

500-06-000785-168

Schedule 1

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
No.: 500-06-000785-168

SUPERIOR COURT
(Class Action)

PIERRE DEROME

Plaintiff

v.

THE STARS GROUP INC.

-and-

DAVID BAAZOV

-and-

DANIEL Y. SEBAG

-and-

DIVYESH GADHIA

-and-

HARLAN W. GOODSON

-and-

WESLEY K. CLARK

Defendants

SETTLEMENT AGREEMENT

Made as of the 25th day of November, 2019

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SETTLEMENT AGREEMENT

SECTION 1 – RECITALS

1.1 WHEREAS:

- A. The Plaintiff commenced the Action alleging essentially misrepresentations and omissions of material facts relating to business practices and public filings and statements;
- B. The Defendants have denied and continue to deny each and all of the claims and allegations of wrongdoing made by the Plaintiff in the Action, including any and all allegations that the Plaintiff and/or the Class Members have suffered any harm or damage whatsoever, and all claims and allegations of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Action, or otherwise;
- C. Neither Leave nor Authorization has been granted in the Action;
- D. The Plaintiff, the Defendants and the Contributing Parties, through counsel, have engaged in hard-fought and extensive arm's-length settlement discussions and negotiations in respect of the Action, resulting in this Agreement;
- E. As a result of these settlement discussions and negotiations, the Parties have entered into the Agreement, without admission of liability, which embodies all of the terms and conditions of the Agreement among the Parties, both individually and on behalf of the Class and subject to approval of the Court;
- F. The Parties have negotiated and entered into this Agreement to fully, definitively and permanently resolve, settle and release and discharge all claims asserted, or which could have been asserted, against the Defendants by the Plaintiff on his own behalf and/or on behalf of the Class he seeks to represent, to avoid the further expense, inconvenience, distraction of burdensome litigation and risks inherent to this uncertain, complex and protracted litigation, and thereby to put to rest this Action;
- G. The Plaintiff, Class Counsel and Defendants agree that neither this Agreement, nor any statement made in the negotiation thereof, shall be deemed or construed to be an admission by or evidence against the Defendants or evidence of the truth of any of the Plaintiff's allegations against the Defendants, which allegations are expressly denied by Defendants;
- H. The Plaintiff and Class Counsel have reviewed and fully understand the terms of this Agreement and, based on their analyses of the facts and law applicable to the Plaintiff's claims,

having regard to the burdens and expense in prosecuting the Action, including the risks and uncertainties associated with trials and appeals, and having regard to the Settlement Amount to be paid by the Contributing Parties, the Plaintiff and Class Counsel have concluded that this Agreement is fair, reasonable and in the best interests of the Plaintiff and the Class. For further clarity, the Plaintiff and Class Counsel fully understand that the Defendants shall not be liable solidarily with any Contributing Party;

I. The Parties therefore wish to, and hereby do, finally resolve, without admission of liability, the Action as against the Defendants;

J. The Defendants consent to the Leave and Authorization of the Action solely for the purposes of implementing this Agreement and contingent on the approval by the Court as provided for in this Agreement, on the express understanding that such consent, leave or authorization shall not derogate from the respective rights of the Parties in the event that this Agreement is not approved, is terminated or otherwise fails to take effect for any reason;

K. The Plaintiff asserts that he is an adequate class representative for the Class he seeks to represent and will seek to be appointed representative plaintiff in the Action for the purpose of implementing this Agreement;

NOW THEREFORE, in consideration of the covenants, agreements, promises 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 Action be settled on the merits, subject to the approval of the Agreement by the Court, and that all Released Claims against the Defendants which any of the Releasers asserted, or could have asserted, against any of the Defendants be forever extinguished and released on the following terms and conditions:

SECTION 2 – DEFINITIONS

2.1 Definitions

For the purposes of the Agreement, including the Recitals and Schedules hereto:

(1) **Action** means all the proceedings, exhibits and plans of arguments filed by the Parties in the Superior Court record no. 500-06-000785-168.

(2) **Administration Expenses** means all fees, disbursements, expenses, costs, taxes and any other amounts incurred or payable relating to approval, implementation and administration of this Agreement including the costs of translating, publishing and delivering notices and the fees, disbursements and taxes paid to the Administrator, the Referee and any other expenses

approved by the Court which shall all be paid from the Settlement Amount. For greater certainty, Administration Expenses include the Non-Refundable Expenses but do not include Class Counsel Fees.

(3) **Administrator** means Trilogy Class Action Services or the third-party firm appointed by the Court to administer the Agreement, and any employees of such firm.

(4) **Agreement** means the settlement provided for in this agreement, including the Recitals and Schedules hereto.

(5) **Authorization** means authorization to bring a class action under article 574 of the *Code of Civil Procedure*.

(6) **Authorized Claimant** means any Class Member who has been approved for compensation by the Administrator.

(7) **Claim Form** means the form or forms to be approved by the Court, which, when completed and submitted in a timely manner to the Administrator, enable(s) a Class Member to apply for compensation pursuant to the Agreement.

(8) **Claims Bar Deadline** means the date by which each Class Member must file a Claim Form and all required supporting documentation with the Administrator which date shall be set out in the Second Notice and which shall be at least one hundred twenty days (120) days after the date on which the Second Notice is last published.

(9) **Class or Class Members** means:

- i. **"Primary Market Sub-Class"**: all persons and entities, wherever they may reside or may be domiciled, other than Excluded Persons, who, during the Class Period, purchased TSGI's securities in an Offering and held all or some of those securities until at least March 23, 2016;
- ii. **"Secondary Market Sub-Class"**: all persons and entities, wherever they may reside or may be domiciled, other than Excluded Persons, who, during the Class Period, purchased TSG's securities in the secondary market and held all or some of those securities until at least March 23, 2016, and who:
 - are residents in Canada or were residents in Canada at the time of such acquisitions regardless of the location of the exchange on which they purchased TSGI's securities; or

- purchased TSGI's securities in the secondary market in Canada or elsewhere, other than in the United States.

- (10) **Class Counsel** means Faguy & Co. Barristers & Solicitors Inc. and Morganti Legal.
- (11) **Class Counsel Fees** means the fees, disbursements, costs, GST and PST, as the case may be, and other applicable taxes or charges of Class Counsel and a *pro rata* share of all interest earned on the Settlement Amount to the date of payment, as approved by the Court.
- (12) **Class Period** means the period from March 31, 2014 to March 22, 2016 inclusively.
- (13) **Collateral Agreement** means the agreement executed contemporaneously with this Agreement, which sets the Opt-Out Threshold, the terms of which shall be kept confidential unless the Court requires disclosure thereof.
- (14) **Contributing Parties** means Defendants' insurers, as will be identified in the Letter of Undertaking, but only in their respective capacities as insurers of the Defendants under the insurance policies.
- (15) **Court** means the Superior Court of Québec.
- (16) **Defendants** means The Stars Group Inc., David Baazov, Daniel Y. Sebag, Divyesh Gadhia, Harlan W. Goodson and Wesley K. Clark.
- (17) **Effective Date** means the date when the Second Order has been issued and the time for any appeal therefrom has expired.
- (18) **Eligible Securities** means TSGI's securities held by the Class Members that are the basis for inclusion in the Primary Market Sub-Class or Secondary Market Sub-Class, as determined using the LIFO method of calculation.
- (19) **Escrow Account** means the interest bearing CDN currency trust account with one of the Canadian Schedule 1 banks or a liquid money market account or equivalent security with a rating equivalent to, or better than, that of an interest bearing account in a Canadian Schedule 1 bank in Québec, initially under the control of Class Counsel subject to the terms of the Agreement and then after the funds are transferred to the Administrator on or after the Effective Date, the account controlled by the Administrator containing the funds transferred by Class Counsel.
- (20) **Escrow Settlement Amount** means the Settlement Amount plus any interest accruing thereon as a result of investment thereof after payment of all Non-Refundable Expenses.

(21) **Excluded Persons** means the Defendants, members of the immediate families of David Baazov, Daniel Y. Sebag, Divyesh Gadhia, Harlan W. Goodson and Wesley K. Clark, and the directors, officers, subsidiaries, and affiliates of TSGI and its subsidiaries.

(22) **First Motion** means the motions brought before the Court, for orders:

- (i) granting Authorization and Leave for settlement purposes only;
- (ii) setting the date for the hearing of the Second Motion;
- (iii) approving the form of the First Notice;
- (iv) approving and authorizing publication and dissemination of the First Notice pursuant to the Plan of Notice;
- (v) approving the Opt-Out Form;
- (vi) appointing the Administrator and Referee;
- (vii) appointing Class Counsel to control the Escrow Account subject to the terms of the Agreement; and
- (viii) appointing the Referee to receive and report on objections to the Agreement, if any, and appointing the Administrator to receive and report on opt-outs, if any.

(23) **First Notice** means notice to the Class in a form to be approved by the Court, which shall substantially be in accordance with the notice at Schedule "B" and a French translation thereof.

(24) **First Order** means the orders made by the Court granting the relief sought on the First Motion, substantially in the form of the orders at Schedule "A".

(25) **Fonds d'aide aux actions collectives** means the agency and legal person established in the public interest as per the *Act respecting the Fonds d'aide aux actions collectives*, CQLR c F-3.2.0.1.1, to whom the Administrator will remit the percentage provided for by the applicable legislation and regulations.

(26) **Leave** means leave to commence a secondary market securities claim under section 225.4 of the *Québec Securities Act*.

(27) **Letter of Undertaking** means the agreement executed contemporaneously with this Agreement, which sets the contribution of each Contributing Party, the terms of which shall be kept confidential unless the Court requires disclosure thereof.

- (28) **Newspapers** means the following newspaper publications: National Post, Montreal Gazette, and La Presse.
- (29) **Non-Refundable Expenses** means certain administration expenses stipulated in section 4.1(1) of the Agreement to be paid from the Settlement Amount.
- (30) **Opt-Out Deadline** means the date to be specified in the First Notice which shall be at least 30 days after the date on which the First Notice is last published in the Newspapers.
- (31) **Opt-Out Form** means the documents in English and French, as approved by the Court, which shall substantially be in accordance with the documents at Schedule "G", that if properly completed and submitted by a Class Member to the Administrator before the expiry of the Opt-Out Deadline, excludes that Class Member from the Class, the Action and participation in the Agreement.
- (32) **Opt-Out Parties** means collectively, all persons who would otherwise be Class Members who validly opt out of the Action, each individually being an "Opt-Out Party".
- (33) **Opt-Out Threshold** means the total number of Eligible Securities required to be held by all Opt-Out Parties in order to trigger the Defendants' right to terminate this Agreement in accordance with section 12.2 hereof, as particularized in the Collateral Agreement.
- (34) **Opting Out** means properly completing and submitting an Opt-Out Form and all necessary supporting documents before the expiry of the Opt-Out Deadline.
- (35) **Parties** means the Plaintiff and the Defendants.
- (36) **Plaintiff** means Pierre Derome.
- (37) **Plan of Allocation** means the plan, as approved by the Court, which shall substantially be in accordance with the plan at Schedule "F".
- (38) **QSA** means the Québec *Securities Act*, CQLR c V-1.1.
- (39) **Plan of Notice** means the plan for disseminating the First Notice and the Second Notice to the Class, as approved by the Court, which shall substantially be in accordance with the plan attached as Schedule "C".
- (40) **Referee** means Mtre. Jonathan Nuss of Cabinet d'avocats NOVA lex Inc. or such other person or persons appointed by the Court to serve in that capacity.
- (41) **Released Claims** (or **Released Claim** in the singular) 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 whenever and wherever incurred, and rights

and liabilities of any nature whatsoever, including interest, costs, expenses, administration expenses, penalties, Class Counsel Fees and lawyers' fees, known or unknown, suspected or unsuspected, in law, under statute or in equity or at common law, that the Releasors, or any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have as against the Releasees relating or connected in any way to the causes of action alleged in the Action, including, without limitation, any such claims that have been asserted, would have been asserted or could have been asserted, whether in Canada or elsewhere, as a result of or in any connection with the purchase, retention or sale, or lack of purchase or sale, of Eligible Securities in the Class Period.

(42) Releasees means the Defendants and their respective past and present affiliates, and subsidiaries, and each of their respective insurers, reinsurers, directors, officers, partners, employees, agents, trustees, servants, parents, consultants, advisors, lawyers, representatives, successors, predecessors, assigns and each of their respective heirs, executors, attorneys, administrators, guardians, estates, trustees, successors and assigns.

(43) Releasors means, jointly and severally, the Plaintiff, the Class Members (excluding those who have validly opted out), including any person having a legal and/or beneficial interest in the Eligible Securities purchased or acquired by the Plaintiff or these Class Members and their respective past and present predecessors, affiliates, subsidiaries, directors, officers, employees, partners, parents, agents, trustees, servants, consultants, shareholders, advisors, representatives, lawyers, heirs, executors, attorneys, administrators, guardians, estate trustees, successors and assigns, as the case may be.

(44) Second Motion means the motions brought in the Court for orders:

- (a) approving the Agreement;
- (b) approving the Second Notice;
- (c) approving the Plan of Allocation;
- (d) approving the Claim Form;
- (e) setting the Claims Bar Deadline; and
- (f) approving Class Counsel Fees.

(45) Second Notice means notices to the Class in a form to be approved by the Court, which shall substantially be in accordance with the notice at Schedule "E" and a French translation thereof.

(46) **Second Order** means the orders made by the Court granting the relief sought on the Second Motion, substantially in the form of the orders at Schedule "D".

(47) **Settlement Amount** means \$ 30,000,000CDN dollars, inclusive of capital, interest, additional indemnity, Administration Expenses, Class Counsel Fees, taxes and any other costs or expenses related to the Action or the Agreement, \$29,980,000CDN of which will be paid to settle the Class claims and \$20,000 of which will be paid to the Plaintiff to settle his individual QSA claim. The Settlement Amount will be distributed in accordance with the formula contained in the Plan of Allocation to be approved by the Court. This Plan of Allocation will apportion \$ 2,500,000CDN to Authorized Claimants who purchased their securities in the primary market and the remaining \$ 27,480,000CDN to Authorized Claimants who purchased their securities in the secondary market. For greater certainty, the Releasees shall have no obligation to pay any amount in addition to the Settlement Amount for any reason whatsoever.

(48) **TSGI** means The Stars Group Inc.

(49) **TSX** means the Toronto Stock Exchange.

SECTION 3 – THE MOTIONS

3.1 Nature of Motions

(1) The Parties shall use their best efforts to implement the terms of the Agreement. The Parties agree to hold in abeyance all steps in the Action, other than proceedings provided for in the Agreement, the First Motion, the Second Motion and such other proceedings required to implement the terms of the Agreement, until the date the Agreement becomes final or the date of the termination of the Agreement.

(2) The First Motion shall be brought as soon as is reasonably possible following the execution of the Agreement. The Defendants shall consent to the First Order provided that it is substantially in the form at Schedule "A".

(3) Following the determination of the First Motion, the First Notice shall be published in accordance with section 10.2 of the Agreement.

(4) Following the determination of the First Motion, the Second Motion will be brought and the Defendants shall consent to the Second Order provided that it is substantially in the form at Schedule "D".

(5) Following the determination of the Second Motion, provided that the Agreement is approved by the Court, the Second Notice shall be published in accordance with section 10.3 of the Agreement.

SECTION 4 – NON-REFUNDABLE EXPENSES

4.1 Payments

(1) Expenses reasonably incurred for the following purposes shall be the Non-Refundable Expenses, and shall be payable from the Escrow Account, when incurred:

- (a) the costs incurred in connection with establishing and operating the Escrow Account;
- (b) the costs incurred for translating, publishing and disseminating the First Notice and the Second Notice;
- (c) the costs of the Referee in connection with receiving objections and ruling on contested Opt-Out Forms and reporting to the Court to a maximum of \$10,000CDN for fees, plus reasonable and documented disbursements and applicable taxes, unless the Court orders otherwise;
- (d) the costs incurred in translating the Agreement and Opt-Out Forms;
- (e) if necessary, the costs incurred in translating, publishing and disseminating the notice to the Class that the Agreement has been terminated; and
- (f) if the Court appoints the Administrator and thereafter the Agreement is terminated by the Defendants pursuant to section 12 of the Agreement, the costs reasonably incurred by the Administrator for performing the services required to prepare to implement the Agreement up to the time of termination, including any mailing expenses, to a maximum of \$35,000CDN.

(2) Class Counsel shall account to the Court and the Parties, including the Contributing Parties, for all payments it makes from the Escrow Account. In the event that the Agreement is terminated, this accounting shall be delivered no later than ten (10) days after such termination. In any other scenario, the Administrator will provide a statement of account of the Escrow Account to the Parties, including the Contributing Parties, upon request, on a quarterly basis until the distribution is final.

4.2 Disputes Concerning Non-Refundable Expenses

Any dispute concerning the entitlement to or quantum of Non-Refundable Expenses shall be dealt with by a motion to the Court on notice to the Parties. All Parties, including the Contributing Parties, shall have standing in respect of such a motion, should they deem it appropriate to intervene or otherwise make representations.

SECTION 5 – THE SETTLEMENT AMOUNT

5.1 Payment of Escrow Settlement Amount

Each Contributing Party's individual contribution will be paid to Class Counsel no later than thirty (30) days after the execution of this Agreement, and each Contributing Party is liable separately only for its own contribution and shall not be liable solidarily with any other Contributing Party. The Plaintiff and Class Counsel fully understand that TSGI shall not be liable jointly nor solidarily with any Contributing Party. For greater certainty, the Plaintiff and Class Counsel fully understand that they shall have no recourse against the Defendants should any Contributing Party refuse or omit to pay its own contribution.

5.2 Interim Investment of Escrow Account

Class Counsel and then the Administrator after the Agreement becomes final, shall hold the Settlement Amount in the Escrow Account and shall invest the Settlement Amount in a liquid money market account or equivalent security with a rating equivalent to, or better than that of an interest bearing account in a Canadian Schedule 1 bank and shall not pay out any amount from the Escrow Account, except in accordance with the terms of the Agreement including, but not limited to:

- (a) Payment of Class Counsel Fees pursuant to section 17.2 of the Agreement; and
- (b) Payment to the Fonds d'aide aux actions collectives pursuant to the Second

Order.

5.3 Taxes on Interest

(1) Except as provided in section 5.3(2) of the Agreement, all taxes payable on any interest which accrues in relation to the Settlement Amount, shall be solely the Class' responsibility and shall be paid by Class Counsel or the Administrator, as appropriate, from the Escrow Settlement Amount, or by the Class as the Administrator considers appropriate.

(2) The Defendants and the Contributing Parties shall have no liability for any taxes payable on the interest, unless this Agreement is terminated, in which case the interest earned on the Settlement Amount in the Escrow Account or otherwise shall be paid to the Contributing Parties who, in such case, shall be responsible for the payment of all taxes on such interest not previously paid by Class Counsel.

SECTION 6 – NO REVERSION

Unless the Agreement is terminated as provided herein or otherwise by the Court, the Defendants and the Contributing Parties shall not, under any circumstances, be entitled to the repayment of any portion of the Settlement Amount, the whole in accordance with the terms provided herein.

SECTION 7 - DISTRIBUTION OF THE ESCROW SETTLEMENT AMOUNT

(1) If the Agreement becomes final as contemplated by section 13 of the Agreement, Class Counsel shall pay the amount in the Escrow Account, less Class Counsel Fees, to the Administrator.

(2) The Administrator shall then distribute the Settlement Amount out of the Escrow Account in accordance with the following priorities:

- (a) to pay all of the costs and expenses reasonably and actually incurred in connection with the provision of notices, locating Class Members for the sole purpose of providing notice to them, and soliciting Class Members to submit a Claim Form (including the notice expenses reasonably and actually incurred by the Administrator in connection with the provision of notice of this Agreement to Class Members). For greater certainty, the Defendants are specifically excluded from eligibility for any payment of costs and expenses under this subsection;
- (b) to pay all of the costs and expenses reasonably and actually incurred by the Administrator and the Referee, relating to determining eligibility, the filing of Claim Forms, processing Opt-Out Forms and Claim Forms, resolving disputes arising from the processing of Claim Forms and administering and distributing the Settlement Amount;
- (c) to pay any taxes required by law to be paid to any governmental authority; and
- (d) to pay a *pro rata* share of the balance of the Escrow Settlement Amount to each Authorized Claimant in proportion to his/her/its claim as recognized in accordance with the Plan of Allocation.

SECTION 8 – EFFECT OF SETTLEMENT

8.1 No Admission of Liability

Neither the Agreement, nor anything contained herein, shall be interpreted as a concession or admission of wrongdoing or liability by the Releasees, or as a concession or

admission by the Releasees of the truthfulness or merit of any claim or allegation asserted in the Action. Neither the Agreement, nor anything contained herein, shall be used or construed as an admission by the Releasees of any fault, omission, liability or wrongdoing in connection with the matters alleged in the Action or any oral or written statement, release or written document or financial report. The Defendants expressly deny any and all allegations of fault, liability, wrongdoing or damages whatsoever.

8.2 Agreement Not Evidence

(1) Whether or not the Agreement is terminated, the Parties agree that neither the Agreement, nor anything contained herein, nor any of the negotiations or proceedings connected with it, nor any related document, nor any other action taken to carry out the Agreement shall be referred to, offered as evidence or received in evidence in any current or future civil, criminal, quasi-criminal, regulatory or administrative action or proceeding in any jurisdiction as any presumption, concession or admission:

- (a) of the validity of any claim that has been or could have been asserted in the Action by the Plaintiff against any of the Defendants, or the deficiency of any defence that has been or could have been asserted in the Action;
- (b) of wrongdoing, fault, neglect or liability by any of the Defendants; and
- (c) that the consideration to be given hereunder represents the amount that could be or would have been recovered in the Action after trial.

(2) Notwithstanding section 8.2(1) of the Agreement, the Agreement may be referred to or offered as evidence in a proceeding to approve or enforce the Agreement, to defend against the assertion of Released Claims, and as otherwise required by law.

8.3 Restrictions on Information

Class Counsel is prohibited from divulging to anyone for any purpose any non-public information obtained in the course of the negotiation, preparation or execution of this Agreement, without the prior written consent of the Defendants or unless ordered by the Court to do so.

SECTION 9 – LEAVE, AUTHORIZATION AND SETTLEMENT APPROVAL

(1) The Defendants shall consent to the Leave application under section 225.4 of the QSA and Authorization to bring a class action under article 574 of the *Code of Civil Procedure* solely for the purposes of implementing this Agreement and contingent on the approval by the Court

as provided for in this Agreement, on the express understanding that such consent, Leave or Authorization shall not derogate from the respective rights of the Parties, including the Contributing Parties, in the event that this Agreement is not approved, is terminated or otherwise fails to take effect for any reason.

SECTION 10 – NOTICE TO THE CLASS

10.1 Form and Distribution of Notices

(1) The notices shall be in a form agreed upon by the Parties and approved by the Court or, if the Parties cannot agree on the form of the notices, the notices shall be in a form ordered by the Court.

(2) The notices shall be disseminated by a method agreed upon by the Parties and approved by the Court or, if the Parties cannot agree on a method for disseminating the notices, the notices shall be disseminated by a method ordered by the Court.

10.2 First Notice

Class Counsel shall cause the First Notice to be translated, published and disseminated in accordance with this section and the Plan of Notice and the costs of doing so shall be paid as a Non-Refundable Expense as provided in section 4.1(1)(b) of the Agreement.

10.3 Second Notice

Class Counsel shall cause the Second Notice to be translated, published and disseminated in accordance with this section and the Plan of Notice and the costs of so doing shall be paid as a Non-Refundable Expense as provided in section 4.1(1)(b) of the Agreement.

10.4 Report to the Court

Forthwith after the publication and dissemination of each of the notices required by this section, Class Counsel shall file with the Court an affidavit confirming that the notices have been translated, published and disseminated in accordance with the Agreement and the Plan of Notice, as appropriate, or order of the Court.

10.5 Notice of Termination

(1) If the Agreement is not approved, is terminated or otherwise fails to take effect, the Class shall be given notice of such event.

(2) Class Counsel shall cause the notice of termination, in a form approved by the Court, to be translated, published and disseminated in accordance with this section and the

costs of so doing shall be paid as a Non-Refundable Expense as provided in section 4.1(1)(e) of the Agreement.

SECTION 11 – OPTING OUT

11.1 Potential Opt-Outs

The Parties and their counsel represent and warrant that they will not encourage or solicit any Class Member to opt out of the Class.

11.2 Opt-Out Procedure

(1) Each Class Member who wishes to opt out must submit a properly completed Opt-Out Form, along with true copies of: (i) all trade confirmation slips in respect of transactions for Eligible Securities during the Class Period (and ten days after the end of the Class Period); or (ii) all monthly statements with information concerning transactions in the Eligible Securities during the Class Period (and ten days after the end of the Class Period) (the “**Supporting Documents**”) to the Administrator and the Court on or before the Opt-Out Deadline in accordance with the Opt-Out procedure approved by the Court.

(2) If a Class Member fails to submit a properly completed Opt-Out Form and/or all required Supporting Documents before the Opt-Out Deadline, the Class Member shall not have opted out from the Action, subject to any order of the Court to the contrary, and will in all respects be subject to, and bound by, the provisions of the Agreement and the releases contained herein, and any orders made in the Action.

(3) The Opt-Out Deadline shall not be extended unless the Court orders otherwise.

(4) All Opt-Out Parties will be excluded from any and all rights and obligations arising from the Agreement. Class Members who do not opt out shall be bound by the Agreement and the terms of the Agreement regardless of whether he/she/it files a Claim Form or receives compensation from the Settlement Amount.

(5) With respect to any potential Class Member who validly opted-out from the Action, the Defendants reserve all of their legal rights and defences.

11.3 Notification of Number of Opt-Outs

Within five (5) days after the Opt-Out Deadline, the Administrator shall report to the Court and to the Parties as to the number of Opt-Out Parties, the number of Eligible Securities held by each Opt-Out Party, a summary of the information delivered by each Opt-Out Party and the total number of Eligible Securities held by the Opt-Out Parties.

SECTION 12 – TERMINATION OF THE AGREEMENT

12.1 General

- (1) Only the Defendants may terminate this Agreement, and only if:
 - (a) the Second Order (excluding approval of Class Counsel Fees) is not granted by the Court, substantially in accordance with the form at Schedule “D”;
 - (b) the Second Order (excluding approval of Class Counsel Fees) is granted by the Court but the form of the order issued is substantially different from the form at Schedule “D” in a material respect in the opinion of TSGI, acting reasonably;
 - (c) the Second Order is granted by the Court but is reversed on appeal and the reversal becomes final; or
 - (d) the Opt-Out Threshold is exceeded, as provided for in section 12.2 of the Agreement.
- (2) The failure of the Court to approve in full the request by Class Counsel for Class Counsel Fees shall not be grounds to terminate the Agreement.
- (3) In the event the Agreement is terminated in accordance with its terms, or is not approved by the Court:
 - (a) the Parties will be restored to their respective positions prior to the execution of the Agreement;
 - (b) the Parties will consent to orders setting aside any order granting Leave under the QSA and Authorization of a class action under the *Code of Civil Procedure* for the purposes of implementing the Agreement;
 - (c) subject to section 12.1(4) of the Agreement, the Agreement will have no further force and effect and no effect on the rights of the Parties;
 - (d) the Leave and Authorization of the Action will be deemed to have been without prejudice to any position that any of the Parties may later take on any issue in the Action;
 - (e) any amounts paid for establishing and operating the Escrow Account, translating, publishing and disseminating the Settlement Agreement, the First Notice, the

Second Notice and the notice of termination, if any, pursuant to section 4.1(1) of the Agreement are non-recoverable from the Plaintiff, and the Class Members;

- (f) the Settlement Amount plus any interest earned since the amounts were deposited will be returned to the Contributing Parties less any Non-Recoverable Expenses that have already been properly incurred in the proportion in which they each contributed; and
- (g) the Agreement will not be introduced into evidence or otherwise referred to in any litigation or proceeding against the Defendants.

(4) Notwithstanding the provisions of section 12.1(3)(c) of the Agreement, if the Agreement is terminated, the provisions of this section and sections 2, 4, 5.2, 5.3, 8.1, 8.2, 8.3, 10.5, 12.1(3), 12.1(4), 12.3, 12.4, 15.1(2), 15.3(4), 15.5(2), 15.6(2), 18.1, 18.2, 18.3, 18.4, 18.5, 18.6(2), 18.7, 18.8, 18.9, 18.10, 18.11, 18.12, 18.13, 18.14, 18.15 and the recitals and schedules applicable thereto shall survive termination and shall continue in full force and effect.

12.2 Effect of Exceeding the Opt-Out Threshold

(1) Notwithstanding any other provision in the Agreement, the Defendants, in their sole discretion, may elect to terminate the Agreement if the Opt-Out Threshold is exceeded provided its election is made within ten (10) days of receiving notice from the Administrator or Class Counsel notifying them of the information described in section 11.3 of the Agreement. If the Defendants do not elect to terminate the Agreement within this period, their right to terminate the Agreement pursuant to the provisions of this section will expire.

(2) If the Opt-Out Threshold is not exceeded, the Defendants' right to terminate the Agreement pursuant to the provisions of this section is inoperative.

(3) The Opt-Out Threshold shall be stated in the Collateral Agreement signed contemporaneously with the execution of this Agreement. The Opt-Out Threshold shall be kept confidential by the Parties and their counsel, and may be shown to the Court solely for the purposes of the Second Motion but shall not be otherwise disclosed by the Parties and their counsel, unless disclosure is ordered by the Court or the Defendants provide prior written consent to disclosure.

12.3 Allocation of Monies in the Escrow Account Following Termination

(1) The Administrator and/or Class Counsel shall account to the Court for the amounts maintained in the Escrow Account. If the Agreement is terminated, this accounting shall be delivered no later than ten (10) days after such termination.

(2) If the Agreement is terminated, the Defendants shall, within thirty (30) days after termination, apply to the Court for an order:

- (a) declaring the Agreement null and void and of no force or effect except for the provisions of those sections listed in section 12.1(4) of the Agreement;
- (b) requiring the notice of termination to be sent out to the Class Members and, if so, the form and method of disseminating such a notice;
- (c) setting aside, *nunc pro tunc*, all prior orders or judgments entered in accordance with the terms of the Agreement; and
- (d) authorizing the payment to the Contributing Parties, paid to Osler, Hoskin & Harcourt LLP in trust, apportioned *pro rata* based on the respective contributions of each Contributing Party, directly or indirectly, to the Escrow Account, as the case may be, of:
 - (i) all funds received by Class Counsel from any of the Contributing Parties and not yet paid into the Escrow Account pursuant to section 4.1 of the Agreement; and
 - (ii) all funds in the Escrow Account, including accrued interest, minus any amounts paid out of the Escrow Account as Non-Refundable Expenses in accordance with the terms of the Agreement.

(3) Subject to section 12.4 of the Agreement, the Parties shall consent to the orders sought in any motion made by the Defendants pursuant to section 12.3(2) of the Agreement.

12.4 Disputes Relating to Termination

If there are any disputes about the termination of the Agreement, the Court shall determine any dispute by motion on notice to the Parties. All Contributing Parties shall be granted standing in respect of any such motion, should they deem it appropriate to initiate, intervene or otherwise make representations.

SECTION 13 – DETERMINATION THAT THE AGREEMENT IS FINAL

- (1) The Agreement shall be considered final on the Effective Date.
- (2) Within thirty (30) days after the Effective Date, Class Counsel shall transfer the Escrow Account to the Administrator.

SECTION 14 – RELEASES AND JURISDICTION OF THE COURT

14.1 Release of Releasees

As of the Effective Date, provided that the Settlement Amount has been deposited into the Escrow Account, the Releasers, in exchange for and in consideration of the foregoing, and inasmuch as the terms and conditions of the Agreement are approved by the Court, fully, definitively and permanently resolve, settle and release the Releasees from all Released Claims related to or connected with, directly or indirectly, the Action against the Defendants by the Plaintiff on his own behalf and/or on behalf of the Class he seeks to represent, to avoid the further expense, inconvenience, distraction of burdensome litigation and risks inherent to this uncertain, complex and protracted litigation, and thereby to put to rest this class action.

14.2 No Further Claims

(1) Upon the Effective Date and provided that the Settlement Amount has been deposited into the Escrow Account, the Releasers and Class Counsel 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 (including on behalf of any Opt-Out Party), any action, suit, cause of action, claim or demand against any Releasee or any other person (including but not limited to any of TSGI's auditors, investment bankers and underwriters) who may claim contribution or indemnity from any Releasee in respect of any Released Claim or any matter related thereto; and

(2) Except as otherwise provided in the Agreement and the Second Order, and as a condition of the Agreement, the Action shall be settled, without costs and without reservation as against the Defendants.

SECTION 15 – ADMINISTRATION

15.1 Appointment of the Administrator

(1) The Court will appoint the Administrator to serve until further order of the Court, to implement the Agreement and the Plan of Allocation, on the terms and conditions and with the powers, rights, duties and responsibilities set out in the Agreement and in the Plan of Allocation.

(2) If the Agreement is terminated, the Administrator's fees, disbursements and taxes will be fixed as set out in section 4.1(1)(f) of the Agreement.

(3) If the Agreement becomes final as contemplated by section 13 of the Agreement, the Court will fix the Administrator's compensation and payment schedule.

15.2 Appointment of the Referee

- (1) The Court will appoint the Referee with the powers, duties and responsibilities set out in the Agreement and the Plan of Allocation.
- (2) The fees, disbursements and taxes of the Referee will be fixed by the Court and shall not exceed \$10,000CDN, exclusive of disbursements and applicable taxes. The Referee will be entitled to seek an increase of this sum, if required. When directed by the Court, the Administrator will pay the Referee from the Escrow Settlement Amount.

15.3 Information and Assistance from the Defendants

- (1) Within thirty (30) days of the approval of the Agreement, upon request, TSGI will authorize and direct TMX Equity Transfer Services to deliver a computerized list of all persons identified in its records who may be Class Members, along with such information as may be available to facilitate the delivery of notice to those persons to Class Counsel and the Administrator. Upon request, TSGI will also authorize Broadridge Financial Solutions Inc. to obtain information about Class Members who hold or held beneficial interests in the Eligible Securities during the Class Period.
- (2) The Defendants will identify a person to whom the Administrator may address any requests for information in respect of section 15.3(1) of the Agreement. The Defendants agree to make reasonable efforts to answer any reasonable inquiry from the Administrator in order to facilitate the administration and implementation of the Agreement and the Plan of Allocation.
- (3) Class Counsel and/or the Administrator may use the information obtained pursuant to sections 15.3(1) and (2) of the Agreement only for the purposes of delivering the Second Notice and administering and implementing the Agreement and the Plan of Allocation.
- (4) Any information obtained or created in the administration of the Agreement is confidential and, except as required by law, shall be used and disclosed only for the purpose of distributing notices and the administration of the Agreement and Plan of Allocation.

15.4 Claims Process

- (1) In order to seek payment from the Settlement Amount, a Class Member must submit a completed Claim Form to the Administrator, in accordance with the provisions of the Plan of Allocation, on or before the Claims Bar Deadline and any Class Member who fails to do so shall not share in any distribution made in accordance with the Plan of Allocation unless the relevant Court orders otherwise as provided in section 18.4 of the Agreement.

(2) In order to remedy any deficiency in the completion of a Claim Form, the Administrator may require and request that additional information be submitted by a Class Member who submits a Claim Form. Such Class Members shall have until the later of thirty (30) days from the date of the request from the Administrator or the Claims Bar Deadline to rectify the deficiency. Any person who does not respond to such a request for information within the thirty (30) day period shall be forever barred from receiving any payments pursuant to the Agreement, subject to any order of the relevant Court to the contrary as provided in section 18.4, but will in all other respects be subject to, and bound by, the provisions of the Agreement and the releases contained herein.

15.5 Disputes Concerning the Decisions of the Administrator

(1) In the event that a Class Member disputes the Administrator's decision, whether in whole or in part, the Class Member may appeal the decision to the Referee in accordance with the provisions in the Plan of Allocation. The decision of the Referee will be final with no right of appeal.

(2) No action shall lie against the Releasees, Defendants, Defendants' counsel, Contributing Parties, Contributing Parties' counsel, Class Counsel, Administrator or Referee for any decision made in the administration of the Agreement and Plan of Allocation without an order from the Court authorizing such an action.

15.6 Conclusion of the Administration

(1) Following the Claims Bar Deadline, and in accordance with the terms of the Agreement, the Plan of Allocation, and such further order of the Court, as may be necessary, or as circumstances may require, the Administrator shall distribute the Escrow Settlement Amount to Authorized Claimants.

(2) No claims or appeals shall lie against the Releasees, Defendants, Defendants' counsel, Contributing Parties, Contributing Parties' counsel, Class Counsel, Administrator or Referee based on distributions made substantially in accordance with the Agreement and the Plan of Allocation.

(3) If the Escrow Settlement Account is in a positive balance in an amount greater than 10% of the net Settlement Amount (whether by reason of tax refunds, un-cashed cheques or otherwise) after one hundred eighty-three (183) days from the date of distribution of the Escrow Settlement Amount to the Authorized Claimants, the Administrator shall, if economically feasible, allocate and distribute such balance among Authorized Claimants in an equitable

fashion up to the limit of each Authorized Claimant's actual loss. If there is a balance in the Escrow Settlement Account after each Authorized Claimant is paid up to his/her/its actual loss, or if an amount equal to or less than 10% of the net Settlement Amount remains undistributed, the remaining funds shall be paid *cy près* to a recipient chosen by the Plaintiff and approved by the Court and subject to the applicable deduction for the Fonds d'aide aux actions collectives.

(4) Upon the conclusion of the administration, or at such other time(s) as the Court direct, the Administrator shall report to the Court on the administration and shall account for all monies it has received, administered and disbursed and obtain an order from those courts discharging it as Administrator.

SECTION 16 – THE PLAN OF ALLOCATION

(1) The Defendants shall have no obligation to consent to but shall not oppose the approval of the Plan of Allocation.

(2) Section 16(1) of the Agreement is not an acknowledgement that the Defendants have standing to make any submissions regarding the Plan of Allocation.

SECTION 17 – CLASS COUNSEL FEES

17.1 Motion for Approval of Class Counsel Fees

(1) At the Second Motion, Class Counsel shall seek the approval of Class Counsel Fees to be paid as a first charge on the Settlement Amount. Class Counsel are not precluded from making additional applications to the Court for expenses incurred as a result of implementing the terms of the Agreement. All amounts awarded on account of Class Counsel Fees shall be paid from the Settlement Amount.

(2) The Defendants acknowledge that they are not parties to the motion concerning the approval of Class Counsel Fees, they will have no involvement in the approval process to determine the amount of Class Counsel Fees and they will not make any submissions to the Court concerning Class Counsel Fees.

(3) Any order or proceeding relating to Class Counsel Fees, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Agreement or affect or delay the finality of the Second Order and the Agreement of the Action as provided herein.

17.2 Payment of Class Counsel Fees

- (1) Forthwith after the Agreement becomes final, as contemplated in section 13 of the Agreement, Class Counsel shall be entitled to and shall be paid the Class Counsel Fees approved by the Court from the Escrow Account.

SECTION 18 – MISCELLANEOUS

18.1 Motions for Directions

- (1) Any one or more of the Parties, the Contributing Parties, Class Counsel, the Administrator or the Referee may apply to the Court for directions in respect of any matter in relation to the Agreement and Plan of Allocation.
- (2) All motions contemplated by the Agreement shall be on notice to the Parties.

18.2 Defendants Have No Responsibility or Liability for Administration

Except for the Contributing Parties' obligation to pay the Settlement Amount (only for their own contribution), and the Defendants' obligation to provide the information and assistance contemplated by sections 15.3(1) and (2), none of the Releasees, Defendants, Defendants' counsel or Contributing Parties shall have any responsibility for or any liability whatsoever with respect to the administration or implementation of the Agreement and Plan of Allocation, including, without limitation, the processing and payment of claims by the Administrator.

18.3 Headings, Terms and Computation of Time

- (1) In the Agreement:
- (a) the division of the Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the Agreement;
 - (b) the terms "the Agreement", "herein", "hereto" and similar expressions refer to the Agreement and not to any particular section or other portion of the Agreement;
 - (c) unless otherwise indicated, all amounts referred to are in lawful money of Canada; and
 - (d) "person" means any legal entity including, but not limited to, individuals, corporations, sole proprietorships, general or limited partnerships, limited liability partnerships or limited liability companies.
- (2) In the computation of time in the Agreement, except where a contrary intention appears:

- (a) where there is a reference to a number of days between two events, they 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.

18.4 Governing Law and Jurisdiction of the Court

- (1) The Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Quebec.
- (2) The Court shall exercise jurisdiction with respect to implementation, administration, interpretation and enforcement of the terms of the Agreement.

18.5 Entire Agreement

The 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 in connection herewith. None of the Parties will be bound by any prior obligations, conditions or representations with respect to the subject matter of the Agreement, unless expressly incorporated herein. The Agreement may not be modified or amended except in writing and on consent of all Parties and any such modification or amendment must be approved by the Court.

18.6 Binding Effect

- (1) If the Agreement is approved by the Court and becomes final as contemplated in section 13, the Agreement shall be binding upon, and enure to the benefit of the Plaintiff, the Class Members, the Defendants, the Releasees, the Releasers, the Contributing Parties and all of their respective heirs, executors, predecessors, successors and assigns. Without limiting the generality of the foregoing, each and every covenant and agreement made herein by the Plaintiffs shall be binding upon all Releasers and each and every covenant and agreement made herein by the Defendants shall be binding upon all of the Releasees.
- (2) The person signing the Agreement represents and warrants (as applicable) that:
 - (a) he/she has all requisite corporate power and authority to execute, deliver and perform the Agreement and to consummate the transaction contemplated hereby on his/her own behalf;

- (b) the execution, delivery, and performance of the Agreement and the consummation of the Action contemplated herein have been duly authorized by all necessary corporate action;
- (c) the Agreement has been duly and validly executed and delivered by him/her and constitutes legal, valid, and binding obligations;
- (d) he/she agrees to use his/her best efforts to satisfy all conditions precedent to the Effective Date.

18.7 Survival

The representations and warranties contained in the Agreement shall survive its execution and implementation.

18.8 Negotiated Agreement

The Agreement and the Agreement have been the subject of negotiations and many discussions among the Parties. Each of the undersigned 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 drafters of the Agreement shall have no force and effect. The Parties further agree that the language contained in or not contained in previous drafts of the Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of the Agreement.

18.9 Confidentiality

- (1) The Plaintiff and Class Counsel agree and undertake that they will not disclose, comment on or in any other way publicize the fact or terms of the Agreement, or invite, encourage or assist media comment on or interest in the Agreement, other than in accordance with this section, and the Plaintiff and Class Counsel warrant that they have put in place the necessary procedures and precautions to ensure compliance with this section.
- (2) The Parties agree that prior to the filing of the First Motion or public disclosure of the Agreement, whichever comes first: (1) this Agreement, its terms, and the Settlement Amount are and shall be treated as confidential and shall not be disclosed, described, or characterized to any other person, entity, publication or member of the media, except as may be required by law, judicial process, or order of a court, to enforce the terms of the Agreement, or as otherwise agreed by the Parties; and (2) any Party intending to disclose such information as may be required by law, judicial process or order of a court, will notify the other of its intention and give the non-disclosing party a reasonable opportunity to object.

(3) The Parties agree not to disclose the substance of the negotiations that led to this Agreement including the merits of any positions taken by any Party except as required to provide the Court with information necessary to consider approval of the Agreement. Notwithstanding the foregoing, any Defendants may disclose information contained in the Agreement to a regulatory authority if it determines that disclosure is required.

(4) In any public discussion of, comment on, press release or communication of any kind about this Agreement and the Plan of Allocation, the Plaintiff and Class Counsel agree and undertake to describe the Agreement as fair, reasonable and in the best interests of the Class, and refrain from:

(a) Contradicting this Agreement, including the Recitals, or making statements which are inconsistent with the terms thereof; or

(b) Disparaging the Defendants, the Contributing Parties and their counsel.

18.10 Recitals and Schedules

(1) The recitals and schedules to the Agreement are material and integral parts hereof and are fully incorporated into, and form part of, the Agreement.

(2) The schedules to the Agreement are:

(c) Schedule "A" – First Order

(d) Schedule "B" – First Notice

(e) Schedule "C" – Plan of Notice

(f) Schedule "D" – Second Order

(g) Schedule "E" – Second Notice

(h) Schedule "F" – Plan of Allocation

(i) Schedule "G" – Opt-Out Form

18.11 Acknowledgements

Each of the Parties hereby represents, affirms and acknowledges that:

(a) he, she or its representative has the authority to bind the Party with respect to the matters set forth herein and has read and understood the Agreement;

(b) the terms of the Agreement and the effects thereof have been fully explained to him, her or its representative by his, her or its counsel; and

- (c) he, she or its representative fully understands each term of the Agreement and its effect.

18.12 Authorized Signatures

- (1) Each of the undersigned represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, the Agreement on behalf of the Party for whom he or she is signing.

18.13 Counterparts

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

18.14 Translation

The Parties acknowledge that they have required and consented that the Agreement and all related documents be prepared in English; les parties reconnaissent avoir exigé et consenti à ce que la présente convention et tous les documents connexes soient rédigés en anglais. Nevertheless, a French translation of the Agreement will be prepared, the cost of which shall be paid from the Settlement Amount. In the event of any dispute as to the interpretation or application of the Agreement, the English version shall govern.

18.15 Notice

Any notice, instruction, motion for court approval or motion for directions or court orders sought in connection with the Agreement or any other report or document to be given by any of the Parties to any of the other Parties shall be in writing and delivered personally, by facsimile or e-mail during normal business hours, or sent by registered or certified mail, or courier postage paid as follows:

For the Plaintiff and Class Counsel

FAGUY & CO.

Barristers & Solicitors Inc.
329 de la Commune Street West, Suite 200
Montreal, QC H2Y 2E1

SHAWN K. FAGUY

Tel: 514.285.8100 x224
Fax: 514.285.8050
Email: sfaguy@faguyco.com

For Defendants The Stars Group Inc., Daniel Y. Sebag, Divyesh Gadhia, Harlan W. Goodson and Wesley K. Clark and for the Contributing Parties:

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1000 De La Gauchetière Street West, Suite 2100
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Tel: 514.904.5795
Fax: 514.904.8101
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ÉRIC PRÉFONTAINE
Tel: 514.904.5282
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For Defendant David Baazov:

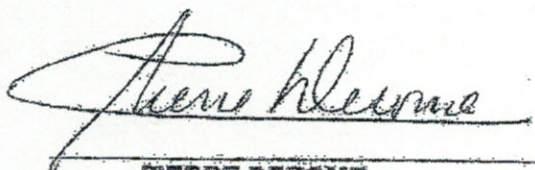
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CAROLINE LAROUCHE
Tel: 514.847.4475
Fax: 514.286.5474
Email: caroline.larouche@nortonrosefulbright.com

18.16 Date of Execution

The Parties have executed the Agreement as of the date on the cover page.



PIERRE DEROME

DAVID BAAZOV

DANIEL Y. SEBAG

DIVYESH GADHIA

WESLEY K. CLARK

HARLAN W. GOODSON

THE STARS GROUP INC.

By: _____

Name

Title

PIERRE DEROME



DAVID BAAZOV

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DANIEL Y. SEBAG

DIVYESH GADHIA

WESLEY K. CLARK

HARLAN W. GOODSON

THE STARS GROUP INC.

By: 

Name MAZON GOLDSTEIN
Title EVP & CHIEF LEGAL OFFICER