

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

SUPPLEMENTARY 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**"). To the extent that I do not have personal knowledge, I verily believe the information to which I depose to be true. All the defined terms in this Affidavit shall have the same meaning as those in the Affidavit of Angela Scott, sworn February 22, 2007 (the "**Scott Affidavit**").
2. Further to our attendances before the court on February 26th and 27th, 2007, and Mr. Ilchenko's attendance on March 2nd, 2007, I have contacted all of the Founders that had raised the issue of how the indemnity in the Founders Undertaking would continue to be funded in order to deal with possible claims

that could arise against the Founders from the fulfilment of the Founders Undertaking.

3. Each of these Founders have confirmed to me yesterday afternoon that, in the current circumstances, they will not require that a reserve be maintained to fund any possible claims under the indemnity in the Founders Undertaking, that they will not require that the requested declaration be obtained and that they are content to allow the shareholder distribution as contemplated by the Company to proceed.
4. As of the date of this affidavit none of the Founders have refused to provide to counsel for the Company the documents that they were requested to provide. Furthermore, the Founders have not refused to surrender the shares that they have been asked to surrender pursuant to the Founders Undertaking. The only exception is the additional 3,573 shares that Barley would need to transfer to the Company as noted at paragraph 40 of the Scott Affidavit, which the Company is not contesting given the approximate \$350.00 dividend for these shares. Each of the Founders that have raised the issue of the indemnity and the distribution have, in fact, surrendered their shares to the Company. The Company believes it has received all of the documents that it requires to implement the distribution, apart from a medallion stamped direction from Barley. The form of the Order requested reflects the requirements by ETS and Computershare to allow a distribution to take place.
5. None of the Founders have linked the provision of these requested documents with the indemnity issue or the obtaining of the requested declaration. As noted in our written submissions, the issue raised was whether a reserve would have to be maintained in order to deal with any claims arising out of the implementation of the Founders Undertaking, given that all the assets of the Company were being distributed to the Shareholders. This issue has now been resolved so that no reserve will be maintained with respect to the indemnity in the Founders Undertaking, however reserves for costs and other matters may be maintained by

