

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements in connection with issuance of Corporation Notes and Trust Notes to partners and to parties related to partners, provided that no one other than partners and their spouses contribute assets or assume liability - revocation of previous Decision due to inclusion of Trust Notes in structure.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. ss.25, 53, 74 (1) and 144.

IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA,
PRINCE EDWARD ISLAND, NEWFOUNDLAND AND LABRADOR, YUKON,
NORTHWEST TERRITORIES AND NUNAVUT

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
CEE GEE FINANCIAL SERVICES LTD.

AND

IN THE MATTER OF
CEE GEE FINANCIAL SERVICES TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Yukon, Northwest Territories and Nunavut (the "Jurisdictions") has received an application from Cee Gee Financial Services Ltd. (the "Corporation") and Cee Gee Financial Services Trust (the "Trust") for a decision pursuant to the securities legislation and securities directions of the Jurisdictions (the "Legislation") that the requirements under the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement") not apply to the issue from time to time by the Corporation of promissory notes (the "Corporation Notes") and the issue from time to time by the Trust of promissory notes (the "Trust Notes") and revoking the decision of certain of the Decision Makers dated March 23, 1999 in Re Cee Gee Financial Services Ltd. and Ernst & Young LLP (the "Prior Decision");

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Corporation and the Trust have represented to the Decision Makers that:

1. The Corporation exists under the laws of the Province of Ontario. The Corporation is not, nor is it intended that the Corporation become, a reporting issuer or its equivalent under the Legislation.
2. All of the outstanding common shares of the Corporation are owned by Cee Gee Educational Trust, a trust established by a former partner of Ernst & Young LLP ("E&Y").
3. The Trust was established under the laws of the Province of Ontario by a partner of E&Y and each of the trustees of the Trust is a partner of E&Y. It is not intended that the Trust become a reporting issuer or its equivalent under the Legislation.
4. E&Y is a limited liability partnership existing under the laws of the Province of Ontario. E&Y carries on business as a chartered accountancy and related professional services practice. E&Y also engages, through affiliated corporations and partnerships (each an "Affiliate") which are wholly-owned, directly or indirectly, either by E&Y or by one or more Partners, as defined below, in other businesses including, among others, an insolvency practice, a corporate finance services practice, an electronic publishing practice and the acquisition or lease of premises and equipment for lease to E&Y.
5. Ernst & Young Advisory Services ("E&YAS") is a partnership existing under the laws of the Province of Ontario. E&YAS provides certain professional services to E&Y and the Affiliates. E&YAS and E&Y are collectively referred to as the "Firm".
6. The Firm is wholly-owned by its Canadian partners (the "Partners"), each of whom is a partner in E&YAS. Those Partners who are chartered accountants are also partners in E&Y.
7. The Corporation and the Trust will issue Corporation Notes and Trust Notes, respectively, only to:
 - (a) Partners;
 - (b) spouses of Partners;
 - (c) corporations controlled by Partners (each a "Partner Corporation"), where a Partner is an officer and a director of the corporation and where all of the shares of the corporation are beneficially owned by the Partner, the spouse of the Partner, the children of the Partner and/or of the Partner's spouse (or trusts therefor), the nieces and nephews of the Partner and/or of the Partner's spouse, the parents and grandparents of the Partner and/or of the Partner's spouse, or the grandchildren of the Partner and/or of the Partner's spouse, or any combination thereof; and

- (d) trusts (each a "Partner Trust"), where the beneficiaries of the trust are the Partner, the spouse of the Partner, the children of the Partner and/or of the Partner's spouse, the nieces and nephews of the Partner and/or of the Partner's spouse, the parents and grandparents of the Partner and/or of the Partner's spouse, or the grandchildren of the Partner and/or of the Partner's spouse, or any combination thereof, and where at least one of the trustees of the trust is the Partner;

such persons, corporations and trusts being referred to collectively as "Eligible Persons".

8. The Corporation Notes and the Trust Notes will not be transferable except:
 - (a) with the consent of the directors of the Corporation or the trustees of the Trust, as the case may be, between a Partner and other Eligible Persons connected with or related to such Partner;
 - (b) by way of pledge or other security by an Eligible Person to a lender for the purpose of giving collateral for indebtedness incurred for the purpose of acquiring one or more Corporation Notes or Trust Notes; and
 - (c) to the Corporation or the Trust, as the case may be, for cancellation.
9. Substantially all of the proceeds from the Corporation Notes and the Trust Notes will be loaned by the Corporation or by the Trust, as the case may be, to E&Y and/or to one or more of the Affiliates, and may in turn be loaned among E&Y, such Affiliates and one or more other Affiliates, for the purpose of funding the Firm and the Affiliates. Such loans will be evidenced by non-transferable promissory notes which will be payable upon demand.
10. Prior to an Eligible Person advancing monies to the Corporation or the Trust to purchase one or more Corporation Notes or Trust Notes, as the case may be, the Eligible Person will be provided with:
 - (a) the most recent financial statements of the Corporation or the Trust, as the case may be;
 - (b) for the most recent financial year of the Firm, a balance sheet dated as at the end of the financial year and related notes accompanied by calculations showing interest coverage for the financial year and asset coverage as at the end of the financial year, in each case for the Corporation Notes, the Trust Notes, bank debt and long-term debt (the "Financial Information") or, if the Financial Information for the most recent financial year of the Firm is not available and not more than 140 days have elapsed since the end of such financial year, for the previous financial year of the Firm; and
 - (b) a copy of this decision document.
11. Prior to or contemporaneous with the advancement of monies by an Eligible Person

to the Corporation or the Trust to purchase one or more Corporation Notes or Trust Notes, as the case may be, the Eligible Person will provide an acknowledgement of the receipt of a copy of the decision of the Decision Makers applied for herein and an acknowledgement that the protections of the applicable Legislation, including statutory rights of rescission and damages and continuous disclosure, will not be available in respect of the purchase of such promissory notes.

12. Within 140 days of the end of each financial year of the Firm, the Corporation or the Trust, as the case may be, will provide to each holder of one or more Corporation Notes or Trust Notes a copy of the Financial Information for such financial year and a copy of the most recent financial statements of the Corporation or the Trust, as the case may be.
13. In the case of the investment in one or more Corporation Notes or Trust Notes by an Eligible Person that is a Partner Corporation or a Partner Trust, the Partner Corporation or the Partner Trust, as the case may be, will represent to the Corporation or the Trust, as the case may be, that no shareholder of the Partner Corporation or no beneficiary of the Partner Trust, as the case may be, other than, in either case, the related Partner and the related Partner's spouse, (i) has or will directly or indirectly contribute money or other assets to such Partner Corporation or Partner Trust, as the case may be, (ii) is or will be liable for any loan or other form of financing obtained by the Partner Corporation or the Partner Trust, as the case may be, or (iii) is or will be involved in making investments decisions by the Partner Corporation or the Partner Trust, as the case may be.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively the "Decision");

AND WHEREAS each Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Registration Requirement and the Prospectus Requirement shall not apply to the issue from time to time to Eligible Persons of Corporation Notes by the Corporation and Trust Notes by the Trust, provided that any subsequent trade in Corporation Notes and Trust Notes will be deemed to be a distribution or a distribution to the public under the Legislation of the Jurisdiction in which the trade takes place, unless such subsequent trade is one of the following:

- (a) a transfer between a Partner and other Eligible Persons connected with or related to such Partner;
- (b) a transfer to the Corporation or the Trust, as the case may be, for cancellation;
or
- (c) a pledge to a financial institution for the purpose of giving collateral for indebtedness incurred for the purpose of acquiring one or more Corporation

Notes or Trust Notes;

AND IT IS THE FURTHER DECISION of the Decision Makers pursuant to the Legislation that the Prior Decision is revoked.

DATED February 27, 2002.

APaul Moore@

AStephen Paddon@