

## **SECOND NOTICE TO LIONAIRD CLASS MEMBERS**

September 8, 2000

Dear Lionaird Class Member,

Further to the Notice dated April 25, 2000, we are writing to update you on matters relating to the class action commenced by Claude Millard and Roger Grise (Court file no. 98-CL-3048) on behalf of holders of notes issued by Lionaird Capital Corp. and limited partnership units issued by the five North George Capital limited partnerships.

1. On April 18, 2000, McColl Turner sought leave to appeal to the Divisional Court Mr. Justice Farley's order certifying the action as a class action. Leave to appeal was denied and, accordingly, this action will proceed as a class action.
2. On May 2, 2000, McColl Turner filed an appeal with the Ontario Court of Appeal of certain provisions of Mr. Justice Farley's order approving the Settlement Agreement entered into with M.R.S. Trust Company, Robert McGillen and Stewart and Associates (the "Settling Defendants"). This appeal has been scheduled to be heard in December, 2000.
3. On June 30, 2000, the deadline expired for class members to (i) opt out of the class action or (ii) file any objections to the proposed method of distribution of the funds available for distribution to the Lionaird class members. No class members opted out and no objections were filed. Accordingly, all Lionaird class members will share equally and ratably all funds available for distribution to the Lionaird class members.
4. On July 26, 2000, an order was obtained discharging Kroll Lindquist Avey as the investigator and interim receiver for Lionaird and North George and they were ordered to transfer to class counsel on September 8, 2000 all of the funds they were holding for the benefit of the Lionaird class members. Class counsel received approximately \$1,040,000 from Kroll Lindquist Avey, which funds are being distributed to the Lionaird class members at the present time in accordance with the attached schedule.

As a result of the appeal of the Settlement Agreement, the payment of the settlement funds in the amount of \$500,000 payable by the Settling Defendants to the Lionaird class members has been delayed pending the conclusion of the appeal process. A further distribution will be made when these funds are received.

Accordingly, if you held your Lionaird notes in your RRSP or RRIF, M.R.S. Trust Company has deposited to your RRSP or RRIF account the amount set out opposite your name on the attached schedule. This deposit will be reflected in your next statement of account from M.R.S. Trust Company.

If you held your Lionaird Notes directly (that is, not in an RRSP or RRIF account), you will find enclosed a cheque in the amount set out opposite your name on the attached schedule.

Please note that if you made a contribution to the "legal fund" established by class counsel when the action was commenced, your distribution amount includes a full refund of your contribution. Again, this refund has been noted in the attached schedule.

If you have any questions or concerns, you may contact class counsel at your convenience.

If you need to contact Class Counsel for any reason or if you have any questions, you may contact Class Counsel directly, as follows:

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Dated: September 8, 2000

***Distribution of this Notice has been approved by the Court.***