

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

April 13/07

Mr. A. Nicholas for Applicants .
Ms A. Sambasiva for KPMG Inc.

A series of letters (attached) relating
to distribution of proceeds to both creditors
and shareholders.

The agreement of Th. Dowdall as well as
the 8th Report of KPMG & Inc. confirms
that insofar as the creditors are concerned,
the claims process has been completed
and all creditors of the Applicant
have been paid.

The Applicant currently holds approximately
\$3.5 million and, subject to
certain hold backs, is in a positive

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at TORONTO

MOTION RECORD

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Solicitors for the CFG Holdings Inc.

to distribute ~~to~~ the money to Senior Management in respect of payments relating to the Founders Underwriting and to the shareholders.

On Dec 27/06 I granted the Shareholder Distribution Order approving and explaining a ~~the~~ distribution which was to have been carried out by the Trustee prior to the liquidation and dissolution of the Company under the ABCA.

Upon further review, the Trustee and the Company have concluded that it would be preferable for shareholders to receive their distribution by way of return of capital ~~rather~~ as opposed to a dividend.

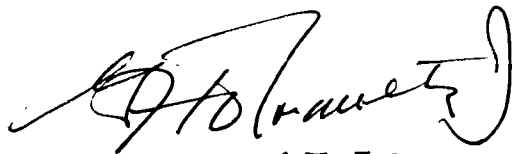
The KPMG Report outlines the steps that are required to effect a return of capital - which steps ^{in this case} require that the actual distribution be made by a Court appointed Liquidator as part of an ABCA liquidation and dissolution process.

I accept ^{the Company} counsel's submission that it is both necessary and appropriate to (a) the Dec 27 order to reflect the revised manner in which the distribution is to be made.

I am not aware that this revised method
prejudices any party and it is beneficial
to shareholders.

In addition an extension of the stay
has been requested to Tg 31107. I am
satisfied - based on the K0176 Report and
the affidavit of Mr. Dowdall that
circumstances exist that make such
an order appropriate and I am also
satisfied that the lawyers continue
to act in good faith and with
due diligence. Accordingly the
stay is extended to Tg 31107.

An order shall issue in the
form submitted during this hearing,
which order I have signed.


MORAWETZ.