

**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

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 

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**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

**DANIEL R. DOWDALL**  
LSUC No. 16737D  
Telephone: (416) 863-4700  
Facsimile: (416) 863-4592

**ALEX A. ILCHENKO**  
LSUC No.: 33944Q  
Tel: (416) 863-4748  
Fax: (416) 863-4592

Solicitors for the CFG Holdings Inc.