

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

**NEW LIFE CAPITAL CORP., NEW LIFE CAPITAL INVESTMENTS INC., NEW
LIFE CAPITAL ADVANTAGE INC., NEW LIFE CAPITAL STRATEGIES INC.,
1660690 ONTARIO LTD., 2126375 ONTARIO INC., 2108375 ONTARIO INC.,
2126533 ONTARIO INC., 2152042 ONTARIO INC. and 2100228 ONTARIO INC.**

Respondents

**MOTION RECORD
(returnable March 18, 2009)**

March 12, 2009

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Solicitors for KPMG Inc., in its capacity as
the Receiver and Manger of New Life
Capital Corp., et al

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(U.S. dollar amounts) for the period December 17, 2008 to March 5, 2009

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TAB 1

**ONTARIO
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2126533 ONTARIO INC., 2152042 ONTARIO INC. and 2100228 ONTARIO INC.**

Respondents

NOTICE OF MOTION

KPMG INC., in its capacity as the Court-appointed Receiver and Manager of the Respondents (the "Receiver"), will make a motion before the Honourable Mr. Justice Colin L. Campbell on the 18th day of March, 2009 at 10 o'clock in the morning or as soon after that time as the motion can be heard at 330 University Avenue, in the City of Toronto.

THIS MOTION IS FOR:

1. an Order abridging the time for service of this motion;
2. an Order approving the activities of the Receiver from the date of its appointment to the date of its First Report to the Court;
3. an Order authorizing the Receiver to return two uncashed cheques and one uncashed bank draft in the possession of the Receiver to parties who purported to subscribe for shares in one or more of the Respondents;

4. an Order authorizing the Receiver to add the Unprocessed Investors (as defined below) to the Receiver's mailing list of investors in one or more of the Respondents for the purposes of dissemination of information;
5. an Order amending the Appointment Order (as defined below) to add 2173817 Ontario Inc. ("2173817") as a Respondent and to include all of its undertaking, property and assets in the receivership;
6. an Order authorizing the Receiver, in its discretion, to issue and proceed with one or more Applications for a Bankruptcy Order against one or more of the Respondents on a consolidated basis or otherwise;
7. an Order authorizing the Receiver to consent to, on behalf of the Respondents, the making of one or more Bankruptcy Orders against some or all of the Respondents on a consolidated basis or otherwise, once the Applications for a Bankruptcy Order have been issued;
8. an Order directing the Official Receiver to, in the event that the Receiver obtains one or more Bankruptcy Orders against some or all of the Respondents on a consolidated basis, open one estate file and assign one estate file number for each consolidated bankruptcy; and
9. such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. pursuant to the Order of the Honourable Mr. Justice Campbell dated December 17, 2008, KPMG Inc. was appointed as Receiver of all of the undertaking, property and assets (collectively, the "Property") of the Respondents (the "Appointment Order");
2. the Receiver was appointed pursuant to Section 129 of the *Securities Act* (Ontario) to protect the interests of persons who purchased shares of certain of the Respondents (the "Investors") and the creditors of the Respondents;

Authorizing the Return of the Uncashed Cheques and the Bank Draft

3. pursuant to the New Life Capital Investments Program, the Respondents marketed and sold to Investors units of New Life Capital Investments Inc. (“Investments Inc.”), which included Class A common shares of Investments Inc.;
4. as part of the process to purchase units, an Investor submitted to the Respondents a Subscription Agreement together with a cheque or bank draft for the purchase price. Once the Respondents accepted the application, they would deposit payment into one of their bank accounts and forward a copy of the Subscription Agreement to their solicitors who would then issue the share certificate to the Investor and update the shareholder register;
5. shortly after its appointment, the Receiver took possession of the Respondents’ premises and its contents including two uncashed cheques in the amounts of \$25,000.00 (payable to Investments Inc.) and \$10,000.00 (payable to Canadian Western Trust), respectively, and one uncashed bank draft in the amount of \$33,355.09 (payable to Investments Inc.) together with applications from prospective investors for the purchase of units in Investments Inc. The Respondents did not process these applications;
6. it is inappropriate for the Receiver to proceed with the subscription for units in Investments Inc. and accordingly, the Receiver proposes to return the uncashed cheques and the bank draft to the prospective investors and inform them that they do not hold investments in Investments Inc.;

The Unprocessed Investors

7. pursuant to the Respondents’ shareholder register, there is a total of 3,876,378 Class A common shares of Investments Inc. outstanding as at June 5, 2008 (the “June Shareholder List”);
8. the Receiver believes that there may be additional investors who completed applications and remitted funds to the Respondents for the purchase of units but who did not receive share certificates and were not included on the June Shareholder Register (the “Unprocessed Investors”);

9. the Receiver has received (i) a box of unprocessed Subscription Agreements from the Respondents' solicitors, which indicates that there may be an additional 73 Unprocessed Investors; (ii) information from advisors indicating that there may be additional Unprocessed Investors; and (iii) a number of inquiries from investment agents and investors regarding the status of Unprocessed Investors;
10. while the Receiver continues to investigate this matter, it is appropriate to include all identified Unprocessed Investors on the June Shareholder List for the purposes of dissemination of information until such time as the Receiver determines the status of each Unprocessed Investor;

The Addition of 2173817 to the Receivership

11. pursuant to the Capital Advantage Program (the "Advantage Program"), the Respondents sold to Investors, except in one case, preferred shares of 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 215042 Ontario Inc., 2100228 Ontario Inc. (collectively, the "21 Companies") and 2173817;
12. all of the 21 Companies are Respondents in these proceedings and are subject to the Appointment Order;
13. 2173817 is not a Respondent in these proceedings and is not subject to the Appointment Order, however, all of its common shares are held by New Life Capital Advantage Inc., a company that is a Respondent in these proceedings and is subject to the Appointment Order;
14. based on the information available to the Receiver, a total amount of \$637,500 was invested in the Advantage Program of which amount \$200,000 was invested by one arm's length corporate investor for the purchase of 20 preferred shares of 2173817 (the "2173817 Investor");
15. based on information available to the Receiver including a telephone conversation with the 2173817 Investor, the Receiver believes that it was the intention of the Respondents, 2173817 and the 2173817 Investor that the \$200,000 investment be part of the Advantage

Program and accordingly, it is appropriate to amend the Appointment Order to add 2173817 as a Respondent and to include all of its undertaking, property and assets in the receivership;

Application for one or more Bankruptcy Orders

16. based on the information available to the Receiver, the Receiver believes that, during the six-month period immediately prior to the date of the Receiver's First Report to this Honourable Court, the Respondents have ceased to meet their liabilities generally as they became due;
17. while the Receiver continues its investigation, it believes it is prudent to preserve all options to maximize recoveries for the benefit of the Respondents' stakeholders;
18. it is appropriate for the Receiver to issue and proceed with one or more Bankruptcy Orders against some or all of the Respondents on a consolidated basis or otherwise, to establish the effective date of bankruptcy in order to capture as many transactions as possible, which may be subject to attack by a trustee in bankruptcy;
19. the Receiver has requested that this Honourable Court grant the Receiver the authority to consent to the granting of one or more Bankruptcy Orders on a consolidated basis or otherwise, on behalf of the Respondents, if the Receiver is of the opinion that the granting of one or more Bankruptcy Orders would be in the best interests of the Respondents' stakeholders;
20. Sections 1.1 and 129 of the *Securities Act* (Ontario); and
21. such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. the Receiver's First Report to the Court dated March 12, 2009; and

2. such further and other material as counsel may advise and this Honourable Court may permit.

March 12, 2009

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Solicitors for KPMG Inc., in its capacity as
Receiver of the Respondents

TO: THIS HONOURABLE COURT

AND TO: THE SERVICE LIST

ONTARIO SECURITIES COMMISSION
Applicant

and

NEW LIFE CAPITAL CORP., et al
Respondents

Court File No.: 08-CL-7832

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced in Toronto

NOTICE OF MOTION

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TAB 3

2. **THIS COURT ORDERS** that the activities of the Receiver from the date of its appointment to the date of its First Report to the Court are hereby approved.
3. **THIS COURT ORDERS** that the Receiver is authorized to return two uncashed cheques and one uncashed bank draft in the possession of the Receiver to parties who purported to subscribe for shares in one or more of the Respondents.
4. **THIS COURT ORDERS** that the Receiver is authorized to add the additional investors who completed applications and remitted funds to the Respondents for the purchase of units but who did not receive share certificates and were not included on the Respondents' shareholder register (the "Unprocessed Investors") to the Receiver's mailing list of investors in one or more of the Respondents for the purposes of dissemination of information.
5. **THIS COURT ORDERS** that the Order of the Honourable Mr. Justice Campbell dated December 17, 2008 appointing KPMG Inc. as Receiver of all of the undertaking, property and assets of the Respondents be amended to add 2173817 Ontario Inc. as a Respondent and to include all of its undertaking, property and assets in the receivership.
6. **THIS COURT ORDERS** that the Receiver is authorized, in its discretion, to issue and proceed with one or more Applications for a Bankruptcy Order against one or more of the Respondents on a consolidated basis or otherwise.
7. **THIS COURT ORDERS** that the Receiver is authorized to consent to, on behalf of the Respondents, the making of one or more Bankruptcy Orders against some or all of the Respondents on a consolidated basis or otherwise, once the Applications for a Bankruptcy Order have been issued.
8. **THIS COURT ORDERS** that the Official Receiver is directed to, in the event that the Receiver obtains one or more Bankruptcy Orders against some or all of the Respondents on a consolidated basis, open one estate file and assign one estate file number for each consolidated bankruptcy.

ONTARIO SECURITIES COMMISSION
Applicant

and

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Court File No.: 08-CL-7832

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ORDER

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