18,552,659**
Total Disbursements	**11,884,256**	**78,503,233**
Receipts over Disbursements	**37,725,559**	**27,776,679**
Foreign exchange gain/(loss)	217,372	246,488
Ending cash balance, November 30, 2015	**37,983,462**	**37,983,462**

Notes:

All cash balances are recorded by USI on a book basis.

A foreign exchange rate of CAD $1 = USD $0.95 was assumed.

The foreign exchange gain/loss is the difference between transfers throughout the Reporting Period at the actual floating rate and the exchange rate assumed in the cash flow.