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

SUPPLEMENTAL MOTION RECORD
(before Justice H. Wilton-Siegel returnable May 11, 2009)

May 7, 2009

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

TO: SERVICE LIST

John P. Ormston, Esq **ORMSTON LIST FRAWLEY LLP** 40 University Avenue Suite 720 Toronto, ON M5J 1T1	Tel.: (416) 594-0791 Fax: (416) 594-9690 jormston@olflaw.com	Respondents: Rino Bifolchi, Çajubi Caja Paraguaya de Jucilaciones y Pensiones, Gilbert Pereira
Susan M. Grundy **BLAKE, CASSELS & GRAYDON LLP** 199 Bay Street Suite 2800, Commerce Court West Toronto, ON M5L 1A9 **Katherine McEachern** **BLAKE, CASSELS & GRAYDON LLP** Consultant, Toronto Office	Tel: (416) 863-2572 Fax: (416) 863-2653 susan.grundy@blakes.com Tel: (416) 863-2566 Fax: (416) 863-2653 katherine.mceachern@blakes.com	Monitor: Ernst & Young Inc
John J. Keenan **KEENAN STONE LAW CENTRE PC** Attorneys and Counselors at Law 207 Lake Street, Suite 2 Hamburg, New York 14075	Tel.: (716) 646-9400 Fax: (716) 646-9420 jkeenan@keestonelaw.com	National Viaticals Inc.
F.J. Hugh Shaw **RUDERMAN, SHAW** 20 Eglinton Avenue West Suite 1820 Toronto ON M4R 1K8	Tel: (416) 484-8558 Fax: (416) 484-6918 hshaw@rudermanshaw.com	Respondents: Ramon Credi Cheja, Helen Marquard de Peterson, Nancy E. Lira-Hereford, Pedro M. Olavarri, Russel E. Kennedy, Ana M. Magaloni De Bustamante, Jose Manuel Rincon Gallardo, Lucia B. Ruiz De Olavarri, Mariagrazia Savini and Esteban Gonzalez Vergara
Darcy Legros **BENNETT JONES LLP** One First Canadian Place Suite 3400, P.O. Box 130 Toronto, ON M5X 1A4	Tel.: (416) 777-6258 Fax: (416) 863-1716 legrosd@bennettjones.ca	Respondents: Tim Mitchell and Daphne Mitchell

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 1-39021 Laces Bolzano ITALY	Tel: 0043-664-8314890 Karl.Hafele@rhombergbau.at	Respondent: Dr. Karl Hafele

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

I N D E X

On 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 OF ARRANGEMENT OF UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

Applicant

SUPPLEMENTAL AFFIDAVIT OF CHRISTOPHER HALAS
(sworn May 7, 2009)

I, CHRISTOPHER HALAS, of the City of Burlington, Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the Vice-President and Secretary of Universal Settlements International Inc. ("USI"); I have been Vice-President since January 2002 and Secretary since January 2007. I have personal knowledge of the matters to which I depose in this Affidavit. Where I do not possess personal knowledge, I have stated the sources of my information and, in all such cases, believe it to be true.

2. This supplemental affidavit is sworn further to my affidavit sworn May 5, 2009 (the "May 5th Affidavit") in support of USI's Motion dated May 5, 2009 in this proceeding.

3. In addition to the Exhibits filed in support of the May 5th Affidavit, USI has also prepared a Projected Cash Flow Statement for the period April 19, 2009 to July 4, 2009 showing its intended use of the additional financing described in paragraphs 38 and following in the May 5th Affidavit, should it be granted authorization to use this financing. The Projected Cash Flow is attached hereto as Exhibit "A".

4. This affidavit is sworn in support of USI's motion for the relief described herein and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on this 7th day of May, 2009.	**CHRISTOPHER HALAS**
Commissioner for Taking Affidavits Allison Kurtz.	

This is Exhibit "A" referred to in the
affidavit of Christopher Halas
sworn before me, this 7th
day of MAY 2009

A COMMISSIONER FOR TAKING AFFIDAVITS

UNIVERSAL SETTLEMENTS INC. PROJECTED WEEKLY CASH FLOW
NON-POOLED
For the Period ending July 4, 2009
As at April 19, 2009

USI Inc. Operating Account

Canadian $ - USD balances converted at $0.85

Week Starting (Sun)		Apr-19	Apr-26	May 03	May 10	May 17	May 24	May 31	Jun 07	Jun 14	Jun 21	Jun 28
Week Ending (Sat)	Notes	Apr-25	May-02	May 09	May 16	May 23	May 30	Jun 06	Jun 13	Jun 20	Jun 27	Jul 04
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening Cash Balance		959,143	900,552	749,711	696,378	462,820	1,099,042	1,037,903	972,221	690,631	645,699	301,036
Receipts												
TPI Portfolio Sale	5(b)	0	374,021	0	0	0	0	0	0	0	0	0
Transfer from Maturities account	5(d)	0	0	0	0	0	185,142	0	0	0	0	0
Premium Refund	5(b)	210,273	0	0	0	0	0	0	0	0	0	0
Rent Income from Sublease	5(a)	0	0	0	3,282	0	0	0	3,282	0	0	0
Transfers		8,706	0	0	0	0	0	0	0	0	0	0
Policy Cash Value/Loan	5(c)	0	0	0	0	673,682	127,853	0	0	0	0	0
Receipt Sub-Total		218,979	374,021	0	3,282	673,682	312,995	0	3,282	0	0	0
Disbursements												
Business Expenses												
Rent		0	19,534	0	0	0	0	19,534	0	0	0	19,534
Compensation and Benefits		25,400	4,824	18,890	11,040	18,890	11,040	20,774	11,040	18,890	11,040	20,774
Other Direct Costs (Phone, Insurance, Etc.)		822	29,616	1,000	800	1,100	1,250	1,250	800	800	1,300	1,500
Legal Fees	6(d)	0	0	0	0	9,412	0	0	9,412	0	0	0
Consulting	6(c)	0	13,059	0	15,000	0	17,647	0	0	15,000	0	17,647
Travel and Misc. Expenses		20,702	0	0	0	0	9,000	0	0	0	0	3,000
Portfolio Related Expenses												
Premium Payments	6(b)	19,320	166,001	33,443	0	7,765	3,432	24,124	53,326	10,242	122,323	217,138
Medicals, Death Certificates, Etc.		0	62	0	0	294	0	0	294	0	0	294
Portfolio Administrative Charges		0	11,765	0	0	0	11,765	0	0	0	0	11,765
Restructuring Costs												
Advisor/Monitor/Monitor Legal	6(e)	86,822	120,000	0	120,000	0	120,000	0	120,000	0	120,000	0
Legal	6(e)	124,503	160,000	0	90,000	0	90,000	0	90,000	0	90,000	0
Postage, Printing, Advertising and Translating	6(f)	0	0	0	0	0	110,000	0	0	0	0	0
Disbursement Sub-Total		277,570	524,861	53,333	236,840	37,461	374,134	65,682	284,872	44,932	344,663	291,653
Net Cash Flow		-58,591	-150,840	-53,333	-233,558	636,222	-61,139	-65,682	-281,590	-44,932	-344,663	-291,653
Ending Cash Balance		900,552	749,711	696,378	462,820	1,099,042	1,037,903	972,221	690,631	645,699	301,036	9,383

Premium Reserve Account Cash Flow

Canadian $ - USD balances converted at $0.85

Week Starting (Sun)		Apr-19	Apr-26	May 03	May 10	May 17	May 24	May 31	Jun 07	Jun 14	Jun 21	Jun 28
Week Ending (Sat)		Apr-25	May-02	May 09	May 16	May 23	May 30	Jun 06	Jun 13	Jun 20	Jun 27	Jul 04
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening		3,585,548	3,526,690	3,479,565	3,479,565	3,468,977	3,456,624	3,414,411	3,272,720	3,272,720	3,249,778	3,243,024
Annuity	7(a)	0	0	0	0	0	0	0	0	0	0	0
Reserved Premium Payments	8(a)	-58,859	-47,125	0	-10,588	-12,353	-42,212	-141,692	0	-22,941	-6,754	-13,678
Transfer		0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow		-58,859	-47,125	0	-10,588	-12,353	-42,212	-141,692	0	-22,941	-6,754	-13,678
Closing		3,526,690	3,479,565	3,479,565	3,468,977	3,456,624	3,414,411	3,272,720	3,272,720	3,249,778	3,243,024	3,229,346

Death Benefits Account Cash Flow

Canadian $ - USD balances converted at $0.85

Week Starting (Sun)		Apr-19	Apr-26	May 03	May 10	May 17	May 24	May 31	Jun 07	Jun 14	Jun 21	Jun 28
Week Ending (Sat)		Apr-25	May-02	May 09	May 16	May 23	May 30	Jun 06	Jun 13	Jun 20	Jun 27	Jul 04
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening		6,741,774	6,741,774	6,741,774	6,741,774	6,741,774	6,741,774	6,556,632	6,556,632	6,556,632	6,556,632	6,556,632
Add: New Benefits Paid by Insurance Companies	9(a)	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
Less: Transfer to Corporate Account	5(d)						-185,142					
Closing		6,741,774	6,741,774	6,741,774	6,741,774	6,741,774	6,556,632	6,556,632	6,556,632	6,556,632	6,556,632	6,556,632

4

Appendix "A"

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 the CCAA Proceedings. 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 for the period of April 19, 2009 to July 4, 2009.

4. All balances are in Canadian dollars. US dollar balances are converted at $1.176.

<u>Corporate Account</u>

5. Receipts:

   a. Rental Income - Based on renegotiated terms of the Sub-Lease Agreement.

   b. As part of the TPI AIDS portfolio divesture, a further USD$317,918 (CAD $374,021) is forecasted in partial sale proceeds during the week of April 26th. In addition, USI has already received a premium refund of USD$178,732 (CAD $210, 273) as part of the TPI AIDS portfolio divesture.

   c. As per the Court Order dated April 23, 2009, it is projected that the Company will receive loan amounts against the cash value of four policies owned by USI, either in whole or in part, with such amounts to be secured against USI's interests in the policies. The Forecast has been prepared under the assumption that the Court will agree to provide the necessary approvals and hence USD$681,305) (USD$572,630 + USD$108,675) (total CAD $801,535) is projected to be received into the Operating Account during the last two weeks of May, 2009.

d. Further to the Court Order dated April 23, 2009 and assuming the requisite approval is granted by this Honourable Court, it is projected that the Company could transfer approximately USD$157,000 (CAD $185,142) from the Death Benefits Account in respect of matured policies relating to Corporate interests.

6. Disbursements:

a. Business expenses are forecasted based on historical run rates (**NTD** – need appropriate reference in cash flow)

b. Premiums are paid for all policies based on the date payment is remitted, which typically is one week prior to required payment date. These payments relate to the policies with no premiums reserved. The Projection has been prepared under the assumption that the Company will be able to set-off USD$387,637 (CAD $456,044)from policies with accumulated cash value against required premium payments on such policies. This set-off will have no affect on the face value or death benefit of the policies. The Company has contacted the relevant insurance companies to confirm sufficient accumulated cash value exists.

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 legal fees related to litigation and arbitration cases, for work required to preserve the status of the litigation.

e. Restructuring costs relate to the Monitor, Monitor's counsel, and the Applicants counsel fees and disbursements associated with the CCAA Proceedings

f. Represents costs associated with mailing Plan materials and advertising the meeting of creditors..

<u>Premium Reserve Account</u>

7. Disbursements:

a. Premiums are paid for all policies based on the date payment is remitted, which typically is one week prior to the required payment date. These payments relate to the policies with premium reserves.

Maturities Account

8. Receipts

    a. Forecasted receipts exclude maturities (death benefit payments), due to the uncertainty surrounding the timing.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OF ARRANGEMENT OF UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

Court File No: 08-CL-7878

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

SUPPLEMENTAL AFFIDAVIT OF CHRISTOPHER HALAS
(sworn May 7, 2009)

OGILVY RENAULT LLP
Suite 3800
Royal Bank Plaza, South Tower
200 Bay Street
P.O. Box 84
Toronto, Ontario M5J 2Z4
CANADA

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

Lawyers for the Applicant

8

DOCSTOR: 1687773\1

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

SUPPLEMENTAL MOTION RECORD
(before Justice H. Wilton-Siegel
returnable May 11, 2009)

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: 1687759\1