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

MOTION RECORD
(before Justice H. Wilton-Siegel returnable April 23, 2009)

April 20, 2009

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NOTICE OF MOTION
(before Justice Wilton-Siegel returnable April 23, 2009)

THE APPLICANT will bring a motion before Justice Wilton-Siegel of the Commercial List on Thursday, April 23, 2009 at 10:00 a.m., or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard

__ in writing under subrule 37.12.1(1) because it is on consent or unopposed or made without notice;

__ in writing as an opposed motion under subrule 37.12.1(4)

X orally.

THE MOTION IS FOR AN ORDER:

(a) Extending the Stay Period (as defined in the Initial Order) from April 30 to May 15, 2009;

(b) Authorizing USI to commence the administrative steps to access the following amounts to fund business operations (including the payment of premiums) between May 23 and June 25, 2009, under the supervision of the Monitor, on the basis that no funds will be used until the matter is further considered by the Court on May 11:

(i) (CAD)$815,294.16 ((USD)$693,000) from the cash value of policies which are corporately owned by USI, either in whole or in part;

(ii) (CAD)$456,043.00 ((USD)$387,637) from the cash value of certain other policies; and

(iii) (CAD)$184,705.88 ((USD)$157,000) from maturities on corporately owned policies which are currently being held in the Death Benefits Account (as defined in the Initial Order).

(c) Such further and other relief as counsel may request and this Honourable Court deem just.

THE GROUNDS FOR THE MOTION ARE:

Background

(a) On December 2, 2008, USI commenced proceedings and was granted an Initial Order pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") by the Ontario Superior Court of Justice;

(b) The Initial Order provided for, among other things, a stay of proceedings against USI until and including December 31, 2008 (the "Stay") and the appointment of Ernst & Young Inc. as monitor (the "Monitor");

(c) Pursuant to several other Orders of this Court, the Stay was extended until April 30, 2009;

(d) A Claims Procedure Order was granted on January 23, 2009 and since that date, the Monitor has given notice of the Claims Procedure, and delivered claims document packages, to USI's known and other creditors;

(e) The Claims Procedure Order established a Claims Bar Date of February 23, 2009. By the Claims Bar Date, the Monitor had received over 2,7000 Requests for Amendment of Acknowledgements of Claim and Proofs of Claim;

(f) The review of the claims has required an unexpected amount of time and effort from the Monitor, USI, and USI's counsel as a result of certain creditors having

claimed amounts far greater than what was expected by USI, as well as duplication and translation issues;

(g) As a result, USI has had to revise its draft Plan of Arrangement and continues to work in this regard;

(h) USI intends to seek approval of a Meeting Order by May 11, 2009, disseminate its Plan of Arrangement to Creditors by May 15, 2009, hold a Meeting of Creditors by June 12, 2009, bring a motion for a Sanction Order by June 19, 2009 and implement its Plan of Arrangement by June 26, 2009;

(i) USI has sufficient funds to carry on its business operations until May 23, 2009. After that, and specifically between May 24 and June 25, 2009, USI will require access to the cash value in certain policies as well as access to corporately owned maturities in the Death Benefits Account in order to meet its cash requirements;

(j) USI seeks to begin the administrative process for accessing such funds, but will not use such funds until the matter is considered further by the Court on May 11, on a complete record, which includes an analysis of the impact of such access on USI's creditors;

(k) The provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36; and

(l) Such further and other grounds as counsel may advise and this Honourable Court permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

(a) The Affidavit of Christopher Halas sworn April 20, 2009 and the exhibits hereto;

(b) The 6th Report of the Monitor to be filed; and

(c) Such further and other materials as counsel may advise and this Honourable Court permit.

April 20, 2009

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