Court File No. 08-CL-7878

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

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

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

Applicant

SUPPLEMENT TO THE TWENTY-THIRD REPORT OF THE MONITOR
Dated April 7, 2015

April 7, 2015

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
Commerce Court West
199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9

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

Lawyers for the Monitor,
Ernst & Young Inc.

TO: SERVICE LIST ATTACHED

Court File No. 08-CL-7878

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BETWEEN:

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

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

Applicant

SERVICE LIST

TO: **RUETER SCARGALL BENNETT LLP**
Suite 2200
250 Yonge Street, P.O. Box 4
Toronto, ON M5B 2L7

Sara Erskine
Tel: (416) 597-5408
Fax: (416) 869-3411
Email: sara.erskine@rslawyers.com

Jason Beitchman
Tel: (416) 597 5416
Fax: (416) 869 3411
Email: jason.beitchman@rslawyers.com

AND TO: **NORTON ROSE FULBRIGHT CANADA LLP**
Royal Bank Plaza, South Tower
3800 – 200 Bay Street
Toronto, ON M5J 2Z4

William McNamara
Tel: (416) 216-3906
Fax: (416) 216-3930
Email: william.mcnamara@nortonrosefulbright.com

Lawyers for the Applicant

AND TO: **BLAKE, CASSELS & GRAYDON LLP**
199 Bay Street
Suite 2800, Commerce Court West
Toronto, ON M5L 1A9

Katherine McEachern
Tel: (416)863-2566
Fax: (416) 863-2653
Email: Katherine.McEachern@blakes.com

Milly Chow
Te: (416) 863-2594
Fax: (416) 863-2653
Email: Milly.Chow@blakes.com

Lawyers for the Monitor, Ernst & Young Inc.

AND TO: **ERNST & YOUNG INC.**
Ernst & Young Tower, Suite 1600
222 Bay Street, PO Box 251
Toronto, ON M5K 1J7

Brian M. Denega
Tel: (416) 943-3058
Fax: (416) 943-3300
Email: Brian.M.Denega@ca.ey.com

Karen Fung
Tel: (416) 943-2501
Email: Karen.L.Fung@ca.ey.com

Chris Hutchinson
Tel: (416) 932-6002
Email: Chris.Hutchinson@ca.ey.com

Court-appointed Monitor

AND TO: **ORMSTON LIST FRAWLEY LLP**
40 University Avenue
Suite 720
Toronto, ON M5J 1T1

John P. Ormston, Esq.
Tel: (416) 594-0791
Fax: (416) 594-9690
Email: jormston@olflaw.com

Lawyers for Tom Mitchell, Daphne Mitchell, Gilbert Pereira, Rino Bilfolchi, Patrick Runstedler

AND TO: **John J. Keenan**
Tel: (716)-649-2185
Email: jkeenan71@verizon.net

Lawyers for National Viaticals Inc.

AND TO: **RUDERMAN, SHAW**
Barristers & Solicitors
Suite 1820, P.O. Box 2037
20 Eglinton Avenue West
Toronto, ON M4R 1K8

F.H. Hugh Shaw
Tel: (416) 484-8558
Fax: (416) 484-6918
Email: hshaw@rudermanshaw.com

Lawyers for the Respondents, Ramon Credi Cheja, Helen Marquard de Peterson, Nancy E. Lira-Hereford, Pedro M. Olavarri, Russel E. Kennedy, Ana M. Magaloni De Bustamante, Jose Manuel Rincon Gallardo, Lucia B. Ruiz De Olavarri, Mariagrazia Savini and Esteban Gonzalez Vergara

AND TO: **Garrison, PC**
Garrison, PC
4514 Cole Avenue, Suite 600
Dallas, Texas 75205

William J. Garrison
Tel: 214-295-3330
Fax: 214-295-3331
Email:bill@garrisonpc.com

Agents for Priority Pharmacy, Inc.

AND TO: **BANK AUSTRIA CREDITANSTALT VERSICHERUNGSDIENST GmbH**
ReichsratsstraBe 17
1010 Vienna
AUSTRIA

Mario Sandhu
Tel: +43 (0)50505/42330
Fax: +43 (0)50505/42393
Email: Sandhu@ba-cavd.at

AND TO: **DR. KARL HAFELE**
Via Principale 43
I-39021 Laces
(Prov. Bolzano) ITALY
Tel: +39 331 9035522
Email: karl.hafele@gmail.com

AND TO: **SHIBLEY RIGHTON LLP**
Barristers and Solicitors
250 University Avenue
Suite 700
Toronto, Ontario M5H 3E5

SANDRA E. DAWE
Tel: (416) 214-5481
Fax: (416) 214-5482
Email: Sandra.dawe@shibleyrighton.com

JOHN DE VELLIS
Tel: (416) 214-5235
Fax: (416) 214-5432
Email: john.devellis@shibleyrighton.com

Lawyers for Cajubi Caja Paraguaya de Jubilaciones y Pensiones

AND TO: **BORDEN LADNER GERVAIS**
Scotia Plaza
40 King Street West
Toronto, ON M5H 3Y4

Edmond F.B. Lamek
Tel: (416) 367-6311
Fax: (416) 361-2436
Email: elamek@blg.com

Lawyers for VCH

AND TO: **WHITE DUNCAN LINTON LLP**
Barristers and Solicitors
P.O. Box. 457
Waterloo, Ontario N2J 4B5

Irwin A. Duncan
Email: iad@kwlaw.net

Michael A. Vanbodegom
Email: mvb@kwlaw.net

Tel: (519) 886-3340
Fax: (519) 886-8651

Lawyers for Ted Buczek ,Boyd Rees, Judy Rees,
Peter Dixon, Bogumila Lee, Janusz Poreba
and Andrzej Mardula

AND TO: **BORDEN LADER GERVAIS LLP**
Scotia Plaza
40 King Street West, 44th Floor
Toronto, Ontario M5H 3Y4

Craig J. Hill
Email: chill@blg.com

Tel: (416) 367-6156
Fax: (416) 361-7301

Creditor

AND TO: **PICCIN, BOTTOS**
Barristers and Solicitors
4370 Steeles Ave. West
Suite 201
Woodbridge, Ontario L4L 4Y4

Phillip Pittini
Email: ppittini@piccinbottos.com

Tel: (905) 850-0155 ext. 241
Fax: (905) 850-0498

Lawyers for Buonavita Investments Limited

AND TO **VIDA CAPITAL, INC.**
805 Las Cimas Parkway
Suite 350
Austin, TX 78746
USA

Daniel Young
Email : dan.young@vidacapitalinc.com

Alston & Bird
2828 North Harwood Street
Suite 1800
Dallas, TX 75201-2139

Mark W. Harris
mark.harris@alston.com
Counsel for Vida Capital, Inc.

AND TO: **Those parties who have delivered to the Monitor a Service List Request Form, to the Email addresses provided**

Court File No. 08-CL-7878

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

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

SUPPLEMENT TO THE TWENTY-THIRD REPORT OF THE MONITOR

April 7, 2015

PURPOSE OF THIS REPORT

1. The purpose of this supplement (the "**Supplemental Report**") to the twenty-third report of the Monitor dated March 24, 2015 (the "**Twenty-Third Report**") is to advise this Court with respect to:

   (a) Certain maturities that have occurred since the execution of the Sale Agreement (as defined in the Twenty-Third Report), and the filing of the Twenty-Third Report;

   (b) The collection of certain death benefits since the filing of the Twenty-Third Report; and

   (c) the impact of the maturities on the Sale Agreement.

TERMS OF REFERENCE

2. In preparing this Supplemental 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 Supplemental 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; and

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

3. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms that are not specifically defined in this Supplemental Report have the meanings ascribed to them in the Plan, the SISP, or the Sale Agreement, copies of which are attached to the Twenty-third Report.

MATURITIES AND DEATH BENEFIT RECEIPTS

4. On April 1, 2015, the Monitor was notified that two of the Policies listed in Schedule "A" to the Sale Agreement with a combined face value of US $5 Million had matured due to the death of the insured on March 30, 2015 (the "**V.F. Matured Policies**"). One of the V.F. Matured Policies is subject to a policy loan of approximately US $800,363 which is to be repaid from the death benefits payable, for a net realization of approximately US $4,199,637. As discussed more fully below, as these maturities have occurred prior to the closing of the Sale Agreement, the V.F. Matured Policies are to be excluded from the Sale Agreement, and the proceeds of the V.F. Matured Policies will be collected by USI for the benefit of the Plan Beneficiaries. The Purchase Price to be paid by the Purchaser for the Purchased Policies will be reduced by the price allocated by the Purchaser to the V.F. Matured Policies.

5. In addition, since the date of the Twenty-Third Report, USI has collected the death benefits relating one of the three Policies comprising the US $3.3 million in face value of Policies described as having matured at paragraph 20(b) of the Twenty-Third Report. The face value of that Policy collected is US $1 million. The proceeds that have been collected in respect of the Policy, net of a policy loan outstanding, are US $758,642.

6. As a result, at the date of this Supplemental Report, the sum outstanding to be collected by USI for the benefit of the Plan Beneficiaries on the maturities of four Policies (being the remaining two Policies referenced at paragraph 20(b) of the Twenty-Third Report and the two V.F. Matured Policies), with aggregate face value of approximately US $7.3

million (US$3.3 million previously reported, plus the V.F. Matured Policies of US $5 million, less US$1 million collected), is approximately US $6.5 million, after deduction of the US$ 800,363 policy loan noted at paragraph 4 above.

IMPACT OF MATURITIES ON THE SALE AGREEMENT

7. The V.F. Matured Policies are Purchased Policies under the Sale Agreement. Pursuant to section 3.6 of the Sale Agreement, in the event that a maturity of a Purchased Policy occurs on or before the Closing Date, and notice is provided to the Vendor or Purchaser within 120 days after Closing, such Matured Policy shall be excluded from the Sale Agreement as an Excluded Asset, the proceeds of the death benefits are to be retained by the Vendor, and there is provision for the adjustment and reimbursement of the Purchase Price, any Post-Closing Premiums and any Purchaser Premiums paid by the Purchaser into escrow.

8. In this case, notice of the V.F. Matured Policies was given prior to the Closing Date. As a result, the Purchase Price, the Post-Closing Premiums, and the Purchaser Premiums have not yet been deposited into escrow by the Purchaser. The parties have agreed to account for the maturity of the V.F. Matured Policies, and the removal of them from the Sale Agreement, by amending the form of Escrow Agreement to be executed on Closing, the form of which is attached as Schedule "D" to the Sale Agreement, to provide for an adjustment to the Purchase Price, the Post-Closing Premiums and the Purchaser Premiums to be deposited into escrow pursuant to the Sale Agreement.

9. The form of Escrow Agreement to be executed on Closing has been amended to provide

as follows:

(a) The Cash Payment portion of the purchase price for the Purchased Policies has been adjusted to be US $37,760,218.23;

(b) Post-Closing Premiums have been re-calculated to exclude any amounts relating to the V.F. Matured Policies; and

(c) Purchaser Premiums have been re-calculated to exclude any amounts relating to the V.F. Matured Policies.

10. The number of Purchased Policies is now 110, after excluding the V.F. Matured Policies from the Sale Agreement.

11. No amendments have been made to the Sale Agreement, and other than the foregoing adjustments reflected in the amended form of Escrow Agreement to be executed on Closing, all terms and conditions of the Transaction remain the same.

12. The net effect of the exclusion of the V.F. Matured Policies from the Sale Agreement and the collection of the death benefits related to the V.F. Matured Policies is to increase the proceeds to be collected in the Monitored Trust Account by an additional approximately US $2 million over that which would have been received on Closing if the V.F. Matured Policies were not excluded from the Sale Agreement.

ALL OF WHICH is respectfully submitted this 7th day of April, 2015.

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

Court File No.: 08-CL-7878

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

SUPPLEMENT TO THE TWENTY-THIRD REPORT OF THE MONITOR

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
Commerce Court West
199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9

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

Lawyers for the Monitor,
Ernst & Young Inc.

12746957.1