

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

THE HONOURABLE	)	THURSDAY, THE
	)	
JUSTICE CONWAY	)	8 th DAY OF JULY, 2021

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
R.S.O. 1990, C. B.16, AS AMENDED**

**AND IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,
R.S.C., 1985, C. C-44, AS AMENDED**

**AND IN THE MATTER OF A WINDING UP OF
PACE SECURITIES CORP., PACE FINANCIAL LIMITED,
PACE INSURANCE BROKERS LIMITED AND
PACE GENERAL PARTNER LIMITED**

ORDER RE NOTICE TO INVESTOR CLAIMANTS

THIS MOTION made by Paliare Roland Rosenberg Rothstein LLP in its capacity as representative counsel for the Investor Claimants (as defined in the order made in these proceedings dated August 6, 2020 appointing representative counsel) (“**Representative Counsel**”) for an order (i) approving the form and content of notice (the “**Notice**”) to Investor Claimants of the settlement of their claims in respect of their acquisition of preferred shares of PACE Financial Limited (“**PFL**”) and First Hamilton Holdings Inc. (“**FHH**”) and units of Pace Capital Partners Series A Limited Partnership, as applicable (the “**Investor Claims**”); and (ii) approving the plan for distribution of the Notice, was heard this day via Zoom conference at Toronto, Ontario.

ON READING the motion record of Representative Counsel, and on hearing the submissions of Representative Counsel, and counsel for the PACE Savings and Credit Union Limited (the “**Credit Union**”), the Liquidators and counsel for the Settling Parties, no one else appearing,

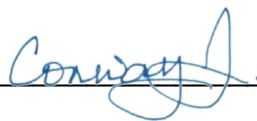
1. **THIS COURT ORDERS** that the capitalized terms not otherwise defined in this order shall have the meanings given to them in Schedule “A”.
2. **THIS COURT ORDERS** that time for service and filing of this notice of motion and motion record is validated and abridged and any further service thereof is dispensed with.
3. **THIS COURT ORDERS** that the Notice, substantially in the form attached as Schedule “B”, be and hereby is approved and that Representative Counsel, with the consent of the Liquidators, may make minor non-material amendments to such form as may be necessary or desirable.
4. **THIS COURT ORDERS** that notice of the Settlement and the motion seeking approval of the Settlement shall be provided as follows:
 - (a) Representative Counsel shall, by July 13, 2021, send or cause to be sent a copy of the Notice directly, either electronically or by mail, to all Investor Claimants identified to Representative Counsel to the last email or municipal address known to Representative Counsel, and thereafter to any other person or entity who requests a copy of the Notice, provided that such person or entity has furnished his, her or its contact information to Representative Counsel;

(b) Representative Counsel shall, forthwith:

- (i) Post the Notice at: <https://www.paliareroland.com/pace-securities-litigation>;
- (ii) issue and cause to be disseminated a press release incorporating the Notice;
- (iii) provide hyperlinks to the notice from the Twitter account: @PaliareRoland;
- (iv) cause a copy of the Notice to be published in *The Globe and Mail*, in English, in one weekday publication;

5. **THIS COURT ORDERS** that any persons objecting to the Settlement shall deliver a notice of objection substantially in the form attached hereto as Schedule “C” (the “**Notice of Objection**”) to Representative Counsel and the Liquidators by no later than 5:00 P.M. (Eastern) on July 23, 2021, by email transmission to the coordinates indicated on the Notice of Objection.

6. **THIS COURT ORDERS** that for the purpose of the order made in these proceedings dated August 6, 2020 appointing Representative Counsel and for the purpose of the Settlement, the individuals listed in Schedule “D” hereto, among others, are Investor Claimants.



Conway J.

SCHEDULE "A"**DEFINED TERMS**

"Applicants" means First Hamilton Holdings Inc., First Hamilton Financial Services Inc., First Hamilton Capital Inc., First Hamilton General Partner 2 Inc., First Hamilton Mortgage Brokers Inc., PACE Securities Corp, PACE Financial Limited, PACE Insurance Brokers Limited and PACE General Partner Limited;

"Defendants" means the Applicants and any related persons or organizations;

"Individual Insureds" means Joseph Thomson, Gerald McRae, Andre Sian, Ernest Eves, Timothy Huxley, Michael Leskovec, Grant Walsh and Larry Smith;

"Insured Organizations" means PACE Securities Corporation, First Hamilton Holdings Inc. and PACE Financial Limited;

"Investment Advisors" means Ariel Simms; and, Patrick Carson, Gyulmet Ramazanov, Thomas D. Moxam, Pat Cilla, Thomas Ogilvy, and Margaret Pakula;

"Investor Claim" means a claim or cause of action as against one or more of the Defendants in respect of the purchase of Preference Shares in Canada, or anywhere else in the world, including, without limitation, claims for contribution or indemnity, personal injury or tort damage, restitutionary recovery, nonpecuniary damages, pure economic loss, or claims for recovery grounded in Ontario Securities legislation, and, the claims of 7003197 Canada Inc. in respect of its purchase of Pace Capital Partners Series A Limited Partnership Units;

"Investor Claimants" means all individuals and entities (including their respective successors, heirs, assigns, litigation guardians and designated representatives under applicable provincial family law legislation) who assert or may be entitled to assert an Investor Claim, excluding all Defendants, insiders or securities brokers involved in the sale of the Preference Shares.

"Liquidators" means (a) Ernst & Young Inc., in its capacity as Court-Appointed Liquidator of the estate and effects of Pace Securities Corp., Pace Financial Limited, Pace Insurance Brokers Limited and Pace General Partner Limited, and (b) MNP Ltd., in its capacity as Court-Appointed Liquidator of the estate and effects of First Hamilton Holdings Inc. First Hamilton Financial Services Inc., First Hamilton General Partner 2 Inc., First Hamilton Capital Inc. and First Hamilton Mortgage Brokers Inc.;

"Preference Shares" means PACE Financial Limited Series A 5% cumulative non-voting preference shares, First Hamilton Holdings Limited Series A 7% cumulative non-voting preference shares and First Hamilton Holdings Limited Series B 5% cumulative redeemable retractable non-voting preference shares, including warrants in respect of the foregoing.

“PSC Liquidator” means Ernst & Young Inc., in its capacity as Court-Appointed Liquidator of the estate and effects of Pace Securities Corp., Pace Financial Limited, Pace Insurance Brokers Limited and Pace General Partner Limited;

“Representative Counsel” means Paliare Roland Rosenberg Rothstein LLP in its capacity as counsel for the Investor Claimants;

“Settling Parties” means PACE Savings & Credit Union Limited; the Insured Organizations; the Insured Individuals; AIG Insurance Company of Canada in its capacity as insurer for the Insured Organizations and the Insured Individuals; the Investment Advisors; and, AXIS Reinsurance Company (Canadian Branch) and Liberty Mutual in their capacity as insurers for the Investments Advisors;

“Settlement” means the agreement of compromise evidenced by the Term Sheet dated June 24, 2021, between Representative Counsel, the Settling Parties and the Liquidators to resolve all or substantially all of the Investor Claims;

SCHEDULE "B"

NOTICE OF SETTLEMENT OF CLAIMS PERTAINING TO THE PURCHASE OF PREFERRED SHARES OF PACE FINANCIAL LIMITED AND FIRST HAMILTON HOLDINGS INC.

TO: Holders of PACE Financial Limited ("PFL") Series A 5% cumulative non-voting preference shares, First Hamilton Holdings Limited ("FHH") Series A 7% cumulative redeemable retractable non-voting preference shares, and/or First Hamilton Holdings Limited Series B 5% cumulative redeemable retractable non-voting preference shares, including warrants in respect of the foregoing (together, the "**Investor Claimants**").

Background

By order dated August 6, 2020 and amended March 2, 2021, Paliare Roland Rosenberg Rothstein LLP was appointed as representative counsel ("**Representative Counsel**") for the Investor Claimants in respect of various claims arising from their acquisition of the preferred shares of PFL and FHH and 7003197 Canada Inc. in respect of its purchase of PACE Capital Partners Series A Limited Partnership Units (the "**Investor Claims**").

The Mediation and the Proposed Settlement

By order dated March 2, 2021, the Court directed a mediation of the Investor Claims.

On June 24, 2021, PACE Savings & Credit Union Limited (the "**Credit Union**"), AIG Insurance Company of Canada ("**AIG**") on behalf of certain individual insureds, PFL, FHH and PACE Securities Corp., and certain investment advisors (together, the "**Settling Parties**") reached an agreement to resolve all or substantially all of the Investor Claims forming the subject matter of the mediation (the "**Settlement**").

The Settlement is subject to court approval, as discussed below.

If approved, and its conditions fulfilled, the Settlement contemplates that the Settling Parties will pay \$40 million to the trust account of Representative Counsel, for future distribution to Investor Claimants, net of Representative Counsel fees and other administrative costs and expenses, all in accordance with a scheme of distribution to be approved by the court at a later date.

In return, the Investor Claims will be dismissed against the Settling Parties, and there will be an order forever barring such claims.

The Settlement is highly recommended by Representative Counsel and a Committee of Investor Claimants.

Hearing to Approve the Settlement

On July 30, 2021, there will be a settlement approval hearing before the Ontario Superior Court of Justice (the “**Settlement Approval Hearing**”). The hearing will be held virtually, by Zoom videoconference.

Additional information in respect of the Settlement is contained in Representative Counsel's motion record in respect of the Settlement Approval Hearing, which can be found at <https://www.paliarerland.com/pace-securities-litigation>, together with a Notice of Objection.

If you wish to object to the Settlement you must send a Notice of Objection by email to both of the following addresses by no later than 5:00 p.m. (Eastern) on Friday, July 23, 2021:

info.pacecuritieslitigation@paliarerland.com

pace.securities@ca.ey.com

The Notices of Objection will be filed with the Court. Individual Investor Claimants objecting to the Settlement may but are not required to attend at the Settlement Approval Hearing to make submissions in support of their objections.

Further Information

If you would like additional information or to object to the Settlement Agreement, please contact Representative Counsel at the address below:

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP
Telephone: 1-(888) 974-1652 Email: info.pacecuritieslitigation@paliarerland.com Website: https://www.paliarerland.com/pace-securities-litigation

**DISTRIBUTION OF THIS NOTICE HAS BEEN AUTHORIZED BY THE ONTARIO
SUPERIOR COURT OF JUSTICE**

SCHEDULE "C"

NOTICE OF OBJECTION

TO: info.pacesecuritieslitigation@paliarerland.com

AND TO: pace.securities@ca.ey.com

RE: PACE CREDIT UNION—SETTLEMENT APPROVAL HEARING

I, _____ (please check all boxes that apply):

(insert name)

- ☐ am a current holder of PACE Financial Limited Series A 5% Cumulative Non-voting Preference shares and/or warrants in respect of same;
- ☐ am a current holder of First Hamilton Holdings Limited Series A 7% cumulative non-voting preference shares and/or warrants in respect of same;
- ☐ am a current holder of First Hamilton Holdings Limited Series B 5% cumulative redeemable retractable non-voting preference shares and/or warrants in respect of same;

I acknowledge that pursuant to the order of the Honourable Justice Conway dated July 8 2021(the "Order"), persons wishing to object to the Settlement of claims in respect of the shares described above are required to complete and deliver this Notice of Objection to the email addresses indicated above to be received by no later than July 23, 2021 at 5:00 p.m. (Eastern).

I hereby give notice that I object to the Settlement Agreement, for the following reasons:

- ☐ I DO NOT intend to appear at the hearing of the motion to approve the Settlement, and I understand that my objection will be filed with the court prior to the hearing of the motion on July 30, 2021.
- ☐ I DO intend to appear, in person or by counsel, and to make submissions at the hearing of the motion to approve the Settlement on July 30, 2021.

MY ADDRESS FOR SERVICE IS

Name:

Address:

Tel.:

Fax:

Email:

**MY LAWYER'S ADDRESS FOR
SERVICE IS (if applicable):**

Name:

Address:

Tel.:

Fax:

Email:

Date: _____

SCHEDULE “D”**CONFIRMATION OF INVESTOR CLAIMANT STATUS**

Last Name	First Name	Assumed Relationship	Investment
Barnes	Danica	Chris Barnes (VP Institutional Sales of PSC and voting shareholder of FHH)	100 FHH Shares
Carson	Frederick	Patrick Carson (Investment Advisor)	1000 FHH Shares
Carson	Jason	Patrick Carson (Investment Advisor)	3000 FHH Shares
Carson	Marcia	Patrick Carson (Investment Advisor)	1000 FHH Shares
Cassano	Giovanni	Tina Cassano (director of HR at PCU)	2000 PFL Shares
Cilla	Annalisa	Pasquale (Pat) Cilla (Investment Advisor)	1000 FHH Shares
Cilla	Daniel	Pasquale (Pat) Cilla (Investment Advisor)	1000 FHH Shares
Cilla	Ivana	Pasquale (Pat) Cilla (Investment Advisor)	1210 FHH Shares
Farrant	Steve	Stepfather of Joe Thompson (CEO of PSC, PFL and FHH, among other things)	100 FHH Shares
Goodfellow	Ian	PCU Board Member	6600 PFL Shares
Hamersley	Naomi	Partner of Chris Barnes (VP Institutional Sales of PSC and voting shareholder of FHH)	100 FHH Shares
Hamersley	Noelle	Mother-in-law of Chris Barnes (VP Institutional Sales of PSC and voting shareholder of FHH)	200 FHH Shares
Nims	John	Joana Nims (analyst at PSC, may also be one of the voting shareholders at FHH)	1000 PFL Shares 463 FHH Shares
Simms	Jared	Ariel Simms (Investment Advisor)	10,000 FHH Shares
Topping	Kenneth	PCU Board Member	100 PFL Shares (Likely Gift) 3936 of FHH Shares
Topping	Lynn	Kenneth Topping (PCU Board Member)	8700 FHH Shares
Wagg	Diana	Financial Service Officer at the Credit Union	1400 FHH Shares

IN THE MATTER OF A WINDING UP OF PACE SECURITIES CORP., PACE FINANCIAL LIMITED, PACE INSURANCE BROKERS LIMITED AND PACE GENERAL PARTNER LIMITED

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER RE NOTICE TO INVESTOR CLAIMANTS

Paliare Roland Rosenberg Rothstein LLP

155 Wellington Street West, 35th Floor
Toronto ON M5V 3H1
Tel: 416.646.4300

Kenneth T. Rosenberg (LSO# 21102H)

Tel: 416.646.4304
ken.rosenberg@paliareroland.com

Massimo (Max) Starnino (LSO# 41048G)

Tel: 416.646.7431
max.starnino@paliareroland.com

Lily Harmer (LSO# 31880T)

Tel: 416.646.4326
lily.harmer@paliareroland.com

Jesse Wright (LSO# 80382Q)

Tel: 416.646.6314
jesse.wright@paliareroland.com

Representative Counsel