

ACTION: 1073-03-0001

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF EDMONTON**

**IN THE MATTER OF the *Companies' Creditors Arrangement Act*,  
R.S.C. 1985, c. C-36, As Amended; and**

**IN THE MATTER OF the *Business Corporations Act*, R.S.A. 2000, c.  
B-9;**

**AND IN THE MATTER OF a proposed plan of compromise of  
arrangement and a proposed liquidation and dissolution with respect  
to CFG Holdings Inc. formerly Cervus Financial Group Inc.**

**ORIGINATING NOTICE**

TO: CLERK OF THE COURT

TAKE NOTICE that an application will be made on behalf of CFG Holdings Inc. (the "Company") and Peter Haig Williams (a shareholder of the Company) before the Honourable Mr. Justice B. R. Burrows in Chambers, at the Law Courts, Edmonton, Alberta, on Thursday, the 19 day of April, 2007, at the hour of 1:30 o'clock in the afternoon or so soon thereafter as counsel may be heard for an Order recognizing certain Orders of the Ontario Superior Court of Justice (the "Ontario Court") and directing the liquidation and dissolution of the Company in the form of the Order attached as Schedule "A" or on such substantially similar terms as this Honourable Court may direct.

1. AND FURTHER TAKE NOTICE that the grounds of the application are that:
  - (a) the Company is a corporation with registered office in the Province of Alberta;
  - (b) the Company has no active business;
  - (c) the Company is a public company and did trade on the Toronto Stock Exchange;
  - (d) the Company was originally granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "Ontario CCAA

- Proceedings”) on June 8, 2006 (at which time there were multiple Applicants), pursuant to an Initial Order of the Ontario Court (the “Initial Order”);
- (e) the Initial Order was amended by Order of the Ontario Court dated June 15, 2006;
  - (f) on June 15, 2006 an Order was granted by the Ontario Court authorizing the then group of applicants to implement the terms of a sale agreement (the “Sale Agreement”);
  - (g) on June 29, 2006 an Order was granted by the Ontario Court approving a settlement agreement that was a condition of the completion of the Sale Agreement;
  - (h) on July 7, 2006 an Order was granted by the Ontario Court extending the stay period under the Initial Order to September 22, 2006;
  - (i) on September 6, 2006 Orders were granted by the Ontario Court:
    - (i) establishing a claims procedure;
    - (ii) amending the title of proceedings to reflect the fact that the Company was at that point the only remaining Applicant under the Ontario CCAA Proceedings;
    - (iii) amending the Initial Order; and
    - (iv) extending the stay period under the Initial Order to November 30, 2006;
  - (j) the transactions contemplated under the terms of the Sale Agreement closed on July 6, 2006 and the monitor appointed in the course of the Ontario CCAA Proceedings (KPMG Inc.) (the “Monitor”) came into possession of the net sales proceeds totaling \$11,284,312 remaining after a prior payment made pursuant to the Settlement Agreement and repayment of amounts owing under certain debtor in possession facilities as more particularly set out in the Fourth Report of the Monitor filed with the Ontario Court;
  - (k) the Monitor and the Company have conducted a claims procedure process in accordance with the Claims Procedure Order granted by the Ontario Court to identify, quantify and adjudicate the claims of creditors against the Company as

well as claims against officers and directors of the company (and related companies) who were indemnified by the Company;

- (l) on October 13, 2006 the Ontario Court 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 of the Monitor filed with the Ontario Court, as well as the proposed procedure for distribution of the remaining sales proceeds (the "Remaining Sales Proceeds") to the shareholders of the Company and granted an extension of the stay of proceedings to December 29, 2006;
- (m) on December 27, 2006 an Order was granted by the Ontario Court approving and implementing a distribution of the Remaining Sales Proceeds to the shareholders of the Company which was to be carried out by the Monitor prior to the liquidation and dissolution of the Company under the *Alberta Business Corporations Act*, R.S.A. 2000, c. B-9;
- (n) on February 27, 2007 an Order was granted by the Ontario Court extending the stay of proceedings to April 30, 2007;
- (o) on March 9, 2007 an Order was granted by the Ontario Court for the purpose of assisting and clarifying certain technical issues dealing with the implementation of certain undertakings granted and the creation of a revised shareholder list to enable the distribution of the Remaining Sales Proceeds to the shareholders of the Company;
- (p) on April 13, 2007 an Order was granted by the Ontario Court amending the Order of December 27, 2006 so as to ensure that 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* and to provide for certain contemporaneous distributions;
- (q) the Ontario Court seeks the aid and recognition of the Court of Queen's Bench of Alberta in order to give effect to the Orders granted in the Ontario Court providing for the distribution to shareholders and others and for the purpose of

enabling the liquidation and dissolution of the Company, all as contemplated in the Orders granted by the Ontario Court in the context of the Ontario CCAA Proceedings;

- (r) all claims of creditors which are not barred by claims bar Orders in the context of Orders granted by Ontario Court have been satisfied or resolved;
- (s) the Company has substantial stated capital;
- (t) the Monitor on behalf of the Company currently holds approximately \$3,536,505 which, subject to certain holdbacks, is properly distributable to the shareholders of the Company and others in accordance with the Orders of the Ontario Court;
- (u) the Company through its board of directors has determined that it is in the best interests of the Company and its shareholders and it is commercially reasonable for the Company to liquidate and dissolve and to pay the remaining funds on hand to the shareholders (subject to certain holdbacks and to certain contemporaneous distributions authorized by the Orders granted by the Ontario Court) and to reduce the stated capital of the Company so as to reflect such distribution to the shareholders in the context of the liquidation;
- (v) a distribution by way of reduction of stated capital is tax efficient;
- (w) the shareholder distributions authorized by the Orders of the Ontario Court have been contemplated from the outset of the Ontario CCAA Proceedings and have been referenced in reports of the Monitor. The cost of providing notice and convening a shareholders' meeting to formally approve the proposed liquidation and dissolution is not commercially reasonable and would be an imprudent utilization of funds in that a substantial amount of the remaining funds would be utilized for the sole purpose of obtaining the consent of shareholders to a proposal that the shareholders receive money on a tax efficient basis where there is no apparent reason why any shareholder would object to receiving a portion of the shareholders' capital by return in a tax free manner when the Company is no longer in operation;

- (x) the distribution to shareholders of the Remaining Sales Proceeds (subject to an appropriate holdback) by way of reduction of stated capital has been authorized and directed by the Ontario Court in the context of the Ontario CCAA Proceedings (subject to this Honourable Court issuing a complementary Order) as sought pursuant to Section 215 of the *Business Corporations Act*;
  - (y) it is just and equitable that the Company should be liquidated and dissolved.
2. AND FURTHER THAT NOTICE that the Applicants will refer to Sections 39(2), 215(1)(b)(ii), 215(2), 218 and 242 of the *Business Corporations Act*, the Affidavit of Peter Haig Williams, filed, and such further and other material as counsel may advise and this Honourable Court may permit.

DATED at the City of Edmonton, in the Province of Alberta, this 18 day of April, 2007 AND DELIVERED by Fraser Milner Casgrain LLP, Barristers and Solicitors, 2900, 10180 – 101 Street, Edmonton, Alberta, T5J 3V5, Solicitors for the Applicant whose address for service is in care of the said Solicitors.

ISSUED out of the office of the Clerk of the Court of Queen's Bench of Alberta, Judicial District of Edmonton, this 18 day of April, 2007.

  
CLERK OF THE COURT OF QUEEN'S BENCH  
OF ALBERTA