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LAWYERS

July 5, 2019

Sent Via Email

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Dear Investor,

Re: First Leaside Wealth Management
Receivership Proceedings: Court File CV-12-9930-00CL
Settlement Agreement

We are writing in our capacity as representative counsel ("**Representative Counsel**") appointed by the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to represent investors (the "**Investors**") with investments in First Leaside Wealth Management or certain of its affiliates (collectively, "**First Leaside**") in relation to the above noted receivership proceedings.

As you are aware, First Leaside applied to commence proceedings under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") in February 2012. In December 2012, the Court terminated the CCAA proceeding and appointed Grant Thornton Limited (the "**Receiver**") as the receiver of First Leaside's assets in order to reduce administration costs and facilitate distributions to stakeholders under Court supervision. In July 2013, the Court approved an interim distribution of proceeds of the realization of certain of First Leaside's assets to creditors of First Leaside and the Investors.

Since that time, the Receiver has carried out several activities, including pursuing litigation on behalf of the receivership estate and obtaining an order (the "**Fidelity Wind-up Order**") providing for the comprehensive wind-down of Investor accounts held at Fidelity. Our last correspondence dated July 7, 2017 informed Investors whose accounts were held at Fidelity Clearing Canada ULC ("**Fidelity**") of the Fidelity Wind-up Order.

Receiver's Upcoming Motion to approve a Settlement Agreement

The Receiver has continued to pursue its litigation against the First Leaside principal, David Phillips, and against Margaret Davis, which is the final remaining material asset of the First Leaside receivership estate.

On July 10, 2019, the Receiver will seek an order from the Court approving a settlement agreement dated May 15, 2019 (the "**Settlement Agreement**") among the Receiver, David Phillips, Margaret Davis, 970877 Ontario Inc., 2346162 Ontario Ltd., John Wilson, Leslie Walker-Wilson, 1495083 Ontario Limited, FL Research Management Inc., and A. Farber & Partners Inc., in its capacity as trustee in bankruptcy of Mr. Phillips and Mr. Wilson.

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The Settlement Agreement was negotiated among the above parties and in consultation with the Ontario Securities Commission, who is the largest creditor in the bankruptcies of Mr. Phillips and Mr. Wilson. The Settlement Agreement balances the risk and cost of the Receiver continuing to pursue First Leaside's claims against Mr. Phillips and Mr. Wilson and obtaining a potential recovery at some future date against the benefit of finality and increased certainty of recoveries for creditors. While Representative Counsel was not involved in the negotiation of the Settlement Agreement, we do not see any basis to oppose the Receiver's motion seeking approval of the Settlement Agreement.

The Settlement Agreement is summarized in the Receiver's Sixth Report, which is available to be reviewed by Investors by visiting the Receiver's case website at: https://www.grantthornton.ca/en/service/advisory/creditor-updates/#First-Leaside-Group-of-Companies.

Final Distribution

The Receiver also has advised that if the Settlement Agreement is approved, it will be able to make a final distribution to Investors and seek its discharge. The final distribution will be made to First Leaside Investors in a manner to be determined by the Receiver and approved by the Court. We anticipate that we will provide further information on any such distribution if and when it becomes available.

Should you have any questions regarding this letter or the First Leaside receivership generally, please contact Ben Goodis of our office, at bgoodis@casselsbrock.com or 416-869-5312.

Should you wish to contact the Receiver directly, you may contact the Receiver at firstleaside@ca.gt.com or by telephone at (855)-883-2474.

Yours Truly,

BGoodis for

Jane Dietrich

Cc: J. Krieger, *Grant Thornton* (email)
C. Burr, *Blake Cassels & Graydon LLP* (email)