

**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 May 11, 2009)**

May 5, 2009

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Irwin A. Duncan WHITE, DUNCAN, LINTON LLP P.O. Box 457 45 Erb Street East Waterloo, ON N2J 4B5	Tel.: (519) 886-3340 Fax: (519) 886-8651 iad@kwlaw.net	Respondents: Boyd Rees and Judy Rees
William J. Garrison SCHEEF & STONE, L.L. P. 500 N. Akarde Street, Suite 2700 Dallas, Texas 75201	Tel.: (214) 706-4200 Fax: (214) 706-4242 bgarrison@scheefandstone.com	Respondent: Priority Pharmacy
Thomas Buchinger Director BANK AUSTRIA CREDITANSTALT VERSICHERUNGSDIENST GMBH 1010 Wien, Reichsratsstraße 17 AUSTRIA	Tel.: 43 (0)50505 Ext. 42300 or 42330 sandhu@ba-cavd.at	Respondent: Bank Austria Creditanstalt Versicherungsdienst GmbH
DR. KARL HAFELE Via Principale 43 I-39021 Laces Bolzano ITALY	Tel: 0043-664-8314890 Karl.Hafele@rhombbergbau.at	Respondent: Dr. Karl Hafele

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**NOTICE OF MOTION
(before Justice Wilton-Siegel returnable May 11, 2009)**

THE APPLICANT will bring a motion before Justice Wilton-Siegel of the Commercial List on Monday, May 11, 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) Authorizing a meeting of the creditors of USI pursuant to the terms of a meeting order (the "Meeting Order") in substantially the same form as is attached to the Affidavit of Christopher Halas sworn May 5, 2009 (the "Halas Affidavit") as Exhibit "A";
- (b) Authorizing USI to file with the Court and submit a Plan of Compromise and Arrangement (the "Plan") pursuant to the CCAA in substantially the same form as is attached to the Halas Affidavit as Exhibit "B";
- (c) Authorizing USI to use the following amounts to fund its ongoing business operations (including the payment of premiums) between May 11 and July 3, 2009, under the supervision of the Monitor:
 - (i) (CND)\$801,535.00 ((USD)\$681,305.00) from the cash value of policies which are corporately owned by USI, either in whole or in part;
 - (ii) (CND)\$456,046.00 ((USD)\$387,639.00) from the cash value of certain other policies; and
 - (iii) (CND)\$185,142.00 ((USD)\$157,371.00) from maturities on corporately owned policies which are currently being held in the Death Benefits Account (as defined in the Initial Order); and

- (iv) Extending the Stay Period (as defined in the Initial Order) from May 15, 2009 to July 3, 2009; and
- (d) 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 May 15, 2009;
- (d) Since the date of the Initial Order, USI has been preparing the Plan, in consultation from time to time with the Monitor, which is now in final form. As a result, USI is ready to distribute the Plan to its creditors and hold a meeting of creditors for the purposes of voting on the Plan;
- (e) To this end, USI seeks approval of a Meeting Order;

- (f) In order to finance its business (including the payment of premiums), and carry out the terms of the Meeting Order, USI requires the use of the additional funding it was authorized to access pursuant to an Order of this Court dated April 23, 2009;
- (g) USI has considered the impact on its creditors of using the additional funding, and has concluded that it would not have a prejudicial effect;
- (h) USI also requires an extension of the Stay until July 3, 2009 in order to carry out the terms of the Meeting Order and Plan; and
- (i) The provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36; and
- (j) 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 Halas Affidavit and the exhibits hereto;
- (b) The 7th Report of the Monitor to be filed; and
- (c) Such further and other materials as counsel may advise and this Honourable Court permit.

May 5, 2009

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Court File No.: 08-CL-7878

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