

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

TRILLIUM MOTOR WORLD LTD.

Plaintiff

- and -

**GENERAL MOTORS OF CANADA LIMITED and
CASSELS BROCK & BLACKWELL LLP**

Defendants

A N D B E T W E E N:

GENERAL MOTORS OF CANADA LIMITED

Plaintiff by Counterclaim

- and -

TRILLIUM MOTOR WORLD LTD. and THOMAS L. HURDMAN

Defendants to the Counterclaim

Proceeding under the *Class Proceedings Act, 1992*

**REPLY TO STATEMENT OF DEFENCE OF
CASSELS BROCK & BLACKWELL LLP**

1. The same defined terms as those used in the Amended Statement of Claim are used in this Reply.
2. The plaintiff admits the allegations contained in paragraphs 7, 8, 9, 18, 19 (except that: (1) the plaintiff has no knowledge of to whom the e-mail was sent, and (2) the advice in the e-mail was that the dealers review the WDA with their individual legal and business advisors, not

individual tax and legal counsel), and 20 (except that the conference call was not limited to non-retained dealers) of the statement of defence of the defendant Cassels.

3. The plaintiff denies the allegations contained in paragraphs 4, 5, 6, 11, 12, 16 and 21-36 of the statement of defence of Cassels.

4. The plaintiff has no knowledge of the allegations contained in paragraphs 10, 13, 14, 15 and 17 of the statement of defence of Cassels.

5. The plaintiff repeats, adopts and relies upon the allegations contained in the amended statement of claim.

6. With respect to the retainer of Cassels, as stated in the memorandum dated May 4, 2009 from CADA, Cassels was retained to represent the GM dealers, not CADA. Further, Cassels was retained to represent the GM dealers in respect of any impending insolvency or restructuring. The restructuring of the dealership network that occurred in May 2009 was the very event for which Cassels was retained. By the nature of its retainer, Cassels was required to be prepared for a restructuring of GM's dealership network, whether inside or outside of bankruptcy protection. Cassels' retainer was not contingent upon any formal act by GM.

7. At no time did Cassels convey to the affected dealers that it would not represent them on the restructuring of the dealership network or that it would not assist them until such time as GM formally declared itself insolvent or bankrupt. To the contrary, Cassels acted at all times as the lawyers for the GM dealers and took its instructions from the General Motors Dealer Steering Committee continually throughout the events of May 2009. Cassels acted pursuant to its retainer, among other ways, by drafting or assisting in the drafting of the May 22, 2009

memorandum from CADA to the GM dealers referred to in paragraph 19 of the statement of defence of Cassels, and during the May 24, 2009 four-hour conference call.

8. With respect to the allegations in paragraph 13 of the statement of defence, the plaintiff has no knowledge of the ethical wall allegedly erected within Cassels in relation to the retainer. Cassels did not advise the affected dealers that it had taken such steps or that there existed any conflict of interest that required such steps to be taken.

9. In any event, the establishment of an “ethical wall” by Cassels is no defence to the plaintiff’s claim that Cassels was negligent and breached fiduciary duties and contractual obligations. Rather, it is a clear admission that Cassels was indeed in a conflict of interest and recognized the conflict.

10. Further, despite the alleged ethical wall, Cassels lawyers acting for Canada met and shared information with Cassels lawyers acting for the affected dealers during the material times. Thus, any ethical wall which may have existed was breached.

11. With respect to the allegation in paragraph 34 of the statement of defence, both Cassels and GMCL are liable for the harm caused to the affected dealers. The claims against the two defendants are not inconsistent.

June 17, 2011

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TRILLIUM MOTOR WORLD LTD.
Plaintiff

- and - **GENERAL MOTORS OF CANADA et al.**
Defendants

Court File No.: CV-10-397096CP

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceeding commenced at Toronto

**REPLY TO STATEMENT OF DEFENCE OF
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