

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

Claude Millard and Roger Grisé

Plaintiffs

– and –

North George Capital Management Limited, Triple A Financial Services 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, M.R.S. Trust Company, Alan Lawson, Fisher Inc., the Trustee of the Estate of Roderick Alton, a Bankrupt, Richard Killen & Associates Ltd, the Trustee of the Estate of Michael Goselin, and KPMG Inc., the Trustee of the Estate of Michael Magee, a Bankrupt

Defendants

Proceeding Under the Class Proceedings Act, 1992

SETTLEMENT AGREEMENT

WHEREAS this Action was certified as a class proceeding on or about April 11, 2000;

AND WHEREAS the Plaintiffs previously settled their claims as against the Defendants Robert McGillen, Stewart and Associates, M.R.S. Trust Company, Kenneth Gill, Anne Gilmour, and McColl Turner;

AND WHEREAS Michael Goselin ("Goselin") filed for bankruptcy on April 17, 2002;

AND WHEREAS the Plaintiffs were granted an order permitting them to continue this action against Goselin despite his bankruptcy on August 13, 2002;

AND WHEREAS Goselin was discharged from bankruptcy on August 17, 2005;

AND WHEREAS the allegations against Goselin and Goselin & Associates, if proven, would not result in a judgment that is enforceable against Goselin as a result of his discharge from bankruptcy;

AND WHEREAS the Plaintiffs, Goselin and Goselin & Associates all wish to conclude this Action as it relates to Goselin and Goselin & Associates;

AND WHEREAS the Plaintiffs, Goselin and Goselin & Associates have agreed upon terms of settlement that would conclude this lawsuit as it relates to Goselin and Goselin & Associates and not prejudice the Plaintiffs, Goselin and Goselin & Associates, or the remaining defendants in the Action;

AND WHEREAS Goselin and Goselin & Associates, notwithstanding this Agreement, have denied and continue to deny the Plaintiffs' claims and have raised or intend to continue to raise numerous defences to the Action if this Agreement is not approved and implemented;

AND WHEREAS the Plaintiffs and Plaintiffs' Counsel have concluded that this Agreement is fair, reasonable, and in the best interests of the Goselin Subclass;

AND WHEREAS the Goselin and Goselin & Associates have similarly concluded that this Agreement is desirable in order to avoid the time and expense of defending protracted litigation, and to resolve finally and completely the Goselin Subclass' claims and all pending and potential claims against them;

NOW THEREFORE, subject to the Court's approval, the parties hereto acknowledge and agree as follows:

1. Definitions

In this Agreement,

- 1.1 "Action" means the action filed in the Ontario Superior Court of Justice (Commercial List) under the name and style of *Claude Millard and Roger Gris  v. North George Capital Management Limited, et al.* and bearing Court File No. 98-CL-3048.
- 1.2 "Approval Order" means the order of the Court contemplated by clause 4.1 of this Agreement.
- 1.3 "Class Members" and all variations of that term have the meanings respectively ascribed to these terms in the Statement of Claim.
- 1.4 "Court" means the Ontario Court which has jurisdiction of the Action, namely the Ontario Superior Court of Justice (Commercial List).
- 1.5 "Defendants" means the parties now or hereafter named as defendants in the Action.

- 1.6 "Goselin Subclass" means those persons who are members of the Goselin Subclass, as defined in the Order of the Honourable Mr. Justice Farley dated April 11, 2000.
- 1.7 "Non-Settling Defendants" means all of the Defendants other than the Settling Defendants and the those defendants who previously settled their claims (Robert McGillen, Kenneth Gill, Anne Gilmour, McColl Turner, Stewart and Associates, and M.R.S. Trust Company).
- 1.8 "Plaintiffs" means the parties named as plaintiffs in the Action.
- 1.9 "Plaintiffs' Counsel" means Gowling Lafleur Henderson LLP, and Jeffrey D. Glatt, Barrister and Solicitor, or their successors in the prosecution of the Action on behalf of the Plaintiffs.
- 1.10 "Settling Defendants" means Goselin, Goselin & Associates, and Richard Killen & Associates Ltd., the Trustee of the Estate of Michael Goselin.
- 1.11 "Statement of Claim" means the amended statement of claim filed by the Plaintiffs in the Action on or about November 16, 1998.

2. Consent to Judgment

- 2.1 The Plaintiffs and the Settling Defendants consent to a judgment in the amount of \$500,000 in the form attached hereto as Schedule A.

3. Release of Claims Over and Participation in Trial

- 3.1 Once the consent to judgment referred to in clause 2.1 has been fully executed and the Approval Order referred to in clause 4.1 has been granted by the Court, all claims for contribution, indemnity, subrogation or other claims over by any Settling Defendant against any Non-Settling Defendant for or in respect of the claims of the Goselin Subclass which are the subject matter of the Action, whether direct, subrogated, asserted or unasserted or asserted in a representative capacity, shall be released and discharged and forever barred by order of the Court.
- 3.2 The Plaintiffs and any Non-Settling Defendant may, with leave of the Court upon notice to Goselin, obtain:
- (a) documentary discovery and an Affidavit of Documents in accordance with the Rules of Civil Procedure from Goselin on behalf of himself and/or Goselin & Associates;
 - (b) oral discovery of Goselin, the transcript of which may be read in at trial;
 - (c) an undertaking from Goselin to testify at trial.

Goselin shall not be entitled to any costs in relation to any such motion or in relation to his continued participation in the Action.

- 3.3 Except as otherwise provided herein, this Agreement and the Approval Order shall not prejudice or in any way interfere with the rights of the Goselin Subclass to pursue all of their rights and remedies against all Non-Settling Defendants; no waiver, release or discharge of any Non-Settling Defendant shall arise as a result hereof or thereof and the joint and several liability of all Non-Settling Defendants shall not be affected hereby or thereby.

4. Court Order and Notice to Class Members

- 4.1 The Plaintiffs shall seek the approval of the Court to this Agreement pursuant to an order (the "Approval Order") on the terms set out in the draft order annexed as Schedule B to this Agreement. The Settling Defendants shall consent to the Approval Order.
- 4.2 Subject to the approval of the Court, the form and content of the notice of the approval of this Agreement shall be in the form set out in Schedule C to this Agreement and shall be sent by regular mail to each Class Member at the last known address of such Class Member.

5. Termination of this Agreement

- 5.1 If the Court fails to approve this Agreement substantially on the terms and subject to the conditions contained in the draft Order attached hereto as Schedule B, the Plaintiffs and each of the Settling Defendants shall have the right to terminate this Agreement.
- 5.2 The terminating party may exercise its right to terminate this Agreement by providing notice in writing to all counsel listed in clause 6.5 not later than 5:00 p.m. EST on the fifth (5th) business day following the receipt of the Court's decision on the motion for approval of this Agreement.
- 5.3 In the event that the Court approves this Agreement and an appeal is taken from such decision, the provisions of this clause shall apply *mutatis mutandis* upon the receipt of the appeal court's decision.
- 5.4 In the event that the Court fails to approve this Agreement and an appeal is taken from such decision, the provisions of this clause shall be stayed pending the outcome of the appeal court's decision, whereupon they shall apply *mutatis mutandis*.
- 5.5 In the event of the termination of this Agreement, the Approval Order shall be null and void and this Agreement shall be of no further force and effect, save and except for the provisions of this clause 5 and clause 6.6.

6. Miscellaneous

Ongoing Authority

- 6.1 The Court shall retain exclusive and continuing jurisdiction over the Action; over all parties named or described herein including, but not limited to: the Goselin Subclass and Settling Defendants; over this Agreement, to ensure that all payments and disbursements are properly made; and over the interpretation and enforcement of this Agreement's terms, conditions and obligations.

Entire Agreement

- 6.2 This Agreement, including all Schedules hereto, constitutes the entire agreement by and among the Parties with regard to the subject of this Agreement and shall supersede any previous agreements and understandings between the parties with respect to the subject matter of this Agreement.

Modification or Amendment

- 6.3 This Agreement may not be modified or amended except in writing signed by all parties hereto and subject to the Court's approval. No further or other notice to or consent by or on behalf of the Goselin Subclass shall be required to give effect to any such modification or amendment except to the extent ordered by the Court.

Other Originals

- 6.4 This Agreement may be executed in one or more counterparts, each of which an original but all of which together shall constitute one instrument.

Notification

- 6.5 Any notification, request, instruction or other document to be given by Agreement to any other party to this Agreement (other than notification to Class Members) shall be in writing and delivered personally, sent by facsimile, or sent postage prepaid, to the following persons:

With respect to the **Plaintiffs and the Goselin Subclass:**
Attention: Steven Sofer, GOWLING LAFLEUR HENDERSON LLP
Barristers and Solicitors
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto, Ontario
M5X 1G5

Telephone: (416) 369-7240
Facsimile: (416) 369-7250

With respect to **Michael Goselin and Goselin & Associates:**
987 Silverdale Road

Peterborough, Ontario
K9J 7W5

Telephone: (705) 749-8793
Facsimile: (801) 327-1994

With respect to **Richard Killen & Associates Ltd., the Trustee of the Estate of Michael Goselin:**

2130 Lawrence Avenue East, Suite 402
Toronto, Ontario
M1R 3A6

Telephone: (416) 285-9511
Facsimile: (416) 285-9564

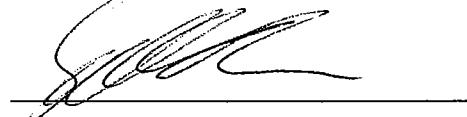
Use of Agreement

- 6.6 Neither the existence nor the terms of this Agreement may be used by any person as evidence of any admission by either the Plaintiffs or the Settling Defendants regarding fault, liability, causation, level of damages, or any purpose other than settlement, and/or any other issue.
- 6.7 This Agreement may be executed by fax.

IN WITNESS WHEREOF the Plaintiffs and the Settling Defendants have executed and delivered this Agreement.

Dated this 1st day of August, 2006

The Plaintiffs



by their solicitors,
GOWLING LAFLEUR HENDERSON LLP
Per: Steven Sofer *Scott Kuyler*

Dated this _____ day of July, 2006

Michael Goselin

Per: Michael Goselin

Peterborough, Ontario
K9J 7W5

Telephone: (705) 749-8793
Facsimile: (801) 327-1994

With respect to Richard Killen & Associates Ltd., the Trustee of the Estate of Michael Goselin:
2130 Lawrence Avenue East, Suite 402
Toronto, Ontario
M1R 3A6

Telephone: (416) 285-9511
Facsimile: (416) 285-9564

Use of Agreement

- 6.6 Neither the existence nor the terms of this Agreement may be used by any person as evidence of any admission by either the Plaintiffs or the Settling Defendants regarding fault, liability, causation, level of damages, or any purpose other than settlement, and/or any other issue.
- 6.7 This Agreement may be executed by fax.

IN WITNESS WHEREOF the Plaintiffs and the Settling Defendants have executed and delivered this Agreement.

Dated this ____ day of July, 2006

The Plaintiffs

by their solicitors,
GOWLING LAFLEUR HENDERSON LLP
Per: Steven Sofer

Dated this 26 day of July, 2006

Michael Goselin



Per: Michael Goselin

Page 6 of 15 of the Settlement Agreement

Dated this 26 day of July, 2006

Goselin & Associates



Per: Michael Goselin

Dated this _____ day of July, 2006

**Richard Killen & Associates Ltd., the
Trustee of the Estate of Michael Goselin**

Per: Richard Killen

Page 7 of 15 of the Settlement Agreement

Dated this day of July, 2006

Goselin & Associates

Per: Michael Goselin

Dated this 27th day of July, 2006

**Richard Killen & Associates Ltd., the
Trustee of the Estate of Michael Goselin**

Howard Linder

Per: Richard Killen

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SCHEDULE A TO SETTLEMENT AGREEMENT

Court File No.: 98-CL-3048

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

Claude Millard and Roger Grisé

Plaintiffs

-- and --

**North George Capital Management Limited, Triple A
Financial Services 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, M.R.S. Trust Company,
Alan Lawson, Fisher Inc., the Trustee of the Estate of Roderick
Alton, a Bankrupt, Richard Killen & Associates Ltd, the
Trustee of the Estate of Michael Goselin, and KPMG Inc., the
Trustee of the Estate of Michael Magee, a Bankrupt**

Defendants

CONSENT

THE PARTIES HERETO hereby consent to a Judgment in the form attached hereto as Schedule "A".

THE PARTIES HERETO also hereby certify that the order sought herein does not affect the rights of any party under a disability.

Date: ^{August}
~~July~~ 1, 2006

Claude Millard and Roger Grisé by
their solicitors,
GOWLING LAFLEUR HENDERSON LLP
AND JEFFREY D. GLATT

per: _____


Date: July , 2006

Goselin & Associates

per: _____

Date: July , 2006

Michael Goselin

per: _____

Date: July , 2006

**Richard Killen & Associates Ltd., the
Trustee of the Estate of Michael Goselin**

per: _____

THE PARTIES HERETO also hereby certify that the order sought herein does not affect the rights of any party under a disability.

Date: July , 2006

**Claude Millard and Roger Grisé by
their solicitors,
GOWLING LAFLEUR HENDERSON LLP
AND JEFFREY D. GLATT**

per: _____

Date: July 26, 2006

Goselin & Associates

per:  _____

Date: July 26, 2006

Michael Goselin

per:  _____

Date: July , 2006

**Richard Killen & Associates Ltd., the
Trustee of the Estate of Michael Goselin**

per: _____

Page 9 of 15 of the Settlement Agreement

THE PARTIES HERETO also hereby certify that the order sought herein does not affect the rights of any party under a disability.

Date: July , 2006

Claude Millard and Roger Grisé by
their solicitors,
GOWLING LAFLEUR HENDERSON LLP
AND JEFFREY D. GLATT

per: _____

Date: July , 2006

Goselin & Associates

per: _____

Date: July , 2006

Michael Goselin

per: _____

Date: July 27, 2006

Richard Killen & Associates Ltd., the
Trustee of the Estate of Michael Goselin

per: *Hernand Linde*

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SCHEDULE "A"

Court File No.: 98-CL-3048

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE
JUSTICE

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)

●, THE ● DAY OF
AUGUST, 2006

BETWEEN:

Claude Millard and Roger Grisé

Plaintiffs

-- and --

**North George Capital Management Limited, Triple A
Financial Services 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, M.R.S. Trust Company,
Alan Lawson, Fisher Inc., the Trustee of the Estate of Roderick
Alton, a Bankrupt, Richard Killen & Associates Ltd, the
Trustee of the Estate of Michael Goselin, and KPMG Inc., the
Trustee of the Estate of Michael Magee, a Bankrupt**

Defendants

JUDGMENT

THIS MOTION, made by the plaintiffs for an order for judgment as against the defendants, Michael Goselin and Goselin & Associates (the "Settling Defendants"), was heard this day at 393 University Ave., Toronto, Ontario.

ON READING the notice of motion, the order of the Court dated August 8, 2006, and the consent of the parties, it appearing that this order will not affect the rights of any party under a disability,

1. **THIS COURT ORDERS AND ADJUDGES** that the Settling Defendants pay to the Plaintiffs the sum of \$500,000 (inclusive of prejudgment interest and costs).
2. **THIS COURT ORDERS AND ADJUDGES** that this Judgment as it affects Michael Goselin is not one which comes within the provisions of subsection (1) of section 178 of the *Bankruptcy and Insolvency Act* but is released by the provisions of subsection (2).
3. **THIS COURT ORDERS** that the action is dismissed as against Richard Killen & Associates Ltd., the Trustee of the Estate of Michael Goselin, without costs.

SCHEDULE B TO SETTLEMENT AGREEMENT

Court File No.: 98-CL-3048

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

THE HONOURABLE) TUESDAY, THE 8TH DAY OF
) AUGUST, 2006

B E T W E E N:

Claude Millard and Roger Grisé

Plaintiffs

– and –

North George Capital Management Limited, Triple A Financial Services 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, M.R.S. Trust Company, Alan Lawson, Fisher Inc., the Trustee of the Estate of Roderick Alton, a Bankrupt, Richard Killen & Associates Ltd, the Trustee of the Estate of Michael Goselin, and KPMG Inc., the Trustee of the Estate of Michael Magee, a Bankrupt

Defendants

Proceeding Under the Class Proceedings Act, 1992

ORDER

THIS MOTION, made by the Plaintiffs for an Order, *inter alia*, approving and implementing the terms of a settlement agreement (the "Settlement Agreement") dated July ■, 2006 made between the Plaintiffs and the Defendants Michael Goselin, Goselin & Associates, and Richard Killen & Associates Ltd., the Trustee of the Estate of Michael Goselin (the "Settling Defendants"), was heard on August 8, 2006 at 393 University Avenue, Toronto.

ON READING the Settlement Agreement, the consent of the Settling Defendants and on hearing the submissions of the Settling Defendants and of counsel for the Plaintiffs,

1. **THIS COURT ORDERS** that the Settlement Agreement is fair, reasonable and in the best interests of the Goselin Subclass, as that term is defined in the Order of the Honourable Mr. Justice Farley dated April 11, 2000, and is hereby approved.
2. **THIS COURT ORDERS** that the Goselin Subclass shall be bound by the terms of the Settlement Agreement.
3. **THIS COURT ORDERS** that upon the granting of judgment in accordance with the Settlement Agreement, all claims for contribution, indemnity, subrogation or other claims over by any Settling Defendant against any Non-Settling Defendant for or in respect of the claims of the Goselin Subclass which are the subject matter of the Action, whether direct, subrogated, asserted or unasserted or asserted in a representative capacity, shall be released, discharged and forever barred.
4. **THIS COURT ORDERS** that the Plaintiffs and any Non-Settling Defendant may, with leave of the Court upon notice to the Settling Defendants, obtain:
 - (a) documentary discovery and an Affidavit of Documents in accordance with the Rules of Civil Procedure from any Settling Defendant;
 - (b) oral discovery of any Settling Defendant, the transcript of which may be read in at trial;
 - (c) an undertaking to testify at trial.

Unless otherwise ordered by the Court, the Settling Defendants shall not be entitled to their costs in relation to any such motion or in relation to their continued participation in the Action.

5. **THIS COURT ORDERS** that, except as otherwise provided herein, the Settlement Agreement and this Order shall not prejudice or in any way interfere with the rights of the Goselin Subclass to pursue all of their rights and remedies against all Non-Settling Defendants; no waiver, release or discharge of any Non-Settling Defendant shall arise as a result hereof or thereof and the joint and several liability of all Non-Settling Defendants shall not be affected hereby or thereby.

6. **THIS COURT ORDERS** that a notice in the form attached to the Settlement Agreement as Schedule C shall be sent by regular mail to each Class Member at the last known address of such Class Member.
 7. **THIS COURT ORDERS** that it shall remain seized of this matter for the purpose of any further approvals that may be required.
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SCHEDULE C TO SETTLEMENT AGREEMENT

NOTICE OF SETTLEMENT

TO: ALL PURCHASERS OF NOTES OF LIONAIRD CAPITAL CORP.
AND TO: ALL PURCHASERS OF UNITS OF 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

**Please read this notice carefully.
It affects your legal rights.**

On August 8, 2006, the Ontario Superior Court of Justice (Commercial List) approved an agreement (the "Settlement Agreement") providing for the settlement of the claims of the Goselin Subclass against Michael Goselin ("Goselin"), Goselin & Associates, and Richard Killen & Associates Ltd., the Trustee of the Estate of Michael Goselin. You have been sent this Notice because you are or may be a member of the Goselin Subclass.

Prior to the execution of the Settlement Agreement, Goselin was discharged from bankruptcy. His discharge from bankruptcy released and discharged all claims made against Goselin and Goselin & Associates pursuant to the Class Action. Since there are other defendants remaining in the Class Action, Class Counsel obtained an Order in the bankruptcy proceedings to permit the Class Action to proceed despite the bankruptcy. Since members of the Goselin Subclass could no longer enforce any claims against Goselin or Goselin & Associates upon Goselin's discharge from bankruptcy, the purpose of the settlement agreement was solely to conclude the proceedings against Goselin, Goselin & Associates and Richard Killen & Associates Ltd., the trustee in bankruptcy of the Estate of Michael Goselin, in a manner that does not prejudice class members whatsoever.

Pursuant to the Settlement Agreement, a judgment has been granted against Goselin and Goselin & Associates. Although the judgment has a face value of \$500,000, class members cannot enforce the judgment or collect any money from Goselin or Goselin & Associates. Therefore, you will not be receiving any money from this settlement.

If you wish to obtain further information about the Settlement Agreement, please contact the class members' lawyers, Steven Sofer of Gowling Lafleur Henderson LLP at 416-369-7240 or Jeffrey D. Glatt at 416-484-7498.

Publication of this Notice has been approved by the Court.