

SETTLEMENT AGREEMENT

This Settlement Agreement (the “Settlement Agreement”) is dated for reference November 9, 2021, by and between:

- (a) The Plaintiff, Paul Pearce (the “Plaintiff”), in the certified class proceeding in British Columbia Supreme Court Action No. S.- 183599 (the “Action”), on its behalf of “the Class” as defined in the Order made October 25, 2019, as amended, certifying the Action (the “Certification Order”);
- (b) Celestial Consulting Group Corp. and Dale Chen (collectively the “**Settling Defendants**”), defendants in the Action;

I. RECITALS

WHEREAS, Celestial Consulting Group Corp. operated a 4 Pillars franchise in the territory of Richmond and Delta, BC, and Dale Chen is the sole shareholder, officer and director of Celestial Consulting Group Corp.;

WHEREAS, the Plaintiff commenced the Action which alleges, among other things, that the defendants, including the Settling Defendants, provided debt restructuring services in breach of both the *Business Practices and Consumer Protection Act*, S.B.C. 2004, c. 2 (the “**BPCPA**”) and the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) (the “**Allegations**”);

WHEREAS, the defendants, including the Settling Defendants, deny the Allegations;

WHEREAS, the Parties desire to resolve all claims made against the Settling Defendants in the Action;

WHEREAS, the Action was certified as a class proceeding by the Certification Order and the Plaintiff was appointed by the Certification Order to represent all persons who paid fees to 4 Pillars in British Columbia in relation to a consumer proposal under the *BIA* or an informal debt repayment proposal with the person's creditors after April 1, 2016 and on or before August 15, 2021;

WHEREAS, no notice has yet been given to the Class Members of certification, and Class Members have not yet been afforded the opportunity to opt-out of the Action;

WHEREAS, as a result of the Action, the Parties are thoroughly familiar with the factual and legal issues presented by their respective claims and defenses in the Action, and recognize the uncertainties as to the ultimate outcome in the Action, and the likelihood that any final result could require years of further complex litigation and substantial expense;

WHEREAS, this Settlement Agreement was entered into after extensive arm's length discussions and negotiations between Class Counsel and the Settling Defendants;

WHEREAS, the Parties and their counsel agree that the Settlement is a fair, reasonable, and adequate resolution of the claims advanced against the Settling Defendants in the Action;

WHEREAS, the Parties desire and intend to seek court approval of the Settlement as set forth in this Settlement Agreement;

WHEREAS upon approval of the Settlement the Plaintiff intends to discontinue the Action against the Settling Defendants; and

NOW, THEREFORE, for value received, the Parties stipulate and agree, subject to Court approval, to the following.

II. DEFINITIONS

1. As used in the Settlement Agreement, including the Recitals and Schedules hereto, in addition to any definitions elsewhere in the Agreement, the following terms shall have the meanings set forth below:
 - (a) “Class Counsel” means the law firms of Bennett Mounteer LLP and Mathew P. Good Law Corporation;
 - (b) “Class Member” means a member of the Class as defined in the Certification Order, and who does not opt-out of the Action in accordance with the Settlement Administration Plan;
 - (c) “Court” means the Supreme Court of British Columbia;
 - (d) “Effective Date of Settlement” means the next calendar day after the day on which all appellate rights with respect to the Settlement Approval Order made in the Action have expired or have been exhausted;
 - (e) “Settled Claims” means any and all claims, demands, actions, suits or causes of action that have been brought or could have been brought against the Settling Defendants in the Action, whether known or unknown, asserted or unasserted, under or pursuant to any statute, regulation, common law or equity, arising from the 4 Pillars business including but not limited to the operation of a 4 Pillars franchise or acting as a licensed 4 Pillars debt consultant.
 - (f) “Settlement” means the settlement described in this Settlement Agreement;
 - (g) “Settlement Administration Plan” means a plan setting out the terms of the administration of the Settlement in respect of funds received by Class Counsel under the Settlement for the benefit of the Action;

- (h) "Settlement Approval Hearing" means the date the Court is scheduled to consider the Settlement Approval Order;
- (i) "Settlement Approval Order" means the order made by the Court in the Action approving the Settlement Agreement, which order shall be substantially in the form attached as Schedule "A" or as may be amended with the consent of the Parties;

III. WARRANTIES

- 2. Dale Chen warrants that he owns all outstanding shares in Celestial Consulting Group Corp. free and clear of any encumbrance.
- 3. Dale Chen warrants that Celestial Consulting Group Corp. has no outstanding liabilities or debts, and is in good standing with the Registrar of Companies under the *Business Corporations Act*, SBC 2002, c 57.

IV. APPROVAL PROCESS

- 4. Following execution of this Settlement Agreement, the Plaintiff will apply for the Settlement Approval Order, and as part of that application will give notice of the application to the Class Members as directed by the Court.

V. TERMINATION

- 5. If the Settlement Approval Order is not granted, or is reversed or modified on appeal, then unless the Parties expressly agree otherwise in writing:
 - (a) this Settlement Agreement shall be automatically terminated, and shall have no further force and effect with respect to the Parties, save and except for Parts IV and V of this Settlement Agreement, which shall survive termination;
 - (b) all orders made pursuant to this Settlement Agreement shall be null and void, and shall have no further force and effect with respect to the Parties;

- (c) this Settlement Agreement shall not be offered in evidence or used in any litigation for any purpose other than to enforce the terms of this Settlement Agreement that survive termination; and
- (d) all orders in existence as of the date on which this Settlement Agreement was executed shall become operative and fully effective, as if proceedings relating to this Settlement had not occurred. In such event, the Parties reserve all rights to object to or otherwise challenge all such pre-existing orders.

VI. TERMS OF SETTLEMENT

- 6. Celestial Consulting Group Corp. agrees to pay \$800,000 (the "Settlement Amount") on the Effective Date of Settlement.
- 7. If Celestial Consulting Group Corp. fails to pay the Settlement Amount on the Effective Date of Settlement, Dale Chen will assign all legal and beneficial interest in all outstanding shares of Celestial Consulting Group Corp. to Class Counsel in trust for the benefit of the Class. Class Counsel shall prepare any documents required to facilitate the assignment of the shares. The Settling Defendants agree to make best efforts to take all actions required to effect such assignment.
- 8. Upon receiving the shares of Celestial Consulting Group Corp., Class Counsel will initiate proceedings against Intact Insurance for its failure to defend Celestial Consulting Group Corp. Any proceeds received by Celestial Consulting Group Corp. from its claim over against Intact Insurance shall be received in trust for the benefit of the Class and shall be paid to Class Counsel in trust.
- 9. Dale Chen will make best efforts to cooperate and assist in the prosecution of the claim against Intact Insurance including, without limitation, giving access to relevant documents, providing affidavit evidence, sitting for examination for discovery or similar deposition, and testifying at any trial or in any proceeding, upon request from Class Counsel.
- 10. The Settling Defendants' remaining obligations under the Settlement are limited to

those set out in paragraphs 6 through 9 above.

11. At the Settlement Approval Hearing the Plaintiff will apply:
 - (a) for approval of this Settlement Agreement;
 - (b) for leave to discontinue the Action against the Settling Defendants, without costs to any party, except for the purpose of ongoing settlement administration by the Court.
12. Upon the payment of the Settlement Amount or the assignment of the shares to Class Counsel in accordance with this Settlement Agreement, the Plaintiff will promptly discontinue the Action against the Settling Defendants.
13. Class Counsel may seek court approval of Class Counsel fees, disbursements and honouraria to the representative plaintiff either at or subsequent to the Settlement Approval Hearing. The Settling Defendants will take no position on that approval application. Approval of the Settlement will not depend on approval of fees, disbursements or honouraria.

VII. SETTLEMENT ADMINISTRATION PLAN

14. At or after the Settlement Approval Hearing, the Plaintiff will apply to the Court for approval of the Settlement Administration Plan. The Settlement Administration Plan will set out:
 - (a) the form and procedure by which notice of the Settlement shall be provided to the Class Members, including notice of the legal fees and expenses paid or payable to Class Counsel and the procedure by which Class Members can opt-out of the Action;
 - (b) the procedure by which Class Members can claim an entitlement under the Settlement; and
 - (c) the procedure for the determination of eligible claims and the amount of those claims, and the subsequent payment of them.

15. The Court shall have complete discretion to either approve or amend the Settlement Administration Plan. The Settlement Administration Plan shall not form part of this Settlement Agreement and the approval of the Settlement shall not be contingent on either the approval of the Settlement Administration Plan or the presentation of the Settlement Administration Plan.
16. The Settling Defendants shall not have standing to make submissions regarding the Settlement Administration Plan.
17. The Settlement Fund shall be disbursed in accordance with the Settlement Administration Plan or as otherwise directed by the Court.

VIII. COVENANT NOT TO SUE

18. Upon the payment of the Settlement Amount or the assignment of the shares to Class Counsel in accordance with this Settlement Agreement, the Plaintiff and the Class Members each covenant and agree that they will not bring, commence, prosecute or maintain, or cause or permit to be brought, commenced, prosecuted or maintained, against the Settling Defendants, any claims, demands, actions, suits or causes of action for or arising from the Settled Claims.
19. Upon the payment of the Settlement Amount or the assignment of the shares to Class Counsel in accordance with this Settlement Agreement, the Plaintiff and each Class Member, whether or not he or she submits a claim or otherwise receives an award, is hereby forever barred and enjoined from continuing, commencing, instituting, or prosecuting any action, litigation, investigation or other proceeding in any court of law or equity, arbitration, tribunal, proceeding, governmental forum, administrative forum, or any other forum, directly, representatively, or derivatively, asserting against the Settling Defendants any Settled Claims.
20. The Parties expressly acknowledge and agree that the covenant set out in paragraph 18 and claims bar set out in paragraph 19 above are not a release, and shall not be construed to be a release, and that the Plaintiff and Class Members

expressly reserve all rights of action, claims and demands they have against others concerning the 4 Pillars business, except that the Class Members covenant and agree that they will not seek to recover in the Action, or by any other proceedings, any portion of the losses they claim in the Action or in any other proceedings arising from the Settled Claims or which a court or other tribunal may attribute to the fault of the Settling Defendants.

IX. GENERAL

21. This Settlement Agreement and its attachments shall constitute the entire agreement of the Parties and shall not be subject to any change, modification, amendment, or addition without the express written consent of counsel on behalf of all Parties to the agreement. This Settlement Agreement supersedes and replaces all prior negotiations and proposed agreements, written or oral.
22. In the event any one or more of the provisions contained in this Settlement Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision if the Parties mutually elect to proceed as if such invalid, illegal, or unenforceable provision had never been included in this Settlement Agreement.
23. The Court shall retain continuing and exclusive jurisdiction over the Parties and over the administration and enforcement of the Settlement and the benefits to the Plaintiff and Class Members hereunder.
24. Any disputes or controversies arising with respect to the interpretation, enforcement, or implementation of this Settlement Agreement must be made by application to the Court.
25. Class Counsel warrants that they are fully authorized to execute this Settlement Agreement on behalf of the Plaintiff and the Class Members and to execute and legally bind the Plaintiff and the Class Members to this Settlement Agreement.

26. Dale Chen warrants that he is fully authorized to execute this Settlement Agreement on behalf of the Settling Defendants.
27. This Settlement Agreement may be executed in counterpart by the parties hereto, and a facsimile signature shall be deemed an original signature for purposes of this Settlement Agreement.
28. This Settlement Agreement shall be construed under and governed by the laws of the Province of British Columbia.
29. The Parties have negotiated and fully reviewed the terms of this Settlement Agreement, and the rule that uncertainty or ambiguity is to be construed against the drafter shall not apply to the construction of this Settlement Agreement by a court of law or any other adjudicating body.

30. Whenever, under the terms of this Agreement, a person is required to provide service or written notice to the Settling Defendants or to Class Counsel, such service or notice shall be directed to the individuals and addresses specified below, unless those individuals or their successors give notice to the other Parties in writing:

As to Class Counsel:

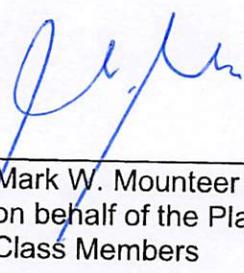
Mark W. Munteer
Bennett Munteer LLP
400 – 856 Homer Street
Vancouver, BC V6B 2W5
Fax: (604) 639-3681
E-mail: mm@hbmlaw.com

As to the Settling Defendants:

Dale Chen
E-mail: celestialconsulting8@gmail.com

IN WITNESS THEREOF, the Parties hereto have executed this Settlement Agreement as follows:

Date: Nov 9 / 2021

By: 

Mark W. Munteer as Class Counsel
on behalf of the Plaintiff and
Class Members

Date: Nov. 8, 2021

By: 

Dale Chen
on his own behalf and on behalf of
Celestial Consulting Group Corp.

SCHEDULE “A”

No. S-183599
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

Between

PAUL PEARCE

PLAINTIFF

AND

4 PILLARS CONSULTING GROUP INC., 7196181 CANADA LTD., CELESTIAL CONSULTING GROUP CORP., CHAUDHRY CONSULTING INC., CHAUDHRY HOLDINGS INC., TROY TISSERAND, REGINALD ROCHA, PAUL MURPHY, DALE CHEN, NAVAIZ CHAUDHRY, CHARLIE PEET, GURINDER DHALIWAL, ROBERT OSBORNE, CHRIS GREW, MARIA MANNA, 0988553 B.C. LTD., 1128735 B.C. LTD., KELOWNA CONSULTING SERVICES INC., AND NHC CONSULTING INC.

DEFENDANTS

Brought under the *Class Proceedings Act*, R.S.B.C. 1996, c. 50

ORDER MADE AFTER APPLICATION

BEFORE) THE HONOURABLE) THE ____
) MR. JUSTICE MAYER) DAY OF ____ 2021
))

ON THE APPLICATION of the Plaintiff, Paul Pearce, coming on for hearing at Vancouver, British Columbia, on the [DATE], and on hearing Paul R. Bennett, Mark W. Mounteer and Mathew P. Good, counsel for the Plaintiff and the Class; Dale Chen on his own behalf and on behalf of Celestial Consulting Group Corp. [and any other appearances].

THIS COURT ORDERS that:

1. The Settlement Agreement dated for reference _____, 2021, attached as Schedule “A” to this Order, is approved pursuant to s.35 of the *Class Proceedings Act* RSBC 1996, c.50 and shall be implemented and enforced in accordance with its terms.

2. The Settlement Agreement is incorporated by reference into this Order. In addition to the definitions used elsewhere in this Order, for the purposes of this Order, the definitions set out in the Settlement Agreement apply to this Order.
3. This Order, including the Settlement Agreement, is binding upon each Class Member, as defined in the Settlement Agreement.
4. The Plaintiff is granted leave to discontinue the action without costs to any party against the Defendants Dale Chen and Celestial Consulting Group Corp.
5. For the purpose of ongoing settlement administration by the Court of the Settlement Agreement and this Order, this Court will retain an ongoing supervisory role and the Defendants acknowledge and attorn to the jurisdiction of this Court solely for the purpose of implementing, administering and enforcing the Settlement Agreement and this Order, notwithstanding the dismissal of the Action. All applications regarding the administration and enforcement of the Settlement Agreement and this Order shall be made on notice to the Parties hereto, by way of notice to their counsel, notwithstanding the dismissal of the Action.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Paul R. Bennett
Lawyer for the Plaintiff, Paul Pearce

Signature of Dale Chen
On his own behalf and on behalf of the
Defendant Celestial Consulting Group Corp.

By the Court.

Registrar

THIS ORDER was prepared by the law firm of Bennett Mounter LLP, whose place of business and address for service is #400 – 856 Homer Street, Vancouver, British Columbia, V6B 2W5. Telephone: (604) 639-3680. Fax: (604) 639-3681. Counsel Reference: Paul R. Bennett and Mark W. Mounter and Mathew Good

No. S-183599
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PAUL PEARCE

PLAINTIFF

AND:

4 PILLARS CONSULTING GROUP INC. ET AL.

DEFENDANTS

ORDER MADE AFTER APPLICATION

BENNETT MOUNTEER LLP
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(604) 639-3680

Counsel Reference: Paul R. Bennett and Mark W. Munteer

