

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 a Justice of the Commercial List on Thursday, August 30, 2007 at 10:00 a.m. or as soon after that time as the motion can be heard at 330 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 Tenth Report of KPMG, in its capacity as the Monitor of the Company (the "**Monitor**") and the First Report of KPMG Inc. in its capacity as the liquidator of the Company under the *Alberta Corporations Act* as appointed by the Honourable Justice Borrows of the Alberta Court of Queen's Bench on April 19th 2007 (the "**Liquidator**"), and approving the activities of the Monitor as set out in the Tenth

- Report of the Monitor and as Liquidator as set out in the First Report of the Liquidator;
3. extending the "Stay Date" in paragraph 4 of the Initial Order to November 30, 2007 with respect to the Company and the Directors;
 4. appointing KPMG Inc. as the receiver of CMB I GP Limited (the "GP") and CMB I Limited Partnership (the "LP") under the provisions of the *Limited Partnerships Act* (Ontario).
 5. establishing a claims procedure to identify and quantify claims against the GP and LP in order to facilitate the liquidation of the GP and the LP.
 6. 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 Order of Justice Morawetz (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 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;
4. the transactions contemplated under the terms of the Sale Agreement closed on July 6, 2006;
5. 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;
6. 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 29th, 2006;
7. 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*;
8. The existing Stay of Proceedings was extended to August 31, 2007 by the Order of Justice Cumming dated May 28, 2007;
9. on April 19, 2007 the Alberta Court of Queen’s Bench granted an Order appointing the Monitor as liquidator of the Company (the “**Alberta Liquidation Order**”), in order to implement the distribution to shareholders as a reduction of the stated capital of the Company, under the provisions of the Alberta *Business Corporations Act*;
10. the Monitor, in its capacity as Liquidator under the Alberta Liquidation Order has made a distribution to the Shareholders of the Company;

11. the only outstanding issues that remain to be resolved are:
 - (i) the completion of the distributions to the shareholders that had not received their distributions as they had not updated their addresses with the Company or Computershare; and
 - (ii) completion of the distribution to shareholders by liquidating a limited partnership administered by the GP, a wholly owned subsidiary of the Company, and distributing the funds held by the GP in trust for the Limited Partners (the "**Limited Partners**") of the LP;
12. the Liquidator has contacted each of the Limited Partners to determine whether any of the LPs wished to be appointed as a receiver for the GP and the LP under the provisions of the Limited Partnership Agreement (the "**LP Agreement**"). None chose to do so;
13. in order to wind up the GP and the LP, which is the last remaining asset of the Company, KPMG Inc. is requesting to be appointed as a receiver of the GP and the LP under the provisions of the LP Agreement to wind up the Limited Partnership and distribute its assets to the Limited Partners in accordance with the provisions of the LP Agreement. When the GP is wound up KPMG can seek its discharge as Monitor and Liquidator of the Company, and terminate this proceeding;
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 Alberta Liquidation Order;
19. the provisions of the CCAA, and specifically s.11 (4) and s.11 (6) thereof;
20. rules 2.03, 3.02, 14.05, 16 and 26.01 of the *Rules of Civil Procedure*;

21. section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43; and
22. Such further and other grounds as the Company/counsel may advise and this Honourable Court may permit.

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

1. the Tenth Report of the Monitor;
2. the First Report of the Liquidator; and
3. such further and other materials as counsel may advise and this Honourable Court may permit

August 22, 2007

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