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

THIRD REPORT OF THE MONITOR
(Dated January 8, 2009)

January 8, 2009

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12268171.1

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TAB NO.

TAB 1

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

THIRD REPORT OF THE MONITOR
January 8, 2009

INTRODUCTION

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

2. On December 17, 2008, the Monitor filed its first report with this Honourable Court (the "**First Report**") which provided this Honourable Court with information concerning USI's liquidity issues, activities of the Monitor since its appointment, the Applicant's cash management system, the Applicant's actual cash flow results for the period from the date of the Initial Order to December 12, 2008, the Applicant's updated cash flow forecast to February 28, 2009, and the Monitor's analysis and recommendations concerning USI's request for an extension of the stay of proceedings established by the Initial Order (the "**Stay Period**").

3. On December 22, 2008, the Monitor filed its second report with this Honourable Court (the "**Second Report**"), which provided the Monitor's observations on the Applicant's proposed sale of certain corporately owned policies that USI purchased out of the

receivership of Trade Partners, Inc. (the "**TPI AIDS Portfolio**") to SDM Holdings, LLC (the "**Purchaser**").

4. The purpose of this third report (the " **Third Report**") is to provide this Honourable Court with information concerning:

   i) the sale of the TPI AIDS Portfolio;

   ii) certain policies surrendered to insurers for cash;

   iii) the Applicant's cash management system;

   iv) the Applicant's excess premium reserve funds;

   v) the Applicant's ongoing effort to verify policy coverages;

   vi) the Applicant's actual cash flow results for the period from December 13 to 31, 2008;

   vii) the Applicant's updated cash flow forecast to March 7, 2009;

   viii) the Applicant's activities and intended course of action with respect to implementing a claims process and developing a proposed plan of arrangement; and

   ix) the Monitor's conclusions and recommendations.

TERMS OF REFERENCE

5. 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.

6. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. For ease of reference, the Monitor has provided certain Canadian dollar equivalents throughout this Report, using the C$1.176/US$1.00 exchange rate utilized in the Applicant's most recent cash flow forecast.

7. Capitalized terms not defined in this Report are as defined in the Applicant's Initial Application, the Initial Order, the First Report or the Second Report.

SALE OF TPI AIDS PORTFOLIO

8. The affidavit of Christopher Halas dated December 22, 2008 sets out the Applicant's information relating to the purchase, management and sale of the TPI AIDS Portfolio (the "**Sale Affidavit**"). The Monitor has not been involved in any aspect of USI's activities with respect to the TPI AIDS Portfolio, including USI's efforts to sell it or close the sale transaction, except as noted in the Second Report, and as a result is not in a position to provide any first-hand information concerning the Applicant's activities with respect to the TPI AIDS Portfolio.

9. On December 23, 2008, this Honourable Court approved the sale of the TPI AIDS Portfolio to the Purchaser for a purchase price totalling US$2,470,000. After payment of the broker's commission of US$270,000, US$2,200,000 (Cdn $2,587,000) will be payable to USI ("**Net Purchase Price**").

10. According to the Company, and the affidavit sworn by Christopher Halas dated January 8, 2009 ("**Halas Affidavit**"), all substantive conditions precedent to closing of the transaction described in the Second Report were met and closing of the transaction was to take place on January 6, 2009, following a mutually agreed upon short extension to the closing date due to the holiday season. On January 6, 2009, the Purchaser informed USI that it required a further extension of the closing date to January 27, 2009. In exchange for the Company granting this further extension, and subject to the approval of this Honourable Court, USI and the Purchaser have agreed that:

i) the Purchaser will advance to USI US$700,000 (Cdn $823,000), with such advance to be treated as a loan to USI in the event that the transaction does not close on or before January 27, 2009 (the "**Extended Closing Date**");

ii) the loan will be non-interest bearing and will be secured against the TPI AIDS Portfolio;

iii) in the event the transaction closes on or before the Extended Closing Date, any amount then payable under the loan shall be credited to the purchase price on account of the transaction and the loan shall be forgiven;

iv) in the event that the transaction does not close on or before the Extended Closing Date, or the Purchaser notifies USI that the transaction will not close, the loan will be repaid by USI from any proceeds of the subsequent sale of the TPI AIDS Portfolio by USI or such other financing as USI might arrange, with interest commencing on the 31st day following the Extended Closing Date at the rate of 7.5% per annum in the event the loan is not repaid on or before that date;

v) during the period between this amending agreement and the Extended Closing Date, USI shall be entitled to borrow against the security of the TPI AIDS Portfolio up to an amount of an additional US $1 million (Cdn $1,176,000) from any other party, subject to a right of first refusal by the Purchaser;

vi) if the Purchaser closes the transaction on or before the Extended Closing Date, the Purchaser agrees to make available to USI up to an additional US $750,000 (Cdn $882,000) as a non-interest bearing loan pending the transfer of ownership of the TPI AIDS Portfolio, such loan to be retired by the transfer of the TPI AIDS Portfolio to the Purchaser as set out in the Policy Purchase Agreement; and

vii) save and except as set out herein, all other terms of the TPI AIDS Portfolio Purchase Agreement remain in effect.

11. The Applicant is requesting an order that the Administration Charge and the Directors' Charge established by the Initial Order (the "**Charges**") be discharged from the TPI AIDS Portfolio, in order to accommodate the security to be given to the Purchaser over

the TPI AIDS Portfolio as described at paragraph 10(ii) above. The Charges currently have first and second priority over the TPI AIDS Portfolio, respectively.

12. Notwithstanding this discharge, the Charges will remain over all other assets of the Applicant, including the proceeds of sale of the TPI AIDS Portfolio, upon the closing of a sale. The Order to be sought by the Applicant will ensure that the Charges will continue over the proceeds of sale.

13. The Monitor is of the view that in the circumstances, the discharge of the Charges is appropriate in order to facilitate the loan transaction with the Purchaser, as well as the ultimate transfer of the policies once sold.

14. In accordance with the Purchase Agreement, a deposit of US $700,000 is being held in the escrow by Investrust, N.A. and will be released to USI as a loan, upon approval of amendment agreement by this Honourable Court.

15. Based upon the Halas Affidavit and the Monitor's discussions with USI's management and advisors, it appears to the Monitor that it is in the best interest of the USI stakeholders for the amendment to the Purchase Agreement to be approved by this Honourable Court because:

    i) it prevents the termination of the Purchase Agreement and avoids the costly and potentially time consuming effort to re-market the TPI AIDS Portfolio;

    ii) according to USI's Forecast (as hereinafter defined), USI requires the loan described above to finance premium payments and operations through February 2009; and

    iii) it is not known whether a re-marketing effort would yield a more favourable net cash result for the stakeholders.

SURRENDERING OF POLICIES

16. As approved by this Honourable Court, ten policies that formed part of the TPI AIDS Portfolio were not sold to the Purchaser and were retained by USI. USI excluded these policies from the transaction in order to surrender these policies to the respective insurers and obtain each policies cash surrender value. According to USI, the cash

surrender value for these policy's is estimated to total approximately US $313,000 (Cdn $368,000).

17. According to USI, it has submitted to the insurers the requisite documentation to surrender the ten policies and expects to receive the cash surrender payments from the insurers by the first week of February 2009. These receipts are reflected in the Forecast.

CASH MANAGEMENT SYSTEM

18. The First Report describes USI's cash management system and certain transfers of cash held by Mills, Potoczak & Company ("**MPC**"), USI's administrator and Trustee in Ohio, to Canada to be held in trust by USI's lawyers, Ogilvy Renault LLP ("**Ogilvy**"), pending further direction from this Honourable Court (the "**Ogilvy Trust**").

19. The following chart describes the change in USI's bank balances among the MPC, Ogilvy and USI accounts in the period from December 2, 2008 to January 2, 2009:

Account Holder	Name of Account		Balance As At December 2, 2008	Balance As At January 2, 2009	Change
USI	USI Corporate Accounts	CDN	$1,052,786	$930,184	($122,602)
USI	USI Death Benefit Account	US	$0	$158,132	$158,132
USI	USI Premium Reserve Account	US	$0	$3,981,485	$3,981,485
Ogilvy	Ogilvy Escrow Amount	US	$927,754	$0	($927,754)
Ogilvy	Ogilvy Premium Reserve Amount	US	$3,940,919	$0	($3,940,919)
MPC	MPC Premium Reserve Accounts	US	$250,000	$4,694	($245,306)
MPC	MPC Escrow Account	US	$50,000	$10,548	($39,452)

20. The following describes the changes in each account:

i) *USI Corporate Accounts* – The net reduction of $122,602 relates to cash used for general operating purposes. Further explanation of the activity in these accounts is included in the First Report and the variance analysis section of this Third Report below.

ii) *USI Death Benefit Account* – Subsequent to the date of the Initial Order, USI established a new bank account to hold funds received on the maturity of policies as the Initial Order provides that these funds are to be held in trust. 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 USI Death Benefits Account 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. According to USI, currently there are three matured policies with approximately $5 million of death benefits receivable which will be deposited into the USI Death Benefit Account once collected from the insurers. According to USI, it can take anywhere from one to six months to collect a policy maturity depending upon the circumstances. The Applicant is actively pursuing collection of these amounts.

iii) *USI Premium Reserve Account, Ogilvy Escrow Amount and Ogilvy Premium Reserve Amount* – In accordance with the Initial Order and as described in the First Report, on December 5, 2008 Ogilvy transferred approximately US $778,000 to the USI Corporate Accounts. On December 22, 2008 pursuant to the Initial Order, Ogilvy transferred from the Ogilvy Escrow Amount approximately US $149,000 and from the Ogilvy Premium Reserve Amount approximately US $3,941,000 to the USI Premium Reserve Account for a total transfer of approximately US $4,090,000.

iv) *MPC Premium Reserve Accounts and MPC Escrow Account* - As described in the First Report, 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 premiums payable beginning in December 2008. These funds have been disbursed to pay premiums coming due. In addition, for administrative ease, USI arranged for MPC to continue administering future premium payments to insurers and agreed to fund MPC weekly in advance based upon premium invoices provided by MPC to USI. Upon receipt of funds from USI, MPC immediately pays the individual premiums to the insurers from these funds. Up to January 2, 2009, USI has funded MPC an additional US $242,600 (Cdn $285,400) for premiums payable in December 2008 and January 2009, over and above the US $300,000 held back by MPC, as described above. At January 2, 2009 a total of approximately US $15,000 remains on hand with MPC earmarked for January 2009 premium payments.

EXCESS PREMIUM RESERVE FUNDS

21. As described in the First Report, 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. On January 7, 2009, MPC, in its capacity as trustee and administrator, provided a further reconciliation of the funds transferred to

Ogilvy and a letter confirming its conclusions, a copy of which is attached hereto as **Appendix "A"**.

22. Based on the reconciliation provided by MPC attached to its January 7, 2009 letter, USI is seeking an order authorizing the release of a further US$300,000 (Cdn $353,000) (the "**Additional Funds**") from the Premium Reserve Account 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.

23. The requested release is based upon the ongoing reconciliation by MPC detailed in its letter dated January 7, 2009 which states that its records indicate that total funds required to be held in USI's Premium Reserve Account are approximately US $3,098,000. This amount has been determined by MPC by way of a policy by policy review of those policies for which premium reserves have been established.

24. According to USI's records, following the transfers which have already been approved by this Honourable Court of approximately US $778,000 and US $605,000, USI holds in its Premium Reserve Account approximately US $3,485,000.

25. Therefore, the balance USI holds in its Premium Reserve Account is approximately US $387,000 (US $3,485,000 – US $3,098,000) greater than MPC's calculation of Allocated Premiums. MPC is of the view that of the approximately US $387,000, US $300,000 may be released to USI. The remainder totalling US $87,000 (US $387,000 – US $300,000 = US $87,000) is to be held in USI's Premium Reserve Account pursuant to an outstanding settlement agreement which the Monitor is in the process of reviewing.

26. The Monitor notes that management of USI and representatives of MPC continue to review the reconciliation of the USI Premium Reserve Account to determine if there are any additional amounts held by USI in the Premium Reserve Account that are not allocated to premiums. The Monitor anticipates that USI will seek this Honourable Court's direction for any further release of funds from the USI Premium Reserve Account.

VERIFICATION OF COVERAGES

27. In order for USI to determine whether the data in its records associated with its investor policy portfolio is accurate, it has undertaken a review of its policies, which review includes requesting from each insurer confirmation of the policies in force. To date, it has not requested such information from insurers of corporately owned policies. To obtain policy information from insurers USI must prove that it has a right to receive this information by substantiating that it or a related party is the owner of the policy.

28. USI commenced this review process in November 2008 and began to receive from insurers verifications of coverage ("**Verifications**") in December 2008. According to USI, it will likely take several months to receive Verifications from all insurers involved. Therefore, this process remains ongoing.

29. In the majority of cases Verifications include information such as the name of the owner of the policy, insured's name, face value of the policy, premiums associated with the policy, whether the policy is in force, beneficiary of the policy and policy number.

30. To date, USI has provided the Monitor with copies of approximately 35 Verifications out of the total 142 policies in the investor portfolios. The Monitor will continue to monitor this process.

ACTUAL CASH FLOW ACTIVITY FROM DECEMBER 13, 2008 TO JANUARY 2, 2009 (the "Variance Period")

31. The following is a summary of actual ending cash flow balances as at January 2, 2009 as compared to the Applicant's projected cash balances as reflected in the Revised Additional Funds Forecast included in the First Report:

	Ending Cash Flow Balances ($ Cdn)		
	Projection	**Actual**	**Variance**
USI Corporate Account	776,429	503,513	(272,916)
Premium Reserve Account	4,100,729	4,700,571	599,841
Death Benefits Account	186,038	186,038	0

32. The net unfavourable variance in the USI Corporate Account of $272,916 during the Variance Period is mainly a result of timing differences as follows:

    i) $711,800 (negative) transferred from the Premium Reserve Account to the Corporate Account after January 2, 2009; and

    ii) $378,000 (positive) deferral of professional fee billings due to the holiday season.

33. The net favourable variance in the Premium Reserve Account of approximately $600,000 during the Variance Period is mainly a result of timing differences as follows:

    i) $711,800 (positive) transferred from the Premium Reserve Account to the Corporate Account after January 2, 2009;

    ii) $127,300 (negative) – policy premiums were funded earlier than anticipated to avoid holiday related delays.

34. Following the filing of the Halas Affidavit, the Company determined that the opening cash balance of the Premium Reserve Account at January 2, 2009 was overstated by approximately $160,000. The balance should be $4,700,571 as described above, and not $4,859,234 as was included in the Forecast.

UPDATED CASH FLOW FORECAST TO MARCH 7, 2009

35. The Applicant has prepared an updated cash flow forecast (the "**Forecast**") for the period from January 5, 2009 through March 7, 2009 (the "**Forecast Period**"). The Forecast along with the cash flow assumptions have been attached as **Appendix "B"**.

36. As detailed in the Forecast, the Applicant is projecting the following changes in the cash accounts through the Forecast Period:

    i) A net decrease in cash held in the USI Corporate Account of $173,497, resulting in an ending cash balance at March 7, 2009 of $330,025;

    ii) A decrease in cash held in the Premium Reserve Account of $1,509,613, of which $1,064,745 relates to transfers of excess funds in the premium reserve account, as described above, and $444,867 in premium payments net of annuity receipts, resulting in an ending balance at March 7, 2009 of $3,190,000 (after applying the correction noted in paragraph 34); and

iii) No change in the Death Benefits Reserve account, resulting in a balance at March 7, 2009 of $186,038.

37. Based on the Company's Forecast, it will have sufficient cash to satisfy its ongoing obligations, including scheduled premium payments, to March 7, 2009, assuming this Honourable Court approves the transfer of US$300,000 from the Premium Reserve Account to the USI Corporate Account and the TPI AIDS Portfolio loan of US $700,000, which are included in the forecasted receipts in January 2009.

38. The Monitor has reviewed the Forecast and notes the following differences in the assumptions and detailed items from the forecast provided in the First Report as a result of activity that has occurred since then:

i) The Forecast no longer includes litigation-related legal fees (as previously ordered by this Honourable Court);

ii) Inclusion of the US $700,000 TPI AIDS Portfolio loan;

iii) Transfer of US $300,000 from the Premium Reserve Account to the USI Corporate Account;

iv) Receipt of cash surrender value of $368,235; and

v) Professional fees have been revised to better reflect ongoing professional activities.

MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

39. 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 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.

40. The Monitor is of the view that approving the US $700,000 TPI AIDS Portfolio loan, and related security arrangement, as well as the US $300,000 transfer from USI's Premium Reserve Account to its Corporate Accounts, is in the best interest of USI's creditors because it will provide the Applicant with much needed short term financing

to allow it the time it requires to conduct a claims process and finalize a plan of arrangement.

41. The Applicant is requesting an extension of the Stay Period, during which it intends to continue its efforts to improve its liquidity and to put forward a claims process and develop a plan of arrangement that it will seek this Honourable Court's approval to present to its creditors. The Forecast indicates that the Applicant will have sufficient funding to maintain its operations and premium payments coming due through to March 7, 2009, assuming this Court approves the US $700,000 TPI AIDS Portfolio loan and the US $300,000 transfer from USI's Premium Reserve Account to its Corporate Accounts. The Applicant has advised the Monitor that during the Forecast period it intends to bring forward for this Honourable Court's approval a longer term financing proposal in conjunction with a plan of arrangement.

42. The Monitor is of the view that the Applicant is acting in good faith and with due diligence and that an extension of the Stay Period to February 28, 2009 is in the best interests of its stakeholders.

43. In light of the foregoing, the Monitor recommends that this Honourable Court:

    i) authorize the release of US $300,000 to USI from the Premium Reserve Account;

    ii) approve the proposed amendment to the Sale Agreement and related relief with respect to the security and the Administration and Directors' Charges; and

    iii) extend the Stay Period to February 28, 2009.

ALL OF WHICH is respectfully submitted this 8th day of January, 2009.

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

Name: Brian Denega
Title: Senior Vice-President

APPENDIX "A"

Mills, Potoczak & Company
Certified Public Accountants and Business Advisors

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

Mark G. Mills
William M. Potoczak

January 7, 2009

VIA E-MAIL
jpanos@universalsettlements.com

Jeffrey Panos
President
Universal Settlements International Inc.
5500 North Service Road, 7th Floor
Burlington, Ontario L7L 6W6

Dear Jeff:

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") to be held in escrow by Ogilvy Renault LLP pending a Court Order (the "Trust Funds"). Pursuant to the Order of Justice Wilton-Siegel dated December 2, 2008, the Trust Funds were transferred to USI on December 22, 2008, for the purposes of establishing an account from which to pay premiums as they fall due, with such payments to be monitored by Ernst & Young Inc.

Pursuant to the Direction, I transferred all of the funds held in the US Trust to Ogilvy Renault LLP, 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.

Since my transfer of the Trust Funds, I have had the opportunity to review the US Trust accounts. In my letters dated December 2 and 15, 2008, to Ogilvy Renault LLP, I confirmed that US$778,850.53 and US$605,033 the Trust Funds had been escrowed for USI. Upon further review, I am able to confirm that an additional US$300,000 of the Trust Funds was also escrowed for USI. The remaining Trust Funds are for premium payments and other obligations of the US Trust. A schedule detailing the nature of the wires sent to Ogilvy Renault LLP on November 26, 2008, is attached.

This is Exhibit "I" referred to in the affidavit of CHRISTOPHER HALAS
sworn before me, this 8th
day of JANUARY 2009

A COMMISSIONER FOR TAKING AFFIDAVITS

Very truly,

MILLS, POTOCZAK & COMPANY

William M Potoczak

by: William M. Potoczak
Principal

Cc: Brian Denega, Ernst & Young Inc. (via e-mail Brian.M.Denega@ca.ey.com)
William McNamara, Ogilvy Renault LLP (via e-mail mcnamara@ogilvyrenault.com)

E:\clients\UNIV\CCAA filing\mcnamara w trust fund update 010609.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**	**Released via letter dated 12/15/08**	**Balance**	**Balance that can be released**	**Comments**
Wire 11/26/08	927,754	778,851	62,439	86,465	50,000	Payble to D. Zieger of $86,465 can be release when settlement agreement is received less $50,000 heldin US Trust accounts
Premium Wire 11/26/08	3,940,937		542,594	3,398,343	250,000	Premium funds allocated to policies of $3,880,113 less $250,000 held in US Trust accounts
Grand total		778,851	605,033		300,000	

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APPENDIX “B”

UNIVERSAL SETTLEMENTS INC. PROJECTED WEEKLY CASH FLOW
NON-POOLED
For the Period Ending March 7, 2009
As at January 7, 2009

USI Inc. Operating Account

Canadian $ - USD balances converted at $0.85

Week Starting (Sun)	Dec-28	Jan-04	Jan-11	Jan-18	Jan-25	Feb-01	Feb-08	Feb-15	Feb-22	Mar-01
Week Ending (Sat)	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Feb-21	Feb-28	Mar-07
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening Cash Balance		503,512	1,461,737	898,829	885,945	1,018,836	1,208,822	976,058	901,242	543,569
Receipts										
Loan		0	0	0	823,529	0	0	0	0	0
Rent Income from Sublease		0	0	0	10,462	0	0	0	10,462	0
Transfers		1,065,098	0	0	0	0	0	0	0	0
Policy Cash Value		0	0	0	0	368,235	0	0	0	0
Receipt Sub-Total		1,065,098	0	0	833,991	368,235	0	0	10,462	0
Disbursements										
Business Expenses										
Rent		0	0	0	0	19,534	0	0	0	19,534
Compensation and Benefits		0	41,405	0	18,890	1,884	18,890	29,430	18,890	1,884
Other Direct Costs (Phone, Insurance, Etc.)		300	2,500	700	720	300	7,777	700	720	300
Legal Fees		0	0	0	0	0	0	0	0	0
Consulting		0	15,000	0	20,588	0	0	15,000	20,588	0
Travel and Misc. Expenses		0	3,000	0	0	0	0	3,000	0	0
Portfolio Related Expenses										
Premium Payments: Investor Related		92,289	635	5,354	442,877	148,421	20,052	20,835	127,441	186,597
Premium Payments: Corporate Related		14,284	16,675	6,535	32,731	8,109	6,045	5,556	15,203	5,229
Medicals, Death Certificates, Etc.		0	0	294	0	0	0	294	0	0
Portfolio Administrative Charges		0	15,693	0	5,294	0	0	0	5,294	0
Restructuring Costs										
Advisor/Monitor/Monitor Legal		0	275,000	0	120,000	0	120,000	0	120,000	0
Legal		0	193,000	0	60,000	0	60,000	0	60,000	0
Disbursement Sub-Total		106,873	562,908	12,884	701,100	178,249	232,764	74,815	368,136	213,544
Net Cash Flow		958,225	-562,908	-12,884	132,891	189,986	-232,764	-74,815	-357,674	-213,544
Ending Cash Balance	503,512	1,461,737	898,829	885,945	1,018,836	1,208,822	976,058	901,242	543,569	330,025

Premium Reserve Account Cash Flow

Canadian $ - USD balances converted at $0.85

Week Starting (Sun)	Dec-28	Jan-04	Jan-11	Jan-18	Jan-25	Feb-01	Feb-08	Feb-15	Feb-22	Mar-01
Week Ending (Sat)	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Feb-21	Feb-28	Mar-07
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening		4,859,234	3,667,199	3,614,611	3,688,728	3,741,246	3,741,246	3,740,588	3,728,047	3,611,366
Annuity		0	0	74,118	54,118	0	0	0	0	0
Reserve Premiums Payments		127,291	52,588	0	1,600	0	657	12,541	116,681	261,745
Transfer		1,064,745								
Net Cash Flow		1,192,035	-52,588	74,118	52,518	0	-657	-12,541	-116,681	-261,745
Closing	4,859,234	3,667,199	3,614,611	3,688,728	3,741,246	3,741,246	3,740,588	3,728,047	3,611,366	3,349,621

Death Benefits Account Cash Flow

Canadian $ - USD balances converted at $0.85

Week Starting (Sun)	Dec-28	Jan-04	Jan-11	Jan-18	Jan-25	Feb-01	Feb-08	Feb-15	Feb-22	Mar-01
Week Ending (Sat)	Jan-03	Jan-10	Jan-17	Jan-24	Jan-31	Feb-07	Feb-14	Feb-21	Feb-28	Mar-07
	Actual	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
Add: New Benefits Paid by Insurance Companies		0	0	0	0	0	0	0	0	0
Less: Distributions to Investors		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

This is Exhibit "L" referred to in the
affidavit of Christopher HALAS
sworn before me, this 8th
day of JANUARY 2009

A COMMISSIONER FOR TAKING AFFIDAVITS

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.
    d. As part of the AIDS portfolio divesture, USD$700,000 will be provided to the Company as an interim loan facility until the transaction closes.
    e. The Company will surrender certain AIDS policies for cash surrender value of USD$313,000.
    f. Transfers include a further USD$300,000 in addition to the approved USD$605,000.
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; such fees have been removed for now per Court Order.

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.

Court File No.: 08-CL-7878

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OF ARRANGEMENT OF UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

THIRD REPORT OF THE MONITOR
(JANUARY 8, 2009)

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