

Court File No.: 98-CL-3048

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

THE HONOURABLE MR. JUSTICE) WEDNESDAY, THE 6TH DAY OF
FARLEY) SEPTEMBER, 2000

BETWEEN:

CLAUDE MILLARD AND ROGER GRISE

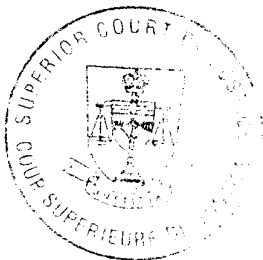
Plaintiffs

- and -

**NORTH GEORGE CAPITAL MANAGEMENT LIMITED, TRIPLE A
FINANCIALSERVICES INC., NORTH GEORGE CAPITAL LIMITED
PARTNERSHIP, NORTH GEORGE CAPITAL II LIMITED PARTNERSHIP,
NORTH GEORGE CAPITAL III LIMITED PARTNERSHIP, NORTH GEORGE
CAPITAL IV LIMITED PARTNERSHIP, NORTH GEORGE CAPITAL V LIMITED
PARTNERSHIP, LIONAIRD CAPITAL CORP., RODERICK ALTON, MICHAEL
MAGEE, ROBERT MCGILLEN, KENNETH GILL, ANNE GILMOUR, MICHAEL
GOSELIN, GOSELIN & ASSOCIATES, STEWART AND ASSOCIATES, MCCOLL
TURNER, IRV DYCK AND M.R.S. TRUST COMPANY**

Defendants

Proceeding Under the Class Proceedings Act, 1992



ORDER
(Distribution of Lionaird Proceeds)

THIS MOTION, made by the plaintiffs for an order authorizing the distribution of funds to Lionaird Class Members (as defined below) was heard September 6, 2000 at 393 University Avenue, Toronto, Ontario.

WHEREAS by order of this Court dated April 11, 2000 (the "Order"), this Action was certified as a class proceeding under the *Class Proceedings Act, 1992* (Ontario) and the Settlement Agreement dated February 24, 2000 (the "Settlement Agreement") was approved;

AND WHEREAS McColl Turner has filed an appeal of certain provisions of the Order and the Settlement Agreement which affect the claims of the North George Class Members (as defined in the Order) and not those of the Lionaird Class Members (as defined in the Order);

AND WHEREAS all conditions and requirements for the implementation of the Order have been met in order to permit the distribution of the Secured Property to the Lionaird Class Members;

AND WHEREAS pursuant to the Order and the further Order of this Court dated July 26, 2000 respecting, *inter alia*, the discharge of the interim receiver of Lionaird, the interim receiver is to pay the Secured Property to Smith Lyons in trust for distribution to the Lionaird Class Members, after payment of those accounts of the interim receiver and its counsel authorized for payment by the July 26, 2000 Order (the "Interim Receiver Payment");

AND WHEREAS pursuant to the Order and the further Order of this Court dated July 26, 2000 respecting the approval of the Fee Agreement with Class Counsel (as defined in that Order), the aforesaid amounts are to be distributed to the Lionaird Class Members *pro rata*, based on the principal amount of Notes held by them respectively, after payment of the approved fees and expenses (plus GST thereon) of Class Counsel;

AND WHEREAS pursuant to the Fee Agreement, Class Counsel have agreed to rebate to certain Lionaird Class Members legal fees prepaid by them;

ON READING the "Consent to Order" as executed by counsel for Irv Dyck, Michael Goselin, Goselin & Associates, Roderick Alton, Michael Magee, Kenneth Gill and Anne Gilmour, and after hearing from Class Counsel, no other counsel appearing although properly served with notice of this motion,

NOW THEREFORE it is hereby ordered as follows:

1. The Interim Receiver Payment shall be made to or to the order of Class Counsel on September 8, 2000 by the interim receiver.
2. Class Counsel is authorized and directed to distribute the aforesaid funds, after payment of the approved fees and expenses (plus GST thereon) of Class Counsel, to the Lionaird Class Members *pro rata* in accordance with the provisions of Schedule "A" annexed hereto.
3. All amounts to be distributed to the RRSP Subclass Members shall be paid to M.R.S. Trust Company in trust, for deposit to the RRSP or RRIF account of each RRSP Subclass Member, respectively. In the event that any RRSP Subclass Member no longer has an active RRSP or RRIF account with M.R.S. Trust Company, then upon the direction of the RRSP Subclass Member or its counsel, M.R.S. shall make all arrangements necessary to transfer the funds to which such RRSP Subclass Member is entitled to the current trustee of an RRSP or RRIF account held by such RRSP Subclass Member.

4. All amounts to be distributed to all Lionaird Class Members who are not RRSP Subclass Members shall be paid by cheque to be issued by Class Counsel out of its trust account and sent by ordinary mail to the last known address of each such class member.

5. M.R.S. Trust Company shall forthwith send by ordinary mail to each RRSP Subclass Member and Class Counsel shall send by ordinary mail, contemporaneously with the mailing of cheques as aforesaid, to each Lionaird Class Member who is not an RRSP Subclass Members, a copy of the "Second Notice to Lionaird Class Members" in the form of Schedule "B" annexed hereto.

~~██████████~~ Ontario Superior Court of Justice
(Commercial List)

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SCHEDULE "A"

Lionaird Distribution No. 1 - September 8, 2000

1. Distribution of funds to the Lionaird Class Members shall be made *pro rata* in accordance with the principal amount of Notes held by them, respectively, as set out under the heading "Amount of Claim" below.
2. The RRSP Subclass Members are listed in Part II below. All other Lionaird Class Members are listed in Part I below.
3. In the event that the Interim Receiver Payment is in the amount set out below, the amount to be distributed to each Lionaird Class Member shall be as set out under the heading "Total Distribution" below. If there is any change in the amount of the IR Payment, the amounts set out in this schedule shall be adjusted accordingly.

Gross Amount Available for Distribution:

Interim Receiver Payment: \$ 1,042,900.15 \$ 1,042,900.15

Legal Fees, Disbursements and GST:

Fees: \$ 208,580.03
 Disbursements: \$ 7,500.00
 GST: \$ 15,125.60
\$ 231,205.63

Net Amount Available for Distribution: \$ 811,694.52

Total of all Legal Fund Rebates Payable: \$ 30,200.00

Total Distribution: \$ 841,894.52

Distribution by Class Members:

Part I	Last Name	First Name	Amount of Claim	Net Distribution	Legal Fund Rebate	Total Distribution
	Arsenault	Ivan J.	\$ 30,000	\$ 6,184.18	\$ 1,000.00	\$ 7,184.18
	Bellamy	Keith	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Bellamy	Patricia	\$ 15,000	\$ 3,092.09		\$ 3,092.09
	Bolton	Hugh/Kim	\$ 40,000	\$ 8,245.58		\$ 8,245.58
	Crough	Robert	\$ 21,000	\$ 4,328.93		\$ 4,328.93
	Crough	Karen M.	\$ 21,000	\$ 4,328.93		\$ 4,328.93
	Dibb	Estate of Natalie	\$ 74,000	\$ 15,254.32		\$ 15,254.32
	Johnson	E. Pauline	\$ 45,000	\$ 9,276.27	\$ 1,000.00	\$ 9,276.27
	Judson	Ada V.	\$ 30,000	\$ 6,184.18	\$ 1,000.00	\$ 7,184.18
	Kinsman	Dorothy	\$ 55,600	\$ 11,461.35	\$ 1,000.00	\$ 12,461.35
	Lauzon	Raymond	\$ 65,000	\$ 13,399.06	\$ 1,000.00	\$ 14,399.06

Part I	Last Name	First Name	Amount of Claim	Net Distribution	Legal Fund Rebate	Total Distribution
	Lecour	James	\$ 24,000	\$ 4,947.35		\$ 4,947.35
	Lecour	James	\$ 82,000	\$ 16,903.43		\$ 16,903.43
	Lecour	Penny	\$ 82,000	\$ 16,903.43		\$ 16,903.43
	Millard	Claude	\$ 25,000	\$ 5,153.49	\$ 1,000.00	\$ 6,153.49
	Millard	Dorothy	\$ 50,000	\$ 10,306.97	\$ 1,000.00	\$ 11,306.97
	Miller	Rhod/Margaret	\$ 20,000	\$ 4,122.79	\$ 1,000.00	\$ 5,122.79
	Morin	Barbara	\$ 20,000	\$ 4,122.79	\$ 1,000.00	\$ 5,122.79
	Pearson	William L.	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Perrier	Lisa L.	\$ 20,000	\$ 4,122.79	\$ 1,000.00	\$ 5,122.79
	PRJ Electric Ltd.		\$ 50,000	\$ 10,306.97	\$ 1,000.00	\$ 11,306.97
	Prior	Dorothy	\$ 49,000	\$ 10,100.83	\$ 1,000.00	\$ 11,100.83
	Ripley	Joseph A.	\$ 60,000	\$ 12,368.36		\$ 12,368.36
	Armstrong	Edward L.	\$ 25,000	\$ 5,153.49		\$ 5,153.49
	Backer	Patsy	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Beaudry	Maurice	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Beaudry	Diane	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Bellamy	Irene May	\$ 50,000	\$ 10,306.97		\$ 10,306.97
	Bizier	Marcel J.	\$ 17,000	\$ 3,504.37	\$ 250.00	\$ 3,754.37
	Bowden	Mary	\$ 15,000	\$ 3,092.09	\$ 1,000.00	\$ 4,092.09
	Brown	John	\$ 10,000	\$ 2,061.39	\$ 1,000.00	\$ 3,061.39
	Clarrington Enter(Rita Vanderganst)	Edward L.	\$ 22,000	\$ 4,535.07		\$ 4,535.07
	Cooney	Edward L.	\$ 13,000	\$ 2,679.81	\$ 500.00	\$ 3,179.81
	Crowe	Laura	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Dufresne	Martha Elisabeth	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Dunlop	Violet	\$ 20,000	\$ 4,122.79		\$ 4,122.79
	Fenerty	Donald	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Guertin	Esther	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Gidda	Sukhvinder	\$ 20,000	\$ 4,122.79		\$ 4,122.79
	Graham	Joanne	\$ 15,000	\$ 3,092.09		\$ 3,092.09
	Hampel	Lewis	\$ 10,000	\$ 2,061.39	\$ 500.00	\$ 2,561.39
	Hardy	Roger	\$ 10,000	\$ 2,061.39	\$ 1,000.00	\$ 3,061.39
	Knights of	Columbus	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Ludlow	Carolyn	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Ludlow	Greg	\$ 20,000	\$ 4,122.79		\$ 4,122.79
	Mansell	Ernest	\$ 60,000	\$ 12,368.36		\$ 12,368.36
	Marcher	Sharon M.	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Marcher	Gregory C.	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	McGee	Cheryl	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	McRae	Kevin	\$ 15,000	\$ 3,092.09		\$ 3,092.09
	Miller	Dave	\$ 20,000	\$ 4,122.79		\$ 4,122.79
	Orford	Darlene	\$ 15,000	\$ 3,092.09		\$ 3,092.09
	Pellerin	Norman D.	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Reesby	John N.	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Rowlanc	William	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Rowlanc	Joanne	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Roy	Roland	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	Spalding	Chris	\$ 11,000	\$ 2,267.53		\$ 2,267.53

Part II	Last Name	First Name	Amount of Claim	Net Distribution	Legal Fund Rebate	Total Distribution
	5469390 Libby	Gerald R.	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	5533872 Lindale	Mere	\$ 50,000	\$ 10,306.97	\$ 1,000.00	\$ 11,306.97
	5470174 MacNeill	Durcan J.	\$ 20,000	\$ 4,122.79	\$ 500.00	\$ 4,622.79
	5474747 MacNeill	Candace	\$ 10,000	\$ 2,061.39	\$ 500.00	\$ 2,561.39
	5657291 Mahon	Leslie	\$ 13,000	\$ 2,679.81		\$ 2,679.81
	5649363 Mahon	Bonnie	\$ 11,000	\$ 2,267.53		\$ 2,267.53
	6662514 Malette	Leonard	\$ 25,000	\$ 5,153.49		\$ 5,153.49
	5668496 Mathieu	Garfield	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	2107571 McCrory	Don	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	2673705 McCrory	Joan	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	5516273 McGee	Pauline	\$ 13,000	\$ 2,679.81		\$ 2,679.81
	3779436 McGee	Diane	\$ 62,000	\$ 12,780.64		\$ 12,780.64
	5717137 Michaud	Joseph	\$ 15,000	\$ 3,092.09		\$ 3,092.09
	5769468 Middleton	Joseph	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	5409107 Miller	Margaret	\$ 23,000	\$ 4,741.21		\$ 4,741.21
	5427190 Miller	Rhcd	\$ 30,000	\$ 6,184.18		\$ 6,184.18
	5683594 Miller	Rorald	\$ 20,000	\$ 4,122.79		\$ 4,122.79
	5543509 Murray	Bella	\$ 20,000	\$ 4,122.79		\$ 4,122.79
	2391373 Murray	Arthur	\$ 18,000	\$ 3,710.51		\$ 3,710.51
	5629027 Neault	Robert J.N.	\$ 101,000	\$ 20,820.08	\$ 1,000.00	\$ 21,820.08
	5660949 Neault	Marie Theresa	\$ 31,000	\$ 6,390.32		\$ 6,390.32
	3276045 Parker	Gregory	\$ 17,000	\$ 3,504.37		\$ 3,504.37
	5605043 Pecore	Kenneth	\$ 74,000	\$ 15,254.32	\$ 500.00	\$ 15,754.32
	5997689 Pecore	Murielle	\$ 42,000	\$ 8,657.85	\$ 500.00	\$ 9,157.85
	5495674 Perrier	Roland	\$ 34,000	\$ 7,008.74		\$ 7,008.74
	5559968 Pluim	Maïta	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	5455225 Pluim	Maria	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	5455241 Pluim	William	\$ 20,000	\$ 4,122.79		\$ 4,122.79
	2069468 Porter	Reinhart	\$ 46,000	\$ 9,482.41		\$ 9,482.41
	5491089 Rowland	Joanne	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	2475598 Sigouin	Daniel	\$ 31,000	\$ 6,390.32		\$ 6,390.32
	5523675 Sigouin	Azilda	\$ 20,000	\$ 4,122.79		\$ 4,122.79
	5523618 Sigouin	Geald	\$ 17,000	\$ 3,504.37		\$ 3,504.37
	2977478 Smart	David	\$ 51,000	\$ 10,513.11	\$ 250.00	\$ 10,763.11
	2972115 Smart	David	\$ 13,000	\$ 2,679.81		\$ 2,679.81
	5496104 St. Pierre	Ronald	\$ 35,000	\$ 7,421.02		\$ 7,421.02
	5431242 Steele	Dianne J.	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	5440920 Steele	Jill	\$ 12,000	\$ 2,473.67		\$ 2,473.67
	2051258 Stitt	Wynn	\$ 13,000	\$ 2,061.39		\$ 2,061.39
	5412457 Stringer	Jamie	\$ 13,000	\$ 3,916.65		\$ 3,916.65
	5529896 Taylor	J Douglas	\$ 15,000	\$ 3,092.09	\$ 500.00	\$ 3,592.09
	5975172 Tennyson	Alan	\$ 30,000	\$ 6,184.18		\$ 6,184.18
	5875081 Tennyson	Lynda	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	2534733 Tough	W. Allan	\$ 30,000	\$ 6,184.18		\$ 6,184.18
	5717996 Treleven	Daniel	\$ 20,000	\$ 4,122.79		\$ 4,122.79
	5247143 Vincent	Marcel	\$ 10,000	\$ 2,061.39		\$ 2,061.39
	5699730 Vooden	Michael	\$ 13,000	\$ 2,679.81		\$ 2,679.81
	5418918 Walsh	Peter	\$ 10,000	\$ 2,061.39	\$ 500.00	\$ 2,561.39
	5419072 Walsh	Catherine	\$ 10,000	\$ 2,061.39	\$ 500.00	\$ 2,561.39

Part II	Last Name	First Name	Amount of Claim	Net Distribution	Legal Fund Rebate	Total Distribution
5484001	Weaver	David	\$ 27,000	\$ 5,565.76		\$ 5,565.76
1161405	Weir	Doreen	\$ 50,000	\$ 10,306.97		\$ 10,306.97
5421748	Zinston	Laurie	\$ 13,000	\$ 2,679.81		\$ 2,679.81
			\$3,937,600	\$ 811,694.52	\$30,200.00	\$ 841,894.52
						<u>\$ 528,443.26</u>
						<u>\$ 841,894.52</u>

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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Fax: (416) 484-8169
email: jglatt@home.com

Dated: September 8, 2000

Distribution of this Notice has been approved by the Court.

Claude Millard, et al

- Plaintiffs -

v. North George Capital Management Limited, et al

- Defendants -

ONTARIO

SUPERIOR COURT OF JUSTICE

(PROCEEDING COMMENCED AT TORONTO)

ORDER RE DISTRIBUTION OF FUNDS

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