

**DONATIONS FOR CANADA GIFT PROGRAM CLASS ACTION
SETTLEMENT AGREEMENT**

Made as of March 7 2017

Between:

MICHAEL CANNON

(the Plaintiff)

and

**APPLEBY SERVICES (BERMUDA) LTD. AS TRUSTEE FOR THE BERMUDA
LONGTAIL TRUST now known as ESTERA SERVICES (BERMUDA) LIMITED AS
TRUSTEE FOR THE BERMUDA LONGTAIL TRUST (ASBL), and**

**PARKLANE FINANCIAL GROUP LIMITED, TRAFALGAR ASSOCIATES LIMITED
and TRAFALGAR TRADING LIMITED (the ParkLane Defendants)**

(together, the "Settling Defendants")

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**DONATIONS FOR CANADA GIFT PROGRAM CLASS ACTION
NATIONAL SETTLEMENT AGREEMENT**

RECITALS

- A. WHEREAS the Plaintiff commenced the Class Action in the Court by issuing a statement of claim on September 18, 2008;
- B. WHEREAS the Settling Defendants were, among others, named as Defendants in the Class Action;
- C. WHEREAS the Class Action advances claims against the Settling Defendants on behalf of the Class in relation to the Gift Program;
- D. WHEREAS the ParkLane Defendants have commenced Third Party Claims, asserted a crossclaim against ASBL and asserted a counterclaim against some Class Members;
- E. WHEREAS ASBL has asserted a crossclaim against the ParkLane Defendants;
- F. WHEREAS the Class Action was certified and the Plaintiff was appointed the representative plaintiff by the Certification Order;
- G. WHEREAS the Plaintiff is therefore authorized to enter into this settlement agreement, which, if approved by the Court, is binding on all Class Members, pursuant to section 29(2) of the *Class Proceedings Act, 1992*, S.O. 1992, c. 6;
- H. WHEREAS, despite their belief that the allegations made by the Plaintiff in the Class Action are unfounded and that they have good and reasonable defences, the Settling Defendants have agreed to enter into this Settlement Agreement in order to achieve a full and final resolution of the Class Action and of all of the Released Claims and to avoid further expense, inconvenience and the distraction of burdensome and protracted litigation;
- I. WHEREAS the Settling Defendants do not admit through the execution of this Settlement Agreement, or otherwise, any unlawful conduct, liability, wrongdoing or blame of any kind on their behalf or on behalf of any of the Releasees, either as alleged or at all;
- J. WHEREAS the Plaintiff and Class Counsel have reviewed and fully understand the terms of this Settlement Agreement and, based on their analyses of the facts and law applicable to the Plaintiff's claims against the Settling Defendants, and having regard to the burdens and expense in prosecuting the Class Action, including the risks and uncertainties associated with trials and appeals, and the uncertainty of collection of any judgment against any of the Settling Defendants, the Plaintiff and Class Counsel have concluded that this Settlement Agreement is fair, reasonable and in the best interests of the Plaintiff and the Class;

- K. WHEREAS the Plaintiff, Class Counsel, and the Settling Defendants agree that neither this Settlement Agreement nor any statement made in the negotiation thereof shall be deemed or construed to be an admission by, or evidence against the Settling Defendants, or evidence of the truth of any of the Plaintiff's allegations against the Settling Defendants, which the Settling Defendants expressly deny;
- L. WHEREAS Appleby Services (Bermuda) Ltd. as trustee for the Bermuda Longtail Trust, now known as Estera Services (Bermuda) Limited has sought and obtained the approval of the Supreme Court of Bermuda to enter into this Settlement Agreement; and
- M. WHEREAS the Parties therefore wish to, and hereby do, finally resolve the Class Action and all related proceedings and all of the claims, allegations or demands that were, or could have been, advanced therein;

NOW THEREFORE, in consideration of the covenants, agreements and releases set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the Parties that the Class Action, all crossclaims, counterclaims and Third Party Claims shall be settled and dismissed on the merits with prejudice and without costs to: (1) the Plaintiff (other than contingency fees which may be awarded out of the Settlement Fund to Class Counsel), (2) the Class, (3) the Third Parties, or (4) the Settling Defendants, subject to the approval of the Court, on the following terms and conditions:

ARTICLE I **DEFINITIONS**

1.1 Definitions

- (a) *Account* means an interest bearing trust account at a Canadian Schedule 1 bank under the control of Class Counsel or the Claims Administrator, as the case may be, in which the Settlement Funds will be held for the benefit of the Class Members until distributed pursuant to the Distribution Protocol.
- (b) *Administration Expenses* means all fees, disbursements, expenses, costs, taxes and any other amounts incurred or payable by the Plaintiff, Class Counsel, the Claims Administrator, or otherwise, for the approval, implementation and operation of this Settlement Agreement including the costs of distribution of the Settlement Funds, and the costs of all notices to the Class, and the costs of claims administration, but excluding Class Counsel Fees.
- (c) *Certification Order* means the Court order of Justice Strathy which certified the Class Action on January 18, 2012.
- (d) *Claims Administrator* means NPT + RicePoint Class Action Services Inc. or such other person appointed by the Court to administer this Settlement Agreement and the Distribution Protocol, and any employees of such firm.

- (e) **Class** means the members of the Class as defined in the Certification Order, but excludes any person who validly opted out of the Class Action, and **Class Member** means any one thereof.
- (f) **Class Action** means the certified class proceeding commenced by the Plaintiff, bearing Court File No. CV-08-362807-00CP.
- (g) **Class Counsel** means the law firms representing the Plaintiff and the Class, namely Paliare Roland Rosenberg Rothstein LLP, Phillips Gill LLP and Landy Marr Kats LLP.
- (h) **Class Counsel Fees** include the fees, disbursements, costs, interest, HST and other applicable taxes or charges of Class Counsel in respect of the prosecution of the Class Action.
- (i) **Court** means the Ontario Superior Court of Justice.
- (j) **Defence Counsel** means the law firms retained to defend the Settling Defendants, namely Blake Cassels & Graydon LLP and McCarthy Tétrault LLP.
- (k) **Distribution Protocol** means the plan for distributing the Settlement Fund and accrued interest to the Class as approved by the Court.
- (l) **Distributors** means those persons or entities that marketed and promoted the Gift Program to the Plaintiff and the Class, including any sub-distributors (that is, Distributors who worked in association with or for other Distributors), and who were named as Third Parties in the Third Party Claim bearing Court File No. CV-08-362807-00 CPA2 (the "Third Party Claim (re Distributors)").
- (m) **Effective Date** means (i) the date upon which the ability to appeal from the Second Order namely, thirty (30) days after the Second Order is granted, unless the Second Order is granted on consent, in which case the Effective Date shall be the first business day following the date on which the Second Order is granted; or (ii) if any appeal is taken from the Second Order, then the Effective Date shall be the date upon which any such appeal is concluded by way of a Final order or judgment; but an appeal from the Second Order shall not include any appeal that concerns only the issue of either Class Counsel's fees or disbursements or the Distribution Protocol.
- (n) **Final** when used in relation to a Court order or judgment, means all rights of appeal from such order or judgment have expired or have been exhausted and that the ultimate court of appeal (or court of last resort) to which an appeal (if any) was taken has upheld such order or judgment.
- (o) **First Order** means the Final order of the Court granting the following relief: (1) the Court's approval of the Notice of Settlement Hearing; and (2) the appointment of the Claims Administrator, which will be substantially in the form of Schedule A hereto or as modified by the Court.

- (p) ***Gift Program*** means the Donations for Canada charitable donation tax program, Federal Tax Shelter Identification #TS070623, Quebec Tax Shelter Identification #QAF-05-0109, which was offered or otherwise available between 2005 and 2009 and which is the subject of the Class Action.
- (q) ***Notice of Settlement Hearing*** means the form of notice approved by the Court to inform the Class of (1) the date and location of the hearing to approve this Settlement Agreement by the Court; and (2) the key terms of this Settlement Agreement, which will be substantially in the form of Schedule A1 hereto or as modified by the Court.
- (r) ***Notice of Settlement Approval and Claims Procedure*** means the form of notice approved by the Court to inform the Class Members of (1) the approval of this Settlement Agreement; and (2) the process by which the Class Members may apply to obtain compensation from the Settlement Fund, which will be substantially in the form of Schedule B1 hereto, or as modified by the Court.
- (s) ***Other Actions*** means any actions or proceedings, other than the Class Action, against all or any of the parties to the Class Action to the extent that such actions or proceedings relate to any claim that was or that could have been asserted in the Class Action by any party thereto against any other party or any other person or entity.
- (t) ***Parties***, when capitalized, means the signatories to this Settlement Agreement, being the Plaintiff and the Settling Defendants, and ***Party*** means any one thereof.
- (u) ***Released Claims*** means any and all manner of claims, demands, actions, suits, causes of action, whether class, individual or otherwise in nature, whether personal or subrogated, damages of any kind whenever incurred, liabilities of any nature whatsoever, including interest, costs, expenses, class administration expenses (including Administration Expenses), penalties, and lawyers' fees (including Class Counsel Fees), known or unknown, suspected or unsuspected, foreseen or unforeseen, actual or contingent, and liquidated or unliquidated, in law, under statute or in equity, that the Releasers, or any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have, relating in any way to any conduct anywhere, in respect of the Gift Program, or relating to any conduct alleged (or which could have been alleged) in the Class Action including, without limitation, any such claims which have been asserted, would have been asserted, or could have been asserted, whether in Canada or elsewhere, against the Releasees, or any one or more thereof, as a result of or in connection with the Gift Program, or as a result of or in connection with any legal proceedings relating to the Gift Program, including, without limitation, any claims or allegations of consequential, subsequent or follow-on harm that arises after the date hereof in respect of any agreement or conduct that occurred any time prior to the date hereof, and any claims for contribution or indemnity or other relief over, and without limiting the

generality of the foregoing includes the application of the Plaintiff to intervene in proceedings in the Supreme Court of Bermuda Civil Jurisdiction 2014: No. 223.

- (v) **Releasees** means:
- (i) when the release is granted by the Plaintiff and the Class: the Settling Defendants and their respective predecessors, successors, affiliates, parents, subsidiaries, partners, assigns, devisees or representatives, trustees, insurers and past and current officers, directors, employees, agents and beneficiaries of any kind;
 - (ii) when the release is granted by the ParkLane Defendants: (i) the Plaintiff and those Class Members against whom the ParkLane Defendants asserted a counterclaim; and (ii) ASBL and its predecessors, successors, affiliates, parents, subsidiaries, partners, assigns, devisees or representatives, trustees, insurers, and past and current officers, directors, employees agents and beneficiaries of any kind as well as Appleby Services (Bermuda) Limited in its own right;
 - (iii) when the release is granted by ASBL, such release is granted by ASBL and Appleby Services (Bermuda) Limited in its own right to: (i) the Plaintiff; and (ii) the ParkLane Defendants, and their respective predecessors, successors, affiliates, parents, subsidiaries, partners, assigns, devisees or representatives, and past and current officers, directors, employees agents and beneficiaries of any kind;
- (w) **Releasors** means, jointly and severally, individually and collectively, the parties granting a release or releases to one or more of the Releasees, including their respective successors, heirs, executors, administrators, assigns, devisees or representatives of any kind, officers, directors and employees, and in the case of ASBL means both ASBL and Appleby Services (Bermuda) Limited in its own right.
- (x) **Second Order** means the Final Court order approving and giving effect to this Settlement Agreement, which shall be substantially in the form attached hereto as Schedule B, or as modified by the Court.
- (y) **Settlement Agreement** means this agreement, including the recitals and schedules.
- (z) **Settlement Fund** means the all-inclusive amount of Seventeen Million, Five Hundred Thousand Canadian Dollars (CDN \$17,500,000.00) plus interest accruing from and after February 1, 2016 on the aforesaid amount at the prejudgment interest rate published each quarter by the Ministry of the Attorney General pursuant to section 127(2) of the *Courts of Justice Act*, RSO 1990 c. C.43 until the Settlement Fund is paid to Class Counsel pursuant to the terms of this Agreement, and shall thereafter also include all additional interest accruing on all or any portion of the Settlement Fund after its payment to Class Counsel until final distribution pursuant to the Distribution Protocol.

- (aa) **Settling Defendants** means ParkLane Financial Group Limited, Trafalgar Associates Limited, Trafalgar Trading Limited, and Appleby Services (Bermuda) Ltd. as trustee for the Bermuda Longtail Trust, now known as Estera Service (Bermuda) Limited as well as Appleby Services (Bermuda) Ltd. and Estera Services (Bermuda) Limited in their own right, and **Settling Defendant** means any one thereof.
- (bb) **Third Parties** means the defendants in the Third Party Claims, and **Third Party** means any one thereof.
- (cc) **Third Party Claims** means the Third Party Claim (re Distributors) and all within counterclaims, and the third party proceedings commenced by the ParkLane Defendants against BDO Dunwoody and Ralph Neville bearing Court File No. CV-08-362807-00 CPA4 and all within counterclaims (the "Third Party Claim (Re BDO)").

ARTICLE II
SETTLEMENT APPROVAL

2.1 Best Efforts

The Parties shall use their best efforts to fulfill the terms of this settlement and to secure Court approval and implementation of the settlement including the final dismissal with prejudice, and without costs, of the Class Action inclusive of all crossclaims, counterclaims and the Third Party Claims.

2.2 Motion for Approval of Notice of Settlement Hearing

As soon as possible after the Settlement Agreement has been executed the Plaintiff shall bring a motion for the following relief:

- (a) the Court's approval of the Notice of Settlement Hearing; and
- (b) the appointment of the Claims Administrator.

2.3 Motion for Approval of the Settlement Agreement

As soon as practicable after the First Order becomes Final and the Notice of Settlement Hearing has been published, the Plaintiff shall bring a motion for the Second Order.

ARTICLE III
SETTLEMENT BENEFITS

3.1 Payment of Settlement Fund

- (a) Within thirty (30) days of execution of this Settlement Agreement, the Settling Defendants shall pay the Settlement Fund, inclusive of all interest accrued from February 1, 2016, to Class Counsel in trust, for the benefit of the Class.

- (b) The Settling Defendants' payment of the Settlement Fund to the Class will be in full satisfaction of the Released Claims against the Releasees effective as of the Effective Date.
- (c) Neither the Settling Defendants nor Defence Counsel shall have any obligation to pay to the Plaintiff or to the Class any amount in addition to the Settlement Fund pursuant to or in furtherance of this Settlement Agreement.
- (d) Class Counsel shall hold the Settlement Fund in trust in the Account and maintain the Account as provided for in this Settlement Agreement, and shall transfer the Settlement Fund plus accrued interest, less Class Counsel Fees as approved by the Court, if approved at the same time as the Second Order, to the Account of the Claims Administrator within ten (10) business days after the Second Order becomes Final.
- (e) Class Counsel shall not pay out all or part of the Settlement Fund in the Account, except in accordance with this Settlement Agreement or in accordance with an order of the Court obtained on notice to the Settling Defendants.

3.2 Taxes and Interest

- (a) Except where otherwise provided in this Settlement Agreement, all interest earned on the Settlement Fund shall accrue to the benefit of the Class and shall become and remain part of the Settlement Fund.
- (b) Subject to Article 3.2(c), all Canadian taxes payable on any interest which accrues on the Settlement Fund in the Account or otherwise in relation to the Settlement Fund shall be the sole responsibility of the Class. Class Counsel or the Claims Administrator shall be solely responsible to fulfill all tax reporting and payment requirements arising from the Settlement Fund in the Account, including any obligation to report taxable income and make tax payments. All taxes (including interest and penalties) due with respect to the income earned on the Settlement Fund shall be paid from the Account and deducted from the total of the Settlement Fund.
- (c) The Settling Defendants shall have no responsibility to make any filings relating to the Account and will have no responsibility to pay tax on any income earned by the Settlement Fund or pay any taxes on the monies in the Account, unless this Settlement Agreement is terminated, in which case the interest earned on the Settlement Fund in the Account shall be paid to the Settling Defendants as directed in writing by the Settling Defendants, and in such case, each Settling Defendant shall be responsible for the payment of all taxes on its proportionate share of such interest.

3.3 Litigation Compliance

- (a) The Plaintiff shall, as part of the resolution of the Class Action, consent to the dismissal of this Class Action and all claims, crossclaims, counterclaims and

Third Party Claims, and will use his best efforts to assist the Settling Defendants to obtain the consent of any other parties to this Action and related proceedings, including the Third Parties, to the dismissal of this Class Action and all claims, crossclaims, counterclaims and Third Party Claims in their entirety on a without costs basis;

- (b) The Settling Defendants shall, as part of the resolution of the Class Action as against them, take all necessary steps to discontinue and withdraw all crossclaims, counterclaims and Third Party Claims on a without costs basis, and shall consent to the dismissal of this Class Action and all claims, crossclaims, counterclaims and Third Party Claims on a without costs basis;
- (c) The Settling Defendants shall, as part of the resolution of the Class Action as against them, take all reasonable steps to obtain the consent of the Third Parties to the dismissal of the Class Action, inclusive of all crossclaims, counterclaims and all Third Party Claims in their entirety on a without costs basis.
- (d) All documents and information produced by the Settling Defendants to any Party (other than as part of a record filed with the Court) shall either be returned to the Settling Defendants, or the recipient Party shall confirm to the Settling Defendants within 30 days of the Final Second Order that all such documents have been destroyed.

ARTICLE IV
DISTRIBUTION OF THE
SETTLEMENT FUND

4.1 Distribution Protocol

At the same time as the motion for settlement approval, Class Counsel will seek a Court order for approval of the Distribution Protocol, which will be substantially the same as the distribution protocol approved by the Court with respect to the settlement with the Law Firm Defendants.

4.2 No responsibility for Administration or Fees

Neither the Settling Defendants nor Defence Counsel shall have any responsibility, financial obligations or liability whatsoever with respect to the investment, distribution or administration of monies in the Account including, but not limited to, Administration Expenses and Class Counsel Fees.

ARTICLE V
TERMINATION OF SETTLEMENT AGREEMENT

5.1 Right of Termination

- (a) Any Settling Defendant that is not in default of its obligations under this Settlement Agreement including payment of its share of the Settlement Fund

shall, in its sole discretion, have the option to terminate the Settlement Agreement within thirty days of any of the following events:

- (i) the Third Parties do not consent to the dismissal of the Class Action and all Third Party Claims in their entirety with prejudice on a without costs basis, or, alternatively the Court refuses to grant an order dismissing the Class Action and all Third Party Claims in their entirety with prejudice on a without costs basis;
 - (ii) the Court declines to issue the Second Order, or to approve of any material part of the Settlement Agreement or requires a material change to the Settlement Agreement as a pre-condition to approval;
 - (iii) the Court issues the Second Order, but the Second Order does not become Final, or is materially altered on appeal; or
 - (iv) the Settlement Fund is not paid into the Account in full by the date stipulated in section 3.1(a) as a result of one or more of the Settling Defendants failing to contribute to the Settlement Fund.
- (b) The Plaintiff shall, in his sole discretion, have the option to terminate the Settlement Agreement in the event of:
- (i) non-payment in full of the Settlement Fund into the Account by the date set out above in Article 3.1(a);
 - (ii) the Third Parties do not consent to the dismissal of the Class Action and all Third Party Claims in their entirety with prejudice on a without costs basis, or, alternatively the Court refuses to grant an order dismissing the Class Action and all Third Party Claims in their entirety with prejudice on a without costs basis;;
 - (iii) the Court declines to issue the Second Order, or to approve of any material part of the Settlement Agreement or requires a material change to the Settlement Agreement as a pre-condition to approval; or,
 - (iv) the Court issues the Second Order, but the Second Order does not become Final, or is materially altered on appeal.
- (c) If a Settling Defendant elects to terminate the Settlement Agreement pursuant to Article 5.1(a), or the Plaintiff elects to terminate the Settlement Agreement pursuant to Article 5.1(b), a written notice of termination shall be provided by the terminating Party(s) to all other Party(s) forthwith, and no later than 30 business days after the event upon which the terminating Party relies. Upon delivery of such a written notice, this Settlement Agreement shall be terminated and, except as provided for in Articles 5.2 to 5.4, it shall be null and void and have no further force or effect, shall not be binding on the Parties, and shall not be used as evidence or otherwise in any litigation.

- (d) Any order, ruling or determination made by any Court with respect to Class Counsel's fees and disbursements or with respect to the Distribution Protocol shall not be deemed to be a material modification of this Settlement Agreement and shall not constitute a basis for the termination of this Settlement Agreement.

5.2 If Settlement Agreement is Terminated

If this Settlement Agreement is terminated:

- (a) any step taken by the Settling Defendants or the Plaintiff in the Class Action in relation to this Settlement Agreement shall be without prejudice to any position that any of the Settling Defendants or the Plaintiff may later take in respect of any procedural or substantive issues in the Class Action; and
- (b) any order made by the Court pursuant to this Settlement Agreement shall be set aside or vacated on the consent of the Parties, except for the First Order, if it has been issued and the Notice of Settlement Hearing has already been published.

5.3 Allocation of Monies in the Account Following Termination

If the Settlement Agreement is terminated, Class Counsel or the Claims Administrator, as the case may be, shall return to the Settling Defendants as directed in writing by the Settling Defendants, all monies in the Account including accrued interest, but less:

- (a) the amount of any income taxes paid in respect of any interest earned on the Settlement Fund while on deposit in the Account;
- (b) any Administration Expenses that have been actually incurred as at the date of termination; and
- (c) in the event that the Notice of Settlement Hearing has been published, then the estimated costs or Administration Expenses to be incurred to provide notice to the Class that the Settlement Agreement has been terminated.

5.4 Survival of Provisions After Termination

- (a) If this Settlement Agreement is terminated, the provisions of Articles 3.2(c), 4.2, 5.1(c), 5.2, 5.3, 5.4, 7.1, 7.2, 7.3(b), 8.4, and 11.5 (and any additional provisions governing confidentiality) and the definitions applicable thereto shall survive the termination and continue in full force and effect. The definitions shall survive only for the limited purpose of the interpretation of these Articles within the meaning of this Settlement Agreement, but for no other purposes. All other provisions of this Settlement Agreement and all other obligations pursuant to this Settlement Agreement shall cease immediately.
- (b) The Plaintiff and Class Counsel expressly acknowledge that they will not, in any way whatsoever, use the fact or existence of this Settlement Agreement as any

form of admission, whether of liability, wrongdoing, or otherwise, of the Settling Defendants.

ARTICLE VI
RELEASES AND DISMISSALS

6.1 Release of Releasees

Upon the Effective Date, and in consideration of the Settlement Fund and for other valuable consideration set forth in the Settlement Agreement, the Releasors forever and absolutely release the Releasees from the Released Claims.

6.2 No Further Claims

The Releasors shall not now or hereafter institute, continue, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, claim or demand against any Releasee or any other person who may claim contribution or indemnity from any Releasee in respect of any Released Claim or any matter related thereto.

6.3 Dismissal of the Class Action

Upon the Effective Date, the Class Action, inclusive of all crossclaims and counterclaims shall be dismissed with prejudice and without costs.

6.4 Dismissal of the ParkLane Defendants' Third Party Claims

Upon the Effective Date:

- (a) the Third Party Claim (re Distributors), and all within counterclaims shall be dismissed with prejudice and without costs; and
- (b) the Third Party Claim (re BDO) and all within counterclaims shall be dismissed with prejudice and without costs.

ARTICLE VII
EFFECT OF SETTLEMENT

7.1 No Admission of Liability

Whether or not this Settlement Agreement is approved or terminated, this Settlement Agreement and anything contained herein, and any and all negotiations, documents, discussions and proceedings associated with this Settlement Agreement, and any action taken to carry out this Settlement Agreement, shall not be deemed, construed or interpreted to be an admission of any violation of any statute or law, or of any wrongdoing or liability by any of the Settling Defendants, or of the truth of any of the claims or allegations contained in the Class Action or any other pleading filed by the Plaintiff or any other Settlement Class Member.

7.2 Agreement Not Evidence

The Parties agree that, whether or not it is approved or terminated, this Settlement Agreement and anything contained herein, and any and all negotiations, documents, discussions and proceedings associated with this Settlement Agreement, and any action taken to carry out this Settlement Agreement, shall not be referred to, offered as evidence or received in evidence in any pending or future civil, criminal or administrative action or proceeding, except in a proceeding to approve and/or enforce this Settlement Agreement, or to defend against the assertion of Released Claims, or as otherwise required by law.

7.3 No Further Litigation

- (a) Neither the Plaintiff nor Class Counsel, nor anyone currently or hereafter employed by, associated with, or a partner with Class Counsel, may directly or indirectly participate or be involved in or in any way assist with respect to any claim made or action commenced by any person which relates to or arises from the Released Claims.
- (b) Moreover, these persons may not divulge to anyone for any purpose any information obtained in the course of the Class Action or the negotiation and preparation of this Settlement Agreement, except to the extent such information is otherwise publicly available or unless ordered to do so by a court in Canada or Bermuda.

ARTICLE VIII NOTICE TO CLASS

8.1 Notice Required

The Plaintiff and the Class shall be given the following notices: (1) Notice of Settlement Hearing in the form attached as Schedule "A1" hereto; (2) Notice of Settlement Approval and Claims Procedure in the form attached as Schedule "B1" hereto; and (3) Notice of termination of this Settlement Agreement if it is properly terminated under Article 5.1 of this Settlement Agreement, or as otherwise ordered by the Court in a form agreed upon by the Parties and approved by the Court or, if the Parties cannot agree on the form of the Notice of termination of the Settlement Agreement, this notice shall be in the form ordered by the Court. The costs of each notice shall be paid from the Account.

8.2 Method of Disseminating Notices

The notices required under Article 8.1 shall be disseminated pursuant to the Notice Plan attached as Schedule "A2" as approved by the Court or, in the manner otherwise ordered by the Court.

8.3 Settling Defendants or Defence Counsel Not Responsible for the Costs of Notice

For greater clarity, neither the Settling Defendants nor Defence Counsel have any responsibility for any costs and expenses relating to providing notices as required by this Article or otherwise, except for the costs of the Notice of Settlement Hearing and notice of termination of the

Settlement Agreement, if this Settlement Agreement is terminated after that Notice has been disseminated, as provided for in Article 5.3.

ARTICLE IX
ADMINISTRATION AND IMPLEMENTATION

9.1 Mechanics of Administration

Except to the extent provided for in this Settlement Agreement, the mechanics of the implementation and administration of this Settlement Agreement and the Distribution Protocol shall be determined by the Court on motion brought by Class Counsel.

ARTICLE X
CLASS COUNSEL FEES AND ADMINISTRATION EXPENSES

10.1 Counsel Fees

- (a) Class Counsel will seek the Court's approval to pay Class Counsel Fees and the Administration Expenses from the Settlement Fund contemporaneously with seeking approval of this Settlement Agreement.
- (b) Except as provided in Articles 3.2, 5.3, 8.1, 9.1, and 12.11 Class Counsel Fees and Administration Expenses may only be paid out of the Account after the Effective Date.

10.2 Administration Expenses

Subject to Article 5.3, the Settling Defendants shall not be liable for any fees, disbursements or taxes of the lawyers, experts, advisors, agents, or representatives of Class Counsel, the Plaintiff or the Class.

ARTICLE XI
MISCELLANEOUS

11.1 Motions for Directions

- (a) Class Counsel, Defence Counsel or the Claims Administrator may apply to the Court for directions in respect of the implementation and administration of this Settlement Agreement or Distribution Protocol.
- (b) All motions contemplated by this Settlement Agreement shall be on notice to the Parties to this Settlement Agreement. For certainty, notice need not be provided to Settlement Class Members in the event of a motion unless so required by the Court.

11.2 Headings, etc.

In this Settlement Agreement:

- (a) the division of the Settlement Agreement into articles and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Settlement Agreement; and
- (b) the terms "this Settlement Agreement", "hereof", "hereunder", "herein", and similar expressions refer to this Settlement Agreement and not to any particular article or other portion of this Settlement Agreement.

11.3 Computation of Time

In the computation of time in this Settlement Agreement, except where a contrary intention appears:

- (a) where there is a reference to a number of days between two events, the number of days shall be counted by excluding the day on which the first event happens and including the day on which the second event happens, including all calendar days; and
- (b) only in the case where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

11.4 Governing Law

This Settlement Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario.

11.5 Entire Agreement

This Settlement Agreement constitutes the entire agreement among the Parties, and supersedes all prior and contemporaneous understandings, undertakings, negotiations, representations, promises, agreements, agreements in principle and memoranda of understanding or agreement in connection herewith. None of the Parties will be bound by any prior obligations, conditions or representations with respect to the subject matter of this Settlement Agreement, unless expressly incorporated herein.

11.6 Amendments

This Settlement Agreement may not be modified or amended except in writing and on consent of the Plaintiff and the Settling Defendants.

11.7 Binding Effect

This Settlement Agreement shall be binding upon, and enure to the benefit of the Plaintiff, the Class Members, the Settling Defendants, the Releasers, and the Releasees.

11.8 Counterparts

This Settlement Agreement may be executed in counterparts, all of which taken together will be deemed to constitute one and the same agreement, and a facsimile signature shall be deemed an original signature for purposes of executing this Settlement Agreement.

11.9 Negotiated Agreement

This Settlement Agreement has been the subject of negotiations and discussions among the undersigned, each of which has been represented and advised by competent counsel, so that any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Settlement Agreement shall have no force and effect. The Parties further agree that the language contained in or not contained in previous drafts of this Settlement Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of this Settlement Agreement.

11.10 Language

The Parties acknowledge that they have required and consented that this Settlement Agreement and all related documents be prepared in English; les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais. Nevertheless, a French translation of the Notices shall be prepared, the cost of which shall be paid for from the Settlement Fund. The Parties agree that such translation is for the convenience of French speaking Class Members; only.

11.11 Recitals

The Recitals to this Settlement Agreement are true and form part of the Settlement Agreement.

11.12 Schedules

The Schedules annexed hereto form part of this Settlement Agreement.

11.13 Acknowledgements

Each of the Parties hereby affirms and acknowledges that:

- (a) he, she or a representative of the Party with the authority to bind the Party with respect to the matters set forth herein has read and understood the Settlement Agreement;
- (b) the terms of this Settlement Agreement and the effects thereof have been fully explained to him, her or the Party's representative by his, her or its counsel;
- (c) he, she or the Party's representative fully understands each term of the Settlement Agreement and its effect; and

- (d) no Party has relied upon any statement, representation or inducement (whether material, false, negligently made or otherwise) of any other Party with respect to the first Party's decision to execute this Settlement Agreement.

11.14 Authorized Signatures

Each of the undersigned represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, this Settlement Agreement.

11.15 Notice

Where this Settlement Agreement requires a Party to provide notice or any other communication or document to another, such notice, communication or document shall be provided by email, facsimile or letter by overnight delivery to the representatives for the Party to whom notice is being provided, as identified below:

For Plaintiff and for Class Counsel:

PHILLIPS GILL LLP
Barristers
33 Jarvis St. Suite 200,
Toronto, ON M5E 1N3

Margaret L. Waddell
Telephone: 416.477.6979
Facsimile: 416.703.1955
Email: marg@legaladvocates.ca

LANDY MARR KATS LLP
2 Sheppard Avenue East
Suite 900
(Sheppard Centre)
Toronto, ON M2N 5Y7

Samuel S. Marr
Telephone: 416.221.9343
Facsimile: 416.221.8928
Email: smarr@lmklawyers.com

For the Settling Defendants and Defence Counsel:

McCarthy Tétrault LLP
Suite 5300, TD Bank Tower
Box 48, 66 Wellington Street West
Toronto ON M5K 1E6

John P. Brown
Telephone: 416-601-7719
Facsimile: 416-868-0673
Email: jbrown@mccarthy.ca

Junior Sirivar
Telephone: 416-601-7750
Facsimile: 416-868-0673
Email: jsirivar@mccarthy.ca

BLAKE CASSELS & GRAYDON LLP
199 Bay Street, Suite 4000
Toronto, ON M5L 1A9

Bradley Berg
Telephone: 416-863-4316
Facsimile: 416-863-2653
Email: brad.berg@blakes.com

Andrea Laing
Telephone: 416-863-4159
Facsimile: 416-863-2653
Email: andrea.laing@blakes.com

11.16 Date of Execution

The Parties have executed this Settlement Agreement as of the date on the first page.

MICHAEL CANNON
by his counsel

Signature of
Authorized Signatory: _____
Name of Authorized
Signatory:



Phillips Gill LLP
Class Counsel

Signature of
Authorized Signatory: _____
Name of Authorized
Signatory:



Landy Marr Kats LLP
Class Counsel

**ESTERA SERVICES (BERMUDA) LIMITED AS TRUSTEE FOR
THE BERMUDA LONGTAIL TRUST**

Signature of
Authorized Signatory: _____
Name of Authorized
Signatory:



PARKLANE FINANCIAL GROUP LIMITED

Signature of
Authorized Signatory: _____
Name of Authorized
Signatory:

11.16 Date of Execution

The Parties have executed this Settlement Agreement as of the date on the first page.

MICHAEL CANNON
by his counsel

Signature of
Authorized Signatory: _____
Name of Authorized
Signatory:

Phillips Gill LLP
Class Counsel

Signature of
Authorized Signatory: _____
Name of Authorized
Signatory:

Landy Marr Kats LLP
Class Counsel

**ESTERA SERVICES (BERMUDA) LIMITED AS TRUSTEE FOR
THE BERMUDA LONGTAIL TRUST**

Signature of
Authorized Signatory: _____
Name of Authorized
Signatory:


PARKLANE FINANCIAL GROUP LIMITED

Signature of
Authorized Signatory: _____
Name of Authorized
Signatory: Ron Olsthoorn, President



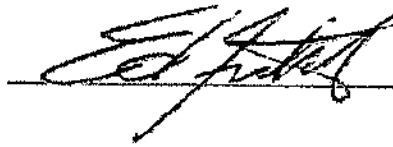
TRAFALGAR ASSOCIATES LIMITED

Signature of
Authorized Signatory:
Name of Authorized
Signatory:



TRAFALGAR TRADING LIMITED

Signature of
Authorized Signatory:
Name of Authorized
Signatory:



SCHEDULE "A" – FIRST ORDER

Court File No. CV-08-362807-00CP

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE) _____, the _____ day
)
JUSTICE BELOBABA) of _____ 2017

BETWEEN:

MICHAEL CANNON

Plaintiff

- and -

FUNDS FOR CANADA FOUNDATION, MATT GLEESON and SARAH STANBRIDGE as trustees for the DONATIONS CANADA FINANCIAL TRUST, PARKLANE FINANCIAL GROUP LIMITED, TRAFALGAR ASSOCIATES LIMITED, TRAFALGAR TRADING LIMITED, APPLEBY SERVICES BERMUDA LTD. as trustee for the BERMUDA LONG TAIL TRUST, EDWIN C. HARRIS Q.C., PATTERSON PALMER also known as PATTERSON PALMER LAW, PATTERSON KITZ (Halifax), PATTERSON KITZ (Truro), McINNES COOPER, SAM ALBANESE, KEN FORD, RIYAD MOHAMMED, DAVID RABY and GREG WADE, GLEESON MANAGEMENT ASSOCIATES INC., MARY-LOU GLEESON, MATT GLEESON and MARTIN P. GLEESON

Defendants

Proceeding Under the *Class Proceedings Act, 1992*

ORDER

THIS MOTION made by the Plaintiff for an Order approving the Notice of Hearing for Settlement Approval and the method of dissemination of that notice was read this day at the Osgoode Hall Court House, 130 Queen St. W., Toronto, Ontario.

ON READING the materials filed, including the Settlement Agreement between the Plaintiff and the Settling Defendants, and on being advised of the consent of the Lawyers for the Defendants,

1. **THIS COURT ORDERS** that the Notice of Hearing for Settlement Approval is approved in the form attached hereto as Schedule "1".
 2. **THIS COURT ORDERS** that the plan of dissemination of the Notice of Hearing for Settlement Approval as set out in the Notice Plan attached hereto as Schedule "2" is hereby approved, and that the Notice of Hearing for Settlement Approval shall be disseminated in accordance with the Notice Plan.
 3. **THIS COURT ORDERS** that NPT + RicePoint Class Action Services Inc. is appointed as the Claims Administrator to administer the Settlement Agreement.
 4. **THIS COURT ORDERS** that the Settlement Approval Hearing shall take place on April 24, 2017, at Osgoode Hall, 130 Queen St. West, Toronto, Ontario.
-

SCHEDULE "A1" – NOTICE OF SETTLEMENT HEARING

NOTICE OF COURT HEARING FOR APPROVAL OF A SETTLEMENT

IN

CANNON v. PARKLANE FINANCIAL GROUP LTD. CLASS ACTION

READ THIS NOTICE CAREFULLY. IT MAY AFFECT YOUR RIGHTS.

Who this Notice is For

If you participated in the ParkLane Donations for Canada Charitable Gift Program (Federal Tax Shelter ID #TS070623 or Quebec Tax Shelter ID #QAF-05-0109) while resident in Canada during the period between January 1, 2005 and December 31, 2009, and if you did not opt out of the Class Action, then you are a Class Member, and are entitled to participate in the Settlement.

What the Action is About

The Donations for Canada Charitable Gift Program was a charitable donation tax program that was available between 2005 and 2009 (the "Gift Program").

While no allegations have been proven, the Class Action alleges, among other things, that the entities that created and participated in operating the Gift Program were negligent, that the promotional materials about the Gift Program contained misrepresentations and that the Gift Program was in breach of Consumer Protection legislation. The Class Action seeks, among other things, an order requiring the Defendants to repay to the Class Members the total amount that each Class Member paid to participate in the Gift Program.

Proposed Settlement with the Remaining Defendants, being:

ParkLane Financial Group Limited, Trafalgar Associates Limited, Trafalgar Trading Limited, and Appleby Services Bermuda Ltd. as trustee for the Bermuda Longtail Trust (the "Settling Defendants")

The Plaintiff has entered into a proposed settlement with the Settling Defendants, which, if approved by the court, will bring this Class Action to an end. The Settling Defendants continue to deny liability to the Class, and if the settlement is not approved, they will continue to oppose and defend the Class Action, and pursue counterclaims against some Class Members as well as third party claims against distributors of the Gift Program and an accounting firm.

The Plaintiff previously settled with some of the Defendants, and those settlement funds have already been paid out to Class Members. This new settlement will result in an additional payment to the Class.

The Terms of the Proposed Settlement

The settlement is a negotiated resolution of disputed claims, and the Settling Defendants do not admit any wrongdoing or liability in connection with Class Action.

Under the Settlement Agreement the Settling Defendants will pay a total of \$17,500,000 including legal fees and expenses, and the expenses to administer the settlement, in exchange for a full release of all the claims against them relating to the Class Action.

If approved by the Court, the Settlement will resolve the Class Action, and bring it to an end. This will include the termination of all counterclaims and third party claims.

The Plaintiff and Class Counsel recommend the Settlement to the Class as fair and reasonable. In

reaching the Settlement, Class Counsel considered the estimated total damages suffered by the Class, particularly in light of the CRA's offers to settle pending notices of objection, the likely proportionate liability of the Settling Defendants for any losses sustained by the Class, the defences that would be asserted by the Settling Defendants, the assets, including insurance, available from the Settling Defendants to satisfy any judgment, the risks of being unable to enforce a judgment against any or all of the Settling Defendants, and the delays and risks inherent in seeking to enforce a judgment outside of Canada.

A more complete explanation of the Settlement and why Class Counsel recommends the Settlement will be provided to the Court. The materials Class Counsel will file with the Court for the purposes of seeking approval of the Settlement will be posted on Class Counsel's websites after *.

The Settlement Agreement and other information regarding the Class Action is available on Class Counsel's websites at:

http://www.thetorontolawyers.ca/class_actions.htm or

<http://www.parklaneaction.com>

or a copy of the Agreement may be obtained by calling: 1-888-684-5545

Next Step - Settlement Approval Hearing will be held in Toronto, Ontario

The Settlement must be approved by the Court before it comes into effect. The Court will determine if the Settlement is fair, reasonable and in the best interests of the Class.

The Settlement Approval Hearing will be held on April 24, 2017 at 10 a.m., at the Osgoode Hall Court House, 130 Queen St. W., Toronto, Ontario. Class Members may, but are not required to, attend the hearing.

At the same time, Class Counsel will request that the Court approve that their legal fees be paid out of the Settlement. The legal fees will not exceed 33% of the Settlement, plus disbursements and applicable taxes ("Class Counsel Fees"). Class Counsel Fees and Administration Expenses will be deducted from the settlement amounts payable under the Settlement, before the balance is distributed to Class Members. In addition, 10% of the balance of the Settlement, after deduction of Class Counsel Fees will be paid to the Ontario Class Proceedings Fund, as required by statute.

Class Members that approve of or do not oppose the Settlement do not need to appear at the Settlement Approval Hearing or take any other action at this time. If a Class Member has moved, they should contact the Claims Administrator to provide it with a current address.

Class Members who wish to comment on, or object to the proposed Settlement or Class Counsel's fee request should do so in writing. **All comments or objections should be received by Class Counsel (at the address listed below) no later than April 17, 2017.** Class Counsel will file any and all such submissions with the Court. Class Members may also attend the Approval Hearing whether or not an objection was delivered. The Court may permit Class Members to participate in the Approval Hearing whether or not an objection was made.

A written objection should include:

- (i) the Class Member's name, address, telephone number, fax number (where applicable) and email address;
- (ii) a brief statement outlining why they object to the proposed Settlement; and
- (iii) a statement as to whether the objector intends to appear at the Approval Hearing in person or through a lawyer, and, if through a lawyer, the name, address, telephone number, fax number, and email address of the lawyer.

If the Settlement is Approved, a Notice of Approval and the Claims Form will be Delivered

If the Settlement is approved by the Court, another notice will be given to the Class that will also explain how Class Members can make a claim to receive compensation from the Settlement.

For questions relating to the Action, for further information about the Settlement, or to deliver an objection please contact Class Counsel:

ParkLane Class Action
Phillips Gill LLP
33 Jarvis St., Suite 200,
Toronto, ON
M5S 1N3
Fax: 416-703-1955
info@parklaneaction.com
(t): 1-888-684-5545
or

ParkLane Class Action
Landy Marr Kats LLP
Suite 900 – 2 Sheppard Avenue East.
Toronto, ON, M2N 5Y7

e-mail: parklaneaction@lmklawyers.com
(t): 1-888-684-5545

The Ontario Superior Court of Justice offices cannot answer any questions about the matters in this notice, please do not contact the Court regarding this notice.

SCHEDULE "A2" – NOTICE PLAN

Notice of Hearing for Settlement Approval

1. The Claims Administrator will send the Notice of Hearing for Settlement Approval (French and English versions) by email to all Class Members for whom current email addresses are available.
2. The Claims Administrator will mail the Notice of Hearing for Settlement Approval to all Class Members for whom there is a current address in the Master Donor List. For addresses in the Provinces of Quebec and New Brunswick, the Notice of Hearing for Settlement Approval will also be mailed in French.
3. Internet - The Notice of Hearing for Settlement Approval (French and English versions), and a link to the Settlement Agreement will be published on the web pages maintained by Class Counsel and the Claims Administrator in respect of this class proceeding.
4. Press Release – Class Counsel will deliver a national press release advising of the Hearing for Settlement Approval including a summary of the core terms of the Settlement Agreement with a link to the Settlement Agreement within 14 days of the court granting the First Order. The press release will be in a form agreed to by the Plaintiff and Settling Defendants, or failing agreement, in a form approved by the Court.

Notice of Settlement Approval

5. If the Settlement is approved, and the Second Order is granted, then a Short Form Notice of Settlement Approval, in a form to be approved by the court, will be disseminated to the Class in the same manner as #1 and #2, above, and:
6. Internet - The Long Form Notice of Settlement Approval (French and English versions), and a link to the Settlement Agreement and a Claim Form will be published on the web pages maintained by Class Counsel and the Claims Administrator in respect of this class proceeding.
7. Print Media - The Short Form Notice of Settlement Approval will be published one time in the Saturday national editions of the National Post and Globe & Mail, and one time in French

in the Saturday edition of La Presse within 14 days of the Effective Date, and again one month prior to the end of the Claim Period.

8. Press Release – Class Counsel will deliver a national press release advising of the Settlement Approval including a summary of the core terms of the Settlement Agreement with links to the relevant pages of Class Counsel’s web pages within 14 days of the court granting the Second Order. The press release will be in a form agreed to by the Plaintiff and Settling Defendants, or failing agreement, in a form approved by the Court.

as ESTERA SERVICES (BERMUDA) LIMITED as the trustee for the BERMUDA LONGTAIL TRUST (the "**Settling Defendants**") was heard this day at Toronto, Ontario.

ON READING the materials filed, including the Settlement Agreement dated February , 2017 attached to this Order as Appendix "1" (the "Settlement Agreement"), and on hearing the submissions of counsel for the Plaintiff and counsel for the Defendants and Third Parties:

1. **THIS COURT ORDERS AND DECLARES** that for the purposes of this Order the definitions set out in the Settlement Agreement apply to and are incorporated into this Order.
2. **THIS COURT DECLARES** that the Settlement Agreement is fair, reasonable and in the best interests of the Class.
3. **THIS COURT ORDERS** that the Settlement Agreement is hereby approved pursuant to s. 29 of the *Class Proceedings Act, 1992* and shall be implemented in accordance with its terms.
4. **THIS COURT DECLARES** that the Settlement Agreement is incorporated by reference into and forms part of this Order and is binding upon the Plaintiff and all Class Members.
5. **THIS COURT ORDERS AND DECLARES** that this Order, including the Settlement Agreement, is binding upon the Plaintiff and each Class Member including those persons who are minors or mentally incapable and the requirements of Rules 7.04(1) and 7.08(4) of the Rules of Civil Procedure are dispensed with in respect of this action.
6. **THIS COURT ORDERS AND DECLARES** that any Other Action commenced in Ontario by any Class Member shall be and is hereby dismissed against the Settling Defendants, without costs and with prejudice.
7. **THIS COURT ORDERS AND DECLARES** that each Releasor has released and shall be conclusively deemed to have forever and absolutely released the Releasees from the Released Claims as set out in the Settlement Agreement.

8. **THIS COURT ORDERS** that each Releasor shall not now or hereafter institute, continue, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, claim or demand against any Releasee whom he, she or it has released, or any other person who may claim contribution or indemnity from any Releasee in respect of any Released Claim or any matter related thereto.
9. **THIS COURT ORDERS** that the Settling Defendants have no responsibility for and no liability whatsoever with respect to the administration of the Settlement Agreement.
10. **THIS COURT ORDERS** that all claims of any person or entity whatsoever of any nature whatsoever arising out of or relating to the Gift Program including, not to limit the generality of the foregoing, all claims for contribution or indemnity or other claims over, whether asserted or unasserted or asserted in a representative capacity, inclusive of interest, taxes and costs, which were or could have been brought in the Class Action or in a separate proceeding by any person or entity against any of the Releasees, are barred, prohibited and enjoined in accordance with the terms of this Order.
11. **THIS COURT ORDERS** that Class Counsel shall, within 10 days of this order becoming Final, transfer the Settlement Fund including the interest accrued in the Account, and less Class Counsel's fees as approved by the Court, to the Claims Administrator to be held in trust for the benefit of the Class, pending distribution to the Class Members in accordance with the Distribution Protocol attached hereto as Schedule 1, which is hereby approved.
12. **THIS COURT ORDERS** that the Long Form Notice of Settlement Approval is hereby approved substantially in the form attached hereto as Schedule 2, and shall be disseminated in accordance with the Notice Plan attached as a schedule to this Court's order dated ____, 2017 (the First Order).
13. **THIS COURT ORDERS** that the Short Form Notice of Settlement Approval is hereby approved substantially in the form attached hereto as Schedule "3", and shall be

disseminated in accordance with the Notice Plan attached as a schedule to this Court's order dated ____, 2017 (the First Order).

14. **THIS COURT ORDERS AND ADJUDGES** that this Action and all within counterclaims and crossclaims be and are hereby dismissed against the Settling Defendants without costs and with prejudice.
15. **THIS COURT ORDERS AND ADJUDGES** that the Third Party Claim (re Distributors) and all within counterclaims be and are hereby dismissed without costs and with prejudice.
16. **THIS COURT ORDERS AND ADJUDGES** that the Third Party Claim (re BDO) and all within counterclaims be and are hereby dismissed without costs and with prejudice.

E. Belobaba J.

APPENDIX "1" – SETTLEMENT AGREEMENT

See attached.

SCHEDULE "B3" – LONG FORM

NOTICE OF SETTLEMENT APPROVAL AND CLAIMS PROCEDURE

NOTICE OF SETTLEMENT APPROVAL

CANNON v. PARKLANE FINANCIAL GROUP LTD. CLASS ACTION

To the ParkLane Class Action Class Members

This notice is for every person who participated in the ParkLane Donations for Canada Charitable Gift Program while resident in Canada during the period between January 1, 2005 and December 31, 2009, and who did not opt out of the Class Action, or who is not an "Excluded Person".

READ THIS NOTICE CAREFULLY. IT MAY AFFECT YOUR RIGHTS.

Please note that this is a summary of the Court approval of a settlement reached with some of the Defendants in this Class Action. The full terms of the settlement are posted on Class Counsels' websites referenced below.

A Settlement with Some of the Defendants Has Been Approved by the Court

On February , 2017, the Plaintiff entered into a Settlement Agreement with the remaining Defendants in this Class Action, who are:

ParkLane Financial Group Limited, Trafalgar Associates Limited, Trafalgar Trading Limited, and Appleby Services Bermuda Ltd. as trustee for the Bermuda Longtail Trust, now known as Estera Services (Bermuda) Limited.

In this Class Action, the Plaintiff alleged, among other things, that the Defendants were negligent in creating and operating the Gift Program, and that the promotional materials about the Gift Program contained misrepresentations, and breached provincial Consumer Protection Legislation. The Class Action sought, among other things, an order requiring the Defendants to repay to the Class Members the total amount that each Class Member paid out of pocket to participate in the Gift Program, as well as any interest or penalties charged by the Canada Revenue Agency at the time the Class Members' tax returns were reassessed.

Starting in 2014, the Canada Revenue Agency began making offers to settle the outstanding objections filed by approximately 65% of the Class. The CRA is making offers to allow the total amount that each Class Member paid out of pocket to participate in the Gift Program as a tax credit, and to provide some interest relief. These offers reduced the total alleged damages sustained by the Class.

All of the Defendants have, and continue to deny any liability to the Class. The Class Action has been vigorously contested.

TERMS OF THE SETTLEMENT

On *, 2017, the Court approved the Settlement and declared that it is fair, reasonable, and in the best interest of the Class.

The Settlement is a compromise of disputed claims and is not an admission of liability, wrongdoing or fault on the part of any of the Settling Defendants, all of whom denied, and continue to deny all the allegations made against them.

Under the terms of the Settlement the Settling Defendants have paid to the Class a total of \$17,500,000.

In return for this payment, the Settling Defendants have received releases, and the Class Action has been dismissed. All counterclaims and Third Party Claims have also been dismissed.

Class Counsel conducted the Class Action on a contingent fee basis. The Court has awarded Class Counsel legal fees, expenses, and applicable taxes in the total amount of \$*, based upon *% of the total settlement fund, plus taxes and disbursements ("Class Counsel Fees"). Class Counsel Fees will be deducted from the Settlement Funds before they are distributed to Class Members. Expenses incurred or payable relating to approval, notification, implementation, and administration of the Settlement ("Administration Expenses"), will also be paid from the Settlement Funds before they are distributed to Class Members.

The Class Proceedings Fund, which has provided some funding for the Class Action, as well as indemnification in the event of any adverse cost award, will also be paid a total of 10% of the net Settlement Fund, after deduction of the total Class Counsel Fees.

HOW TO MAKE A CLAIM TO RECEIVE PART OF THE SETTLEMENT FUNDS

The Court has appointed RicePoint Administration Inc. as the Administrator of the Settlements. The Administrator will oversee the claims (described below) and will distribute the Net Settlement Fund to all Class Members who submit a valid Claim Form.

Claim Forms will be mailed or emailed to all Class Members for whom Class Counsel have current contact information. Claim Forms will also be available by contacting the Administrator or visiting either the Administrator's website or Class Counsels' websites. The Administrator's contact information is:

ParkLane Funds Administrator
P.O. Box 3355
London, ON N6A 4K3

www.parklanesettlement.ca
Toll Free: 1-866-432-5534
parklane@nptricepoint.com

Class Members who wish to receive compensation from the Settlement Amount must mail a signed and completed Claim Form to the Administrator no later than *, 2016 (the "Claim Deadline").

Class Members who send a valid Claim Form to the Administrator, postmarked prior to the Claim Deadline will be paid a *pro rata* share of the Net Settlement Fund, based upon the amount of their cash donations.

The Settlement Agreement, the Settlement Approval Order, the Distribution Protocol and Claim Forms, as well as other information regarding the Class Action are available on Class Counsels' websites at:

http://www.thetorontolawyers.ca/class_actions.htm or

<http://www.parklaneaction.com>

or may be obtained by calling: 1-855-666-1053 or 1-855-556-5529

For questions relating to the Class Action, or for further information about the Settlements, please contact Class Counsel:

ParkLane Class Action
Phillips Gill LLP
33 Jarvis St., Suite 200,
Toronto, ON
M5E 1N3

Fax: 416-703-1955
info@parklaneaction.com

(t): 1-888-684-5545

or

ParkLane Class Action
Landy Marr Kats LLP
Suite 900 – 2 Sheppard Avenue East.
Toronto, ON, M2N 5Y7

e-mail: parklaneaction@lmklawyers.com

(t): 1-888-684-5545

The Ontario Superior Court of Justice offices cannot answer any questions about the matters in this notice, please do not contact the Court regarding this notice.

SCHEDULE "B2" – SHORT FORM

NOTICE OF SETTLEMENT APPROVAL AND CLAIMS PROCEDURE

**Did you participate in the ParkLane Donations for
Canada Charitable Gift Program
between 2005 – 2009?**

If so, you are eligible to claim part of a \$17,500,000 Settlement in the Cannon v. Funds for Canada Foundation class action.

The Plaintiff has made a settlement with ParkLane Financial Group Limited, Trafalgar Associates Limited, Trafalgar Trading Limited, and Appleby Services Bermuda Ltd. as trustee for the Bermuda Longtail Trust, now known as Estera Services (Bermuda) Limited as trustee for the Bermuda Longtail Trust, who were the remaining Defendants, and the class action is now at an end.

To claim your share of the settlement fund, you must complete a claim form and send it to the Claims Administrator by no later than *, 2017. Claim forms are available on line at: www.parklanesettlement.ca, or call Toll Free: 1-866-432-5534 to request a claim form.

Details of the settlement including a long form notice of settlement, the Settlement Agreement, and the Court Order approving the settlement can be accessed on the websites of Class Counsel at:

<http://www.parklaneclassaction.com> or,

http://www.thetorontolawyers.ca/class_actions.htm

SCHEDULE "B1" – DISTRIBUTION PROTOCOL

The Net Settlement Fund

1. The Net Settlement Fund will be comprised of the Settlement Fund plus all accrued interest, less:
 - a. Class Counsel's fees as approved by the Court;
 - b. The levy payable to the Class Proceedings Fund;
 - c. the costs of publishing and delivering the Notices of Settlement Approval Hearing, Notices of Settlement Approval, and Claim Forms; and
 - d. the Claims Administrator's costs of publishing and delivering the Notices and administering the Settlements.

Claim Forms

2. Claim Forms will be in a form to be created by the Claims Administrator in consultation with Class Counsel, substantially in the same form as that used in the settlement of this action as against the Law Firm Defendants, et al.
3. Claim Forms will be delivered to each Class Member with a valid address and/or email address in the Master Donor List at the same time as the Short Form Notice of Settlement Approval.
4. Claim Forms will be provided to any Class Member who requests a copy from Class Counsel or the Claims Administrator.
5. Claim Forms will also be available to be downloaded from Class Counsels' websites and the Claims Administrator's website.
6. Class Members who wish to make a claim for compensation from the Net Settlement Fund must mail a completed and signed Claim Form to the Administrator on or before the Claims Bar Deadline set by the Court, failing which the Class Member will not be entitled to receive compensation from the Net Settlement Fund.
7. Completed and signed Claim Forms must be postmarked on or before the date set by the Court as the Claims Bar Deadline.
8. The Claims Administrator shall authenticate each Claim Form it receives from Class Members on or before the Claims Bar Deadline. Claim Forms authenticated by the Claims Administrator will be Valid Claim Forms.

9. Any Claim Form received by the Claims Administrator on or before the date set by the Court as the end of the Claim Period that is incomplete will not be accepted. The Claims Administrator will, by return mail or email, advise any Class Member who delivers an incomplete Claim Form of the deficiencies in the Claim Form, and such Class Member will be permitted a further 21 days from the date on which the Class Member is notified of that the Claim Form is incomplete within which to correct the deficiencies. If, after 21 days from the date the Claims Administrator advises the Class Member who delivered an invalid Claim Form of the deficiencies in the Claim Form, the Class Member has not delivered a Valid Claim Form, the claim of that Class Member will not be valid, will be rejected by the Claims Administrator, and the Class Member will not qualify to receive a distribution from the Net Settlement Fund.

Pro-rata Distribution

10. At the end of the Claim Period, and after the further 21 day extension has expired for the completion of any incomplete Claim Forms, the Claims Administrator will compile a list of all Class Members who have delivered Valid Claim Forms (Qualifying Class Members).

11. The list of all Qualifying Class Members will include the total of all cash donations made by each such Class Member.

12. The Net Settlement Fund will be distributed on a pro-rata basis among all Qualifying Class Members.

13. In calculating the Pro-rata Distribution, the Claims Administrator will hold back from the Net Settlement Fund the total amount of its estimated fees and disbursements, plus 5% of the estimated fees and disbursements, which shall be applied to pay the Claims Administrator's total administration fees.

14. Any Net Settlement Funds remaining after the pro-rata distribution has been completed and the Claims Administrator has been paid in full, including the value of any stale-dated cheques, will be paid to the Law Foundation of Ontario Access to Justice Fund.

