

IN THE MATTER OF THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, NEW BRUNSWICK, PRINCE EDWARD ISLAND,
NOVA SCOTIA AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF COUNSEL CORPORATION
AND
AMERICAN HOME PATIENT, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Makers") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland (the "Jurisdictions") have received an application from Counsel Corporation (the "Corporation") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that: (i) the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to a dividend in kind of common shares of American HomePatient, Inc. ("AHOM") by the Corporation to its Canadian shareholders; and (ii) the Prospectus Requirements shall not apply to the first trade of common shares of AHOM by the Corporation's Canadian shareholders subject to certain conditions;

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

AND WHEREAS the Corporation has represented to the Decision Makers that:

1. The Corporation is governed by the *Business Corporations Act* (Ontario) and is a reporting issuer or equivalent in each of the Jurisdictions.
2. The Corporation is not in default of any requirements of the Legislation.
3. The common shares of the Corporation (the "Counsel Shares") are listed for trading on The Toronto Stock Exchange and on the Nasdaq Stock Market.
4. The authorized share capital of the Corporation consists of an unlimited number of Counsel Shares and an unlimited number of Preferred Shares of which 25,298,122 Counsel Shares are currently issued and outstanding.

5. Approximately 59% of the outstanding Counsel Shares are held by residents of Ontario (the "Ontario Shareholders") and approximately 17% of the Counsel Shares are owned by persons resident in the rest of Canada (together with the Ontario Shareholders, the "Canadian Shareholders"). Ontario resident officers and directors of the Corporation, who by virtue of the Corporation's interest in AHOM are familiar with AHOM, own or control approximately 33.5% of the outstanding Counsel Shares.

6. AHOM was originally incorporated as a Delaware corporation in 1991 under the name Diversicare Inc., went public in the United States in November 1991 and therefore became subject to the requirements of the United States *Securities and Exchange Act of 1934* (the "1934 Act"). On May 13, 1994, Diversicare changed its name to American HomePatient Inc.

7. AHOM is not a reporting issuer or equivalent in any other province or territory of Canada and has no intention of becoming a reporting issuer or equivalent in these jurisdictions.

8. The shares of common stock of AHOM (the "AHOM Shares") are traded on the OTC Bulletin Board ("OTCBB") in the United States. The AHOM Shares last traded on the OTCBB on March 7, 2000, at a price of U.S. \$1.01 per share. The average daily trading volume of the AHOM Shares is approximately 66,800 shares. In February 2000, 612,300 AHOM Shares traded on the OTCBB.

9. The Corporation currently owns 3,979,625 AHOM Shares. The AHOM Shares owned by the Corporation represent approximately 26% of the total number of AHOM Shares issued and outstanding. The Corporation does not take an active role in managing AHOM, although Morris Perlis, Allan Silber and Edward Sonshine (all directors of the Corporation) are also directors of AHOM (out of a total of eight directors). From 1988 through 1998, the Corporation played an active role in the management of AHOM and the Corporation's Annual Information Form accordingly contained extensive information about AHOM and AHOM's financial results were reflected in the Corporation's consolidated financial statements. In December 1998, the Corporation's investment in AHOM was classified as a discontinued operation and since that time, the Corporation has held the AHOM Shares as a passive investment.

10. The Corporation intends to distribute all of the AHOM Shares it owns as a dividend in kind to the Corporation's shareholders (the "Distribution").

11. Subsequent to the Distribution, Canadian Shareholders would own the following percentage of total AHOM Shares outstanding: British Columbia (0.2132%); Alberta (0.1265%); Saskatchewan (0.0229%); Manitoba (0.1177%); Ontario (15.3%); Quebec (3.583%); New Brunswick (0.0216%); Prince Edward Island (0.0003%); Nova Scotia (0.0295%); Newfoundland (0.0039%).

12. Following the Distribution, it is expected that Ontario resident officers and directors of the Corporation would own or control approximately 8.7% of the outstanding AHOM Shares.

13. As of the date hereof and immediately upon completion of the Distribution, Canadian Shareholders in each of the Jurisdictions, except in Ontario as described in paragraph 11 above,

do not and will not own more than 10% of the AHOM Shares. In addition, as of the date hereof and immediately upon completion of the Distribution, Canadian Shareholders in each of the Jurisdictions do not and will not represent in number more than 10% of the total number of holders of AHOM Shares.

14. In connection with the Distribution, the Corporation shall provide to all of its shareholders, including the Canadian Shareholders, a copy of AHOM's most recent Form 10-K annual report for its financial year ended December 31, 1999 which contains, among other things, financial and other detailed company information relating to AHOM. The Canadian Shareholders will have the same rights at law, if any, with respect to the AHOM Shares and will receive, in connection with the Distribution, the same disclosure documentation received by the Corporation's shareholders resident in the United States.

15. The Distribution would be exempt from the Registration Requirements and Prospectus Requirements of the Legislation in certain of the Jurisdictions but for the fact that AHOM is not a reporting issuer or equivalent under the Legislation.

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

AND WHEREAS each of the Decision Makers 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 Corporation is exempt from the Registration Requirements and the Prospectus Requirements in connection with the Distribution of the AHOM Shares, provided that the first trades in the AHOM Shares by the Canadian Shareholders shall be a distribution or a primary distribution to the public under the Legislation unless such trade is executed through the facilities of the OTCBB and in accordance with the rules and requirements of the OTCBB and all laws applicable to such quotation system.

DATED at Toronto this 4th day of April, 2000.

"J. A. Geller" "Howard I. Wetston"

Headnote

Subsection 74(1) - distribution of shares of a U.S. reporting company which is not a reporting issuer or equivalent in Canada as a dividend in kind is not subject to sections 25 and 53 of the Act, subject to certain conditions - first trade is a distribution unless such first trade is made through the facilities of a U.S. quotation system in compliance with the rules of such quotation system.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25, 35(1)13, 53, 72(1)(g), 74(1).

