

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF **iMARKETING SOLUTIONS GROUP
INC.** and the Companies referred to in Schedule "A"

Applicants

AMENDED NOTICE OF MOTION
(Stay Extension and SIP Approval)

iMarketing Solutions Group Inc. ("**IMSG**") and the Companies referred to in Schedule "A" (together, the "**Applicants**") will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) on Tuesday, May 7, 2013 at 10:00 o'clock in the morning, or as soon after that time as the motion can be heard, at 330 University Avenue, in the City of Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an Order abridging the time of service of the Notice of Motion and the Motion Record herein and dispensing with further service thereof;
2. an Order approving a process to solicit the market for investors in or purchasers of the Applicants' business (the "**SIP**");

3. an Order approving the amended agreement between Illumina Partners Inc. (“**Illumina**”) and IMSG (the “**Amended CRO Agreement**”) appointing Illumina as the Applicants’ Chief Restructuring Officer (the “**CRO**”) and approving the success fee payable to the CRO by the Applicants thereunder;
4. an Order extending the Stay Period (as defined in the Initial Order of the Honourable Mr. Justice Newbould granted on April 12, 2013 (the “**Initial Order**”)) in these proceedings (the “**CCAA Proceedings**”) to August 2, 2013;
5. an Order requiring American Express Corporate Credit Cards, American Express and any affiliated companies (collectively, “**AMEX**”) to immediately comply with the provisions of the Initial Order, specifically unfreezing the Applicants’ credit accounts held with AMEX, upon the Applicants posting a deposit in an amount sufficient to cover the Applicants’ expected charges on their credit accounts for the following two (2) week period and replenishing said deposit on a going forward basis as required;
6. an Order approving the First Report of Duff & Phelps Canada Restructuring Inc. (“**Duff & Phelps**”) in its capacity as the Court-appointed monitor of the Applicants (the “**Monitor**”) dated May 2, 2013, the Supplemental Report of the Monitor dated May 6, 2013 and the actions and activities of the Monitor described therein; and
7. such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. on April 12, 2013, the Applicants sought and were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pursuant to the Initial Order;
2. pursuant to the Initial Order, Duff & Phelps was appointed as Monitor;
3. pursuant to the Initial Order, Illumina was appointed as the Applicants' CRO;
4. the Applicants are a family of North American integrated marketing services companies that provide direct marketing solutions for not-for-profit organizations, political organizations and professional associations;
5. the Applicants have exceeded the projected hours billed since the commencement of the CCAA Proceedings and have seen positive variances relating to the timing of accounts receivable collections, advances under the DIP Loan approved in the Initial Order and the payment of disbursements;
6. since the date of the Initial Order, the Applicants have maintained an open dialogue with their customers regarding the CCAA Proceedings and the Applicants' customers have voiced almost unanimous support for the Applicants' restructuring efforts;
7. the CRO, in conjunction with the Monitor, have developed the SIP with the input of the Applicants' major creditors;
8. the SIP will include broad marketing to potential investors and purchasers and will accommodate various forms of offers, whether as bids for the Applicants' assets or proposals for an equity investment in the Applicants;

9. the SIP is intended to maximize stakeholder value either through new investment in the Applicants or a going concern sale and given that the Applicants are significant participants in the telemarketing and fundraising industry, the Applicants are confident that the SIP will yield a strategic partner, investor, plan sponsor or purchaser that will maximize stakeholder value for the benefit of the Applicants' customers, suppliers and other stakeholders, including the Applicants' large number of employees;
10. an extension of the Stay Period is necessary to provide stability to the Applicants' business while the Applicants implement the SIP and finalize any offers arising therefrom;
11. the Applicants' updated consolidated cash flow forecast projects that the Applicants have sufficient funding to continue operating until at least August 2, 2013;
12. based on the information available, the Applicants' creditors will not be materially prejudiced by the relief being sought by the Applicants;
13. the Applicants have acted, and continue to act, in good faith and with due diligence, and circumstances exist that make granting an extension of the Stay Period appropriate;
14. IMSG and Illumina have entered into the Amended CRO Agreement pursuant to which Illumina will act as the Applicants' CRO, subject to Court approval;
15. AMEX provides credit card services to the Applicants and has suspended the Applicants' credit accounts. As a result, the Applicants are unable to make payments, including pre-authorized payments, to creditors for ongoing goods and services;

16. as a result of AMEX's freezing of the Applicants' accounts, the Applicants are not able to make the necessary payments to critical suppliers of goods and services, including travel expenses booked by employees, that are necessary for the operation of the Applicants' business;
17. the Monitor supports the relief being sought by the Applicants;
18. Section 11 of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
19. Rules 1.04, 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
20. such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the Affidavit of Andrew Langhorne sworn May 2, 2013, and the exhibits attached thereto;
2. the First Report of the Monitor dated May 2, 2013;
3. the Supplemental Report of the Monitor dated May 6, 2013; and
4. such further and other material as counsel may advise and this Honourable Court may permit.

May 6, 2013

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TO: THIS HONOURABLE COURT

AND TO: THE ATTACHED SERVICE LIST

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Court File No.: CV-13-100067-00CL

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Proceedings commenced at Toronto

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