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.

FIRST REPORT OF THE MONITOR
December 17, 2008

INTRODUCTION

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

2. The purpose of this report (the "**Report**") is to provide this Honourable Court with information on:

   i) USI's current liquidity;

   ii) activities of the Monitor since its appointment;

   iii) the Applicant's cash management system;

   iv) the Applicant's actual cash flow results for the period from the date of the Initial Order to December 12, 2008;

   v) the Applicant's updated cash flow forecast to February 28, 2009; and

vi) the Monitor's analysis and recommendation concerning USI's request for an extension of the stay established by the Initial Order (the "**Stay Period**") for a short period following December 31, 2008.

TERMS OF REFERENCE

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

4. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Where applicable in the Report, United States dollar amounts have been converted into Canadian dollars at an exchange rate of 1.176.

5. Capitalized terms not defined in this Report are as defined in the Applicant's Initial Application and the Initial Order.

BACKGROUND

6. As set out in the affidavit of Christopher Halas dated December 2, 2008 filed in support of USI's application for the Initial Order, USI is in the business of "Life Settlements", which involves the purchase of life insurance policies at a discount from their face amounts, on behalf of investors and itself. In order for investors to realize the return on their investments, it is necessary for the premiums on the policies to be maintained until the policies' maturity dates (ie. the death of the policies' respective insureds).

7. USI's business model was predicated on actuarial estimates of the life expectancy of the insureds underlying the policies that USI dealt with and in many cases reinsurance of the risk associated with the actuarial estimates through a third party reinsurer to which

USI paid reinsurance premiums. USI made assumptions as to the amount of premiums it would be prudent to plan for in respect of each policy in order to preserve the value of the policy to maturity. The Applicant has advised the Monitor that the underlying insureds have generally lived longer than expected and that the reinsurance company that was paid to insure against this very risk has failed to honour its financial obligations to USI. Coupled with USI's diminishing corporate cash assets, these issues threatened USI's ability to continue to fund life insurance premium payments and prevent policies from lapsing, which would result in the loss of the substantial value represented in each policy.

8. In response to its liquidity issues and the investors' increasing concerns, on October 1, 2008 USI retained Consol Asset, a boutique advisory firm which specializes in restructuring and engineered solutions, to assist it in its restructuring, including searching for new financing, analyzing the policy portfolios and considering alternative strategies to maximize value for USI's investors and other stakeholders. Consol Asset has continued to work with USI since the issuance of the Initial Order.

9. USI has commenced these CCAA Proceedings in order to enable it to explore, in an urgent manner through a structured process, options for refinancing or restructuring its business in order to preserve policies for the benefit of investors and itself.

MONITOR'S ACTIVITIES TO DATE

10. On December 4 and 5, 2008, as provided by the Initial Order, the Monitor mailed a notice (the "**Notice**") to the Applicant's creditors, including investors, advising of the CCAA filing and the Initial Order and information concerning how to obtain a copy of the Initial Order and contact the Monitor. A copy of the Notice is attached as Appendix "B". The Notice was mailed to the known creditors of the Applicant as shown in the Applicant's books and records (the "**Creditors**"). As well, the Monitor sent the Notice by e-mail to 97 agents who acted as intermediary or advisor between USI and some of the investors.

11. The Initial Order provided for a "come-back" date of December 18, 2008 for purposes of providing this Honourable Court with an update and for any interested party who files a Notice of Appearance to appear and to make submissions.

12. The Monitor posted the Initial Order, the Notice and the Application Record on a website (www.ey.com/ca/universalsettlements) maintained by the Monitor (the "**Website**"). Information for stakeholders and materials filed with this Honourable Court by the Applicants and the Monitor will be posted on the Website as soon as they have been served on the Service List.

13. USI's records indicate that many of the investors are located outside Canada, including Europe, Asia and Latin America.

14. The Notice (in English) was mailed to 3,785 creditors (primarily investors) and 97 agents. The Applicant also translated it into French, German and Spanish and these versions were placed on the Website. To date, the Applicant has not translated any of the other documents placed on the Website (ie. the Initial Order and the Application Record); however, the Monitor is in the process of arranging for an informal translation of the Initial Order into French, German and Spanish with the intention of posting these translations on the Website as soon as they are completed. Due to the Applicant's very limited financial resources, the Applicant is not in a position to pay for the translation of all documentation in these proceedings.

15. In consultation with the Monitor, USI has assisted some foreign stakeholders in making contact with third party consultants who are familiar with USI's business and can provide translation assistance to stakeholders who are not able to understand the English documents. The Applicant and the Monitor will continue to take such informal steps as are practicable in the circumstances to assist foreign stakeholders in obtaining such assistance. Subject to this Honourable Court's direction, and except as noted above, the Monitor intends to provide all information and documentation in English only.

16. In addition to notifying the Creditors, the Monitor has advised and assisted the Applicant on a number of matters since the date of filing. The more significant matters include:

i) assistance with establishing post-filing cash management systems and procedures;

ii) assistance with the preparation of projected cash flow statements;

iii) monitoring of cash receipts and disbursements since the date of the filing;

iv) ongoing assistance with creditor inquiries;

v) review of a sample of policy files; and

vi) discussions with the Applicant and its advisors regarding potential structures for a plan of arrangement.

CASH MANAGEMENT SYSTEM

17. Prior to the commencement of these CCAA Proceedings, the Applicant segregated cash into the following three types of accounts:

i) "**USI Corporate Accounts**": These accounts were maintained by USI and used for: a) receiving commissions and annuity payments; b) funding operations; and c) paying premiums for policies owned outright by USI ("**Unallocated Premiums**") and policies for which fractional interests were acquired by third-party investors for which there were no longer any premium reserves set aside.

ii) "**MPC Premium Reserve Accounts**": These accounts were maintained at the Cleveland, Ohio CPA firm of Mills, Potoczak & Company ("MPC") which has acted as trustee and administrator for purposes of holding funds and remitting premiums on behalf of USI, and held reserves set aside to fund premiums for specific policies ("**Allocated Premiums**"). As part of each Life Settlement transaction, the Applicant would set aside a portion of the payment received from an investor to fund ongoing premium reserves based upon the life expectancy estimate. These accounts also included any remaining premium reserves and profits upon maturity of the related policies and interest earned on the funds held. Trust expenses and taxes were paid out of these accounts.

iii) "**MPC Escrow Account**": This account, also maintained by MPC was used to handle cash designated for the purchase of new policies. Funds received from investors would be deposited into this account. When a purchase of a new policy was made, MPC would then transfer the purchase price to the vendor and the established Premium Reserve to the MPC Premium Reserve Account. In certain cases, policies were bought and then sold. MPC remitted the sale proceeds to USI but the gain on the sale often remained in this account. This account also held commissions received on behalf of USI and interest earned on funds in the account.

18. Prior to the CCAA Application, USI arranged for the cash held by MPC in all of its accounts to be returned to Canada and held in trust by its lawyers, Ogilvy Renault LLP ("**Ogilvy**") pending further direction from this Honourable Court (the "**Ogilvy Trust**").

19. With USI's concurrence, MPC held back US $250,000 from the MPC Premium Reserve Accounts and US $50,000 from the MPC Escrow Account to fund Allocated Premiums payable beginning in December.

20. A total amount of US $4,868,643 was transferred to Ogilvy by MPC. This amount was received in two cheques, in the amount of US $927,754 (the "**Ogilvy Escrow Amount**") and US $3,940,937 (the "**Ogilvy Premium Reserve Amount**"). The amount of US $927,754 represented amounts that had been held by MPC in the MPC Escrow Account, and the amount of US $3,940,937 represented amounts that had been held by MPC in the MPC Premium Reserve Account.

21. As a result of the transfers, at the date of filing, December 2, 2008, USI, Ogilvy and MPC held cash attributable to USI and its investors in the following amounts:

USI	USI Corporate Accounts	$1,052,786
Ogilvy	Ogilvy Escrow Amount	US $927,754
Ogilvy	Ogilvy Premium Reserve Amount[1]	US $3,940,937
MPC	MPC Premium Reserve Accounts	US $250,000
MPC	MPC Escrow Account	US $50,000

22. The Initial Order authorized MPC to use the US $300,000 that it retained in the ordinary course to fund the payment of premiums as they fall due and in accordance with specific insurance policies to which the funds have been designated

[1] The Ogilvy Escrow Amount and the Ogilvy Premium Reserve Amount are held together as one amount in trust by Ogilvy.

23. Pursuant to the Initial Order, funds totalling approximately US$778,000 held in the Ogilvy Trust on account of the Ogilvy Escrow Amount, which MPC had determined not to be premium reserve funds, were transferred into the USI Corporate Account for use in paying ongoing corporate expenses including the payment of premiums on policies for which a premium reserve does not otherwise exist. These funds were reflected in the opening balance of the USI Corporate Account in the cash flow projection filed by the Applicant in its Initial Application. The balance of the Ogilvy Escrow Amount of US $148,094, along with the amount designated as the Ogilvy Premium Reserve Amount, all being held together in the Ogilvy Trust, were authorized to be released to the Applicant for the purposes of establishing an account (the "**USI Premium Reserve Account**") from which premium payments can be made as they fall due and in accordance with specific insurance policies to which the funds have been designated. These funds have not yet been transferred from the Ogilvy Trust to USI.

24. The Applicant has advised the Monitor that subsequent to the Initial Order, MPC has continued to review the details of the funds that it transferred to the Ogilvy Trust to confirm the portion of the account that was not earmarked for Allocated Premiums.

25. On December 15, 2008, MPC, in its capacity as trustee and administrator, provided a reconciliation of the funds transferred to Ogilvy and a letter confirming its conclusions, copies of which are attached hereto as Appendix "C".

26. Based on the reconciliation provided by MPC, USI is seeking an order authorizing the release of a further US $605,033 (the "**Additional Funds**") from the Ogilvy Trust on the basis that it is not earmarked for Allocated Premiums and may be transferred to the USI Corporate Account to assist USI with its ongoing cash requirements, including the payment of premiums on policies for which there is no Allocated Premium. An amount of US $62,439 is to be transferred from the Ogilvy Escrow Amount and US $542,594 is to be transferred from the Ogilvy Premium Reserve Amount, totalling US $605,033. The Monitor has discussed the reconciliation with a representative of MPC who has indicated that:

   i) With the exception of US $86,465 which had been set aside to fund certain commitments to purchase new policies, the funds represented by the Ogilvy Escrow Amount are funds that could be used for USI's corporate purposes. Accordingly, MPC is of the view that US $62,439 could be released to USI;

ii) MPC's records indicate that total funds required to be held as Premium Reserve Amounts are US $3,880,113. MPC currently holds certain annuity contracts valued at US $481,770 which had been set up to fund Allocated Premiums. As a result, MPC is of the view that the net amount required to be held as Premium Reserve Amounts is US $3,398,343 and accordingly, that US $542,594 could be released to USI. MPC advises that the excess funds represent excess premium reserves remaining in respect of specific policies which had matured earlier than expected and interest which accrued on the premium reserves.

27. If this Honourable Court approves the transfer of the Additional Funds to the USI Corporate Account, the Applicant's cash flow projections, discussed below, indicate that it will be able to fund its operations until at least January 24, 2009.

28. The Monitor notes that management of USI and representatives of MPC continue to review the MPC reconciliation of its accounts. Management of USI has indicated that it is of the view that a further US $300,000 could also be released from the Ogilvy Premium Reserve Amount (i.e. in addition to the Additional Funds of US $605,033 discussed above) as MPC continues to hold the US$300,000 withheld on the transfer of funds to the Ogilvy Trust and those funds held by MPC will be used for the payment of Allocated Premiums. MPC has indicated that it is continuing to review the matter and will report back to USI shortly. The Monitor anticipates that USI will seek this Honourable Court's direction for any further release of funds from the Ogilvy Premium Reserve Amount.

29. Subsequent to the date of the Initial Order, USI established a new bank account to hold funds received on the maturity of policies (the "**Death Benefits Reserve**") as the Initial Order provides that these funds are to be held in trust. Instead, it is anticipated that these funds will be held separately by USI and dealt with pursuant to a plan of arrangement or further direction of this Honourable Court. Funds held by USI as at the date of filing in the USI Corporate Account in the amount of US $158,132 were transferred to the Benefits Reserve on December 12, 2008 as these funds represented payments received on the maturity of policies prior to the filing that had not been disbursed to investors.

ACTUAL CASH FLOW ACTIVITY TO DECEMBER 12, 2008

30. A summary of actual ending cash balances as at December 12, 2008 as compared to the Applicant's projected cash balance as reflected in the cash flow projection included in the Initial Application Record is as follows:

	Ending Cash Balances		
	Forecasted	**Actual**	**Variance**
USI Corporate Account	933,405	1,145,018	211,613
Excess Premium Escrow Account	-	174,228	174,228
Premium Reserve Account	4,847,791	4,989,316	141,525
Death Benefits Account	144,273	186,038	41,765

31. The favourable variance in the USI Corporate Account is a result of timing differences as follows:

   i) Favourable variance of $50,000 as a result of legal fees not yet paid; and

   ii) Remaining favourable variance of $161,613 mainly as a result of delays in issuing premium payments. The Applicant advises that the delay does not put any policy at risk.

32. The Excess Premium Escrow Account represents the Ogilvy Escrow Amount. USI expected these funds to be transferred from Ogilvy and used to fund premiums and fulfill a purchase commitment. As at December 12, 2008, the funds had not been transferred and remain in the Ogilvy Trust. This results in a favourable variance of $174,228.

33. The Premium Reserve Account, as described in the cash flow projection, represents the Ogilvy Premium Reserve Amount and the US $300,000 withheld by MPC on the transfer of funds to the Ogilvy Trust. USI expected to have paid premiums during the period but deferred the payments to the following week, resulting in the favourable variance of $141,525.

34. The favourable variance in the Death Benefits Reserve is due to the cancellation of stale-dated maturity cheques.

UPDATED CASH FLOW FORECAST TO FEBRUARY 28, 2009

35. The Applicant has prepared two forms of an updated Cash Flow Forecast for the period from December 14, 2008 through February 28, 2009 (the "**Forecast Period**"). One form of Cash Flow Forecast includes the transfer of the Additional Funds from the Ogilvy Trust to the Corporate Account (the "**Additional Funds Forecast**"), while the other does not (the "**Current Funds Forecast**"). The Additional Funds Forecast and the Current Funds Forecast are attached to the Affidavit of Christopher Halas sworn December 16, 2008.

36. The Monitor notes that the Additional Funds Forecast and the Current Funds Forecast were prepared on a cash basis (i.e. disbursements were reflected in the week that they were expected to clear the bank account instead of the week they were released). In order to allow this Honourable Court to fully assess the quantum of committed funds at any point during the Forecast Period, the Applicant has prepared revised cash flow projections (the "**Revised Additional Funds Forecast**" and "**Revised Current Funds Forecast"**, respectively) that reflect the payments being made at the time the cheques are released. The Revised Additional Funds Forecast and Revised Current Funds Forecast are attached at Appendices "D" and "E" respectively. The notes and assumptions for these forecasts are attached as Appendix F.

37. As detailed in the Revised Additional Funds Forecast, the Applicant is projecting the following changes in the cash accounts through the Forecast Period:

    i) A decrease in cash held in the USI Corporate Account (identified as the USI Inc. Operating Account in the Revised Additional Funds Forecast) of $2,073,831, resulting in a negative ending balance at February 28, 2009 of $928,813;

    ii) A decrease in cash held in the Premium Reserve Account (as identified in the Additional Funds Forecast), which includes the Ogilvy Premium Reserve Amount and the US$300,000 retained by MPC on account of premium reserves of $1,172,481, resulting in an ending balance at February 28, 2009 of 3,816,836;

    iii) No change in the Death Benefits Reserve leaving an ending balance at February 28, 2009 of $186,038; and

    iv) A decrease in the Ogilvy Escrow Amount of $73,458, leaving an ending balance as at February 28, 2009 of $100,770.

38. Based on the Revised Additional Funds Forecast, the Applicant will have sufficient cash to satisfy its ongoing obligations, including scheduled premium payments, to at least January 24, 2009 without further funding.

39. In the event that this Honourable Court does not permit USI to transfer the Additional Funds to the USI Corporate Account, USI is projecting that it will have sufficient cash to maintain operations and fund Unallocated Premiums to January 3, 2009.

PORTFOLIO ANALYSIS AND DEVELOPMENT OF ALTERNATIVES

40. The Applicant has undertaken a detailed review of the life insurance policies, including the legal agreements underlying the relationships between USI and the investors, with a view to better understanding the investors' rights to the cash in the various accounts described above and the alternatives available to USI to finance the continuation of its efforts to restructure for the benefit of its investors and other stakeholders. This review will also assist the Applicant in its analysis of alternative structures for the plan of arrangement that it intends to present to its stakeholders as soon as possible. This review is time consuming given the large numbers and varieties of contracts with investors and the large number of policies held by USI. The review is ongoing and is not yet completed. The Monitor notes that it has not completed its own independent review of the documents. The Monitor anticipates that such a review will only be undertaken once the Applicant's review is complete and upon further direction by this Honourable Court.

41. The following is a summary prepared by the Applicant of the Trusts and the policies held by each as at December 2, 2008 (dollar amounts in millions):

Name of Program / Portfolio	Policy Owner and Beneficiary	No. of Policies	No. of Investors	Investment Value	FV of Policies	Investors Interest in Face Value	USI Inc. Interest in Face Value	Annual Premiums Due	Source of Premiums
Investor Portfolios									
a) GLS & Reinsured GLS Programs	USI (after migration)	122	4364	$ 93.4	$ 141.9	$ 139.2	$ 2.7	$ 3.8	Payable from premium reserve or corporate account.
b) GLS & Reinsured GLS Programs	USI Trust	12	1658	$ 30.4	$ 45.3	$ 44.7	$ 0.7	$ 2.7	
c) Various Policies	USII Trust	4	63	$ 5.8	$ 16.0	$ 12.6	$ 3.4	$ 0.2	Investors pay premiums directly.
d) M-Series Program	M-Series Trust	4	95	$ 3.6	$ 5.2	$ 5.2	$ -	$ 0.2	Five year premium reserve has been escrowed.
		142	6180	$ 133.2	$ 208.4	$ 201.6	$ 6.8	$ 6.9	
Corporate Portfolios								$	
a) Buy-out Portfolio	USI (after migration)	23	0	$ -	$ 3.1	$ -	$ 3.1	$ 0.0	Corporate Account funds.
b) Trade Partners Portfolio	USI Trust or USI	559	0	$ -	$ 37.0	$ -	$ 37.0	$ 0.4	Corporate Account funds.
		582	0	$ -	$ 40.1	$ -	$ 40.1	$ 0.5	
Total		**724**	**6180**	**$ 133.2**	**$ 248.4**	**$ 201.6**	**$ 46.9**	**$ 7.4**	

42. The Monitor is of the view that a key consideration in the short term will be the continued preservation of all policies while the Applicant is afforded a brief further period to complete its analysis and formulate its proposal to maximize recoveries by the investors. The following table provides a short-term timeline summary of policies which will be in default for non-payment of premiums if additional funding is not available beyond the amount reflected in the Current Funds Forecast:

Month	Policies Face Value $	Number of Policies	Number of Investors
January 2009	6,127,760	23	116
February 2009	54,737,605	76	836
March 2009	13,342,967	49	454
Total	74,208,332	148	1,406

MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

43. Since the date of the Initial Order, USI and its advisors have worked diligently to assess the Applicant's cash flow situation and financing options, to analyze the legal rights and relationships between USI and the investors and to begin to formulate alternative structures to reorganize for the benefit of USI's investors, creditors and other stakeholders. USI recognizes that its short supply of cash requires it to proceed as urgently as it can, with its limited resources, to identify a long term solution that maximizes value. It is also pursuing on an urgent basis several alternative sources of immediate financing to alleviate the funding pressure.

44. The Applicant is requesting a short extension of the Stay Period, during which it intends to continue its efforts to improve its liquidity and to develop a plan of arrangement that it will seek this Honourable Court's approval to present to its creditors. The Revised Additional Funds Forecast indicates that the Applicant will not have sufficient funding to maintain its operations and premium payments coming due through January 2009 absent further additional funding which the Applicant has advised the Monitor it intends to bring forward for this Honourable Court's approval imminently.

45. The Monitor is of the view that the Applicant is acting in good faith and with due diligence and that a brief extension of the Stay Period is in the best interests of its stakeholders.

46. In light of the uncertainty around the Applicant's short-term liquidity, the Monitor recommends that if this Honourable Court approves the use of the Additional Funds (which would provide sufficient funding to January 24, 2009 according to the Revised Additional Funds Forecast) then the Stay Period should be extended to January 16, 2009 to provide the Applicant with additional time to complete its short term financing efforts and to report back to this Honourable Court with updated information and cash flow projections.

ALL OF WHICH is respectfully submitted this 17th day of December, 2008.

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

Name: Brian Denega
Title: Senior Vice-President

Appendix “A”

Court File No. 08-CL-7878

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	TUESDAY, THE 2nd
	)	
JUSTICE H. WILTON-SIEGEL	)	DAY OF DECEMBER, 2008

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. (the "Applicant")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Christopher Halas sworn December 2, 2008 (the "Halas Affidavit") and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, and on reading the consent of Ernst & Young to act as the Monitor,

SERVICE

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

APPLICATION

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

FURTHER HEARING

3. THIS COURT ORDERS that a further hearing in this Application shall be made on notice to investors and held on December 18, 2008 or such alternate date as this Court may fix, at which time this Order may be supplemented or otherwise varied, and the Stay Period (as herein defined) extended or terminated. The Applicant and the Monitor shall serve their materials for this further hearing on all parties who serve a Notice of Appearance on the Applicant and the Monitor, such materials to be served by no later than 3 days prior to the date scheduled for the further hearing.

POSSESSION OF PROPERTY AND OPERATIONS

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

5. THIS COURT ORDERS that the Applicant shall have the right to pursue the sale of its TPI Portfolio (as defined in the Halas Affidavit), in whole or part, subject to prior approval of any sale being obtained on further motion before this Court.

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

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

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

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

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicant following the date of this Order.

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

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

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

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

10. THIS COURT ORDERS that until and including December 31, 2008, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

APPLICANT ENTITLED TO CONTINUE ITS OUTSTANDING LITIGATION AND ARBITRATION PROCEEDINGS

11. THIS COURT ORDERS that the Applicant shall be entitled to continue its outstanding litigation and arbitration proceedings, and pay all reasonable expenses incurred as a result thereof and as are in accordance the Projected Cash Flow Statement attached as Exhibit "D" to the Halas Affidavit, as follows:

(a) *Universal Settlements Inc. v. James Torchia, Marc Celello and National Viaticals Inc.*; and

(b) *Universal Settlements Inc. v. Antonio Duscio.*

NO EXERCISE OF RIGHTS OR REMEDIES

12. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) exempt the Applicant from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

14. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

15. THIS COURT ORDERS that, notwithstanding anything else contained herein, no creditor of the Applicant shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

16. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

17. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicants, after the date hereof, to make payments of the nature referred to in subparagraphs **[6(a)], [8(a)], [8(b)] and [8(c)]** of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Applicants except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

18. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of $1 million, as security for the indemnity provided in paragraph **[17]** of this Order. The Directors' Charge shall have the priority set out in paragraphs **[31]** and **[33]** herein.

19. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph **[17]** of this Order.

PROCEEDINGS AGAINST TRUSTEES

20. THIS COURT ORDERS that during the Stay Period no Proceeding may be commenced or continued against the Applicant's former trustees Christopher Halas and William Potoczak (the "Trustees") with respect to any claim against the Trustees that arose before the date hereof and that relates to any obligations of the Applicant whereby the Trustees are alleged under any law to be liable in their capacity as Trustees for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

TRUST FUNDS

21. THIS COURT ORDERS that the trustee William Potoczak is entitled to use the US$300,000, which he holds in escrow in the ordinary course to fund the payment of premiums as they fall due and in accordance with specific insurance policies to which the funds have been designated, with such use to be monitored by the Monitor (as defined below).

22. THIS COURT ORDERS that Ogilvy Renault LLP is entitled to release US$778,000 out of the finds it holds in escrow for the Applicant, to the Applicant for the purposes of funding its operations.

23. THIS COURT ORDERS that Ogilvy Renault LLP is entitled to release the balance of the funds it holds in escrow for the Applicant, to the Applicant for the purposes of establishing an account from which premium payments can be made (the "Premium Reserve Account"), as they fall due and in accordance with specific insurance policies to which the funds have been designated, with such payments to be monitored by the Monitor (as defined below).

APPOINTMENT OF MONITOR

24. THIS COURT ORDERS that Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicant's conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

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

(a) send notice of the Order, within three (3) days, to every known creditor of the Applicant as of the date of this Order, advising that such creditor may obtain a copy of the Order on the internet at the website of the Monitor at www.ey.com/ca/UniversalSettlements (the "Website") or, failing that, from the

Monitor and the Monitor shall provide it. Such notice shall be sufficient in accordance with Subsection 11(5) of the CCAA;

(b) monitor the Applicant's receipts and disbursements, including without limitation the oversight of the Death Benefits Account and the Premium Reserves Account;

(c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(d) advise the Applicant in its development of the Plan and any amendments to the Plan;

(e) advise the Applicant in its preparation of the Applicant's cash flow statements and report to the Court on the compilation;

(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) have full and complete access to the books, records and management, employees and advisors of the Applicant and to the Business and the Property to the extent required to perform its duties arising under this Order;

(h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(i) perform such other duties as are required by this Order or by this Court from time to time.

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

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

28. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a weekly basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amounts of $100,000, $50,000, and $50,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

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

30. THIS COURT ORDERS that the Monitor, counsel to the Monitor, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of $1 million, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs **[31]** and **[33]** hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

First – Administration Charge (to the maximum amount of $1 million); and

Second – Directors' Charge (to the maximum amount of $1 million).

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

33. THIS COURT ORDERS that each of the Directors' Charge and the Administration Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

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

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

(a) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(b) the payments made by the Applicant pursuant to this Order and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

SERVICE AND NOTICE

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

37. THIS COURT ORDERS that the Applicant, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' or any party's email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on the Website. Any party filing a Notice of Appearance or otherwise intending to participate in these proceedings shall provide to the Applicant and the Monitor an email address for purposes of service.

GENERAL

38. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

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

40. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or any other foreign jurisdiction to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

41. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

42. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

43. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

~~JUSTICE H. WILTON-SIEGEL~~

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

DEC 0 2 2008

PER / PAR: TV

Toni Vecchiolo
Registrar, Superior Court of Justice

DOCSTOR: 1577835\8

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.

Court File No.: 08-CL-7878

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

INITIAL ORDER

OGILVY RENAULT LLP
Royal Bank Plaza, South Tower
3800 - 200 Bay Street
Toronto ON M5J 2Z4

William McNamara (LSUC#: 23153S)
Tel: (416) 216-3906
Fax: (416) 216-3930

Lawyers for the Applicant

DOCSTOR: 1580895\1

Appendix "B"

ERNST & YOUNG

Ernst & Young Inc.
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, Ontario M5K 1J7

Tel: 416 864 1234
Fax: 416 943 3300
ey.com/ca

December 2, 2008

To the Stakeholders of Universal Settlements International Inc.

Re: Proceedings under the *Companies' Creditors Arrangement Act*

Universal Settlements International Inc. ("USI") has made an application (the "Application") to the Ontario Superior Court of Justice (the "Court") to commence proceedings pursuant to the *Companies' Creditors Arrangement Act ("CCAA").*

As a result of the Application, the Court made an order (the "Initial CCAA Order") on December 2, 2008 granting USI protection from its creditors while it restructures its affairs under the CCAA. The Initial CCAA Order provides, among other things, that all claims and proceedings against USI are stayed. The Initial CCAA Order appointed Ernst & Young Inc. (the "Monitor") as Monitor of the property and business of USI in the CCAA proceedings. The Monitor acts as an officer of the Court.

The Initial CCAA Order provides that a further hearing by the Court in the Application will be held on December 18, 2008 at 10:00am at the Courthouse, located at 330 University Avenue, 8th Floor, Toronto, Ontario, Canada. If you wish to seek any variations to the Initial CCAA Order, you must file a Notice of Appearance with the Court and Monitor on not less than seven (7) days notice and appear before the Court on December 18, 2008.

A copy of the Initial CCAA Order is available on the Monitor's website at www.ey.com/ca/UniversalSettlements. If you are unable to access the Initial *CCAA* Order from the website, please contact our offices at 1-866-945-5044 from Canada or the United States, or 416-943-5446 from other locations, or by email to universal.settlements@ca.ey.com to arrange for delivery of a copy of the Initial *CCAA* Order.

Cet avis contient de l'information pouvant avoir une incidence sur vos droits. Il est également publié en français à l'adresse www.ey.com/ca/UniversalSettlements.

Este aviso proporciona información que puede afectar sus derechos legales. Puede obtenerse una copia de este aviso en español en www.ey.com/ca/UniversalSettlements.

Diese Bekanntmachung enthält Auskünfte, die unter Umständen Auswirkungen auf Ihre Rechtsansprüche haben könnten. Eine auf Deutsch verfaßte Kopie dieser Bekanntmachung ist bei www.ey.com/ca/UniversalSettlements ersichtlich.

Yours very truly,

ERNST & YOUNG INC.
in its capacity as Court appointed
Monitor of Universal Settlements
International Inc.

Appendix "C"

Mills, Potoczak & Company
Certified Public Accountants and Business Advisors

27600 Chagrin Boulevard
Suite 200
Cleveland, Ohio 44122-4464
Phone: 216.464.7481
Fax: 216.464.7581
www.mpccpa.com

Mark G. Mills
William M. Potoczak

December 15, 2008

VIA E-MAIL

Mr. William McNamara
Ogilvy Renault LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street
P.O. Box 84
Toronto, Ontario M5J 2Z4
Canada

Dear Mr. McNamara:

I write with respect to the US Trust and the assets which I held therein as Trustee for Universal Settlements International Inc. ("USI") until November 26, 2008, when USI directed that I transfer the assets back to it (the "Direction"). Specifically, I write with respect to the funds which I was directed to transfer to Ogilvy Renault LLP ("OR"), and which are held by OR in trust pending a Court Order (the "Trust Funds").

Pursuant to the Direction, I transferred all of the funds held in the US Trust to OR, save for US$300,000 which is being used by the US Trust to make premium payments. Given that the Direction was made on short notice, I was unable to review the US Trust accounts prior to the transfer and advise with respect to how the Trust Funds were to be segregated.

As a result, OR was asked to hold the entire amount in trust pending a Court Order. I have reviewed the US Trust accounts since my letter to you dated December 2, 2008, and can confirm that an additional US$605,033 of the Trust Funds were escrowed for USI The remaining funds are for premium payments and other obligations of the Trust. A schedule detailing the nature of the wires sent to you on November 26, 2008 is attached.

Very truly,

MILLS, POTOCZAK & COMPANY

William M Potoczak

by: William M. Potoczak
Principal

E:\clients\UNIV\CCAA filing\mcnamara w trust fund update 121508.doc

Sender's e-mail address: **wpotoczak@mpccpa.com**
Sender's direct dial phone number: **216-682-0849**

US Trust
Wire reconciliation
November 26, 2008

Escrow	**Total**	**Released via letter dated 12/2/08**	**Balance**	**Balance that can be released**	**Comments**
Wire 11/26/08	$927,754	$778,851	$148,904		Payable to D. Zieger of $86,465 can be release when settlement agreement is received.
				$62,439	Can release balance of $62,439 as excess premium funding
				$62,439	
Premium					
Wire 11/26/08	$3,940,937		$3,940,937		Premium funds allocated to policies of $3,880,113
				$60,824	Can release balance of unallocated premiums funds of $60,824
				481,770	Annuity contracts of $481,770 to fund premiums to be assigned to USI
				$542,594	
Grand total				$605,033	

Appendix “D”

UNIVERSAL SETTLEMENTS INC. PROJECTED WEEKLY CASH FLOW
Revised Additional Funds Forecast
For the Period Ending Feb. 28, 2009
As at December 17, 2008

USI Inc. Operating Account

Candian Dollars

Week Starting (Sun)	Dec-14	Dec-21	Dec-28	Jan-04	Jan-11	Jan-18	Jan-25	Feb-01	Feb-08	Feb-15	Feb-22
Week Ending (Sat)	Dec-20	Dec-27	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Feb-21	Feb-28
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening Cash Balance	**1,145,018**	**1,293,328**	**1,091,328**	**776,429**	**669,556**	**482,784**	**411,077**	**-189,472**	**-367,269**	**-527,590**	**-602,406**
Receipts											
Annuities	0	0	0	0	0	0	0	0	0	0	0
Rent Income from Sublease	0	10,462	0	0	0	0	10,462	0	0	0	10,462
Transfers	711,804	0	0	0	0	0	0	0	0	0	0
Policy Cash Value	0	0	0	0	0	0	0	0	0	0	0
Receipt Sub-Total	**711,804**	**10,462**	**0**	**0**	**0**	**0**	**10,462**	**0**	**0**	**0**	**10,462**
Disbursements											
Business Expenses											
Rent	0	0	19,082	0	0	0	0	19,082	0	0	0
Compensation and Benefits	38,375	0	20,684	0	41,315	0	18,800	1,884	18,800	29,430	18,800
Other Direct Costs (Phone, Insurance, Etc.)	2,500	700	720	300	2,500	700	720	300	7,777	700	720
Legal Fees	0	72,470	0	0	0	58,824	0	0	0	0	58,824
Consulting	15,000	0	0	0	15,000	0	20,588	0	0	15,000	20,588
Travel and Misc. Expenses	3,000	0	0	0	3,000	0	0	0	0	3,000	0
Portfolio Related Expenses											
Premium Payments: Investor Related	100,184	122,035	169,140	92,289	18,282	5,354	442,877	148,421	37,700	20,835	127,441
Premium Payments: Corporate Related	8,140	17,257	9,978	14,284	16,675	6,535	32,731	8,109	6,045	5,556	15,203
Commissions	0	0	0	0	0	0	0	0	0	0	0
Medicals, Death Certificates, Etc.	294	0	0	0	0	294	0	0	0	294	0
Portfolio Administrative Charges	0	0	5,294	0	0	0	5,294	0	0	0	5,294
Restructuring Costs											
Advisor/Monitor/Monitor Legal	216,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000
Legal	180,000	0	30,000	0	30,000	0	30,000	0	30,000	0	30,000
Disbursement Sub-Total	**563,494**	**212,462**	**314,899**	**106,873**	**186,772**	**71,707**	**611,010**	**177,797**	**160,321**	**74,815**	**336,869**
Net Cash Flow	**148,310**	**-202,000**	**-314,899**	**-106,873**	**-186,772**	**-71,707**	**-600,548**	**-177,797**	**-160,321**	**-74,815**	**-326,407**
Ending Cash Balance	**1,293,328**	**1,091,328**	**776,429**	**669,556**	**482,784**	**411,077**	**-189,472**	**-367,269**	**-527,590**	**-602,406**	**-928,813**

Escrow Account

Week Starting (Sun)	Dec-14	Dec-21	Dec-28	Jan-04	Jan-11	Jan-18	Jan-25	Feb-01	Feb-08	Feb-15	Feb-22
Week Ending (Sat)	Dec-20	Dec-27	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Feb-21	Feb-28
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening	174,228	100,770	100,770	100,770	100,770	100,770	100,770	100,770	100,770	100,770	100,770
Premium Payment	0	0	0	0	0	0	0	0	0	0	0
Dividends & Interest	0	0	0	0	0	0	0	0	0	0	0
Transfer	-73,458	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	**-73,458**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Closing	**100,770**	**100,770**	**100,770**	**100,770**	**100,770**	**100,770**	**100,770**	**100,770**	**100,770**	**100,770**	**100,770**

Premium Reserve Account

Canadian $ - USD balances converted at $0.85

Week Starting (Sun)	Dec-14	Dec-21	Dec-28	Jan-04	Jan-11	Jan-18	Jan-25	Feb-01	Feb-08	Feb-15	Feb-22
Week Ending (Sat)	Dec-20	Dec-27	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Feb-21	Feb-28
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening	4,989,316	4,008,496	4,008,496	3,999,959	3,872,668	3,820,080	3,894,198	3,946,715	3,946,715	3,946,058	3,933,517
Annuity	0	0	0	0	0	74,118	54,118	0	0	0	0
Reserve Premiums Payments	342,475	0	8,537	127,291	52,588	0	1,600	0	657	12,541	116,681
Transfer	638,346	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	-980,821	0	-8,537	-127,291	-52,588	74,118	52,518	0	-657	-12,541	-116,681
Closing	**4,008,496**	**4,008,496**	**3,999,959**	**3,872,668**	**3,820,080**	**3,894,198**	**3,946,715**	**3,946,715**	**3,946,058**	**3,933,517**	**3,816,836**

Death Benefits Account

Week Starting (Sun)	Dec-14	Dec-21	Dec-28	Jan-04	Jan-11	Jan-18	Jan-25	Feb-01	Feb-08	Feb-15	Feb-22
Week Ending (Sat)	Dec-20	Dec-27	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Feb-21	Feb-28
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening	186,038	186,038	186,038	186,038	186,038	186,038	186,038	186,038	186,038	186,038	186,038
Add: New Benefits Paid by Insurance Companies	0	0	0	0	0	0	0	0	0	0	0
Less: Distributions to Investors	0	0	0	0	0	0	0	0	0	0	0
Closing	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**

Appendix "E"

UNIVERSAL SETTLEMENTS INC. PROJECTED WEEKLY CASH FLOW
Revised Current Funds Forecast
For the Period Ending Feb. 28, 2009
As at December 17, 2008

USI Inc. Operating Account
Candian Dollars

Week Starting (Sun)	Dec-14	Dec-21	Dec-28	Jan-04	Jan-11	Jan-18	Jan-25	Feb-01	Feb-08	Feb-15	Feb-22
Week Ending (Sat)	Dec-20	Dec-27	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Feb-21	Feb-28
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening Cash Balance	**1,145,018**	**581,525**	**379,525**	**64,626**	**-42,247**	**-229,020**	**-300,727**	**-901,275**	**-1,079,072**	**-1,239,394**	**-1,314,209**
Receipts											
Annuities	0	0	0	0	0	0	0	0	0	0	0
Rent Income from Sublease	0	10,462	0	0	0	0	10,462	0	0	0	10,462
Transfers	0	0	0	0	0	0	0	0	0	0	0
Policy Cash Value	0	0	0	0	0	0	0	0	0	0	0
Receipt Sub-Total	**0**	**10,462**	**0**	**0**	**0**	**0**	**10,462**	**0**	**0**	**0**	**10,462**
Disbursements											
Business Expenses											
Rent	0	0	19,082	0	0	0	0	19,082	0	0	0
Compensation and Benefits	38,375	0	20,684	0	41,315	0	18,800	1,884	18,800	29,430	18,800
Other Direct Costs (Phone, Insurance, Etc.)	2,500	700	720	300	2,500	700	720	300	7,777	700	720
Legal Fees	0	72,470	0	0	0	58,824	0	0	0	0	58,824
Consulting	15,000	0	0	0	15,000	0	20,588	0	0	15,000	20,588
Travel and Misc. Expenses	3,000	0	0	0	3,000	0	0	0	0	3,000	0
Portfolio Related Expenses											
Premium Payments: Investor Related	100,184	122,035	169,140	92,289	18,282	5,354	442,877	148,421	37,700	20,835	127,441
Premium Payments: Corporate Related	8,140	17,257	9,978	14,284	16,675	6,535	32,731	8,109	6,045	5,556	15,203
Commissions	0	0	0	0	0	0	0	0	0	0	0
Medicals, Death Certificates, Etc.	294	0	0	0	0	294	0	0	0	294	0
Portfolio Administrative Charges	0	0	5,294	0	0	0	5,294	0	0	0	5,294
Restructuring Costs											
Advisor/Monitor/Monitor Legal	216,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000
Legal	180,000	0	30,000	0	30,000	0	30,000	0	30,000	0	30,000
Disbursement Sub-Total	**563,494**	**212,462**	**314,899**	**106,873**	**186,772**	**71,707**	**611,010**	**177,797**	**160,321**	**74,815**	**336,869**
Net Cash Flow	**-563,494**	**-202,000**	**-314,899**	**-106,873**	**-186,772**	**-71,707**	**-600,548**	**-177,797**	**-160,321**	**-74,815**	**-326,407**
Ending Cash Balance	**581,525**	**379,525**	**64,626**	**-42,247**	**-229,020**	**-300,727**	**-901,275**	**-1,079,072**	**-1,239,394**	**-1,314,209**	**-1,640,616**

Escrow Account

Week Starting (Sun)	Dec-14	Dec-21	Dec-28	Jan-04	Jan-11	Jan-18	Jan-25	Feb-01	Feb-08	Feb-15	Feb-22
Week Ending (Sat)	Dec-20	Dec-27	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Feb-21	Feb-28
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening	174,228	174,228	174,228	174,228	174,228	174,228	174,228	174,228	174,228	174,228	174,228
Premium Payment	0	0	0	0	0	0	0	0	0	0	0
Dividends & Interest	0	0	0	0	0	0	0	0	0	0	0
Transfer	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Closing	**174,228**	**174,228**	**174,228**	**174,228**	**174,228**	**174,228**	**174,228**	**174,228**	**174,228**	**174,228**	**174,228**

Premium Reserve Account

Week Starting (Sun)	Dec-14	Dec-21	Dec-28	Jan-04	Jan-11	Jan-18	Jan-25	Feb-01	Feb-08	Feb-15	Feb-22
Week Ending (Sat)	Dec-20	Dec-27	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Feb-21	Feb-28
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening	4,989,316	4,646,841	4,646,841	4,638,305	4,511,014	4,458,426	4,532,544	4,585,061	4,585,061	4,584,404	4,571,863
Annuity	0	0	0	0	0	74,118	54,118	0	0	0	0
Reserve Premiums Payments	342,475	0	8,537	127,291	52,588	0	1,600	0	657	12,541	116,681
Transfer	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	-342,475	0	-8,537	-127,291	-52,588	74,118	52,518	0	-657	-12,541	-116,681
Closing	**4,646,841**	**4,646,841**	**4,638,305**	**4,511,014**	**4,458,426**	**4,532,544**	**4,585,061**	**4,585,061**	**4,584,404**	**4,571,863**	**4,455,181**

Death Benefits Account

Week Starting (Sun)	Dec-14	Dec-21	Dec-28	Jan-04	Jan-11	Jan-18	Jan-25	Feb-01	Feb-08	Feb-15	Feb-22
Week Ending (Sat)	Dec-20	Dec-27	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Feb-21	Feb-28
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening	186,038	186,038	186,038	186,038	186,038	186,038	186,038	186,038	186,038	186,038	186,038
Add: New Benefits Paid by Insurance Companies	0	0	0	0	0	0	0	0	0	0	0
Less: Distributions to Investors	0	0	0	0	0	0	0	0	0	0	0
Closing	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**	**186,038**

Appendix "F"

Universal Settlements International Inc.

Significant Assumptions:

1. The Forecast includes estimates concerning the operations of the company and additional assumptions discussed below with respect to the requirements and impact of a CCAA filing. The actual results achieved during the forecast period will vary and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.
2. The Company continues to operate the existing business during the initial CCAA period.
3. This forecast is projected based on a book basis.
4. **Receipts** – Include the following:
    a. Annuities are life insurance annuities which are received based on the contract payment dates.
    b. Rental Income – Based on Sub-Lease Agreement
    c. Forecasted receipts exclude maturities (death benefit payments), due to the uncertainty surrounding the timing.
5. **Disbursements:**
    a. Business expenses are forecasted based on historical run rates.
    b. Premiums are paid for all policies based on the date payment is remitted, which typically is one week prior to required payment date.
    c. Consulting fees include those who are defined as Assistants in the Initial Order, or needed to assist the company during the CCAA proceedings.
    d. Legal fees refer to the ongoing business legal fees related to litigation and arbitration cases. Material balances consist of amounts due to Borden Ladner Gervais and Pepper Hamilton.
    e. Restructuring costs relate to the Advisor/Monitor fees, Monitor's counsel, and the Applicants counsel associated with the CCAA process.
6. All balances are in Canadian dollars. USD are converted at $1.176.