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

MOTION RECORD OF THE APPLICANT, UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

(Returnable January 6, 2016)

December 30, 2015

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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

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AND TO: **Those parties who have delivered to the Monitor a Service List Request Form, to the Email addresses provided**

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

MOTION RECORD OF THE APPLICANT, UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

(Returnable January 6, 2016)

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ONTARIO
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Applicant

NOTICE OF MOTION
(Motion Returnable January 6, 2016)

The Applicant, Universal Settlement International Inc. ("**USI**"), will make a Motion to the Court on Wednesday, January 6, 2016 at 10:00 a.m., or as soon thereafter as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The Motion is to be heard orally.

THE MOTION IS FOR AN ORDER:

1. Granting leave to abridge the time for service of the Motion Record, if necessary

2. Giving directions pursuant to section 7.8 of the Amended Plan of Compromise and Arrangement dated June 16, 2009 (the "**2009 Plan**"), as amended by the Amendment to the Plan of Compromise and Arrangement dated November 24, 2014 (collectively, the "**Plan**");

3. Authorizing the execution and delivery, *nunc pro tunc*, of and approving the Letter of Engagement dated November 24, 2015 between USI and Reid Collins Tsai LLP; and

4. Such further and other relief as this Court shall deem just.

THE GROUNDS FOR THE MOTION ARE:

Background

1. The Applicant, USI, is an Ontario corporation that was in the business of "life settlements". Investing in life settlements involved the purchase of life insurance policies from insured individuals at a discount from the face value of the policies, and the sale of interests in those policies to investors. Investment returns are intended to be earned on the maturity of the policies.

2. On December 2, 2008, USI filed for and obtained protection from its creditors under the CCAA, pursuant to the provisions of the initial order dated December 2, 2008 (the "**Initial Order**").

3. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as the Monitor of USI.

4. The 2009 Plan was sanctioned by the Court on June 22, 2009. Under the 2009 Plan, all policies held by USI as trustee on behalf of investors and on its own behalf (the "**Policies**") were pooled to be held in trust by USI as trustee for the benefit of USI's two classes of creditors, Purchasers and Ordinary Creditors as defined in the Plan (collectively, the "**Creditors**") pursuant to the declaration of trust dated as at July 17, 2009. Since implementation of the Plan, USI has been administering the Policies and the funds in the Monitored Trust Account as trustee on behalf of the beneficiaries of the Plan.

US Litigation and Retainer of Reid Collins Tsai LLP

5. Section 2.3(c) of the Plan permitted USI to utilize the Litigation Contribution (as defined in the Plan) to continue two actions outstanding at the time the Plan was approved and sanctioned, being *Universal Settlements International Inc. v. James Torchia, Marc Celello and National Viatical Inc.* (United States District Court, Western District of Michigan, Court File No. 1:07-cv-1243) (the "**Torchia Action**") and in *Universal Settlements International Inc. v. Antonio Duscio et al.* (Ontario Superior Court of Justice, Court File No. 06-CV-323645PD3) (the "**Duscio Action**").

6. USI's counsel in the Torchia Action, Dykema Gossett LLP ("**Dykema**"), is currently owed US$613,591.25 for legal fees and disbursements incurred in connection with the Torchia Action.

7. Dykema is currently holding US$242,000 in trust received from one of the defendants in partial satisfaction of a judgment obtained in the Torchia Action which constitutes Litigation Recovery pursuant to the terms of the Plan. There remains for collection a default judgment in the amount of US$5 million outstanding against the other defendants in the Torchia Action, National Viatical Inc. and James Torchia (the "**Torchia Judgment**").

8. By separate motion, USI is seeking directions from the Court authorizing it to pay to Dykema the remaining portion of the Escrow Fund (as defined in the Plan) being CDN$201,573.32 and the Litigation recovery of US$242,000 held in trust by Dykema in full and final satisfaction of all legal fees and disbursements incurred by Dykema in the Torchia Action.

9. Dykema attempted to enforce the Torchia Judgment. However, to date collection efforts have been difficult and costly. To date, the judgment debtors have managed to avoid attachment or seizure of any assets to satisfy the Torchia Judgment.

10. Dykema has advised that USI will have to enter into a retainer agreement with Dykema to perform any further enforcement or collection proceedings at the standard hourly rates for performing this type of work.

11. USI has not retained Dykema to pursue enforcement of the Torchia Judgment.

12. USI has entered into a Letter of Engagement dated November 24, 2015 with Reid Collins Tsai LLP to pursue the enforcement and collection of the Torchia Judgment on a contingency basis. The Letter of Engagement is subject to court approval.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the Hearing of the Motion:

1. The Affidavit of Janet Lunau sworn December 30, 2015; and
2. Such further and other material that counsel may advise and the Court may permit.

December 30, 2015

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Court File No.: 08-CL-7878

ONTARIO
SUPERIOR COURT OF JUSTICE
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B E T W E E N:

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

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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 IN TORONTO

NOTICE OF MOTION

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ONTARIO
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

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Applicant

AFFIDAVIT OF JANET LUNAU
(Sworn December 30, 2015)

I, JANET LUNAU, of the City of Toronto, Province of Ontario, MAKE OATH AND SAY:

1. I am a lawyer at Rueters LLP, counsel for Universal Settlements International Inc. ("**USI**"). As such, I have knowledge of the matters to which I depose in this Affidavit. Where I do not have personal knowledge, I have stated the sources of my information and believe such information to be true.

2. I swear this affidavit in support of USI's Motion for and order Authorizing the execution and delivery, *nunc pro tunc*, of and approving the Letter of Engagement dated November 24, 2015 between USI and Reid Collins Tsai LLP.

US Litigation and Retainer of Reid Collins Tsai LLP

3. Section 2.3(c) of the Plan permitted USI to utilize the Litigation Contribution (as defined in the Plan) to continue two actions outstanding at the time the Plan was approved and sanctioned, being *Universal Settlements International Inc. v. James Torchia, Marc Celello and National*

Viatical Inc. (United States District Court, Western District of Michigan, Court File No. 1:07-cv-1243) (the "**Torchia Action**") and in *Universal Settlements International Inc. v. Antonio Duscio et al.* (Ontario Superior Court of Justice, Court File No. 06-CV-323645PD3) (the "**Duscio Action**").

4. USI's counsel in the Torchia Action is Dykema Gossett LLP ("**Dykema**") is currently owed US$613,591.25 for legal fees and disbursements incurred in connection with the Torchia Action.

5. Dykema is currently holding US$242,000 in trust received from one of the defendants in partial satisfaction of a judgment obtained in the Torchia Action which constitutes Litigation Recovery pursuant to the terms of the Plan. There remains for collection a default judgment in the amount of US$5 million outstanding against the other defendants in the Torchia Action, National Viatical Inc. and James Torchia (the "**Torchia Judgment**").

6. By separate motion, USI is seeking directions from the Court authorizing it to pay to Dykema the remaining portion of the Escrow Fund (as defined in the Plan) being CDN$201,573.32 and the Litigation recovery of US$242,000 held in trust by Dykema in full and final satisfaction of all legal fees and disbursements incurred by Dykema in the Torchia Action.

7. Christopher Halas, the Vice President and Secretary of USI, has sworn an affidavit dated December 22, 2015 ("**Halas Affidavit**") in support of the above motion by USI. A copy of the Halas Affidavit (without exhibits) is attached hereto as Exhibit "A".

8. In the Halas Affidavit, Mr. Halas has attested to the following circumstances in respect of the enforcement and collection of the Torchia Judgment:

(a) Dykema attempted to enforce the Torchia Judgment. However, to date collection efforts have been difficult and costly. To date, the debtors have managed to avoid attachment or seizure of any assets to satisfy the Torchia Judgment.

(b) Dykema has advised that USI will have to enter into a retainer agreement with Dykema to perform any further enforcement or collection proceedings at the standard hourly rates for performing this type of work; and

(c) USI has decided not to retain Dykema to pursue enforcement of the Torchia Judgment.

9. In the Halas Affidavit, Mr. Halas further advises that USI is pursuing another alternative to pursue the enforcement of the Torchia Judgment for which USI would be seeking the Court's approval.

10. By Letter of Engagement dated November 24, 2015, USI retained Reid Collins Tsai LLP to represent USI in connection with efforts to collect the Torchia Judgment. The Letter of Engagement is subject to court approval. The Letter of Engagement is subject to solicitor-client privilege. As such, I have not attached a copy of the Letter of Engagement as an exhibit to this affidavit. A copy of the Letter of Engagement will be provided to the Court to review on the return of the motion.

11. I can provide the Court with the following information regarding the retainer of Reid Collins Tsai LLP:

(a) The sole purpose of the retainer is in respect of pursuing collection of the Torchia Judgment;

(b) The retainer is a contingency fee agreement where Reid Collins Tsai LLP would receive 50% of any gross recoveries from the collection of the Torchia Judgment;

(c) USI will have no responsibility to advance any fees, costs or expenses in connection with the retainer, including in the event the retainer is terminated; and

(d) USI can terminate the engagement with or without cause at any time and Reid Collins Tsai LLP would not be entitled to any contingency fee apart from any payment owing from amounts already recovered.

SWORN before me at the City of Toronto, in the Province of Ontario, this 30th day of December, 2015.	)
A Commissioner, for Taking Affidavits, etc.	**JANET LUNAU**

THIS IS EXHIBIT *"A"*

REFERRED TO IN THE AFFIDAVIT OF
JANET LUNAU

SWORN BEFORE ME THIS

30th DAY OF DECEMBER, 2015.

Commissioner for Taking Affidavits, etc.

Court File No.: 08-CL-7878

ONTARIO
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Applicant

AFFIDAVIT OF CHRISTOPHER HALAS
(Sworn December 22, 2015)

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

1. I am the Vice-President and Secretary of Universal Settlements International Inc. ("**USI**"). I have personal knowledge of the matters to which I depose in this Affidavit. Where I do not have personal knowledge, I have stated the sources of my information and believe such information to be true.

2. I swear this affidavit in support of USI's Motion for orders, among other things:

   (a) authorizing the payment of legal fees of Dykema Gossett PLLC ("**Dykema**") for outstanding legal fees and disbursements owing to it in connection with its legal representation of USI in *Universal Settlements International Inc. v. James Torchia, Marc Celello and National Viatical Inc.* (United States District Court, Western District of Michigan, Court File No. 1:07-cv-1243) (the "**Torchia Action**");

(b) authorizing payment of administrative fees to USI for services USI has rendered and will continue to render to the Trust, in connection with the Amended Plan of Compromise and Arrangement dated June 16, 2009 (the "**2009 Plan**"), as amended by the Plan Amendment (as defined below) (collectively, the "**Plan**") and the Asset Purchase Agreement (as defined below) from August 1, 2015 through to March 31, 2016; and

(c) approving the Twenty-Fourth Report of the Monitor to be filed.

CCAA Plan and Sale of Policies

3. USI is an Ontario corporation that is in the business of "life settlements". Investing in life settlements involves the purchase of life insurance policies from insured individuals at a discount from the face value of the policies, and the sale of interests in those policies to investors. Investment returns are intended to be earned on the maturity of the policies.

4. On December 2, 2008, USI filed for and obtained protection from its creditors under the Companies' Creditors Arrangement Act ("**CCAA**"), pursuant to the provisions of an initial order dated December 2, 2008 (the "**Initial Order**"). A copy of the Initial Order is attached hereto as Exhibit "A".

5. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as the Monitor of USI.

6. The 2009 Plan was sanctioned by the Court on June 22, 2009. Under the 2009 Plan, all policies held by USI on behalf of investors and on its own behalf (the "**Policies**") were pooled to be held in trust by USI as trustee for the benefit of USI's two classes of creditors, Purchasers and Ordinary Creditors (each as defined in the Plan, collectively, the "**Creditors**") pursuant to the declaration of trust dated as at July 17, 2009 (the "**Declaration of Trust**"). Since implementation of the Plan, USI has been administering the Policies and the funds in the Monitored Trust Account as trustee on behalf of the beneficiaries of the Plan ("**Trustee**"). Attached hereto as Exhibit "**B**" is a copy of the 2009 Plan and the Declaration of Trust.

7. The implementation of the Plan occurred on July 17, 2009. Therefore, the Plan Implementation Date as defined in the Plan is July 17, 2009.

8. After almost six years since the implementation of the Plan, no proceeds were available to make any distributions to Creditors, as contemplated by the Plan. Insufficient proceeds were generated by the Policies held pursuant to the Plan to pay the costs of maintenance of the Policies and USI had to incur the costs of financing pursuant to a US$10 million revolving loan in order to ensure that the Policies did not lapse.

9. To address this liquidity issue, USI, in consultation with the Monitor, recommended to the Creditors that the Monitor be permitted to conduct a process to market and sell the Policies.

10. The 2009 Plan did not permit a sales process to commence under these circumstances. Accordingly, USI, in consultation with the Monitor, proposed an amendment to the 2009 Plan pursuant to Amendment to the Plan of Compromise and Arrangement dated November 24, 2014 (the "**Plan Amendment**") which, among other things, would amend the Sale Process provisions in section 4.9 of the 2009 Plan, to allow the Monitor to commence a process for the sale of or investment in, financing or re-financing of all or some of the Policies that have not matured. Attached hereto as Exhibit "**C**" is a copy of the Plan Amendment.

SISP

11. On October 1, 2014, USI sought and obtained two orders from the Court:

(a) a Meetings Order authorizing and approving the calling and holding of meetings of Purchasers and Ordinary Creditors (as defined therein) on November 5, 2014 for purposes of considering and voting on the proposed Plan Amendment (the "**Creditors' Meetings**"); and

(b) an order approving the proposed sale and investor solicitation process (the "**SISP**") for the Policies and authorizing the Monitor to commence the implementation of the SISP immediately upon and in the event of the achievement of the requisite statutory thresholds for approval of the Plan Amendment at the Creditors' Meetings and the issuance of an order sanctioning the Plan Amendment.

Attached hereto as Exhibits "**D**" and "**E**" are copies of the October 1, 2014 Orders.

12. The Creditors approved the Plan Amendment at a Creditors' Meeting on November 24, 2014. On November 27, 2014, USI sought and obtained an order sanctioning the Plan, as amended by the Plan Amendment (the "**Sanction Order**"). Attached hereto as Exhibit "**F**" is a copy of the Sanction Order.

13. Upon obtaining the Sanction Order, the Monitor commenced its conduct of the SISP. The details of the Monitor's conduct of the SISP and the solicitation of Qualified Bids (as defined in the SISP) are set out in the Twenty-Third Report of the Monitor dated March 24, 2015.

14. On March 23, 2015 USI, as Trustee for the beneficiaries of the Plan, executed an asset purchase agreement (the "**Asset Purchase Agreement**") with Vida Capital, Inc. (the "**Purchaser**") for the sale of all remaining unmatured Policies (collectively, the "**Purchased Policies**"), conditional on, among other things, receiving an approval and vesting order from the Court.

15. On April 9, 2015, USI obtained approval of the Asset Purchase Agreement pursuant to an approval and vesting order from the Court (the "**Approval and Vesting Order**") and the sale of the Purchased Policies to the Purchaser closed on April 10, 2015. Attached hereto as Exhibit "**G**" is a copy of the Approval and Vesting Order.

US Litigation and Payment of Outstanding Legal Fees and Disbursements

16. Section 2.3(c) of the Plan permits USI to utilize the Litigation Contribution (as defined in the Plan) to continue two actions outstanding at the time the Plan was approved and sanctioned, being the Torchia Action and in *Universal Settlements International Inc. v. Antonio Duscio et al.* (Ontario Superior Court of Justice, Court File No. 06-CV-323645PD3) (the "**Duscio Action**", together with the Torchia Action, collectively, the "**Actions**").

17. Pursuant to Section 3.4 of the Monitored Account Agreement dated as of July 17, 2009 (the "**Monitored Trust Account**"), USI may request that the Litigation Contribution be used to pay USI's legal fees and disbursements in the Actions. Attached hereto as Exhibit "**H**" is a copy of the Monitored Account Agreement.

18. When the 2009 Plan was first approved in 2009, US$500,000 was disbursed from the Monitored Trust Account towards partial payment of the legal fees and disbursements incurred by USI in the Actions.

19. Section 2.5 of the Plan refers to an Escrow Fund (as defined therein) which consists of monies paid into escrow pursuant to an interim award of an arbitrator dated January 16, 2007 concerning a shotgun dispute between the shareholders of USI, of which my holding company is one, and Antonio Duscio and his holding company. Both my holding company and Jeff Panos' holding company are shareholders of USI and responded to a shot gun by the third shareholder, a holding company owned by Antonio Duscio. A dispute concerning the exercise of the shot gun was referred to arbitration and my holding company and Mr. Panos' holding company were ordered to pay funds into escrow for the shot gun.

20. When USI filed for CCAA protection, the shareholders agreed that any and all portions of the Escrow Fund that were released to the shareholders would be paid into the Monitored Trust Account and would be first applied against outstanding legal fees and disbursements of USI incurred in connection with the Actions. This is reflected in section 2.5 of the Plan.

21. Further, pursuant to section 4.5 of the Plan, any Litigation Recovery (as defined in the Plan) from the Actions is required to be paid into the Monitored Trust Account and must be first applied to reimburse the Monitored Trust Account for the payment of legal fees and disbursements incurred in connection with the Actions.

22. Pursuant to a settlement agreement in the Duscio Action, the balance of the Escrow Fund (as defined in the Plan) remaining following the payment of outstanding legal fees and disbursements owed to counsel for USI in the Duscio Action, being the balance of CDN$201,590.82, less a CDN$17.50 wire transfer fee, for a net amount of CDN CDN$201,573.32, was transferred to the Monitored Trust Account (as defined in the Monitored Trust Agreement). Pursuant to section 4.5 of the Plan, these funds form part of the Litigation Contribution under the Plan which, as mentioned above, is first available to pay USI's legal fees and disbursements in connection with the Actions. Attached as Exhibit "I" is a redacted letter dated July 14, 2014 from William McNamara of Norton Rose Fulbright, USI's counsel in the Duscio Action, confirming the settlement and the amount of the Escrow Fund that was transferred to the Monitored Trust Account. I have not attached the enclosures to the letter being the Settlement Agreement and Mutual Release which are subject to confidentiality provisions. A copy of the Settlement Agreement and the Mutual Release will be available to provide to the Court at the hearing of the Motion if the Court requests.

23. Dykema is counsel for USI in the Torchia Action.

24. Dykema is currently owed US$613,591.25 for legal fees and disbursements incurred in the action. Attached as Exhibit "J" is a copy of the Statement of Account from Dykema setting out the outstanding fees and disbursements owed to it in respect of pursuing the Torchia Action.

25. I am advised by my counsel that Dykema currently holds a charging lien, similar to a solicitor's lien in Ontario on all funds held by Dykema relating to the Torchia Judgment.

26. As can be seen on the Statement of Account, Dykema has not received payment for any legal fees or disbursements since July 2010. This is because the initial Litigation Contribution of US$500,000 was exhausted in or about 2010 and there have been no further funds to pay Dykema for its fees incurred in connection with the Torchia Action. Despite USI not being able to pay any further fees, Dykema agreed to continue to pursue the Torchia Action and be paid when funds were recovered from the Torchia Action.

27. Dykema is currently holding US$242,000 in trust received from one of the defendants in partial satisfaction of a judgment obtained in the Torchia Action which constitutes Litigation Recovery pursuant to the terms of the Plan. There remains for collection a default judgment in the amount of US$5 million outstanding against the other defendants in the Torchia Action National Viatical Inc. and James Torchia (the "**Torchia Judgment**").

28. I am advised by Mark van der Laan, a lawyer at Dykema that has been working on enforcing the Torchia Judgment, that enforcement of the Torchia Judgment and collection efforts against the Torchia Judgment debtors, National Viatical Inc. and James Torchia, have been difficult and costly. To date, the debtors have managed to avoid attachment or seizure of any assets to satisfy the Torchia Judgment.

29. Mr. van der Laan has also advised that if USI wishes Dykema to act for it in pursuing collection of the Torchia Judgment that USI will have to enter into a retainer agreement with Dykema to perform these services at the standard hourly rates for performing this type of work.

30. In light of the foregoing, USI has decided not to retain Dykema to pursue enforcement of the Torchia Judgment and is pursuing another alternative for which it will be seeking the Court's approval by way of a separate motion concurrent with the hearing of the Motion.

31. There are currently insufficient Litigation Contribution and Litigation Recovery funds in the Monitored Trust Account to pay the outstanding legal fees and disbursements owing to Dykema for services performed to date. Accordingly, USI entered into discussions with Dykema to come to an agreement on its outstanding account of US$613,591.25 for legal fees and disbursements incurred in the Torchia Action. Dykema has agreed to accept the payment of (i) US$242,000 it hold in trust, and (ii) CDN$201,573.32, in full and final satisfaction of all outstanding legal fees and disbursements and to release USI from any obligation to pay the balance of legal fees and disbursements incurred in the Torchia Action.

32. I am advised by Mr. van der Laan that they will require a court order from the Ontario Superior Court of Justice approving the foregoing payments.

Fees for USI from and after July 31, 2015

33. Under the 2009 Plan, USI was paid an Administrative Fee of CDN$100,000 per month in exchange for the performance of administrative services set out in Schedule A of the Plan. These services include, but were not limited to:

(a) Premium management and funding (to keep Policies in force);

(b) Performing cash analyses, borrowing against the Polices (where permitted under the Plan) and other financing services as required;

(c) Insured tracking;

(d) Processing and collecting death benefits;

(e) Investor communications and information updates;

(f) Providing written reports to purchasers and maintaining customer support (i.e. responding to telephone, fax or email inquiries during normal business hours);

(g) Daily cash-flow reconciliations and reports;

(h) Reporting to the monitor and purchasers as mandated by the Court; and

(i) Ensuring regulatory compliance with respect to the Policies.

34. In addition to the above administrative services to the extent still relevant given the sale of the Purchased Policies to the Purchaser under the Asset Purchase Agreement, USI also has responsibilities under the Monitored Account Agreement which are set out in Schedule B to the Monitored Trust Agreement which is attached to this affidavit as Exhibit "II". These responsibilities include, but are not limited to:

(a) Maintaining financial records for the Monitored Trust Account and reporting to the Monitor on receipts and disbursements;

(b) Duties related to the insurance policies including collection of medical information and life expectancy reports;

(c) Administering the Actions and the Litigation Recovery;

(d) Administer the legal process for the release of the Escrow Fund;

(e) Payment of premiums from the Monitored Trust Account;

(f) Administering professional services provided by counsel and seeking approval of the Monitor for the payment of invoices;

(g) Preparing cash flow projections; and

(h) Assist with the distribution and payment to purchasers.

35. Pursuant to the Plan, the Administrative Fee was to be payable to USI monthly in advance from the Monitored Trust Account for each month (or part thereof) starting on Plan Implementation (as defined in the Plan) until the earlier of (i) the date on which one hundred percent (100%) of the Original Investment of Purchasers (as defined in the Plan) has been paid,

(ii) six (6) years from the Plan Implementation Date (as defined in the Plan), and (iii) the Court otherwise directs.

36. The Plan Implementation Date is July 17, 2009 and the last Administrative Fee was paid to USI for the period ended July 31, 2015.

37. Subsequent to July 31, 2015, USI remains as Trustee of the Policies and the funds in the Monitored Trust Account. As Trustee, USI has continued to perform certain of the administrative services, as set out in Schedule A of the Plan and Schedule B of the Monitored Account Agreement (in each case as may still be required given the sale of the Purchased Policies to the Purchaser under the Asset Purchase Agreement) or as may otherwise be requested by the Monitor from time to time. However, USI has not received any payment for any such administrative services rendered by it as Trustee after July 31, 2015.

38. Under the Asset Purchase Agreement, USI is required to fulfill various post-closing covenants including, but not limited to, completing the necessary change forms with the applicable insurance companies to affect the transfers of the Purchased Policies to the Purchaser and administering such Purchased Policies until such transfers are completed. The post-closing administration of the Purchased Policies commenced on April 10, 2015 and as of early December 2015 there remains several Purchased Policies that have still not been formally transferred by the applicable insurance companies to the Purchaser.

39. The delay in the transfer of the Purchased Policies has been due in part to completing the necessary forms and complying with requests for information from the insurers on a number of group policies within the portfolio of policies.

40. USI continues to administer these Purchased Policies, as Trustee, and will continue to do so until such Purchased Polices are transferred to the Purchaser, are permitted to lapse by the Purchaser or the Purchaser instructs USI to surrender such Purchased Policies, each in accordance with the provisions of the Asset Purchase Agreement and Approval and Vesting Order.

41. In addition, as Trustee, USI has continued to provide updates to Creditors, administer the Monitored Trust Account and investigate tax related matters in connection with any proposed distributions of the proceeds in the Monitored Trust Account (net of the reserves required under the Plan), including coordinating communications with the Canada Revenue Agency.

42. In order to perform the aforementioned administrative services as Trustee of the Policies and of the funds in the Monitored Trust Account, USI requires use of its office, telephones, internet, emails and necessary support staff. The monthly expenses for USI for rent, payroll and remittances, accounting and administrative support, employee benefits, IT support and licenses and general operating expenses totalled CDN$72,315.00 per month for the months of August 2015 and September 2015.

43. USI and the Monitor have agreed, subject to the approval of this Court, to a payment to USI in the amount of $72,000 per month for the months of August 2015 and September 2015 for the administrative services provided by USI as Trustee during such period of time.

44. In an effort to be more aligned with the remaining administrative services required to be performed by USI, USI took steps in September 2015 to reduce the costs of performing these administrative services by terminating employees and/or reducing necessary employees to part-time contractors. Consequently, USI has agreed with the Monitor to take a further fee reduction to CDN$50,000 per month from October 1, 2015 until March 31, 2016.

45. The continued provision of administrative services to be provided by USI as Trustee, if any, and the administrative fee to be provided for any such administrative services after March 31, 2016 will be re-visited, reviewed and discussed with Monitor before such date and will be subject to further Court approval.

46. USI believes that the proposed fees to be paid to USI, as Trustee of the Policies and the funds in the Monitored Trust Account, for the provision of administrative services performed and to be performed by it as Trustee for the period from August 1, 2015 to March 31, 2016 are fair and reasonable.

SWORN before me at the City of Toronto, in the Province of Ontario, this 22nd day of December, 2015.	)))))))))	
A Commissioner, for Taking Affidavits, etc.		**Christopher Halas**

Kristjan Surko

Kristjan Joel Surko, a Commissioner, etc., Province of Ontario, while a Student-at-Law.
Expires August 31, 2018.

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 IN TORONTO

AFFIDAVIT OF JANET LUNAU
(Motion Returnable January 6, 2016)

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MOTION RECORD OF THE APPLICANT, UNIVERSAL SETTLEMTNES INTERNATIONAL INC.
(Motion Returnable January 6, 2016)

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