

NOTICE OF COURT HEARING FOR SETTLEMENT APPROVAL
IN
CANNON v. PARKLANE FINANCIAL GROUP LTD. CLASS ACTION
READ THIS NOTICE CAREFULLY. IT MAY AFFECT YOUR RIGHTS.

Who this Notice is For

You are a Class member in this action 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 have not opted out of the Class Action.

What the Action is About

The Donations for Canada Charitable Gift Program was a charitable donation tax program which was offered or otherwise available between 2005 and 2009 (the "**Gift Program**").

A class proceeding, Court File No. CV-08-362807 CP, has been certified in Ontario against a number of parties responsible for the Gift Program (the "**Class Action**"). The Class Action alleges, 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. The claim alleges that the Gift Program was a fraud and/or that it was in breach of Consumer Protection Legislation, and that the Class Members are entitled to rescission of the agreements, and should be repaid the money they paid to participate in the Gift Program. The 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, as well as the amount of any interest or penalties assessed by the Canada Revenue Agency.

Proposed Settlement with Some of the Defendants, being:

Edwin C. Harris Q.C., Patterson Palmer also known as Patterson Palmer Law, Patterson Kitz (Halifax), Patterson Kitz (Truro), McInnes Cooper, Funds for Canada Foundation, Mary-Lou Gleeson, Matt Gleeson and Gleeson Management Associates Inc.

The Plaintiff has entered into proposed settlements with some of the Defendants, particularly - Edwin C. Harris Q.C., Patterson Palmer also known as Patterson Palmer Law, Patterson Kitz (Halifax), Patterson Kitz (Truro), McInnes Cooper (together, the "Law Firm Defendants"), and also with Funds for Canada Foundation, Mary-Lou Gleeson, Matt Gleeson and Gleeson Management Associates Inc. (the "FFCF/Gleeson Defendants"). These Defendants are the "**Settling Defendants**".

The settlements require court approval before they will become effective.

The Class Action will continue to be prosecuted against all the other Defendants, including ParkLane Financial Group Limited, Trafalgar Associates Limited, Trafalgar Trading Limited, and Appleby Services Bermuda Ltd. as trustee for the Bermuda Longtail Trust (the "Non-settling Defendants"). The Non-settling Defendants continue to deny liability to the Class.

The Terms of the Proposed Settlements

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

According to the Settlement Agreement with the FFCF/Gleeson Defendants, the FFCF/Gleeson Defendants will pay to the Class a total of \$950,000 including legal fees and expenses, and the expenses to administer the settlement, in exchange for a full release of claims against them relating to the Class Action.

According to the Settlement Agreement with the Law Firm Defendants, the Law Firm Defendants will make the following payments in exchange for a full release of claims against them relating to the Class Action:

- A Base Settlement Amount of \$23,130,789; and
- A Bonus Payment of up to \$4,112,054.

The Law Firm Defendants have already paid the Base Settlement Amount to Class Counsel, in trust. At the time when the opt out period for Distributor Class Members ends, the Law Firm Defendants will pay the Bonus Payment, minus the value of cash donations of Distributor Class Members who choose to opt out of the Class Action. The total Bonus Payment will depend upon whether any additional Distributor Class Members decide to opt out of the Class Action.

If approved by the Court, these Settlements resolve the Class Action as against the Settling Defendants. The calculation and timing of the distribution of the settlement funds will be determined by further court order. Under the Settlement Agreements, the Settling Defendants have agreed to provide cooperation to Class Counsel in pursuing the Class Action against the remaining defendants.

The Plaintiff recommends the Settlements to the Class. Class Counsel recommends the Settlements as fair and reasonable. In reaching the Settlements, Class Counsel considered the estimated total damages suffered by the Class, the likely proportionate liability of the Settling Defendants for the 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 made against them, and the value of obtaining co-operation from the Settling Defendants in providing evidence to the Plaintiff for the prosecution of the Claim against the Non-settling Defendants.

A more complete explanation of the Settlements and why Class Counsel recommends the Settlements will be provided to the Court. The materials Class Counsel will file with the Court for the purposes of seeking approval of the Settlements will be available to Class Members, on request, after September 6, 2013.

The Settlement Agreements and other information regarding the Class Action are available on Class Counsel's 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 1-855-565-5529

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

The Settlements must be approved by the Court before they can come into effect. The Court will determine if the Settlements are fair, reasonable and in the best interests of the Class.

The Settlement Approval Hearing will be held on October 17, 2013 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 their retainer agreement with the Plaintiff, and approve that their legal fees be paid out of the Settlement Amount. The legal fees will not exceed 33% of the Settlements, plus disbursements and applicable taxes ("Class Counsel Fees"). Class Counsel Fees and Administration Expenses will be deducted from the settlement amounts payable under the Settlements, before the balance is distributed to Class Members. In addition, 10% of the balance of the Settlement Amount, 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 Agreements do not need to appear at the Settlement Approval Hearing or take any other action at this time.

Class Members who wish to comment on, or object to the proposed Settlements 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 October 10, 2013.** Class Counsel will file any and all such submissions with the Court. Class Members may 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 or Settlements; 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.

In the Event of Approval, Notice of Approval and the Claims Process will be Delivered

If the Settlements are 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 Funds.

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

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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.