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

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# MOTION RECORD
**(returnable September 6, 2016)**

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**SHIBLEY RIGHTON LLP**
Barristers & Solicitors
700 - 250 University Avenue
Toronto, ON M5H 3E5

**Jacqueline L. King** (35675A) 416-214-5222
jking@shibleyrighton.com
Tel: 416-214-5200
Fax: 416-214-5400

Lawyers for the Creditor, Caja Paraguay de Jubilaciones y Pensiones del Personal de Itaipu Binacional

TO: **RUETERS LLP**
250 Yonge Street
Suite 2200, P.O. Box 4
Toronto, ON M5B 2L7

**Sara J. Erskine**
Tel: (416) 597-5408
Fax: (416) 869-3411

Lawyers for the Applicant,
Universal Settlements International Inc.

AND TO: **TORYS LLP**
79 Wellington Street West
30th Floor, Box 270, TD South Tower
Toronto, ON M5K 1N2

**William McNamara**
Tel: (416) 865-7988
Fax: (416) 865-7380
Email: wmcnamara@torys.com

Lawyers for the Applicant

AND TO: **BLAKE, CASSELS & GRAYDON LLP**
Commerce Court West
Suite 2800 - 199 Bay Street
Toronto, ON M5L 1A9

**Katherine McEachern**
Tel: (416) 863-2566
Fax: (416) 863-2653
Email: Katherine.McEachern@blakes.com

**Milly Chow**
Tel: (416) 863-2594
Fax: (416) 863-2653
Email: Milly.Chow@blakes.com

**Chris Burr**
Tel: (416) 863-3261
Fax: (416) 863-2653
Email: chris.burr@blakes.com

Lawyers for the Monitor, Ernst & Young Inc.

AND TO: **ERNST & YOUNG INC.**
Ernst & Young Tower
Suite 1600 - 222 Bay Street
Toronto, ON M5K 1J7

**Brian M. Denega**
Tel: (416) 943-3058
Fax: (416) 943-3300
Email: Brian.M.Denega@ca.ey.com

**Karen Fung**
Tel: (416) 943-2501
Fax: (416) 943-3300
Email: Karen.L.Fung@ca.ey.com

**Chris Hutchinson**
Tel: (416) 932-6002
Fax: (416) 943-3300
Email: Chris.Hutchinson@ca.ey.com

Court-Appointed Monitor

AND TO: **ORMSTON LIST FRAWLEY LLP**
Suite 720 - 40 University Avenue
Toronto, ON M5J 1T1

**John P. Ormston, Esq.**
Tel: (416) 594-0791
Fax: (416) 594-9690
Email: jormston@olflaw.com

Lawyers for Tom Mitchell, Daphne Mitchell, Gilbert Pereira, Rino Bilfolchi and Patrick Runstedler

AND TO: **DR. KARL HAFELE**
Via Principale 43
I-39021 Laces
(Prov. Bolzano) ITALY

Tel: +39 331 9035522
Email: karl.hafele@gmail.com

AND TO: **RUDERMAN, SHAW**
Suite 1820 - P.O. Box 2037
20 Eglinton Avenue West
Toronto, ON M4R 1K8

**F.H. Hugh Shaw**
Tel: (416) 484-8558
Fax: (416) 484-6918

Lawyers for the Respondents, Ramon Credi Cheja, Helen Marquard de Peterson, Nancy E. Lira-Hereford, Pedro M. Olavarri, Russel E. Kennedy, Ana M. Magaloni De Bustamente, Jose Manuel Rincon Gallardo, Lucia B. Ruiz De Olavarri, Mariagrazia Savini and Esteban Gonzales Vergara

AND TO: **GARRISON, PC**
4514 Cole Avenue
Suite 600
Dallas, Texas 75205

**William J. Garrison**
Tel: (214) 295-3330
Fax: (214) 295-3331
Email: bill@garrisonpc.com

Agents for Priority Pharmacy, Inc.

AND TO: **BANK AUSTRIA CREDITANSTALT VERSICHERUNGSDIENST GmbH**
ReichsratsstraBe 17
1010 Vienna
AUSTRIA

**Mario Sandhu**
Sandhu@ba-cavd.at
Tel: +43 (0) 50505/42330
Fax: +43 (0) 50505/42393
Email: Sandhu@ba-cavd.at

AND TO: **John J. Keenan**
Tel: (716) 649-2185
Email: jkeenan71@verizon.net

Lawyers for National Viaticals Inc.

AND TO: **BORDEN LADNER GERVAIS**
Scotia Plaza
Suite 4400 - 40 King Street West
Toronto, ON M5H 3Y4

**Edmond F.B. Lamek**
Tel: (416) 367-6311
Fax: (416) 361-2436
Email: elamek@blg.com

Lawyers for VCH

AND TO: **BORDEN LADNER GERVAIS**
Scotia Plaza
Suite 4400 - 40 King Street West
Toronto, ON M5H 3Y4

**Craig J. Hill**
Tel: (416) 367-6156
Fax: (416) 361-7301
Email: chill@blg.com

Lawyers for Creditor

AND TO: **WHITE DUNCAN LINTON LLP**
P.O. Box 457
Waterloo, ON N2J 4B5

Tel: (519) 886-3330
Fax: (519) 886-8651

**Irwin A. Duncan**
Email: iad@kwlaw.net

**Michael A. Vanbodegom**
Email: mvb@kwlaw.net

Lawyers for Ted Buczck, Boyd Rees, Judy Rees, Peter Dixon, Bogumila Lee, Janusz Poreba and Andrzej Mardula

AND TO: **PICCIN, BOTTOS**
4370 Steeles Avenue West
Suite 201
Woodbridge, ON L4L 4Y4

**Phillip Pittini**
Tel: (905) 850-0155 x241
Fax: (905) 850-0498
Email: ppittini@piccinbottos.com

Lawyers for Buonavita Investments Limited

AND TO: **VIDA CAPITAL, INC.**
805 Las Cimas Parkway
Suite 350
Austin, TX 78746

**Daniel Young, Esq.**
Email: dan.young@vidacapitalinc.com

Lawyers for Purchaser

AND TO: **ALSTON & BIRD**
2828 North Harwood Street
Suite 1800
Dallas, TX 75201-2139

**Mark W. Harris**
Tel: (214) 922-3504
Fax: (214) 922-3899
Email: mark.harris@alston.com

Lawyers for the Purchaser

AND TO: **Ontario Regional Office**
**Department of Justice Canada**
The Exchange Tower
130 King Street West
Suite 3400, Box 36
Toronto, ON M5X 1K6

AND TO: **London-Windsor Tax Services Office**
451 Talbot Street
London, ON N6A 5E5

**Attention: Cynthia Crocker**

AND TO: **Toronto East Tax Service Offices**
200 Town Centre Court
Section 449, 9th Floor
Scarborough, ON M1P 4Y3

**Attention: Bill Tryon**

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# MOTION RECORD
## INDEX

# TAB 1

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

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Applicant

# NOTICE OF MOTION

Caja Paraguay de Jubilaciones y Pensiones del Personal de Itaipu Binacional ("**Cajubi**") will make a motion to the court on Tuesday, September 6, 2016, at 10:00 a.m., or soon after that time as the motion can be heard, at 393 University Avenue, 10th Floor, Toronto, Ontario, M5G 1E6.

PROPOSED METHOD OF HEARING: The motion is to be made orally.

**THE MOTION IS FOR:**

1. An Order authorizing distribution to Cajubi in full satisfaction of Cajubi's entitlement to distributions pursuant to the Amended Plan (defined below) on the following conditions:

   (a) Not less than [25] days' notice of this motion shall be given to the service list and all creditors of the Applicant who have requested to be given notice of these proceedings.

   (b) Cajubi shall enter into an escrow agreement in respect of the funds being distributed to Cajubi, in form and substance acceptable to the Monitor and the Applicant, which shall include provisions:

(i) restricting distributions out of escrow to Cajubi unless consented to by the Monitor following the resolution of certain tax issues respecting the Applicant, or pursuant to Court order; and

(ii) requiring distributions out of escrow to the Applicant in the event that certain contingent tax liabilities of the Applicant become due and owing in amounts greater than what has been reserved for.

2. Such further and other relief as this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

3. Cajubi is the largest single "**Creditor**" (as defined in the Amended Plan) of the Applicant, with a claim representing approximately 8% of the Purchase Pool claims.

4. Universal Settlements International Inc. ("**USI**"), an Ontario Corporation in the business of purchasing life insurance policies from beneficiaries at a discount from their face amounts and selling participation interests in such policies, filed for and obtained protection from its creditors under the CCAA, pursuant to the provisions of an initial order dated December 2, 2008 (the "**Initial Order**").

5. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as the monitor of USI (in such capacity, the "**Monitor**").

6. An Amended Plan of Compromise and Arrangement dated June 16, 2009 (the "**2009 Plan**") was approved by Creditors and sanctioned by the Court by Sanction Order dated June 22, 2009.

7. On November 24, 2014, the Creditors approved an amendment to the 2009 Plan to allow life insurance policies held by USI on behalf of its investors and on its own behalf (collectively,

the "**Policies**") to be marketed and sold. By Sanction Order dated November 27, 2014, the Court sanctioned the 2009 Plan, as amended (the "**Amended Plan**").

8. On March 23, 2015, USI, in its capacity as Trustee for the Plan Beneficiaries, executed an asset purchase agreement (the "**Agreement**") for the sale of the Policies. The Agreement was conditional on receiving court approval which was obtained on April 9, 2015. The sale of the policies pursuant to the Agreement closed on April 10, 2015.

9. The Agreement stipulated that at least 25% of the sales proceeds be held in escrow and not released to USI until there has been:

(a) a final determination by the Canada Revenue Agency (the "**CRA**") of the amount of any taxes payable and this amount has been paid out of the escrow to the Receiver General of Canada; or

(b) a compliance and clearance certificate has been obtained from the CRA under the *Income Tax Act*.

10. The CRA has advised it will not grant a clearance certificate without a trust number having been assigned to the Canadian trust created by USI pursuant to the 2009 Plan to hold pooled policies (the "**Canada Trust**"). The CRA has not expressed a view whether the Canada Trust is a true trust or a bare trust. If the CRA agrees following further review that the Canada Trust is a bare trust, it would decline to issue a trust number.

11. The treatment of the Canada Trust as a true trust may result in the Canada Trust having different and potentially greater tax liabilities than if it is a bare trust.

12. USI has to date been unable to resolve this trust designation issue, despite diligent attempts to do so, and continues to work with the CRA to achieve resolution. In the meantime, Cajubi has incurred, and may continue to incur, costs participating in discussions, analysis and negotiations intended to finally resolve the outstanding tax matters stemming from the Agreement.

13. Cajubi has incurred professional fees in participating in the ongoing attempted resolution of these tax issues, including but not limited to: attending at case conferences, hiring its own tax expert, attending at several in-person meetings and numerous conference calls, and participating in lengthy negotiations and meetings with USI, the Monitor and the CRA.

14. USI and the Monitor acknowledge Cajubi's participation, and the expenses incurred by it in doing so.

15. Cajubi, having participated in the process closely for several months, now seeks a distribution of its *pro rata* share under the Amended Plan, subject to the conditions set out in Paragraph 1 hereof.

16. The distribution sought will be paid into escrow and subject to the terms of an escrow agreement among Cajubi, USI, the Monitor and Shibley Righton LLP, as escrow agent, which terms shall include that the funds may not be released except with the Monitor's consent or order of the Court (the "**Escrow Agreement**").

17. The quantum of the distribution to Cajubi has been calculated by USI and the Monitor taking into account reasonable reserves for USI's contingent tax liabilities and professional fees.

18. In the event that certain contingent tax liabilities of USI become due and owing in amounts greater than what has been reserved for such contingent tax liabilities, the Escrow Agreement will require an amount equal to Cajubi's pro rata portion of such excess amount to be returned to USI. If professional fees incurred by USI exceed the reserve amount calculated by USI and the Monitor, the Escrow Agreement will not require a proportionate amount to be returned to USI.

19. This relief is available to all Creditors of USI who satisfy the same conditions set out in Paragraph 1 hereof, provided that there are adequate funds at the time of the request in the Monitored Trust Account.

20. Neither the Monitor nor USI object to the distribution proposed by Cajubi.

21. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

22. Affidavit of Stefan Rosenbaum, sworn May 31, 2016, filed; and

23. The Twenty-Fifth Report of the Monitor, to be filed;

24. Such further and other material that counsel may advise and the court may permit.

July 22, 2016

**SHIBLEY RIGHTON LLP**
Barristers & Solicitors
700 - 250 University Avenue
Toronto, ON M5H 3E5

**Jacqueline L. King** (35675A) 416-214-5222
jking@shibleyrighton.com
Tel: 416-214-5200
Fax: 416-214-5400

Lawyers for the Creditor, Caja Paraguay de Jubilaciones y Pensiones del Personal de Itaipu Binacional

TO: **RUETERS LLP**
250 Yonge Street
Suite 2200, P.O. Box 4
Toronto, ON M5B 2L7

**Sara J. Erskine**
Tel: (416) 597-5408
Fax: (416) 869-3411

Lawyers for the Applicant,
Universal Settlements International Inc.

AND TO: **TORYS LLP**
79 Wellington Street West
30th Floor, Box 270, TD South Tower
Toronto, ON M5K 1N2

**William McNamara**
Tel: (416) 865-7988
Fax: (416) 865-7380
Email: wmcnamara@torys.com

Lawyers for the Applicant

AND TO: **BLAKE, CASSELS & GRAYDON LLP**
Commerce Court West
Suite 2800 - 199 Bay Street
Toronto, ON M5L 1A9

**Katherine McEachern**
Tel: (416) 863-2566
Fax: (416) 863-2653
Email: Katherine.McEachern@blakes.com

**Milly Chow**
Tel: (416) 863-2594
Fax: (416) 863-2653
Email: Milly.Chow@blakes.com

**Chris Burr**
Tel: (416) 863-3261
Fax: (416) 863-2653
Email: chris.burr@blakes.com

Lawyers for the Monitor, Ernst & Young Inc.

AND TO: **ERNST & YOUNG INC.**
Ernst & Young Tower
Suite 1600 - 222 Bay Street
Toronto, ON M5K 1J7

**Brian M. Denega**
Tel: (416) 943-3058
Fax: (416) 943-3300
Email: Brian.M.Denega@ca.ey.com

**Karen Fung**
Tel: (416) 943-2501
Fax: (416) 943-3300
Email: Karen.L.Fung@ca.ey.com

**Chris Hutchinson**
Tel: (416) 932-6002
Fax: (416) 943-3300
Email: Chris.Hutchinson@ca.ey.com

Court-Appointed Monitor

AND TO: **ORMSTON LIST FRAWLEY LLP**
Suite 720 - 40 University Avenue
Toronto, ON M5J 1T1

**John P. Ormston, Esq.**
Tel: (416) 594-0791
Fax: (416) 594-9690
Email: jormston@olflaw.com

Lawyers for Tom Mitchell, Daphne Mitchell, Gilbert Pereira, Rino Bilfolchi and Patrick Runstedler

AND TO: **DR. KARL HAFELE**
Via Principale 43
I-39021 Laces
(Prov. Bolzano) ITALY

Tel: +39 331 9035522
Email: karl.hafele@gmail.com

AND TO: **RUDERMAN, SHAW**
Suite 1820 - P.O. Box 2037
20 Eglinton Avenue West
Toronto, ON M4R 1K8

**F.H. Hugh Shaw**
Tel: (416) 484-8558
Fax: (416) 484-6918

Lawyers for the Respondents, Ramon Credi Cheja, Helen Marquard de Peterson, Nancy E. Lira-Hereford, Pedro M. Olavarri, Russel E. Kennedy, Ana M. Magaloni De Bustamente, Jose Manuel Rincon Gallardo, Lucia B. Ruiz De Olavarri, Mariagrazia Savini and Esteban Gonzales Vergara

AND TO: **GARRISON, PC**
4514 Cole Avenue
Suite 600
Dallas, Texas 75205

**William J. Garrison**
Tel: (214) 295-3330
Fax: (214) 295-3331
Email: bill@garrisonpc.com

Agents for Priority Pharmacy, Inc.

AND TO: **BANK AUSTRIA CREDITANSTALT VERSICHERUNGSDIENST GmbH**
ReichsratsstraBe 17
1010 Vienna
AUSTRIA

**Mario Sandhu**
Sandhu@ba-cavd.at
Tel: +43 (0) 50505/42330
Fax: +43 (0) 50505/42393
Email: Sandhu@ba-cavd.at

AND TO: **John J. Keenan**
Tel: (716) 649-2185
Email: jkeenan71@verizon.net

Lawyers for National Viaticals Inc.

AND TO: **BORDEN LADNER GERVAIS**
Scotia Plaza
Suite 4400 - 40 King Street West
Toronto, ON M5H 3Y4

**Edmond F.B. Lamek**
Tel: (416) 367-6311
Fax: (416) 361-2436
Email: elamek@blg.com

Lawyers for VCH

AND TO: **BORDEN LADNER GERVAIS**
Scotia Plaza
Suite 4400 - 40 King Street West
Toronto, ON M5H 3Y4

**Craig J. Hill**
Tel: (416) 367-6156
Fax: (416) 361-7301
Email: chill@blg.com

Lawyers for Creditor

AND TO: **WHITE DUNCAN LINTON LLP**
P.O. Box 457
Waterloo, ON N2J 4B5

Tel: (519) 886-3330
Fax: (519) 886-8651

**Irwin A. Duncan**
Email: iad@kwlaw.net

**Michael A. Vanbodegom**
Email: mvb@kwlaw.net

Lawyers for Ted Buczck, Boyd Rees, Judy Rees, Peter Dixon, Bogumila Lee, Janusz Poreba and Andrzej Mardula

AND TO: **PICCIN, BOTTOS**
4370 Steeles Avenue West
Suite 201
Woodbridge, ON L4L 4Y4

**Phillip Pittini**
Tel: (905) 850-0155 x241
Fax: (905) 850-0498
Email: ppittini@piccinbottos.com

Lawyers for Buonavita Investments Limited

AND TO: **VIDA CAPITAL, INC.**
805 Las Cimas Parkway
Suite 350
Austin, TX 78746

**Daniel Young, Esq.**
Email: dan.young@vidacapitalinc.com

Lawyers for Purchaser

AND TO: **ALSTON & BIRD**
2828 North Harwood Street
Suite 1800
Dallas, TX 75201-2139

**Mark W. Harris**
Tel: (214) 922-3504
Fax: (214) 922-3899
Email: mark.harris@alston.com

Lawyers for the Purchaser

AND TO: **Ontario Regional Office**
**Department of Justice Canada**
The Exchange Tower
130 King Street West
Suite 3400, Box 36
Toronto, ON M5X 1K6

AND TO: **London-Windsor Tax Services Office**
451 Talbot Street
London, ON N6A 5E5

**Attention: Cynthia Crocker**

AND TO: **Toronto East Tax Service Offices**
200 Town Centre Court
Section 449, 9th Floor
Scarborough, ON M1P 4Y3

**Attention: Bill Tryon**

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***ONTARIO***
**SUPERIOR COURT OF JUSTICE**
**COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**NOTICE OF MOTION**

**SHIBLEY RIGHTON LLP**
Barristers & Solicitors
700 - 250 University Avenue
Toronto, ON M5H 3E5

**Jacqueline L. King** (35675A) 416-214-5222
jking@shibleyrighton.com
Tel: 416-214-5200
Fax: 416-214-5400

Lawyers for the Creditor, Caja Paraguay de Jubilaciones y Pensiones del Personal de Itaipu Binacional

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# TAB 2

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Applicant

# AFFIDAVIT OF STEFAN ROSENBAUM

I, Stefan Rosenbaum, of the City of Toronto, Province of Ontario, **MAKE OATH AND SAY**:

1. I am an articling student with Shibley Righton LLP, working with Jacqueline King, the lawyer of record having carriage of this matter on behalf of our client Caja Paraguay de Jubilaciones y Pensiones del Personal de Itaipu Binancial ("Cajubi"), and, as such, I have knowledge of the matters referred to in this Affidavit. Where I do not have direct knowledge, I have identified the source of my information.

2. I swear this affidavit in support of a motion for the distribution of funds to Cajubi.

## Introduction

3. Universal Settlements International Inc.'s ("**USI**") main business activity was the sale of "life settlements". USI's business model was to purchase life insurance policies from beneficiaries at a discount to their face value, and subsequently sell fractional interest in these policies to investors. As of the date of USI's *Companies' Creditors Arrangement*

*Act* filing (discussed below), USI had a portfolio of policies with an aggregate face value of approximately $192 million USD.

4. On December 2, 2008, USI 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 the Initial Order, Ernst & Young Inc. ("**EY**") was appointed monitor (the "**Monitor**") of USI during the CCAA proceedings.

5. Cajubi currently holds 7.594% of the outstanding policies of USI, and is USI's single largest creditor.

6. On June 16, 2009, an Amended Plan of Compromise and Arrangement was approved by the Creditors and Sanctioned by the Court by Sanction Order dated June 22, 2009 (the "**2009 Plan**")

7. Under the 2009 Plan, all policies held by USI were pooled to be held in trust by USI for the benefit of USI's creditors. Two trusts were created, one in Canada (the "**Canada Trust**") and another in the United States.

**Vida Capital, Inc. Sale**

8. On October 1, 2014, the role of the Monitor was temporarily expanded to include the conduct of the court-approved sale and investor solicitation process in respect to the policies. This Order was approved by Cajubi. Attached as Exhibit "A" is a copy of Justice Penny's Order dated October 1, 2014.

9. On or about April 10, 2015, USI sold its policies to Vida Capital, Inc. ("**Vida**") for a total sum of $38,605,655.28 USD (the "**Agreement**"). The sale to Vida closed on April 10, 2015. Attached as Exhibit "B" is a copy of the sale agreement with Vida.

10. As part of the Agreement with Vida, USI is required to withhold a reserve of at least 25% of the purchase price to pay any taxes that may be payable in connection with the sale of the purchased policies, including taxes payable by Vida. Specifically, Clause 8.6 of the Agreement, stipulates that USI would holdback 25% from the creditor's distribution until:

    (a) A final determination by Canada Revenue Agency (the "**CRA**") of the amount of any taxes payable and this amount has been paid out of the Tax Reserve to the Receiver General of Canada; or

    (b) A compliance or clearance certificate has been obtained from the CRA under the *Income Tax Act* (Canada).

11. By letter dated July 23, 2015, counsel for USI wrote to the CRA requesting that a clearance certificate under section 159 of the *Income Tax Act* be issued to USI to permit distributions to the Creditors.

12. In response to USI's request for a clearance certificate, on September 29, 2015, the CRA advised it would not grant a clearance certificate without a trust number having been assigned to the Canada Trust. The CRA did not express a view whether the Canada Trust was a true trust or a bare trust. If the CRA agreed following further review that the Canada Trust was a bare trust it would decline to issue a trust number.

13. The treatment of the Canada Trust as a true trust may result in the Canada Trust having Canadian income tax liability.

14. Unfortunately, due to the practical impossibility of fulfilling the condition found at Clause 8.6 of the Agreement, USI has been unable to satisfy the conditions of the Agreement. Consequently, USI has withheld the whole of the sales proceedings (with the exception of an interim distribution discussed below) from the Vida sales while it searches for a solution.

**Cajubi's Participation**

15. Since the close of sale with Vida, USI has made one interim distribution totalling $7,400,000. Attached as Exhibit "C" is a Notice of Interim Distribution for 2015 dated December 24, 2015.

16. As recognized by the Monitor, Cajubi, through Shibley Righton LLP, has worked with USI, the Monitor, and the CRA in order to come to a solution that would allow the parties to satisfy Clause 8.6, or propose an alternative solution that would be equally satisfactory to the involved parties. Ultimately, Cajubi's desire is to have the sales proceeds released as soon as possible.

17. As a result of the Monitor and USI's efforts to find a solution to the problem caused by Clause 8.6, the professional fees, along with the fees incurred to fund the continued administration of USI, a business that is no longer a going concern, the creditor's asset pool has been, and continues to be, eroded.

18. Cajubi has been actively working with the parties at its own cost to assist in arriving at a resolution. As recognized by the Monitor in the Twenty-Fifth Report of the Monitor, Cajubi has been an active and cooperative participant in the resolution attempts:

> "*The Monitor has participated in and attempted to facilitate discussions among USI, Cajubi and the CRA. Cajubi, through its advisors, have been constructively involved in the discussions amongst the Monitor, USI and the CRA regarding potential alternatives to obtain a tax effect release... and the payment of a final distribution as soon as possible.*"

Attached as Exhibit "D" is a copy of the Twenty-Fifth Report of the Monitor.

19. These efforts made by Cajubi, have been at the expense of Cajubi with the resulting benefits going to all creditors. Cajubi has incurred professional fees in an attempt to protect the creditor's asset pool, including but not limited to: attendance at case conferences, hiring its own tax expert, the attendance at several in-person meetings and numerous conference calls, and lengthy negotiations with all the parties.

20. As mentioned, in an effort to resolve the tax issues arising from Clause 8.6 of the Agreement, Cajubi has retained the services of Robert Winters, a tax lawyer at Morris Kepes Winters LLP. Mr. Winters' fees have been paid by Cajubi, and the expertise provided by Mr. Winters has been for the benefit of all creditors, not only Cajubi.

21. In recognition of the expenses incurred by Cajubi for the benefit of all creditors, the Monitor and USI do not object to the method of resolution proposed below. This proposal is available to all creditors.

**Order Requested**

22. Cajubi requests the following relief in the form of a Court Order:

(a) Creditors be entitled to request USI pay in accordance with strict adherence to the following process. Participating creditors must file a written request with USI, copying the Monitor, and include the following materials:

(i) A Certificate of Independent Legal Advice from a practising lawyer in Ontario;

(ii) A signed consent from the creditor agreeing to hold the required percentage of funds received from the sale proceeds in a Trust account of an Ontario lawyer, not to be released without further and specific agreement in writing of the Monitor, or an Order of the Commercial Court in this proceeding; and

(iii) That these requests be made on notice to the Creditor Service List.

(b) Creditors who receive their full distribution under this Order would be liable for any applicable tax liabilities in Canada and applicable tax laws of their resident jurisdictions.

23. I swear this affidavit for no improper purpose.

| | |
|---|---|
| **SWORN BEFORE ME** at the City of Toronto, in the Province of Ontario, on this 31 day of May, 2016. | |
| Commissioner for Taking Affidavits | Stefan Rosenbaum |

Stefan Karl Edward Rinas, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires July 8, 2018.

# TAB A

This is Exhibit "A" referred to in the

affidavit of Stefan Rosenbaum

sworn before me, this 31st

day of May 2016

A COMMISSIONER FOR TAKING AFFIDAVITS

Stefan Rinas

Stefan Karl Edward Rinas, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires July 8, 2018.

Court File No. 08-CL-7878

*ONTARIO*
**SUPERIOR COURT OF JUSTICE**

| | | |
|---|---|---|
| THE HONOURABLE MR | ) | WEDNESDAY, THE 1st |
| | ) | |
| JUSTICE PENNY | ) | DAY OF OCTOBER, 2014 |
| | ) | |

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

# ORDER

## (APPROVAL OF SALE AND INVESTOR SOLICITATION PROCESS)

**THIS MOTION**, made by the Applicant, Universal Settlements International Inc., ("**USI**") for an order approving a proposed sale and investor solicitation process in the form attached hereto as Schedule "A", was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Applicant's Notice of Motion and Motion Record dated September 18, 2014, and the Twentieth Report of Ernst & Young Inc. in its capacity as Monitor (solely in its capacity as monitor and not in its personal or corporate capacity, the "**Monitor**") dated September 19, 2014 (the "**Twentieth Report**") and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, and counsel for Cajubi

Caja Paraguaya de Jubilaciones y Pensiones, and on reading the affidavits of service of Joan Xu sworn September 18, 2014 and Andrea Ottaway sworn September 23, 2014 advising that the parties listed on the service list attached to the Motion Record (the "**Service List**") were served with the Motion Record and the Monitor's Report,

1. **THIS COURT ORDERS** that any capitalized terms not defined herein shall have the meanings set out in the Meetings Order dated October 1, 2014.

2. **THIS COURT ORDERS** that the sale and investor solicitation process in the form attached as Schedule "A" to this Order, subject to such non-material amendments as may be agreed to by USI and the Monitor (the "**SISP**"), be and is hereby approved, and subject to paragraph 3 below, the Monitor is authorized and directed to carry out the SISP in accordance with its terms and this Order and is authorized and directed to take such steps as it considers necessary or desirable in carrying out its obligations thereunder.

3. **THIS COURT ORDERS** that the SISP may be implemented in accordance with its terms and this Order, immediately upon and in the event of: (a) the achievement of the requisite statutory thresholds for approval of the Plan Amendment by Creditors at Meetings of Creditors scheduled for November 5, 2014; and (b) the issuance of an Order of the Court sanctioning the Plan Amendment ("**Plan Amendment Approval**").

4. **THIS COURT ORDERS** that upon receipt of Plan Amendment Approval, the Monitor is authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable in furtherance of this Order and the SISP.

5. **THIS COURT ORDERS** that the Monitor may seek advice and directions from the Court in respect of any aspect of the SISP, including advice and directions with respect to the commencement, continuation, modification, or termination of the SISP.

6. **THIS COURT ORDERS** that the Monitor shall not incur any liability or obligation as a result of the exercise of the Monitor's authority under this Order, or its conduct of the SISP, including any solicitations, advertising, marketing, negotiation or the completion of a transaction pursuant to the SISP on behalf of USI (if so directed by the Court), the exercise by the Monitor of any of its powers, or the performance by the Monitor of any of its duties, save and except as may result from gross negligence or wilful misconduct of the Monitor.

7. **THIS COURT ORDERS** that in carrying out its duties and powers pursuant to this order, the Monitor is not, and shall not be deemed to be, a director, officer or employee of the Applicant.

8. **THIS COURT ORDERS** that in connection with the SISP, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, and any applicable comparable provincial legislation, the Applicant and/or the Monitor shall disclose personal information of identifiable individuals to prospective purchasers or bidders, and to their advisors (collectively, "**Bidders**"), but only to the extent desirable or required to seek solicitations in respect of the Policies (each, a "**Transaction**"). Each Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to the evaluation of a Transaction, and if it does not complete a

Transaction, shall return all such information to the Applicant, or, in the alternative, destroy such information. Such Bidder, if successful, shall be entitled to continue to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Applicant and shall return all other personal information to the Applicant or ensure all other personal information is destroyed. Nothing herein shall derogate from any obligations assumed by Bidders in any confidentiality agreement executed by them in connection with their participation in the SISP, or any other requirements under any federal, state or other privacy legislation or regulation in the United States, including the *Health Insurance Portability and Accountability Act*, or any other applicable jurisdiction.

9. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court and of any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the Republic of Austria, the Federal Republic of Germany, Spain, Switzerland or the United States of America and any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized

and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

11. **THIS COURT ORDERS** that notice of any motion to approve a sale or investment agreement pursuant to the SISP, or any motion for advice and directions in respect of the SISP, or any other motion in relation to the SISP, shall be given by the Monitor and/or the Applicant by service on the Service List (which will include any Creditor who requests to be added to the Service List pursuant to the Service List Request form attached at Schedule "G" to the Meetings Order) and by posting notice of the date for the motion and the motion materials on the Monitor's website at www.ey.com/ca/universalsettlements. The Monitor shall post a status update on its website with respect to the conduct of the SISP on February 13, 2015, which notice shall advise Creditors and other interested parties of the date of any such motion, or in the alternative, if such date has not yet been set, shall provide notice of the date that it will post a further status update with respect to any such motion. A copy of this Order shall be included in the Meetings Materials to be delivered to Creditors pursuant to the Meetings Order. Notice of any motion in such manner shall constitute good and sufficient service of notice of such motion upon all persons who are entitled to receive such service and no other form or service need be made and no other materials need be served on such persons in respect of any motion.

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12. **THIS COURT ORDERS** that this order shall constitute an "Order" for purposes of the Plan.

Penny J.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

OCT - 1 2014

MB

# SCHEDULE "A"

## SALE AND INVESTOR SOLICITATION PROCEDURES

## Universal Settlements International Inc.
## Procedures for the Sale and Investor Solicitation Process

**Recitals**

A. On December 2, 2008, Universal Settlements International Inc. (the "**Company**") 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 the provisions of an order (the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

B. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (in its capacity as monitor and not in its personal and corporate capacity, the "**Monitor**") during the CCAA proceedings (the "**CCAA Proceedings**").

C. Pursuant to the Plan and the Declaration of Trust, the Company agreed to hold certain assets and property of the Company, including the Policies, in trust for the Plan Beneficiaries;

D. On October 1, 2014, the Court issued an order (the "**SISP Approval Order**") approving a sale and solicitation process to be commenced one (1) Business Day after the issuance of the Plan Amendment Sanction Order (the "**SISP Commencement Date**"), on the terms and conditions set out herein (the "**SISP**") and the SISP procedures set forth herein describing, among other things, the Policies available for sale, the opportunity to invest in or refinance or finance the Policies, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Policies, the manner in which bidders and bids become Qualified Bidders and Qualified Bids, the receipt and negotiation of Qualified Bids received, the ultimate selection of one or more successful bids, and the process for approval by the Court thereof (these "**SISP Procedures**").

E. The SISP Approval Order, the SISP and these SISP Procedures shall exclusively govern the process for soliciting and selecting bids for the sale of all or substantially all of the Policies, an investment in the Policies or the refinancing or financing of the Policies.

F. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

**Defined Terms**

1. The following capitalized terms shall have the following meanings when used in this SISP:

   (a) "**Approval Motion**" shall mean the motion before the Court for an order approving the Successful Bid and authorizing the Company to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid;

   (b) "**Bid Deadline**" shall have the meaning given to it in paragraph 21;

   (c) "**Business Day**" shall mean any day other than (a) a Saturday or Sunday, or (ii) a day which is a statutory holiday in Toronto, Ontario;

   (d) "**CCAA**" shall have the meaning given to it in Recital A;

   (e) "**CCAA Proceedings**" shall have the meaning given to it in Recital B;

   (f) "**Company**" shall have the meaning given to it in Recital A;

   (g) "**Confidentiality Agreement**" shall have the meaning given to it in paragraph 5(c);

   (h) "**Court**" shall have the meaning given to it in the Recital A;

   (i) "**Data Room**" shall have the meaning given to it in paragraph 5(d);

(j) "**Declaration of Trust**" means the declaration of trust by the Company dated as of July 17, 2009 pursuant to which the Company agreed to hold certain property of the Company, including the Policies, in trust for the Plan Beneficiaries in accordance with the Plan;

(k) "**Deposit**" shall have the meaning given to it in paragraph 22(e);

(l) "**Escrow Period**" means in the case of a Successful Bid that is a Sale Proposal, the period between the closing of the Successful Bid and the full and complete release to the Company, as trustee for the Plan Beneficiaries, of the full purchase price proceeds or consideration paid by the Successful Bidder to the Company in escrow pursuant to the terms of the definitive purchase agreement relating to such Successful Bid;

(m) "**Form of APA**" means the form of purchase agreement to be provided to Phase II Qualified Bidders as part of the SISP, which is to be marked by Phase II Qualified Bidders to show proposed changes pursuant to paragraph 22(e);

(n) "**Initial Order**" shall have the meaning given to it in Recital A;

(o) "**Investment Proposal**" shall have the meaning given to it in paragraph 7;

(p) "**LOI**" shall have the meaning given to it in paragraph 17;

(q) "**LOI Deadline**" shall have the meaning given to it in paragraph 17;

(r) "**Management Bid**" means a prospective bid involving a Prospective Bidder in respect of which one or more members of the USI Management Team is participating in any manner;

(s) "**Management Participation Notice**" shall have the meaning given to in paragraph 12(b);

(t) "**Monitor**" shall have the meaning given to it in Recital B;

(u) "**Monitored Account Agreement**" means the monitored account agreement dated as of July 17, 2009 between the Company and the Monitor, as it may be amended, supplemented or restated from time to time;

(v) "**Monitored Trust Account**" means the Monitored Trust Account as defined in the Monitored Account Agreement;

(w) "**Monitor's Website**" means the Monitor's website for the CCAA Proceedings located at www.ey.com/ca/universalsettlements;

(x) "**Outside Date**" shall mean March 13, 2015 or such other date as the Monitor may agree from time to time;

(y) "**Phase I Qualified Bidder**" shall have the meaning given to it in paragraph 13;

(z) "**Phase II Qualified Bidder**" shall have the meaning given to it in paragraph 20;

(aa) "**Plan**" means the amended plan of compromise and arrangement dated June 16, 2009;

(bb) "**Plan Amendment Sanction Order**" means the order of the Court dated October 1, 2014 approving an amendment to the Plan;

(cc) "**Plan Beneficiaries**" means the Purchasers (as defined in the Plan), Ordinary Creditors (as defined in the Plan) and any other parties receiving benefits under the Plan;

(dd) "**Policies**" means the life insurance policies held by the Company for the benefit of the Plan Beneficiaries, and all rights associated with such policies, including the right to death benefits thereunder, and for great certainty does not include any monies in the Monitored Trust Account;

(ee) "**Prospective Bidder**" shall have the meaning given to it in paragraph 11(a), and "**Prospective Bidders**" shall mean more than one of them;

(ff) "**Prospective Bidder Deadline**" shall have the meaning given to it in paragraph 12;

(gg) "**Qualified Bid**" shall have the meaning given to it in paragraph 22, and "**Qualified Bids**" means more than one of them;

(hh) "**Qualified Bidder**" means a Phase I Qualified Bidder or a Phase II Qualified Bidder, and "**Qualified Bidders**" means more than one of them;

(ii) "**Sale Proposal**" shall have the meaning given to it in paragraph 7;

(jj) "**Selected Bidders**" shall have the meaning given to it in paragraph 29(b);

(kk) "**Service List**" means the service list in the CCAA Proceedings as posted on the Monitor's Website, as it may be updated from time to time;

(ll) "**SISP**" shall have the meaning given to it in Recital D;

(mm) "**SISP Approval Order**" shall have the meaning given to it in Recital D;

(nn) "**SISP Commencement Date**" shall have the meaning given to it in Recital D;

(oo) "**SISP Procedures**" shall have the meaning given to it in Recital D;

(pp) "**Successful Bid**" shall have the meaning given to it in paragraph 29(a);

(qq) "**Successful Bidder**" shall have the meaning given to it in paragraph 29(a);

(rr) "**Teaser Letter**" shall have the meaning given to it in paragraph 11(b); and

(ss) **USI Management Team**" means Jeff Panos, Chris Halas and Riaz Khan and any other employee of the Company from time to time designated by the Monitor, in its sole discretion, as being a member of the USI Management Team.

**Conduct of the SISP**

2. The SISP will be carried out by the Monitor. The Monitor is fully and exclusively authorized, empowered and directed to take any and all actions and steps, pursuant to the SISP and these SISP Procedures. If it is determined at any time by the Monitor that it may not be in the best interests of the Plan Beneficiaries to commence or continue with the SISP, the Monitor shall as soon as reasonably practicable file a motion with the Court seeking advice and directions with the respect to the commencement, modification, continuation or termination of the SISP, on notice to the Service List.

3. Subject to paragraph 4 below, at any time during the SISP, the Monitor may from time to time (a) consult with the Company or such other parties as the Monitor considers appropriate in respect of the conduct of the SISP, (b) retain such agents, consultants or brokers as it considers appropriate to assist it in the conduct of the SISP (and any references herein to the Monitor shall include any such agents, consultants or brokers), and/or (c) apply to the Court for advice and directions with respect to the discharge of any of its power and duties hereunder.

4. Notwithstanding any other provision in this SISP, if a Management Participation Notice is received by the Monitor, until such time as (a) a Management Bid that participates in the SISP is rejected by the Monitor and is no longer being considered by the Monitor in the SISP, (b) no LOI or Qualified Bid is submitted by the LOI Deadline or the Bid Deadline, as applicable, in respect of such Management Bid, or (c) the Management Participation Notice is irrevocably withdrawn by the Phase I Qualified Bidder or Phase II Qualified Bidder, (A) no member of the USI Management Team shall participate in any consultation with the Monitor with respect to any matters relating to this SISP, and (B) the Monitor will negotiate and execute any Confidentiality Agreement for and behalf of the Company with any Prospective Bidder. For greater certainty, these SISP Procedures apply to any Management Bid. For greater certainty, notwithstanding the foregoing, members of the USI Management Team shall continue to assist the Monitor with the population of due diligence materials for the Data Room and with information requests arising during the SISP process, including clarifications on factual matters, and the restriction above shall not include any such assistance.

5. The Monitor's primary responsibilities will include:

   (a) preparing a list of Prospective Bidders;

   (b) drafting the Teaser Letter;

   (c) assisting legal counsel with the preparation of the template form of confidentiality agreement to be executed by Prospective Bidders (the "**Confidentiality Agreement**");

   (d) establishing and managing the electronic data room for this SISP (the "**Data**

**Room**");

(e) assisting legal counsel with the preparing the template Form of APA;

(f) managing all communications with Prospective Bidders and Qualified Bidders, prior to and after receipt of the LOIs and Qualified Bids. These communications include, without limitation, facilitating the delivery of all communications, contacting Prospective Bidders and providing them with the Teaser Letter, coordinating the execution of the Confidentiality Agreements by Prospective Bidders and managing the process of answering all inquiries from Prospective Bidders and Qualified Bidders;

(g) negotiating with Prospective Bidders and Qualified Bidders; and

(h) reviewing and considering the LOIs and Qualified Bids.

6. The Company shall assist the Monitor with the preparation of all of the materials listed above and with the population of due diligence materials for the Data Room and shall generally cooperate with the Monitor with respect to all actions necessary to achieve the objectives of this SISP which are to solicit offers for the sale of, or investment in, or the refinancing or financing of, the Policies which will be in the best interests of the Plan Beneficiaries.

**Sale, Investment and Financing Opportunities**

7. Qualified Bidders will have the opportunity to submit a bid to purchase all or substantially all of the Policies (a "**Sale Proposal**") or for an investment in the Policies (an "**Investment Proposal**") or for a refinancing or financing of the Policies (a "**Financing Proposal**"). One or more Qualified Bids for less than substantially all of the Policies will not be precluded from consideration, either alone or in combination, as a Qualified Bid or Successful Bid.

"**As is, Where Is**"

8. Any Sale Proposal and Investment Proposal shall be made on an "as is, where is" basis, without surviving representations or warranties of any kind or nature except to the extent otherwise set forth in a definitive transaction documentation with a Successful Bidder.

9. The Monitor and the Company are not responsible for, and will have no liability with respect to, any information obtained by any Prospective Bidder, Qualified Bidder or Successful Bidder in connection with the Policies. The Monitor and the Company and their respective advisors do not make any representations or warranties whatsoever as to the information or the materials provided through the due diligence process or otherwise made available to any Prospective Bidder, Phase I Qualified Bidder, Phase II Qualified Bidder, Selected Bidder or the Successful Bidder, including any information contained in the Data Room, except, in the case of the Company, to the extent provided under any definitive transaction documentation executed and delivered by a Successful Bidder and the Company, as trustee of the Policies.

**Free of Any and All Claims and Interests**

10. In the event of a Sale Proposal for all or a portion of the Policies, all of the right, title and interests of the Company and the Plan Beneficiaries in and to the Policies to be acquired will be sold free and clear of all pledges, liens, security interests, charges, options, hypothecs, mortgages and interests thereon, except to the extent otherwise set forth in a definitive purchase agreement executed with a Successful Bidder.

**Solicitation of Interest**

11. As soon as practicable after the granting of the Plan Amendment Sanction Order, the Monitor will:

   (a) compile a listing of prospective purchasers, investors and financiers (a "**Prospective Bidder**"), which list will include both strategic and financial parties who in the Monitor's reasonable business judgment may be interested in acquiring the Policies or making an investment in or providing refinancing or financing of the Policies; and

   (b) send to each Prospective Bidder a solicitation letter summarizing the acquisition, investment and/or financing opportunity with respect to the Policies (the "**Teaser Letter**"). The Teaser Letter will attach a form of Confidentiality Agreement. Such Confidentiality Agreement shall include provisions whereby the Prospective Bidder agrees to accept and be bound by the provisions of this SISP and the SISP Procedures contained herein. The Prospective Bidders will be required, among other things, to sign a Confidentiality Agreement in order to gain access to confidential information (including access to the Data Room), and an opportunity to meet with such parties as the Monitor may arrange, to perform due diligence.

(c) The Monitor reserves the right to limit any Qualified Bidder's access to any information in the Data Room where, in the Monitor's discretion, such access could negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, or the value of the Policies. Requests for additional information will be made to the Monitor.

**Participation Requirements**

12. Unless otherwise provided for herein, ordered by the Court or agreed to by the Monitor, in order to participate in the SISP and be considered for qualification as a Phase 1 Qualified Bidder or Phase II Qualified Bidder, a Prospective Bidder must deliver the following to the Monitor so as to be received by the Monitor not later than 5:00 p.m. (Toronto time) on Monday, December 1, 2014 or such later date or time as the Monitor may determine appropriate or as may be ordered by the Court (the "**Prospective Bidder Deadline**"):

(a) an executed Confidentiality Agreement, which shall inure to the benefit of any purchaser of or investor in any of the Policies;

(b) in the case of any Prospective Bidder in respect of which one or more members of the USI Management Team is participating in any manner, a written notice disclosing such participation by no later than the SISP Commencement Date (the "**Management Participation Notice**");

(c) a specific indication of the anticipated sources of capital for such Prospective Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit support or enhancement that will allow the Monitor, to make, in its reasonable business or professional judgment, a reasonable determination as to the Prospective Bidder's financial and other capabilities to consummate a transaction;

(d) a letter setting forth the identity of the Prospective Bidder, the contact information for such Prospective Bidder, and if requested by the Monitor, full disclosure of the direct and indirect owners of the Prospective Bidder and their principals;

(e) an indication of whether the Prospective Bidder will be offering to (i) acquire all or substantially all of the Policies, or (ii) make an investment in the Policies; or (iii) to refinance or finance the Policies; and

(f) a written acknowledgement of receipt of a copy of the SISP Approval Order (including these SISP Procedures) and agreeing to accept and be bound by the provisions contained therein.

13. A Prospective Bidder will be considered by the Monitor to be a "**Phase I Qualified Bidder**" if (a) such Prospective Bidder has satisfied all of the requirements described in paragraph 12 above; and (b) such Prospective Bidder's financial information and credit support or enhancement demonstrate to the satisfaction of the Monitor, in its reasonable business judgment, the financial capability of such Prospective Bidder to consummate a transaction and that such Prospective Bidder is likely (based on availability of financing, experience and other considerations) to consummate either a Sale Proposal, Investment Proposal or Financing Proposal, as applicable.

14. The Monitor may seek clarifications with any Prospective Bidder with respect to any of the requirements described in paragraph 12 above and such Prospective Bidder's financial capability to consummate a transaction, and the Monitor may grant extensions to the Prospective Bidder Deadline and shall comply with any extensions as may be ordered by the Court. The Monitor may waive compliance with any one or more of the requirements specified in paragraph 12 and deem any Prospective Bidder to be a Phase I Qualified Bidder.

15. The determination by the Monitor as to whether a Prospective Bidder is a Phase I Qualified Bidder will be made as promptly as practicable but no later than two (2)

Business Days after a Prospective Bidder delivers all of the materials required under paragraph 12 hereof. If it is determined by the Monitor that a Prospective Bidder is a Phase I Qualified Bidder, the Monitor will promptly notify the Prospective Bidder that it is a Phase I Qualified Bidder.

16. If it is determined by the Monitor that there are no Phase I Qualified Bidders in accordance with this the terms of this SISP, and, that as a consequence proceeding with the SISP will not be in the best interests of the Plan Beneficiaries, the Monitor shall as soon as reasonably practicable file a motion with the Court on notice to the Service List seeking advice and directions with respect to the modification, continuation, suspension or termination of the SISP.

**Submission of Non-Binding Letters of Intent**

17. In order for a Phase 1 Qualified Bidder to continue to participate in the SISP, the Monitor must receive (at the address set out in the Teaser Letter) from such Phase 1 Qualified Bidder a non-binding letter of intent or, in the case of a Financing Proposal, a non-binding financing discussion paper or term sheet (a "**LOI**") on or before 5:00 p.m. Toronto Time on Wednesday, December 10, 2014 or such later date as the Monitor may determine appropriate or the Court may order (the "**LOI Deadline**"), which LOI shall be in writing and include the following:

(a) if the LOI is in respect of a Sale Proposal or an Investment Proposal:

(i) a reasonably detailed listing and description of the Policies to be included in the Sale Proposal, and in the case of an Investment Proposal, a reasonably detailed description of the manner in which the investment is to be made;

(ii) an indication of the proposed purchase price or financial terms of such Sale Proposal or Investment Proposal;

(iii) an acknowledgment that the Sale Proposal or Investment Proposal, as applicable, will be made on an "as is, where is basis";

(iv) a description of any liabilities to be assumed by the Phase I Qualified

Bidder;

(v) a list of any additional due diligence required to be completed before making a Qualified Bid;

(vi) any anticipated regulatory and other approvals required to close the proposed transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

(vii) all conditions to closing that the Phase I Qualified Bidder may wish to impose;

(viii) a timeline to closing, which is to occur on or before the Outside Date, with critical milestones;

(ix) any other terms and conditions which the Qualified Bidder believes are material to the transaction; and

(x) such other information reasonably requested by the Monitor.

(b) if the LOI is in respect of a Financing Proposal, the LOI may be in the form of a non-binding financing discussion paper or term sheet outlining the terms under which the Phase I Qualified Bidder would be prepared to refinance or finance the Policies. Such LOI would include the following:

(i) the amount of financing available;

(ii) the cost of such financing, including fees and interest;

(iii) the terms of repayment and term of the facility/facilities;

(iv) any conditions of financing, including details regarding further due diligence required;

(v) any approvals required to close the proposed transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

(vi) a timeline to closing, which is to occur on or before the Outside Date, with critical milestones;

(vii) any other terms and conditions which the Qualified Bidder believes are material to the proposed refinancing or financing; and

(viii) such other information reasonably requested by the Monitor.

18. In addition, in order to be considered by the Monitor, financial information reasonably requested by the Monitor to demonstrate that the Phase I Qualified Bidder has the financial resources to consummate the transaction contemplated by the LOI must be provided. If the Phase I Qualified Bidder intends to acquire the Policies or provide an investment through a special purpose vehicle, the equity holders or sponsors of such special purpose vehicle must guarantee the special purpose vehicle's obligations.

19. The Monitor will review and evaluate the LOIs based on, among other things, the ability of each Phase I Qualified Bidder to complete due diligence on a timely basis as well as other purchaser or investor selection criteria that may be developed by the Monitor. For greater certainty, the Monitor shall be entitled, following the LOI Deadline, to seek to clarify the terms of an LOI received prior to the LOI Deadline. The Monitor may grant extensions to the LOI Deadline and shall comply with any extensions thereof as may be ordered by the Court. The Monitor may waive compliance with any one or more of the requirements specified in paragraph 17 and deem any non-compliant LOI to be a qualifying LOI.

**Identification of Phase II Qualified Bidder(s)**

20. The Monitor shall consider each of the LOIs and determine whether it will be in the best interests of the Plan Beneficiaries to continue with the SISP. Any Phase I Qualified Bidder(s) with whom the Monitor seeks to pursue a transaction on the terms set out in the applicable LOI shall be deemed to be a Phase II qualified bidder(s) (the "**Phase II Qualified Bidder**"). Phase I Qualified Bidders will be promptly advised by the Monitor if they have been selected as a Phase II Qualified Bidder, and will thereafter be provided an opportunity to access additional due diligence materials, complete due diligence and submit a binding Sale Proposal, Investment Proposal or Financing Proposal. If the Monitor determines that it will not be in the best interests of the Plan Beneficiaries to continue with the SISP, the Monitor shall as soon as reasonably practicable file a motion to the Court on notice to the Service List for advice and directions with respect to the continuation, modification, suspension or termination of the SISP.

**Submissions of Binding Qualified Bids**

21. Under the bid procedure set out herein, all Qualified Bids for a Sale Proposal, Investment Proposal or Financing Proposal must be submitted in writing by a Phase II Qualified Bidder to the Monitor at the address set out in the Teaser Letter and received on or before 5:00 p.m. Toronto Time on Friday, January 30, 2015 or such later date as the Monitor may determine appropriate or the Court may order (the "**Bid Deadline**").

**Requirements for Qualified Bids**

22. A Sale Proposal will be considered a "**Qualified Bid**" only if (i) it is submitted by a Phase II Qualified Bidder on or before the Bid Deadline, and (ii) the Sale Proposal complies with the following requirements:

    (a) it fully discloses the identity of each person or entity that will be sponsoring or participating in the Qualified Bid, including, if requested by the Monitor, the identification of the Phase II Qualified Bidder's direct and indirect owners and their principals, and the complete terms of such participation;

(b) it contains evidence of authorization and approval from the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable, with respect to the submission, execution, delivery and closing of the sale transaction contemplated by the Qualified Bid;

(c) it includes in a letter that the bid is a binding offer capable of acceptance by the Company, as owner of the Policies and as trustee for the Plan Beneficiaries, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid;

(d) it includes a reasonably detailed listing and description of the Policies to be included in the Sale Proposal;

(e) it includes (A) a duly authorized and executed purchase agreement based on the Form of APA; (B) all exhibits and schedules thereto, and such ancillary agreements as may be required by the Phase II Qualified Bidder with all exhibits and schedules thereto, (C) a mark-up of the Form of APA showing amendments and modifications made thereto; and (D) a refundable cash deposit in the form of a wire transfer (to a bank account specified by the Monitor) or such other form of deposit as is acceptable to the Monitor, payable to the order of the Monitor, in trust (the "**Deposit**"), in an amount equal to fifteen percent (15%) of the purchase price contemplated therein;

(f) it includes an acknowledgement and representation that the Phase II Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid, including the Policies, (ii) except as expressly stated in the definitive sale agreement, did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Policies or any liabilities to be assumed or the completeness of any information provided in connection therewith, including but not limited, to (A) the enforceability, validity or status of any of the Policies, (B) the nature and condition of Policies, (C) the nature, condition or health of any of the insureds, (D) the amount of the premiums payable or death benefits available with respect to or under any of the Policies, (E) the condition or status, financial or otherwise, or nature of the insurance company issuing any of the Policies, or (F) the accuracy or completeness of any actuarial valuation or stochastic analysis obtained by the Company in respect of the Policies; and (iii) is a knowledgeable, experienced and sophisticated purchaser with respect to life insurance policies and life settlement contracts, has been provided access to and has reviewed the Policies and is relying on its own expertise and that of its own consultants, accountants, actuaries and legal and tax advisors in making its Qualified Bid;

(g) it includes either written evidence of a firm, irrevocable commitment for all required funding and/or financing from a credit worthy bank or financial institution, or other evidence of financial ability to close the transaction, that will allow the Monitor to make a reasonable determination as the Phase II Qualified Bidder's (and its direct and indirect owners and their principals, as applicable) financial and other capabilities to consummate the sale transaction contemplated by the Qualified Bid;

(h) it includes whether the Phase II Qualified Bidder is able to provide any financing to the Company, as trustee of the Policies, during the Escrow Period (whether from the Deposit, any other escrowed purchase price funds and/or otherwise);

(i) if the Phase II Qualified Bidder is an entity newly formed for the purpose of the sale transaction, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Monitor that names the Company as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;

(j) it shall not be conditional upon, among other things;

    (i) the outcome of unperformed due diligence by the Phase II Qualified Bidder; or

(ii) obtaining any financing; or

(iii) approval of the Qualified Bid by the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable;

and shall include an acknowledgement and representation that the Phase II Qualified Bidder had the opportunity to conduct any and all due diligence prior to making its Qualified Bid;

(k) it includes a detailed list of conditions to closing, including any anticipated regulatory and other approvals required to close the proposed transaction, and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

(l) it provides a timeline to closing with critical milestones and provides for a closing of the proposed transaction by no later than the Outside Date;

(m) it is in the Monitor's reasonable business judgment reasonably likely to close on or before the Outside Date;

(n) it does not request or entitle the Phase II Qualified Bidder to any break-fee, termination fee, expense reimbursement or other type of compensation or payment; and

(o) it contains such other information reasonably requested by the Monitor.

23. An Investment Proposal will be considered a "**Qualified Bid**" only if (i) it is submitted by a Phase II Qualified Bidder on or before the Bid Deadline, and (ii) the Investment Proposal complies with the following requirements:

(a) it fully discloses the identity of each person or entity that will be sponsoring or participating in the Qualified Bid, including, if requested by the Monitor, the identification of the Phase II Qualified Bidder's direct and indirect owners and their principals, and the complete terms of such participation;

(b) it contains evidence of authorization and approval from the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable, with respect to the submission, execution, delivery and closing of the investment transaction contemplated by the Qualified Bid;

(c) it includes in a letter that the bid is a binding offer capable of acceptance by the Company, as owner of the Policies and as trustee for the Plan Beneficiaries, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid;

(d) it includes a reasonably detailed description of the manner in which the investment is to be made;

(e) it includes, (A) such duly authorized and executed documents as the Monitor may accept, including exhibits and schedules thereto, and (B) a Deposit in an amount equal to fifteen percent (15%) of the total proposed investment therein;

(f) it includes an acknowledgement and representation that the Phase II Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid, including the Policies, (ii) except as expressly stated in the definitive transaction documentation, did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Policies or any liabilities to be assumed or the completeness of any information provided in connection therewith, including but not limited, to (A) the enforceability, validity or status of any of the Policies, (B) the nature and condition of Policies, (C) the nature, condition or health of any of the insureds, (D) the amount of the premiums payable or death benefits available with respect to or under any of the Policies, (E) the condition or status, financial or otherwise, or nature of the insurance company issuing any of the Policies, or (F) the accuracy or completeness of any actuarial valuation or stochastic analysis obtained by the Company in respect of the Policies; and (iii) is a knowledgeable, experienced and sophisticated purchaser with respect to life insurance policies and life settlement contracts, has been provided access to and has reviewed the Policies and is relying on its own expertise and that of its own consultants, accountants, actuaries and legal and tax advisors in making its Qualified Bid;

(g) it includes either written evidence of a firm, irrevocable commitment for all required funding and/or financing from a credit worthy bank or financial institution, or other evidence of financial ability to close the investment transaction, that will allow the Monitor to make a reasonable determination as the Phase II Qualified Bidder's (and its direct and indirect owners and their principals, as applicable) financial and other capabilities to consummate the transaction contemplated by the Qualified Bid;

(h) it includes whether the Phase II Qualified Bidder is able to provide any financing to the Company, as trustee of the Policies, pending closing of the investment transaction contemplated by the Qualified Bid;

(i) if the Phase II Qualified Bidder is an entity newly formed for the purpose of the investment transaction, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Monitor that names the Company as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;

(j) it shall not be conditional upon, among other things;

   (i) the outcome of unperformed due diligence by the Phase II Qualified Bidder; or

   (ii) obtaining any financing; or

   (iii) approval of the Qualified Bid by the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable, and shall include an acknowledgement and representation that the Phase II Qualified Bidder had the opportunity to conduct any and all due diligence prior to making its Qualified Bid;

(k) it includes a detailed list of conditions to closing, including any anticipated regulatory and other approvals required to close the proposed transaction, and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

(l) it provides a timeline to closing with critical milestones and provides for a closing of the proposed transaction by no later than the Outside Date;

(m) it is in the Monitor's reasonable business judgment reasonably likely to close on or before the Outside Date;

(n) it does not request or entitle the Phase II Qualified Bidder to any break-fee, termination fee, expense reimbursement or other type of compensation or payment; and

(o) it contains such other information reasonably requested by the Monitor.

24. A Financing Proposal will be considered a "**Qualified Bid**" only if (i) it is submitted by a Phase II Qualified Bidder on or before the Bid Deadline, and (ii) the Financing Proposal complies with the following requirements:

(a) it fully discloses the identity of each person or entity that will be sponsoring or participating in the Qualified Bid, including, if requested by the Monitor, the identification of the Phase II Qualified Bidder's direct and indirect owners and their principals, and the complete terms of such participation;

(b) it contains evidence of authorization and approval from the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable, with respect to the submission, execution, delivery and closing of the refinancing or financing contemplated by the Qualified Bid;

(c) it is in the form of a binding commitment letter or term sheet that is a binding offer capable of acceptance by the Company, as owner of the Policies and as trustee for the Plan Beneficiaries, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid;

(d) it includes the amount of the proposed refinancing or financing available;

(e) it includes the cost of the proposed refinancing or financing, including fees and interest;

(f) it includes the terms of repayment and term of the facility/facilities;

(g) it includes an acknowledgement and representation that the Phase II Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; including the Policies, (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Policies or any liabilities to be assumed or the completeness of any information provided in connection therewith, including but not limited, to (A) the enforceability, validity or status of any of the Policies, (B) the nature and condition of Policies, (C) the nature, condition or health of any of the insureds, (D) the amount of the premiums payable or death benefits available with respect to or under any of the Policies, (E) the condition or status, financial or otherwise, or nature of the insurance company issuing any of the Policies, or (F) the accuracy or completeness of any actuarial valuation or stochastic analysis obtained by the Company in respect of the Policies, except as expressly stated in the definitive transaction documentation; and (iii) is a knowledgeable, experienced and sophisticated financier with respect to life insurance policies and life settlement contracts, has been provided access to and has reviewed the Policies and is relying on its own expertise and that of its own consultants, accountants, actuaries and legal and tax advisors in making its Qualified Bid;

(h) it includes either written evidence of a firm, irrevocable commitment for all required funding and/or financing from a credit worthy bank or financial institution, or other evidence of financial ability to close the transaction, that will allow the Monitor to make a reasonable determination as the Phase II Qualified Bidder's (and its direct and indirect owners and their principals, if applicable) financial and other capabilities to consummate the financing transaction contemplated by the Qualified Bid;

(i) if the Phase II Qualified Bidder is an entity newly formed for the purpose of the financing transaction, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Monitor that names the Company as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;

(j) it shall not be conditional upon, among other things;

  (i) the outcome of unperformed due diligence by the Phase II Qualified Bidder; or

  (ii) obtaining any financing; or

  (iii) approval of the Qualified Bid by the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable,

  and shall include an acknowledgement and representation that the Phase II Qualified Bidder had the opportunity to conduct any and all due diligence prior to making its Qualified Bid;

(k) it includes a detailed list of conditions to closing, including any anticipated regulatory and other approvals required to close the proposed transaction, and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

(l) it provides a timeline to closing with critical milestones and provides for a closing of the proposed transaction by no later than the Outside Date;

(m) it is in the Monitor's reasonable business judgment reasonably likely to close on or before the Outside Date;

(n) it does not request or entitle the Phase II Qualified Bidder to any break-fee, termination fee, expense reimbursement or other type of compensation or payment, other than a commitment fee, standby facility fees and other normal course financing fees, consistent with industry standard; and

(o) it contains such other information reasonably requested by the Monitor.

25. Each Qualified Bid will be considered by the Monitor. The Monitor may seek clarifications to any Qualified Bids following the Bid Deadline, and the Monitor may grant extensions to the Bid Deadline set out herein and shall comply with any extensions thereof as may be ordered by the Court. The Monitor may (i) waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be a Qualified Bid, and (ii) aggregate separate bids to create one "Successful Bid" from more than one Phase II Qualified Bidder.

**Assessment of Qualified Bids**

26. In assessing Qualified Bids in respect of a Sale Proposal, the Monitor will consider, among other things, the following:

(a) the purchase price and net value (including all assumed liabilities and other obligations to be performed by the Phase II Qualified Bidder) provided by such Qualified Bid;

(b) the provision and terms and conditions of any financing to be provided by the Phase II Qualified Bidder to the Company, as trustee of the Policies, during the Escrow Period;

(c) the firm, irrevocable commitment for financing the transaction or other evidence of ability to consummate the proposed sale transaction;

(d) the claims likely to be created by such Qualified Bid in relation to other Qualified Bids;

(e) the counterparties to the proposed sale transaction;

(f) the proposed revisions to the Form of APA and the terms of the proposed sale transaction documents;

(g) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals and other conditions required to close the proposed sale transaction by the Outside Date);

(h) the assets included or excluded from the bid and the transaction costs and risks associated with closing multiple transactions versus a single sale transaction for all or substantially all of the Policies;

(i) the conditions to closing of the proposed sale transaction;

(j) any transition services required from the Company post-closing and any related restructuring costs; and

(k) the likelihood and timing of the consummation of the proposed sale transaction and whether, in the Monitor's reasonable business judgment, the proposed sale transaction is reasonably likely to close on or before the Outside Date.

27. In assessing Qualified Bids in respect of an Investment Proposal, the Monitor will consider, among other things, the following:

(a) the amount of equity and debt investment and the proposed sources and uses of such capital;

(b) in the provision and terms and conditions of any financing to be provided by the Phase II Qualified Bidder to the Company, as trustee of the Policies, during the Escrow Period;

(c) the debt to equity structure post-closing;

(d) the counterparties to the proposed investment transaction;

(e) the terms of the proposed investment transaction documents;

(f) other factors affecting the speed, certainty and value of the proposed investment transaction (including any regulatory approvals and other conditions required to close the proposed investment transaction);

(g) the planned treatment of the Plan Beneficiaries; and

(h) the likelihood and timing of the consummation of the proposed investment transaction and whether, in the Monitor's reasonable business judgment, the proposed investment transaction is reasonably likely to close on or before the Outside Date.

28. In assessing Qualified Bids in respect of a Financing Proposal, the Monitor will consider, among other things, the following:

(a) the amount of financing available;

(b) the cost of such financing, including fees and interest;

(c) the terms of repayment and term of the facility/facilities;

(d) any conditions of financing;

(e) the ability of such proposed refinancing or financing to facilitate a distribution to the Plan Beneficiaries; and

(f) other factors affecting the speed, certainty and value of the proposed financing transaction (including any regulatory approvals and other conditions required to close the proposed financing transaction); and

(g) the likelihood and timing of the consummation of the proposed financing transaction and whether, in the Monitor's reasonable business judgment, the proposed financing transaction is reasonably likely to close on or before the Outside Date.

29. If one or more Qualified Bids are received in accordance with the bid procedure set out herein, the Monitor may choose to:

(a) accept one Qualified Bid (the "**Successful Bid**" and the Phase II Qualified Bidder making the Successful Bid being the "**Successful Bidder**") and take such steps as are necessary to finalize and complete an agreement for the Successful Bid with the Successful Bidder. For greater certainty, the Monitor may accept more than one separate bid from more than one Phase II Qualified Bidder to create one "Successful Bid" and in such case, the Phase II Qualified Bidders will become the "Successful Bidders"; or

(b) continue negotiations with a selected number of Phase II Qualified Bidders (collectively, the "**Selected Bidders**") with a view to finalizing an agreement with one or more of the Selected Bidders, with one or more of such Selected Bidders being the Successful Bidder(s).

30. The Monitor may (a) reject, at any time any bid that is (i) inadequate or insufficient; (ii) not in conformity with the requirements of the CCAA, these SISP Procedures or any orders of the Court applicable to the Company, or (iii) contrary to the best interests of the Plan Beneficiaries as determined by the Monitor; (b) in accordance with the terms hereof accept bids not in conformity with these SISP Procedures to the extent that the Monitor determines, in its reasonable business judgment that doing so would benefit the Plan Beneficiaries; and (c) in accordance with the terms hereof extend the Prospective Bidder Deadline, LOI Deadline and Bid Deadline; and (d) reject all bids. For greater certainty, the Monitor shall be under no obligation to accept the highest or best offer and the selection of the Successful Bid and/or the Selected Bidders shall be entirely in the discretion of the Monitor.

31. If the Monitor determines that no Qualified Bid was received or rejects all Qualified Bids because it is not in the best interests of the Plan Beneficiaries, the Monitor shall as soon as reasonably practicable file a motion with the Court to seek advice and directions with respect to the continuation, modification or termination of the SISP.

## Approval Motion

32. After a definitive agreement(s) in respect of the Successful Bid have been finalized in accordance with these SISP Procedures, the Monitor will apply to the Court as soon as reasonably practicable for the Approval Motion.

33. The Approval Motion will be held on a date to be scheduled by the Court that will be on at least fourteen (14) days' notice to the Service List and the Company's creditors in the CCAA Proceedings in accordance with the SISP Approval Order. The Approval Motion may be adjourned or rescheduled by the Monitor by an announcement of the adjourned date at the Approval Motion or by notice to the Service List maintained by the Monitor in these CCAA Proceedings and no further notice shall be required.

34. All Qualified Bids (other than the Successful Bid) will be deemed rejected on the date of approval of the Successful Bid by the Court.

35. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.

**Deposit**

36. All Deposits will be retained by the Monitor and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved by the Court will be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction or as otherwise set out in the definitive agreement and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder will be return to such bidders within ten (10) Business Days of the date on which the Successful Bid is approved by the Court. If there is no Successful Bid, subject to the following paragraph 37, all Deposits (plus applicable interest) will be returned to the Qualified Bidders within ten (10) Business Days of the date on which the SISP is terminated in accordance with this SISP.

37. If a Successful Bidder breaches any of its obligations under the terms of the SISP or any definitive transaction documentation, its Deposit will be forfeited as liquidated damages and not as a penalty.

**Reservation of Rights and Monitor's Conduct of the SISP**

38. This SISP and these SISP Procedures do not, and will not be interpreted to, create any contractual or other legal relationship between the Company or the Monitor or between any of them and any bidder, other than as specifically set forth in a definitive agreement that any such bidder may enter into with the Company, as owner and as trustee of the Policies.

39. The Monitor may from time to time extend any of the time limits set out in these SISP Procedures, as the Monitor determines appropriate.

40. In conducting the SISP, the Monitor is not, and shall not be or be deemed to be, a director, officer or employee of the Company and the Monitor shall not incur any liability or obligation as a result of its conduct of the SISP, including any solicitations, advertising, marketing, negotiation or completion of a transaction pursuant to the SISP on behalf of USI (if so directed by the Court), the exercise or performance of the Monitor's powers and duties hereunder, save and except as may result from gross negligence or wilful misconduct of the Monitor.

**No Amendment**

41. There will be no amendments to the SISP or these SISP Procedures without the approval of the Court on notice to the Service List, subject to such non-material amendments as may be agreed to by the Monitor and the Company. The Monitor and any other person may seek advice and directions from the Court on notice to the Service List with respect to the conduct of the SISP.

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 OR ARRANGEMENT OF UNIVERSAL SETTLEMENTS INTERNATIONAL INC.**

***ONTARIO***
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**O R D E R**


**RUETER SCARGALL BENNETT LLP**

250 Yonge Street, Suite 2200
P.O. Box 4, Toronto, ON M5B 2L7

**Sara J. Erskine**
LSUC No. 46856G
Tel: (416) 597-5408
Fax: (416) 869-3411

**Jason Beitchman**
LSUC No. 564770
Tel: (416) 597-5416
Fax: (416) 869-3411

Lawyers for Universal Settlements International, Inc.


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# TAB B

This is Exhibit "B" referred to in the

affidavit of Stefan Rosenbaum

sworn before me, this 31st

day of May 2016

A COMMISSIONER FOR TAKING AFFIDAVITS

Stefan Rinas

Stefan Karl Edward Rinas, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires July 8, 2018.

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**EXECUTION VERSION**

**UNIVERSAL SETTLEMENTS INTERNATIONAL INC., in its capacity as Trustee for the Plan Beneficiaries**

**AND**

**VIDA CAPITAL, INC.**

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# ASSET PURCHASE AGREEMENT

**March 23, 2015**

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