

*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 PROPOSED PLAN OF COMPROMISE OR  
ARRANGEMENT WITH RESPECT TO CFG HOLDINGS INC.,  
FORMERLY CERVUS FINANCIAL GROUP INC.**

**Applicant**

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**MOTION RECORD**

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April 12, 2007

**FRASER MILNER CASGRAIN LLP**  
100 King Street West  
P.O. Box 100, 1 First Canadian Place  
Toronto, Ontario, M5X 1B2

**Daniel R. Dowdall**  
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Solicitors for CFG Holdings Inc.

*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 PROPOSED PLAN OF COMPROMISE OR  
ARRANGEMENT WITH RESPECT TO CFG HOLDINGS INC.,  
FORMERLY CERVUS FINANCIAL GROUP INC.**

**Applicant**

**NOTICE OF MOTION**

**CFG HOLDINGS INC., FORMERLY KNOWN AS CERVUS FINANCIAL GROUP INC.** (the "**Company**") will make a motion to Justice Morawetz on Friday, April 13, 2007 at 2:00 p.m. or as soon after that time as the motion can be heard at 393 University Avenue, Toronto, Ontario.

**THE MOTION IS FOR** an Order:

1. abridging the time for service and approving the method of service of this motion;
2. approving the Eighth Report of the Monitor, and approving the activities of the Monitor as set out in the Eighth Report of the Monitor;
3. varying the Order of the Honourable Mr. Justice G.B. Morawetz dated December 27, 2006 (the "**Shareholder Distribution Order**") to resolve technical issues delaying the distribution of the remaining proceeds of sale of certain assets of the Company

(the “**Sale Proceeds**”) to the shareholders of the Company, as more particularly described in the Eighth Report of the Monitor;

4. extending the “Stay Date” in paragraph 4 of the Initial Order to May 31, 2007 to enable the Company to implement the distributions to the shareholders and the liquidation and dissolution of the Company;
5. granting such further and other relief as the Company may request and that this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

1. the Company was originally granted protection under the CCAA on June 8, 2006 (and at which time there were then multiple Applicants), pursuant to the Initial Order which was amended by the Order of Justice Cumming dated June 15, 2006;
2. on June 15, 2005 Mr. Justice Cumming granted the Approval and Vesting Order which, *inter alia*, authorized the then group of Applicants to implement the terms of a sale agreement (the “**Sale Agreement**”);
3. on June 29, 2006 Mr. Justice Morawetz granted a Settlement Approval Order approving the Settlement Agreement that was a condition of completion of the Sale Agreement;
4. on July 7, 2006, Justice Lax granted an extension Order, extending the Stay Period under the Initial Order to September 22, 2006;
5. on September 6, 2006 Justice Cumming approved Orders:
  - (a) establishing a claims procedure (the “**Claims Procedure Order**”);
  - (b) amending the title of proceedings (to reflect the fact that the Company is now the only remaining Applicant);
  - (c) amending the Initial Order;

- (d) extending the Stay Period under the Initial Order to November 30, 2006;
6. the transactions contemplated under the terms of the Sale Agreement closed on July 6, 2006, and the Monitor is currently in possession of the net Sale Proceeds totalling \$11,284,312.00, remaining after a prior payment made pursuant to the Settlement Agreement, and repayment of amounts owing under the DIP Facility and the Warehouse DIP Facility, as more particularly set out in the Monitor's Fourth Report;
  7. the Monitor and the Company have conducted a Claims Procedure in accordance with the Claims Procedure Order to identify, quantify and adjudicate the claims of creditors against the Company, as well as claims against the officers and directors of the Company, CFC, and Funding who have each been indemnified by the Company;
  8. on October 13, 2006 Justice Cumming granted an Order (the "**Creditor Distribution Order**") that approved the distribution of the Sales Proceeds in accordance with the proposed distribution set out in the Fifth Report by the Monitor, as well as the proposed procedure for distribution of the remaining Sales Proceeds to the Shareholders of the Company, and granted an extension of the stay of proceedings to December 29<sup>th</sup>, 2006;
  9. on December 27, 2006 Justice Morawetz granted the Shareholder Distribution Order approving and implementing a distribution of the Sales Proceeds to the shareholders which was to be carried out by the Monitor prior to the liquidation and dissolution of the Company under the Alberta *Business Corporations Act*;
  10. the Company and the Monitor wish to vary the Shareholder Distribution Order to have the distribution to shareholders occur as a reduction of the stated capital of the Company as part of the liquidation and dissolution of the Company under the provisions of the Alberta *Business Corporations Act*;
  11. on February 27<sup>th</sup>, 2007 Justice Siegel made an Order extending the "Stay Date" to April 30<sup>th</sup>, 2007;

12. on March 9<sup>th</sup>, 2007 Justice Siegel granted an order to assist in clearing up technical issues dealing with the implementation of the Founders Undertaking and the creation of a revised shareholder list to enable the distribution of the Sales Proceeds to the shareholders to proceed;
13. the revised shareholder list has now been provided to the Monitor and all issues arising from the implementation of the Founders Undertaking have been resolved, allowing the distribution to shareholders to be implemented, if the Shareholder Distribution Order is varied as requested.
14. the Monitor supports the extension of the stay of proceedings as requested;
15. the Company has been acting in good faith and with due diligence in conducting its business and affairs;
16. the Initial Order, as amended;
17. the Shareholder Distribution Order;
18. the provisions of the CCAA, and specifically s.11 (4) and s.11 (6) thereof;
19. rules 2.03, 3.02, 14.05, 16 and 26.01 of the *Rules of Civil Procedure*; and
20. section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

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

1. the Affidavit of Daniel R. Dowdall in support of this motion and the exhibits annexed thereto;
2. the Affidavit of Angela Scott sworn February 22, 2007. and the Exhibits annexed thereto;
3. the Eighth Report of the Monitor; and

4. such further and other materials as counsel may advise and this Honourable Court may permit.

April 12, 2007

**FRASER MILNER CASGRAIN LLP**  
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Solicitors for the Applicants

**TO: SERVICE LIST**

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Monitor for Applicants

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Solicitors for the Monitor





*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 PROPOSED PLAN OF COMPROMISE OR  
ARRANGEMENT WITH RESPECT TO CFG HOLDINGS INC.,  
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**Applicant**

**AFFIDAVIT OF DANIEL R. DOWDALL**

I, **DANIEL R. DOWDALL**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a partner with the law firm of Fraser Milner Casgrain LLP ("**FMC**"), solicitors for CFG Holdings Inc., formerly Cervus Financial Group Inc. (the "**Company**"). As such, I have personal knowledge of the matters to which I herein depose in respect of (i) the Company and (ii) the Company's former wholly-owned subsidiaries, Cervus Financial Corp. ("**CFC**") and Cervus Funding Corp. ("**Funding**"). The Company, Funding and CFC are hereinafter collectively called the "**Applicants**". To the extent that I do not have personal knowledge, I verily believe the information to which I depose to be true.
2. On behalf of the Company I have reviewed the Eighth Report of the Monitor (the "**Eighth Report**") and agree with the facts and issues set out therein. As noted in the Eighth Report, the Company's assets have been sold, a claims process has been implemented, all of the creditors of the Company have been paid in full and the Monitor currently holds approximately \$3,536,505 that, subject to holdbacks

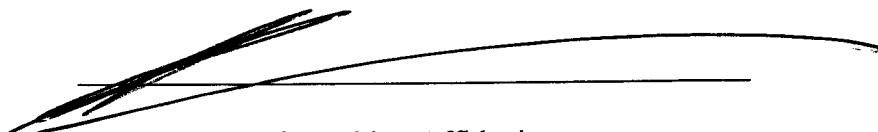
agreed upon with the Company, is distributable to the shareholders of the Company.

3. In order to effect a final distribution of the Sales Proceeds to the shareholders, certain technical issues need to be addressed, namely the variation of the terms of the December 27<sup>th</sup>, 2006 Order of the Honourable Mr. Justice Morawetz to effect a tax-efficient distribution of the remaining Sales Proceeds as a reduction of stated capital through a liquidation and dissolution proceeding carried out under the *Alberta Business Corporations Act* (the “ABCA”). The Company intends to pursue the approach to solving this problem described in the Eighth Report. Attached as Exhibit “A”, to my affidavit is a copy of the December 27, 2006 Order of the Honourable Mr. Justice Morawetz.
4. The Stay of Proceedings contained in the Initial Order of Justice Morawetz dated June 8<sup>th</sup>, 2006, as extended by prior Orders, expires on April 30<sup>th</sup>, 2007. The Company requires an extension of the “Stay Date” as defined in paragraph 4 of the Initial Order to May 31<sup>st</sup>, 2007 in order to effect a final distribution to the shareholders pursuant to a liquidation and dissolution under the ABCA, and to bring these CCAA proceedings to a close.
5. The existing stay of proceedings was extended to April 30, 2007 by Order of the Honourable Mr. Justice Siegel dated February 21, 2007, which is attached as Exhibit “B” to my affidavit. Attached as Exhibit “C” to my affidavit is a copy of the Order of Justice Siegel dated March 9<sup>th</sup>, 2007 giving directions to the Monitor and the Company regarding the resolution of issues arising from the implementation of the Founders Undertaking. This Order was not appealed and these issues have now been resolved.
6. The Company has been proceeding in good faith, and with due diligence to expeditiously conclude this restructuring. To the knowledge of the Company, the Monitor supports the granting of this extension.





Exhibit "A" to the Affidavit of Daniel R. Dowdall, sworn  
before me this 12<sup>th</sup> day of April, 2007.

A handwritten signature in black ink, appearing to read "Alex Runko", written over a horizontal line.

Commissioner for Taking Affidavits, etc.

*Alex Runko*

**ONTARIO**

**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR.            )            WEDNESDAY THE 27<sup>TH</sup> DAY  
  )            OF DECEMBER, 2006  
JUSTICE G. B. MORAWETZ        )

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

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE  
OR ARRANGEMENT WITH RESPECT TO CFG HOLDINGS INC.  
FORMERLY CERVUS FINANCIAL GROUP INC.**



**ORDER**

**ON READING** the Notice of Motion herein dated the 21<sup>st</sup> day of December, 2006, the affidavit of Peter Williams on behalf of CFG Holdings Inc. (the "**Company**") sworn the 21<sup>st</sup> day of December, 2006 (the "**Williams Affidavit**"), the Sixth Report of KPMG Inc. (the "**Monitor**") dated December 22, 2006, the Initial Order of Justice Morawetz dated June 8, 2006, as amended by the Order of Justice Cumming dated June 15, 2006 (the "**Initial Order**"), the Approval and Vesting Order of Justice Cumming dated June 15, 2006, and the Claims Procedure Order of Justice Cumming dated September 6, 2006, the Creditor Distribution Order of Justice Cumming dated October 13, 2006, the Affidavit of Service, filed, and on hearing the submissions of counsel for the Applicants, the Monitor, and such other counsel as may be in attendance on this motion,

**Confirmation of Service**

1.            **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today, that all

parties entitled to notice of this Motion have been duly served with notice of this Motion, and that any further service is hereby dispensed with.

### **Interim Shareholder Distribution**

2. **THIS COURT ORDERS** that the Monitor's activities as disclosed in the Sixth Report of the Monitor dated December 22, 2006, are hereby approved.

3. **THIS COURT ORDERS** that the Company will endeavour to obtain full performance by Richard Bell, Howard Broughton ("**Broughton**"), Jeff Patterson ("**Patterson**"), High Point Merchant Capital Inc. ("**HPMC**"), Gary Bartholomew, Joel Bates, Stephen Barley ("**Barley**") and Grant MacKenzie (collectively, the "**Founders**"), of the share surrenders contemplated in the Founders Undertaking dated March 2, 2006 (the "**Founders Undertaking**") including:

- (i) obtaining executed documentation from HPMC, Broughton, Patterson and Barley effecting the surrender of shares of the Company and the related release of such shares from escrow;
- (ii) obtaining the executed revised directions with revised share amounts, reflecting the new information provided to the Company by ETS as discussed in the Williams Affidavit, from all of the Founders;
- (iii) providing those directions to the escrow agent, Equity Transfer Services Inc. ("**ETS**"); and
- (iv) obtaining the consent of all necessary parties to the Escrow Agreements including the Founders, GMP Securities Ltd. ("**GMP**") and Lawrence Asset Management Inc. ("**Lawrence**") to the release of the shares of the Company held in escrow by ETS pursuant to the Founders Undertaking.

4. **THIS COURT ORDERS** that:

- (i) upon receipt by the Monitor, from Computershare Ltd. ("**Computershare**"), of a revised shareholder register with respect to the Company, reflecting the amended shareholder amounts after the surrender and cancellation of the shares contemplated under the Founders Undertaking (the "**Revised Shareholder Register**"), which is consistent with the Williams Affidavit; together with such resolutions of the board of directors of the Company as may be required to give effect to such surrender and cancellation;
- (ii) upon each of Patterson and Broughton and Barley having settled and/or withdrawn all claims of any nature whatsoever against either the Company or the Monitor, in form and content satisfactory to the Company and the Monitor; and

upon determination by the Monitor and the Company that all steps necessary to complete the implementation of the Founders Undertaking have been completed to the satisfaction of the Monitor and the Company, the Monitor may proceed to implement a distribution to the shareholders from the net Sales Proceeds as described in the Williams Affidavit (the “**Net Sale Proceeds**”), minus a holdback to be determined by the Company in consultation with the Monitor at the time of the proposed distribution, as contemplated in (and taking into consideration such factors as are described in) the Williams Affidavit (the “**Distributed Proceeds**”) based on the Revised Shareholder Register.

5. **THIS COURT ORDERS** that in the event that the Company is unable to obtain full performance by HPMC, Broughton, Patterson or Barley, or by any other of the Founders, of the share surrenders contemplated in the Founders Undertaking:

- (i) upon the Monitor having received confirmation from HPMC and Broughton that they have transferred shares of the Company beneficially owned by them such that sufficient shares are registered in their respective names on the shareholder register maintained by Computershare Ltd. (“**Computershare**”) (and not registered in the name of CDS Clearing and Depository Services Inc. (“**CDS**”)) to fulfill the terms of the Founders Undertaking;
- (ii) upon determination by the Monitor and the Company that all steps necessary to permit an interim distribution of net Sale Proceeds, in the absence of full implementation of the Founders Undertaking, have been completed to the satisfaction of the Monitor and the Company
- (iii) upon receipt by the Monitor, from Computershare of a revised shareholder register with respect to the Company, reflecting the amended shareholder amounts after the surrender of the shares by those Founders that have complied with the Founders Undertaking (the “**Interim Revised Shareholder Register**”), which is consistent with the Williams Affidavit;

then the Monitor may proceed to implement an interim distribution to the shareholders from the Net Sales Proceeds, minus a holdback in respect of those shares registered in the names of Founders which have not yet been surrendered in compliance with the Founders Undertaking and such other amount to be determined by the Company in consultation with the Monitor at the time of the proposed interim distribution, as contemplated in the Williams Affidavit (the “**Interim Distributed Proceeds**”) based on the Interim Revised Shareholder Register.

6. **THIS COURT ORDERS** that contemporaneous with the distribution to the shareholders in accordance with paragraph 4 or paragraph 5 of this Order, the Monitor shall



4.

make a payment in cash to the former senior management of the Company and to the chairman of the board of the Company, from the net Sale Proceeds, of the cash equivalent of the distribution that they would have received had they been issued shares of the Company.

7. **THIS COURT ORDERS** that HPMC and Broughton shall transfer any or all shares of the Company currently beneficially owned by them such that sufficient shares are registered in their respective names on the shareholder register maintained by Computershare Ltd. (“**Computershare**”) (and not registered in the name of CDS Clearing and Depository Services Inc. (“**CDS**”)) to permit the making of an Interim Distribution.

8. **THIS COURT ORDERS AND DIRECTS** that Computershare, CDS, ETS, GMP Securities Ltd. (“**GMP**”), and Lawrence Asset Management Inc. (“**Lawrence**”) shall be served with a copy of this Order, and shall expedite the reconciliation of the share amounts, and the taking of whatever other steps are necessary to assist the Company and the Monitor in completing the distributions to the shareholders of the Company contemplated above.

9. **THIS COURT ORDERS** that ETS shall release all of the share certificates held in escrow pursuant to the Founders Undertaking for which ETS has received a direction signed by a Founder, and shall return the applicable share certificates to the Company for cancellation, and that ETS, GMP and Lawrence shall incur no liability to any party to the Escrow Agreements in fulfilling the terms of this Order.

10. **THIS COURT ORDERS** that in assisting the Monitor and the Company in effecting the distribution, and in fulfilling the terms of this Order, Computershare shall incur no liability to any of the shareholders of the Company, or any other person.

11. **THIS COURT ORDERS** that the Founders may not transfer any of the shares of the Company in their possession or control to any person other than returning the shares for cancellation to the Company, prior to the distributions by the Monitor contemplated above, pending further order of this Court.

12. **THIS COURT ORDERS** that if the Company is unable to resolve the issues described in paragraphs 3 and 4 above to the satisfaction of the Company and the Monitor by January 15, 2006 then the Company shall apply to the Court for advice and direction as to the further treatment of these issues.

**Extension**

13. **THIS COURT ORDERS** that the "Stay Date" referred to in paragraph 4 of the Initial Order be, and hereby is, extended to February 28, 2007 with respect to the Company, and with respect to each of the officers and directors of the Company, CFC and Funding as defined in paragraph 11 of the Initial Order.

**Winding Up of Company**

14. **THIS COURT ORDERS** that upon the completion of the share distributions contemplated above, and with the consent of the Monitor, the Company may apply to the Court of Queen's Bench for Alberta for an Order winding up the Company under the provisions of the *Alberta Corporations Act*.

15. **THIS COURT HEREBY REQUESTS** the aid and recognition the Court of Queen's Bench of Alberta as well as of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Company and the Monitor in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Company and the Monitor and its agents in carrying out the terms of this Order.

16. **THIS COURT HEREBY REQUESTS** the Court of Queen's Bench of Alberta to consider the CCAA proceeding herein as the proceeding in which all distributions of the assets of the Company to creditors and shareholders shall take place, and requests the Court of Queen's Bench for Alberta to coordinate proceedings in the Court of Queen's Bench with proceedings in this Court under the *Companies' Creditors Arrangement Act*.



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

DEC 27 2006

PER/PAR 

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

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO CFG HOLDINGS INC.  
FORMERLY CERVUS FINANCIAL GROUP INC.**

**Court File No. 06-CL-6482**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**ORDER**

**FRASER MILNER CASGRAIN LLP**  
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P.O. Box 100  
1 First Canadian Place  
Toronto, Ontario  
M5X 1B2

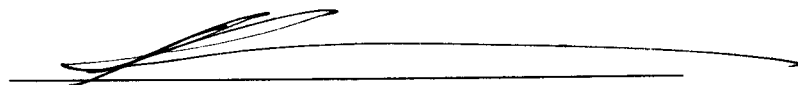
**DANIEL R. DOWDALL**  
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Solicitors for the CFG Holdings Inc.



Exhibit "B" to the Affidavit of Daniel R. Dowdall, sworn  
before me this 12<sup>th</sup> day of April, 2007.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke that tapers to the right.

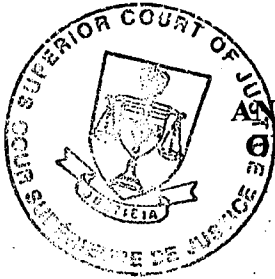
Commissioner for Taking Affidavits, etc.

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ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MR. ) TUESDAY THE 27TH DAY  
JUSTICE SIEGEL ) OF FEBRUARY, 2007

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



AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE  
OR ARRANGEMENT WITH RESPECT TO CFG HOLDINGS INC.  
FORMERLY CERVUS FINANCIAL GROUP INC.

**ORDER**

ON READING the Notice of Motion herein dated the 22nd day of February 2007, the affidavit of Angela Scott on behalf of CFG Holdings Inc. (the "Company") sworn the 22nd day of February, 2007 (the "Scott Affidavit"), the Seventh Report of KPMG Inc. (the "Monitor") dated February 22, 2007, the pleadings and proceedings in this matter, filed, and on hearing the submissions of counsel for the Applicants and the Monitor, no one else appearing,

**Confirmation of Service**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today, that all parties entitled to notice of this Motion have been duly served with notice of this Motion, and that any further service is hereby dispensed with.

**Actions of the Monitor**

2. **THIS COURT ORDERS** that the Monitor's activities as disclosed in the Seventh Report of the Monitor dated February 23, 2007, are hereby approved.

**Extension**

3. **THIS COURT ORDERS** that the "Stay Date" referred to in paragraph 4 of the Initial Order be, and hereby is, extended to April 30, 2007 with respect to the Company, and with respect to each of the officers and directors of the Company, CFC and Funding as defined in the Scott Affidavit.



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**Joseph Doria**  
Registrar, Superior Court of Justice

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

**FEB 27 2007**

PER/PAR:



IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, C. C-36, AS AMENDED  
AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO CFG HOLDINGS INC.  
FORMERLY CERVUS FINANCIAL GROUP INC.

Court File No. 06-CL-6482

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

Proceeding commenced at TORONTO

**ORDER**

**FRASER MILNER CASGRAIN LLP**  
Barristers and Solicitors  
P.O. Box 100  
1 First Canadian Place  
Toronto, Ontario  
M5X 1B2

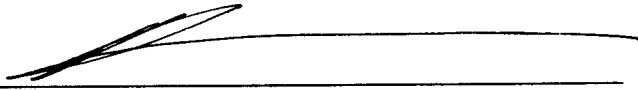
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**ALEX A. ILCHENKO**  
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Fax: (416) 863-4592

Solicitors for the CFG Holdings Inc.



Exhibit "C" to the Affidavit of Daniel R. Dowdall, sworn  
before me this 12<sup>th</sup> day of April, 2007.

A handwritten signature in black ink, appearing to be "Alex Turner", written over a horizontal line.

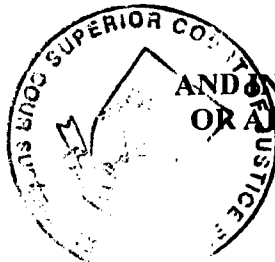
Commissioner for Taking Affidavits, etc.

A handwritten signature in black ink, appearing to be "Alex Turner", written below the text "Commissioner for Taking Affidavits, etc.".

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) FRIDAY THE 9TH DAY  
 )  
JUSTICE SIEGEL ) OF MARCH, 2007

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



**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE  
OR ARRANGEMENT WITH RESPECT TO CFG HOLDINGS INC.  
FORMERLY CERVUS FINANCIAL GROUP INC.**

**ORDER**

**ON READING** the Notice of Motion herein dated the 22nd day of February 2007, the affidavit of Angela Scott on behalf of CFG Holdings Inc. (the "**Company**") sworn the 22nd day of February, 2007 (the "**Scott Affidavit**"), the Seventh Report of KPMG Inc. (the "**Monitor**") dated February 23, 2007, the Supplementary Affidavit of Daniel R. Dowdall sworn March 9<sup>th</sup>, 2007, the pleadings and proceedings in this matter, filed, and on hearing the submissions of counsel for the Applicants and the Monitor, no one else appearing,

**Confirmation of Service**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today, that all parties entitled to notice of this Motion have been duly served with notice of this Motion, and that any further service is hereby dispensed with.

**Claims Bar**

2. **THIS COURT ORDERS** that the claim of any person including those persons served with a copy of this Order, against the Monitor or the Company, past or present (including, without limitation, any claim based in any manner whatsoever, on any indemnity provided by the Company in favour of any Founder, as defined in the Scott Affidavit, including any such claims based on any tax matters) shall, to the extent not already barred and extinguished by prior order of this court, be forever barred and extinguished by this Order unless by 5:00 pm (Eastern Standard Time) on March 30th, 2007 (the “**Effective Time**”):

(i) any such person has served upon both the Company and the Monitor with a motion to this Court seeking an exemption from such provisions of this Order; or

(ii) any party has appealed this Order,

and the terms in this paragraph shall have the same meaning as in the Claims Bar Order as defined in the Scott Affidavit.

#### **Surrender of Founders' Shares**

3. **THIS COURT ORDERS AND DECLARES** that, each of the Founders, as defined in the Scott Affidavit, be ordered to surrender to the Company for cancellation, and shall hereby be deemed to have surrendered to the Company for cancellation, those issued and outstanding shares of the Company held by them and required to be returned to the Company for cancellation by the Founders as described in the Founders' Undertaking, also as defined in the Scott Affidavit (the “**Founders' Shares**”), with effect as of the Effective Time, unless prior to the Effective Time, either :

(i) any such Founder has served upon both the Company and the Monitor with a motion to this Court seeking an exemption from such provisions of this Order; or

(ii) any party has appealed this Order.

4. The Monitor may proceed with a distribution to the Shareholders of the Company, after the Effective Time, as contemplated in, *inter alia*, the Order of this Court dated December 27, 2006 (the “**December 27<sup>th</sup> Order**”) and paragraph 5(d) of this Order, if

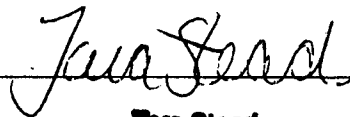
there has been neither an appeal of this Order nor a motion with respect to this Order, as contemplated in, *inter alia*, paragraph 2 or 3 of this Order.

**Completion of Share Cancellations related to Founders Shares**

5. **THIS COURT ORDERS** that, without limiting the foregoing provisions of this Order:
- (a) Equity Transfer Services Inc. (“ETS”) shall deliver up to the Company the share certificates in respect of shares in the capital of the Company held by it pursuant to existing escrow arrangements, or otherwise, and registered in the names of the Founders and shall accept this Court Order as full and sufficient authority for it so doing.
  - (b) The Company shall deliver up the share certificates related to the Founders’ Shares that are delivered to it by Equity Transfer Services (“ETS”) and any other necessary share certificates to Computershare Trust Company of Canada (“Computershare”), in its capacity as the registrar and share transfer agent of the Company, for cancellation and Computershare shall take this Court Order as full and sufficient authority for it to proceed with such cancellation and the amendment of the share registry of the Company in accordance therewith.
  - (c) Computershare shall accept the Powers of Attorney to Transfer Securities substantially in the form attached as Exhibits “A” and “O” to the Scott Affidavit (after the insertion of the proper share certificate numbers) and this Order as full and sufficient authority for it to proceed with such cancellation of the Founders’ Shares referred to in such Powers of Attorney and the amendment of the share registry of the Company in accordance therewith.
  - (d) Following the cancellation of the Founders’ Shares pursuant to the Founders’ Undertaking (as defined in the Scott Affidavit) and the provisions of this Order, the Monitor shall obtain from Computershare a revised shareholder register of the Company reflecting such cancellation, and Computershare be and is hereby ordered to provide such revised register to the Monitor, and thereafter the Monitor may proceed to distribute the money in its control as Monitor of the Company to the shareholders of the Company as recorded on such revised register, less such

reserves for costs and other matters as it deems appropriate, in consultation with the Company, as contemplated in, and in accordance with, the December 27<sup>th</sup> Order and paragraph 4 of this Order.

- (e) In assisting the Monitor and the Company in effecting the distribution, and in fulfilling the terms of this Order, neither ETS nor Computershare shall incur any liability to any of the shareholders of the Company, or any other person.
- (f) If the Company should receive further authorization or documentation from Stephen Barley, one of the Founders, it shall give the same to ETS and Computershare for their records.



**Tara Stead**

Registrar, Superior Court of Justice

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

MAR 09 2007

PER/PAR:





**ONTARIO**

**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR.            )           FRIDAY THE 13<sup>TH</sup> DAY  
  )             
JUSTICE G.B. MORAWETZ        )           OF APRIL, 2007

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

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE  
OR ARRANGEMENT WITH RESPECT TO CFG HOLDINGS INC.  
FORMERLY CERVUS FINANCIAL GROUP INC.**

**ORDER**

**ON READING** the Notice of Motion herein dated the 12<sup>th</sup> day of April, 2007, the affidavit of Daniel R. Dowdall on behalf of CFG Holdings Inc. (the "**Company**") sworn the 12<sup>th</sup> day of April, 2007 (the "**Dowdall Affidavit**") and the affidavit of Angela Scott sworn February 22, 2007, the Eighth Report of KPMG Inc. (the "**Monitor**") dated April 12<sup>th</sup>, 2007, the Initial Order of Justice Morawetz dated June 8, 2006, as amended by the Order of Justice Cumming dated June 15, 2006 (the "**Initial Order**"), the Order of Justice Morawetz dated December 27, 2006 (the "**Shareholder Distribution Order**"), the Order of Justice Siegel dated February 27, 2007 (the "**Extension Order**"), the Order of Justice Siegel dated March 9<sup>th</sup>, 2007 (the "**Distribution Direction Order**"), the Affidavit of Service, filed, and on hearing the submissions of counsel for the Applicant, the Monitor, and such other counsel as may be in attendance on this motion,

**Confirmation of Service**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today, that all parties entitled to notice of this Motion have been duly served with notice of this Motion, and that any further service is hereby dispensed with.

**Interim Shareholder Distribution**

2. **THIS COURT ORDERS** that the Monitor's activities as disclosed in the Eighth Report of the Monitor dated April 12<sup>th</sup>, 2007, are hereby approved.

3. **THIS COURT ORDERS** that the Shareholder Distribution Order be varied as follows:

- (i) That paragraph 6 of the Shareholder Distribution Order be replaced with the following paragraph:

**“THIS COURT ORDERS** that contemporaneous with the distributions to the shareholders in accordance with paragraphs 4, 5 and 14 of this Order, the Monitor, if it is appointed as liquidator of the Company pursuant to the liquidation and dissolution of the Company under the *Alberta Business Corporations Act*, shall make a payment in cash, subject to any appropriate withholdings that may be retained by the Monitor, to the Senior Management of the Company, and to the Chairman of the Board of the Company (the **“Senior Management”**), from the net Sales Proceeds, of an amount equivalent to the distribution that they would have received had the Company fully implemented the Founders Undertaking, and had they been issued shares of the Company.”

- (ii) that paragraph 14 of the Shareholder Distribution Order be replaced with the following paragraph:

**“THIS COURT ORDERS** that the distribution of the “Distributed Proceeds” as described in this Order, as varied, shall be conducted by the Monitor as a reduction of the stated capital of the Company, if it is appointed as liquidator of the Company upon the application of a shareholder, pursuant to the liquidation and dissolution of the Company under the *Alberta Business*



*Corporations Act*, as contemplated under the provisions of this Order, and for the purposes of implementing this distribution to shareholders, the Monitor, if appointed as liquidator, may transfer the funds to be distributed that are currently being held in its capacity as Monitor, to an account established in the liquidation and dissolution proceeding under the *Alberta Business Corporations Act*, if the Monitor is appointed as liquidator of those proceeding;”

- (iii) that paragraph 15 of the Shareholder Distribution Order be replaced with the following paragraph:

**“THIS COURT ORDERS AND REQUESTS** that the Court of Queen’s Bench of Alberta consider the CCAA proceeding herein when making Orders relating to the liquidation and dissolution of the Company and the distribution of the assets of the Company to the shareholders of the Company pursuant to this Order, as varied, and this Court requests the aid and assistance of the Court of Queen’s Bench for Alberta to coordinate proceedings in the Court of Queen’s Bench with proceedings in this Court under the *Companies’ Creditors Arrangement Act*.”

- (iv) that paragraph 16 of the Shareholder Distribution Order be replaced with the following paragraph:

**“THIS COURT REQUESTS** the aid, assistance and recognition of this Order, as varied, by the Court of Queen’s Bench of Alberta, as well as of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, or in the United States, to give effect to this Order and to assist the Company, the shareholders of the Company, and the Monitor in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Company, the shareholders of the Company, and the Monitor and its agents in carrying out the terms of this Order;”

4.           **THIS COURT ORDERS** that the “Stay Date” referred to in Paragraph 4 of the Initial Order be, and hereby is, extended to May 31, 2007 with respect to the Company and with respect to the “Directors” as defined in paragraph 11 of the Initial Order.

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

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO CFG HOLDINGS INC.  
FORMERLY CERVUS FINANCIAL GROUP INC.**

**Court File No. 06-CL-6482**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**MOTION RECORD**

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Solicitors for the CFG Holdings Inc.