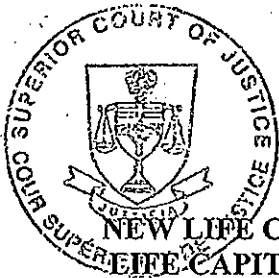


## APPENDIX “M”

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. )  
JUSTICE CAMPBELL ) THURSDAY, THE 22<sup>ND</sup> DAY  
 ) OF APRIL, 2010

**BETWEEN:**



**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., 2100228 ONTARIO INC. and 2173817 ONTARIO INC.**

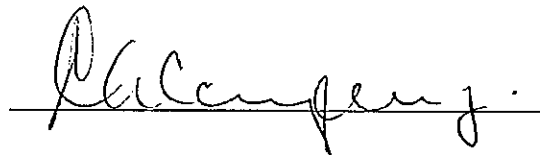
**Respondents**

**ORDER**

**THIS MOTION** made by KPMG INC., in its capacity as the Court-appointed Receiver and Manager (the “Receiver”) of the property, assets and undertaking of 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., 2100228 Ontario Inc. and 2173817 Ontario Inc. (collectively, “New Life” or the “Companies”) for the relief set out in its Notice of Motion dated April 16, 2010 (the “Notice of Motion”) was heard this day at 330 University Avenue, in the City of Toronto.

UPON READING the Receiver's Fifth Report to the Court dated April 16, 2010 (the "Fifth Report") and upon hearing the submissions of counsel for the Receiver, counsel for Staff of the Ontario Securities Commission, and Kevin McElcheran of McCarthy Tetrault LLP as representative counsel, no one else appearing although duly served:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and it is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Release and Settlement Agreement dated March 29, 2010 between KPMG Inc., the Receiver and Massachusetts Mutual Life Insurance Company with respect to the life insurance policy bearing policy no. 15624626 which insured the life of an individual with a face amount death benefit of \$2.5 million be and it is hereby approved and that the Receiver is authorized and directed to complete the transactions contemplated therein.
3. **THIS COURT ORDERS** that the activities of the Receiver as described in the Fifth Report be and they are hereby approved.

A handwritten signature in cursive script, appearing to read "Kevin McElcheran", is written over a horizontal line.

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

APR 22 2010

PER / PAR:

Handwritten initials, possibly "N", written in a stylized cursive font.

ONTARIO SECURITIES COMMISSION

Applicant(s)

and

NEW LIFE CAPITAL CORP. et al.

Respondent(s)

Court File No.: 08-CL-7832

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER

**Thornton GrouitFinnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Canadian Pacific Tower  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1K7

James H. Grouit (LSUC# 22741H 1B)  
Tel: 416-304-0557  
Seema Aggarwal (LSUC# 50674J)  
Tel: 416-304-0603  
Fax: 416-304-1313

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

## **APPENDIX “N”**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR.  
JUSTICE CAMPBELL

)  
)  
)

MONDAY, THE 14<sup>TH</sup> DAY  
OF JUNE, 2010

**BETWEEN:**



**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., 2100228 ONTARIO INC. and  
2173817 ONTARIO INC.**

**Respondents**

**ORDER**

**THIS MOTION** made by KPMG INC., in its capacity as the Court-appointed Receiver and Manager (the "**Receiver**") of the property, assets and undertaking of 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., 2100228 Ontario Inc. and 2173817 Ontario Inc. (collectively, "**New Life**" or the "**Companies**") for the relief set out in its Notice of Motion dated June 7, 2010 (the "**Notice of Motion**") was heard this day at 330 University Avenue, in the City of Toronto.

UPON READING the Receiver's Sixth Report to the Court dated June 7, 2010 (the "Sixth Report") and upon hearing the submissions of counsel for the Receiver, counsel for Staff of the Ontario Securities Commission, and ~~Heather Meredith of McCarthy Tétrault LLP as Representative Counsel~~, no one else appearing although duly served:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and it is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Release and Settlement Agreement dated June 3, 2010 between the Receiver and Massachusetts Mutual Life Insurance Company with respect to the life insurance policy bearing policy no. 15621919 which insured the life of an individual with a face amount death benefit of \$3.0 million be and it is hereby approved and that the Receiver is authorized and directed to complete the transactions contemplated therein.
3. **THIS COURT ORDERS** that the activities of the Receiver as described in the Sixth Report be and they are hereby approved.

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ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

JUN 14 2010

PER / PAR

ONTARIO SECURITIES COMMISSION

Applicant(s)

and

NEW LIFE CAPITAL CORP. et al.

Respondent(s)

Court File No.: 08-CL-7832

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER

ThorntonGrouthFinnigan LLP  
Barristers and Solicitors  
Suite 3200, P. O. Box 329  
Canadian Pacific Tower  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1K7

James H. Grouth (LSUC# 22741H 1B)  
Tel: 416-304-0557  
Seema Aggarwal (LSUC# 50674J)  
Tel: 416-304-0603  
Fax: 416-304-1313

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

June 14/10

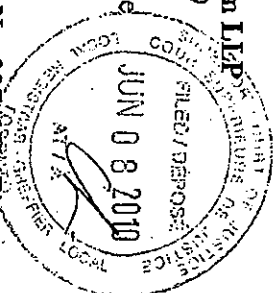
Court File No.: 08-CL-7832

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

MOTION RECORD  
(returnable June 14, 2010)

Herby need the motion.  
records & heard from  
Counsel and party affected.  
Opposing & am satisfied  
the relief sought is  
appropriate & no expense  
in terms of the cost & cost  
of fees & argued

Relevant



ThorntonGrouthFinnigan LLP  
Suite 3200, P. O. Box 329  
Canadian Pacific Tower  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1K7  
James H. Groat (LSUC No. 22741111B)  
Seema Aggarwal (LSUC No. 506741J)

Tel: (416) 304-1616  
Fax: (416) 304-1313

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

## **APPENDIX “O”**

**NEW LIFE CAPITAL GROUP  
PORTFOLIO SUMMARY - REDACTED  
AS AT OCTOBER 31, 2011**

	Policy #	Name of Insurance Company	Status	Face Value USD	Policy Anniversary Date
<b><u>Policies with a Trust</u></b>					
1	97528680	PHL Variable Insurance Company	In force	4,000,000	29-Nov
2	97304673	Phoenix Variable Life Insurance Company	In force	2,500,000	4-Jun
3	97526175	PHL Variable Insurance Company	In force	10,000,000	9-Jan
4	97523828	PHL Variable Insurance Company	In force	5,000,000	3-Dec
5	157207899	AXA Equitable Life Insurance Company	Grace	10,000,000	6-Jun
6	158208597	AXA Equitable Life Insurance Company	Grace	6,000,000	22-Jun
7	157213763	AXA Equitable Life Insurance Company	Grace	10,000,000	31-Jul
8	157213765	AXA Equitable Life Insurance Company	Grace	10,000,000	31-Jul
9	97525875	PHL Variable Insurance Company	In force	3,000,000	28-Jan
10	VF51641220	Pacific Life Insurance Company	In force	3,000,000	12-Sep
11	97522176	PHL Variable Insurance Company	In force	6,000,000	20-Aug
				69,500,000	
<b><u>Total for Trusts</u></b>					
<b><u>Policies Owned Directly</u></b>					
12	0703R01859	Conseco Life Insurance Company	In force	50,000	14-Mar
13	0703R01858	Conseco Life Insurance Company	In force	50,000	14-Mar
14	U10034085L	American General Life Insurance Company	In force	1,500,000	1-Nov
15	519702510	ING - Security Life of Denver Insurance Co.	In force	1,000,000	28-Sep
16	A10122060L	American General Life Insurance Company	In force	100,000	28-Nov
17	1560231	ING - Security Life of Denver Insurance Co.	In force	255,000	12-Jun
18	1560230	ING - Security Life of Denver Insurance Co.	In force	185,919	12-Jun
19	1560223	ING - Security Life of Denver Insurance Co.	In force	130,000	12-Jun
				3,270,919	
<b><u>Total Owned Directly</u></b>					
				72,770,919	
<b>TOTAL</b>					
Prepared by KPMG Inc.					
Updated: October 31, 2011					

## APPENDIX “P”

## RECEIVER'S CERTIFICATE

To the Lender:

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

CERTIFICATE NO. [REDACTED]

AMOUNT \$ [REDACTED]

1. **THIS IS TO CERTIFY** that KPMG Inc., the Receiver and Manager (the "Receiver") of all of the property, assets and undertaking of 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., 2100228 Ontario Inc. and 2173817 Ontario Inc. appointed by Orders of the Ontario Superior Court of Justice (the "Court") dated the 17<sup>th</sup> day of December, 2008 and March 18, 2009 (together, the "Order") made in an action having Court File Number 08-CL-7832, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ [REDACTED] being part of the total principal sum of \$250,000.00 which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate, and the interest thereon, are payable in accordance with the terms set out in the attached letter agreement dated October 19, 2011 (the "Letter Agreement").

3. Such principal sum, with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property and the Frozen Funds (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, the right of the Receiver to

indemnify itself out of such Property in respect of its remuneration and expenses and the applicable terms of the Letter Agreement.

4. All sums payable in respect of principal and interest under this certificate are payable at the address of the Lender as set out herein or by wire transfer to the Lender's bank in accordance with instructions for same that the Lender may provide to the Receiver.

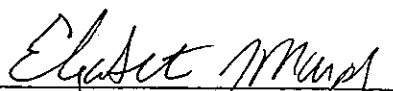
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate. For greater certainty, this certificate shall rank *pari passu* with certificates [REDACTED]. The aggregate total principal amount advanced under the three certificates pursuant to the terms of the Letter Agreement is \$100,000.00.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property and the Frozen Funds (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

**DATED** the 20th day of October, 2011.

KPMG Inc., solely in its capacity as Receiver of the Property and the Frozen Funds (as defined in the Order), and not in its personal capacity.

Per:   
Name: Elizabeth J. Murphy  
Title: Vice-President





Thornton Grout Finnigan LLP  
RESTRUCTURING + LITIGATION

Canadian Pacific Tower  
Toronto-Dominion Centre  
100 Wellington Street West  
Suite 3200, P.O. Box 329  
Toronto, ON Canada M5K 1K7  
T 416.304.1616 F 416.304.1313

Danny M. Nunes  
T: 416-304-0592  
E: dnunes@tgf.ca  
File No. 508-046

October 19, 2011

VIA EMAIL

[REDACTED]

[REDACTED]

[REDACTED]

Dear Madam/Sirs:

Re: **New Life Investor Loan**

On October 17, 2011, Kevin McElcheran, the Court-appointed Representative Counsel for the investors of the various New Life companies, advised the Receiver that a small group of investors is prepared to lend funds to the Receiver to pay policy premiums on life insurance policies held as part of the New Life companies' portfolio.

In subsequent correspondence, it has been confirmed that you have agreed to lend the aggregate sum of \$100,000 to the Receiver on certain terms and conditions (the "Investor Loan"). The Receiver has considered the terms and conditions that have been proposed and agrees to an Investor Loan on the following terms:

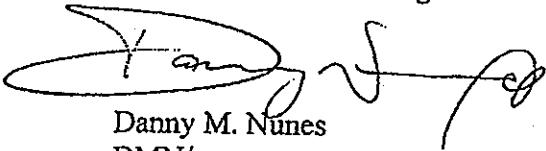
- (i) the loan shall be in the amount of \$100,000;
- (ii) the loan is to be secured by all of the assets in the New Life receivership pursuant to a Receiver's Certificate as provided for in the Order of December 17, 2008;
- (iii) the term of the loan shall be twelve (12) months (the "Term") at the simple interest rate of twelve percent (12%) per annum, payable at maturity;
- (iv) the Receiver may bring a motion seeking the Court's approval of the sale (the "Sale Transaction") of Pacific Life insurance policy #VF51641220

tgf.ca

- (the "Pacific Life Policy"), which motion is presently scheduled for November 14, 2011, and the Receiver agrees to serve a report in support of the motion no later than two (2) weeks in advance of the motion's return date;
- (v) the Receiver shall bring a motion for approval of its fees, as well as those of its Canadian counsel, Thornton Grout Finnigan LLP ("TGF") and its Bahamian counsel, McKinney Bancroft & Hughes, returnable on or before November 30, 2011 on no less than three (3) weeks' notice and shall file, amongst other things, fee affidavits in support of the relief sought;
  - (vi) the Receiver, its counsel, Thornton Grout Finnigan LLP, and Representative Counsel, McCarthy Tetrault LLP, agree to postpone their entitlement to the recovery of their fees and disbursements until additional funds are available to the estate, which funds shall not include the proceeds of the Investor Loan or the Sale Transaction;
  - (vii) in the event that the Sale Transaction closes prior to the conclusion of the Term, fifty percent (50%) of the principal amount of the Investor Loan, and the interest accumulated thereon, shall become due and shall be repaid from the proceeds of the Sale Transaction with the remaining fifty percent (50%) due at the end of the Term; and
  - (viii) in the event that the Sale Transaction does not close and no further funds are available to the estate at the end of the Term, the Investor Loan shall automatically be renewed for an additional period of twelve (12) months and upon the same terms as set out herein, as applicable. In any event, the Investor Loan shall be fully repaid prior to or coincident with payment of the Receiver's professional fees, TGF's professional fees and McCarthy Tetrault's professional fees.

If you are in agreement with the terms set out above, please confirm your agreement by executing the confirmation below.

Yours truly,  
Thornton Grout Finnigan LLP



Danny M. Nunes  
DMN/mm



Thornton Grout Finnigan LLP

THE UNDERSIGNED hereby confirm their acceptance of the terms set out above this \_\_\_\_\_ day of October, 2011.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## **APPENDIX “Q”**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) FRIDAY, THE 18<sup>th</sup> DAY  
)  
JUSTICE NEWBOULD ) OF SEPTEMBER, 2009



**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., 2100228 ONTARIO INC. and 2173817  
ONTARIO INC.**

Respondents

**ORDER**

**THIS MOTION** made by KPMG Inc. in its capacity as the receiver and manager (the “Receiver”), without security, of all of the property, assets and undertaking of 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., 2100228 Ontario Inc. and 2173817 Ontario Inc. (collectively, “New Life” or the “Companies”) was heard this day without notice at 330 University Avenue, Toronto, Ontario, in Chambers.

**UPON READING** the Receiver’s Supplemental Report to Fourth Report to the Court dated September 4, 2009, the Affidavit of J. Bradley Butcher sworn September 16, 2009 and on hearing the submissions of counsel for the Receiver:

1. **THIS COURT ORDERS** that this motion is properly made without notice.
2. **THIS COURT ORDERS** that the Receiver is hereby authorized to trace and attempt to recover any and all funds that were transferred by New Life to Lexington Consulting Inc. (“**Lexington**”), a company incorporated pursuant to the laws of the Commonwealth of The Bahamas, including, without limitation, the approximately USD \$3 million that was transferred by New Life to Lexington’s accounts with FirstCaribbean International Bank (Bahamas) Limited (“**FirstCaribbean**”) located in Nassau, Bahamas (the “**Transferred Funds**”).
3. **THIS COURT ORDERS** that the Receiver is hereby authorized to apply for and, if obtained, enforce a Norwich Order in the Commonwealth of The Bahamas against FirstCaribbean in respect of the Transferred Funds (the “**Norwich Order**”).
4. **THIS COURT ORDERS** that the Receiver is hereby authorized to provide any undertaking in damages, security for costs or indemnity in connection with the Norwich Order in favour of FirstCaribbean that may be required by any court of law in the Commonwealth of The Bahamas or as agreed to between the Receiver and FirstCaribbean.
5. **THIS COURT ORDERS** that the Receiver is hereby authorized to take any and all such further and other steps that the Receiver believes, in its sole discretion, are appropriate and necessary to recover the Transferred Funds including, without limitation, commencing other proceedings in the Commonwealth of The Bahamas or any other jurisdiction for any relief in respect of the Transferred Funds.
6. **THIS COURT ORDERS** that the Receiver is hereby authorized, in its sole discretion, to abandon its proceeding for a Norwich Order in the Commonwealth of The Bahamas or any other proceeding commenced by the Receiver in the Commonwealth of The Bahamas or any other jurisdiction for any relief in respect of the Transferred Funds, if the court of law in the Commonwealth of The Bahamas or any other jurisdiction requires any undertaking in damages, security for costs or indemnity that is in excess of the value of the assets of New Life’s estate or if the Receiver, in its sole discretion, deems it to be unreasonable.
7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere

including, without limitation, the Commonwealth of The Bahamas to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

8. **THIS COURT ORDERS** that the within motion record and this Order are hereby sealed pending further Order of this Honourable Court.

9. **THIS COURT ORDERS** that, notwithstanding the foregoing paragraph 8, the Receiver is authorized to disclose the within motion record and this Order to any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere including, without limitation, the Commonwealth of The Bahamas, for the purposes of giving effect to this Order and assisting the Receiver and its agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that any other interested person may apply to this Court to vary or rescind this order or seek other relief on seven days' written notice to the Receiver and to any other person likely to be affected by the order sought, or on such other notice as this Court may order, provided that nothing in this section shall act to extend any applicable appeal period.



ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

SEP 18 2009

PER / PAR: 

ONTARIO SECURITIES COMMISSION

and

NEW LIFE CAPITAL CORP. et al.

Applicant

Respondents

Court File No.: 08-CL-7832

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER

**ThorntonGrouffinnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Canadian Pacific Tower  
Toronto-Dominion Centre  
Toronto, Ontario  
MSK 1K7

**James H. Groat (LSUC# 22741H 1B)**  
Tel: 416-304-0557  
**Seema Aggarwal (LSUC# 50674J)**  
Tel: 416-304-0603  
Fax: 416-304-1313

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

## **APPENDIX “R”**



Court File No.08-CL-7832

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. )  
 )  
JUSTICE CAMPBELL ) TUESDAY, THE 12<sup>th</sup> DAY  
 )  
 ) OF JANUARY, 2010

**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., 2100228 ONTARIO INC. and 2173817  
ONTARIO INC.**

Respondents

**ORDER**

**THIS MOTION** made by KPMG Inc. in its capacity as the receiver and manager (the "Receiver"), without security, of all of the property, assets and undertaking of 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., 2100228 Ontario Inc. and 2173817 Ontario Inc. (collectively, the "Companies") was heard this day without notice at 330 University Avenue, Toronto, Ontario, in Chambers.

**UPON READING** the Affidavit of J. Bradley Butcher sworn January 12, 2010 and on hearing the submissions of counsel for the Receiver:

1. **THIS COURT ORDERS** that this motion is properly made without notice and returnable today.
2. **THIS COURT ORDERS** that Jeffrey Pogachar ("**Pogachar**") and Paola Lombardi ("**Lombardi**"), the principals of the Companies, are hereby restrained and enjoined from withdrawing, transferring or otherwise dealing with any funds in any accounts belonging to Pogachar, Lombardi, the Companies, Lexington Consulting Inc., Amarcord International Inc. or any other corporate entity for which Pogachar and/or Lombardi have signing authority, located at FirstCaribbean International Bank (Bahamas) Limited in Nassau, Bahamas or located at any other financial institution in any other jurisdiction.
3. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere including, without limitation, the Commonwealth of The Bahamas to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
4. **THIS COURT ORDERS** that the within motion record and this Order are hereby sealed pending further Order of this Honourable Court.
5. **THIS COURT ORDERS** that, notwithstanding the foregoing paragraph 4, the Receiver is authorized to disclose the within motion record and this Order to any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere including, without limitation, the Commonwealth of The Bahamas, for the purposes of giving effect to this Order and assisting the Receiver and its agents in carrying out the terms of this Order.
6. **THIS COURT ORDERS** that any other interested person may apply to this Court to vary or rescind this order or seek other relief on seven days' written notice to the Receiver and to

any other person likely to be affected by the order sought, or on such other notice as this Court may order, provided that nothing in this section shall act to extend any applicable appeal period.

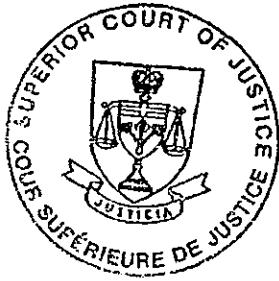
ChCampen J

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

JAN 13 2010

PER / PAR: *CSN*  
JUSG111-0  
Registrar, Superior Court of Justice

## **APPENDIX “S”**



Court File No.08-CL-7832

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) FRIDAY, THE 22<sup>nd</sup> DAY  
)  
JUSTICE CAMPBELL ) OF JANUARY, 2010

**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., 2100228 ONTARIO INC. and 2173817  
ONTARIO INC.**

Respondents

**AMENDED ORDER**

**THIS MOTION** made by KPMG Inc. in its capacity as the receiver and manager (the “Receiver”), without security, of all of the property, assets and undertaking of 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., 2100228 Ontario Inc. and 2173817 Ontario Inc. (collectively, “New Life” or the “Companies”) was heard this day without notice at 330 University Avenue, Toronto, Ontario, in Chambers.

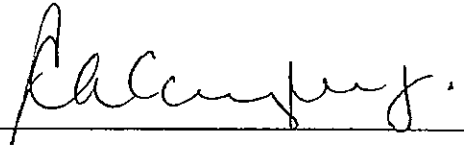
**UPON READING** the Affidavit of J. Bradley Butcher sworn January 21, 2010 and on hearing the submissions of counsel for the Receiver:

1. **THIS COURT ORDERS** that this motion is properly made without notice and returnable today.
2. **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 property, assets and undertakings of the Companies (the “**Appointment Order**”) be and it is hereby extended to include all of the bank accounts (the “**Bank Accounts**”) of Lexington Consulting Inc. and Amarcord International Inc. (collectively, the “**Bahamian Companies**”) located at FirstCaribbean International Bank (Bahamas) Ltd. (“**FirstCaribbean**”) in the Commonwealth of The Bahamas and all Property (as defined in the Appointment Order) acquired using funds from the Bank Accounts.
3. **THIS COURT ORDERS** that all Persons (as defined in the Appointment Order) shall forthwith advise the Receiver of the existence of any funds received from the Bahamian Companies that are or were in such Person’s possession or control and provide the Receiver with copies of all documentation relating thereto provided that such funds were transferred to such Person from the Bank Accounts.
4. **THIS COURT ORDERS** that any Person (as defined in the Appointment Order) on whom a request for information and/or documentation by the Receiver has been made, shall not until the expiry of 30 days from compliance with such request disclose to any other Person (as defined in the Appointment Order) (including for the avoidance of any doubt Jeffrey Pogachar, Paola Lombardi, Alan Price and/or their legal counsel) any information concerning the said request or the terms of this Order without the consent in writing of the Receiver, save for obtaining legal advice.
5. **THIS COURT ORDERS** that (i) each of the Bahamian Companies, (ii) all of their respective current and former directors, officers, employees, persons registered or previously registered with the Ontario Securities Commission or subject or formerly subject to the jurisdiction of the Ontario Securities Commission or any other regulatory body, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other Persons (as defined in the Appointment Order) shall forthwith advise the Receiver of the existence of any Property (as defined in

the Appointment Order) in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request. For greater certainty, any Person that received any Property at any time and that subsequently remitted, transferred, assigned or in any way disposed of that Property shall disclose to the Receiver the identity of the recipient of that Property, whether or not Lexington, Amarcord or their principals, Jeffrey Pogachar and Paola Lombardi, or any one of them, shall have a direct or indirect interest in such recipient or no interest at all, and full particulars of the transaction relating to the disposal of that Property including, without limitation, all documentary and electronic evidence and information known to such Person.

6. **THIS COURT ORDERS AND DIRECTS** FirstCaribbean to pay all funds on deposit to the credit of the Bahamian Companies to the Receiver.
7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere including, without limitation, the Commonwealth of The Bahamas to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
8. **THIS COURT ORDERS** that the within motion record and this Order are hereby sealed pending further Order of this Honourable Court.
9. **THIS COURT ORDERS** that, notwithstanding the foregoing paragraph 7, the Receiver is authorized to disclose (i) this Order to any Person (as defined in the Appointment Order); and (ii) the within motion record and this Order to any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere including, without limitation, the Commonwealth of The Bahamas, for the purposes of giving effect to this Order and assisting the Receiver and its agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that any other interested person may apply to this Court to vary or rescind this order or seek other relief on seven days' written notice to the Receiver and to any other person likely to be affected by the order sought, or on such other notice as this Court may order, provided that nothing in this section shall act to extend any applicable appeal period.



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ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

MAR 05 2010

PER / PAR:  Joanne Nicora  
Registrar, Superior Court of Justice

ONTARIO SECURITIES COMMISSION

and

NEW LIFE CAPITAL CORP. et al.

Applicant

Respondents

Court File No.: 08-CL-7832

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
Proceedings commenced at Toronto

ORDER

ThorntonGrouxFinnigan LLP  
Barristers and Solicitors  
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Toronto-Dominion Centre  
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Lawyers for the KPMG Inc., in its capacity as the Receiver  
and Manager of New Life Capital Corp. et al.

## **APPENDIX “T”**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) TUESDAY, THE 16<sup>TH</sup> DAY  
)  
JUSTICE CAMPBELL ) OF MARCH, 2010



**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., 2100228 ONTARIO INC. and 2173817  
ONTARIO INC.**

Respondents

**ORDER**

**THIS MOTION** made by KPMG Inc. in its capacity as the receiver and manager (the "Receiver"), without security, of all of the property, assets and undertakings of 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., 2100228 Ontario Inc. and 2173817 Ontario Inc. (collectively, "New Life" or the "Companies") was heard this day at 330 University Avenue, Toronto, Ontario.

**UPON READING** the Affidavit of J. Bradley Butcher sworn March 15, 2010 and on hearing the submissions of counsel for the Receiver, counsel for the Ontario Securities Commission, no one else appearing although duly served:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and it is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.
  
2. **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 property, assets and undertakings of the Companies (the “**Appointment Order**”) be and it is hereby extended to include the following:
  - (a) two luxury watches identified as BNLTY FLYING B N3 PAVE W/BRAC and CHRO EVOL RG LE PAVE MDP W/BRA (collectively, the “**Watches**”);
  
  - (b) a 2005 Ferrari 575 Superam F1 bearing vehicle identification number ZFFGT61A350143792 and a 2004 Ferrari Challenge bearing vehicle identification number ZFFDU57A540136570 (collectively, the “**Ferraris**”);
  
  - (c) the 6.625% Commonwealth of The Bahamas Notes Reg-S, due 15/05/2033, USP06518AC19 located in account 671320-1 in the name of Fallsvievw Inc. at EFG Bank & Trust (Bahamas) Ltd. and any and all interest or other proceeds thereof (collectively, the “**Bonds**”);
  
  - (d) one bespoke blue suit, one bespoke blue stripe suit, one bespoke brown suit, one gold scabal, one mohair jacket, one cashmere jacket, one vest and pant, six belts and five pairs of socks purchased from Stavros Master Tailor & Shirt Maker (“**Stavros**”) located at 93 Cumberland Street, Toronto, Ontario and listed on an invoice from Stavros dated November 1, 2008 (the “**Summer Wardrobe**”);
  
  - (e) Unit A1-4, Ocean Club Residences & Marina Phase I, Paradise Island, The Bahamas registered with the Investments Board on January 21, 2009 in the name of FHC International Inc. (the “**Ocean Club Residences Condo**”);
  
  - (f) a steel building purchased from Allied Steel Buildings Inc. pursuant to order number 139477 and delivered on November 23, 2009 to a customer located in Fort Erie, Ontario (the “**Steel Building**”); and

- (g) a medicine cabinet, a shoe cabinet, a dining table and a white closet with four sliding doors purchased from Dias Fine Woodworking Ltd., a custom-made furniture store located at 650 East Bay Street, Nassau Bahamas (collectively, the “**Furniture**”).

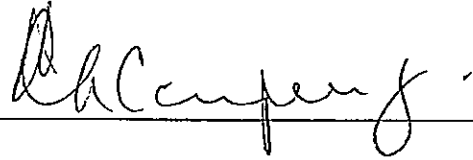
The Watches, the Ferraris, the Bonds, the Summer Wardrobe, the Ocean Drive Residences Condo, the Steel Building and the Furniture are collectively referred to herein as the “**Receivership Items**”.

3. **THIS COURT ORDERS** that all individuals, firms, corporations, governmental bodies or agencies or other entities having notice of this Order (collectively, “**Persons**”), including, where applicable, their respective directors and officers, employees, agents, assignees, advisors and tenants, in possession of the Receivership Items, shall grant immediate and continued access to the Receivership Items to the Receiver, and shall immediately surrender, relinquish, transfer, deliver, assign and/or convey the Receivership Items to the Receiver.
4. **THIS COURT ORDERS** that, notwithstanding the foregoing paragraph 3, the Receiver is authorized to take immediate possession and control of the Receivership Items using whatever legal means are available to the Receiver in its sole discretion.
5. **THIS COURT ORDERS** that all of the provisions of the Appointment Order, except for paragraph 3(l) of the Appointment Order, are incorporated herein and apply to the Receivership Items. For greater certainty, paragraph 3(k) of the Appointment Order is incorporated herein such that the Receiver is authorized to market any or all of the Receivership Items, including advertising and soliciting offers in respect of the Receivership Items or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
6. **THIS COURT ORDERS** that paragraph 3(l) of the Appointment Order does not apply to the Receivership Items and that the Receiver is authorized to sell, convey, transfer, lease or assign the Receivership Items or any part or parts thereof out of the ordinary course of business without the approval of this Honourable Court and in each such sale

transaction notice under subsection 63(4) of the Ontario *Personal Property Security Act*, R.S.O. 1990, c. P.10 shall not be required, and in each such sale transaction the Ontario *Bulk Sales Act*, R.S.O. 1990, c. B.14, shall not apply.

7. **THIS COURT ORDERS** that the Receiver is authorized to engage the services of a realtor for the purpose of selling the Ocean Club Residences Condo and to pay all necessary fees associated with the sale of the Ocean Club Residences Condo, including, without limitation, any applicable stamp duty.
8. **THIS COURT ORDERS** that all Persons shall immediately advise the Receiver of any information related to the Receivership Items including, without limitation, the whereabouts of the Receivership Items, and provide the Receiver with copies of all documentation relating thereto. For greater certainty, any Person that received any of the Receivership Items at any time and that subsequently remitted, transferred, assigned or in any way disposed of that Receivership Item shall disclose to the Receiver the identity of the recipient of that Receivership Item, whether or not New Life, Lexington Consulting Inc., Amarcord International Inc. or their principals, Jeffrey Pogachar and Paola Lombardi, or any one of them, shall have a direct or indirect interest in such recipient or no interest at all, and full particulars of the transaction relating to the disposal of that Receivership Item including, without limitation, all documentary and electronic evidence and information known to such Person.
9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere including, without limitation, the Commonwealth of The Bahamas to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
10. **THIS COURT ORDERS** that any other interested person may apply to this Court, within 10 days of the date of this Order, to vary or rescind this Order or seek other relief

on five days' written notice to the Receiver and to any other person likely to be affected by the Order sought, or on such other notice as this Court may order, provided that nothing in this paragraph shall act to extend any applicable appeal period.



A handwritten signature in cursive script, appearing to read "A. Campy", is written over a horizontal line.

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ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

MAR 16 2010

PER / PAR: TV

ONTARIO SECURITIES COMMISSION

and

NEW LIFE CAPITAL CORP. et al.

Applicant

Respondents

Court File No.: 08-CL-7832

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

**ORDER**

**ThorntonGroutFinnigan LLP**  
Barristers and Solicitors  
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Toronto, Ontario  
M5K 1K7

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Fax: 416-304-1313

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

## **APPENDIX “U”**



Court File No.08-CL-7832

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) THURSDAY, THE 18<sup>TH</sup> DAY  
)  
JUSTICE CAMPBELL ) OF FEBRUARY, 2010

**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., 2100228 ONTARIO INC. and 2173817  
ONTARIO INC.**

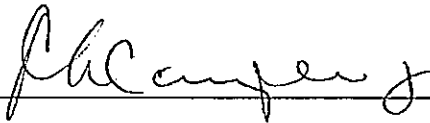
Respondents

**ORDER**

**THIS MOTION** made by KPMG Inc. in its capacity as the receiver and manager (the "Receiver"), without security, of all of the property, assets and undertaking of 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., 2100228 Ontario Inc. and 2173817 Ontario Inc. (collectively, "New Life" or the "Companies") was heard this day without notice at 330 University Avenue, Toronto, Ontario, in Chambers.


**UPON READING** the Affidavit of J. Bradley Butcher sworn February 17, 2010 and on hearing the submissions of counsel for the Receiver:

1. **THIS COURT ORDERS** that this motion is properly made without notice and returnable today.
  
2. **THIS COURT ORDERS** that the Receiver's motion records dated September 16, 2009, January 12, 2010 and January 21, 2010 and the corresponding Order of the Honourable Mr. Justice Newbould dated September 18, 2009, the Order of the Honourable Mr. Justice Campbell dated January 12, 2010 and the Order of the Honourable Mr. Justice Campbell dated January 22, 2010, which were previously sealed, be and they are hereby unsealed and shall form part of the public record in this proceeding.

  
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ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

FEB 18 2010

PER / PAR:  Joanne Nicoara  
Registrar, Superior Court of Justice

ONTARIO SECURITIES COMMISSION

and

NEW LIFE CAPITAL CORP. et al.

Applicant

Respondents

Court File No.: 08-CL-7832

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
Proceedings commenced at Toronto

**ORDER**

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

## **APPENDIX “V”**

**IN THE MATTER OF THE *SECURITIES ACT*  
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF**

**L. JEFFREY POGACHAR, PAOLA LOMBARDI, ALAN S. PRICE, NEW LIFE  
CAPITAL CORP., NEW LIFE CAPITAL INVESTMENTS INC., NEW LIFE  
CAPITAL ADVANTAGE INC., NEW LIFE CAPITAL STRATEGIES INC.,  
2126375 ONTARIO INC., 2108375 ONTARIO INC., 2126533 ONTARIO INC.,  
2152042 ONTARIO INC., 2100228 ONTARIO INC., 2173817 ONTARIO INC.,  
AND 1660690 ONTARIO LTD.**

**SETTLEMENT AGREEMENT BETWEEN  
STAFF OF THE COMMISSION AND NEW LIFE**

**PART I – INTRODUCTION**

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the “Act”), it is in the public interest for the Commission to make certain orders in respect of New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc., 2100228 Ontario Inc., 2173817 Ontario Inc., and 1660690 Ontario Ltd. (together, “New Life” or the “Corporate Respondents”).

## **PART II – JOINT SETTLEMENT RECOMMENDATION**

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding commenced by Amended Notice of Hearing dated June 30, 2010 (the “Proceeding”) against the Corporate Respondents according to the terms and conditions set out in Part V of this Settlement Agreement. The Corporate Respondents, through and by KPMG Inc. in its capacity as the Court Appointed Receiver and Manager of New Life (the “Receiver”), agree to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

## **PART III – AGREED FACTS**

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Corporate Respondents agree with the facts as set out in Part III of this Settlement Agreement.

### **New Life**

4. The Corporate Respondents, together, make up New Life. New Life consists of New Life Capital Corp. (“NLCC”), New Life Capital Investments Inc. (“NLCI”), New Life Capital Advantage Inc. (“NLCA”), 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc., 2100228 Ontario Inc. and 2173817 Ontario Inc. (the “Numbered Companies”), New Life Capital Strategies Inc. (“NLCS”) and 1660690 Ontario Ltd. (“1660690”).
5. By Orders of the Ontario Superior Court of Justice (Commercial List) in Court File No. 08-CL-7832 (the “Court”) dated December 17, 2008 and March 18, 2009, KPMG Inc. was appointed Receiver and Manager for New Life. New Life has not been operational since December 2008.
6. New Life divided responsibility among its various corporate entities: NLCC is a holding company which owns the other corporate entities; NLCI sold shares of its

own issue and holds a pool of life settlements; NLCA and the Numbered Companies sold shares of the Numbered Companies and each Numbered Company, other than 2173817 Ontario Inc., holds a partial beneficial interest in one or more specific life settlements; NLCS “sourced” or found life settlements for investment; and, 1660690 served an administrative purpose in connection with NLCI’s life settlements.

7. A life settlement is a sale of an existing life insurance policy to an investor for less than its maturity value. On purchase, the investor becomes the beneficiary of the policy and is responsible for payment of all premiums going forward. The investor profits when the policy matures and the benefits are paid.
8. The corporate entities worked together toward the common purpose of soliciting investors and their various activities were in all instances funded by investor funds. Investor funds flowed between various of the Corporate Respondents with no apparent business purpose.
9. NLCC was incorporated in Ontario on November 7, 2005. NLCC registered with the Commission as a limited market dealer (“LMD”) on July 30, 2007. NLCC has never sold a security and did not carry on any active operations, although from time to time it paid expenses related to its subsidiaries.
10. NLCI was incorporated in Ontario on December 22, 2005. NLCI is not registered with the Commission in any capacity. NLCI is a subsidiary of NLCC. NLCI sold its class A common shares to investors by way of an Offering Memorandum. Its business activities consisted of raising capital and investing in life settlements sold by U.S. residents. NLCI raised more than \$22 million from approximately 600 investors in Canada.
11. NLCA was incorporated in Ontario on December 19, 2005. It is a subsidiary of NLCC. The Numbered Companies were incorporated on various dates in 2006, 2007 and 2008. None of NLCA or the Numbered Companies have ever been

registered with the Commission in any capacity. The business of NLCA and the Numbered Companies consisted of raising capital and investing in life settlements insuring the lives of U.S. residents. Each of the Numbered Companies, other than 2173817 Ontario Inc., holds a partial beneficial interest in a specific life settlement (as opposed to the pooled life settlements held by NLCI). NLCA and the Numbered Companies raised over \$600,000 from approximately a dozen investors in Canada.

12. NLCS was incorporated in Ontario on January 4, 2006. NLCS is not registered with the Commission in any capacity. NLCS is a subsidiary of NLCC. Its business activities consisted of “sourcing” life insurance policies through use of U.S. brokerage systems or financial planners, and by soliciting sales directly from seniors. NLCS did not issue and sell its own securities.
13. 1660690 was incorporated in Ontario on July 29, 2005. It is a subsidiary of NLCI. It is not registered with the Commission in any capacity. 1660690 purchased 8 life insurance policies with an aggregate face value of USD 3,270,919. For 3 of these 8 policies, 1660690 designated the Numbered Companies as partial beneficiaries. NLCI, or one of its aliases, did not directly purchase life insurance policies but acquired control of certain trusts that were the owners and beneficiaries of 14 life insurance policies with an aggregate face value of USD 80 million. NLCI became the beneficiary of these 14 life insurance policies as a result of its control of the trusts.

#### **Trading Without Registration**

14. As set out above, although NLCC is registered with the Commission as an LMD, NLCC has never traded in securities.
15. NLCI sold shares of its own issue from late 2005 until August 6, 2008, when the Commission ordered that it cease trading. It marketed those shares publicly and sold them to investors in Ontario and elsewhere in Canada. More than 600

investors have bought units pursuant to NLCI's Offering Memorandum since 2006.

16. NLCA and the Numbered Companies sold shares of the Numbered Companies from late 2005 until August 6, 2008, when the Commission ordered that NLCA cease trading. They marketed those shares publicly and sold them to investors on incorporation of each of the Numbered Companies.
17. NLCI, NLCA and the Numbered Companies engaged in the business of trading in securities as principals and therefore acted as market intermediaries. As such, they were, at minimum, required to be registered to trade in securities.
18. The sole discernible business purpose of all of the Corporate Respondents was to facilitate New Life's business as it was promoted and sold to investors and their activities were in all instances funded by investor funds. The Corporate Respondents were under common management and were promoted to investors as a group of companies with a common purpose. Through their actions, all of the Corporate Respondents acted directly or indirectly in furtherance of trading in shares of New Life entities.
19. None of the Corporate Respondents have at any time been registered to trade in securities other than NLCC, which was registered to trade in securities over the period from July 30, 2007 to August 6, 2008.

**PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW  
AND THE PUBLIC INTEREST**

20. The Corporate Respondents' trading and acts in furtherance of trading shares of NLCI, NLCA and the Numbered Companies constituted trading in securities without registration, contrary to section 25 of the Act.

## PART V – TERMS OF SETTLEMENT

21. The Corporate Respondents agree to the terms of settlement listed below.
22. The Commission will make an order pursuant to section 127(1) of the Act that:
  - (a) this Settlement Agreement is approved;
  - (b) the registration or recognition granted to any of the Corporate Respondents under Ontario securities law be terminated permanently;
  - (c) any exemptions contained in Ontario securities law do not apply to the Corporate Respondents permanently;
  - (d) the Corporate Respondents disgorge to the Commission the amount of \$22,508,784.50 (the “Disgorged Amount”) being the amount of monies raised from investors by the sale of shares of New Life entities contrary to Ontario securities law;
  - (e) subject to the approval of the Commission, the Disgorged Amount will be allocated pursuant to s. 3.4(2)(b) of the Act to or for the benefit of the following investors:
    - i. to each of the holders of class A shares of New Life Capital Investments Inc. (the “Class A Shares”) and each investor who paid for Class A Shares but for whom such Class A Shares had yet to be issued (collectively, the “Class A Shareholders”); and,
    - ii. to each of the holders of preferred shares of the Numbered Companies (other than 2100228 Ontario Inc. in which case, to the holder of common shares) (collectively, the “Numbered Company Shares” and the holders thereof the “Numbered Company Shareholders”);

- (f) subject to approval by the Court, the Receiver will distribute the Disgorged Amount to the Class A Shareholders and the Numbered Company Shareholders, directly, in the manner to be ordered by the Court; and,
- (g) Staff may apply to the Court under section 128 of the Act in accordance with Part VI of this Settlement Agreement with respect to any additional funds obtained by the Receiver in excess of the Disgorged Amount referred to in subparagraphs 22(d) and (e).

#### **PART VI – SECTION 128 APPLICATION**

23. Separate from these proceedings, Staff may apply to the Court pursuant to section 128 of the Act seeking:
- (a) a declaration that the Corporate Respondents have not complied with Ontario securities law;
  - (b) an order authorizing and directing the Receiver to distribute any monies obtained by the Receiver of New Life in excess of the Disgorged Amount, subject to the rights of creditors of New Life, to the Class A Shareholders and the Numbered Company Shareholders in the manner to be ordered by the Court; and,
  - (c) any other order that the Court considers appropriate pursuant to section 128(3) of the Act.

#### **PART VII – STAFF COMMITMENT**

24. If the Commission approves this Settlement Agreement, Staff will not commence any other proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement.

## **PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT**

25. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled to commence on April 4, 2011, or on another date agreed to by Staff and the Corporate Respondents, according to the procedures set out in this Settlement Agreement and the Commission’s Rules of Practice.
26. Staff and the Corporate Respondents agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Corporate Respondents’ conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.
27. If the Commission approves this Settlement Agreement, the Corporate Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.
28. If the Commission approves this Settlement Agreement, none of the parties will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.
29. Whether or not the Commission approves this Settlement Agreement, the Corporate Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission’s jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

## **PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT**

30. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule “A” to this Settlement Agreement:

- (a) all discussions and negotiations between Staff and the Corporate Respondents before the settlement hearing takes place will be without prejudice to Staff and the Corporate Respondents; and,
- (b) Staff and the Corporate Respondents will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Amended Statement of Allegations dated June 23, 2010. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.

**PART X – EXECUTION OF SETTLEMENT AGREEMENT**

- 31. The parties may sign separate copies of this Settlement Agreement. Together, these signed copies will form a binding Settlement Agreement.
- 32. A fax copy or electronic transmission of any signature will be treated as an original signature.

Dated this “18” day of “January” , 2010 “(11) TM”

“Richard Harris”  
 KPMG Inc., in its capacity as the  
 Court-appointed Receiver and  
 Manager of New Life Capital Corp.,  
 New Life Capital Investments Inc.,  
 New Life Capital Advantage Inc.,  
 New Life Capital Strategies Inc.,  
 2126375 Ontario Inc., 2108375 Ontario Inc.,  
 2126533 Ontario Inc., 2152042 Ontario Inc.,  
 2100228 Ontario Inc., 2173817 Ontario Inc.,  
 and 1660690 Ontario Inc.

\_\_\_\_\_  
 Witness

“Tom Atkinson”  
 \_\_\_\_\_  
 Director, Enforcement Branch

## **APPENDIX “W”**



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

P.O. Box 55, 19<sup>th</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

CP 55, 19<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

---

**IN THE MATTER OF THE *SECURITIES ACT*  
R.S.O. 1990, c. S.5, AS AMENDED**

**- and -**

**IN THE MATTER OF**

**L. JEFFREY POGACHAR, PAOLA LOMBARDI, ALAN S. PRICE, NEW LIFE CAPITAL CORP., NEW LIFE CAPITAL INVESTMENTS INC., NEW LIFE CAPITAL ADVANTAGE INC., NEW LIFE CAPITAL STRATEGIES INC., 2126375 ONTARIO INC., 2108375 ONTARIO INC., 2126533 ONTARIO INC., 2152042 ONTARIO INC., 2100228 ONTARIO INC., 2173817 ONTARIO INC., AND 1660690 ONTARIO LTD.**

**ORDER**

**WHEREAS** on June 30, 2010, the Ontario Securities Commission (the "Commission") issued an Amended Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the "Act") in respect of New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc., 2100228 Ontario Inc., 2173817 Ontario Inc., and 1660690 Ontario Ltd. (together, "New Life" or the "Corporate Respondents");

**AND WHEREAS** New Life, by and through KPMG Inc. in its capacity as the Court-appointed Receiver and Manager of New Life (the "Receiver"), and staff of the Commission ("Staff") entered into a Settlement Agreement dated January 18, 2011 (the "Settlement Agreement") in which they agreed to a settlement of the proceeding commenced by the Amended Notice of Hearing dated June 30, 2010, subject to the approval of the Commission;

**AND UPON** reviewing the Settlement Agreement and upon hearing submissions from counsel for Staff and counsel for the Receiver;

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED THAT:**

1. the Settlement Agreement is approved;
2. the registration or recognition granted to any of the Corporate Respondents under Ontario securities law is hereby terminated permanently;
3. any exemptions contained in Ontario securities law do not apply to the Corporate Respondents permanently;
4. the Corporate Respondents shall disgorge to the Commission the amount of \$22,508,784.50 (the “Disgorged Amount”) being the amount of monies raised from investors by the sale of shares of New Life entities contrary to Ontario securities law to be allocated, subject to the approval of the Commission, under s. 3.4(2)(b) of the Act to or for the benefit of the following investors:
  - i. to each of the holders of class A shares of New Life Capital Investments Inc. (the “Class A Shares”), including those investors who paid for such Class A Shares but for whom such Class A Shares had yet to be issued (collectively, the “Class A Shareholders”); and
  - ii. to the holders of preferred shares of 2126375 Ontario Inc., 2108375 Ontario Inc., 21216533 Ontario Inc., 2152042 Ontario Inc., and 2173817 Ontario Inc. and the holder of common shares of 2100228 Ontario Inc. (collectively, the “Numbered Company Shares” and the holders thereof the “Numbered Company Shareholders”);
5. subject to the approval by the Ontario Superior Court of Justice (Commercial List) in Court File No. 08-CL-7832 (the “Court”), the Receiver will distribute the Disgorged Amount to the Class A Shareholders and the Numbered Company Shareholders, directly, in the manner to be ordered by the Court;

6. Staff may apply to the Court under section 128 of the Act with respect to any additional funds obtained by the Receiver in excess of the Disgorged Amount. In particular, Staff may apply for:
- i. a declaration that the Corporate Respondents have not complied with Ontario securities law;
  - ii. an order authorizing and directing the Receiver to distribute any monies obtained by the Receiver of New Life in excess of the Disgorged Amount, subject to the rights of creditors of New Life, to the Class A Shareholders and the Numbered Company Shareholders in the manner to be ordered by the Court; and
  - iii. any other order that the Court considers appropriate pursuant to section 128(3) of the Act.

**DATED** at Toronto this “25” day of “*January*”, 2011.

“*Carol S. Perry*”

Carol S. Perry

## **APPENDIX “X”**



Court File No. 08-CL-7832

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ML ) TUESDAY, THE 8th DAY  
)  
)  
JUSTICE NEWBOULD ) OF SEPTEMBER, 2009

**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., 2100228 ONTARIO INC. AND  
2173817 ONTARIO INC.**

**Respondents**

**ORDER**

**THIS MOTION**, made by the Representative Counsel for an Order declaring that the Representative Counsel may appoint a panel of volunteer Investors to assist the Representative Counsel in assessing the realization plan and the results of any marketing plans in relation to the Policies (capitalized terms defined below) was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion and the Fourth Report to the Court Submitted by KPMG Inc. as Receiver and Manager (the "Receiver") and on hearing the submissions of the Representative Counsel, counsel for the Applicant, counsel for the Ontario Securities Commission, and counsel for the Receiver, with no one else appearing although duly served,

*and the order not being opposed*

*JW J -*

**SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

**INVESTOR PANEL**

2. THIS COURT DECLARES that Kevin McElcheran of McCarthy Tétrault LLP (the "Representative Counsel") may select up to five (5) volunteers from among the investors in the Respondents (the "Investors"), with the selections to be approved by the Receiver to represent the interests of the Investors on a panel of Investors (the "Investor Panel").

3. THIS COURT DECLARES that the Investor Panel shall not include any Investors who also sold any investments in New Life and that the members of the Investor Panel shall agree to waive their rights to potentially purchase any of the Policies.

4. THIS COURT DECLARES that the Investor Panel shall be entitled to:

- (a) provide non-binding input to the Representative Counsel to assist the Representative Counsel in assessing the realization plan described in the Fourth Report of the Receiver (the "Realization Plan") and the results of any marketing plans in relation to the Respondents' portfolio of 22 life insurance policies or life settlements (the "Policies");
- (b) receive and review information that is provided to Representative Counsel by the Receiver, including information concerning the Policies and the Realization Plan that is not otherwise disclosed to the stakeholders of the Respondents by the Receiver (the "Confidential Information"), on the same confidentiality terms on which the Confidential Information is provided to Representative Counsel and only for the purpose of performing their roles as members of the Investor Panel.
- (c) meet to review the Confidential Information either via teleconference or in person, as determined by Representative Counsel.

5. THIS COURT DECLARES that members of the Investor Panel are not entitled to compensation for their services or for expenses incurred, unless so ordered by this Court.

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

SEP 08 2009

PER / PAR   
Registrar, Superior Court of Justice

ONTARIO SECURITIES COMMISSION  
Applicant

NEW LIFE CAPITAL CORP. et al.  
Respondents

Court File No: 08-CL-7832

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**ORDER**

**McCarthy Tétrault LLP**  
Toronto Dominion Bank Tower  
Suite 5300, P.O. Box 48  
Toronto ON M5K 1E6

**Kevin McElcheran (LSUC#: 22119H)**  
Tel: 416 601-7330  
Fax 416-868-0673

Representative Counsel  
Solicitors for the Moving Party

DOCS# 647155

## **APPENDIX “Y”**

**NEW LIFE CAPITAL ADVANTAGE INC.**  
**Summary of Activity in**  
**Company's Accounts at TD Bank**

Activity	Account #5209747	Account# 5209755 (3)	Total
Share proceeds	\$628,100.00	\$10,300.00	\$638,400.00
Transfers from related entities		270.33	270.33
Bank charges	(361.42)	(2,171.61)	(2,532.73)
Commission payment	(2,675.00)		(2,675.00)
Payments to Aird & Berlis	(2,857.08)		(2,857.08)
Cash withdrawals	(10,761.50)		(10,761.50)
Transfer to 1660690	(46,582.90) (1)		(46,582.90)
Transfer to Capital Corp.	(14,100.00)		(14,100.00)
Transfer to Advantage Trust	(216.12)	216.12	-
Transfer to Investments Inc.	(500.00)		(500.00)
Transfer to Strategies Inc.	(174,840.00) (2)		(174,840.00)
Unidentified transfers	(20,000.00)		(20,000.00)
Unidentified payments	(27,900.97)		(27,900.97)
Payment to Staples	(127.66)		(127.66)
<b>Closing balance – transferred to Receiver</b>	<b>327,177.35</b>	<b>8,615.14</b>	<b>335,792.49</b>

- (1) Appears to relate to a transfer of USD\$45,500.00 to 1660690 which funded premium payments to ING for the Advantage Policies.  
(2) The Receiver assumes this relates to payment for the beneficial interests in the ING policies acquired by the 21 Companies from 1660690. The receiving end of the transfer for USD\$150,000.  
(3) Designated as "In Trust".

Prepared by the Receiver from the Company's records and records obtained from TD Bank.  
September 1, 2009

## **APPENDIX “Z”**

## SUBSCRIPTION AGREEMENT

TO: New Life Capital Advantage Inc., on behalf of a corporation to be incorporated under the *Business Corporations Act* (Ontario) (the "Corporation")  
Suite 1110  
655 Bay Street  
Toronto, Ontario  
M5G 2K4

The undersigned (the "Subscriber") hereby irrevocably subscribes for such number of preferred shares in the capital of the Corporation (the "Preferred Shares") as stated on the cover page hereof at the purchase price of \$10,000.00 per share (the "Subscription Amount"). In full payment of the aggregate subscription price for such Preferred Shares, the Subscriber tenders herewith a certified cheque or bank draft made payable to "New Life Capital Advantage Inc. in Trust" in the sum of the Subscription Amount. The minimum subscription amount is \$150,000.00 (or such other amount as may be determined by the Corporation).

### *General*

The Subscriber agrees that this subscription (the "Subscription") is given for valuable consideration and shall not be withdrawn or revoked by the Subscriber. The acceptance of this Subscription shall be effective upon the deposit of a written confirmation in the mail addressed to, or delivered to, the Subscriber at the address indicated above. This Subscription Agreement and the payment for the Subscription shall be returned without interest or deduction to the Subscriber at the address indicated above if this Subscription is not accepted. If the Subscription is accepted only in part, that portion of the Subscription Amount for the Preferred Shares which is not accepted will be promptly delivered or mailed to the Subscriber without interest.

Subscription proceeds will be held in the New Life Capital Advantage Inc. Trust Account at the Toronto-Dominion Bank in Toronto, Ontario until such time as (i) the Corporation is established and/or (ii) a qualifying life insurance policy (the "Policy") is identified and qualified. A life insurance policy is deemed to be "qualifying" if the following requirements are met:

1. the Policy is medically underwritten by an accredited underwriting agency or its equivalent;
2. the Medically Underwritten Life Expectancy of the individual named under the Policy is between one to six years;
3. the individual named under the Policy is 65 years of age or older and/or terminally ill and has consented to the assignment of benefits;
4. the Policy has passed the two-year contestability period; and
5. the Policy is issued from an insurance company with a minimum A- rating as defined by Standard and Poors, Moody's, A.M. Best or equivalent;



New Life Capital  
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*Representations, Warranties, Acknowledgements and Covenants*

The Subscriber represents, warrants, acknowledges and covenants to and in favour of the Corporation, as follows:

1. if the Subscriber is a corporation, the Subscriber is a valid and subsisting corporation, has the necessary corporate capacity and authority to execute and deliver this Subscription and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate action in respect thereof. If the Subscriber is a partnership, syndicate or other form of unincorporated organization, the Subscriber has the necessary legal capacity and authority to execute and deliver this Subscription and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof. If the Subscriber is a natural person, he or she has obtained the age of majority and has the legal capacity and competence to execute this Subscription and to take all actions required pursuant thereto;
2. this Subscription will constitute a legal, valid and binding contract of the Subscriber, enforceable against the Subscriber in accordance with its terms;
3. the entering into of this Subscription and the transactions contemplated hereby will not result in the violation of any terms or provisions of any law applicable to or the constating documents of, the Subscriber or of any agreement, written or oral, to which the Subscriber may be a party or by which it is or may be bound;
4. the Subscriber is not a (a) "non-Canadian" within the meaning of the *Investment Canada Act (Canada)*; or (b) "non-resident", "tax shelter", "tax shelter investment", or any entity an interest in which is a "tax shelter investment" or in which a "tax shelter investment" has an interest within the meaning of the *Income Tax Act (Canada)*;
5. the Subscriber is a resident of, or is otherwise subject to, the securities laws of the jurisdiction referred to under "Name and Address of Subscriber" on the front page of this Subscription Agreement, which address is the residence or place of business of the Subscriber and is not created or used solely for the purpose of acquiring Preferred Shares and the Subscriber is not purchasing Preferred Shares for the account or benefit of any person in any jurisdiction other than such jurisdiction;
6. the Subscriber confirms that:
  - (a) the Subscriber was not offered the Preferred Shares in the United States;
  - (b) the Subscriber did not execute or deliver this Subscription Agreement in the United States; and
  - (c) the authorized representative of the Subscriber that originated the buy order on the Subscriber's behalf was not in the United States when the buy order was originated;
7. the Subscriber has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment hereunder in the Preferred Shares and is able to bear the economic risk of loss of such investment. The Subscriber acknowledges and agrees that it is responsible for obtaining such legal advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription and the transactions contemplated hereunder;



New Life Capital  
ADVANTAGE

8. the Subscriber acknowledges that (i) the Corporation will not be carrying on business; (ii) the Corporation will be formed for the sole purpose of being named as the irrevocable beneficiary under a Policy; and (iii) immediately following the maturity of the Policy, the Corporation will be dissolved;
9. the Subscriber acknowledges and agrees that any cumulative dividends to which it may be entitled are payable only upon maturity of the Policy;
10. the Subscriber acknowledges and agrees that the sale and delivery of the Preferred Shares to the Subscriber is conditional upon such sale being exempt from the requirements under applicable securities laws requiring the filing of a prospectus in connection with the distribution of the Preferred Shares or upon the issuance of such rulings, orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus;
11. the Subscriber is acting for its own account and is acquiring Preferred Shares as principal, to be held for investment purposes only and not with a view to resale or distribution (or the Subscriber is a duly licensed trust company or insurance company, or a duly registered dealer or adviser and is subscribing for Preferred Shares for the portfolio of a person managed solely by such company, dealer or adviser), and is making a firm commitment to invest an aggregate amount of at least \$150,000 to be fully paid in cash upon delivery of this Subscription Agreement, and:
  - (a) the Subscriber has not been formed, created, established or incorporated for the purpose of permitting the purchase of the Preferred Shares without a prospectus, or
  - (b) the share or portion of each member or partner of the partnership, syndicate or unincorporated organization, each beneficiary of the trust or each shareholder of the corporation, of the aggregate acquisition cost to the Subscriber of the Preferred Shares is not less than \$150,000; and
  - (c) the Subscriber will provide such information to the Corporation respecting its date of formation, its primary business purpose and/or the number of members, partners, beneficiaries or shareholders as the Corporation may reasonably request;
12. the Subscriber understands that (i) it is not anticipated that there will be any public market for the Preferred Shares; and (ii) it may not be possible to sell or dispose of the Preferred Shares;
13. the purchase of Preferred Shares has not been made through, or as a result of, and the distribution of the Preferred Shares is not being accompanied by, an advertisement;
14. the Subscriber will execute and deliver all documentation as may be required by applicable securities legislation or by the Corporation, as the case may be, to permit the purchase of the Preferred Shares on the terms herein set forth;
15. no prospectus has been filed with any securities commission or other regulatory body in connection with the issuance of the Preferred Shares, such issuance is exempted from the prospectus requirements of applicable securities legislation, and



New Life Capital  
ADVANTAGE

- (a) the Subscriber is restricted from using the civil remedies available under securities legislation,
  - (b) the Subscriber may not receive information that would otherwise be required to be provided, and
  - (c) the Corporation is relieved from certain obligations that would otherwise apply,
- under certain applicable securities legislation which would otherwise be available if the Preferred Shares were sold pursuant to a prospectus; and
16. the Subscriber authorizes New Life Capital Advantage Inc. to do all such things as may be necessary to effect the foregoing and the transactions contemplated herein and the Subscriber hereby grants to New Life Capital Advantage Inc. a power of attorney to act on its behalf in connection therewith.

The foregoing representations, warranties, agreements, undertakings and acknowledgments are made by the Subscriber with the intent that they be relied upon by the Corporation in determining its suitability as a purchaser of Preferred Shares and the Subscriber hereby agrees that such representations, warranties, agreements, undertakings and acknowledgments shall survive its purchase of Preferred Shares. In addition, the Subscriber undertakes to notify immediately the Corporation at the address set forth above of any change in any representation, warranty or other information relating to the Subscriber set forth in this Subscription Agreement.

***Funding of Premiums***

The Subscriber acknowledges and agrees that in the event that additional premiums (the "Additional Premiums") are required in order to maintain the purchased Policy beyond the Medically Underwritten Life Expectancy plus one year premiums, the Subscriber shall pay its pro rata portion of the Additional Premiums upon the written instructions of the Corporation.

In the event that the Subscriber fails to pay its pro rata portion of the Additional Premiums, the Corporation shall deduct such amounts from any dividends and/or return on investment payable to the Subscriber.

***Anti-Money Laundering Legislation***

In order to comply with Canadian legislation aimed at the prevention of money laundering, the Corporation may require additional information concerning investors from time to time, and the Subscriber agrees to provide all such information.

The Subscriber acknowledges that if, as a result of any information or other matter which comes to the Corporation's attention, any director, officer or employee of the Corporation, or its professional advisers, knows or suspects that an investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by Canadian law or otherwise.

***Indemnity***

The Subscriber agrees to indemnify the Corporation against all losses, claims, costs, expenses and damages or liabilities which it may suffer or incur or cause arising from the reliance on the representations, warranties and covenants of the Subscriber by the Corporation, as the case may be.

***Indirect Collection of Personal Information***

For Subscribers resident in the Province of Ontario, the Corporation is required to file an Authorization of Indirect Collection of Personal Information for Distributions in Ontario, which contains personal information of the Subscriber and details of the sale of the Preferred Shares to the Subscriber. You are hereby notified: (i) of the



655 Bay Street Suite 1110 Toronto, ON Canada M5G  
Phone: 416-340-2424 Fax: 416-340-1118 Toll Free: 1-877-  
www.newlifecapitalcorporation.com

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New Life Capital  
ADVANTAGE

delivery to the Ontario Securities Commission of your full name, residential address and telephone number; (ii) that this information is being collected indirectly by the Ontario Securities Commission under the authority granted to it in securities legislation; (iii) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and (iv) that the public official set out below can answer questions about the Ontario Securities Commission's indirect collection of the information. By signing this Subscription Agreement, you hereby authorize the indirect collection of the information by the Ontario Securities Commission.

Ontario Securities Commission  
Suite 1903, Box 5520 Queen Street West  
Toronto, Ontario M5H 3S8  
Telephone: (416) 593-3682  
Facsimile: (416) 593-8252

Public official contact regarding indirect collection of information:  
Administrative Assistant to the Director of Corporate Finance  
Telephone: (416) 593-8086

**General**

This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. By the Subscriber's execution of this Subscription Agreement, the Subscriber irrevocably attorns to the jurisdiction of the courts of Ontario.

The provisions of this Subscription Agreement shall enure to the benefit of the Corporation and its respective successors and assigns and shall be binding upon the Subscriber's heirs, executors, administrators, legal personal representatives, successors and assigns.

This agreement is not transferable or assignable by the Subscriber.

The parties hereto confirm their express wish that this agreement and all documents and agreements directly or indirectly relating thereto be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente ainsi que tous les documents et contrats s'y rattachant directement ou indirectement soient rédigés en anglais.

**ACCEPTANCE**

Subscription Accepted By:

NEW LIFE CAPITAL ADVANTAGE INC.,  
on behalf of the Corporation

By: L. Jeffrey Edgachar  
L. Jeffrey Edgachar  
President  
Authorized Signing Officer

APRIL 7/08  
(Date of Acceptance)



655 Bay Street, Suite 1110, Toronto, ON, Canada M5G 2K4  
Phone: 416-340-3424 Fax: 416-340-1118 Toll Free: 1-877-340-3  
www.newlifecapitalcorporation.com

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## **APPENDIX “AA”**

APPL: CPA TRAN: EAF  
BR #: 5172

ID: \_\_\_\_\_  
**DEPOSIT ACCOUNT HISTORY**  
**FINANCIAL ENQUIRY**

SC: \_\_\_\_\_  
PAGE 1 OF 3

BR #: 2492 ACCOUNT: 5209747 BMA  
PERIOD: FROM : 01 / 01 / 2008

SHORTNAME: NW LF CAP AD  
TO : 05 / 08 / 2009

FN	DATE	TRANS DESCRIPTION	TRANS AMOUNT	BALANCE
-	01/03/2008	CHQ#00002-0100379386	1,931.79 DR	187,261.37
-	01/29/2008	CHQ-Image Fee	1.50 DR	187,259.87
-	01/31/2008	CHQ#00003-0100112090	925.29 DR	186,334.58
-	03/14/2008	CHQ#00004-0500432440	1,102.50 DR	185,232.08
-	03/27/2008	GC 1224-DEPOSIT	200,000.00 CR	385,232.08
-	05/13/2008	CUST # PP1 Q894 BUS	10,290.58 DR	374,941.50
-	05/30/2008	SVC PLAN 6 FEE	69.95 DR	
-	05/30/2008	ACCT BAL REBATE	69.95 CR	374,941.50
-	06/27/2008	GC 1224-TRANSFER	46,582.90 DR	328,358.60
-	06/30/2008	SVC PLAN 6 FEE	69.95 DR	
-	06/30/2008	ACCT BAL REBATE	69.95 CR	328,358.60

FN=> C - COPY REQUEST, R - RETURN REQUEST, S - SELECT TRANSACTION

USER ID: ROULED2 PSWD:

1/HELP 3/END 4/MENU 5/PRINT 7/BKWD 8/FWD 12/LOGOFF  
IMSTX TDASHF LTRM M2101017 MOD DASHFEO 2009-06-08 11.25

APPL: CPA TRAN: EAF  
BR #: 5172

ID: \_\_\_\_\_  
DEPOSIT ACCOUNT HISTORY  
FINANCIAL ENQUIRY

SC: \_\_\_\_\_  
PAGE 2 OF 3

BR #: 2492 ACCOUNT: 5209747 BMA  
PERIOD: FROM : 01 / 01 / 2008

SHORTNAME: NW LF CAP AD  
TO : 05 / 08 / 2009

FN	DATE	TRANS DESCRIPTION	TRANS AMOUNT	BALANCE
-	07/03/2008	CHQ#00006-0200003187	1,181.25 DR	327,177.35
-	07/31/2008	SVC PLAN 6 FEE	69.95 DR	
-	07/31/2008	ACCT BAL REBATE	69.95 CR	327,177.35
-	08/29/2008	SVC PLAN 6 FEE	69.95 DR	
-	08/29/2008	ACCT BAL REBATE	69.95 CR	327,177.35
-	09/30/2008	SVC PLAN 6 FEE	69.95 DR	
-	09/30/2008	ACCT BAL REBATE	69.95 CR	327,177.35
-	10/31/2008	SVC PLAN 6 FEE	69.95 DR	
-	10/31/2008	ACCT BAL REBATE	69.95 CR	327,177.35
-	11/28/2008	SVC PLAN 6 FEE	69.95 DR	
-	11/28/2008	ACCT BAL REBATE	69.95 CR	327,177.35

FN==> C - COPY REQUEST, R - RETURN REQUEST, S - SELECT TRANSACTION  
USER ID: ROULED2 PSWD:

1/HELP 3/END 4/MENU 5/PRINT 7/BKWD 8/FWD 12/LOGOFF  
IMSTX TDASHF LTRM M2101017 MOD DASHFEO 2009-06-08 11.25

APPL: CPA TRAN: EAF  
BR #: 5172

ID: \_\_\_\_\_  
DEPOSIT ACCOUNT HISTORY  
FINANCIAL ENQUIRY

SC: \_\_\_\_\_  
PAGE 3 OF 3

BR #: 2492 ACCOUNT: 5209747 BMA  
PERIOD: FROM : 01 / 01 / 2008

SHORTNAME: NW LF CAP AD  
TO : 05 / 08 / 2009

FN	DATE	TRANS DESCRIPTION	TRANS AMOUNT	BALANCE
-	12/29/2008	CRT TO RBC 134-636-0	327,177.35 DR	0.00
-	12/31/2008	SVC PLAN 6 FEE	69.95 DR	
-	12/31/2008	OVERDRAFT INTEREST	0.04 DR	69.99-
-	01/30/2009	SVC PLAN 6 FEE	69.95 DR	
-	01/30/2009	OVERDRAFT INTEREST	1.33 DR	141.27-
-	02/11/2009	REVERSE S/C	139.90 CR	
-	02/11/2009	O/D INT REVERSAL	1.37 CR	
-	02/11/2009	CLOSE ACCOUNT	0.00 DR	0.00

FN==> C - COPY REQUEST, R - RETURN REQUEST, S - SELECT TRANSACTION  
USER ID: ROULED2 PSWD:

1/HELP 3/END 4/MENU 5/PRINT 7/BKWD 8/FWD 12/LOGOFF  
IMSTX TDASHF LTRM M2101017 MOD DASHFEO 2009-06-08 11.25

## **APPENDIX “BB”**



**KPMG Inc.**  
Bay Adelaide Centre  
333 Bay Street Suite 4600  
Toronto ON M5H 2S5  
Canada

Telephone (416) 777-8500  
Fax (416) 777-3364  
Internet www.kpmg.ca

## NOTICE TO CAPITAL ADVANTAGE INVESTORS

October 31, 2011

Dear Sir or Madam:

**New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc. (“Advantage Inc.”), New Life Capital Strategies Inc., 1660690 Ontario Ltd., 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc., 2100228 Ontario Inc. and 2173817 Ontario Inc. (collectively, “New Life” or the “Companies)**

KPMG Inc. was appointed as the Receiver and Manager (together, the “Receiver”) of the property, assets and undertakings of the Companies pursuant to Orders of the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List) dated December 17, 2008 and March 18, 2009 (the “Court”) (the “Appointment Order”). The Appointment Order and additional information with respect to the Receivership are available on the Receiver’s website which can be accessed, by an internet search, at KPMG CreditorLinks.

We are writing to advise that the Receiver has scheduled a motion before the Court returnable November 14, 2011 to address several issues, including one matter which relates directly to the Capital Advantage Program.

The Companies’ records indicate that you were a participant in the Capital Advantage Program and/or you have filed a proof of claim in the ongoing receivership proceedings before the Court.

Under the terms of the Capital Advantage Program, investors, in return for their investment amount, were to receive preferred shares (with the exception of one instance where common shares were issued) in a private Ontario company (one of the numbered Companies, excluding 1660690 Ontario Ltd., hereinafter referred to as the “21 Companies”). The 21 Companies include 2126375 Ontario Inc., 2108375 Ontario Inc., 2126533 Ontario Inc., 2152042 Ontario Inc., 2100228 Ontario Inc. and 2173817 Ontario Inc. Each of the 21 Companies was to be assigned a partial beneficial interest in a life insurance policy for which the insured was to have a qualifying life expectancy. The premiums were to be continued on the policies and investors would recoup their investment after the maturity of the policy in which their 21 Company held a beneficial interest.

Based on the Receiver’s review to date, although it had only a few participants, the Capital Advantage Program was generally implemented in accordance with the Receiver’s understanding



of how the program was intended to operate. However, as the Receiver described in its Fourth Report to the Court dated September 2, 2009, there was an exception where one particular investor's funds were not invested pursuant to the Capital Advantage Program.

One investor (the "2173819 Investor") advanced \$200,000 to New Life in March 2008. Those funds were deposited to Advantage Inc.'s bank account on March 27, 2008. As far as the Receiver has been able to determine, such funds were still in Advantage Inc.'s bank account when the Receiver seized all of the Companies' bank accounts at The Toronto-Dominion Bank in December 2008. While the 2173817 Investor did receive preferred shares in 2173817 Ontario Inc. ("2173817"), that entity, to the best of the Receiver's knowledge: (i) was never assigned a beneficial interest in an insurance policy; and, (ii) has no assets. Accordingly, after reviewing this matter and after consulting with its legal counsel, the Receiver is recommending to the Court that the 2173817 Investor's claim be treated as a trust claim and that the Receiver be authorized by the Court to pay the sum of \$180,000 to the 2173817 Investor in full satisfaction of its claim against the Companies. The Receiver has calculated the recommended payment of \$180,000 by deducting from the original \$200,000 investment the amount of \$10,000 on account of the commission paid by New Life to the financial advisor who facilitated the transaction; and, a further amount of \$10,000 to defray the costs incurred by the Receiver and its counsel in dealing with this matter. Additional information regarding the Receiver's recommendation is presented in the Receiver's Eighth Report to the Court dated October 31, 2011 (the "Eighth Report"). A copy of that report is available on the aforementioned website.

We are writing to all of the Capital Advantage Program investors to advise of the Receiver's proposed resolution of the 2173817 Investor's claim.

Also set out in the Eighth Report is the Receiver's analysis of the Companies' cash position, including the limited amounts available to pay premiums on policies, and the implications for the Companies' investors in the event that sufficient funds are not available to pay the premium payments due on the policies.

Should you have any concerns or comments about the Receiver's recommendation, please contact the Receiver (by email @ [bbutcher@kpmg.ca](mailto:bbutcher@kpmg.ca)) or Representative Counsel (by email @ [kmcelcheran@mccarthy.ca](mailto:kmcelcheran@mccarthy.ca)).

Yours very truly,

**KPMG INC.**  
**Court Appointed Receiver and Manager of**  
**New Life Capital Corp. et al**

Per: J. Bradley Butcher  
*Vice President*

## **APPENDIX “CC”**

NEW LIFE CAPITAL CORP. ET AL

Combined Statement of Receiver and Manager's Receipts and Disbursements  
for the period December 17, 2008 to October 28, 2011  
CDNS Accounts

	Capital Corp.	1660690 Ontario Ltd.	Advantage Inc.	Advantage Inc. - in Trust	Investments Inc.	Strategies Inc.	COMBINED TOTAL
<b>RECEIPTS:</b>							
Proceeds from Company bank accounts	\$57,167.88	\$2,614.61	\$327,177.35	\$8,615.14	\$459,489.83	\$423,032.75	\$1,278,097.56
Transfer from New Life Capital Strategies (US)					374,036.00		374,036.00
Transfer from New Life Investments (US)					460,515.00		460,515.00
Transfer from Advantage to Strategies acct			(\$75,000.00)			75,000.00	
Sale of Fort Erie Property					360,000.00		360,000.00
Loan Proceeds - Receiver's Certificates	22,053.78				100,000.00		100,000.00
Proceeds from Amex Bank of Canada	18,260.87						22,053.78
Auction sale proceeds of assets	4,773.97		550.00				18,260.87
Refund of Ceridian Payroll Costs/Deposit	14.26	0.57	71.71	1.89	78.04	92.72	5,323.97
Deposit interest							259.19
<b>Total Receipts</b>	<b>102,270.76</b>	<b>2,615.18</b>	<b>252,799.06</b>	<b>8,617.03</b>	<b>1,754,118.87</b>	<b>498,125.47</b>	<b>2,618,546.37</b>
<b>DISBURSEMENTS:</b>							
Receiver's fees			4,485.00		1,027,347.62	337,916.61	1,369,749.23
Transfer to New Life Investments (US)					60,000.00		60,000.00
Insurance premiums			42,516.45				42,516.45
Rent					6,940.50		6,940.50
Asset Appraisal	1,500.00				1,076.63		2,576.63
Legal fees	59,078.75		690.00		475,447.39	112,004.65	647,220.79
HST paid	3,864.90		258.75		102,228.66	22,474.20	128,826.51
Receiver's filing fee	70.00	70.00	420.00 (1)	70.00	70.00	70.00	770.00
The Printing House - scanning	2,305.59						2,305.59
Data room	5,700.00						5,700.00
Insurance	(59.40)				2,897.00	2,343.60	5,181.20
Advertising	8,227.67						8,227.67
Maintenance					8,214.20		8,214.20
Locksmith	217.19						217.19
Commission on sale of assets and expenses	9,939.13				22,680.00		32,619.13
Property taxes					4,931.46		4,931.46
2008 T4 preparation cost					75.59		75.59
Redirection of mail	705.00				405.00		1,110.00
Bank charges					165.78		165.78
Courier charges	10.64						10.64
<b>Excess of Receipts over Disbursements - \$CDN</b>	<b>\$10,711.29</b>	<b>\$2,545.18</b>	<b>\$204,428.86</b>	<b>\$8,547.03</b>	<b>\$41,639.04</b>	<b>\$23,316.41</b>	<b>\$291,187.81</b>
	91,559.47	70.00	48,370.20	70.00	1,712,479.83	474,809.06	2,327,358.56

Notes:

(1) Receiver's filing fees for the five 21 Companies were paid from the Advantage Inc. bank account as those entities relate to the Capital Advantage Program.

(2) The bank accounts established by the Receiver bear interest and is calculated as Royal Bank Prime less 3%.

## **APPENDIX “DD”**

**NEW LIFE CAPITAL CORP. ET AL**

**Combined Statement of Receiver and Manager's Receipts and Disbursements  
for the period December 17, 2008 to October 28, 2011  
USD Accounts**

	1660690 Ontario Ltd.	Investments Inc.	Strategies Inc.	COMBINED TOTAL
<b>RECEIPTS:</b>				
Proceeds from Company bank accounts	\$230.47	\$227,870.56	\$1,192,493.41	\$1,420,594.44
Proceeds from Bahamian Bond		957,277.93		957,277.93
Transfer from New Life Investments Cdn		58,989.27		58,989.27
Sale of vehicles			265,000.00	265,000.00
Policy rescission refunds		276,097.50		276,097.50
Deposit interest		849.24	1,559.19	\$2,408.43
<b>Total Receipts</b>	<b>230.47</b>	<b>1,521,084.50</b>	<b>1,459,052.60</b>	<b>2,980,367.57</b>
<b>DISBURSEMENTS:</b>				
Insurance premiums		727,109.61	686,602.97	1,413,712.58
Insurance for condo		10,884.50	11,196.44	22,080.94
Property tax		47,200.00		47,200.00
Property association dues		34,445.00		34,445.00
Transfer to New Life Capital Investments		450,000.00	360,000.00	810,000.00
Consulting - Proverian		165,586.06		165,586.06
Stamp Duty - Bahamas			56,745.00	56,745.00
Legal fees - Bingham McCutchen		13,932.11	1,343.30	15,275.41
Legal fees - Alexiou, Knowles & Co			27,652.26	27,652.26
Legal fees - McKinney, Bancroft & Hughes		17,848.00	288,229.90	306,077.90
Legal fees - Schellenberg Wittmer			5,653.85	5,653.85
Legal fees - Florida			10,700.00	10,700.00
Maintenance		3,918.83	4,466.28	8,385.11
Service charges re wire payment		2,610.43	2,476.99	5,087.42
	-	1,473,534.54	1,455,066.99	2,928,601.53
<b>Excess of Receipts over Disbursements - USD</b>	<b>\$230.47</b>	<b>\$47,549.96</b>	<b>\$3,985.61</b>	<b>\$51,766.04</b>

**Note:**

(1) The bank accounts established by the Receiver bear interest, on balances in excess of \$100,000, based on the average 90 day U.S. T-Bill rate ("T-Bill Rate"), as follows: for balances between \$100,000 and \$499,999, interest is paid at 65% of the T-Bill Rate; for balances in excess of \$500,000, interest is paid at 72% of the T-Bill Rate.

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**EIGHTH REPORT OF THE RECEIVER**

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