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MANITOBA PUBLIC UTILITIES BOARD

Re: TO DETERMINE ALLOWABLE FEES
FOR CASHING GOVERNMENT CHEQUES

Before Board Panel:

Graham Lane	- Board Chairman
Monica Girouard	- Board Member
Susan Proven	- Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
April 16th, 2007
Volume III
Pages 471 to 670

1		APPEARANCES	
2	Anita Southall) Board Counsel
3			
4	Byron Williams) CAC/MSOS
5	Bev Froese	(np))
6			
7	Paul Edwards) Money Mart
8			
9	Allan Foran) North West Company LP
10	Lucia Stuhldreier)
11			
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1 --- Upon commencing at 9:07 a.m.

2

3 THE CHAIRPERSON: Okay. Good morning
4 everyone. Welcome to the continuation of the Board's
5 cashing of government cheques hearings which was
6 adjourned on March the 9th of this year. My name is
7 Graham Lane, I'm Chairman of the Public Utilities Board.

8 On the Board panel and accompanying me
9 today is Ms. Susan Proven and Ms. Monica Girouard, Board
10 members, long-standing members of the Board.

11 We're also assisted by Mr. Gerry Gaudreau,
12 who is the Board Secretary, and Board Counsel, Ms. Anita
13 Southall. I will provide some comments to assist the new
14 parties that are joining us today that the others have
15 heard of before.

16 This hearing is being held to assist the
17 Board in determining the maximum amounts allowed to be
18 charged for cashing Federal and Provincial government
19 cheques as well as cheques issued by designated
20 government agencies.

21 According to recent amendments to the
22 consumer protection act, the Board must, by order, fix
23 the maximum amount or establish a rate formula or tariff
24 for determining the maximum amount that may be charged,
25 required, or accepted as a cheque cashing fee.

1 The hearing process today disallowed some
2 interested parties an opportunity to provide the Board
3 with their evidence and advice on how to set the
4 government cheque cashing fee. Hearings were held in
5 Thompson and in Brandon in December to allow Manitobans
6 in those regions who wish to participate to provide their
7 input to the Board on the issue of government cheque
8 cashing fees.

9 The Winnipeg hearing process began also in
10 December, but was followed by two further hearing days in
11 March. This hearing is a continuation of that process.

12 As I said, the Government of Manitoba has
13 mandated the Board to determine and establish the maximum
14 changeable fees for cashing cheques issued by specified
15 government bodies. In order to fulfill its mandate, the
16 Board is seeking information from the industry, its
17 clients and other interested parties.

18 While the Board will generally follow its
19 rules of practice and procedures which can be found, by
20 the way, on our website, there will be latitude exercise
21 to ensure that all referent evidence is before the Board.

22 Three (3) parties have been given formal
23 Intervenor status in the hearing. This includes CAC/MSOS
24 or Canadian Association of Consumers Manitoba Society of
25 Seniors, Money Mart and Northwest.

1 These organizations are in attendance
2 today and at -- have in prior days -- hearing days in
3 this matter provided evidence, tested evidence that was
4 submitted and ultimately as Intervenors they will make
5 submissions to the Board.

6 The Board thanks the Intervenors and their
7 counsel for their contributions to date, looks forward to
8 their further contributions over the next two (2) days.
9 As this process got underway, the Board was surprised to
10 see so few Intervenors and presenters, despite the public
11 notice and some media attention.

12 The Board concluded that the issue before
13 it was such that is required more evidence and
14 information that was likely to be before it following the
15 initial hearings of December. And thus asked Board
16 counsel and staff to do further research and seek out
17 additional witnesses and presenters.

18 As a result of those efforts and the
19 positive response of those organizations who were
20 contacted, we are pleased to welcome here today a number
21 of additional witnesses and also a number of presenters.
22 The Board is genuinely grateful to the new attendees
23 including witnesses and presenters who've allocated time
24 and resources to this process and who've taken time to
25 participate.

1 The Board is required to set maximums that
2 are just and reasonable. The Board's objective is to
3 determine the maximum amount to be charged taking into
4 account the interests of all affected parties.

5 Your participation not only informs the
6 Board as it embarks on its first order under this new
7 legislation, but also enhances the potential for varied
8 perspectives as to the factors the Board should consider
9 in the rate or tariffs to be set and as to the
10 recommendations which the Board may wish to make, on
11 reflection, as part of its order making process related
12 to government cheque cashing.

13 And through the Winnipeg hearing and the
14 hearings held in Thompson and Brandon, the Board seeks to
15 expand its knowledge in the area of cheque cashing in
16 order that its decision serves the public interest.

17 Before we continue today, I will now call
18 in Board counsel to provide us an outline of the
19 proceedings to take place today and tomorrow. Ms.
20 Southall...?

21 MS. ANITA SOUTHALL: Thank you and -- and
22 good morning to the panel and to all of those in
23 attendance here today. I have prepared an outline of the
24 proceedings to take place today and I would like to
25 review it with the Board and all participants present.

1 If you want a copy of the outline of proceedings, I have
2 forwarded that, I know, to counsel for the Intervenors.

3 I also have additional copies here today,
4 so the secretary has them if anybody wants a copy of the
5 proceedings you could let us know or -- or come forward
6 and just obtain a -- a copy.

7 So just briefly, because you will be able
8 to follow along, the outline as prepared, there -- there
9 will be opening comments, of course. I'm completing
10 mine, the Chairman's completed his. We will have some
11 opening comments, or introductions, at least, by the
12 Intervenors through their counsel, and there may be a
13 preliminary matter for counsel for the Intervenors to
14 address in term of some additional evidence that's being
15 proposed.

16 Following that, we will move directly into
17 what's identified as Item Number 3 at the top of page 2
18 of the proceedings, and that is the witness panel for
19 evidence of Assiniboine Credit Union and Community
20 Financial Services Centre. And the witnesses are present
21 at the table prepared to give their evidence this
22 morning, and from Assiniboine Credit Union would be Ms.
23 Priscilla Boucher and Ms. Colleen Dacquay.

24 And for Community Financial Services
25 Centre present today is Ms. Debra Joyal. The procedure

1 will be that, I -- I will ask them to simply introduce
2 themselves, and have them identify their position with
3 those two (2) entities, and the witness panel will
4 proceed as they've prepared to, to answer certain
5 questions that we've circulated to them in advance to ask
6 them to prepare for the kind of information the Board was
7 interested in receiving, factually, today.

8 We have copies, also, of the whole set of
9 the questions that were provided to various organizations
10 in order for them to prepare for this additional evidence
11 today, and again, the secretary has them available if
12 anybody wants a packet of those questions to be able to
13 follow along.

14 Once that's completed, as noted on page 2
15 of the proceedings, cross-examination will be available
16 to Intervenor counsel in the order identified. Should I
17 have any follow-up questions on the behalf of the Board,
18 or for clarification, I would then follow with my
19 questions, and that witness panel would be complete.

20 I've indicated to these witnesses that
21 they are, at that point, free to leave the hearing should
22 they wish. Should they wish to remain and continue to
23 participate by following the remainder of the day, you
24 are certainly most welcome to remain.

25 The next panel will be evidence of Credit

1 Union Central of Manitoba, and two (2) presenters are
2 here for Credit Union Central; Mr. Dale Ward and Mr.
3 Wilson Griffiths, and we'll be introduced to them when
4 they come forward for their testimony on behalf of Credit
5 Union Central.

6 That will follow the same process that
7 I've just identified for the previous panel. In other
8 words, we've asked them question in advance, they've
9 prepared to answer those questions to assist the Board.
10 And following that, there will be the cross-examination
11 process on that factual information that they bring
12 forward.

13 Following that, and I believe, will take
14 us take us to early this afternoon for the Board's
15 direction, will be the evidence of Mr. Norman Glass, a
16 businessman here in Manitoba. And again, the same
17 process, questions have been posed in advance, Mr. Glass
18 has considered them, and will be attending to provide
19 factual information to the Board on those matters, and
20 again, will be subject to cross-examination.

21 And that would take us to top of page 3
22 for those who are following along on their copy of
23 proceedings. At item 6 on page 3, then, we'll follow
24 presentations, and we know of two (2) confirmed
25 presenters. The representatives names and their

1 organizations are identified at item 6.

2 Also, we may have a third presenter, and I
3 wasn't able to firm that up in a final way as of late
4 last week, Mr. Chairman, so I will hopefully have that
5 information by this afternoon's recommencement of
6 proceedings. That will end the hearing portion of the
7 day today. And again, it's subject to this preliminary
8 with respect to additional evidence by Consumers
9 Association of Canada.

10 I believe we may be able, to the extent
11 the Board determines they -- they would allow that
12 additional evidence, we may be able to fit that in late,
13 late this morning if -- if in fact it goes that
14 direction, and certainly the Board can direct us in that
15 respect.

16 And then tomorrow, subject to completing
17 what we hope to today in terms of our timing and our
18 schedule, we will move to oral submissions of the
19 Intervenors and Board Counsel closing comments and
20 adjournment of the Winnipeg public hearing.

21 Just a couple of other procedural matters.
22 As for any further exhibits, I'll suggest that they be
23 entered as presented through the specific witnesses or
24 witness panels today, as necessary.

25 And specifically for the Witnesses, if you

1 have any -- any documentary evidence that you wish to
2 tender or that you believe would be helpful to the Board
3 in terms of following the information you're sharing with
4 us, if you could indicate that to us so we could mark it
5 for the record and maintain a copy of it in the Board's
6 office here; that will be of assistance. And you could
7 just let me know if -- if you've got something in a
8 documentary form and we'll determine if -- if it's
9 appropriately marked. Thank you.

10 I also note for the record that as a
11 result of consultation with the Canadian Bankers'
12 Association they have agreed to respond by way of written
13 submission to a series of questions sent to them on
14 behalf of the Board. That written response have been
15 delivered to the Board and electronic copies of the CBA's
16 responses have been e-mailed to the Board and circulated
17 to Counsel for the Intervenor last week.

18 The CBA's submission consists of six (6)
19 pages of narrative providing responses to questions 1
20 through 8 and attached not to the e-mail but in hardcopy
21 delivered to the Board's office were Appendices A, B, and
22 C. Rather than read the submission into the transcript,
23 we will ask our Digi-Tran transcription service providers
24 to incorporate the submission into the final transcript
25 of the Hearing.

1

2 COVER LETTER FROM CANADIAN BANKER'S ASSOCIATION:

3

4 Dear Mr. Gaudreau,

5 I am writing on behalf of the Manitoba
6 members of the Canadian Banker's Association in response
7 to an inquiry from Ms. Anita Southall who is acting as
8 Counsel to the Public Utilities Board.

9 Although our member banks are federally
10 regulated, we are pleased to provide the attached written
11 response to questions provided by Ms. Southall as we
12 understand this information may assist the Manitoba
13 Public Utilities Board in its consideration of provisions
14 contained in new provincial payday lending legislation.

15

16 Sincerely,

17

18 Paul Griffin

19

20 RESPONSES FROM CANADIAN BANKER'S ASSOCIATION

21

22 1. Please indicate the membership of your
23 Association, the CBA.

24

25 The CBA is the main representative body for banks in

1 Canada. All chartered banks are eligible for membership
2 and currently all domestic and virtually all foreign
3 banks doing business in Canada are members. The CBA is
4 funded by its members and works with them to promote the
5 strength and continued success of the industry, while
6 building a greater understanding of the banking sector.
7 Attached in Appendix A is a list of banks that are
8 members of the CBA.

9

10 2. Please indicate if the Association
11 collects operating and or financial statistics from its
12 membership.

13

14 Yes, the CBA collects operating and financial statistics
15 from its members. There are a range of publicly
16 available statistics on our website about matters such as
17 ABM transactions, bank employment statistics, bank
18 financial results, bank ranking, charitable donations,
19 credit card statistics, mortgages in arrears, tax
20 statistics and transactions by service channel. Attached
21 in Appendix B are copies of some of the statistical
22 information published on our web site.

23

24 3. Please provide a copy of any code of
25 recommended practices the Association provides or

1 endorses with respect to the cashing of government and
2 other cheques.

3

4 Please see Appendix C for the industry commitment on hold
5 periods for funds deposited by cheque.

6

7 The banks are also governed by the Bank Act s. 458 (4),
8 which prohibits charging to cash federal government
9 cheques:

10

11 (4) A bank shall not make a charge

12 (a) for cashing a cheque or other instrument drawn on the
13 Receiver General or on the Receiver General's account in
14 the Bank of Canada, in any bank or other deposit-taking
15 Canadian financial institution incorporated by or under
16 an Act of Parliament or in any authorized foreign bank
17 that is not subject to the restrictions and requirements
18 referred to in subsection 524(2), in respect of its
19 business in Canada;

20 (b) for cashing any other instrument issued as authority
21 for the payment of money out of the Consolidated Revenue
22 Fund; or

23 (c) in respect of any cheque or other instrument that is
24 (I) drawn in favour of the Receiver General, the
25 Government of Canada or any department thereof or any

1 public officer acting in the capacity of a public
2 officer, and
3 (ii) tendered for deposit to the credit of the Receiver
4 General.

5

6 Section 458.1(1) of the Bank Act also requires a bank to
7 cash federal government cheques if certain prescribed
8 conditions are met:

9

10 458.1 (1) Subject to regulations made under subsection
11 (2), a member bank shall, at any branch in Canada at
12 which it, through a natural person, opens retail deposit
13 accounts and disburses cash to customers, cash a cheque
14 or other instrument for an individual who is considered
15 not to be a customer of the bank under the regulations,
16 if

17 (a) the cheque or other instrument is drawn on the
18 Receiver General or on the Receiver General's account in
19 the Bank of Canada, or in any bank or other
20 deposit-taking Canadian financial institution
21 incorporated by or under an Act of Parliament, or is any
22 other instrument issued as authority for the payment of
23 money out of the Consolidated Revenue Fund;

24 (b) the individual makes the request to cash it in person
25 and meets the prescribed conditions; and

1 (c) the amount of the cheque or other instrument is not
2 more than the prescribed amount.

3

4 (2) The Governor in Council may make regulations

5 (a) respecting circumstances in which subsection (1) does
6 not apply;

7 (b) for the purposes of subsection (1), prescribing the
8 maximum amount of a cheque or other instrument;

9 (c) prescribing conditions to be met by an individual
10 referred to in subsection (1); and

11 (d) prescribing circumstances in which an individual
12 referred to in subsection (1) is considered not to be a
13 customer of the bank.

14

15 These prescribed conditions are set out in the Access to
16 Basic Banking Services Regulations (described below).

17

18 4. Please provide an overview of the cheque
19 cashing practices of the Association members.

20

21 CBA member banks subscribe to the rules and codes of
22 practice as set out by the Canadian Payments Association
23 (CPA). The CPA is a not-for-profit association whose
24 mandate is to establish and operate national systems for
25 the clearing and settlement of payments and other

1 arrangements for the making or exchange of payments. The
2 CPA is formed under the Canadian Payments Association Act
3 and all CPA rules and by-laws are approved by the federal
4 Minister of Finance.

5
6 Through a network of committees that bring together
7 representatives of CPA members and stakeholder groups,
8 the CPA develops and implements the rules that apply to
9 the clearing and settlement of different types of
10 payments between its member financial institutions. These
11 rules and the related processes ensure that the system is
12 safe and sound and that payments are exchanged
13 efficiently. Attached is a link to the CPA website:
14 http://www.cdnpay.ca/rules/acss_rules.asp.

15

16

17 5. Please provide an overview of industry
18 practices with respect to cheque holding periods,
19 identification requirements for cheque cashing, and fees
20 charged for cheque cashing.

21

22 Government cheques

23

24 There is no hold period when federal government cheques
25 of up to \$1,500 are cashed by non-customers. Under the

1 Bank Act Access to Basic Banking Services Regulations,
2 non-customers can cash federal government cheques of up
3 to \$1,500 without charge at a bank if they:
4 have two pieces of identification from those set out in
5 Part A or B below;
6 have one piece of identification from Part A or B if the
7 piece bears a signature or photograph; or
8 can confirm their identity through a client in good
9 standing with that bank or by an individual in good
10 standing in the community where the bank is located.

11

12 Part A:

13 A drivers licence issued in Canada, as permitted to be
14 used for identification purposes under provincial law
15 A Canadian passport
16 A Certificate of Canadian Citizenship or Certification of
17 Naturalization, in the form of a paper document or card
18 but not a commemorative issue
19 A Permanent Resident card or Citizenship and Immigration
20 Canada Form IMM 1000 or IMM 1442
21 A birth certificate issued in Canada
22 A Social Insurance Number card issued by the Government
23 of Canada
24 An Old Age Security card issued by the Government of
25 Canada

1 A Certificate of Indian Status issued by the Government
2 of Canada

3 A provincial health insurance card, as permitted to be
4 used for identification purposes under provincial law

5 A document or card, bearing the individual photograph
6 and signature, issued by any of the following authorities
7 or their successors:

8 Insurance Corporation of British Columbia

9 Alberta Registries

10 Saskatchewan Government Insurance

11 Department of Service Nova Scotia and Municipal Relations

12 Department of Transportation and Public Works of the

13 Province of Prince Edward Island

14 Service New Brunswick

15 Department of Government Services and Lands of the

16 Province of Newfoundland and Labrador

17 Department of Transportation of the Northwest Territories

18 Department of Community Government and Transportation of
19 the Territory of Nunavut

20

21 Part B:

22 An employee identity card, issued by an employer that is
23 well known in the community, bearing the individual
24 photograph

25 A bank or automated banking machine or client card,

1 issued by a member of the CPA in the name of, or bearing
2 the name of, the individual and bearing the individual
3 signature

4 A credit card, issued by a member of the CPA in the name
5 of, or bearing the name of, the individual and bearing
6 the individual signature

7 A Canadian National Institute for the Blind (CNIB) client
8 card bearing the individual photograph and signature

9 A foreign passport

10

11 Banks are not required to cash a federal government
12 cheque for non-customers if:

13 the individual does not provide proper identification;

14 the cheque is over \$1,500;

15 the bank does not provide cash through a person at that
16 location;

17 there is evidence that the cheque has been altered in
18 some way or is counterfeit;

19 the cheque is not an item that will be accepted under
20 Rule G8 of the CPA; or

21 the bank believes there has been illegal or fraudulent
22 activity involved.

23

24 If a bank cannot cash a government cheque for a
25 non-customer, it must advise the individual in writing

1 and provide the individual with information on how to
2 contact the Financial Consumer Agency of Canada.

3

4 The banks also have formal or informal agreements
5 regarding cashing provincial government cheques for
6 non-customers with the governments of British Columbia,
7 Alberta, Saskatchewan and New Brunswick. The provincial
8 government guarantees payment of the funds, as long as
9 the bank obtains the required identification.

10

11 In certain circumstances, there may be a hold on a
12 government cheque deposited to a customer account. If a
13 customer is depositing a government cheque that is
14 uncertain in any respect, a bank may want to contact the
15 Cheque Redemption Control Directorate of Public Works and
16 Government Services Canada (PWGSC) to confirm its
17 validity. If the customer is depositing a government
18 cheque outside of PWGSC hours of operation, the funds
19 may be held until the bank can contact PWGSC the next day
20 to confirm the cheque validity. In this kind of
21 situation, the bank may also not cash the government
22 cheque without receiving confirmation from PWGSC.

23

24 Other cheques

25

1 Canada has one of the most efficient payment and cheque
2 clearing systems in the world, and the CPA reports that
3 less than 1 percent of deposit accounts are subject to a
4 hold period on any given day and nearly 1.5 billion
5 cheques are deposited each year in Canada.

6
7 Banks may apply a hold on funds deposited by cheque to
8 manage risk and protect banks and their depositors from
9 losses in case there are not sufficient funds to cover
10 the cheque. Banks are required to provide their hold
11 policies in writing when an account is opened and upon a
12 customer's request. In addition, banks must notify
13 customers when the policy changes.

14
15 Cheque hold policies vary by institutions and individual
16 accounts but can be affected by: the depositor history
17 of returned cheques because of insufficient funds the
18 length of time the customer has dealt with the branch;
19 the amount of cleared funds already in the account; and
20 the amount and type of cheque being deposited.

21
22 Cheque holds are part of the federal government's 2006
23 financial services reform initiatives which has resulted
24 in a voluntary commitment (attached in Appendix C) to
25 reduce hold periods from approximately ten to seven days

1 effective April 2007 for a Canadian dollar item deposited
2 to a Canadian dollar account. This will reduce to four
3 days once the cheque imaging project has been fully
4 implemented (likely the later part of 2009). Compliance
5 will be monitored by the Financial Consumer Agency of
6 Canada. This voluntary commitment applies to:
7 Cheques deposited by individual consumers to their
8 personal deposit accounts and cheques deposited to
9 commercial accounts operated by small-and medium-sized
10 businesses (SMEs).
11 Paper-based cheques drawn on a financial institution
12 whose branch is located in Canada and issued in Canadian
13 dollars.

14

15 With respect to non-government cheques, banks do not
16 charge to deposit cheques to customers accounts, and they
17 will not normally cash cheques for non-customers.
18 Customers can operate a bank account for a monthly fee of
19 \$4.00 or less, and there are also no-fee accounts
20 available to seniors, youth and students and from some
21 virtual banks.

22

23 6. Please indicate the Association
24 perspective on bank branch closures in the inner city of
25 Winnipeg and whether such closures have contributed to

1 the growth in near or fringe or convenience banking
2 services.

3
4 In a Ryerson study of payday lenders in four cities, one
5 of which was Winnipeg, it was found that payday lenders
6 are locating in commercial areas, in close proximity to
7 the existing network of financial institutions. In
8 Winnipeg, the survey found that 62.6% of payday lenders
9 are located within 250 meters from a bank or other
10 traditional financial institution, and 95% are located
11 within 1000 meters of a traditional financial
12 institution. While people may choose to use a payday
13 lender, a bank or traditional financial institution is
14 most often close by.

15
16 The Ryerson University study concluded the following:
17 It is apparent from this study that the payday lending
18 industry is not locating in areas that are under-served
19 by traditional financial institutions. Quite the
20 opposite, they are locating in close proximity to the
21 existing network of financial institutions.

22
23 Payday lenders are located in different types of
24 neighbourhoods in all parts of the country, not just
25 poorer neighbourhoods. A 2002 Public Interest Advocacy

1 Centre (PIAC) study concluded that ne must reject the
2 hypothesis that the AFS (Alternative Financial Services)
3 is primarily a market of society disadvantaged.

4

5 According to the payday lenders themselves, their average
6 customer is:

- 7 - employed;
- 8 - has a bank account (in fact, you must
9 have bank account to use these
10 services); and
- 11 - has an annual income at the national
12 average.

13

14 Claims are sometimes made that payday lenders fill a need
15 because banks are no longer offering small loans to
16 consumers. In fact, banks continue to offer products like
17 overdraft protection, credit cards and lines of credit
18 that consumers can use to borrow small amounts for a
19 short time at rates that range from prime to just over 20
20 percent, significantly lower than the costs for a payday
21 loan.

22

23 When cashing a cheque, those in poorer neighbourhoods don
24 need to go to their own bank. All banks cash federal
25 government cheques free for non-customers who have the

1 required identification. And if they can go to their own
2 bank, the cost is less for cashing other types of
3 cheques. If you compare the costs of cashing a \$100
4 cheque at a cheque-cashing outlet and cashing it at a
5 bank, you 1 pay about 3% on the face value of the cheque
6 or about \$3, plus a fee of about \$2 for a total of \$5 at
7 the cheque casher, compared to cashing the cheque without
8 charge and conducting up to 15 transactions for less than
9 \$4.00 at a bank.

10

11 7. Please indicate the Association
12 perspective on the expanding fringe or near bank industry
13 and the value of such enterprises to consumers.

14

15 We believe this question may best be directed at
16 representatives of the Payday Lending industry.

17

18 8. Please provide the Association
19 suggestions on actions that should be taken by government
20 with respect to payday loan and similar firms.

21

22 It is up to the government to decide whether or not
23 payday lenders should be regulated. Recognizing that
24 there appears to be a customer base for payday loans, the
25 banks believe that the best approach is to create a fair

1 and competitive marketplace for such products with
2 legislated disclosure and collection practices similar to
3 those already in place for traditional lenders,
4 prohibitions on abusive practices and effective oversight
5 to ensure compliance with such requirements.

6 APPENDIX A

7

8 The following is a list of banks that are members of the
9 Canadian Bankers Association.

10

11 SCHEDULE "I" DOMESTIC CHARTERED BANKS

12

13 BMO FINANCIAL GROUP

14 BANK OF NOVA SCOTIA (THE)

15 CIBC

16 CANADIAN TIRE BANK

17 CANADIAN WESTERN BANK

18 CITIZENS BANK OF CANADA

19 DUNDEE WEALTH BANK

20 LAURENTIAN BANK OF CANADA

21 MANULIFE BANK OF CANADA

22 NATIONAL BANK OF CANADA

23 NATIONAL BANK OF GREECE (CANADA)

24 PACIFIC & WESTERN BANK OF CANADA

25 PRESIDENT CHOICE BANK

1 RBC FINANCIAL GROUP
2 TD BANK FINANCIAL GROUP
3 UBIQUITY BANK OF CANADA
4
5 SCHEDULE "II" FOREIGN BANK SUBSIDIARIES
6
7 AMEX BANK OF CANADA
8 BANK OF CHINA (CANADA)
9 THE BANK OF EAST ASIA (CANADA)
10 BANK OF TOKYO-MITSUBISHI (CANADA) (JAPAN)
11 BCPBANK CANADA
12 BNP PARIBAS (CANADA)
13 CITIBANK CANADA
14 CTC BANK OF CANADA
15 HABIB CANADIAN BANK
16 HSBC BANK CANADA
17 ICICI BANK CANADA
18 ING BANK OF CANADA
19 INTERNATIONAL COMMERCIAL BANK OF CATHAY (CANADA)
20 JP MORGAN BANK CANADA, N.A.
21 KOREA EXCHANGE BANK OF CANADA
22 MBNA CANADA BANK
23 MIZUHO BANK (CANADA)
24 SOCIÉTÉ GÉNÉRALE (CANADA)
25 STATE BANK OF INDIA (CANADA)

1 SUMITOMO MITSUI BANKING CORPORATION OF CANADA
2 UBS BANK (CANADA)
3 UFJ BANK CANADA (JAPAN)
4
5 SCHEDULE "III" AUTHORIZED FOREIGN BANKS
6 (FOREIGN BANK BRANCHES)
7
8 FULL SERVICE BRANCHES
9 ABN AMRO BANK CANADA
10 BANK OF AMERICA, NATIONAL ASSOCIATION, CANADA BRANCH
11 CAPITAL ONE BANK (CANADA BRANCH)
12 CITIBANK N.A.
13 COMERICA BANK
14 DEUTSCHE BANK A.G.
15 HSBC BANK USA
16 JP MORGAN CHASE BANK NATIONAL ASSOCIATION
17 MAPLE BANK GmbH
18 MELLON BANK, N.A. CANADA BRANCH
19 STATE STREET BANK AND TRUST COMPANY
20 UNITED OVERSEAS BANK LIMITED
21 UBS AG CANADA BRANCH
22
23 LENDING BRANCHES
24 CREDIT SUISSE FIRST BOSTON
25 NATIONAL CITY BANK CANADA BRANCH

1 APPENDIX B

2 Examples of statistical information

3

4 APPENDIX C

5 Voluntary Commitment - Reduced Cheque Hold Periods

6

7 MS. ANITA SOUTHALL: Likewise, as I've
8 indicated we have sets of questions available this
9 morning for the various presenters who are asked to
10 consider particular questions in advance of the Hearing
11 so again if -- if you would like to see the secretary he
12 can provide those to you.

13 And again a little bit of further
14 direction to the Witnesses. I want to ensure that if you
15 have any questions or are confused about what we're up to
16 or the proceedings as we go forward, know that you can
17 ask those questions.

18 If you need clarification with respect to
19 questions that are put to you, you're entitled to ask for
20 that clarification. So, you know, please know to speak
21 up and we'll do our best to assist you with respect to
22 any questions of procedure or clarification.

23 The Witnesses will be sworn or affirmed
24 and will then testify as I indicated by providing
25 responses to the questions they were provided in advance.

1 Those individuals appearing as presenters
2 later today will be making an oral submission to the
3 Board for its consideration. They will not be sworn and
4 other than questions of clarification by the Panel,
5 presenters will not be subject to questioning.

6 This concludes my opening comments. And,
7 Mr. Chair, I suggest you turn to counsel for the
8 Intervenor for their introductions and, as I indicated,
9 I believe there may be a preliminary matter with respect
10 to additional evidence. Thank you.

11 THE CHAIRPERSON: Thank you. Thank you.
12 Okay, Mr. Williams for CAC/MSOS, you have some opening
13 comments and a matter you wish dealt with?

14 MR. BYRON WILLIAMS: Yes, my comments
15 hopefully will be fairly brief and for those -- there are
16 some new faces in the room and I'm always happy to
17 introduce myself. So my name is Byron Williams. I'm an
18 attorney with the Public Interest Law Centre and I
19 represent the Consumers' Association of Canada and the
20 Manitoba Society of Seniors.

21 I can just indicate I guess three (3) --
22 three (3) things I'd -- I'd like to draw some attention
23 to. First of all in terms of the witnesses that the
24 Board will be hearing from today, CAC/MSOS certainly
25 doesn't intend to cross-examine them. Ms. Desorcy is

1 here with me today. If she has some questions of
2 clarification I'll certainly put those to them but we
3 don't have any cross-examination sketched out. So we'll
4 play it by ear but we don't anticipate it will be very
5 lengthy or -- and it certainly will not be assertive or
6 aggressive, so more like questions of clarification.

7 Referring to one (1) other matter that Ms.
8 Southall was speaking about previously in terms of the
9 presenters, I can also indicate that I have been in
10 contact at least with Northern First Nation organization,
11 MKIO, Mr. Anderson, and again whether or not they appear
12 or not I -- I cannot speak to that but I can indicate
13 that I provided them with some background information in
14 terms of previous transcripts, and in terms of the filed
15 evidence of Northwest Company, which appears to be their
16 primary area of interest.

17 So those who know Mr. Anderson knows --
18 know he likes to go right to the deadline; that his work
19 is always quite good, but I'm not sure whether he'll be -
20 - be here or not, but I was speaking with him Thursday
21 evening, and then, perhaps, again on Friday morning.

22 Mr. Chairman, the final matter, and I
23 don't wish to delay matters too much when we have guests
24 here who are kind enough to donate their time, but
25 independent of this hearing process, one of my two (2)

1 clients in this proceeding, the Consumers Association of
2 Canada Manitoba branch, entered into a contract with the
3 Canadian Office of Consumers Affairs in July of 2006 to
4 do some survey work, and some interesting research work
5 on -- on the wide low-income consumers, those meeting the
6 L-I-C-O or LICO Test, choose to -- to cash checks at --
7 at banks, or pawn shops, or -- or other retail options
8 check-cashing operations.

9 So that -- that work was retained -- was
10 commenced in July of 2006, and involved both focus groups
11 in three (3) cities. Those cities being Winnipeg,
12 Toronto, and Saskatoon involving participants who meet --
13 met the criteria of being under the low-income cut off
14 standards or L-I-C-O, LICO.

15 It also consisted of surveys of low-income
16 consumers. I believe surveys were distributed in eight
17 (8) different provinces. We never mentioned the
18 existence of the document in the course of this
19 proceeding, first of all, because I'm not sure that I was
20 necessarily aware of it other than some off-hand comments
21 by one (1) of my clients, and also, because it just
22 wasn't anticipated that it would be available to share
23 with the Board, or participants, given that we were
24 looking at a one (1) day hearing in December, initially.

25 Over the past couple weeks some of the

1 results have begun -- began to come in, so when I spoke
2 with Ms. Desorcy two (2) weeks ago, I said that -- or I
3 suggested to her that we should see if we could get
4 permission from the funder, and -- and invite the Board,
5 if it was so interested, to -- to hear some preliminary
6 results.

7 Late last week we got confirmation from
8 the funder that is was fine with them, with two (2)
9 important caveats. First of all, to note that this
10 material is preliminary and is not complete, and
11 secondly, as part of its standard code of practice;
12 there's always a methodological review by an external
13 consultant, and this methodological review has not yet
14 been completed.

15 So Ms. Desorcy is here today at the
16 pleasure of the Board. She has information on a
17 preliminary basis from both the results of focus group
18 conducted in three (3) cities, as well as results from a
19 number of surveys returned from -- throughout Canada,
20 which I think she -- if she were to present today would
21 intend to focus on the forty (40) surveys returned to
22 date from Manitoba.

23 I'd hasten to add that these were --
24 individuals were not randomly not randomly sampled, they
25 were -- they were chosen because they met the criteria of

1 being under the low-income cut-off standard; as well,
2 there was an effort to -- to achieve some diversity and
3 mix of consumers by working with First Nations, women's
4 shelters, AIDS victims organizations, senior's groups,
5 health centres and clinics.

6 So that's essentially what Ms. Desorcy has
7 prepared to make a presentation to the Board today if it
8 is so inclined. Ms. Southall referred to it as evidence,
9 I'm not quite sure how to characterize it. What I would
10 say that -- the closest analogy that I would draw from
11 the Board's past practice would be in hearings, for
12 example, relating to matters from Manitoba Hydro.

13 Intervenors, such as the Manitoba
14 Industrial Power Users group will have legal counsel,
15 they will have expert evidence, at the same time, they
16 are -- the clients themselves may choose to make a
17 presentation on matters that are -- are relevant, or
18 which they think would be of assistance to the Board.
19 And I -- I really think that, that's the closest analogy
20 that I can draw.

21 I'll let you know just at a high level
22 some of the issues Ms. Desorcy will talk about but I can
23 assure the Board that the information that she has
24 gathered was gathered by CAC alone with no involvement
25 with MSOS, that there was no involvement with Dr.

1 Buckland and I can absolutely assure you that there was
2 no involvement with Mr. Williams.

3 I did receive a fax copy of her draft
4 remarks at about seven o'clock last night and reviewed it
5 to make sure that it wouldn't give any heart attacks but
6 I made no editorial changes.

7 Again we're at the pleasure of the Board.
8 We believe it may be of some assistance in -- in giving
9 you, at a very high level, the feedback from low income
10 consumers on why they -- on a variety of topics.

11 Some of the -- some of the subject matters
12 that were addressed in the focus groups were frequency of
13 cheque cashing, whether these individuals had bank
14 accounts and why -- where they cashed cheques, what type
15 of cheques they cash, how they cash a cheque, what they
16 pay to cash cheques, what they believe it should cost to
17 cash a cheque, the knowledge they had of federal cheque
18 cashing legislation, and their motivation for choosing a
19 particular place to cash cheques.

20 And I'm not sure Ms. Desorcy can speak on
21 all those subjects today but those are some of the areas
22 that she -- that were covered in the focus group and
23 survey.

24 I also would note that one (1) other
25 matter that I thought was quite interesting was that

1 apparently cheque cashing provides some opportunity for
2 engaging in dates and so Ms. Desorcy may or may not --
3 may -- may not have some comments on that. I'll leave
4 that to her.

5 It's unusual and again I would say that
6 this is not -- in terms of the Board's considerations I
7 would say certainly that this information is -- is
8 relevant. It should be -- if the Board chooses to hear
9 it, it should be accepted with the caveat that it's
10 preliminary, that there's been no methodological review
11 and that certainly CAC/MSOS would be prepared to share
12 the final -- or CAC I guess would be prepared to share
13 the final results when they are completed.

14 In terms of what, if any, prejudice might
15 inure to my -- the friends who are -- My Friends who are
16 intervening in this, obviously this is a departure from
17 the procedure in that CAC had not intended to make the
18 presentation and the deadline for filing of evidence has
19 already passed.

20 So we would acknowledge that. If the
21 Board finds it would be helpful, Ms. Desorcy is here. If
22 not, we will live with that as well, Mr. Chairman, and
23 Members of the Board.

24 THE CHAIRPERSON: Thank you, Mr.
25 Williams.

1 MR. BYRON WILLIAMS: And those close my
2 submissions.

3 THE CHAIRPERSON: This is an unusual
4 hearing as you're aware.

5 For Money Mart, Mr. Edwards, do you have a
6 view on this?

7 MR. PAUL EDWARDS: Thank you, Mr. Chair.
8 Money Mart does have a view on this. Can I just -- in
9 terms of my opening comments I've got a few things I'd
10 like to say and then move to -- to that issue?

11 THE CHAIRPERSON: Please.

12 MR. PAUL EDWARDS: Thank you very much.
13 Firstly, I just want to acknowledge that there were
14 undertakings given in the course of the evidence by Money
15 Mart, one (1) at page 305 and another at page 324 of the
16 transcript. We will be in a position to respond to that.
17 We're not right this moment but we certainly recognize
18 that those were given and we -- we will be providing
19 answers and then perhaps this afternoon or tomorrow
20 morning. So I -- I didn't want to have that lost, we --
21 we remembered that.

22 Secondly, there was another factual issue
23 at the end of our last dates and it had to do with income
24 levels. You may recall that there was some -- a comment
25 made that -- by Money Mart witnesses that generally

1 speaking their typical customers' income level was at or
2 close to the national average. There was some issue
3 taken by Mr. Williams. We haven't had a chance to
4 discuss that but we need to put that evidence before the
5 Board and we will provide that at the same time we
6 respond to these undertakings. So that's sort of a
7 cleanup issue.

8 In terms of the issue which Mr. Williams
9 has raised, Money Mart has both a procedural concern and
10 a substantive concern with respect to the evidence which
11 is sought to put before the Board at -- at this juncture.
12 I appreciate Mr. Williams' comments that it is unusual
13 and it certainly is outside of the -- the process which
14 was set out many months ago.

15 I've received, on the way in this morning,
16 no -- no statement -- aspersion to Mr. Williams, but he
17 didn't get it 'til late last night. I got it on the way
18 in. I haven't read the document that he's put in front
19 of me.

20 What I would like to do is to defer my
21 comments on this until the start of this afternoon. I
22 would like to read the few -- the few pages he's put
23 before me. And I can just indicate at the outset that
24 Money Mart will, and we've indicated this to Ms. Southall
25 last Friday when we first became aware of this, we -- we

1 certainly do have concerns.

2 And, so, I'd just like to defer my
3 comments if I might until this afternoon.

4 THE CHAIRPERSON: You may.

5 MR. PAUL EDWARDS: Thank you very much
6 then. That ends the opening comments for -- for -- for
7 Money Mart.

8 THE CHAIRPERSON: Mr. Foran...?

9 MR. BYRON WILLIAMS: Mr. Chairman, if I
10 might. Mr. Williams. Just to illustrate my deep
11 knowledge of the CAC survey, I did misspeak on one point
12 that I guess the methodological reviewer for the survey
13 performed by CAC is Dr. Buckland, so I misstated that
14 previously, so I apologize for that.

15 THE CHAIRPERSON: Thank you for
16 correcting it. Mr. Edwards can take that into account as
17 well. Mr. Foran...?

18 MR. ALLAN FORAN: Yes, good morning, Mr.
19 Chairman, members of the Board. Thank you again for
20 allowing the Northwest Company to intervene. We are --
21 I'm going to address primarily the CAC submission.

22 We, as well, have concerns about this. I
23 was handed this document this morning. I've quickly gone
24 through it and it appears that it's preliminary reaction
25 with final report to follow.

1 And it may be that there's an opportunity
2 for this kind of evidence, but maybe not at this hearing.
3 Maybe in future hearings. What my concern is, is that
4 using the adage "go slow", we would need to understand
5 what is being said here and whether it impacts my client.

6 My preliminary reaction looking at this is
7 this is an urban-driven document. Appears to be larger
8 urban centres, a small sampling that has been
9 specifically selected. And that may not have any
10 application at all to my client, but I'm not sure yet.

11 And if the Board deems that this is
12 evidence that it wishes to accept, we may need just an
13 opportunity to understand the methodology behind how it
14 was created and whether we do in fact have any questions
15 on this.

16 I think there is a danger with this kind
17 of evidence going in right now. We haven't put our mind
18 to it. We're now into, my recollection is, the fourth
19 day of hearings in which I've been able to participate,
20 where we have really focussed on the issues. We've had
21 hot questions, cross-examinations, and now we're getting
22 into something a little softer.

23 So I -- I think from my client's position,
24 it's wary of this and it's general reaction is that this
25 is not an appropriate document to have submitted to the

1 Board at this time. Thank you, Mr. Chairman.

2 THE CHAIRMAN: Thank you. Okay, I think
3 what we'll do is we'll return to this after Mr. Edwards
4 has had an opportunity to peruse it more carefully, and
5 you may have had another look at it too. You don't have
6 any other opening comments at this point?

7 MR. ALLAN FORAN: I could, but if -- for
8 the sake of expediency, I'll stop.

9 THE CHAIRPERSON: Okay. Okay, well,
10 welcome.

11

12 (BRIEF PAUSE)

13

14 THE CHAIRPERSON: Oh, sorry. So welcome
15 to Ms. Boucher, Ms. Dacquay and Ms. Joyal. You're
16 representing Assiniboine Credit Union and Community
17 Financial Services. That's our understanding. Mr.
18 Gaudreau, would you mind swearing in the witness?

19

20 ASSINIBOINE CREDIT UNION and COMMUNITY FINANCIAL SERVICES
21 CENTRE:

22 PRISCILLA BOUCHER, Sworn

23 COLLEEN DACQUAY, Sworn

24 DEBRA JOYAL, Sworn

25

1 THE CHAIRPERSON: Thank you, sir.

2 MS. ANITA SOUTHALL: Mr. Chairman, if I
3 could just indicate that, as I mentioned at the
4 beginning, perhaps if -- if the witnesses, with their
5 mics on, in turn, perhaps starting with Ms. Dacquay at
6 the far left as we -- as we face them at the witness
7 table could introduce themselves with their mics on and
8 tell us which organization they're here representing and
9 what your position is with that organization.

10 And then, Mr. Chair, I think we would move
11 into their responses to the particular questions that
12 were posed to them in advance?

13 THE CHAIRPERSON: That's fine.

14 MS. ANITA SOUTHALL: Thank you.

15 MS. COLLEEN DACQUAY: Good morning and
16 thank you. I'm Colleen Dacquay. I'm the Manager of
17 Sales and Services Processes with Assiniboine Credit
18 Union.

19 MS. PRISCILLA BOUCHER: And good morning.
20 I'm Priscilla Boucher. I'm Vice-President of Corporate
21 Social Responsibility and Corporate Governance for
22 Assiniboine Credit Union.

23 MS. DEBRA JOYAL: Good morning. I'm
24 Debra Joyal, Manager of the Community Financial Services
25 Centre at Mount Carmel Clinic.

1 THE CHAIRPERSON: Thank you. Ms.
2 Southall...?

3

4 CROSS-EXAMINATION BY MS. ANITA SOUTHALL:

5 MS. ANITA SOUTHALL: Thank you. So I'm
6 not sure if the Witnesses in advance have had an
7 opportunity to discuss who's going to start but, you
8 know, feel free -- I don't know if Ms. Dacquay, you
9 intended to start with some of the process questions
10 associated with how Assiniboine Credit Union operates but
11 whoever wants to go first perhaps just let us know. Oh,
12 Priscilla's going to start? Okay. So, Priscilla Boucher
13 will start and is it the questions -- a portion of the
14 questions for Assiniboine Credit Union, Priscilla, that
15 you'll be addressing?

16 MS. PRISCILLA BOUCHER: Yes, I'll be
17 addressing some and then I'll turn it over to Colleen
18 specifically to address the question around cheque
19 cashing.

20 MS. ANITA SOUTHALL: Thank you. So if
21 you would like to proceed, Ms. Boucher? Thank you.

22 MR. PRISCILLA BOUCHER: Okay. So, good
23 morning, everyone, and thank you for the opportunity to
24 be here today and to present Assiniboine Credit Union's
25 experience and views partly with regards to the cheque

1 cashing but also with regards to the Community Financial
2 Services Centre.

3 Before we get into answering your
4 questions I thought I'd give you a bit of an introduction
5 to Assiniboine Credit Union itself.

6 As of January 1st of this year we are a
7 new legal entity operating under the name of Assiniboine
8 Credit Union. This is a result of a merger with three
9 (3) credit unions -- Assiniboine, Astra, and Vantis
10 (phonetic). We are now one (1) of the largest credit
11 unions in Manitoba and among the top ten (10) credit
12 unions in English-speaking Canada. We have over five
13 hundred (500) employees, a hundred thousand (100,000)
14 members, and manage 2 billion in assets.

15 We serve the Winnipeg market through a
16 network of twenty-three (23) branches and we have two (2)
17 northern branches -- one (1) in Thompson; one (1) in
18 Gillam (phonetic). We are proud to have been named one
19 (1) of Canada's top ten (10) -- top one hundred (100)
20 employers and one (1) of Manitoba's top ten (10)
21 employers for 2007.

22 Some of what we'll share today is with
23 reference to the pre-merger Assiniboine Credit Unit
24 because of course the merger just happened January 1st.
25 However, we want to let you know that the newly merged

1 Assiniboine Credit Union continues to share a strong
2 commitment to corporate social responsibility and to
3 working with community partners to strengthen our local
4 economy and our local communities, and that includes
5 working with others to address issues of access to
6 affordable financial services for the diverse communities
7 in which we do business.

8 You asked about Assiniboine Credit Unions
9 -- and just to let you know, I'm going to use "ACU" in
10 the future because it's a bit long -- initiatives with
11 respect to the poor or less affluent communities in
12 Winnipeg.

13 ACU has a longstanding commitment to
14 provide access to affordable financial services for low
15 income individuals and communities and I wanted to give
16 you a few examples of our initiatives.

17 We are a founding member of the
18 Alternative Financial Services Coalition which was formed
19 in 1997 to promote the development of affordable
20 financial services to meet the needs of low income
21 residents in Winnipeg. We have been an active member
22 ever since.

23 We established a branch in the West
24 Broadway neighbourhood when others were moving out. We
25 partnered with Seed Winnipeg (phonetic) to create a

1 special savings account for low income participants in
2 their asset building program. This is a program where
3 people receive money management training, one (1) on one
4 (1) financial counselling, and are supported to save for
5 goals such as housing, education, starting a business, or
6 household necessities.

7 This program was recently expanded and we
8 are now working with five (5) community partners. We
9 also supported Seed Winnipeg's Microlong Program
10 (phonetic) for about twelve (12) years and it's our
11 longest running support for low income people.

12 To address issues of lack of
13 identification we took advantage of a special provision
14 in the federal access to basic banking regulations to
15 create a community sponsor program to expand our side of
16 acceptable identification while ensuring Fintrac
17 compliance.

18 We use this program with community
19 partners who sponsor individuals for the purpose of
20 opening an account with ACU. For example, we were able
21 to use this program with Siloam Mission when they
22 approached us in 2006 to open accounts for members of
23 their mission off-the-streets team.

24 Because of our long time involvement in
25 initiatives such as these, we were invited to help

1 develop a community-based solution in the north end, the
2 Community Financial Services Centre. But before we get
3 into details around our involvement, I wanted to turn
4 things over the Colleen to share a bit about our cheque
5 cashing processes and policies.

6 MS. COLLEEN DACQUAY: Thank you,
7 Priscilla. At Assiniboine we have -- take great pride in
8 helping meet the needs of the low income, as Priscilla
9 has just shared with you. What I would like to speak to
10 you right now are three (3) processes, the cheque
11 cashing, holds, negotiation fees and ID requirements.

12 A project team was brought together to
13 review cheque holding periods. It was -- the mandate was
14 to strike a balance between member service and risk
15 management within the credit union itself.

16 To establish these holding periods a
17 review was conducted and included four (4) critical
18 points. Identifying losses as they pertained to cheque
19 negotiation, reviewing of the Canadian Payment
20 Association's rules and regulations, and ensuring
21 compliance with the mandatory ID requirements and the
22 last, the cost of doing business. The outcome of the
23 review resulted in hold and the following practices being
24 implemented.

25 In certain situations, one (1) day hold on

1 cheque drawn on Assiniboine -- Assiniboine accounts.
2 Seven (7) day holds for cheques drawn on other credit
3 unions. Ten (10) day holds on other FI's and forty-five
4 (45) day holds on cheques that are leaving Canada
5 destined for the US.

6 When Government of Canada cheques are
7 negotiated over the counter, holds are not typically put
8 on -- on these cheques. If a member chooses to deposit
9 their cheques through the ATM and holds are applicable to
10 their ATM card, a ten (10) day hold will be in place.

11 The fees associated for cheque negotiation
12 with -- within Assiniboine are as follows. For members,
13 no fees. Non-members negotiating an item drawn on on
14 Assiniboine, \$5. Government of Canada cheques, free of
15 charge.

16 As a provincially regulated financial
17 institution, credit unions are not legislated to
18 negotiate Government of Canada cheques, however ACU and
19 other credit unions have chosen to follow the federal
20 legislation. The ID requirements for cheque cashing, we
21 follow the Fintrac requirements and -- for acceptable
22 forms of identification when account opening.

23 So ID requirements for cheques negotiation
24 pertain to non-members only, as at the time of account
25 opening we are taking the proper identification and meet

1 all requirements. To ensure indemnification of
2 Government of Canada cheques is not sacrificed, rule G8
3 procedures criteria pertaining to encashment Government
4 of Canada cheques for non-customers found in the Canadian
5 Payment Association standards is adhered to.

6 There are three (3) components that we
7 felt provided difficulties for low income people
8 negotiating items. I would like to speak to the lack of
9 proper identification, lack of branches in the low income
10 neighbourhoods and difficulty with cashing provincial and
11 municipal cheques. Although individuals do not need to
12 open a personal bank account in order to cash a cheque,
13 the can be refused this service as they do not have the
14 proper identification.

15 It is important to note that the
16 increasing incidents of identify theft as well as
17 legislation to prevent money laundering and terrorist
18 financing has put an increased onus on FI's to be
19 absolutely sure, under penalty of law, that the
20 identification of an individual is legitimate. The issue
21 with many disadvantage people is a lack of adequate
22 identification and few means to obtain the same.

23 The lack of branches in low income
24 neighbourhoods. Most Government of Canada cheques can be
25 cashed free of charge at any bank. As we see the number

1 of banks decreasing in the low income areas, the access
2 to this service is also declining.

3 Difficulty in cashing provincial and
4 municipal cheques. Our experience shows us that many
5 low-income individuals receive payment at a provincial
6 level. Unlike federal government cheques, there is no
7 indemnification process for provincial cheques. This is
8 also true for municipal cheques.

9 With no indemnification process at a
10 provincial level, and no way to verify funds, stop
11 payments, or to request a hold on these items, they
12 become a much higher risk and are very rarely negotiated.
13 Because of these risks, ACU typically will not negotiate
14 a provincial or municipal government cheque.

15 I'll now turn it back to Priscilla.

16 MS. PRISCILLA BOUCHER: Just for
17 clarification on that last point, we typically will not
18 negotiate these for non-members.

19 So back to the Community Financial
20 Services Centre, you asked about our reasons for
21 supporting it, and our role in the operations.

22 As mentioned earlier, our support for the
23 new Community Financial Services Centre, and again, I'm
24 going to use acronym, CFSC, grew out of our longstanding
25 involvement with the Alternative Financial Services

1 Coalition, and our demonstrated commitment to providing
2 access to financial services for low-income households
3 and communities.

4 We work closely with the North End
5 Community Renewal Corporation to design the products, and
6 services, and the model for how these services would
7 delivered through the CFSC. It's important to emphasise
8 that the CFSC is a pilot, and it's based on referrals
9 from community partners who can confirm the
10 identification of the individual and can assess the fit
11 with what CFSC has to offer. It is not a store-front
12 operation at this time.

13 The goal is to support CFSC clients to
14 establish a satisfactory relationship with a mainstream
15 financial institution, in this pilot phase that means
16 ACU.

17 Once individuals are accepted by the CFSC,
18 and are issued an CFSC client ID card with a photo, they
19 have the option the open an account with ACU. The ID
20 card serves as one (1) piece of acceptable identification
21 for the purpose of opening an ACU account. In this way
22 we are able to address barriers to access due to lack of
23 proper identification.

24 As a cooperative there is a fee associated
25 with being a member of a credit union; that can be a

1 barrier to low-income people, so we have waived the five
2 dollar (\$5) membership fee for CFSC clients. As a member
3 they enjoy the same privileges as any other credit union
4 member, and have access to the range of financial
5 services.

6 CFSC clients who are also ACU members have
7 access to special cheque cashing and depositing
8 arrangements through ACU branches, and to cheque
9 depositing services at the CFSC. We will cash or deposit
10 government cheques; federal, provincial, municipal, as
11 well as community partner cheques up to \$1500 with no
12 holds.

13 As there is no indemnification of
14 provincial or municipal cheques, there are inherent
15 risks. However, these risks are reduced through quality
16 referrals from participating community organizations, and
17 through various procedures we have put in place.

18 So you asked about our experience to date
19 with respect to supporting CFSC, as you can tell we are
20 intimately involved in the project. As this is a pilot
21 we are working closely with the CFSC team to fine tune
22 the model, and address issues as they arise. In fact, we
23 are meeting tomorrow to review the results of the first
24 quarter of 2007.

25 Because we are encouraging direct

1 deposits, there has been less demand than we expected for
2 the cheque depositing services at the centre. There have
3 been only two (2) cheques deposited at the centre to
4 date, or for cheque cashing services through the ACU
5 branches. Only nine (9) of the current fifty-three (53)
6 CFSC clients use this service; thirty-two (32) are using
7 direct deposits.

8 CFSC clients are getting quick access to
9 cash with no holds, and no fees. The CFSC pilot project
10 is not without risks, and here a couple of examples. One
11 (1) client wrote a cheque payable to self, and took it to
12 Money Mart to cash it. There were no funds in the ACU
13 account to cover the cheque. Another client made ATM
14 deposits and attempted to withdraw cash; the envelopes
15 turned out to be empty.

16 These are a couple of examples. It's
17 important to point out that these kinds of account
18 activities are not limited to low-income individuals,
19 they're examples of what financial institutions see every
20 day in terms of dealing with cash and cheques.

21 You asked about our perspective on bank
22 and credit union branch closures in the inner city of
23 Winnipeg. I guess the first comment would be this issue
24 is complex and our approach has been to focus on finding
25 positive solutions.

1 Firstly, without access to a bank account
2 it's very difficult to participate fully in economic life
3 outside of the cash economy. Through our involvement
4 with the Alternative Financial Services Coalition we've
5 been part of efforts to address the issue of access to
6 reasonably priced financial services for low income
7 people. This includes research to try and understand
8 both the challenges and what sustainable models might
9 look like.

10 Some of these solutions have less to do
11 with bricks and mortar branches than with the creative
12 use of electronic banking and other processes. With the
13 CFSC for example we use electronic transfers to provide
14 immediate access to cash when cheques are deposited
15 through the Centre and we encourage the use of direct
16 deposit for government cheques.

17 I want to point out as well though it's
18 also important that the CFSC is there physically in order
19 to deal directly with the clients that are referred from
20 the community.

21 You asked about our perspective on the
22 expanding fringe or -- or near bank industry. Again, the
23 issue is complex. From the research that we've seen, the
24 consumer research shows that the fringe or near bank
25 industry is expanding to fill a gap that is not being

1 addressed by mainstream financial institutions.

2 For example, in a 2005 study by IPSOS Reid
3 for the Financial Consumer Agency of Canada users of
4 cheque cashing outlets and payday loan companies were
5 asked why they used these services instead of a regular
6 financial institution such as a bank, credit union, or
7 case populaire. (phonetic). The most mentioned reasons
8 were speed, immediate need for cash including small
9 short-term loans and convenience.

10 However, this same study also showed that
11 these consumers underestimated the cost of these
12 services. ACU does not have a position on the
13 justifiability of these higher costs. You can often find
14 fringe financial services operating within blocks of
15 banks and credit unions, however, compared to mainstream
16 financial institutions their services are expensive and
17 they are virtually unregulated.

18 The use of fringe financial services is
19 not always a wise financial choice for low income people.
20 The cost is very high compared to mainstream financial
21 services and it often leads to issues of security, for
22 instance carrying around a lot of cash, and poor
23 financial management habits such as not saving.

24 One (1) of the challenges in low income
25 neighbourhoods is that when mainstream financial

1 institutions move out, residents are left with little
2 choice but to use the more expensive services of the
3 fringe industry.

4 I know that you are looking for
5 recommendations when it comes to fees that you might set
6 on cheque cashing. We're not in a position to suggest
7 what limit the Government should set on fees to be
8 charged, but we do have a view on what the Government can
9 do to facilitate access to more affordable services
10 including cheque cashing.

11 And I just want to comment that our
12 experience is that cheque cashing is a little piece of a
13 much bigger challenge in terms of access to financial
14 services that are affordable.

15 So number 1, the establishment of a low-
16 cost photo ID program to provide identification
17 acceptable for opening a bank account and/or cashing a
18 cheque. Perhaps community organizations and agencies
19 could support a common ID platform within some sort of
20 government framework.

21 Number 2, provincial and municipal
22 indemnification similar to that available for Government
23 of Canada cheques would go a long way in facilitating
24 cheque cashing and reducing associated fees.

25 Number 3, encouraging of direct deposits

1 for provincial and municipal government cheques is a
2 quick win provided the individuals have access to a bank
3 account in the first place. Issues of access to low
4 income consumers cannot be ignored in this question.

5 Number 4, providing operational funding
6 for community-based initiatives such as the Community
7 Financial Services Centre. These initiatives are looking
8 to develop positive and holistic solutions that meet the
9 -- the needs of low income households and neighbourhoods.

10 And 5, the mainstream financial services
11 industry is highly regulated. We would recommend that
12 the Government investigate the merit of regulating the
13 activities of the fringe financial services industry. We
14 do not take the position that it should be regulated, but
15 rather that this regulation should be explored.

16 Thank you for the opportunity to provide
17 our views.

18 THE CHAIRPERSON: Thank you very much.

19 MS. ANITA SOUTHALL: Thank you very much,
20 from my perspective, as well, to the members of the
21 Assiniboine Credit Union to -- for responding to those
22 questions posed by the Board. Now if we could turn to
23 Ms. Debra Joyal, and she will speak for the Community
24 Financial Services Centre.

25 And if you have the packet of questions

1 that were posed to the -- to various participants today
2 in advance, there were a separate list of questions
3 provided to Community Financial Services Centre.

4 Ms. Joyal, I believe you'll be in a
5 position to address these as you go through your talk?

6 MS. DEBRA JOYAL: I will.

7 MS. ANITA SOUTHAL: Thanks very much.

8 MS. DEBRA JOYAL: Good morning. We'd
9 like to thank you for the opportunity to be here to share
10 our vision of what's happening in the North end core
11 area, specifically from our perspective. Before I get
12 into the questions I'd like to go through a brief history
13 and background of the Community Financial Services
14 Centre, I'm not sure if all of you are aware of exactly
15 we do, so this will help.

16 And to facilitate that I have some
17 handouts that perhaps would make it a little easier to go
18 along with some of the acromyns -- acronyms and what not,
19 so we'll proceed with that. There's some articles in
20 there, and this, as well. And this -- this is a sample
21 of our ID card.

22

23 (BRIEF PAUSE)

24

25 MS. DEBRA JOYAL: Did you want me to wait

1 a few moments until that's passed out?

2 MS. ANITA SOUTHAL: Yes, if you could
3 give us a moment we'll determine whether or not we need
4 to mark any of those as exhibits.

5 MS. DEBRA JOYAL: Thank you.

6 MS. ANITA SOUTHAL: Thank you.

7

8 (BRIEF PAUSE)

9

10 THE CHAIRPERSON: Okay, thank you.

11 MS. DEBRA JOYAL: Shall I proceed?

12 THE CHAIRPERSON: Yes, please.

13 MS. DEBRA JOYAL: Thank you. Basically
14 I'm just going to run through a brief history and
15 background of our Community Financial Services Centre.
16 Over the past fifteen (15) years there has been a steady
17 decline in the number of full service branches in small
18 communities and in low-income areas of major cities.

19 Over that period it's estimated that, as
20 many as ten (10) banks closed their store-fronts in
21 Winnipeg's core area, leaving thousands of people without
22 a neighbourhood bank. Many low-income households were
23 not accessing services from mainstream financial
24 institutions even before the closures.

25 Other services moved in to fill the need.

1 Citizens who needed to cash cheques, get loans or quick
2 money were now looking to pawn shops, rent-to-own stores,
3 cheque cashing outlets and payday loan operations.

4 Community organizations in Winnipeg became
5 increasingly concerned that people of low income had
6 fewer options to manage their money and their debts.
7 They saw that the citizens in the core area were living
8 in a costly cash economy with no place to save money,
9 establish automatic bill payments or to get conventional
10 loans and mortgages.

11 In 1997 these concerned organizations
12 formed the alternate financial services coalition, AFSC
13 and in your handout, I have -- you have handout that
14 lists the current members of that organization.

15 The AFSC was to address the issues of
16 access to reasonably priced financial services for low
17 income people in Winnipeg. The founding partners in
18 alphabetical order are, the Assiniboine Credit Union,
19 Mennonite Central Committee, Northend Stella United
20 Church of Canada, Seed Winnipeg and the United Church
21 Manitoba and Northwestern Ontario Conference.

22 In conjunction with the AFSC, the Northend
23 Community Renewal Corporation -- and I'll add in here
24 that the Community Financial Services is overseen by the
25 Northend Community Renewal Corporation, secured funding

1 from the Winnipeg Inner City Research Alliance or WIRA to
2 investigate the rise of fringe financial services in
3 Winnipeg's northend and explore possible solutions.

4 There were a few basic issues that the
5 community research identified and briefly they are as
6 follows. It appeared unlikely that any regulated
7 financial institution would establish a new full service
8 branch in the community.

9 Some citizens do not have prof -- proper
10 identification making it difficult for them to cash
11 cheques at a financial institution. If they were able to
12 open accounts, the typical five (5) to seven (7) day
13 waiting period placed on cheques was a great financial
14 strain on citizens living from cheque to cheque.

15 Many citizens in the area do not have a
16 positive credit rais -- rating or we're encountering a
17 lot of people are invisible, they have no credit rating
18 whatsoever.

19 There was a need to educate citizens on
20 how to manage personal finances, get a loan, make
21 payments and stay out of debt. There was a need for
22 citizens to open accounts and establish a relationship
23 with a full service financial institution. This research
24 was a starting point for developing a business plan for a
25 community based solution.

1 Initial funding for this business plan
2 came from Neighbourhoods Alive and the CIBC. On the
3 strength of this business plan funding to develop and
4 pilot the newly named Community Financial Services Centre
5 was secured from the Winnipeg Partnership Agreement and
6 the Winnipeg Foundation.

7 With this funding in place a project team
8 from NECRC and Assiniboine Credit Union completing the
9 design of the community based model and its specific
10 products and services.

11 So that's the historical background that
12 brought us to our media launch on the 16th of November
13 and since then my assistant and I -- my assistant is
14 Lillian Hippalito (phonetic) and she's kindly been able
15 to join us today, so I'll just ask her to stand so I can
16 introduce her. Thank you very much.

17 On that I'm just going to go back directly
18 to the questions and the first question being; indicate
19 the organization supporting the CFSC. And the current
20 organizations supporting us are the Winnipeg Partnership
21 Agreement and the Winnipeg Foundation who are the
22 funders, Assiniboine Credit Union, CIBC, the Alternative
23 Financial Services Coalition, NECRC, which is the
24 Northend Community Renewal Corporation. Sorry for all
25 the acronyms, they sort of slide off our tongues after

1 awhile.

2 Now as a part of the Northend Renewal
3 Corporation there are other satellite offices associated
4 with that. One in PATH Resource Centre on Selkirk, the
5 CCI project which is located in the -- the -- on Stella
6 Walk in the project which is Community Comprehensive --
7 Comprehensive Initiative and Mount Carmel Clinic, Seed
8 Winnipeg Incorporated.

9 And we have an additional thirteen (13)
10 community organizations that want to refer clients to us
11 and in another handout I've indicated the four (4)
12 community organizations we're -- we're currently
13 accepting referrals from and the ones who want to refer
14 to us in the future.

15 I lost my place, forgive me. Mount Carmel
16 Clinic of course is also supporting us. Elizabeth Fry
17 Society and North End Women's Resource Centre.

18 Currently we have -- our phones have been
19 ringing off the wall, needless to say, and we're -- we're
20 happy for that but we've had at last count at least
21 twenty-five (25) requests from various other community
22 organizations, government agencies, other service
23 organizations, law firms, in the north end and throughout
24 the City of Winnipeg who want to refer clients to us.

25 We've had calls from St. Vitel, (phonetic)

1 St. Boniface, Broadway, Trans Cona (phonetic), Regent. A
2 lot of -- most -- most notably at this point in time we
3 are receiving calls from EI workers, EIA workers, MPI
4 disability, Metis Child and Family Services, wanting to
5 refer clients to us.

6 The current services that we're providing
7 to clients are financial education and counselling and
8 that's one (1) on one (1) counselling at this point and
9 we are going to be doing group money management training
10 sessions both in-house and in partnership with SEED
11 Winnipeg as well.

12 We provide our clients with a client ID
13 which is a photo ID which is not provincially recognized
14 and I sent a sample around. Forgive our little wolf
15 face. We really like to honour our clients' privacy but
16 at least it gives you an idea of what our ID looks like.

17 Just so you know, the cost to produce that
18 ID is two dollars (\$2) and we don't charge our clients
19 for it. We also provide cheque depositing that I think
20 Priscilla and Colleen so kindly had referred to earlier.

21 We are going to provide -- provide our
22 clients with micro-loans and we've targeted to start that
23 towards the end of May. And that's basically going to
24 encase loans between twenty (20) and a hundred dollars
25 (\$100) with no administration fee and a flat 3 percent

1 per month interest on the declining balance -- terms of
2 thirty (30), sixty (60), ninety (90) days and that APR
3 works out to be 36 percent.

4 The third question I think I covered in
5 the history. And going on to question number 4, please
6 provide our views as to the reasons consumers choose to
7 cash government cheques and other cheques at near or
8 fringe banks.

9 A lot of the clients that we have
10 encountered thus far don't have a bank account and they
11 need to cash a cheque and they lack the ID or they don't
12 meet the criteria of a traditional financial institution
13 to be able to open a bank account.

14 And even if they had an account, they need
15 the money immediately. They can't wait the mandatory
16 five (5) to seven (7) days and -- until they build a
17 credit history with the financial institution which, I'm
18 just speaking generally, would take about six (6) months
19 they would have a hold on their funds. And generally
20 speaking they seem to lack the -- the skills to
21 understand the usury fees.

22 Going on to question number 5, to provide
23 a value -- our view as to the value of the near or fringe
24 banks including payday loan cheque cashers, pawn shop
25 and, rent-to-

1 own operations, these fringe providers do provide a
2 service to consumers who cannot, for many complex
3 reasons, have their needs met by mainstream traditional
4 providers.

5 Going on to number 6; to provide our views
6 concerning the loaded debt (sic) or credit cards. I
7 won't carry through with whole question. The loaded
8 debit or credit cards, if the consumer does not have a
9 bank account, it's our opinion that these cards could be
10 a useful tool to help the consumer manage their own
11 funds, and not to carry cash, which is a huge problem in
12 the core area.

13 The value of these cards would depend, of
14 course, on the cost associated to set up these cards, the
15 carrying costs, and whether or not these cards help to
16 build, or rebuild the consumer's credit history, and
17 their range of acceptability at traditional retailers.

18 Going on to Number 7; to provide our
19 findings to the disadvantages incurred by consumers
20 through the use of fringe banks for the cashing cheques.
21 Generally speaking, we're finding from our clients the
22 disadvantages being the overall costs associated with
23 cashing the government cheques.

24 Our clients have told us that the norm
25 seems to be approximately 3 percent of the total amount

1 of the cheque. Sometimes that's very, very costly. I'll
2 give you an example, for a single mom who gets a child
3 tax credit cheque, and has nowhere else to cha -- cash
4 this cheque, and, you know, constitutes -- say it's a,
5 you know, could be as high as fifty \$(50), sixty dollars
6 (\$60) per cheque if she's got several children, and
7 that's a tremendous hardship on -- on these people, where
8 they could use these funds for groceries, for a
9 multiplicity of other reasons.

10 Some of the other hardships are when the
11 clients who -- who use these fringe providers have missed
12 payments, they encounter roll-over interest, and we have
13 personally encountered clients who are un-banked, they
14 don't have a bank account, and -- or -- and they didn't
15 until they until they came to see us, and in their
16 desperation to cash a cheque, they don't like it, but
17 they'll pay a greater fee in order to cash the cheque.

18 We're finding people who use the payday
19 loans, who fall into, for lack of better term I'll call
20 it the working poor category, and they're not candidates
21 for a consumer or consolidation loan through a
22 traditional financial institution, and their urgency for
23 the immediash -- immediate cash for many reasons.

24 We've had clients that have had family
25 emergency death situations where they've had to borrow

1 money because they can't get a loan, you know, it's an
2 urgency not to -- we're finding that, not certainly due
3 to substance abuse, or a multiplicity of -- of other
4 social-type problems.

5 They will turn a blind-eye to the fact
6 that they have to pay higher costs, and -- because the
7 urgency for them to access the cash immediately.

8 Now some of these clients are proving that
9 they do not have the financial education at this point to
10 comprehend what they're signing, and what authority
11 they're giving to the fringe financial provider when they
12 provide them with a void cheque for the PPA withdrawal.

13 And we have to date encoo -- encountered
14 several clients from this working poor category who have
15 missed a regular payment with the fringe financial
16 provider, and the loan has been rolled over, and they're
17 paying interest on interest, and on several occasions
18 they've had their bank accounts cleaned out, when there's
19 been money in the bank account, to the point where the
20 client has been in tears, because they really, this is
21 what they're telling us, they really do not pay attention
22 to what they're signing.

23 And I'll just move on to question number
24 8; to outline the -- the difficulties experienced by low-
25 income consumers related to cashing cheques at banks and

1 credit unions.

2 The low-income consumers whom we service
3 do not have easy access to a traditional financial
4 institution primarily because most of them do not have
5 vehicles and they don't always have the ready cash for
6 bus tickets and not all of them have the ability to walk
7 far distances. Some are elderly. Some have
8 disabilities, physical disabilities and they -- they just
9 find it very difficult to get out of the core area.

10 The majority of the clients that we
11 encounter do not have the ID required by the financial
12 institution to cash a cheque at their facility.

13 Before we came into being and started our
14 partnership with Assiniboine Credit Union to assist our
15 clients to open traditional bank accounts a lot of them
16 have shared with us that when they were walking into
17 various financial institutions they generally felt that
18 they looked down -- were looked down upon and felt quite
19 intimidated by the process.

20 And consequently, a result of that, a lot
21 of them had said they'd become angry and would misdirect
22 their frustration by way of an outburst or a scene with
23 whomever they were talking to at the particular FI.

24 The do say that they feel that they are
25 treated better at fringe financial providers and they

1 realize of course that because they're paying high costs,
2 they get treated with more respect but they like it.
3 They don't feel as intimidated or threatened. They don't
4 like the fees, but they feel that they're -- they're
5 caught between a rock and a hard place.

6 Going on to question 9, our process with
7 respect to a person presenting us a cheque for -- I'll
8 say depositing because we don't cash cheques. We carry
9 no cash money at our centre. We don't charge a fee. The
10 client must have an activated Assiniboine Credit Union
11 bank account in good standing which we do right on site
12 for our clients. We're in Mount Carmel Clinic. The
13 process is a three (3) day turnaround time.

14 They would have needed to have signed and
15 they do this when we're doing the account opening an
16 online -- Assiniboine Credit Union online transfer
17 agreement and we accept cheques -- municipal, provincial,
18 or Federal Government cheques or a participating
19 community organization partner cheque up to \$1,500.

20 We accept no third party cheques. Any
21 losses that are encountered would be underwritten by the
22 CFSC pilot project, so we do our due diligence.

23 We would then transfer the amount of the
24 client's cheque from our Assiniboine Credit Union bank
25 account to the client's Assiniboine Credit Union bank

1 account. The clients would have immediate access up to
2 \$1,500 of their cash. Now, any excess amount of that
3 would be held in their account for the mandatory hold
4 period as Colleen had outlined previously.

5 The client would be able to withdraw cash
6 from any credit union ABM machine at no charge or they
7 could withdraw cash from any ABM machine anywhere and
8 play the -- pay the applicable Interac fees. We couldn't
9 figure out how to get around that; it didn't happen.

10 We deposit any client paper cheques we
11 might get by way of night deposit to Assiniboine Credit
12 Union in our account and the important thing to note is
13 that we handle absolutely no cash money on site.

14 Going on to number 10, to indicate how we
15 go about providing identification to a person without
16 sufficient identification to allow them to open a bank
17 account or a credit union account, I passed around
18 another list of our ID requirements and just so you know
19 that those requirements were jointly devised by ourselves
20 and of course the Assiniboine Credit Union because they
21 have experts in this field with regulatory issues so
22 that's the list that we use for acceptable identification
23 from our clients.

24 And basically the other important thing to
25 -- to remember is that our community organization

1 referral letter is key in -- in addition to one (1) piece
 2 of ID from that list in opening a bank account for a
 3 client. And we have criteria and community organization
 4 referral kits, I didn't bring that along today.

5 It's quite involved where we train the
 6 community organization so that it's a win-win situation
 7 with the client and they know what we expect and we know
 8 what they expect and also that they have known the client
 9 that they referred to us for a minimum of six (6) months.
 10 And we're finding the pattern that's evolving thus far is
 11 that the Manitoba Health Card is the most common piece of
 12 ID that we're encountering in addition to of course the
 13 community organization referral letter.

14 Going on to number 11. Indicating costs
 15 that we charge for cheque depositing services provided.
 16 We charge no fees for cheque cashing or for any of our
 17 other services. And as earlier stated, once our micro-
 18 loans are made available to our clients, we will charge
 19 the interest outlined above and that interest is in --
 20 that interest rate is agreeable to our funders and also
 21 communi -- I should say, Consumer and Corporate Affairs,
 22 we've had discussions with them as well.

23 I'm just going to move on to number 12.
 24 Since we opened on the 16th of November, at this point in
 25 time, we have a total of seventy-five (75) clients from

1 which fifty-three (53) have opened are in -- or are in
2 the process of opening Assiniboine Credit Union bank
3 accounts. Twenty-two (22) of these clients are in
4 ongoing financial education and counselling, that's one-
5 on-one regular sessions. And two (2) clients have
6 deposited cheques by way of online transfer.

7 Moving on to number 13. We have no
8 recommendation at this point because primarily we do not
9 have enough information about their operations to know
10 what their operating costs and those associated fees are
11 to -- to make any sort of a recommendation.

12 And moving on to 14. To provide any
13 recommendations that the Board could make to government
14 with respect to improving the ability of low income
15 persons to select and successfully engage banks and
16 credit unions to cash cheques at a lower than -- cost
17 than those levied by the nearer financial ban -- banks
18 fringe -- forgive me -- fringe banks.

19 We, not to pump our own horn, are a
20 solution. We're providing a bridge from fringe financial
21 providers and the traditional financial institutions. Of
22 course, our success depends on the success of the pilot
23 and future operating capital in order to sustain what we
24 do. And to increase our capacity. At this point in time
25 we're in a very, very limited space in the clinic.

1 We will be moving into the CIBC Bank
2 building September or November of this year once the
3 renovations are done and we have it in our budget to
4 increase our staff by one (1) to hire a full time
5 financial officer. Because our space limitations and our
6 human resource limitations have, you know, enabled us to
7 grow very slowly at the point in time.

8 Thank you very much for the opportunity to
9 share with you.

10 THE CHAIRPERSON: Thank you very much.
11 With respect to your list of the ID, do you help them get
12 the ID?

13 MS. DEBRA JOYAL: We will give them the
14 referrals required. For instance, if they -- I'll give
15 you an example, if they have lost their Manitoba Health
16 Card, we'll, you know, a lot of them don't have phones or
17 access to, so we'll help them phone, you know, we won't
18 physically take them there but we'll set up appointments
19 for them and to -- to help them get through the red tape
20 because a lot of times we find that -- they find it's a
21 challenge.

22 THE CHAIRPERSON: But a lot of the IDs
23 require money too, don't they, for example a birth
24 certificate requires money. Even I think the Liquor
25 Control Commission card requires money.

1 MS. DEBRA JOYAL: That's -- that's right.
2 That's one (1) reason why we do see our micro-loans being
3 of benefit to our clients to help them with expenditures
4 such as this.

5 THE CHAIRPERSON: Well then the micro-
6 loan could be used to equip one to have ID for example?

7 MS. DEBRA JOYAL: That's right.

8 THE CHAIRPERSON: Thank you very much.

9 MS. DEBRA JOYAL: Thank you.

10 THE CHAIRPERSON: I appreciate all three
11 (3) of you coming down. Now we'll switch to the
12 Intervenors to see whether they have any questions.

13 First up would be Mr. Williams...?

14 MR. BYRON WILLIAMS: Thank you, Mr.
15 Chair, and I do have a few questions I think of at least
16 two (2) of the Panel Members and perhaps all three (3).
17

18 CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

19 MR. BYRON WILLIAMS: Ms. Joyal, I thank
20 you for that interesting presentation. Just for -- by
21 way of background how long have you been in the -- the
22 business that you're currently in in terms of this or how
23 long have you been working in this general -- general
24 area?

25 MS. DEBRA JOYAL: Are you talking about

1 me personally?

2 MR. BYRON WILLIAMS: Yes.

3 MS. DEBRA JOYAL: Okay. I was hired in -
4 - I was previously with the Louis Riel Capital
5 Corporation for seven (7) years wherein I helped the
6 Manitoba Metis Federation open their business development
7 -- development arm in their seven (7) regional offices so
8 I was -- I was there and I was hired by the North End
9 Community Renewal Corporation in 2005 to help
10 operationalize the model and develop the partnership so
11 that's where I come from.

12 MR. BYRON WILLIAMS: Okay. And thank you
13 for that. And just in terms of -- you demonstrated A
14 considerable sense or feel for what consumers -- their --
15 their opinions are in terms of the quality of service
16 they receive from alternative financial services as well
17 as the costs.

18 How -- how have you arrived at that
19 information? Presumably you've spoken with many -- many
20 consumers. Can you give us some indication --

21 MS. DEBRA JOYAL: Hmm hmm.

22 MR. BYRON WILLIAMS: -- of how many you
23 would have spoken with?

24 MS. DEBRA JOYAL: Well, that would be
25 based on my current client intake of seventy-five (75)

1 clients because part of the initial assessment is one (1)
 2 on one (1). They -- they book an appointment with us
 3 because that's how have to bring in clients and I do
 4 initial -- an initial assessment with them and all of
 5 them are at various stages of financial education and
 6 counselling and part of the process when you're in the
 7 counselling sessions, they open up and they share this
 8 with me. So this is first-hand from various clients'
 9 experiences.

10 MR. BYRON WILLIAMS: And it's first-hand
 11 and presumably it's based on more than a two (2) minute
 12 conversation, would that be right?

13 MS. DEBRA JOYAL: Oh, yes, an average
 14 counselling session the first time or intake is about a
 15 half an hour. Each of the subsequent counselling
 16 sessions average anywhere from half an hour to an hour
 17 depending on the complexity of it and right now I'm
 18 currently working with twenty-two (22) clients for
 19 ongoing financial education and counselling.

20 So these experiences have been based on, I
 21 would say, a minimum of at least a half hour session with
 22 each client.

23 MR. BYRON WILLIAMS: Okay. Thank you for
 24 that. In terms of -- I'm going to jump around a bit.
 25 You'll forgive me for this.

1 And I'm not sure if you're aware of this
2 experiment of not but have you or anyone on this panel --
3 are you aware of an experiment by RBC, a subsidiary of
4 RBC in Toronto serving the Parkdale area, and I believe
5 the name is Cash and Save? Is anyone on the -- on the
6 Panel familiar with this?

7 MS. DEBRA JOYAL: No, I'm not.

8 MS. PRISCILLA BOUCHER: I have some very
9 basic knowledge of it, but I am aware of it.

10 MR. BYRON WILLIAMS: Okay. So I have two
11 (2) head shakes and one (1) -- one (1) head nod so, Ms.
12 Boucher, you're -- perhaps you can -- because I've just
13 heard about this -- this effort recently and I wonder if
14 you can give me any insight into it or what your basic
15 knowledge is of it?

16 MS. PRISCILLA BOUCHER: Oh, maybe I
17 shouldn't even have spoken up then.

18 MR. BYRON WILLIAMS: You're not on the
19 hot seat, just whatever you can help us with.

20 MS. PRISCILLA BOUCHER: Yeah, I had heard
21 about this initiative and I had also heard that they
22 weren't sure that they were going to keep it open because
23 there were difficulties with it. And part of it is from
24 my understanding is the -- the financial viability of the
25 centre itself, but that's about all I know.

1 MR. BYRON WILLIAMS: Okay. So I'll have
2 to turn to others if I -- I hope to learn a little bit
3 more about it, that's fair enough. Ms. Joyal, you
4 mentioned in terms of the CFSC, I'm pretty good on --
5 with my acronyms -- thank you for that --

6 MS. DEBRA JOYAL: You are, I'm impressed.

7 MR. BYRON WILLIAMS: -- that you don't
8 offer third-party chequing services, and I wonder if you
9 can indicate why.

10 MS. DEBRA JOYAL: Well, basically,
11 because the Community Financial Services Centre project
12 would have to underwrite any loss and our total
13 capitalization for the pilot project is \$350,000, so we
14 could not absorb a loss of a cheque of any sort for third
15 party, nor, at this point and time, have we assessed the
16 risk factors associated with that, nor do we have the
17 human capacity to follow up with that.

18 MR. BYRON WILLIAMS: Just from your
19 answer I -- I have a sense that you -- your preliminary
20 view, at least, is that there's greater risks associated
21 with third-party cheques, would that be right?

22 MS. DEBRA JOYAL: I do.

23 MR. BYRON WILLIAMS: And I'm -- I will
24 come back to you, but that will be my less than clever
25 segue to the other two (2) members of your panel, Ms.

1 Dacquay, or Ms. Boucher. And again, you -- either of you
2 can answer this, but I -- I wonder -- there was some
3 discussion from both of you in terms of the level of risk
4 in -- in terms of cashing, whether provincial municipal
5 government cheques, or in terms of cashing third-party
6 cheques, and I wonder if you can chat a little bit about
7 -- start off with the -- the, you know, give me the
8 basics.

9 What's the relative level of risk in -- in
10 your organization's experience, or -- or through the
11 literature; do you have any sense of that?

12 MS. COLLEEN DACQUAY: I am not sure.

13 MR. BYRON WILLIAMS: Let me -- let me try
14 it again. First of all, does the -- do you have an
15 opinion based upon your -- your own experience, or
16 through the literature in terms of whether third-party
17 cheques are riskier than government, or munic --
18 provincial government or municipal cheques?

19 MS. COLLEEN DACQUAY: Because of the
20 legislation around third-party cheques that changed, I'm
21 going to say within the last eighteen (18) to twenty-four
22 (24) months, around recourse on them being unlimited.
23 They become a much higher risk as they can be returned
24 indefinitely to the financial institution, so yes, they
25 are a far greater risk as opposed to standard returning

1 of items.

2 MR. BYRON WILLIAMS: Okay. And just so
3 I'm clear, third-party -- are you -- are you saying that
4 third-party cheques would of greater risk than government
5 cheques be -- for example, provincial and municipal
6 cheques, or no?

7 MS. COLLEEN DACQUAY: With the provincial
8 and the municipal cheques if they're a non-member we have
9 no way of determining whether or not those cheques have
10 any type of stops on them, whether they've been reissued,
11 or anything like that, because they are not drawn on
12 Assiniboine Credit Union. So with the indemnification of
13 the Government of Canada cheques, there is a process in
14 place whereby we can actually call and verify the
15 validity of that item.

16 And as long as it's -- we take the proper
17 identifications as outlined in the G8 ruling of the
18 Canadian Payments Association, and it's within the
19 fifteen hundred dollar (\$1500) limit that the government
20 has established, where we have full indemnification.

21 If we choose to negotiate an item that's
22 worth two thousand (2000), we'll absorb the actual loss
23 should that item come back.

24 For the municipal and the provincial
25 government cheques we don't have anything like that, so

1 we don't know the issuer, other than it is a government
2 office, and we don't know the beneficiary of that cheque,
3 so we can not be negotiating those cheques as we -- and
4 with legislation on identification, and the amount of
5 stolen ID, and the rep -- replication of it, it's
6 incredible.

7 MR. BYRON WILLIAMS: Just so I'm clear,
8 in terms of municipal and provincial government cheques,
9 would the -- would your organization have internal data,
10 or data from the industry suggesting how many of those
11 cheques are defaulted on?

12 MS. COLLEEN DACQUAY: Not that I'm aware
13 of.

14 MR. BYRON WILLIAMS: So -- so when you're
15 talking about the risks, you're talking about the --
16 you're not talking about risks in an empirical sense in
17 that -- in that you've attempt -- or that the industry
18 has quantified the risks?

19 MS. COLLEEN DACQUAY: I'm sure if I had
20 done some research that there are studies out there that
21 show that, and if you were to reflect back on Royal Bank
22 of Canada, where a lot of these cheques are drawn on, we
23 could get stats from them on the number that have been
24 stopped, reissued, and those types of things, but that
25 kind of information would have to come back from the FI

1 itself where they're drawn.

2 MR. BYRON WILLIAMS: Okay. So that
3 information, if one (1) were trying to get a look at --
4 at the -- the -- that information, you would go to the
5 Royal Bank to get a sense of the risk associated with
6 that. Would that --

7 MS. COLLEEN DACQUAY: You'd go back to
8 the appropriate financial institution. I do realize that
9 Royal Bank houses a lot of the provincial accounts.

10 MR. BYRON WILLIAMS: Just a few more
11 questions. Ms. Dacquay, and again you were -- you were
12 talking about and -- and this was near the start of your
13 presentation and I believe you were talking about kind of
14 a review of your approach to -- to cheque cashing.

15 And you indicated you were going to look
16 at four (4) -- three (3) or four (4) areas including
17 losses rules, compliance and the cost of doing business.
18 Did I have that right, at a at least high level? I see
19 you nodding your head.

20 MS. COLLEEN DACQUAY: Yes.

21 MR. BYRON WILLIAMS: I just want to go
22 to the cost of doing business as it refers to cheque
23 cashing. Would I be right in suggesting to you that for
24 the

25 Assiniboine Credit Union, in terms of

1 cashing cheques there are basically both fixed costs, you
2 have to rent a -- or you have your -- your property, you
3 have heating, utilities, things like that and also
4 variable costs, i.e., the risk that you face. Would that
5 be -- would that be the two (2) main categories of costs?

6 MS. COLLEEN DACQUAY: And the processing
7 costs of the actual item that -- the cost of a person
8 accepting the item, using the computer systems to
9 actually process the item, ship the items out at -- at
10 the end of the day into central and then the cost that we
11 incur from central as a clearing house on behalf of that
12 item.

13 So there are the fixed costs, the bricks
14 and mortar, absolutely, there's processing and then
15 there's the risk.

16 MR. BYRON WILLIAMS: Can I, and again, I
17 don't want to know all your business secrets, but I want
18 -- I do -- I would like to know a few 'cause no one else
19 will share with me in this room. In -- in -- let --
20 let's break it down.

21 In terms of fixed costs, can -- can you
22 give me some sense of -- do you have an allocation for a
23 -- let's say Byron Williams comes in with a \$300 cheque
24 from Manitoba Public Insurance, do you have some sort of
25 allocation of -- of how much it costs you?

1 MS. COLLEEN DACQUAY: I would have --
 2 actually have to do a take-away on that one because I'm
 3 not in the accounting department, seeing all the charge-
 4 outs and things like that that come in and out, so I
 5 could do a take-away on that and -- and establish a
 6 dollar amount for you if that's something that's going to
 7 be requested.

8 MR. BYRON WILLIAMS: If -- if I could it
 9 wouldn't be -- it would be helpful to me to get some
 10 sense of the costs that a -- an organization like -- like
 11 you and -- and perhaps a I would just ref -- perhaps if I
 12 could give you two (2) exam -- two (2) examples. And I
 13 should of had this prepared in advance, we're going off
 14 the top of my head.

15 But I -- I wonder if you can give me the
 16 sense of a -- a \$500 cheque from Manitoba Public
 17 Insurance for -- the -- the fixed, processing, and risk
 18 costs that -- that you would see associated with that.
 19 And then a -- let's say a \$500 cheque from my mom, you
 20 don't need to know her name, but someone, a third party
 21 and whether there's some difference. With that be
 22 possible to do?

23 MS. COLLEEN DACQUAY: Absolutely. And
 24 this is assuming that there -- we need to have -- we're
 25 assuming then that you're a member. If there -- if -- if

1 no one is a member of the credit union --

2 MR. BYRON WILLIAMS: Right.

3 MS. COLLEEN DACQUAY: -- either the payee
4 or the drawer, then we wouldn't be looking at either or
5 those scenarios.

6 MR. BYRON WILLIAMS: Okay.

7 MS. COLLEEN DACQUAY: So if somebody
8 walked in with a cheque from MPIC and we did not know
9 them and that cheque would not be drawn on Assiniboine
10 Credit Union, we would refer them back to their branch of
11 account or to the financial institution that the MPIC is
12 drawn on.

13 MR. BYRON WILLIAMS: Okay.

14 MS. COLLEEN DACQUAY: Same with the
15 cheque from your mom. So there's no differentiation
16 between personal and business in a situation like that.

17 MR. BYRON WILLIAMS: And just so I
18 understand, so that would take away the -- the risk or a
19 fair degree of the risk, but it would still address
20 issues related to the fixed and processing costs. Would
21 that be fair?

22 MS. COLLEEN DACQUAY: Yeah. We can get
23 those fixed --

24 MR. BYRON WILLIAMS: Yeah.

25 MS. COLLEEN DACQUAY: Yeah.

1 MR. BYRON WILLIAMS: Okay. That would be
2 very helpful. Thank you.

3 MS. ANITA SOUTHAL: I just want to --
4 pardon me for interrupting your questioning, Mr.
5 Williams, but because the representative from Assiniboine
6 Credit Union aren't represented by counsel today, I want
7 indicate to them that they that the right to consider
8 that last question in terms of disclosure of the details
9 of Assiniboine Credit Union's costing.

10 So, I -- because you're not represented by
11 counsel, I want to alert you to that fact and to the
12 extent that you give consideration to it and you have any
13 concern associated with disclosing that information.
14 You're not compelled to answer it, so --

15 MR. BYRON WILLIAMS: And that was --

16 MS. ANITA SOUTHAL: Sorry. I -- I just
17 wanted to alert you to that. I'm not at all suggesting
18 that you ought not to answer it or if you're prepared to
19 provide it, it may be of assistance to the Panel. But
20 just -- just a note on that point because you don't have
21 counsel present.

22 MR. BYRON WILLIAMS: And that's certainly
23 fair for me, from my perspective, too. So I go back and
24 I'm not sure if your boss is right beside you or not, but
25 I would check with your boss and if it's fine with your

1 boss, it certainly would be very helpful to my clients.

2 MS. COLLEEN DACQUAY: We would also have
3 to get that cleared by our CEO and our Chair of our -- of
4 our Board of Directors, as we had -- did all of our other
5 responses. And possibly involving Rod Giesbrecht
6 (phonetic) would be something that we would look into.

7 MR. BYRON WILLIAMS: Thank you.

8 THE CHAIRPERSON: And fair disclosure, by
9 the way, as well as that -- along with considering
10 whether or not you want to do it, the other option that
11 you have is to provide it, in confidence, to the Board
12 alone. That's another option.

13 The other problem that we have, of course,
14 is one of timing since closing arguments for the various
15 parties is scheduled for tomorrow. So we might -- we'll
16 talk about that ourselves when we have our break, but
17 there's a number of elements to this.

18 MR. BYRON WILLIAMS: And thank you, Mr.
19 Chairman, and Ms. Southall. Thank you for -- for your
20 guidance and thank you to the Panel for your assistance.

21 MS. ANITA SOUTHALL: Sorry. Ms. Boucher
22 appears to want to make a comment of response.

23 MS. PRISCILLA BOUCHER: If I could, just
24 a question of clarification. So what you're requesting
25 of ACU is if we can provide you with some information on

1 the costs side that would give you a sense -- that would
2 help inform your deliberations around an appropriate
3 charge for cheque cashing?

4 THE CHAIRPERSON: We don't know how you
5 do your --

6 MS. PRISCILLA BOUCHER: Yeah.

7 THE CHAIRPERSON: -- your costing
8 exercises.

9 MS. PRISCILLA BOUCHER: Yeah.

10 THE CHAIRPERSON: You know, whether you
11 include the cost of currency and holds or administrative
12 costs or what. But, yes.

13 MS. PRISCILLA BOUCHER: Okay. Thank you.

14

15 THE CHAIRPERSON: Is that it, Mr.
16 Williams?

17 MR. BYRON WILLIAMS: Yes it is, sir.

18

19 --- UNDERTAKING NO. 8: To provide costing information
20 for cheque cashing services.

21

22 THE CHAIRPERSON: Thank you. Edwards, do
23 you have any questions for these witnesses?

24

25 CROSS-EXAMINATION BY MR. PAUL EDWARDS:

1 MR. PAUL EDWARDS: Just -- just a couple
2 of questions, Mr. Chair. Thank you very much.

3 Just following up briefly on the
4 discussion we've been having about costs. Just to
5 clarify that the comment about process costs would
6 obviously include the cost of personnel, of manpower, to
7 -- to -- to process, say, the cheque that Mr. Williams
8 talked -- but that would be included. Yeah.

9 With respect to the -- I'm just very
10 interested in the -- the -- your comments about the
11 founding partners of the CFSC, and then I think there was
12 some discussion about some of the funding partners.

13 And I heard you mention the Winnipeg
14 Foundation, that is one of the -- the funding partners?

15 MS. DEBRA JOYAL: That's correct.
16 They've contributed \$50,000 to our project.

17 MR. PAUL EDWARDS: And in terms of other
18 funding partners, Consumer and Corporate Affairs, are
19 they contributing -- or maybe you can just describe who -
20 - who's contributing to the project.

21 MS. DEBRA JOYAL: Okay. Three hundred
22 thousand dollars (\$300,000) in capital has been
23 contributed by the Winnipeg Partnership Agreement for the
24 -- this is for the pilot project which is twenty-four
25 (24) months. And there are numerous in-kind

1 contributors.

2 Our financial partner, Assiniboine Credit
3 Union, being a huge in-kind contributor, and then many
4 others, you know, to different degrees. You know, in-
5 kind services, per se, to make this operational. But
6 those are the two (2) contributors that are putting cash
7 money into the operational end of things.

8 MR. PAUL EDWARDS: Thank you. And -- and
9 it being a twenty-four month pilot project then, the idea
10 is that it goes 'til November of '08 that would be? Is
11 that right? And then there's an assessment done at that
12 time?

13 MS. DEBRA JOYAL: Yes, actually -- when
14 is our --

15 MS. PRISCILLA BOUCHER: It's November.

16 MS. DEBRA JOYAL: November of this year?
17 November of this year is the end of the pilot period
18 because the first year was in development and developing
19 the products and services and location and all that
20 stuff. So, technically as of November, the pilot is --
21 is finished.

22 MR. PAUL EDWARDS: Right. And -- and I
23 think we all here applaud the efforts of Assiniboine
24 Credit Union and their funding partners and their various
25 partners in the community. Certainly want -- don't want

1 to end today without putting that on the record.

2 And just to clarify then, this -- this is
3 a part of social commitment of Assiniboine Credit Union
4 and -- and others to try to address a problem. This is
5 not in any way, shape or form intended to break even or -
6 - or let alone be profitable; that's not the goal here.

7 MS. DEBRA JOYAL: No, that's not -- not
8 the intent of the project. It's -- it's a social
9 enterprise which is relatively new, not new in concept
10 but certainly new for what we're trying to accomplish in
11 the community.

12 MR. PAUL EDWARDS: Right. We heard
13 earlier and I'm going to -- there was a lot of
14 evidence given by a gentleman by the name of Professor
15 Buckland who I know you'll be familiar with and he -- a
16 lot of his studies had to do with a certain area of north
17 Winnipeg. I don't know if you're familiar with the
18 boundaries that he's utilized in his various studies. I
19 can -- perhaps Mr. Williams can help me -- the actual
20 streets that define that.

21

22 (BRIEF PAUSE)

23

24 MR. PAUL EDWARDS: Perhaps if I can just
25 have one (1) second to get the streets?

1 (BRIEF PAUSE)

2

3 MR. PAUL EDWARDS: Okay, CPR tracks to
4 Carruthers and then from McPhillips (phonetic) to the Red
5 River so that's the parameters.

6 Do you know of the twenty-three (23)
7 Assiniboine Credit Union locations how many are in that -
8 - in those parameters? Any -- are you able to say at
9 this point?

10 MS. PRISCILLA BOUCHER: I am -- I've only
11 been here for a year so I cannot -- actually I can hardly
12 find my way around Winnipeg but, Colleen, do you have a
13 sense?

14 MS. COLLEEN DACQUAY: You know what? I'm
15 not sure. I'm unclear -- and I have been in Winnipeg a
16 long time -- of the CPR tracks to Carruthers. I'm not
17 sure of that area at all.

18 MR. PAUL EDWARDS: That's fine and maybe
19 we can leave that and if you can get back to us on that -
20 -

21 MS. COLLEEN DACQUAY: For sure one (1).

22 MR. PAUL EDWARDS: -- that would be
23 excellent for sure.

24 MS. COLLEEN DACQUAY: For sure one (1)
25 but I'm not sure on that one (1) area.

1 MR. PAUL EDWARDS: Okay. Thank you very
2 much. I just want to speak to Mr. Bishop to see if we
3 have any other questions. I don't think we do.

4

5 (BRIEF PAUSE)

6

7 MR. PAUL EDWARDS: Those are the
8 questions, Mr. Chair. Thank you very much.

9 THE CHAIRPERSON: Thank you, Mr. Edwards.
10 Mr. Foran, do you have any questions of this Witness?

11 MR. ALLAN FORAN: I do. Thank you, Mr.
12 Chairman.

13

14 CROSS-EXAMINATION BY MR. ALLAN FORAN:

15 MR. ALLAN FORAN: First of all I'll
16 preface my comments. I was paying attention and
17 listening but if for any reason I'm asking you questions
18 you've already answered, it's nothing to do with your
19 presentation; it's all me.

20 So the first question I have is this.
21 Perhaps you could just clarify and I think it's perhaps
22 Ms. Dacquay who would be the person to answer this
23 question.

24 If it's a non-member of ACU, would you
25 cash a provincial or a municipal cheque in any instance?

1 MS. COLLEEN DACQUAY: If the member was
2 known to the branch and was always coming in with a
3 government cheque and they got a one (1) off provincial
4 cheque for whatever reason they might get that, because
5 they would be known to us because of the Government of
6 Canada month-over-month payment that they got, we would
7 do that. It does not -- and I have to clarify -- it does
8 not happen often that we will negotiate that item, very
9 rare.

10 MR. ALLAN FORAN: And is -- is part of
11 the rationale for that not -- not only wanting to know
12 your customer but -- but you have identified there is
13 some risk if a provincial or municipal cheque is cashed
14 because the entire downside, the entire loss if it's
15 ultimately turned out to be stolen or it is not a valid
16 cheque rests with the ACU; is that a fair statement?

17 MS. COLLEEN DACQUAY: Well, that in
18 conjunction with the requirement to actually know -- know
19 your member. That "know your member" is critical as
20 we've talked about around all the legislations. The onus
21 is on the FI's to ensure that they are not cashing
22 cheques for unknown people. Identity theft is -- is
23 huge. We're -- we're being attacked with it all the time
24 and so in conjunction with the risk there's also the
25 legal requirements that we're bound to.

1 MR. ALLAN FORAN: Again, and I don't want
2 you to think I'm picking on you, I just -- it happens to
3 be your evidence that -- that my questions arise out of.
4 Again I believe but you identified a fee which I
5 understood to be five dollars (\$5) --

6 MS. COLLEEN DACQUAY: Yes.

7 MR. ALLAN FORAN: -- and that's the fee
8 to cash a provincial or municipal cheque; is that
9 accurate?

10 MS. COLLEEN DACQUAY: No.

11 MR. ALLAN FORAN: Okay. Could --
12 could you just perhaps take me through that fee
13 structure, please?

14 MS. COLLEEN DACQUAY: The five dollar
15 (\$5) fee is levied. If you were -- if I had given you a
16 cheque and you did not deal at Assiniboine Credit Union,
17 whether it's my personal account or my business account,
18 but you chose for whatever reason to come into my
19 institution to cash that as opposed to going to your own,
20 there is a \$5 fee that is levied for that. We would not
21 take any service fees.

22 We do follow the legislation. Although
23 we're provincially legislated, we do follow the
24 legislation that's done federally where we do not charge
25 for Government of Canada cheques and we make the decision

1 not to negotiate provincial or mun -- municipal.

2 MR. ALLAN FORAN: Thank you. One (1)
3 further follow-up question just on this specific point.
4 If I understood your evidence initially, is that the
5 charge that applies to cheques up to \$1,500? For
6 example, is there an additional charge if that cheque
7 happens to be over \$1,500 or would you just not take that
8 cheque?

9 MS. COLLEEN DACQUAY: We would negotiate
10 a cheque for any amount for \$5.

11 MR. ALLAN FORAN: With some relief, you
12 may find the next question is not yours, Ms. Dacquay.
13 This is a question for Ms. Joyal. And it --it just --
14 something just caught my attention, but if I understood
15 evidence correctly, your funding that you receive is the
16 funding that allows you to both administer the program
17 and absorb any losses if there is a cheque that for
18 whatever reason has been dishonoured by the financial
19 institution?

20 MS. DEBRA JOYAL: That's correct. That's
21 our total pilot project funding.

22 MR. ALLAN FORAN: And when setting up
23 your processes, did you give some -- some thought to the
24 fact that there might well be some risk in accepting
25 those kinds of cheques.

1 MS. DEBRA JOYAL: Yes, when we were
2 developing our products and services, all of these risk
3 factors -- we were in meetings for many, many months with
4 Assiniboine Credit Union and we have looked at
5 everything.

6 MR. ALLAN FORAN: And I have another
7 question that's not directly related to this point, but I
8 believe you indicated that you assisted in obtaining ID's
9 for those individuals that are referred to you that don't
10 have identification. Is that correct?

11 MS. DEBRA JOYAL: We assisted in what?
12 I'm sorry I didn't quite --

13 MR. ALLAN FORAN: In -- in obtaining
14 identification for those people that otherwise didn't
15 have access to identification.

16 MS. DEBRA JOYAL: When a client is
17 accepted, meets our criteria, and comes in the proper
18 processes with the referral, we issued them a client ID,
19 which is a community financial services centre ID. Which
20 just happens to be a photo ID, but it's not provincially
21 recognized. That's it, you've got it there.

22 It is recognized at any branch of
23 Assiniboine Credit Union or its affiliated and -- and as
24 identifying, not to stigmatize the clients, but should
25 they go to that branch and they wanted to cash a cheque,

1 that is accepted at those branches.

2 MR. ALLAN FORAN: And again, this is just
3 my -- my perhaps not fully understanding, but did you
4 suggest that there were micro-loans available to assist
5 members in obtaining ID?

6 MS. DEBRA JOYAL: We will be offering our
7 clients micro-loans, it's not operational yet. And these
8 loans are for the purpose of, how shall I say, consumer
9 purchases. So if one (1) of those consumer purchases
10 happens to be that the client needs to get their
11 identification, that's a legitimate usage of the funds,
12 which are between \$20 and \$100.

13 If it's groceries, it's medication, if
14 it's clothing, you know, it will be dependant upon the
15 work that we've done, the criteria within to know where
16 those funds need to go and why they need the loan.

17 MR. ALLAN FORAN: Thank you and just one
18 (1) further question in this area. And that is the
19 micro-loan funds that you're advancing, are those the --
20 come out of your -- your granting funds, it's all part of
21 your operations and all the other things that you're
22 budgeting for?

23 MS. DEBRA JOYAL: That's correct. We have
24 budgeted \$10,000 of those monies, specifically Winnipeg
25 foundation monies, to be utilized for those purposes.

1 MR. ALLAN FORAN: Thank you very much. I
2 have no further questions. Thank you.

3 THE CHAIRPERSON: Thank you, sir. Ms.
4 Southall, I'm wondering, we're going to call a break
5 shortly. Do you have many questions for this panel?

6 MS. ANITA SOUTHALL: I -- I don't have
7 many. I expect we'd be done in under 10 minutes.

8 THE CHAIRPERSON: Let's go the ten (10)
9 then.

10

11 RE-CROSS EXAMINATION BY MS. ANITA SOUTHALL:

12 MS. ANITA SOUTHALL: Okay. Thank you. I
13 think my first question is for Ms. Dacquay. Put you back
14 on the hot seat and just ask you to confirm what rules
15 G8, encashment of government cheques regulation is with
16 Can -- Canadian Payments Association? I'm not asking
17 here in detail, but is it -- is it the identification
18 criteria for encashment?

19 MS. COLLEEN DACQUAY: It is totally --
20 it's the identification process. It talks about the
21 limits that are established, the recourse and how it is
22 that -- the protocol and what we need to ensure recourse
23 of that item.

24 So it -- it basically -- just one (1)
25 second -- it talks about the endorsements, the stale-

1 dated items, the reimbursement of fraudulently endorsed
2 items and the indemnification requirements and all of the
3 forms required in order to submit a claim to the
4 Government.

5 Thank you, PRISCILLA.

6 MS. ANITA SOUTHALL: Thank you. Perhaps
7 we could get a copy of that. I see you may be referring
8 to a copy of it, and if that's got writing on it, that's
9 fine. But perhaps at some point we could just ask -- ask
10 you to see if you could get us a copy of that. Thank
11 you.

12 I -- probably a question to Ms. Joyal, but
13 I -- I made a note that there was an encouragement to, I
14 believe it's clients of CFSC, to arrange to receive
15 monies by direct deposit. That's correct?

16 MS. DEBRA JOYAL: That is correct. When
17 we do our client intake in the interview process, as --
18 as it develops, you know, you -- you try to encourage the
19 client. You certainly can't mandate that they choose
20 direct deposit, but surprisingly, I would say a great
21 proportion, probably in excess of ninety (90) percent of
22 our clients thus far are choosing direct deposit for
23 their Government cheques, you know, whatever they may be
24 -- for their GST, for their Child Tax Credit, and, very
25 importantly, what we're seeing developing is a client who

1 perhaps is transitioning from EIA into the workforce.

2 If they don't have a bank account, they
3 don't get the job with certain employers. So this has
4 been huge to be able to empower the client to have direct
5 deposit for that. And for many, many reasons -- safety,
6 of course, and having them not carry a wad of cash in
7 their pocket is -- is very encouraging for us.

8 MS. ANITA SOUTHALL: And I take it from
9 that also, and one of the things I was trying to identify
10 is that, for example, for social assistance cheques, they
11 -- they can -- the client can make a request of the
12 Government office to make direct deposit and that will be
13 complied with just upon request?

14 MS. DEBRA JOYAL: We do that for them in
15 the intake because we contact -- in addition to the
16 referral, they come in, their specific worker whether
17 it's EI or EIA, we talk to the worker and we process
18 electronically, of course adhering to the client's
19 privacy at all times, for them.

20 And that is set up usually -- they're all
21 a little different, but the time frame is usually a
22 couple of weeks, I think. A couple of weeks? I had to
23 look at Lillian, yeah.

24 MS. COLLEEN DACQUAY: If I can just add,
25 with the direct-deposit forms, the Federal Government

1 cheques have one standard form, one standard location for
2 those -- those forms to be sent. What we've seen at the
3 provincial level, and I'm sure that Debra and Lillian can
4 attest to this, it goes by office.

5 So, if you've got a caseworker here, we
6 require that caseworker. So it's a very cumbersome
7 process to get direct deposit at a provincial level. I'm
8 going to assume it's similar for municipal. I really
9 can't speak with any great intelligence on that one, but
10 with the provincial I do know that it's a very cumbersome
11 process to get direct deposit.

12 MS. ANITA SOUTHALL: And my last question
13 is for one of our representatives, I assume for
14 Assiniboine Credit Union, does a low-cost account of some
15 sort -- is their such a creature available through
16 Assiniboine Credit Union? And, if so, could you just
17 very briefly describe to us the features that would be
18 available to someone.

19 We -- we've -- we've heard of these in
20 reports that are before the Board previously, so if
21 someone could address that please?

22 MS. COLLEEN DACQUAY: Well, I guess I
23 will. Yes, we do have a very affordable account. With
24 our CFSC Centre we currently have them going into a very
25 basic account where they pay ala carte for the items. We

1 find that until somebody establishes a banking pattern,
2 it's hard, especially when we're talking about the low
3 income, how they're going to use that account. They go
4 from a -- pretty much a cash only thought process,
5 because they cash their cheque and they take it all, to
6 the counselling that we're trying to provide them through
7 the centre.

8 So right now the cost for a debit card
9 purchase, or a withdrawal would be fifty (50) cents each
10 time a member actually would make a withdrawal. As
11 somebody establishes a relationship with the credit
12 union, patterns of behaviour are very -- can be seen
13 easily month over month, so we do have affordable plans
14 for as low as four dollars and seventy-five cents (\$4.75)
15 they can have thirty automated transactions, and five (5)
16 like cheques, and things like that, hard copy.

17 So very, very affordable once we
18 understand the traffic volume -- or the volumes of
19 transactions that they are going to do.

20 MS. ANITA SOUTHALL: Thank you, Mr.
21 Chairman, and thank you to the witnesses. Those are my
22 questions. Perhaps when we come back from the break I --
23 I will just make a note that we have certain documents
24 here to be exhibited so we can keep track of these things
25 later on as the record continues to be established.

1 THE CHAIRPERSON: Very good. Thanks
2 again for the panel. I greatly appreciated your
3 evidence. So we will have a break now, and when we come
4 back in fifteen (15) minutes I think our plan would be,
5 if we could, to complete the evidence of Credit Union
6 Central before we break for lunch. It will put us back
7 on schedule. So we'll be back at 11:15, thank you.

8

9 ---Upon recessing at 11:00 a.m.

10 ---Upon commencing at 11:20 a.m.

11

12 THE CHAIRPERSON: Okay, Ms. Southall,
13 before we turn to this panel, you had a couple of things
14 that you wanted to clear up?

15 MS. ANITA SOUTHALL: Yes, for the record,
16 and with Mr. Gaudreau's assistance, we're -- we're going
17 to identify now a number of exhibits starting with
18 Exhibit -- a new Exhibit Number 10 assigned to CFSC's
19 exhibits, and we identify as Exhibit 10.1, the package of
20 materials provided to the panel by Ms. Debra Joyal for
21 CFSC, just as -- as one exhibit, please.

22

23 --- EXHIBIT NO. CFSC 10.1: The package of materials
24 provided to the panel by Ms. Debra Joyal
25 for CFSC.

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THE CHAIRPERSON: Including the
identity button for the dog?

MS. ANITA SOUTHALL: I think we returned
that identity card example to Ms. Joyal, so I -- I don't
think we have it as part of the record. Exhibit 10.2
would be the questions which were posed in advanced to
CFSC, so we can continue to track the responses of
various witnesses we're going to mark those as well.

--- EXHIBIT NO. CFSC 10.2: The questions which were
posed in advanced to CFSC.

MS. ANITA SOUTHALL: Turning to Exhibit
Number 11 for Assiniboine Credit Union, we have
specifically Exhibit 11.1, and those would be the
questions which were posed to Assiniboine Credit Union in
advance.

--- EXHIBIT NO. ACU 11.1: The questions which were posed
to Assiniboine Credit Union in advance.

MS. ANITA SOUTHALL: We'll identify
Exhibit Number 12 and assign it to Canadian Banker's
Association. Identify the questions posed to them in

1 advance as 12.1.

2

3 --- EXHIBIT NO. CBA 12.1: Questions posed to Canadian
4 Banker's Association.

5

6 MS. ANITA SOUTHALL: And Exhibit 12.2 for
7 Canadian Bankers Association will be the hard copy
8 appendices to their responses, appendices A, B, and C.
9 We are doing that, Mr. Chair, because the appendices were
10 not provided electronically, it would be very difficult
11 for Digi-Tran to impose them into the transcript, and so
12 -- although we do have the actual submissions, which will
13 be inserted into the transcript, these appendices will be
14 12.2.

15

16 --- EXHIBIT NO. CBA 12.2: The hard copy appendices to
17 their responses, appendices A, B, and
18 C.

19

20 MS. ANITA SOUTHALL: And finally, I will
21 pre-empt the start of the witness panel for Credit Union
22 Central by identifying Exhibit Number 13 assigned to
23 Credit Union Central of Manitoba, and for the record,
24 identify as Exhibit 13.1, the questions which were
25 provided to Credit Union Central for their considerations

1 in advance.

2

3 --- EXHIBIT NO. CUCM 13.1: Questions posed to Credit
4 Union Central of Manitoba.

5

6 MS. ANITA SOUTHALL: I believe that
7 covers all the exhibits that I needed to identify. Thank
8 you.

9 THE CHAIRPERSON: Okay. Well, we'll
10 welcome two (2) representatives from Credit Union
11 Central.

12 MR. PAUL EDWARDS: Excuse me, Mr. Chair,
13 can I just -- one (1) -- one (1) point on Ms. Southall's
14 exhibits. The Canadian Bankers' Association letter, has
15 that been marked as an exhibit?

16 MS. ANITA SOUTHALL: The letter that came
17 with the package I had hoped to, so if I -- if I omitted
18 to, Mr. Edwards, I had hoped to identify that as part of
19 the package which would be read into the transcript. So
20 because we have an electronic version of the letter and
21 of the submission, those will all actually be recorded as
22 part of the transcript proceedings when we receive the
23 transcript.

24 MR. PAUL EDWARDS: Okay. Thank you.

25 MS. ANITA SOUTHALL: But thank you for

1 noting that.

2 MR. PAUL EDWARDS: I'm sorry to
3 interrupt.

4 THE CHAIRPERSON: Mr. Ward, if you would
5 mind identifying yourself and your mate and then we'll
6 have Mr. Gaudreau swear you in.

7 MR. DALE WARD: Okay. Thank you, Mr.
8 chair. My name is Dale Ward. I'm the Corporate
9 Secretary with Credit Union Central of Manitoba and
10 joining me today is Mr. Wilson Griffiths who is our
11 Manager of Payment Service area with Credit Union
12 Central.

13 THE CHAIRPERSON: Thank you and thank you
14 for coming. Mr. Gaudreau...?

15

16 CREDIT UNION CENTRAL OF MANITOBA:

17

18 DALE WARD, Sworn

19 WILSON GRIFFITHS, Sworn

20

21 THE CHAIRPERSON: Thank you, Mr.
22 Gaudreau. Okay. Mr. Ward...? Or, Ms. Southall, maybe
23 you could help us out here how we're going to do this?

24 MS. ANITA SOUTHALL: Thank you, Mr.
25 Chair. If I could just -- the way I did with the first

1 Witness Panel, if I could just ask the representatives of
2 Credit Union Central, you've identified yourself by name
3 but if you could tell us your position for the record and
4 then I assume that likewise with the first panel that you
5 have given consideration to the questions that we've
6 marked as Exhibit 13.1 and that you're in a position to
7 respond to certain or all of them.

8 So if you could -- if you could just start
9 with your own identification and if you want to give us
10 any background on Credit Union Central or if that forms
11 part of the questions, either way?

12 MR. DALE WARD: Yes, I will.

13 MS. ANITA SOUTHALL: Thank you.

14

15 EVIDENCE BY CREDIT UNION CENTRAL OF MANITOBA:

16 MR. DALE WARD: Yeah. Again, my name is
17 Dale Ward, Corporate Secretary with Credit Union Central
18 Manitoba and, Wilson?

19 MR. WILSON GRIFFITHS: My name is Wilson
20 Griffiths. I'm the Division Manager of the Banking
21 Payment Services at Credit Union Central.

22 MR. DALE WARD: Okay. I'll -- I'll
23 preface my comments a bit with stating that the questions
24 that were supplied to Credit Union Central of Manitoba,
25 we had some difficulty with in terms of our role within

1 the context of --of our credit union system.

2 You'll find that I think in -- in some of
3 the comments that I'm going to provide a good deal of
4 repetition or duplication from some of the points that
5 were covered off by the representatives from Assiniboine,
6 which is certainly not a bad thing in my mind, in the
7 preparation of looking at the information we would bring
8 forward that there is consistency between some of the
9 points that Assiniboine had raised, as well as the
10 Community Financial Services Centre representative that
11 was here.

12 They speak to this from a very frontline
13 perspective from their branch experience and the policies
14 and practices they have adopted. Our comments or my
15 comments that I'll bring here are -- are more from a
16 general system perspective. And in that sense I thought
17 I should start a little bit with giving an indication of
18 who Credit Union Central of Manitoba is and our -- our
19 role within the system.

20 Central is a trade association that is
21 owned and directed on behalf or by all fifty-five (55)
22 credit unions in the province of Manitoba. We're --
23 we're not a head office. We don't regulate or dictate
24 policies, practices, or procedures of credit unions.

25 Each credit union in the province is an

1 independent financial institution governed by their own
2 Board of Directors that are elected from their membership
3 and credit unions operate under the provincial Credit
4 Union Case Populaire Act, as well as in compliance with
5 relevant other provincial as well as federal legislation
6 and regulations as it relates to this issue in particular
7 and you've heard reference to the Canadian Payments
8 Association rules, et cetera, that also apply to credit
9 unions.

10 Central's role is to provide services and
11 information and facilities to Manitoba credit unions that
12 they require to meet the product and service needs of
13 their members. And as a -- a part of that role, we do
14 provide cheque cashing guidelines to credit unions that
15 reflect and promote adherence to the CPA rules as well as
16 other legislations such as the proceeds of crime, money
17 laundering and terrorist financing act, as well as credit
18 union deposit guarantee corporations risk management
19 guidelines.

20 However, credit unions are empowered to
21 set their own policies and pricing within these
22 parameters that they feel are best suited to their
23 individual market circumstances, risk tolerance and other
24 factors of importance to their members. Central does not
25 control these policies or pricing nor do we track or are

1 they required to provide information to us on the policy
2 and practices of their credit union.

3 It was pointed out by the Assiniboine
4 presentation that Manitoba credit unions are not required
5 by any legislation or regulation to cash government
6 cheques for non-members. However back in mid-2006 we did
7 a very high level review, looked at seeking some direct
8 feedback from credit unions as well as -- as checking
9 some websites of credit unions, that revealed that eight
10 (8) -- of eight (8) credit unions that were able to get
11 reporting, all did offer this service to non-members upon
12 presentment of acceptable identification and a
13 verification of the authenticity of government cheques
14 that were being presented.

15 This research indicated that the fee
16 related for this service ranged from a low of no charge
17 for this service to a high of \$10. I want to add though,
18 that we cannot state emphatically that all Manitoba
19 credit unions would mirror this practice or that pricing
20 range. Each credit union would have to be surveyed
21 directly in order to obtain that extent of information.

22 As was also pointed out in the Assiniboine
23 presentation, I should note that there may well be
24 differences with respect to the preparedness by credit
25 unions to cash federal government cheques as opposed to

1 provincial or civic government items. And again, the
2 group here has heard that this at least in part because
3 of under CPA rules the federal government reduces the
4 risk of fraud loss for branches if they follow the CPA
5 rule G8.

6 And when those procedures are followed,
7 branches are indemnified by the federal government
8 against fraud losses arising the encashment of government
9 cheques for up to \$1,500. As well it was pointed out in
10 the Assiniboine presentation that no such protection is
11 provided for the cashing of provincial or civic issued
12 cheques.

13 The overall point in -- in terms of credit
14 unions are operating at a very highly competitive
15 marketplace, in a highly regulated and a fast changes
16 financial industry. And unfortunately they also operate
17 at time when risk of loss from fraud resulting from
18 identity theft through both traditional paper based
19 transactions and the use of technology is on the
20 increase.

21 The members of credit unions are its
22 owners and its investors and as such, the protection of
23 their money is a paramount consideration in the policies
24 and practices that they establish to safeguard their
25 members' interest. The primary goal of every credit

1 union is to continue to grow and be -- be able to offer
2 more services and better services and build capacity for
3 members and the communities that they serve.

4 A cornerstone to that growth objective is
5 a desire to establish meaningful, lasting, and mutually
6 beneficial financial service relationships both with
7 existing members as well as building that with new
8 members. Credit unions appreciate the provincial
9 government's goal of making it easier and less costly to
10 enable under-served individuals to have access to
11 financial services.

12 And the establishment of a fixed fee or a
13 tariff maximum for the cashing of a government cheque for
14 non-members can be considered a very small piece of any
15 eventual solution to that problem.

16 In this respect we do suggest that the
17 provincial government consider adopting a number of other
18 initiatives designed to bring more meaningful positive
19 long-term change to enabling under-served persons access
20 to financial services, including such steps as adopting
21 as was referred to earlier, a means comparable to the CPA
22 rule that would provide indemnification for the cashing
23 of provincial government cheques.

24 Secondly, institution of programs and
25 pricing practices that would make it easier and less

1 expensive for individuals to obtain adequate reliable
2 picture identification for purposes of establishing
3 financial service relationships with credit unions and
4 banks as well as others.

5 And thirdly, efforts to work with the
6 school system to institute curriculum into all levels of
7 the school systems early years through highschool that
8 would serve to educate young people on the importance of
9 the basics of personal financial management and provide
10 information and insight on various financial instruments
11 and how they would -- how they work.

12 In -- in closing comments, we appreciate
13 and support the intention of the amendment to the
14 Consumer Protection Act with regard to ensuring access to
15 the encashment of Government cheques and the
16 affordability of the service.

17 Our belief is that most credit unions are
18 providing this service to non-members when they can
19 adequately confirm the identify of the payee and the
20 legitimacy of the government cheque. And I believe that
21 they are doing so at a reasonable cost.

22 And while we appreciate the Public Utility
23 Board is charged with the task of setting a limit for
24 this service, we do not come before the Panel today with
25 any fixed position or recommendation as to what maximum

1 fees should be. We only ask that the fee established
2 provide reasonable compensation to financial institutions
3 for the cost of providing that service and for the risks
4 involved.

5 Moreover, we encourage the Panel to
6 consider some of the points which have been put forward
7 in the goal of affecting more meaningful and longer-term
8 positive change to enable under-served individuals
9 greater opportunities to establish lasting and mutually
10 beneficial financial service relationships with
11 mainstream financial institutions.

12 That concludes my comments and I thank you
13 for the opportunity to appear here and we would be
14 prepared to try and address any questions you may have.

15 MS. ANITA SOUTHALL: Did -- did Mr.
16 Griffiths have anything at this point in time or -- I'm
17 not -- I'm not suggesting you need to, Mr. Griffiths, but
18 just to make sure that we're moving on to the follow-up
19 question period.

20 MR. WILSON GRIFFITHS: No, I have nothing
21 to add. In case there's questions that Mr. Ward needs
22 help with, that's why I'm here.

23 MS. ANITA SOUTHALL: Thanks very much,
24 sir.

25 MR. DALE WARD: If I get in trouble on

1 the CPA rules.

2

3

(BRIEF PAUSE)

4

5 THE CHAIRPERSON: Ms. Southall, you're
6 going to cover off our questions presumably after we work
7 through the Intervenors?

8 MS. ANITA SOUTHALL: I -- I -- yes, I --
9 I think that some of the questions may have been answered
10 in Mr. Ward's prepared submission. So we -- we will
11 review that and to the extent that there's anything
12 specific, I can follow-up on that.

13 THE CHAIRPERSON: Okay, because --

14 MS. ANITA SOUTHALL: Thank you.

15 THE CHAIRPERSON: Then we'll go then to
16 Mr. Williams for CAC/MSOS.

17

18 CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

19 MR. BYRON WILLIAMS: I think I only have
20 one (1) or two (2) questions, Mr. Chairman. Mr. Ward,
21 just -- you made reference to the -- the actions and
22 approach of the Federal government in terms of providing
23 some security for credit unions via indemnification of
24 Government cheques. Is that right, sir?

25 MR. DALE WARD: Under the CPA Rule?

1 MR. BYRON WILLIAMS: Yes.

2 MR. DALE WARD: Yes.

3 MR. BYRON WILLIAMS: Under the CPA Rule,
4 that's right. So there's indemnification if -- if there
5 -- if -- if the approach is followed properly and the
6 cheque is defaulted on in some way or form. Is that
7 right?

8 MR. DALE WARD: Yes.

9 MR. BYRON WILLIAMS: Now, would I also be
10 right in suggesting to you that in a -- that there's also
11 a cheque processing fee that credit unions receive from
12 the -- the Federal government for -- for cashing these --
13 these Federal government cheques? Would that be right,
14 sir?

15 MR. DALE WARD: The compensation?

16 MR. BYRON WILLIAMS: Yes.

17 MR. DALE WARD: Yeah, and Mr. Griffiths
18 could probably speak to that.

19 MR. WILSON GRIFFITHS: There is an
20 arrangement between the -- the Federal government and the
21 Bank of Canada with CPA Direct Clearing members to
22 compensate those organizations for the handling and
23 processing of cheques.

24 MR. BYRON WILLIAMS: And what's the --
25 can you give me some indication of the -- the fee that's

1 -- that is paid for the handling and processing of those
2 cheques?

3 MR. WILSON GRIFFITHS: I honestly don't
4 know if it's the same for each institution. There's a
5 separate memorandum of understanding with the Federal
6 government and each CPA Direct Clear, and I'm not sure
7 that I'm at liberties to disclose the one that's between
8 the Government and Credit Union Central of Canada which
9 is what Manitoba Central falls under.

10 MR. BYRON WILLIAMS: Would it -- without
11 stepping too close to any liberties that you're -- or
12 confidential information that you're not at liberty to --
13 to disclose, can you give me a ballpark range, in the
14 sense are we talking about less than a dollar a cheque,
15 more than a dollar a cheque? Do you have any sense of
16 that, sir?

17 MR. WILSON GRIFFITHS: Well, I know the
18 exact answer. I'm just not sure that I'm at liberty to
19 disclose it.

20 MR. BYRON WILLIAMS: And you're not
21 prepared to hint even in terms of a range?

22 MR. WILSON GRIFFITHS: You know,
23 honestly, I think if -- I understand the Committee is
24 short of time, really, the Bank of Canada who arranges
25 the CPA Rules or the G Rules with the member financial

1 institutions, it's their agreement. And if anyone were
2 to give up the details of what is in those agreements, I
3 would think it might be the Government of Canada.

4 THE CHAIRPERSON: You're talking about an
5 agreement just handling the processing costs. You're not
6 talking about the indemnification?

7 MR. WILSON GRIFFITHS: It -- it -- they
8 are somewhat tied together in that they're not -- they're
9 not completely exclusive although the memorandum, by my
10 understanding, is for the payment of fees to handle
11 items.

12 MR. BYRON WILLIAMS: Can I just -- and
13 I'll -- I'll leave this area right away. In terms of the
14 actual agreement would that be negotiated between the
15 Government of Canada and Credit Union Central at a
16 national level or a provincial level? Could you
17 elaborate on that?

18 MR. WILSON GRIFFITHS: It's at a
19 national level. There's actually a committee of the
20 Canadian Payments Association which has member
21 representatives from the chartered banks as well as
22 Credit Union Central Canada and they have an -- it's a
23 negotiating committee and they meet as required and renew
24 terms when terms are coming up and work together with the
25 -- the Government on -- on the arrangement.

1 MR. BYRON WILLIAMS: And just the final
2 question. In terms of what the compensation is actually
3 for, perhaps you could elaborate on that just briefly?

4 MR. WILSON GRIFFITHS: Well, there --
5 first of all the Government doesn't have an agent in each
6 region to process cheques on their behalf so there's a
7 special process required of CPA direct clears in handling
8 these items. They have to be bundled and listed
9 separately and in a different manner. They're settle
10 different. They're shipped to Matane (phonetic), Quebec
11 for processing by the Government.

12 There's a float component where we
13 actually -- the Government charges float on these items
14 and so it's -- it's a unique situation in the handling of
15 these items and that's why there's a fee associated with
16 processing them.

17 MR. BYRON WILLIAMS: And -- and just so
18 I'm clear, so that fee, is it intended to cover all
19 processing costs associated with handling these cheques
20 or is it only focussed upon the discrete elements added
21 by -- by the unique items you just listed, the -- having
22 to send it off to Quebec, et cetera?

23 MR. WILSON GRIFFITHS: Yeah, I'm not
24 entirely sure. I -- I don't believe that the fee is
25 expected to cover the whole cost of handling the item

1 from the moment someone walks into a branch to getting it
2 to Matane, Quebec. It's what the industry was able to
3 negotiate with the Government and it's -- it's some fee
4 to recognize that there are special processing and
5 handling, but I don't know that it's representative of
6 the full portion or any portion of the real costs.

7 MR. BYRON WILLIAMS: Thank you for your
8 assistance.

9 MR. WILSON GRIFFITHS: You're welcome.
10

11 (BRIEF PAUSE)
12

13 MS. ANITA SOUTHALL: I take it Mr.
14 Williams has completed his questioning?

15 THE CHAIRPERSON: We thought you might be
16 meditating. We weren't quite sure.

17 MR. BYRON WILLIAMS: Usually I kind of
18 close my eyes and fall asleep, but I apologize, I am
19 completed.

20 THE CHAIRPERSON: Thank you, Mr.
21 Williams. Mr. Edwards...?

22 MR. PAUL EDWARDS: Thank you very much,
23 Mr. chair.

24

25 CROSS-EXAMINATION BY MR. PAUL EDWARDS:

1 MR. PAUL EDWARDS: Gentlemen or Mr. Ward,
2 you mentioned that in mid '06 there was a review done and
3 I think you mentioned that eight (8) of the credit unions
4 reported. Can you just describe that? Where -- was a
5 request sent to all fifty-five (55) credit unions and --
6 and eight (8) chose to report back or -- or how did that
7 work?

8 MR. DALE WARD: We had simply -- we had
9 simply at that time looked at canvassing a handful of
10 credit unions and I don't recall exactly which ones they
11 were. I believe they were some of the larger credit
12 unions and also undertook to review what information was
13 contained on their websites. So it wasn't a -- a
14 universal survey of all the credit unions in the
15 province.

16 MR. PAUL EDWARDS: And in terms of those
17 eight (8) and their responses and I think you mentioned
18 that all of those did offer cheque cashing services for
19 government cheques to non-members; is that --

20 MR. DALE WARD: Correct.

21 MR. PAUL EDWARDS: -- the question that
22 was put to them?

23 MR. DALE WARD: Correct, yeah.

24 MR. PAUL EDWARDS: And was there any
25 distinction in that between Federal Government cheques as

1 opposed to provincial or municipal cheques?

2 MR. DALE WARD: No, there was not.

3 MR. PAUL EDWARDS: Okay. So there's no
4 way to break out what the answer would have been for the
5 Provincial Government or municipal cheques?

6 MR. DALE WARD: That's correct, yes.

7 MR. PAUL EDWARDS: Okay. Those are my
8 questions. Thank you very much.

9 THE CHAIRPERSON: Mr. Foran...?

10

11 CROSS-EXAMINATION BY MR. ALLAN FORAN:

12 MR. ALLAN FORAN: Mr. Ward, in your
13 evidence you indicated I believe that there was a range
14 of fees that were reported back to you that were charged
15 by various credit unions for cashing government cheques;
16 that's correct, sir?

17 MR. DALE WARD: That's right.

18 MR. ALLAN FORAN: And I believe one (1)
19 of the statements you made is that in -- in at least one
20 (1) instance, I guess, the fee was up to ten (\$10) a
21 cheque.

22 MR. DALE WARD: That's correct.

23 MR. ALLAN FORAN: And I take it that,
24 from your prospective as representative of Credit Union
25 Central, it's up to each individual credit union to -- to

1 set its own fees for that service, correct?

2 MR. DALE WARD: Correct.

3 MR. ALLAN FORAN: And you would assume,
4 however, that when setting that fee they would attempting
5 to cover their costs, certainly?

6 MR. DALE WARD: I'd certainly suspect
7 that that would be a consideration in their establishment
8 of their -- their fee, yes.

9 MR. ALLAN FORAN: And is it fair for me
10 to suggest that dependent upon where a credit union is
11 located, or its operations, some -- some credit unions
12 may well have higher costs than other credit unions?

13 MR. DALE WARD: I -- I would assume that
14 would be a fair thing to -- to consider.

15 MR. ALLAN FORAN: And -- and from a
16 business perspective when setting a fee, would -- would
17 it be fair to suggest that the credit unions would set it
18 to cover their costs and get a reasonable rate of return
19 for their members?

20 MR. DALE WARD: Yes, yeah.

21 MR. ALLAN FORAN: I have no further
22 questions. Thank you.

23 THE CHAIRPERSON: Thank you, Mr.
24 Foran. Ms. Southall.

25

1 CROSS-EXAMINATION BY MS. ANITA SOUTHALL:

2 MS. ANITA SOUTHALL: Thank you, Mr.
3 Chair. Pardon me, as I indicated earlier, it may be that
4 -- pardon me -- pardon me for that interruption.

5 It may be Credit Union Central's
6 representatives have addressed -- or intended to address
7 a number of the questions that we asked you to review in
8 advance of hearing, and that they were addressed to the
9 extent that -- that this group can, in Mr. Ward's
10 submission.

11 But I will follow through, if you'll allow
12 me, with some of the -- some of the questions we've
13 identified for your consideration in advance, and
14 determine if there's anything more in detail that can be
15 provided for our understanding.

16 So if I turn to question 3, which was:

17 "Please provide a copy of any code, or
18 recommended practices Credit Union
19 Central provides or endorses."

20 That, of course, would be any code of
21 recommended practices you would provide to your members,
22 having presumably the members come together at some point
23 and identify by consensus, recommended practices.

24 Obviously, in the area of cheque cashing,
25 or cheque holds, identification, that kind of thing. Is

1 there -- are there such documents in existence?

2 MR. DALE WARD: Sorry. There is -- we
3 oper -- we have an operations manuals area that is
4 involved in monitoring legislation working with our
5 corporate counsel to interpret new legislation, and
6 develop forms and procedures that are compliant with
7 that. Inclusive of that would be the CPA standards, as
8 well as -- as money laundering, or for that matter, any
9 legislation that require compliance by a credit union.

10 That -- that program consists of thousands
11 of pages of -- of documented forms, procedures, et
12 cetera, that are online and accessible to credit unions,
13 and that are -- are tested, in effect, to be in
14 compliance.

15 MS. ANITA SOUTHALL: So these would be
16 part of the proprietary information generated for use by
17 the credit unions themselves, I take it, from what you're
18 now describing?

19 MR. DALE WARD: Yes.

20 MS. ANITA SOUTHALL: I believe you've --
21 you've already answered from you high level study that
22 you referred to, question number 4. I'll -- I'll move to
23 question number 5, which was:

24 "To provide an overview of industry
25 practices with respect to cheque

1 acceptance, cheque hold periods, cheque
2 clearing, and non-acceptance via
3 Canadian Payments Association."

4 I know that Assiniboine Credit Union
5 certainly spoke earlier today of certain of those
6 matters. Again, it may be that you are avoiding the de -
7 - you know speaking to the details, because they'd been
8 highlighted earlier today, but if you could maybe -- I'm
9 not sure if it would be Mr. Griffiths, to give us an
10 understanding of, is there a standardized approach to
11 these things because Canadian Payments Association is
12 involved, or have the credit unions all, sort of, adopted
13 an approach to these things; how long a hold period is,
14 does anything else -- are there any variabilities in
15 that?

16 MR. WILSON GRIFFITHS: In -- I can try to
17 answer your question. And first of all, the Canadian
18 Payments Association rules don't dictated that level of
19 detail, or that area in the rules as far as what branches
20 can and cannot do, or how much to charge and that sort of
21 thing. The rules are more between member institutions.

22 So we unfortunately -- I'm not sure we can
23 help -- help the panel much in that we don't have
24 knowledge of an industry standard or papers that have
25 been developed to survey all the financial institutions

1 and say what each is doing. Mr. Ward and myself just
2 simple don't have that information.

3 THE CHAIRPERSON: How long is a hold
4 required, just to work through the payments association?

5 MR. WILSON GRIFFITHS: Well that's a --
6 that's a great question. It all depends on the cheque
7 and so if an item is deposited in Vancouver, drawn on a
8 different institution in Nova Scotia and then it's
9 subsequently returned as dishonoured, it could be ten
10 (10) days, calendar days before it actually makes it
11 back.

12 Depending on the circumstance, who are the
13 intermediaries. Other cheques clear back the next day,
14 so if a financial institution wants to minimize their
15 risk, they're going to need to put a hold on at least
16 seven (7) to ten (10) days.

17 THE CHAIRPERSON: Is there limits?

18 MR. WILSON GRIFFITHS: There's no limit
19 today as far as I'm aware on a hold period that you can
20 put on a cheque.

21 THE CHAIRPERSON: No, I meant from the
22 Canadian Payment Association's perspective.

23 MR. WILSON GRIFFITHS: There's none
24 prescribed in the rules today. As far -- I'm sorry, if I
25 understand your question, as a maximum hold?

1 THE CHAIRPERSON: Well, I am just saying
2 about, if the cheque is presented in Vancouver on a
3 institution say, an account that's in Halifax, does the
4 Canadian Payment Association has some form of limits on
5 that?

6 MR. WILSON GRIFFITHS: I apologize. I
7 misunderstood your question. As far as the time frame to
8 return a cheque, there are limits depending on the
9 circumstance.

10 In most occasions, most circumstances, the
11 drawee branch has till the day after receipt, in the
12 current rules, to return an item for standard types of
13 reasons, like account closed or NSF. There are
14 exceptions to that rule though, in that range from ninety
15 (90) days to unlimited.

16 THE CHAIRPERSON: Get into international
17 or something like that?

18 MR. WILSON GRIFFITHS: No, in Canada
19 there's unlimited return time frames for specific items.
20 And I -- if I can -- would like to be able to site the ex
21 -- the exact circumstance of the rule in each, but I
22 can't off the top of my head, so I don't want to misspeak
23 as to which items have different time frames.

24 THE CHAIRPERSON: I am just trying to
25 understand it. Like, you are saying that a cheque that

1 is presented for payment in Vancouver on day one (1),
2 there is an unlimited period of time by which it could be
3 sent back through the system?

4 MR. WILSON GRIFFITHS: The -- the
5 unlimited period and actually I have a copy of the rule,
6 it's CPA Rule A4 which specifies the return time frame
7 and it's on the same public Canadian Payment Association
8 website if -- if members are interested in looking at the
9 document.

10 But I think the -- the situation where
11 there's an unlimited time frame is on -- you know what, I
12 would -- I'm not sure I can speak appropriately to the
13 panel without reading the document and referencing it.

14 THE CHAIRPERSON: Okay. We will source
15 it. Thank you. Ms. Southall...?

16

17 CONTINUED BY MS. ANITA SOUTHALL:

18 MS. ANITA SOUTHAL: Thank you very much.
19 If I could ask in respect of question 6 which we posed
20 for your -- Credit Union Central's consideration in
21 advance, I understand that there is no memorandum of
22 understanding with the province of Manitoba with respect
23 to any kind of indemnification for credit unions. That's
24 correct?

25 MR. DALE WARD: Correct.

1 MS. ANITA SOUTHALL: I note that having
2 had an opportunity to review their -- the written
3 submission of the Canadian Bankers Association, that
4 association appears to have memorandums of understanding
5 or something similar with certain other provinces in
6 Canada.

7 I'm wondering if you have any knowledge of
8 whether Credit Union Central Canada -- whether its other
9 member organizations have those kinds of memorandums of
10 understanding in other provinces. You know, is there a
11 model somewhere that Credit Union Central Canada's other
12 members are tied into?

13 MR. WILSON GRIFFITHS: I'm sorry. I'm
14 not aware of one (1). I believe I would've heard if
15 there was, but I can't speak without absolute certainty
16 that in one (1) province there isn't such an arrangement.
17 It's something we could endeavour to find out, I'm just
18 not sure we can do so by tomorrow.

19 MS. ANITA SOUTHALL: No, that -- that's
20 fine if you don't have it available. I just wondered if
21 there was something parallel to what's appears to exist
22 for CBA.

23 I take it -- I did -- did not hear Mr.
24 Ward address the issue which was raised for Credit Union
25 Central's consideration and items 8 and 9 in respect of

1 any studies that would have been done by Credit Union
2 Central or that -- that have come into your hands on the
3 issue of bank closures or credit union closures in the
4 core area of Winnipeg or North Winnipeg, however you want
5 to describe it, and the growth of the convenience or
6 fringe banking industry.

7 I take it as I say that I -- that you
8 don't have that, but if you could just confirm for us
9 whether or not you do?

10 MR. DALE WARD: That is correct. We --
11 we had checked with our -- our research area looking for
12 recent information with that respect, and there was
13 nothing we could cite.

14 THE CHAIRPERSON: You heard earlier the
15 geographic limits that was used to define North Winnipeg.
16 How many credit union locations are located in that area?

17 MR. DALE WARD: Once again we'd have to
18 spend a bit of time to look at it, but I was doing just a
19 quick mental count in my head that would fall into that
20 area, and it was probably four (4) or five (5) that --
21 that would -- would fall within that -- that boundary.
22 But --

23 THE CHAIRPERSON: So that --

24 MR. DALE WARD: -- I can't say that --

25 THE CHAIRPERSON: -- that's a substantial

1 reduction then over the last ten (10) or fifteen (15)
2 years then?

3 MR. DALE WARD: I -- I don't know.
4 Again, I would have to look at -- I'm not sure that
5 there's been many. There's been certain relocations of
6 some credit union branches.

7 THE CHAIRPERSON: So the credit union --

8 MR. DALE WARD: But also openings as well
9 I think that might fall within that --

10 THE CHAIRPERSON: You're indicating then
11 that you haven't done any study of the general service
12 levels by physical operations in North Winnipeg, per se,
13 over a period of time.

14 MR. DALE WARD: Correct.

15 MS. ANITA SOUTHALL: Those are all the
16 follow-ups I wanted to make with respect to the
17 particular questions. Thank you very much to the Witness
18 Panel.

19 THE CHAIRPERSON: Leaving aside the
20 testimony of the Panel from Assiniboine Credit Union and,
21 I forget the acronym again, but I'll get it, finally get
22 it in my head eventually. The CFSC -- has Credit Union
23 Central itself done any research or studies into the
24 development of a common strategy to assist low-income
25 people in North Winnipeg or Winnipeg or Manitoba, for

1 that matter?

2 MR. DALE WARD: No, there's nothing that
3 has been undertaken of that nature. Assiniboine has
4 really been somewhat of a leader in that respect.

5 THE CHAIRPERSON: Thank you.

6 MS. SUSAN PROVEN: I had a question and
7 it has to do with the mention of the school system. You
8 said that you thought that there was work that could be
9 done in this area and so I wonder, as a trade
10 association, what kind of work are you doing to perhaps
11 lobby or make the connections to the Department of
12 Education and other agencies that would be working with
13 people that are financially illiterate?

14 Are you active in the area of -- I presume
15 you develop, as a Credit Union Central, you develop the
16 materials that are available. Is that your job -- the
17 educational materials, 'cause I know you have them. But
18 who gets out there and actually tries to promote this
19 kind of education?

20 MR. DALE WARD: It would be a directive
21 that would -- would be discussed within the ranks of the
22 credit unions within our system, whether they felt that
23 there was a value or need for Central to become engaged
24 in lobbying for an effort of that type.

25 It hasn't been the high item or hasn't

1 been an item that has had any discussion within our
2 system currently. But that's the impetus that would have
3 to take place. The credit unions would have to agree to
4 -- to support that effort and help fund that effort in
5 terms of dedicating resources towards it. And right now
6 that's not underway.

7 MS. SUSAN PROVEN: So then who develops
8 these materials that the credit union uses for financial
9 education?

10 MR. DALE WARD: Well, some of the
11 material had been developed in the past through Credit
12 Union Central of Canada. There was a package called
13 Financial Fitness that was some years ago. I'm not sure
14 how up current or up-to-date that is, but that was one
15 source of information.

16 There's a training institute that also
17 exists, QSource, which provides training to staff members
18 primarily as well as directors. That could be another
19 source of -- of that type of information as well.

20 MS. SUSAN PROVEN: So how often would the
21 people within this credit union system -- the members --
22 fifty-five (55) members that you speak of -- how often
23 would they get together and actually discuss direction in
24 terms of education, but also in terms of member growth?

25 MR. DALE WARD: Well, each credit union

1 is compelled by legislation for an annual general meeting
2 each year, so at least once annually and then there would
3 be -- it would vary depending upon the credit union in
4 terms of their approach to discuss issues like that in
5 establishing committees of their board or potentially of
6 just members at large that would be brought together to
7 look at issues of that type --

8 MS. SUSAN PROVEN: So I guess --

9 MR. DALE WARD: -- the general
10 membership.

11 MS. SUSAN PROVEN: For clarification I
12 know that within my credit union which is the Minedosa
13 Credit Union (phonetic), yes, they do have an annual
14 meeting --

15 MR. DALE WARD: Yeah.

16 MS. SUSAN PROVEN: -- and people get
17 together and discuss on a local front what they want to
18 do, but what I'm asking you is the role of Credit Union
19 Central to bring the credit unions together, the fifty-
20 five (55) members and to actually chart direction. Is
21 there that kind of arena?

22 MR. DALE WARD: Many. Many different
23 occasions and committees are established within the
24 system that -- we have system meetings in -- in addition
25 to our annual general meeting and convention that was

1 just recently held, we have meetings in the spring and
2 fall to talk about our strategic plans and initiatives
3 that get reviewed by credit unions.

4 And we receive feedback from them on the
5 appropriateness of them, as well as in the fall those
6 plans will then migrate to the development of budgets for
7 certain initiatives that we review again with the system
8 in the fall.

9 So there's a very well-defined process of
10 -- of broad brush consultation with our system in
11 addition to a lot of committee that -- a lot of committee
12 work and things like panels of -- of senior management
13 within our system as well as there's a forum of
14 presidents of boards of credit unions that come together
15 to talk about issues that are important to them and we
16 take our direction from those.

17 MS. SUSAN PROVEN: Thank you.

18 MR. DALE WARD: You're welcome.

19 THE CHAIRPERSON: Thank you very much,
20 Mr. Ward. Mr. Griffiths, we appreciate your coming and
21 providing us this information.

22

23 (PANEL STANDS DOWN)

24

25 THE CHAIRPERSON: And now we will adjourn

1 until lunch and when we return the first matter that we
2 will take up is that question you were going to look
3 into, Mr. Edwards, and...?

4 MR. PAUL EDWARDS: Yes.

5 THE CHAIRPERSON: Very good. We'll be
6 back at 1:30. Thank you.

7

8 --- Upon recessing at 12:00 p.m.

9 --- Upon resuming at 1:38 p.m.

10

11 THE CHAIRPERSON: Okay, good afternoon
12 everyone. We will turn to our order and next up is Mr.
13 Glass, and you must be Mr. Glass. I'm Graham Lane, this
14 is Susan Proven, and Monica Girouard, we're the three
15 panel members on the Board dealing with the cheque
16 cashing hearing. And Ms. Southall will start us off.

17 MS. ANITA SOUTHALL: Thank you very much,
18 Mr. Chairman and members of the panel. I just wondered
19 whether or not that timing-wise we would deal with that
20 preliminary matter --

21 THE CHAIRPERSON: Oh, right, yes.

22 MS. ANITA SOUTHALL: -- of CAC, and the
23 preliminary survey.

24 THE CHAIRPERSON: Yes, you are correct.

25 MS. ANITA SOUTHALL: I apologize, we

1 don't mean to hold up Mr. Glass too much this afternoon,
2 but we did have one (1) carryover matter, I believe, from
3 the morning.

4 THE CHAIRPERSON: Mr. Edwards, did you
5 give your consideration to the matter?

6 MR. PAUL EDWARDS: I did, and I'm at the
7 Board's disposal, I can speak to that now, or speak to
8 that after Mr. Glass, it -- it doesn't matter to me,
9 whatever is more convenient.

10 THE CHAIRPERSON: Are you thinking of a
11 soliloquy or do you think you'll be relatively --

12 MR. PAUL EDWARDS: I can keep it -- I can
13 keep it quite short.

14 THE CHAIRPERSON: Okay, please go for it.

15 MR. PAUL EDWARDS: Okay, thank you. And
16 I will promise to not delay Mr. Glass more than a few
17 moments. Firstly, just in terms of the one (1) issue,
18 which arose from my questioning of the Assiniboine Credit
19 Union individual, in respect of their locations.

20 I did have the assistance of the Board
21 personnel in -- in -- in accessing Mapquest, and there is
22 one (1), they were correct. And that is the one (1) on
23 McPhillips Street, which is right at the corner of
24 McPhillips just two (2) blocks south of Carruthers
25 (phonetic), so it would fall into that area; that's the

1 only one (1), so I thought I'd have the Mapquest
2 documents, but I'm not intending to share them, that's
3 consistent with, I think, what they were saying in their
4 evidence.

5 Moving to the request by my friend, Mr.
6 Williams, let me just start by repeating that Money Mart
7 is -- is opposed to this evidence coming in, in this
8 fashion, and at this time.

9 And I can articulate that, really it's for
10 three (3) reasons, but first let me just, sort of,
11 synopsis what I think it is, what I the request is,
12 because Mr. Williams gave us some comments about it. And
13 the document he provided to me did give some further
14 detail as to how this information had come forward.

15 So CAC Manitoba entered into a contract
16 with a funder in July of 2006. Professor Buckland is
17 involved, we know, in some way in terms of doing the
18 methodological work and -- and review. Mr. Williams
19 indicates he was not aware of it until very recently.

20 The information contains no findings but
21 rather preliminary results which have come in and there
22 has been no methodological review done.

23 Mr. Williams made the comment, which I
24 thought was significant, he wasn't sure if it was
25 evidence. He made the reference to other proceedings.

1 And secondly indicated that it may be of some assistance
2 to the Board in respect of low income customers.

3 The document which I was provided in
4 describing the -- the process says that there were
5 selected participants in focus groups. They were pre-
6 qualified and then selected on certain criteria. And
7 following that it went to three hundred (300) surveys of
8 individuals in eight (8) provinces.

9 Again the survey participants were not
10 random; they were selected. Only ninety (90) of those
11 three hundred (300) have provided responses to-date and
12 the CAC is now at a stage where they are doing
13 consultations with interested stakeholders. As part of
14 this research effort the next stage is this consultative
15 process.

16 There is a statement in this document
17 which I found particularly instructive. I just wanted to
18 share it with you. The comment is in terms of this
19 opportunity, putting this information the Board:

20 "We see this opportunity as the
21 beginning of our consultation with
22 regulators and the alternative
23 financial industry."

24 So essentially the way I read it is both
25 the Board and the Intervenors are being asked to

1 participate in a consultative process as part of this
2 research effort.

3 And there's another comment I wanted to
4 bring to your attention in the materials which says:

5 "The final report may differ somewhat
6 from the information we're going to
7 share with you today."

8 So that's -- the request is really to
9 engage in that consultative effort. CAC is not
10 suggesting it's reliable, not suggesting it's complete,
11 not suggesting even that it's evidence, per se, but
12 because it does speak to clearly a relevant issue that's
13 been before the Board the request is that it be heard.

14 Money Mart says the Board ought not to go
15 down this road. Firstly, on the process issue, the
16 timing is clearly an issue. July of '06 was before this
17 process got going. CAC Manitoba was in fact the person
18 who applied for the funding. They certainly knew about
19 it and there was no mention at all because they said they
20 assumed there would be no results for this hearing, and
21 frankly, they are correct. There are no results in the
22 course of this hearing process that the Board should --
23 should hear.

24 It was clearly an afterthought. They
25 didn't even mention it to -- to Counsel till I think he

1 said a couple of weeks ago let alone Intervenor or the
2 Board.

3 Secondly, your comment, Mr. Chair, that
4 there's some latitude. Understood, and that's clearly
5 what we've advised our clients and we -- we understood
6 that it's a new process. But some latitude does not mean
7 no rules, no structure. The fact is that the parties
8 have respected a relatively formal set of rules. We had
9 presentations and initially we submitted them. We had
10 interrogatories. We have not stuck by the exact dates
11 but -- but we have followed a process and we've advised
12 our clients that they can expect that.

13 Money Mart identified two (2) surveys that
14 it had done in its submission both of which were
15 questioned in interrogatories; both of which -- further
16 evidence was produced describing the methodology,
17 identifying the specific questions and the full results
18 and those were complete surveys.

19 We -- we followed those rules and produced
20 everything that was asked. We were cross-examined,
21 representatives, on those surveys and as I said,
22 responded to the interrogatories.

23 Consumers' Association of Canada through
24 their -- Mr. Williams, Money Mart's position would be,
25 seeks not so much here to bend the rules, but really to

1 eliminate them.

2 Lastly on the process issue, this would be
3 a very poor precedent in Money Mart's submission. As
4 you've indicated, we've got the payday lending issue
5 coming up. Money Mart through its association, CPLA
6 intends to participate and frankly we need to understand
7 the rules that we're functioning by.

8 This came as a surprise and -- and we
9 simply need to tell you that if at this late stage this
10 type of evidence was to come in, it certainly creates a
11 different process for us. And through us, being Money
12 Mart, the Canadian Payday Lending Association as we move
13 forward into those hearings, we need to know what the
14 rules are and if there are some and that we can rely
15 upon.

16 Lastly, sorry, second last point. This is
17 not probative information that would outweigh the
18 prejudice. Mr. Buckland, Professor Buckland and his '03
19 and '05 reports, all of which are before the Board, those
20 are lengthy documents, they include a lot of survey
21 evidence on these very points. Money Mart's put its
22 surveys before the Board on the same points.

23 We've got an enormous amount of evidence
24 describing who the users of cheque cashing services are
25 and why they use those services from both parties. The

1 10K document also discusses that and that's before the
2 Board and -- and is public and it includes all kinds of
3 information on those issues. So neither party has
4 ignored the issue, in fact far from it, there's a lot of
5 information before the Board.

6 And there's no need to add to that body of
7 evidence it would be Money Mart's position with this
8 completely unreliable, almost anecdotal selected
9 information. My final point, if the Board were to seek
10 to -- or to allow the evidence in Money Mart would
11 certainly want the opportunity to see all of the
12 background information, not just a four (4) page summary.

13 We want the opportunity to ask questions,
14 perhaps through an interrogatory, certainly through
15 cross-examination. We would need to adjourn and seek an
16 adjournment to a further date and, it's our view, un --
17 unnecessarily delay these proceedings.

18 We would want full opportunity to
19 understand this evidence that came -- that's coming
20 forward and to question and understand the source
21 documents.

22 We don't really know how much information
23 there would be 'cause it's very preliminary, by their own
24 admission, but whatever there is, we'd -- we'd certainly
25 want to see. I'll leave my comments at that, Mr. Chair.

1 Thank you.

2 THE CHAIRPERSON: Thank you, Mr. Edwards.
3 Mr. Williams, do you -- sorry.

4 MS. LUCIA STUHLDTREIER: I've undergone a
5 drastic transformation. Good afternoon, Mr. Chairman,
6 and members of panel. My name is Lucia Stuhldreier and
7 as you guessed I'm here in Mr. Foran's stead.
8 Unfortunately he had scheduling conflict and he's asked
9 me to fill in for him the afternoon.

10 And I can simply echo what I believe he
11 indicated to you this morning is that Northwest Company
12 has concerns with this preliminary report going in
13 primarily because of its prime -- preliminary nature and
14 the lateness of the -- of the introduction. And
15 accordingly, we're opposed to it -- to it going in.

16 THE CHAIRPERSON: Mr. Williams, do you
17 have anything you have to say to close this?

18 MR. BYRON WILLIAMS: Yeah, just briefly,
19 Mr. Chairman. This Board has two (2) methods of
20 receiving information. One is through a formal
21 evidentiary process, one is, as well, through the
22 participation of community presenters. Certainly, when I
23 originally raised this Mr. Southall, my client had
24 identified information which I thought would be of -- of
25 interest to the Board.

1 I think the eagerness with which my
2 learned friend from Money Mart had disputed it suggests
3 that perhaps that ther -- that it may be of interest to
4 the Board. We -- there was no -- certainly no intention
5 to circumvent any process, this is the -- once we became
6 aware of the information and had authority to share to
7 it, there -- this is -- we brought it forward at the
8 earliest opportunity.

9 In terms of the quality of the -- the
10 information, in the social/science world there are two
11 (2) types of very valuable type of information. There is
12 quantitative empirical research; there is also
13 qualitative research carried out under appropriate
14 methodology. This certainly would come under the latter.
15 It would be very similar, in fact, to the work that Dr.
16 Buckland has done.

17 The focus groups done by CAC were with the
18 assistance of trained facilitators in three (3) different
19 jurisdictions. The questions were designed by CAC in
20 consultation with those trained facilitators,
21 professionals in the area of focus groups. The survey --
22 surveys were prepared by an individual with a Master's
23 degree.

24 Just to clarify in terms of Dr. Buckland
25 and again because I have not been that familiar with the

1 process he has not actively participated in it as of yet.
2 He will review the methodology at a later date.

3 Essentially the question that CAC/MSOS has
4 presented, I think we could have just brought in our
5 client and asked her to make a presentation. We thought
6 this was a better way to -- to do it in the sense of
7 giving other parties warning of it.

8 What CAC/MSOS has looked at via focus
9 groups, as well as through customer-written surveys, is
10 the views on low income people on why they use these
11 services and the -- the things they like about these
12 services and the things that they don't like about these
13 services. And at the end of the day the Board can -- can
14 consider whether it wishes to accept this information, if
15 it believes it will be helpful.

16 I suspect that the prejudicial value will
17 be fairly slight to My Friends but that's -- their
18 reactions might suggest differently. In terms of its
19 reliability the Board can give it the weight that it
20 feels that it deserves.

21 In any event the information is here. If
22 the Board wishes to hear it, we'll be happy to share it.

23 THE CHAIRPERSON: Okay. We're going to
24 return to Mr. Glass and then we'll have a short break and
25 we'll come back with a determination on this matter.

1 First of all, Mr. Glass, do you mind just
2 introducing yourself?

3 MR. NORMAN GLASS: My name is Norman
4 Glass. I'm President of the Pawnbrokers' Association.
5 Anything else you'd like? Married? Single?

6 THE CHAIRPERSON: No. Mr. Williams is
7 interested in things like that but we're not. If you
8 don't mind, Mr. Gaudreau. We normally follow our
9 process. What we do is we swear in our witnesses.

10

11 NORMAN JOSEPH GLASS, Affirmed

12

13 THE CHAIRPERSON: Ms. Southall, could you
14 help us out now?

15 MS. ANITA SOUTHALL: Yes, certainly, Mr.
16 Chairman. Thank you.

17

18 CROSS-EXAMINATION BY MS. ANITA SOUTHALL:

19 MS. ANITA SOUTHALL: Mr. Glass, we have
20 provided you, through the Board, with a series of
21 questions that we asked you to consider in terms of the
22 kind of information that may be of assistance to the
23 Board in this particular hearing. I believe you did
24 receive them in advance by e-mail probably?

25 MR. NORMAL GLASS: Yes, I have them.

1 MS. ANITA SOUTHALL: And just in terms of
2 a -- a couple of bits of background if I could step back
3 before I ask you to address those questions for us, I
4 understand that you own a corporation that runs a
5 pawnbroking business in Winnipeg?

6 MR. NORMAN GLASS: Well, I'm involved in
7 actually four (4) stores.

8 MS. ANITA SOUTHALL: In four (4) stores?

9 MR. NORMAN GLASS: Yes.

10 MS. ANITA SOUTHALL: Are they all located
11 in Winnipeg?

12 MR. NORMAN GLASS: In Winnipeg, yes.

13 MS. ANITA SOUTHALL: And how long have
14 you been president of the Pawnbrokers' Association?

15 MR. NORMAN GLASS: The last five (5)
16 years.

17 MS. ANITA SOUTHALL: What is the -- what
18 is the nature of that organization? I tried to find --
19 just so you know, I tried to find some information of my
20 own on the internet and had no success, I confess, so I'm
21 just wondering if -- could you just take a couple of
22 minutes and tell us about that?

23 MR. NORMAN GLASS: Well the organization,
24 you know, exists and generally it only seems to meet in -
25 - in times of crisis or issue. When there's -- you know,

1 I guess when there's a situation that involves all the
2 stores, perhaps something is coming down through this
3 Board for example or -- or some question about perhaps
4 one (1) of the members was, you know, charged for
5 something that's related to the industry, that's
6 generally when we get together.

7 It's not a -- it's not a board that meets
8 on a regular basis; it's one that meets on a very casual
9 basis as -- as the need -- as the need exists. I know
10 that's kind of vague but that's really the way it
11 operates.

12 MS. ANITA SOUTHALL: I take it from that,
13 but if you could clarify, are there any sort of policies
14 that everybody who is involved in the -- or prepared to
15 be involved in the association -- any policies set up
16 that everybody sort of agrees to operate under, or is it
17 anything that formal?

18 MR. NORMAN GLASS: No, there really
19 isn't. I mean the -- well, you -- the only thing that I
20 would say that everybody has in common is we -- we have
21 an unwritten rule book on how we operate.

22 I mean we -- there's a lot of things that
23 I could get into that really don't pertain to this and --
24 and that's kind of why I don't have a direct answer for
25 you. But there is -- everybody operates -- I mean, the

1 law is sort of the guideline, and that's how we operate.

2 I mean we have a -- they have a policing
3 agency, we have a pawn -- a pawn detail in the police
4 department who pretty much tells us what parameters we
5 can operate in, you know, and how we are reporting is --
6 well, there is a -- there is a city bylaw, actually, that
7 affects pawn shops and that tells you the type of
8 business you can conduct, the items that you can take and
9 can't take and the reporting methods that are required.
10 Is that maybe a little better?

11 MS. ANITA SOUTHALL: Yes, thank you very
12 much. It wasn't my intention to take you down a road
13 which --

14 MR. NORMAN GLASS: Well, that's okay.
15 No --

16 MS. ANITA SOUTHALL: -- which isn't
17 relevant to this matter, but thank you for that
18 explanation. And one last question and then, if I could,
19 if I could ask you to turn to the questions. The last
20 question is how long have you been involved in -- in the
21 pawn-broking industry, like in business or associated
22 with --

23 MR. NORMAN GLASS: Just shy of twenty-
24 four (24) years.

25 MS. ANITA SOUTHALL: If I could, for the

1 record, then ask that the questions that we've identified
2 as pawn broker and which were supplied in advance to Mr.
3 Glass, if they could be identified under new Exhibit
4 Number 14. And they would actually -- the document
5 itself would be 14.1 please. Mr. Glass, we're just
6 identifying those for our records so we can keep track of
7 our paper.

8

9 --- EXHIBIT NO. 14.1: Questions identified as pawn
10 broker which were supplied in
11 advance to Mr. Glass.

12

13 CONTINUED BY MS. ANITA SOUTHALL:

14 MS. ANITA SOUTHALL: And, sir, then if --
15 if we could maybe go through the questions and if -- if
16 you wouldn't mind, if you just say with respect to
17 Question Number 1, I can provide the following
18 information. And maybe we'll just make our way through
19 the seven (7) questions that way.

20 MR. NORMAN GLASS: Certainly. Do you
21 want me -- okay, so the first question -- please indicate
22 if you cash cheques for customers -- and we do.

23 The second -- move on to second --

24 Question 2 -- very tough. Please indicate if you cash
25 government cheques for customers, and if so, what kinds

1 of government cheques? I -- I would say all kinds of
2 government cheques from Family Allowance to Welfare and
3 GST.

4 THE CHAIRPERSON: Income tax refunds, MPI
5 settlement cheques?

6 MR. NORMAN GLASS: Yes. Yes, that's
7 right.

8 MS. ANITA SOUTHALL: Yes, sir. That's
9 fine.

10 MR. NORMAN GLASS: Okay, Number 3, please
11 indicate whether you cash cheques for businesses. Yes,
12 we do. It would be -- sometimes it would be payroll or
13 advances for customers. Satisfied with that?

14 MS. ANITA SOUTHALL: Yes, thanks.

15 MR. NORMAN GLASS: Okay. Okay, please
16 indicate your fee schedule for cashing cheques and
17 whether you differentiate between government and other
18 types of cheques.

19 We -- we really don't have a fee schedule
20 as we generally don't charge a lot for our cheques -- to
21 cash cheques. Primarily, it's done as a customer
22 service. If those that -- customers of ours that wish to
23 just cash the cheque out and out, our first and foremost
24 is we use another cheque-cashing business.

25 Their charges are approximately 3 percent

1 and what we normally tell the customer is that if you
2 spend twice what it would cost you to cash the cheque in
3 our store, then we wouldn't charge you for the cheque.

4 So, for instance, if it's a hundred (\$100)
5 dollar cheque and they want it, you know, the other
6 institution might charge them three (\$3) dollars, we'd
7 say if you spent six (6) in our store, there would be no
8 charge. At least you would have something for your --
9 for cashing the cheque.

10 We don't really differentiate -- as I can
11 say truthfully, the -- the amount of -- we cash an awful
12 lot of cheques, but they're used primarily to -- for the
13 customers to either pick up their merchandise, buy items,
14 put extensions on, put additional deposits on items they
15 may have on a lay-away sale.

16 THE CHAIRPERSON: So primarily it's
17 customer service that you're -- your process?

18 MR. NORMAN GLASS: Primarily, yes. We're
19 not really in the cheque cashing business. Sometimes we
20 find that -- that people will come to us to cash their
21 cheques, because they may be indebted to some of the
22 payday loan operations, or cheque cashing facilities for
23 some boo boos that have happened over the past.

24 So they -- they view us as sort of an
25 alternate, or --

1

2 CONTINUED BY MS. ANITA SOUTHALL:

3 MS. ANITA SOUTHALL: If I could just ask
4 of, just a clarification before we move off that point.
5 I think you mentioned, if they wanted cash outright as
6 opposed to putting it on account with you, or something
7 like that, if I didn't misunderstand that. You would
8 refer them to another cheque cashing location.

9 MR. NORMAN GLASS: No, no, but we -- we
10 would cash the cheque, and -- and we -- we probably, you
11 know, it would sort of -- depending on who the customer
12 is, if it's a regular cust -- it's kind of a -- an
13 individual thing. There really isn't anything hard and
14 fast about it.

15 So if, you know, if -- we normally would
16 charge, say a minimum five dollars (\$5), just as a
17 service fee if we're just out and out cashing the cheque.
18 Generally, you know, \$1000 cheque might -- might -- might
19 be fifteen (15) or twenty dollars (\$20).

20 There -- there -- like I said, there's
21 nothing hard -- if the cheque happened to be \$1015
22 there's a very good possibility the customer would get a
23 thousand (1000) back. It's not something that we now --
24 we don't take our calculators out and multiply, you know
25 7.8 percent, or whatever the charge may be, it's just one

1 (1) of those.

2 It doesn't amount to whole pile of beans,
3 I guess, and -- in the course of a month, or a year.
4 It's not something -- we -- we don't collect a lot of
5 fees in cashing cheques. It's done primarily as a
6 customer service.

7 MS. ANITA SOUTHALL: Sorry. Just because
8 of what you've described as your process, so there isn't
9 anything posted in terms of what it costs, and this -- is
10 it sort of arbitrary in terms of whoever is responsible
11 for cashing the cheque goes by, sort of, your internal
12 rule of thumb on what should be done in a given instance,
13 or...

14 MR. NORMAN GLASS: Well, I understand,
15 and I -- and I don't know precisely, I've never really --
16 I've never gone to any of the cheque cashing places to
17 find out what they actually charge, I just hear. We'd
18 always charge a little bit less.

19 If -- if say -- if, for example, if
20 they're charging 2 1/2 percent at some of the established
21 cheque cashing businesses, then we might charge two (2).
22 You know, again, there's nothing hard and fast, and I --
23 and I think that stands true for pretty much all the
24 shops.

25 You know, I guess, other than maybe having

1 a minimum charge of five dollars (\$5) is -- is -- you
2 know, it's just not worth our time and effort for less
3 than that.

4 MS. ANITA SOUTHALL: Thank you, sir.
5 Does the panel have any other questions just on those
6 points before we move on?

7 THE CHAIRPERSON: I guess the major
8 question has to do with ID. We've heard an awful lot
9 about identification; about the difficulties financial
10 institutions have in recognizing people that aren't
11 their customers, or not their members, and things like
12 that.

13 And I gather from what you're saying is
14 that, you know the people that you're cashing the cheques
15 for.

16 MR. NORMAN GLASS: The lion's share of
17 them, absolutely.

18 THE CHAIRPERSON: You don't have any
19 formal process for seeking two (2) pieces of ID, or...

20 MR. NORMAN GLASS: Well, we -- we -- we
21 will not cash cheques for anybody without photo ID.
22 That's an absolute must, and -- and -- and not something,
23 you know, -- you know, like a school picture from 1987 or
24 something like that, you know, it have to be current.

25 Primarily Manitoba liquor cards, status --

1 status cards that have pictures; drivers licenses, that's
2 our -- if somebody comes in and -- and says, you know, I
3 just have my health card, or my social insurance, lets
4 say, if I don't know them, there's no possible way I
5 would cash the cheque.

6 THE CHAIRPERSON: And you're indicating
7 the total value of the receipts related to this is
8 relatively minor compared to your business?

9 MR. NORMAN GLASS: Yeah, the most -- like
10 I said, if -- it would -- I -- I don't think would amount
11 to two hundred dollars (\$200) a month, you know, just --
12 we cash an awful lot of cheques on -- on family allowance
13 day, which is the 20th, or thereabouts every month, and
14 the end-of-the-month welfare, which is generally around
15 the three (3) working days before month-end, and -- and -
16 - and payroll cheques.

17 But -- but normally it's -- we don't
18 charge most of our customers, and so there's generally no
19 charge, and they know that, I mean, I think that they --
20 it's to their advantage, and I -- you know, to -- to cash
21 their cheque with us, because if we're doing any kind of
22 business, we do it for free.

23 THE CHAIRPERSON: Oh sorry, I just have
24 one (1) other general question, it relates directly to
25 cashing cheques. In your pawn shop operations you'd use

1 debit cards and credit
2 cards --

3 MR. NORMAL GLASS: Hmm hmm.

4 THE CHAIRPERSON: -- for purchases.

5 MS. SUSAN PROVEN: I was going to ask you
6 about the association and I know that you had already
7 asks some general questions, but as a president, like,
8 how many members would you have? How many are there in
9 the association?

10 MR. NORMAL GLASS: There's approximately
11 forty (40) licensed pawn shops in Winnipeg, but it also
12 encompasses the second hand dealers. We do not get much
13 response or support from any of the second hand stores
14 that are -- that are establishing because it -- the
15 second hand stores could -- could be the Salvation Army -
16 - what are they called, Value Village, you know, and
17 there's a number of game places.

18 The only time -- the only time that they -
19 - they gen -- generally have any interest is when there's
20 some sort of legislation bylaw being enacted or being
21 considered that anybody really takes the time and effort
22 to show up.

23 MS. SUSAN PROVEN: Okay. Well I'm
24 interested in mainly in the ones that are licensed. The
25 ones that you would say are dealing in the same kind of

1 business as you with your four (4) stores.

2 MR. NORMAL GLASS: Hmm hmm.

3 MS. SUSAN PROVEN: So I'm interested in
4 knowing how much -- you say there's not a lot of
5 dialogue, the only time you meet is when there's an
6 issue.

7 MR. NORMAL GLASS: It's for a purpose.
8 Yeah.

9 MS. SUSAN PROVEN: But, for example,
10 there must be some competition. It is a competitive
11 business, is it not? Like, if -- if I could go to you
12 and cash my cheque for nothing and I went to another
13 store, pawn shop, and they said I was going to have to
14 pay five dollars (\$5) then obviously I'd be back at your
15 shop; wouldn't I? In a competitive world?

16 MR. NORMAL GLASS: True enough, but you
17 know convenience -- some of our -- I wouldn't some, but a
18 lion's share of our customers are on foot. Our
19 businesses are very localized. They draw from probably a
20 half (1/2) to three-quarter (3/4) mile radius of the
21 stores and the stores are spread out so they -- their
22 client base is fairly loyal because of convenience to
23 them, they don't have to take a taxi across town to maybe
24 deal with the one of Broadway versus the one on North
25 Main Street or something of that nature.

1 So, you know, we -- and like any other
2 business, they're customers. First and foremost, they're
3 customers, whether rich, poor, it doesn't matter. I
4 mean, they're customers of ours and we rely on -- on our
5 business. You know, our business practices -- well, let
6 -- let me rephrase that -- we -- we rely on our customers
7 to have our -- to make our business successful and so we
8 treat them -- we do whatever we can.

9 It's like anything else. They're not
10 disrespected, they're not -- we're not dealing with them
11 in a condescending fashion. I mean, they are the bread
12 and butter of our business.

13 MS. SUSAN PROVEN: So, you have a
14 relationship --

15 MR. NORMAL GLASS: Absolutely.

16 MS. SUSAN PROVEN: -- you would have a
17 relationship with these people --

18 MR. NORMAL GLASS: Oh, for the most part.

19 MS. SUSAN PROVEN: -- and you would know
20 them?

21 MR. NORMAL GLASS: Yes.

22 MS. SUSAN PROVEN: Okay. Thank you.

23 MR. NORMAL GLASS: Now we've danced
24 around a little bit, I don't know if we -- if the
25 questions are being answered in order or -- or actually

1 all been dealt with.

2 THE CHAIRPERSON: I think you've dealt
3 with them.

4 MR. NORMAL GLASS: That's -- that's -- I
5 was looking over them. I would say -- I would say yes,
6 that's true.

7 MS. ANITA SOUTHALL: Thank you, Mr.
8 Glass. I'm of the view that we dealt with the
9 preliminary as well as -- as our follow-up questions
10 arising therefrom, so thank you for that.

11 THE CHAIRPERSON: Now we just in our
12 process, the Intervenor have an opportunity at the same
13 time. Mr. Williams represents the Canadian Association
14 Consumers and Manitoba Society of Seniors. Mr. Williams.
15

16 CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

17 MR. BYRON WILLIAMS: Thank you. Thanks
18 for coming, Mr. Glass. I think my clients only have two
19 (2) -- two (2) or three (3) questions for you. One is of
20 -- almost of curiosity from -- from my part. You -- you
21 own four (4) pawn -- pawn shops. Is that right, sir?

22 MR. NORMAL GLASS: Well I'm involved in
23 four (4), yes.

24 MR. BYRON WILLIAMS: You're involved in
25 four (4). Now and I've said this on the record in this

1 proceeding before. My two (2) favourite names for -- for
2 pawn shops are Elvis's and Chachi's. Now are you
3 involved with either -- either of those?

4 MR. NORMAL GLASS: Both of them.

5 MR. BYRON WILLIAMS: Both of them. Well
6 I've hit the goldmine, we could be going for hours here,
7 Mr. Chairman. In terms of Chachi's, just so -- so I'm
8 clear, it's in the -- the North End of -- of Winnipeg,
9 just at the foot Salter Street bridge, is that right?

10 MR. NORMAL GLASS: We're on Selkirk and
11 Salter, yes.

12 MR. BYRON WILLIAMS: Yes. And am I right
13 in suggesting to you that right across the street from
14 you is -- is Money Mart. Is that right, sir?

15 MR. NORMAL GLASS: Yes, it is.

16 MR. BYRON WILLIAMS: Okay. Thank you.
17 You also indicated that you cash an awful lot of cheques.
18 Could you give me some sense in terms of the total value
19 of the cheques you cash, what -- what's -- what's the
20 percentage that are bad cheques, cheques for which --
21 that bounce or you're unable to recover? Any idea of
22 that?

23 MR. NORMAL GLASS: It -- it's very small,
24 but we're very cautious in -- in the cheques that we
25 cash. Like I said when -- when you -- when they're

1 required to provide photo ID, generally if the name and
2 the -- the name on the identification matches the name on
3 the cheque there's a very good possibility it's -- you
4 know, it's legitimate.

5 Recently I -- I had a cheque, just -- and
6 I mean they're so few and far between that I
7 could actually tell you a citing from last week where I
8 had a fellow brought in a cheque who -- he had stolen or
9 somehow -- I shouldn't say stolen but he came up with a
10 series of cheques belonging to the Knights of Columbus
11 and he came in with a great story. He said, you know, I
12 just won at bingo. I said, Well, you know, Knights of
13 Columbus, there's a good possibility. Sure enough, it
14 comes back NSF and I'm going NSF, Knights of Columbus.
15 There's a problem.

16 And it turned out that they were -- they
17 were a series of cheques that were issued that had a
18 spelling mistake in the name Knights of Columbus and --
19 and so they sort of put the cheques aside and the bank
20 had reissued the cheques and this fellow came into the
21 possession of the other cheques and he was having a good
22 time going around town and he was -- he had picture ID
23 and everything. Everything was great, I mean, I had him
24 on my camera and -- and he smiled and, you know, and --
25 but the funny thing is he came back twice, you know, and

1 I knew. My spider senses tingled.

2 I -- I knew that there was problem and
3 sure enough the second cheque -- well, the first cheque -
4 - the second cheque came back NSF. The first went
5 through and -- and I suspect that the bank had to eat the
6 -- the first one and I ate the second one so.

7 But, you know, again it -- it doesn't
8 amount to a lot. I mean I -- I suspect that the cash --
9 the cheque cashing industry probably has a much bigger
10 meal than I have. I mean they do bigger volume but I
11 suspect that they probably have their fair share of NSF
12 cheques and it's only a suspicion; I don't know.

13 MR. BYRON WILLIAMS: Just a couple of
14 other questions and I -- and I understand the nature of
15 the -- the association that you belong to, that it -- it
16 tends to meet only when -- it doesn't meet on an ongoing
17 basis but in terms of responding to issues that are kind
18 of hot button issues with the association.

19 MR. NORMAN GLASS: Hmm hmm.

20 MR. BYRON WILLIAMS: Is that fair, sir?

21 MR. NORMAN GLASS: That's true.

22 MR. BYRON WILLIAMS: That's fair? And I
23 just wanted to be -- in terms of the degree to which
24 pawnbrokers within the city are regulated is that via a
25 City of Winnipeg bylaw?

1 MR. NORMAN GLASS: There is a bylaw, yes.

2 MR. BYRON WILLIAMS: And just so I'm
3 clear, does that bylaw focus primarily on the receipt of
4 stolen property or are there other elements to it which
5 I'm unfamiliar with?

6 MR. NORMAN GLASS: I wouldn't say -- not
7 relating to stolen -- there's a process I think that the
8 bylaw outlines that -- that tells each pawnshop what they
9 can, what they can't do, hours of operation, people that
10 you can deal with, and the reporting of items.

11 Now, not necessarily -- I'm not referring
12 to stolen, just reporting of all items that are reported
13 and there is a reporting and -- whether it's done
14 electronically or it's done, you know, through paper but
15 all items are reported to the police.

16 MR. BYRON WILLIAMS: Okay. And -- and
17 again this may be -- this -- this is to assist my client
18 just to understand the issues. We deal with some
19 organizations, I think the -- an organization to which
20 Money Mart belongs they have a code of conduct for kind
21 of payday lenders and alternative banking services.

22 Are there any -- within kind of the
23 pawnbroker industry are there any such documents or is
24 the City of Winnipeg bylaw basically it or are there
25 other matters you can refer me to and specifically in

1 terms of cheque cashing.

2 MR. NORMAN GLASS: No.

3 MR. BYRON WILLIAMS: No.

4 MR. NORMAN GLASS: No, there's nothing.

5 MR. BYRON WILLIAMS: The only other item
6 which I wish to very briefly follow up on is you -- you
7 mention that -- that some of your customers may come in
8 because they may be indebted to a payday loan company. I
9 wonder if you could just elaborate on that a little bit -
10 - your experience?

11 MR. NORMAN GLASS: Well, I've said to
12 them or something, you know, perhaps, like you said,
13 there's a Money Mart across the street and sometimes
14 people come in with cheques that are larger than my cash
15 on hand.

16 I mean I'm not in that business per se so
17 we don't carry an awful lot of cash, sometimes I -- I
18 don't have enough to cash the cheque so I suggest to them
19 maybe go to -- go to Money Mart and they say, Oh, I -- I
20 owe them money or something like that and they don't go.

21 So I don't know what the relationship is
22 with the payday loans. I -- I don't deal in them. I
23 have no knowledge of them whatsoever other than the fact
24 that the industry exists.

25

1 (BRIEF PAUSE)

2

3 MR. BYRON WILLIAMS: Mr. Glass, I don't
4 believe my clients have any more questions. And I just
5 want to say we -- on their behalf, we appreciate you
6 coming in. And certainly I've driven by your sign on
7 Main Street with Elvis' Pawn Shop for many years, and
8 it's a great honour to -- to meet you today.

9 MR. NORMAN GLASS: Well thank you. I'd
10 like to thank the Board for that twenty-five dollar (\$25)
11 cheque. I'm looking for a place to cash it. Anyhow, if
12 I've -- if I'm done?

13 THE CHAIRPERSON: Not quite.

14 MR. NORMAN GLASS: Oh, sorry. Okay.

15 THE CHAIRPERSON: You're almost.

16 MR. BYRON WILLIAMS: Mr. Williams is done
17 though, Mr. Chairman.

18 THE CHAIRPERSON: Mr. Edwards...?

19 MR. PAUL EDWARDS: We have no questions.

20 THE CHAIRPERSON: North West...?

21 MS. LUCIA STUHLTREIER: Nor do we,
22 thanks.

23 THE CHAIRPERSON: Thank you very much for
24 coming, Mr. Glass.

25 MR. NORMAN GLASS: My pleasure. Thank

1 you. Bye bye. Okay.

2 THE CHAIRPERSON: Sorry. Next stage is
3 we have three (3) -- we'll at least have two (2)
4 presentations. Do we know on the third one yet?

5 MS. ANITA SOUTHALL: No one has
6 identified themselves to me on behalf of the -- oh, it
7 looks like we may. I see an indication from Ms. Desorcy
8 in the gallery today that she's indicating someone may be
9 present from MKO. No. Oh, okay.

10 Sorry, I -- I know the presenters on our
11 list were from the Manitoba Association of Women's
12 Shelters. I see the lady, Anna Pazdzierski, is
13 indicating she's present. And also Mr. Procyk from Nine
14 Circles, I believe it is.

15 So, perhaps we could ask Ms. Pazdzierski--

16 THE CHAIRPERSON: We'll start with her
17 and then after that we'll have a short break, confer,
18 come back, give our judgment on this issue of the survey
19 and then complete with the other presentation.

20 That will provide an opportunity for MKO,
21 if they are coming, to come.

22 MS. ANITA SOUTHALL: Thank you, I'm
23 sorry, I -- I had forgotten about that preliminary matter
24 myself. Ms. Pazdzierski, could you just step forward
25 here to the microphone table.

1 MR. BYRON WILLIAMS: And Mr. Chairman, if
2 I might be excused for a minute, I'll see -- I'll try and
3 inquire from our office in terms of where -- what MKIO is
4 up to.

5 THE CHAIRPERSON: That would be helpful.
6 Thank you, Mr. Williams. Good afternoon and welcome.
7 My name is Graham Lane. I'm Chairman of the -- what are
8 we -- the Public Utilities Board, and this is Susan
9 Proven and Monica Girouard, the other two panel members
10 on our Board.

11 And so we've been working on this cheque
12 cashing issue now for several months with adjournments
13 between. So we're very pleased that you are able to take
14 up the invitation and come and speak to us. Ms.
15 Southall, do you want to do any further introductions?

16 MS. ANITA SOUTHALL: I'd just ask Ms.
17 Pazdzierski to introduce herself and tell us what your
18 position is with your organization. And then you and I
19 had talked about the process. You can share an oral
20 submission with the Board. You can refer to notes you've
21 prepared or read a submission. You know, that's all up
22 to you. The Board is pleased to hear what you have to
23 share.

24 And there -- except for questions of
25 clarification, there -- there isn't then a question and

1 answer process on your part that follows. So we'd just
2 like to invite you to proceed. Thank you.

3

4 PRESENTATION BY ANNA PAZDZIERSKI

5 MS. ANNA PAZDZIERSKI: My name is Anna
6 Pazdzierski and I am the Treasurer of the Manitoba
7 Association of Women's Shelters and the Executive
8 Director of the Women's Shelter in Selkirk, Manitoba,
9 which is called Nova House. And I have been Executive
10 Director there for seven (7) years and have worked in
11 this system for many more years than that.

12 So there are ten (10) women's shelters in
13 the Province scattered in all of the different health
14 regions, pretty much. And we all deal with the same
15 people in -- in most cases.

16 In our residential programs, in our
17 shelters, we deal with some of the most marginalised
18 people in our province. So, many of them women, many of
19 them women with children.

20 Many of them arrive at our shelters with
21 virtually nothing. You know, we've had women arrive in
22 their housecoats and bare feet. We've had women arrive
23 by a police car. We've had women arrive on their own.
24 But often the commonality between them is that they're
25 fleeing domestic violence and they're coming with what

1 they can bring immediately, and, in many cases, that
2 means they don't have ID.

3 And one of the first things we need to do
4 is what we call our EAR Form, our Emergency Assistance
5 Form that goes to Income Assistance. And women need to
6 have ID and -- and we know that in many cases they don't.
7 And Income Assistance is prepared to accept them into our
8 shelters with or without the ID. So we're able to -- to
9 manage that.

10 And in many cases, the abusive partners
11 that they're leaving behind either clean out their bank
12 accounts, or they don't even have a bank account to begin
13 with.

14 In many of our rural areas of Manitoba,
15 families do manage without banks, credit unions, or
16 alternative bank cashing facilities. They manage,
17 because they can go down to their local grocery store
18 where everybody knows them, and buy their groceries, and
19 cash their cheques.

20 The don't need banks, they don't see a big
21 need for banks, or credit unions, or anything else. They
22 manage quite well between grocery stores, and gas
23 stations, and so on. Having lived and grown up in a
24 rural area, I'm very familiar with that.

25 As a person who does have a bank account,

1 and does have ID on me, I'm -- I'm familiar, it's -- it's
2 not unusual for me to go and buy my groceries and cash a
3 cheque for those groceries. Now with debit cards that's
4 less likely so, but I certainly see people doing that all
5 the time.

6 So when -- mostly women, we do deal with
7 men, as well, but in most cases it's women. When women
8 have to flee abusive relationships and move to a larger
9 centre, they leave all of that behind them, and then
10 they're forced into a situation where now the grocery
11 store doesn't know them, the gas station doesn't know
12 them.

13 They're getting their income assistance
14 cheques it -- once they're live on their own, and nobody
15 in that community really knows who they are, and often
16 they don't have ID. And for many of them it's difficult
17 for them to get ID.

18 You either have to come in to Winnipeg to
19 do that, which means a bus ride, or -- or some means of
20 getting there. Many of them come with no transportation.
21 And while they're in shelter they get a whole dollar
22 ninety (\$1.90) a day to provide for all of their
23 expenses.

24 We provide their food and their medical
25 supplies, but if they smoke, or -- or like to buy a

1 coffee, or a treat for their children, a dollar ninety
2 (\$1.90) doesn't go very far. So if you're having to get
3 a birth certificate and ID replaced, that's not your
4 priority, it just doesn't happen.

5 Needless to say, once they're living on
6 their own, they are in great difficulty. In our shelter
7 we're able to assist them, we're not cheque cashing
8 facility, but that's what we do. We call up our local
9 credit union that we do our own business with and say, So
10 and so's coming down, and they have a check from their
11 income assistance worker for so much money, could you
12 cash it for them?

13 And the credit union will cash it with our
14 account vouching for that cheque. In the seven (7) years
15 I've been there we have never had a situation where a
16 cheque has bounced, or has been a problem. Not
17 everywhere is able to do that. Not everywhere has the
18 banking facility that they work with that's prepared to
19 do that.

20 And not everywhere has a shelter director
21 that's prepared to pick up the phone and say, It's okay,
22 charge to Nova House if it -- if it bounces. Luckily it
23 hasn't happened, or my Board might have a little problem
24 with that, but that's what we do.

25 It is almost impossible for women,

1 especially who are relocating to get bank accounts, or
2 credit union accounts. Even if they're going to the
3 Money Mart, the women that are in my shelter and that
4 I've talked to over time tell me that it costs them
5 anywhere from seven dollars (\$7) up to get a cheque
6 cashing card, that they need ID to get that cheque
7 cashing card, but then they can cash cheques at the
8 alternative bank cashing facility.

9 I'm told from women that I work with, and
10 my son, who doesn't have a great credit rating, and tends
11 to use bank cashing facilities, as well, it costs
12 anywhere from thirty dollars (\$30) as a base to cash a
13 cheque, and then three dollars (\$3) per hundred above
14 that, or seven dollars (\$7) plus a percentage.

15 When I asked one (1) woman today who's in
16 shelter, who uses three (3) different bank cashing
17 facilities, no banks, but three (3) bank cashing
18 facilities, what it costs her. She said, Well, if I had
19 a two hundred dollar (\$200) cheque it would cost me
20 somewhere between twenty (20) and twenty-eight dollars
21 (\$28) to cash that two hundred dollar (\$200) cheque.

22 So I said, Well, so what -- what
23 percentage do they charge, or how -- is there a base-
24 rate? Well, she had no idea. She just knew that, that
25 was where she could go to cash cheques, and they'd cash

1 it for her, and the charges were just what she thought
2 she had to do for business.

3 And I think that's part of the concern
4 that have, that it seems to be where you go, who you see,
5 and I guess, if you've ever had an NSF cheque, or -- at
6 one (1) of those facilities, maybe costs you more; I
7 don't know.

8 In Selkirk, which is a town of ten
9 thousand (10,000) people, we have six (6) credit unions
10 and/or banks and at least five (5) cheque cashing/money
11 lending facilities. So, obviously it's a good business
12 and we do -- even though we counsel clients that, you
13 know, it wouldn't cost them that much if they were using
14 something else, just get -- get things organized, they
15 choose not to for all kinds of reasons.

16 I was telling someone the story about a
17 friend of mine who sells Avon and, well, a friend of my
18 daughter's and she dropped off my daughter's order and
19 she wasn't home so I wrote a cheque to pay for the Avon
20 order on my own bank account in Tulon which is with the
21 credit union and said to her, Well, just take this down
22 to the credit union and they'll cash it for you because
23 she said, Well, I -- I can't cash a cheque in this town.

24 And, you know, Well, just go to the credit
25 union. It's on my account at the credit union. So she

1 went there to cash the cheque and they wouldn't cash it
2 for her and she came back to my house and said, Well,
3 they wouldn't cash it. Can you cash it for me?

4 So I said, Well, come with me. I've lived
5 in that community. I've had an account with that credit
6 union ever since they opened. And I went in with her and
7 I said, Would you cash this cheque for her, please? It's
8 on my account. And they sort of looked at me and I said,
9 Well, you know, I can co-sign the back of it then and --
10 and then you can cash it. And so they cashed it for her.
11 But in the meantime they had to make her feel like crap
12 in the process of doing it.

13 And I think that's the feeling that many
14 of the women we see have when they're dealing with many
15 of the institutions is that they're made to feel crappy
16 about it so -- but it's costing them huge dollars and
17 money that they can little afford.

18 And then when we get into the money
19 lending institutions I would love to come back and speak
20 to you when you do that hearing because I have some even
21 more horrendous stories about that. So.

22 THE CHAIRPERSON: Thank you very much for
23 coming down. We greatly appreciate you coming down and
24 we look forward to seeing you again then when we move on
25 to the next --

1 MS. ANNA PAZDZIERSKI: Right. Okay.

2 Well, thank you very much for the opportunity.

3 THE CHAIRPERSON: Thank you. Mr.

4 Williams, did you have any luck with Mr. Anderson?

5 MR. BYRON WILLIAMS: We are just -- I've
6 asked one (1) of my colleagues to try cell, office, and
7 e-mail and if we're fortunate enough to locate him, we'll
8 advise you as soon as possible.

9 THE CHAIRPERSON: Okay. We'll take a ten
10 (10) minute break and then we'll come back with the Nine
11 Circles Community Health and that will be I guess the
12 last opportunity then. So we'll be back in ten (10)
13 minutes then. Thank you.

14

15 --- Upon recessing at 2:38 p.m.

16 --- Upon resuming at 2:58 p.m.

17

18 THE CHAIRPERSON: If you wouldn't mind
19 sort of introducing yourself? I think you heard us
20 introduce ourselves before?

21 MR. ROGER PROCYK: Yes. Yeah.

22 THE CHAIRPERSON: And if you could just
23 introduce yourself and then away you go.

24

25 PRESENTATION BY MR ROGER PROCYK:

1 MR. ROGER PROCYK: My name is Roger
2 Procyk and I'm with Nine Circles Community Health Centre.
3 We're a community clinic with a specialty in HIV and AIDS
4 and like the previous speaker we deal with a lot of -- a
5 lot of our clients are marginalized people so I guess
6 that's the first thing I want to say about the people
7 that I know in relation to the cheque cashing situation.
8 They are financially disadvantaged people living well
9 below the poverty line. They're at the bottom rung of
10 the economic ladder.

11 Many clients we see have few options for
12 cashing cheques if they do not have acceptable ID
13 including photo ID and in general clients don't have ID
14 due to life circumstances. And the life circumstances
15 are such things as they don't have secure housing. They
16 might live in a rooming house or a place that has poor
17 locks on the door and their stuff is stolen, you know,
18 regularly.

19 Sometimes they -- they get tossed into the
20 clink for, I don't know, for various reasons. You know,
21 things that happen on the street or things that have
22 happened between them and their partners. And by the
23 time they get out, the place that they've rented is gone
24 and so is all their belongings, so -- so that's why they
25 don't have ID, a lot of them.

1 And -- so it gets -- things get stolen,
2 lost, discarded, left behind. Picture ID like passports,
3 drivers license and Manitoba Liquor Commission ID --
4 photo ID they cost money and that's money our clients
5 really don't have. I just picked this up here, I could
6 leave it with you too. Get your MLCC ID, show your age.

7 It says here, one of the -- of the
8 following you have to have. Original birth certificate,
9 original baptismal certificate, Canadian citizenship
10 card, passport, which is what, ninety (90) bucks now,
11 photo drivers license. Most -- most of our clients do
12 not have cars, do not drive. And then two (2) other
13 pieces of ID such as a social insurance card or Manitoba
14 Health Card.

15 They have to have all this ID just to get
16 a photo ID from the Manitoba Liquor Commission. And the
17 liquor commission also charges \$17 for their ID. So
18 that's in addition to whatever you would pay to get your
19 birth certificate back.

20 THE CHAIRPERSON: You have to go to
21 Buffalo Place to get it; don't you?

22 MR. ROGER PROCYK: That's the other
23 thing. You have to drive out an hour onto McGillivray
24 and find it and -- inaccessibility is an -- is an issue
25 for that one as well.

1 So, like, our clients, they don't have
2 money and they're in constant need of money and where do
3 they go when they get a cheque? Well, the banks or the
4 credit unions will turn them away likewise if the don't
5 have photo ID.

6 And even if they had an account and showed
7 up at the credit union, if they weren't regular
8 customers, the credit union and the bank is going to ask
9 for ID regardless of whether you have an account.

10 And so they're stuck there, so they -- if
11 they had a bank card then they might deposit their
12 cheque, but then there would be, you know, some time for
13 the cheque to clear and they wouldn't have access to the
14 money at that time.

15 So really they're left with the -- the
16 options that we just heard about in -- the gentlemen that
17 spoke from the pawn shops and the Money Marts. And
18 they're really in a take it or leave it situation.
19 That's -- that's what it amounts to.

20 So, like the previous woman said, whatever
21 the going fee is or whatever the going rate is, they just
22 pay it, no questions asked because they don't have
23 options. And I, you know, I don't know what to suggest
24 here, but perhaps if the fee for cashing a cheque could
25 be set around \$2 or 2.50 this would approximate the fees

1 that -- that are charged on the upper scale of the ATM's
2 that are out there.

3 Some are 1.50, some are 1.75, some are two
4 (2) bucks, some are 2.25, but maybe that might be a
5 reasonable option. I mean, even at \$2 on a \$20 cheque is
6 10 percent, right, so. And, you know, a lot of the
7 cheques are not going to be large cheques that our people
8 receive. So in a nutshell that's basically what I have
9 to say about the clients that I work with and serve.

10 And I -- if you want, I could leave you a
11 copy of the speaking notes and this information here from
12 the Manitoba Liquor Commission.

13 THE CHAIRPERSON: Appreciate that. Mr.
14 Gaudreau, could you pick that up. Would you like us to
15 make a copy of it or?

16 MR. ROGER PROCYK: No that's fine, I kept
17 -- I have a copy for myself.

18 THE CHAIRPERSON: Do you try and get your
19 clients ID or do you have any ability to do that?

20 MR. ROGER PROCYK: We -- we help them
21 when we can. First Nations' clients -- because of,
22 again, their lifestyle issues and the insecurity of
23 housing and so on, they have -- there -- there's a limit
24 to how often they can get a -- a trea -- First Nations
25 Card now because they lose them so often or they

1 disappear so often or they're stolen or whatever. So,
2 you know, once their second card is used up then they got
3 to wait for another two (2) years before they can get
4 another one (1) free.

5 THE CHAIRPERSON: They lose the card, they
6 wait two (2) years?

7 MR. ROGER PROCYK: They're allowed to get
8 two (2) and if the second one (1) disappears, then it's
9 like you got to wait or -- I don't -- I don't think they
10 -- there's a fee, but if you have maybe an advocate on
11 your behalf who can describe some extenuating
12 circumstances, that would be helpful. And we -- we do
13 that. We --

14 THE CHAIRPERSON: Do those cards have a
15 photo on it?

16 MR. ROGER PROCYK: Yes, they do. Yeah.
17 You know, I was -- I often wondered if -- because the
18 people that I'm dealing with and mostly that we're
19 talking about here -- they're citizens of Winnipeg and
20 the City of Winnipeg recently, at the last election
21 anyway, they asked for photo ID.

22 You know, maybe as a -- maybe the City of
23 Winnipeg might consider instituting a photo ID scenario
24 for their citizens. And, you know, anybody who lived in
25 Winnipeg and had an address in Winnipeg could get a photo

1 ID card.

2 THE CHAIRPERSON: We had -- yes, just --
3 we also had a -- one (1) Hearing day was in Thompson, and
4 when we were in Thompson, one of the people presenting
5 before us indicated that someone with a Treaty card that
6 lost it, to get another one they had to come to Winnipeg.
7 Does that ring true to you?

8 MR. ROGER PROCYK: Well, the office is in
9 Winnipeg. I would hope that it's physically possible to
10 get a card without making the trip to Winnipeg. That's a
11 pretty expensive way to get a card. It's more expensive
12 than the Manitoba Liquor Commission card if you have to
13 take a bus or a plane down and stay in a hotel overnight
14 while you're getting your photo taken.

15 THE CHAIRPERSON: Well, right or wrong,
16 they told us that you had to come to Winnipeg to get the
17 card.

18 MR. ROGER PROCYK: You know, I -- I would
19 believe it, but I don't know that for sure.

20 MS. SUSAN PROVEN: Well, this may not be
21 a great idea, but I'm thinking that in the future I have
22 seen on television where people are actually able to
23 access bank accounts with a chip that's implanted in
24 their hand. And I'm thinking that maybe, you know, a few
25 years from now all of us might have this type of device

1 so that we don't have to worry about photo cards or
2 whatever.

3 I -- I don't know whether that would be a
4 good idea or not. You know when you --

5 MR. ROGER PROCYK: Well, you know that --
6 that -- that's a really good idea because it would level
7 the playing field. Because you're not -- you got a
8 fingerprint. You're not going to lose that. You know,
9 you got an iris. You're not going to lose that.

10 So if we had that kind of identification
11 system, you know, if you get your bag stolen you're still
12 okay, you know?

13 MS. SUSAN PROVEN: I mean technology is
14 such that even at the airport now they're -- they're
15 passing people through by the iris in their eye. So, you
16 know, I just think that we need to be much more sort of
17 creative in how we identify people, and maybe there are
18 other ways.

19 MR. ROGER PROCYK: Yeah. That's --
20 that's a really good idea.

21 THE CHAIRPERSON: You're not able, in
22 your agency, to cash any of their cheques yourselves?

23 MR. ROGER PROCYK: Well, I have been
24 known to do it, but I have gotten in trouble for doing it
25 as well, from a policy perspective, bureaucratic. The

1 girl would give me the cheque which she got as an
2 honorarium, I would deposit it in my bank account and
3 give her the money and hope -- hopefully it would clear.
4 And so far they have.

5 THE CHAIRPERSON: It was a policy
6 disagreement, not the fact that the cheque wasn't any
7 good.

8 MR. ROGER PROCYK: Right.

9 THE CHAIRPERSON: Thanks for coming down.
10 We appreciate you coming down and giving your
11 presentation.

12 MR. ROGER PROCYK: Well, thank you for
13 having me and thank you for delaying your break.

14 THE CHAIRPERSON: No problem. Okay.
15 We'll take a fifteen (15) minute break. When we come
16 back we'll either have Michael Anderson or we won't. But
17 we will have a decision on this last item before we have
18 closing statements tomorrow.

19

20 --- Upon recessing at 2:38 p.m.

21 --- Upon resuming at 2:58 p.m.

22

23 THE CHAIRPERSON: So we haven't heard
24 from Mr. Anderson?

25 MR. BYRON WILLIAMS: We have kind of

1 heard from Mr. Anderson. I have something I can read --

2 THE CHAIRPERSON: Please.

3 MR. BYRON WILLIAMS: -- that my very
4 able assistant, Susan Knolls (phonetic), who I owe an
5 undying debt of gratitude to, has tracked him down.

6 Here's what I understand.

7 "Mike is not able to make -- make it to
8 the hearing today. If the -- the
9 presentation record will remain open,
10 he could file something writing by
11 tomorrow afternoon. He would like to
12 meet with you to discuss at 9:30
13 tonight."

14 Anyways, that's what I have from Mr.
15 Anderson, so I leave it to the Board's wisdom in terms of
16 if they -- if they'd like to leave the window open, or
17 not, and it's certainly the Board's choice.

18 THE CHAIRPERSON: Thank you. And thank
19 you, Mr. Williams for making an effort. I know he's very
20 busy with various activities. Okay. On the matter of
21 the survey; difficult though it was and despite our
22 disposition for a degree of latitude in informality in
23 this unique process, the survey either goes in to the
24 record complete as evidence, as Mr. Williams proposed, or
25 it doesn't go in at all.

1 CAC/MSOS can not be an Intervenor and
2 presenter at the same hearing, at least that is how we
3 see it. We expect that the survey, when finished and
4 tested for methodology, will have value, perhaps
5 considerable value, but today it is not finished; it is a
6 work in progress.

7 We have quite a bit on the record, and
8 from our research on the reasons why people use a near
9 banks, and an unfinished survey is simply of no major
10 additional value now in its present form as we see it.

11 We are talking about an unfinished survey
12 that is proposed to come in to evidence on the last half
13 day of the hearing, ahead of the closing argument. So on
14 balance and with difficulty we find for the position
15 advanced by Money Mart and Northwest, and -- but we had
16 quite a discussion. Ms. Southall, could you remind us
17 what lies ahead.

18 MS. ANITA SOUTHALL: Yes. Thank you, Mr.
19 Chairman. That will conclude, then, the hearing portion.
20 Did -- did you have a -- a view as to whether or not we
21 would -- just apropos the -- the information via Mr.
22 Anderson; whether we'd receive a presentation after
23 today?

24 THE CHAIRPERSON: No.

25 MS. ANITA SOUTHALL: So we'll send a

1 message that -- that he should have -- he shouldn't
2 propose to provide that tomorrow.

3 THE CHAIRPERSON: No. See, unfortunately
4 we can't just sit and wait.

5 MS. ANITA SOUTHALL: Thank you. So that
6 closes, then, the evidentiary and presentation portion of
7 the hearings, and our hearing day today. The
8 representatives for Money Mart have offered to provide a
9 public portion, and then a confidential portion of a
10 physical tour of their location down -- in downtown
11 Winnipeg here on Portage Avenue, which is within walking
12 distance of our hearing room.

13 They've confirmed to me a few moments ago,
14 that they -- they are in the position effectively, I
15 guess we get ourselves organized, they're in a position
16 to allow us to convene there -- let's say, if we could
17 convene there by 3:30 p.m., is that satisfactory, Mr.
18 Edwards?

19 MR. PAUL EDWARDS: Yes, that's fine. And
20 perhaps, we could just meet at the store. It's about a
21 block down Portage Avenue. We could --

22 THE CHAIRPERSON: Towards which
23 direction?

24 MR. PAUL EDWARDS: Yes, straight towards
25 Portage and Maine on this side of the street.

1 THE CHAIRPERSON: Very good, okay.

2 MR. PAUL EDWARDS: We -- we could get a
3 rope, we could all...

4 THE CHAIRPERSON: I think we're all
5 right.

6 MR. PAUL EDWARDS: Okay.

7 MS. ANITA SOUTHALL: We're functioning at
8 a high level, I think, so we're going to -- we're going
9 to all trust -- trust that. I -- I want to make clear,
10 though, that -- that attendance is open to Intervenor,
11 representatives, Intervenor counsel, obviously the panel,
12 and -- and myself, and Mr. Gaudreau.

13 I believe there's one (1) other person
14 from the Province of Manitoba who's made arrangements
15 with a Money Mart representative to be in attendance, as
16 well, so that's -- Money Mart has arranged that, and
17 certainly it doesn't interfere at all with what, you
18 know, what we hope to gain for that attendance.

19 Were there any questions in respect of the
20 -- this site attendance? It is a little bit unique, but
21 I've -- for the record, I've given Intervenor counsel
22 notice of this, and notice of the plan in terms of a
23 brief public viewing, a brief in-camera viewing of
24 systems behind the scene, and the Board does not
25 anticipate that it will required to spend a whole lot of

1 time participating in it, just -- just for everyone's
2 knowledge. So thank you.

3 MR. PAUL EDWARDS: Perhaps I could just
4 add, and just to alert the Board that's right. There's a
5 -- and this is not going to be a lengthy -- it's quite a
6 small store location but there's going to be both the --
7 two (2) -- two (2) parts to it. Mr. Mark McNally who is
8 Market Manager for -- for this region based in Winnipeg
9 here will be leading us through both parts of the -- the
10 tour.

11 THE CHAIRPERSON: We don't want to be
12 intrusive if there's any customers there -- make them
13 feel unsettled or...

14 MR. PAUL EDWARDS: That's right and --
15 and --

16 THE CHAIRPERSON: My wife has all our
17 cheques.

18 MR. PAUL EDWARDS: Obviously the store is
19 still open for business so we will have to be sensitive
20 to that and -- and Mr. McNally I think will be in and
21 will lead us through that. He -- he understands there's
22 going to be quite a group.

23 MS. ANITA SOUTHALL: And then just
24 finally we would be reconvening here tomorrow morning
25 back in public session for the closing submissions and

1 our schedule provides for us to recommence at 10:00 a.m.
2 for that purpose. We'll certainly have, I believe, more
3 than enough time for closing submissions commencing at
4 that hour.

5 THE CHAIRPERSON: Mr. Williams, you
6 wanted to say something?

7 MR. BYRON WILLIAMS: No, I believe Ms.
8 Desorcy will be attending. I would love to attend but I
9 have some other commitments. We will as has been -- the
10 pattern at this hearing -- renew our objections to the
11 in-camera portion of the Hearing. We don't require
12 additional reasons. We understand that that -- that
13 application will be rejected but just for the record
14 we're renewing our objection to that.

15 THE CHAIRPERSON: Thank you and we'll
16 confirm our position on that.

17 Okay then, we stand adjourned and we'll
18 meet you over there in twenty-three (23) minutes.

19

20 --- Upon adjourning at 3:05 p.m.

21

22 Certified Correct

23

24

25 _____
Carol Geehan