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MANITOBA PUBLIC UTILITIES BOARD

Re: TO DETERMINE MAXIMUM FEES
FOR PAYDAY LOANS

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
February 15th, 2008
Pages 4861 to 4964

APPEARANCES

1
2
3 Anita Southall) Board Counsel
4
5 Leo Sorensen (np)) Sorensen's Loans Till
6) Payday
7
8 Antoine Hacault) Rentcash Inc.
9 Michael Thompson (np))
10 Mona Pollitt-Smith (np))
11
12 Allan Foran) Canadian Payday Loan
13 Lucia Stuhldreier) Association
14
15 Byron Williams) CAC/MSOS
16
17 Nathan Slee (np)) 310-Loan
18
19 Robert Dawson (np)) Assistive Financial
20) Corporation
21
22 Steve Sardo (Np)) Cash X
23
24 Kent Taylor (np)) Progressive Insurance
25) Solutions

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1 --- Upon commencing at 9:08 a.m.

2

3 THE CHAIRPERSON: Okay, good morning
4 everyone. We have a new face. Good morning. Ms.
5 Southall, could you remind the Board of our process this
6 morning?

7 MS. ANITA SOUTHALL: Yes, good morning to
8 everyone. We are starting this morning with some
9 rebuttal evidence from Rentcash, and -- and the witness
10 will be sworn in a moment.

11 Mr. Hacault will take her through her
12 testimony. He's also provided a -- a written, I'm
13 assuming, synopsis of the rebuttal evidence. So we'll
14 mark that in a moment.

15 After that, we will be moving to, I
16 believe, answers to undertakings from both CPLA via Mr.
17 Foran and some additional undertaking responses from the
18 Coalition via Mr. Williams and to the extent that there's
19 any cross-examination arising from that.

20 Mr. Foran, have you come to a decision as
21 to whether you're wanting to now proceed with rebuttal
22 evidence?

23 MR. ALLAN FORAN: Yes, there will be
24 rebuttal.

25 MS. ANITA SOUTHALL: So we'll then, I

1 think, conclude with the rebuttal evidence of CPLA. And
2 that will be our day today, and we'll conclude the
3 evidence. Thank you.

4 THE CHAIRPERSON: Very good, thank you.
5 Okay, Mr. Hacault, could you introduce your new witness?

6 MR. ANTOINE HACAULT: Yes, Mr. Chairman.
7 The witness is Carrie Lawrence, and if I could get the
8 Board Secretary to swear the witness in.

9 THE CHAIRPERSON: Mr. Gaudreau...?
10

11 CARRIE LAWRENCE, SWORN
12

13 EXAMINATION-IN-CHIEF BY MR. ANTOINE HACAULT:

14 MR. ANTOINE HACAULT: Ms. Lawrence, could
15 you turn your microphone on? That would be great.

16 MS. CARRIE LAWRENCE: I can.

17 MR. ANTOINE HACAULT: I'll just let you
18 proceed with your presentation, if you could, please.

19 MS. CARRIE LAWRENCE: Sure. Well, good
20 morning everyone. My name is Carrie Lawrence. I'm just
21 going to give you a little quick background on myself.

22 I moved to Winnipeg in approximately 1992
23 and completed my high school education here. After
24 graduating, I worked at the Manitoba Legislative Building
25 for approximately two and a half (2 1/2) years and helped

1 edit speeches for members of one of the political
2 parties.

3 After that, I spent some time at Dufresne
4 Furniture and worked as a service manager with
5 approximately thirty (30) employees underneath my
6 supervision.

7 I started my employment with Rentcash in
8 2002 as a customer service representative. After
9 approximately two (2) months, I was promoted to the
10 position of a store manager. And from there,
11 approximately three (3) years after that, I was promoted
12 to the position of a regional manager. And I am now
13 presently -- I now presently supervise seventeen (17)
14 stores in the Manitoba area.

15 As part of my functions, I regularly
16 attend all of these stores and continue to have hands-on
17 experience with all of the customers. Every day I spend
18 most of my mornings making followup phone calls with new
19 clients as well -- as well as existing customers.

20 One of the purposes of the calls that I
21 make is to gauge customer satisfaction with respect to
22 new and existing customers.

23 When I'm in the stores I also speak with
24 the clients. For examples, I know -- for example I know
25 and have spoken to Wayne Van Tassel, who has filed a

1 written presentation to this Board.

2 I will also process loans, take payments,
3 and help out generally if the customer service
4 representatives are too busy to help all the clients
5 waiting for service in the store.

6 Like Mr. Van Tassel, we have several
7 clients who have expressed the fact they are aware that
8 they can get the same loan from another provider but
9 instead choose to come to us to borrow.

10 I have been told that it is our service
11 which separates us from others and the actual feel of our
12 stores. We do not have glass between ourselves and our
13 clients, and I think that this is something that our
14 clients really like. They enjoy the one-on-one contact.

15 In our stores we field several calls a day
16 from potential clients calling and asking what they need
17 in order to secure a loan and what our prices are. I
18 know that some of these potential customers are shopping
19 around via telephone, and I base this simply on the fact
20 of the followup calls that I make the following day.

21 I have not yet encountered a situation or
22 an incidence where a client was in such need of money
23 that time was an issue, that they were unable to shop
24 around for what they felt was their best option.

25 It's my experience that most of our

1 clients have already done some sort of background
2 homework on pricing and are familiar with some of the
3 options before they come into the store.

4 To my knowledge, Rentcash is the only
5 provider of long -- longer-term loan -- pardon me,
6 longer-term payday loans, which we term as signature
7 loans. For some of the Manitoba stores, the signature
8 loan product represents a significant portion of the
9 store volume.

10 With respect to signature loans, which
11 generally consist of a loan from fourteen (14) days but
12 no less than -- or no more than thirty-one (31) days, the
13 types of salaried people which benefit from the
14 availability of this product includes: firefighters;
15 teachers; nurses; employees on commission, such as those
16 from retail outlets or car salespersons; self-employed
17 contractors; and government employees.

18 Some of the staff working at our stores
19 were payday loan clients prior to being hired. They no
20 longer need the product. They have practical experience
21 with the product and the benefits of having access to
22 these loans.

23 In this Hearing there has been testimony
24 about benefits to the consumer, both monetary and non-
25 monetary, which may be lost if the Coalition proposal

1 would be accepted by this Board. I have been asked to
2 provide actual examples of the type of welfare benefit
3 which may be lost.

4 For each of the examples I describe a
5 situation but have not identified the person or specific
6 location to protect their confidentiality. These
7 examples are illustrative of typical situations but are
8 not intended to be exhaustive.

9 There's a few examples of issues with
10 transportation. We have a customer who lives up north in
11 Northern Manitoba who is employed with a large mining
12 company. He did not have a valid drivers license. So he
13 was carpooling with another employee at the time. This
14 employee was transferred, leaving our client with no
15 means of transportation to get to work. As his place of
16 employment was not on a transit route, he had no other
17 option but to take a taxi during winter. This client now
18 comes in borrow money from us for his taxi ride, thus
19 allowing him to keep his -- his position at his
20 employment.

21 Another client of ours had the
22 transmission go on his vehicle. He explained to us that
23 he does not have what the bank would consider to be
24 favourable credit, therefore, not qualifying for the
25 loan. He works as an Aboriginal social worker and spends

1 a great time on the road travelling. Having his own
2 vehicle is imperative to his employment. We set him up
3 with a loan, and he was able to get his vehicle fixed and
4 remain employed.

5 There was also a client whose car had
6 broken down. It did not require a lot of repair, but she
7 did not have the funds to cover the amount that was
8 needed. She indicated that she thought of getting a loan
9 from her bank, but decided not to do it because it was
10 too time consuming. She did not have the leisure of time
11 to make an appointment to see a loans manager at the
12 bank. She then decided to see what was involved in order
13 to obtain the funds through us. She placed a telephone
14 call to one of our stores, and we verbally explained what
15 was needed in order to secure a payday loan. She came
16 into our store and secured the loan. The next day,
17 pardon me, that same day she was able to get her car
18 fixed and was able to be back on the road.

19 Another customer also came in to make some
20 repairs to his vehicle. His bank wasn't able to help
21 him, so he came in to see us for a loan. He works at a -
22 - a furniture manufacturing plant, which has no class --
23 no close bus service by. The options available to him
24 were biking to work in the winter or taking a cab -- a
25 cab from his res -- residence, sorry, which is not close

1 to his employment. We approved him for a loan, and he
2 got his car fixed before his holidays were over.

3 Examples of securing accommodation:

4 Recently there was a landlord in Northern Manitoba who
5 evicted everyone in the apartment block. This customer
6 needed to obtain a security deposit for a new apartment.
7 The new potential landlord advised that if she was not
8 able to come up with the security deposit by the end of
9 the business day, that they would in fact rent it out to
10 someone else. If we were not there to help her and give
11 her the loan, she would not have been able to secure a
12 place to live and would have been forced to stay in a
13 housing centre, which allows people to stay for a maximum
14 of sixty (60) days.

15 An example of personal well being: A med
16 -- a medical emergency. A grandson was borne prematurely
17 and had to be taken to air by Winnipeg. The grandparent
18 came into one of our stores looking for a loan to help
19 pay for gas and hotel rooms as the hospital advised that
20 there -- there was no free accommodations there. Without
21 this loan this grandparent would not have been able to go
22 to Winnipeg to be with her daughter and her grandson.

23 On more than one occasion we have had
24 customers who come in to lend money to pay for a
25 medication that is not prepaid by Medicare. Some of

1 these medications are extremely expensive. Often people
2 have to pay upfront and then are reimbursed at a later
3 date. Without the loan from us these customers would not
4 be able to take the medication which they need.

5 Some examples of enhancing non-financial
6 welfare: It is not uncommon to have new potential
7 clients come into the store and advise that they need to
8 borrow some money to help cover the costs for -- family
9 funerals and wakes. In some cultures it is tradition for
10 these families to have a wake one (1) year after a family
11 member passes, which is a costly affair. These clients
12 appreciate having access to the funds for the wakes held
13 one (1) year after the death of their close one.

14 Also, with the high cost of vet bills, we
15 have customers who loan to cover these expenses. Once
16 again, there is no obvious financial benefit to these
17 clients, but they attach a particular importance to the
18 welfare and health of their pets, which need to be
19 treated prior to the receipt of the next paycheque.

20 There was also a client of ours who had a
21 hot -- a hot water tank break. The client considered his
22 banking options. The bank did not want to give him the
23 small amount that he needed and was instead encouraged to
24 borrow a larger amount. The client did not want to do
25 this, so he came to our store and borrowed exactly what

1 was needed for the repair.

2 Some examples of creating potential to
3 enhance financial welfare: Recently we had clients
4 borrow because they had to move out of a rental unit due
5 to mould and are currently in small claims court suing
6 their landlord. The lawsuit was commenced in Winnipeg,
7 and they have to pay all their costs until such time as
8 the case is over. Without the loan, they would not be
9 able to sue the landlord and recover what is owing to
10 them.

11 Another one of our clients operate as an
12 in-home daycare by day and hold candle parties in the
13 evening. In order to buy some of the business cards and
14 get herself started with her candle party, she came to
15 ask to get payday loans. She is now operating a
16 successful candle business. She no longer obtains payday
17 loans from us. Instead, she now uses our prepaid
18 MasterCard to help onli -- help with online purchases
19 for her business.

20 We have clients who borrow for some less
21 conventional reasons as well. For example, one customer
22 borrowed intermittently over a two (2) year period while
23 she was waiting for her divorce to be finalized and
24 assets to be divided. She now no longer uses our
25 service.

1 CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

2 MR. BYRON WILLIAMS: Just a couple, and I
3 promised I'd be nice, and I would never think otherwise.

4 Ms. Lawrence, thank you -- thank you for
5 your presentation. Could you just tell me -- you
6 mentioned service.

7 Could you tell me the hours of operation
8 for the Rentcash stores? I assume they're standard in
9 Winni -- in Manitoba?

10 MS. CARRIE LAWRENCE: Yeah, in Manitoba
11 they're standard. We are open Monday to Friday from 9:00
12 a.m. to 8:00 p.m., Saturday from 9:00 to 5:00, and eleven
13 (11) -- or, pardon me -- Sunday from 11:00 till 4:00.

14 MR. BYRON WILLIAMS: And you'd agree with
15 me -- let me back up a second.

16 And you're, at least at a high level,
17 familiar with the operations of one of your competitors,
18 Money Mart?

19 MS. CARRIE LAWRENCE: Correct.

20 MR. BYRON WILLIAMS: And you'd agree with
21 me that the hours of operation for Money Mart stores in
22 Manitoba are a bit longer than the Rentcash stores?

23 MS. CARRIE LAWRENCE: Correct.

24 MR. BYRON WILLIAMS: No further
25 questions, Mr. Chairman.

1 THE CHAIRPERSON: Thank you, Mr.
2 Williams. Ms. Southall, do you have anything?

3

4 CROSS-EXAMINATION BY MS. ANITA SOUTHALL:

5 MS. ANITA SOUTHALL: I just wanted --
6 it's really, I suppose, a point of clarification. And I
7 think, Ms. Lawrence, that it's repeated, perhaps, two (2)
8 or three (3) times in your evidence.

9 For example, on page 2 -- I'm looking at
10 the written document. By the way, we've recorded that as
11 RC Exhibit 34, before I forget.

12

13 --- EXHIBIT NO. RC-34: Evidence of Carrie Lawrence;
14 written document.

15

16 MS. ANITA SOUTHALL: On page 2, the --
17 about the fourth paragraph down and you -- and you
18 testified orally some of the staff working at your stores
19 were payday loans clients prior to being hired. They no
20 longer need the product.

21 Do you remember that?

22 MS. CARRIE LAWRENCE: Yes.

23 MS. ANITA SOUTHALL: And there are a few
24 other examples of that, I take it. I won't locate them
25 in your paper.

1 But some people have used the product in
2 the past and no longer need it?

3 MS. CARRIE LAWRENCE: Absolutely.

4 MS. ANITA SOUTHALL: When you say "no
5 longer need it," what are you -- what are you meaning?
6 Are you meaning their financial situation has improved to
7 the extent that they don't require the -- the money that
8 is made available through Rentcash?

9 MS. CARRIE LAWRENCE: Correct. They come
10 in, they may just be having a period of life where they
11 just needed, you know, a few dollars to get them through
12 whatever time they're going through. And sometimes we
13 only see them once or twice. So...

14 MS. ANITA SOUTHALL: The customers of
15 Rentcash aren't required to disclose why they need the
16 funds, I take it?

17 MS. CARRIE LAWRENCE: They're not
18 required, no.

19 MS. ANITA SOUTHALL: And there's -- and I
20 believe we've heard this through other testimony. But --
21 but there's no automatic counselling that comes with
22 somebody who presents themselves for a payday loan?

23 They're -- they're not taken through other
24 options by the Rentcash representatives in terms of where
25 else they might be able to source funds, what the costs

1 may be for sourcing short-term funds through other
2 lenders, other institutions?

3 I take it that's not a standard part of
4 what happens at Rentcash?

5 MS. CARRIE LAWRENCE: Well, depending on
6 the customer, sometimes they will come in and -- and kind
7 of give us a little bit of a background on -- on what's
8 happening with them and where they've looked for funds
9 from other place.

10 In our branches we also have consumer
11 proposal pamphlets in there for the -- some of the non-
12 profit community organizations and stuff. So there are
13 options that we -- we definitely do present to these
14 clients -- these customers.

15 MS. ANITA SOUTHALL: And I guess I'm
16 trying to understand whether or not that's a standard
17 part of a -- of a client transaction, that you would
18 start by discussing what other options they may have for
19 the short-term borrowing or -- because I took it from
20 what you said about them not having to disclose why they
21 want the money --

22 MS. CARRIE LAWRENCE: Right.

23 MS. ANITA SOUTHALL: -- that -- that
24 there may -- and I -- and I don't think we've heard in
25 earlier testimony that Rentcash has, as part of its

1 standard procedure, counselling and review of credit
2 options for clients, so --

3 MS. CARRIE LAWRENCE: We do not.

4 MS. ANITA SOUTHALL: -- that's what I'm
5 trying to clarify.

6 MS. CARRIE LAWRENCE: Yeah, we do not.

7 MS. ANITA SOUTHALL: Those are my
8 questions. Thank you. Thank you, Ms. Lawrence.

9 THE CHAIRPERSON: We have one.

10 MS. SUSAN PROVEN: I just have a -- a
11 question that sort of arose out of what you said about
12 the hot water tank. The fellow said he needed exactly
13 what he needed to get that tank done.

14 And I just wonder if you have a feel for
15 people who want to be limited. Like, we heard in the
16 Hearing about people being afraid to get -- use a credit
17 card or maybe to have a line of credit at a bank or a
18 credit union. They would prefer, I think we heard this,
19 a very small amount that seemed manageable and had a
20 timeline on it.

21 Do you have any thoughts on when you see
22 these customers what percentage of them would be people
23 who have exhausted their credit card or line of credit
24 and therefore are dealing with the payday loan company?

25 Or is there a percentage of people who

1 have gone that route, managed to get their credit under
2 control, but are afraid to use it again because they may
3 not feel they have the self-discipline?

4 What -- what do you think the breakdown
5 would be?

6 MS. CARRIE LAWRENCE: I'm not sure that I
7 would be able to give you a -- a specific, you know,
8 percentage or -- or number.

9 MS. SUSAN PROVEN: Just a feel, like,
10 for, you know, are there people that feel that this
11 product is limiting and -- and they like that -- that --

12 MS. CARRIE LAWRENCE: Yes, I'd agree with
13 that.

14 MS. SUSAN PROVEN: And is it a great
15 number of people or...?

16 MS. CARRIE LAWRENCE: I -- I would say
17 substantial, for sure. I think people -- for example,
18 I'll use when somebody wants to go and get a loan at the
19 bank. The banks now, or the credit unions, want you to
20 take several thousand. Sometimes people just want five
21 hundred (500) or just want a thousand dollars (\$1,000).
22 They don't want these large numbers. So they don't have
23 any other option.

24 So, I mean, that's a -- that's, I think,
25 why a lot of them come to our service as well.

1 MS. SUSAN PROVEN: Thank you.

2 MS. CARRIE LAWRENCE: Mm-hm.

3 THE CHAIRPERSON: Thank you, Ms.

4 Lawrence, I appreciate you coming.

5

6 (WITNESS STANDS DOWN)

7

8 THE CHAIRPERSON: Okay. We will move on
9 now to the Coalition's undertakings, I believe, was next
10 up. Mr. Williams...?

11 MR. BYRON WILLIAMS: I've conferred with
12 My Friend, Mr. Foran, and we -- I wonder if it might be
13 possible for the -- the witnesses for the CPLA to proceed
14 first?

15 THE CHAIRPERSON: Yes, of course. Mr.
16 Foran, are you ready?

17 MR. BYRON WILLIAMS: And I appreciate the
18 courtesy of Mr. Foran.

19 MR. ALLAN FORAN: Yes. And I -- I don't
20 know if this is more of a -- a process question than
21 anything else. So what I've done is I have the
22 undertaking responses in writing. So I was going to
23 simply distribute them and then have them marked as an
24 exhibit. I suppose Mr. -- Mr. Keyes is present, and if
25 necessary, he could go back on just to -- to answer them.

1 But many of them actually do not relate to
2 CPLA, and maybe I'll take you through some -- some of
3 these just to let you know what they are.

4 THE CHAIRPERSON: Very good.

5

6 (BRIEF PAUSE)

7

8 THE CHAIRPERSON: Why don't we start by
9 giving it an exhibit number? Okay, we will have that in
10 a minute. Mr. Foran, do you want to begin taking us
11 through it?

12 MR. ALLAN FORAN: Yes, so the
13 undertakings requested of CPLA -- and the first thing I
14 just want to note is that there's not a numbering or
15 sequence problem the way we've -- we've set it up,
16 because many of these things were -- we just followed the
17 numbers in the transcripts. And many of these were
18 answered well in the Hearing. So we -- these are things
19 that we believe were outstanding.

20 So the first one is Number 9. It was
21 actually a question with respect to Pollara. And it
22 asked for further cross-tabulation of some the responses.
23 And we've attached that. So that comes from Mr.
24 Marzolini's office, "How Many People Live in Households,"
25 and he simply has cross-referenced total respondents to

1 annual household income.

2

3

(BRIEF PAUSE)

4

5 MR. ALLAN FORAN: I'll keep -- I'll
6 keep going. Number 10, again, was something that I
7 believe was Pollara related, and it related to actual
8 Stats Canada reference information. It was taken under
9 advisement. We've reviewed it with Pollara, and the
10 answer is that the Statistics Canada income distribution
11 data can be referenced by Stats Canada Catalogue Number
12 63-224. And then there's a sub-breakdown of the source
13 of that.

14 Undertaking question Number 11, "Mr. Keyes
15 to provide what percentage of Manitoba customers borrow a
16 hundred dollars (\$100) for two (2) weeks might expect to
17 pay ten dollars (\$10) or less, taken under advisement."
18 CPLA does not have this information regarding the
19 expectations and refers the Board back to Pollara.
20 Pollara provided evidence in its appearance as to what
21 its polling results indicated about Manitoba's
22 expectations of -- of customers' fees.

23 Again, Number 12 is Mr. Marzolini, and
24 we've just attached a table showing the relevant income
25 ranges. And that's the one (1) page attachment, "The

1 Most Important Reasons to Obtain a Payday Loan." And
2 again, he's just provided that breakdown.

3 I'll keep going. Number 13, this,
4 actually, we prepared the answer. Mr. Bishop was asked
5 about small claims court issues. He, I believe, provided
6 some information in his evidence as to the inability to
7 recover from time to time in small claims court
8 proceedings. He was asked to provide some Manitoba
9 experience. He wasn't able to locate a case. In fact
10 that, I believe, has been usurped by virtue of the
11 Board's productions that were distributed this week.

12 THE CHAIRPERSON: Yes.

13 MR. ALLAN FORAN: Number 21, I have to
14 confess, I thought this had been asked and answered at
15 the Hearing itself. But this related to whether CPLA had
16 any evidence of costs being higher outside of Winnipeg.
17 We don't have that information to indicate the cost would
18 be higher outside of Winnipeg.

19 THE CHAIRPERSON: And by costs, you are
20 talking about operating costs of a store now?

21 MR. ALLAN FORAN: Operating costs, yes.
22 Number 22, we go into a whole series of questions now
23 that are not directly CPLA related, but inquiries of
24 Money Mart. Number 22, the percentage of people who
25 actually payoff loans before payday, and so advise; the

1 answer is Money Mart has declined to provide that
2 information.

3 Number 23 is another request to inquire of
4 Money Mart, and that is to provide an accurate
5 description of a three hundred dollar (\$300) Money Mart
6 loan. Money Mart has responded and has provided a
7 detailed breakdown of a three hundred dollar (\$300) loan
8 for a two (2) week borrowing period, principal,
9 interests, subtotals, and total repayment.

10 Number 24, additional information was
11 requested, if possible, from Xtra Cash and Fast Cash. No
12 addition -- no additional information was received from
13 either company. My understanding is CPLA made the
14 request, and there is no further information to provide.

15 The same holds true for Number 25. And
16 again, that relates to Xtra Cash and Fast Cash
17 information.

18 Number 26 is an inquiry to check with
19 Money Mart as to what types of government payments are
20 capable of supporting borrowing. The response from Money
21 Mart is that it will advance against long-term disability
22 payments so long as it is a permanent disability pension,
23 relates to previously earned income, and is paid by
24 direct deposit. It will not advance against Social
25 Assistance payments, such as welfare.

1 Number 27, I believe, also relates to
2 Money Mart as to whether -- to inquire as to whether
3 statement is sufficient in respect to those kinds of
4 payments. And then the answer is, as noted, a bank
5 statement would generally be sufficient.

6 Number 28, again, I believe related to a
7 Money Mart request. So Money Mart was approached, and so
8 number 28 is the response prepared by Money Mart. It's
9 lengthy; it's self-evident. I'll just give the panel a
10 moment to read it.

11

12 (BRIEF PAUSE)

13

14 THE CHAIRPERSON: Okay, thank you.

15 MR. ALLAN FORAN: Okay, Number 29, we've
16 actually attached information from Xtra Cash, which is
17 the further information that is received.

18 I have to confess -- and I just -- I was
19 trying to get the answer to this just before this
20 morning. I'm not sure, I believe that the attachment
21 tried to follow one of the PUB Information Request's
22 format.

23 Now, do you have it? It's a -- it's a one
24 (1) page or two (2) pages, called "CPLA Questions Xtra
25 Cash"? Okay.

1 (BRIEF PAUSE)

2

3 THE CHAIRPERSON: It must be just a
4 collating problem. I do not have one, but I will get
5 one.

6 MR. ALLAN FORAN: Okay. Let me just see
7 if I've got...

8

9 (BRIEF PAUSE)

10

11 THE CHAIRPERSON: Thank you, I have got
12 it now.

13 MR. ALLAN FORAN: Okay. Then I believe
14 what Xtra Cash attempted to do was to answer questions in
15 the same sort of format of questions that were indicated
16 by the PUB Information Request.

17 Number 30 was an inquiry of Money Mart as
18 to actual percentages of cheques that are found to be in
19 default as a result of deposit on payday. And Money
20 Mart's response is approximately 13 percent of cheques
21 are returned and found to be in default.

22 Number 31 was to inquire of the three (3)
23 largest, which -- members, which would be Money Mart,
24 Xtra Cash and Fast Cash, whether a loan becomes due at a
25 specific time on a specific day. Money Mart has provided

1 specific information with respect to this. Xtra Cash and
2 Fast Cash have not.

3 Number 32, it wan inquiry to check with
4 Fast Cash; no further information was received.

5 Number 33, was a question, I think, that
6 arose out of some of the CPLA cross-examination or Board
7 request for information as to a database. And the
8 request was made to check with Money Mart as to its
9 experience with its database and how that might impact
10 its costs. Money Mart's response is detailed in Number
11 33.

12

13 (BRIEF PAUSE)

14

15 THE CHAIRPERSON: Thank you.

16 MR. ALLAN FORAN: Okay. Number 34, "CPLA
17 to inquire of Money Mart as to how it calculates the fees
18 on first-party cheques for a one hundred and twenty
19 dollar (\$120) loan, taken under advisement." Money Mart
20 has answered this question and has set out, again, a
21 detailed fee structure for the one hundred and twenty
22 dollar (\$120) loan.

23

24 (BRIEF PAUSE)

25

1 MR. ALLAN FORAN: I'll keep going; I
2 think the next one sort of is in line with that. CPLA --
3 and it's Number 35.

4 "CPLA to inquire of Money Mart to
5 provide to the Coalition the cost of a
6 twelve (12) day loan for two hundred
7 and fifty dollars (\$250)."

8 Money Mart has provided a table just
9 disclosing that information.

10 Number 36 was an inquiry to make of Money
11 Mart as to whether cheque cashing fees are captured in
12 the line "Consumer Lending Net." It was taken under
13 advisement. And the answer is: Cheque cashing fees are
14 included in consumer lending revenue net on our 10-K.

15 Number 37 is another inquiry of Money
16 Mart, to inquire in terms of default fees if they'd
17 appear under the line "Customer Lending Net" or "Other."
18 And the answer is, as noted: It's included on our 10-K
19 in "Other." And then it's identified what other revenue
20 and fees are related there.

21 Number 38 was a request from Dr. Gould as
22 to how many hours he devoted to the project from the time
23 of his retainer to the time of filing his evidence. His
24 answer: a hundred and fifty-two (152) hours.

25 Number 40 was to inquire as to

1 approximately how many owners of payday loan companies
2 existed at the time the Ernst & Young report was
3 prepared. I believe there was some suggestion by Mr.
4 Bishop in his evidence that that information might be
5 something that he -- he would be able to access. The
6 answer is: They're -- CPLA is not able to obtain that
7 information.

8 And, just as a reminder, I believe there
9 was some evidence that Ernst & Young was no longer
10 providing this sort of service and had disbanded its
11 office. My understanding is Mr. Bishop checked many of
12 his records and was not able to locate this.

13 Number 43 was an inquiry of Deloitte &
14 Touche to check its notes to see whether all the cheque
15 cashing recorded in the table was related to cheques
16 provided by customers totally unrelated to payday loans.
17 Deloitte has answered, based on its discussions with
18 respondents and procedures performed, that cheque cashing
19 recorded on the table was not related to payday loans
20 transactions.

21 Number 44, again, was a request of
22 Deloitte & Touche to determine whether it included in --
23 or whether or not there's included in any of the loan
24 agreements reference to cheque cashing fees or dishonour
25 fees. Deloitte cannot provide this information. It does

1 not have the loan agreements.

2 Number 45, again, a request of Deloitte to
3 provide or determine if any information was available as
4 to default rates in the other revenue-generated services.
5 Deloitte advises this information is not available.

6 Number 48 was to identify the title of
7 Bruce Cummings at Money Mart. And Mr. Cummins is a
8 Senior Vice President, Information Technology, North
9 American Operations.

10 Number 49, another request to check with
11 Money Mart, and this was to provide payday loan
12 disclosure agreements respecting cheque cashing fees.
13 And we have been referred back to Information Request
14 answers that I -- we believe answers this in full.

15 Number 50 is, again, a request of Money
16 Mart to determine when cheques are actually picked up in
17 a store. There is an answer from Money Mart that
18 provides information that regular armoured car service is
19 provided at various times and various locations each
20 morning. They then go on -- gone on to determine or
21 provide some sense of what they think happens with the
22 cheques at the bank.

23 Number 51, to inquire, again, of Money
24 Mart and determine if there is any process applied on a
25 systematic basis to pull cheques that would be

1 dishonoured. There is no process except in the instance
2 when a customer calls in advance to advise a store of a
3 repayment problem.

4 Number 52, the inquiry was sent out to
5 Money Mart, and there was difficulty with this. And on
6 reflection, we had -- we -- we couldn't -- and maybe it
7 made sense at -- at the time, but we couldn't actually
8 figure out later what was being asked. And so Money Mart
9 has declined to answer the question on the basis it
10 doesn't understand the question. And we did go back to
11 the transcripts to find out -- try and figure out what
12 this was trying to do.

13 Number 56, I have to confess, we have
14 trouble with this one, because we actually don't think we
15 gave this undertaking. The transcripts indicate that
16 this undertaking was there.

17 And what happened is there was a series of
18 questions from, I believe, Mr. Hacault, and it's -- this
19 is almost a statement. There is a statement on the
20 record that to the -- almost to the effect that Dr. Gould
21 would go and review all the evidence of CPLA and
22 determine if he disagreed with any of it.

23 We checked with Dr. Gould, and Dr. Gould
24 has said that if he was asked for this undertaking, he
25 would never give it. We don't believe we did give it.

1 There is an undertaking noted, but Dr. Gould is not
2 prepared to go through the entire CPLA evidence and
3 determine what is something he agrees with or disagrees
4 with. He was here as an independent expert.

5 THE CHAIRPERSON: Thank you, Mr. Foran.
6 Mr. Hacault, do you have any undertakings?

7 MR. ANTOINE HACAULT: None to provide, I
8 don't believe. On our review we think we've provided
9 everything we needed to provide.

10 THE CHAIRPERSON: Thank you, sir. Then
11 returning to Mr. Foran, do you want to present the
12 rebuttal? Mr. Williams is ready now.

13 MR. BYRON WILLIAMS: Yeah, I'll just go
14 get Dr. Robinson, and perhaps Mr. Gaudreau can distribute
15 the -- the responses.

16 THE CHAIRPERSON: Thank you.

17 MR. BYRON WILLIAMS: I'll just be a
18 couple of seconds.

19

20 (BRIEF PAUSE)

21

22 MR. ANTOINE HACAULT: Do we have a number
23 for the undertaking?

24 MS. ANITA SOUTHALL: Yes, that's CPLA,
25 Exhibit 17 for the record, the -- the series of

1 undertakings and attachments that Mr. Foran reviewed for
2 CPLA.

3 THE CHAIRPERSON: Thank you. We will
4 just stand down for five (5) minutes so we do not rush
5 Mr. Williams.

6

7 --- Upon recessing at 9:45 a.m.

8 --- Upon resuming at 9:51 a.m.

9

10 THE CHAIRPERSON: Mr. Williams...?
11 Anytime you are ready, sir.

12

13 COALITION PANEL:

14

15 CHRIS ROBINSON, RESUMED

16

17 RE-DIRECT EXAMINATION BY MR. BYRON WILLIAMS:

18 MR. BYRON WILLIAMS: Thank you, Mr.
19 Chairman. Just in -- in general terms, one of -- I guess
20 there's a -- a document which you should have, which is a
21 two (2) page document with photocopying on both sides
22 called "Minor Undertakings and Responses to Information
23 Requested." And I'll -- I'll let Dr. Robinson speak
24 about it.

25

But just at a high level, I can advise you

1 that there are three (3) -- three (3) elements to this
2 document. One (1) is a specific response to some
3 questions posed by Mr. Foran a -- a day or two (2) ago.

4 That's the -- the first one there,
5 PUB/Coalition-B13, Revised.

6 The second one is one that's already been
7 given verbally by Dr. Robinson to Ms. Southall, and he
8 just had indicated yesterday that he would do it in -- in
9 writing.

10 And the third, frankly, was not actually
11 an undertaking. But Mr. Foran had raised an -- an
12 interesting question in his cross-examination. And Mr. -
13 - Dr. Robinson had -- had done a bit more research, so he
14 thought it would assist the Board.

15 MR. ALLAN FORAN: Just if I could, for
16 the purposes of the record, Mr. Chairman and members of
17 the panel. One of the objectives I actually had in my
18 cross-examination was not to generate new work.

19 I did not ask for undertakings. I didn't
20 ask for anything else to be provided. So my view on it
21 is my cross-examination and the answers stand the way
22 they are. And if the Board is prepared to receive new
23 evidence arising out of what I did, I -- I leave it to
24 the -- to the Board.

25 MR. BYRON WILLIAMS: We had thought we

1 made an undertaking. Whatever -- whatever works.

2 And then the other one is something in
3 response to a request from the Board that Dr. Robinson,
4 with some guidance from Dr. Simpson, has prepared.

5 And I'll -- I'll leave this -- leave Dr.
6 Robinson to talk about both documents.

7 MS. ANITA SOUTHALL: So if we could just
8 mark them for the record please. The first document is
9 the -- I'll call it the Minor Undertakings document, will
10 be Coalition-42, Exhibit 42.

11

12 --- EXHIBIT NO. COALITION-42: Minor Undertakings
13 document

14

15 MS. ANITA SOUTHALL: And the second,
16 longer document Market Share Analysis, for the sake of
17 the record, would be Coalition Exhibit 43, thank you.

18

19 --- EXHIBIT NO. COALITION-43: Market Share Analysis
20 document

21

22 THE CHAIRPERSON: Thank you.

23 DR. CHRIS ROBINSON: Okay, with respect
24 to Coalition-42, the first heading, PUB/Coalition-B13,
25 Revised. This was one we did have an undertaking. Mr. -

1 - Mr. Williams made a slight error when he said that Mr.
2 Hacault -- or said Mr. Foran had asked for the third one.
3 It was Mr. Hacault.

4 But my recollection is Mr. Foran said,
5 We'd like to know the source of this particular number.
6 And I simply went back reviewed the statements, and I've
7 explained what it was. It's the sum of two (2) numbers,
8 and I had to add them together in order to back out the -
9 - the operating and head office expenses. It's purely
10 mechanical. But -- but it was not obvious, I -- I guess,
11 when they were looking at the statements.

12 The second one is average fees at Dollar
13 Financial. Oh yeah, sorry. Average fees that Dollar
14 Financial charges. I already put that into evidence
15 orally. I read exactly what appears there.

16 So that the figures are, you know, fifteen
17 (15), 16 percent, slightly above, but very close to,
18 Advance America's fees shown in another document.

19 The third one is -- is somewhat sort of
20 new information to the Board. Or it is, if you like, a
21 correction of some of the information on the record. We
22 have -- in fact in three (3) different places buried in
23 the tens of thousands of pages, we have tables of US
24 rates.

25 And Mr. Hacault had raised -- he was

1 actually speaking to Dr. Buckland at the time -- but had
2 raised the question, How do you know there aren't other
3 things in these rates? Do you know they got them right?
4 Did you read all the legislation?

5 No, I did not read all the legislation for
6 this, but Mr. Hacault's instincts that there might be
7 something else were -- were very accurate. Or perhaps he
8 was actually remembering something, which is also buried
9 in the record as a footnote to somebody else's -- to a
10 document from the US.

11 It turns out that a few of the American
12 states have not written their legislation as carefully as
13 Manitoba has. And therefore, when they -- they don't use
14 the value received, value given. And so they are using a
15 discounting practice.

16 And so when the state law says and appears
17 to say 15 percent, it turns out that in a few states you
18 can escape that limitation to the extent that you can
19 charge -- you can discount the loan, charge the fee up
20 front and then take it off.

21 And so the correct value then for a 15
22 percent -- it seems to be most often with 15 percent --
23 is -- is then point -- 17.65 percent. So that the tables
24 that -- it's odd, actually.

25 What it means is, is that the averages --

1 I wasn't looking for this; this just came out -- the
2 averages tend to cluster then really a lot around the 17
3 percent that the Coalition has recommended. So Mr.
4 Hacault was -- was right. There does not, as far as we
5 can tell, seem to be anything else.

6 I mean, of course, there are thirty-three
7 (33) or something like that states with these
8 legislations. But Centre for Responsible for Lending,
9 which operates out of there, did not identify anything
10 else to me. And it's not for most of the states.

11 If the Board wishes, I could go back, take
12 the three (3) different sources, put them together, fight
13 my way through the fact that some of this stuff is on
14 PILC software, and produce a table which would tell you
15 pretty much what the limit is in all of those states.
16 Now, so the actual limit, in other words what it
17 effectively turns out to be.

18 I -- I hope you can accept my assurance
19 that what it's going to be is it's going to tend to
20 cluster. It'll -- the average will rise slightly, and it
21 will tend cluster even more around seventeen (17). There
22 aren't many states that have very high limits.

23 Okay, so that was the -- expect that --
24 and I -- but I thought it was very important the Board
25 should realize that that evidence which we've all been

1 quoting is slightly higher than it appears.

2 THE CHAIRPERSON: That is interesting,
3 but that is fine as is, Dr. Robinson, thank you.

4 DR. CHRIS ROBINSON: Okay. And -- and,
5 of course, I'm -- I didn't appreciate how important Mr.
6 Hacault's question was. I'm grateful to him for having
7 raised that, even it took me a while to figure out what
8 to do about it. Okay, returning to Coalition 43.

9 MR. BYRON WILLIAMS: And -- and for this
10 one, Dr. Robinson, if you can just, at a very quick and
11 high level, highlight kind of what -- what you've
12 attempted to do and -- and any -- if -- if you would.

13 DR. CHRIS ROBINSON: Yes. What I had
14 been doing was showing -- I had actually shown on the
15 screen some of the results for what might happen. These
16 are scenarios, so I can't predict. I can say what
17 happens if a rate cap causes some firms to exit the
18 market. And so, of course, one can make up many such
19 scenarios, so you're -- we're relying on my expert
20 judgment on this, but I acknowledge there could -- there
21 can be other scenarios.

22 So I set up, first, I -- first, I actually
23 revised something slightly that I had submitted to the
24 Board. It has no significant effect, but I discovered
25 that we didn't have a consistent list in front of the

1 Board of who all the payday lenders are. We still don't
2 know for sure, but because they open and close. But --
3 so I updated the list.

4 So there's slightly more, there's seventy-
5 three (73). The effect is -- is negligible. Money Mart
6 and Cash Store still have 80 percent of the volume, but
7 cause I added some more stores they declined slightly in
8 their control position.

9 THE CHAIRPERSON: And you don't have
10 Advance America's new stores in there either?

11 DR. CHRIS ROBINSON: No, Advance America,
12 I thought it would be unreasonable. I mean, first of all
13 I have no way of estimating anything from them. I mean,
14 given that they're charging this incredibly low rate,
15 you'd think they might have very, very high volumes.
16 But, initially, a lot of that volume would simply be
17 taken from the other stores and, of course, it will not
18 remain as soon as they start charging rates that allow
19 them to survive.

20 So -- so this is not -- I've not tried to
21 factor Advance America into this in any point, because
22 it's -- I just -- I don't know what to do. I could make
23 up scenarios for them, but I don't know what to do with
24 them. So this is -- or you could just simply say take
25 out Money Mart and Cash Stores and add in Advance

1 America. We don't know if Advance America's presence
2 will, in fact, lead to much higher volume.

3 However, the more important part of this
4 is probably -- okay, so I've made up three (3) tables.
5 One is what's it look like now. A second table is what
6 if I assume that what I think are the small volume
7 stores, and I assigned them somewhat arbitrarily to the
8 rural areas. So I closed all the rural area stores that
9 weren't part of a big chain. Okay, so that was one
10 assumption, and assumed that there would be no increase
11 in volume due to the rate caps.

12 Okay, now that is what Dr. Clinton
13 assumes. Dr. Simpson and I believe that he is completely
14 wrong in making such an assumption, and it flies in the
15 face of -- of everything we know about economics and
16 finance. But that is the -- you know, so then there's
17 the logical result of that. You get a bunch of stores
18 vanishing and the total volume declines. Okay, so the
19 volume goes from a hundred and five (105) down to -- a
20 106 million down to a 100 million.

21 Okay, now again, it's not that there is a
22 precise -- or as Mr. Foran would say, a scientific
23 calculation that says it'll go from a hundred (100), you
24 know, go to a 100 million. It's a scenario to give you
25 some idea of what happens and, of course, the volume in

1 the remaining stores does rise. That is, they capture
2 part of it, so that other stores will become more viable.
3 Stores that might have been unable to contribute --
4 continue if they didn't get the extra volume should now
5 be able to continue. But we can't be more precise than
6 that.

7 A more reasonable assumption is that
8 demand will increase, and that was the third table. And
9 so what it does is it assumes a modest increase in
10 volume. And, again, there is no scientific way to
11 determine this. This is not something you'd say it's a
12 big -- we're -- we're talking about a big price decline
13 here.

14 But it is not something where we would
15 then say, Oh, we'll get a 50 percent increase in -- in
16 demand for -- for loans. Okay, that would be -- would be
17 quite unreasonable. So it would be a modest increase.

18 And since it's still being distributed
19 among fewer stores, okay, you now get, you know, much
20 larger increases in volume for the existing stores -- the
21 existing chains.

22 However, these are all assuming a very
23 fundamental thing -- and I've only -- I only finally
24 started to recognize that recently. They're all assuming
25 that each -- each store that we assign has to be a

1 complete, separate, stand-alone business that only does
2 payday lending or payday lending and cheque cashing and
3 does nothing else and that it allows somebody to earn a
4 full-time -- you know, the owner/manager earns full-time
5 living.

6 But I've, in fact, argued that that is not
7 a reasonable business model, and I gave observations of
8 that in Ontario. Well, I did get fortunate, so that I
9 actually found somebody in Steinbach who is doing exactly
10 what I suggested what would be essential, and that is a
11 flower store that is offering payday loans.

12 And, I mean, I -- I mean, yes, I know it
13 sounds funny when I say it. And -- and I think I had an
14 absolutely wonderful witness, and I can give you more
15 details if you like.

16 But the one detail I will give you is that
17 this flower shop owner -- and that's their principal
18 business -- was talking to me. And Mr. -- I think Mr.
19 Williams didn't want me to give you the date, but I think
20 you'll appreciate that it was yesterday, and that was
21 Valentine's Day for a flower shop owner at 7:00 at night.
22 And she said, Well, I have to sit down. But she was
23 really helpful.

24 So, the payday lending and cheque cashing
25 is an add-on to their principal business. So when you

1 see that they're open 9:00 to 6:00, Monday to Saturday,
2 that's when the flower store is open. The cheque cashing
3 and money -- the cheque cashing and payday lending is
4 much more recent. She didn't say how -- how recently.

5 The store charges 18.95 percent of
6 principal plus a 24 percent APR -- a somewhat different -
7 - you know -- well, no, that's the same format as
8 Sorensen's uses, but lower rates.

9 This is one of the lowest rates in
10 Manitoba. Okay? It works out to just under 20 percent
11 on average. Okay, so that means that it is lower than
12 Cash Store by a little bit, lower than Sorensen's. It's
13 slightly higher than Money Mart.

14 And defaults are charged continuing
15 interest at 60 percent APR, but the owner forgives
16 default fees in many situations. As you'd expect in a
17 small community, she knows many of her customers.

18 And the respondent told me that Steinbach
19 could not possibly support a payday lender as a
20 standalone business because of the low volume. It could
21 only exist as part of another business. So they already
22 had the flower store, and they had the opportunity to add
23 this. There are other fast cash locations that are open
24 longer hours.

25 Now, I have a more extensive narrative

1 that I can -- I can share with anyone who wishes.

2 Finally, I did telephone fourteen (14)
3 Manitoba payday lending outlets to obtain their operating
4 hours. I can give you the complete details, including
5 the sample from which it's drawn and show you who I got,
6 who wasn't in, et cetera.

7 The essential information is that Money
8 Mart has the longest hours; that the other largest groups
9 have the next longest hours and are -- and, of course,
10 hours are longer in Winnipeg than elsewhere. So you have
11 Sunday closings. Actually, Sorensen's closes on Sundays
12 in -- in Winnipeg, too. But -- so you have Sunday
13 closings.

14 This flower shop, for example; she said,
15 I've got to have my Sundays off. And it's clear that
16 only she and her husband are doing the business. But
17 it's not -- there -- there don't seem to be any hired
18 help.

19 One (1) small-town lender -- and I don't
20 have the details because they're in my notes at home --
21 has only a part-time operating -- opening schedule, sort
22 of like it's only open certain days for certain hours, so
23 quite different from all the others. And it's in a small
24 community.

25 And, as far as I can tell -- but I didn't

1 speak with him personally -- he seems to be running
2 another business as well. Certainly the payday lending
3 is not a full-time occupation.

4 So that was the sort of the information.
5 So the point of these -- how these rural stores are
6 operating is that the analysis that I and other experts
7 have been using, you know, this competitive analysis and
8 whatever assumptions we make, you actually can't make any
9 of those assumptions once you have a store where the
10 owner is not -- where it's not viable as a full-time
11 business.

12 I have seen evidence recently from Mani --
13 from Nova Scotia where the average small business is four
14 hundred thousand (400,000), so, okay?

15 So, I think this is useful for the Board,
16 and you realize, of course, that it sort of both supports
17 some things that I have said and -- and doesn't support
18 others.

19 And -- but I think it's very useful in the
20 context of being concerned about service for rural
21 Manitoba. And -- and, of course, it also provides
22 support to -- to things that CPLA and Rentcash have
23 brought forward and Mr. Sardo and so on.

24 THE CHAIRPERSON: Thank you, sir. We are
25 just going to stand down for five (5) minutes. We will

1 be right back.

2

3 --- Upon recessing at 10:09 a.m.

4 --- Upon resuming at 10:14 a.m.

5

6 THE CHAIRPERSON: Mr. Williams, is Dr.
7 Robinson -- Dr. Robinson, we will take your information
8 on the stores' hours which you indicated that you had
9 available.

10 DR. CHRIS ROBINSON: Okay, yes, I have
11 it. I can -- I mean I have it in print for -- well, I
12 don't have it printed, but I can get that immediately
13 after you stop, you know, after I leave here. I can just
14 go to the office and get it for you. I can project --
15 well, no I can't project it on the screen, but I have it.
16 It's two (2) pages.

17 THE CHAIRPERSON: We might have a problem
18 with this. Ms. Southall...?

19 MS. ANITA SOUTHALL: Downloading on a
20 memory stick?

21 DR. CHRIS ROBINSON: Yes.

22 MS. ANITA SOUTHALL: Is that what you're
23 indicating, Dr. Robinson --

24 DR. CHRIS ROBINSON: Yes.

25 MS. ANITA SOUTHALL: -- so we could print

1 it off and distribute it?

2 DR. CHRIS ROBINSON: Yes.

3 MS. ANITA SOUTHALL: That would work, I
4 think, Mr. Chairman, so we'll maybe attend to that at --
5 at break time and then distribute it.

6 THE CHAIRPERSON: Okay. So we just have
7 to provide an opportunity, because it will be new
8 information, and if Mr. Foran and Mr. Hacault want to ask
9 him a question on it, we want to give them the
10 opportunity.

11 Okay, we will take it though.

12 DR. CHRIS ROBINSON: Okay.

13 THE CHAIRPERSON: We would like that.

14 DR. CHRIS ROBINSON: Right.

15 THE CHAIRPERSON: Okay. So now we will
16 just switch over. Other than that, Mr. Foran, do you
17 have any questions of this new information that Dr.
18 Robinson's put forward or any other recent evidence that
19 has come forward in the last day or two (2)?

20 MR. ALLAN FORAN: A -- a few questions
21 for Dr. Robinson on the frequency calculation that came
22 up in Coalition-41.

23 MR. BYRON WILLIAMS: I don't mean to
24 interrupt except for -- this is to assist Mr. Foran, I
25 hope. I had said I'd make sure Dr. Robinson is here.

1 Dr. Simpson was -- he's at the office, and he certainly
2 was -- was available to come down.

3 Mr. Foran has some questions which would
4 more properly go to Dr. Simpson. What I -- I think we've
5 agreed is we'll -- we'll try them on Dr. Robinson, and --
6 and as long as the -- if it's going that -- well that
7 way, then we'll just do it with Dr. Robinson. If not, I
8 will race to the phone and bring Dr. Simpson down.

9 THE CHAIRPERSON: Mr. Foran will let us
10 know.

11

12 RE-CROSS-EXAMINATION BY MR. ALLAN FORAN:

13 MR. ALLAN FORAN: Okay, Dr. Robinson,
14 Coalition Exhibit 41 is -- it -- it's a descriptive --
15 one (1) page description with a table that I understand
16 you prepared, "How Much Does an Average Payday Borrower
17 Spend on Payday Loans," sir.

18 DR. CHRIS ROBINSON: Yes.

19 MR. ALLAN FORAN: In the second full
20 paragraph of that, we've -- we've had it on the record,
21 but that should be amended about halfway down to indicate
22 that it's four hundred and forty-seven thousand (447,000)
23 Canadian families who are payday borrowers, correct?

24 DR. CHRIS ROBINSON: Yes, that is
25 correct.

1 MR. ALLAN FORAN: And you have provided a
2 different method of estimating average costs of payday
3 borrowing than Dr. Simpson, correct?

4 DR. CHRIS ROBINSON: We did all this
5 together. I mean we did that -- that -- those parts of
6 it together. I happen to have appended it to my
7 document; he had original material that he was preparing
8 as well.

9 MR. ALLAN FORAN: Let me focus on the
10 word "method." You used a different method of estimating
11 the average cost than he did, correct?

12 DR. CHRIS ROBINSON: Yes.

13 MR. ALLAN FORAN: And yours is based on
14 the estimate of the annual loan volume for Canada as a
15 whole, correct?

16 DR. CHRIS ROBINSON: Well, it's based on
17 that and a -- a different estimate of the number of
18 persons that are taking out payday loans in a given year.

19
20 MR. ALLAN FORAN: And, based on that
21 estimate, you arrive at an average annual volume of three
22 thousand eight hundred and eight dollars (\$3,808)
23 correct?

24 DR. CHRIS ROBINSON: Eight hundred and
25 three (803), but yes.

1 MR. ALLAN FORAN: And taking that average
2 loan size that you use for your table in Coalition-41,
3 that works out to about an average of eleven (11) loans
4 per year, correct?

5 DR. CHRIS ROBINSON: Yes.

6 MR. ALLAN FORAN: And that's not
7 consistent with any data that's been placed in evidence
8 concerning the frequency of payday loan use, correct?
9 Let me put it to you a different way.

10 The only evidence that's on the evidence
11 is the FCAC report, correct?

12 DR. CHRIS ROBINSON: It may or may not be
13 consistent. What we don't know -- what's missing in
14 there, and Dr. Simpson did refer to it, is that the
15 weighting effect is all in the frequent loan users. So
16 that if we have a whole bunch of frequent loan users, or
17 if the frequent loan users are borrowing more, then it
18 will skew it.

19 I referred to "normal distributions," and,
20 of course, if the distribution isn't reasonably
21 approximated by normal, all kinds of things can happen,
22 including what you're seeing there.

23 But you're -- however, I do take your
24 point, and we acknowledge -- both Dr. Simpson and I
25 acknowledge -- that we don't know which one -- this is

1 why we provided so many points, because we don't know
2 which one to take.

3 We don't say it's three (3) hun -- thirty
4 eight hundred (3,800) or, you know, or it's four point
5 eight (4.8) loans per year; we're giving you all the
6 evidence.

7 MR. ALLAN FORAN: Right. Lot -- lots of
8 -- and I don't want to use the word "evidence" -- lots of
9 speculation on what might be.

10 You've just used your best skill sets to
11 come up with that estimate, correct?

12 DR. CHRIS ROBINSON: Yes.

13 MR. ALLAN FORAN: Now, I'm going to look
14 at you, and I'm going to purport that you're Dr. Simpson
15 for a moment --

16 DR. CHRIS ROBINSON: Okay.

17 MR. ALLAN FORAN: -- and we'll struggle,
18 try this on for size.

19 Coalition Document 40 was a frequency of
20 payday loan use document that was, as I understand it,
21 prepared by Dr. Simpson?

22 DR. CHRIS ROBINSON: Oh, sorry, yes.

23 MR. ALLAN FORAN: Okay, and if you turn
24 to the second page -- the reverse side of that --

25 DR. CHRIS ROBINSON: Yes.

1 MR. ALLAN FORAN: -- the very last
2 sentence, it indicates that those using the service once
3 a month would have an estimate fees of seven hundred and
4 twenty dollars (\$720) per month.

5 Would you agree with me that that should
6 read "per year"?

7 DR. CHRIS ROBINSON: Oh, I'm sorry. We -
8 - yes -- just let me check that the calcu -- check all
9 the calculation for a minute. I mean, you're right about
10 the decimal place -- or, sorry, about the frequency. Oh,
11 sorry, I'm sorry, I'm reading the wrong line there. Yes.
12 Yes. Absolutely.

13 MR. ALLAN FORAN: Okay.

14 DR. CHRIS ROBINSON: And we -- I
15 apologize for that.

16 MR. ALLAN FORAN: Okay. This document --
17 and again, I -- I'm going to try and be fair now, because
18 I know it's not your document.

19 But the -- the document that's been
20 prepared and filed on behalf of the Coalition indicates
21 that the estimate of the average number of loans per year
22 is not sensitive to assumptions about the group who uses
23 payday loans infrequently, that is less than once a
24 year, correct?

25 DR. CHRIS ROBINSON: Sorry, wait a

1 second. Say that again. I think you got -- I think you
2 misspoke one (1) word.

3 MR. ALLAN FORAN: The estimate of the
4 average number of loans per year is not sensitive to
5 assumptions about the group who use payday loans
6 infrequently, correct?

7 I believe that's part of what Dr. Simpson
8 was attempting to portray.

9

10 (BRIEF PAUSE)

11

12 DR. CHRIS ROBINSON: No, it's not sens --
13 it's not sensitive to those who use it infrequently, less
14 than once a year, because, in other words, most of the
15 effect on the average is from those -- what he said was
16 that most of the effect on the average is from those who
17 use it frequently.

18 MR. ALLAN FORAN: Right.

19 DR. CHRIS ROBINSON: This is a weighted
20 average, so -- so the more frequent users drive the
21 average.

22 MR. ALLAN FORAN: Right. Okay. So
23 changing the assumptions about the actual frequency of
24 borrowing within that group will not affect the estimate
25 very much, correct?

1 DR. CHRIS ROBINSON: Within the
2 infrequent group.

3 MR. ALLAN FORAN: And changing
4 assumptions --

5 DR. CHRIS ROBINSON: Yes.

6 MR. ALLAN FORAN: -- about the average
7 loan size within that group will also not change the
8 estimate very much, correct?

9 DR. CHRIS ROBINSON: For Dr. Simpson's
10 work, the average loan size is not relevant. He was just
11 using frequency data. So the average loan size
12 assumption -- it would simply change the final number,
13 the estimate of the cost.

14 MR. ALLAN FORAN: And if you'd -- if --
15 and so we're still heading in the same direction, you and
16 I, and -- and I appreciate --

17 DR. CHRIS ROBINSON: Yes.

18 MR. ALLAN FORAN: -- I appreciate this,
19 this is working.

20 DR. CHRIS ROBINSON: Yes.

21 MR. ALLAN FORAN: So would you also agree
22 with me then that the accuracy of the FCAC Survey -- that
23 42.9 percent of borrowers fall into this category -- will
24 not, again, change the estimate very much?

25 DR. CHRIS ROBINSON: Oh, sorry. The 42.9

1 percent fall into the low-frequency category.

2 MR. ALLAN FORAN: Yes.

3 DR. CHRIS ROBINSON: Yes, and you are
4 making a good point here. Under any sort of ordinary
5 distribution, yes. I'm trying to think if there is some
6 really weird --

7 MR. ALLAN FORAN: No, I don't want you to
8 think too much. I want you -- because I've got a few
9 more questions. Just about there.

10 DR. CHRIS ROBINSON: I think you're
11 right. I think you're right.

12 MR. ALLAN FORAN: Thank you.

13 DR. CHRIS ROBINSON: I can't think of any
14 circumstance where that could affect it.

15 MR. ALLAN FORAN: Okay, but at the other
16 end -- now this is where you -- you will concentrate.

17 At the other end of the spectrum, however,
18 in the high-frequency sub-group, the effect of changing
19 variables will be far more noticeable, correct?

20 DR. CHRIS ROBINSON: Yes.

21 MR. ALLAN FORAN: And your estimate
22 focuses on the average, or Dr. Simpson's estimate
23 focussed on the average number of loans per year,
24 correct?

25

1 (BRIEF PAUSE)

2

3 DR. CHRIS ROBINSON: There are two (2)
4 largely independent ways of doing it. I wouldn't
5 characterize it that way. His focuses on the frequency
6 distribution of loans and then uses an average size.
7 Mine is implying whatever the frequency distribution
8 might be by an estimate derived from quite different
9 source of what the total payday loans are in the country.

10 So they are -- they're not -- I mean
11 obviously it's the same human beings we're talking about,
12 but the -- the statistical bases, the -- the information
13 going in is very different for the two (2).

14 MR. ALLAN FORAN: Right. And you've just
15 compared your analysis to his, and -- and I -- I am --
16 and -- and to be fair, I am trying to stick with his.

17 DR. CHRIS ROBINSON: Oh, okay, sorry.

18 MR. ALLAN FORAN: His estimate, then, is
19 driven by the average number of loans per year, correct?

20 DR. CHRIS ROBINSON: Oh, yes.

21 MR. ALLAN FORAN: So using his
22 assumptions about frequency within each of these
23 categories, the median frequency -- I've just now -- and
24 I -- I've -- I've switched it.

25 The median frequency of borrowing is now

1 somewhere between point three (0.3) loans per year and
2 one point five (1.5) loans per year, correct? And -- and
3 you'll see all that we have done.

4 DR. CHRIS ROBINSON: Yes. Yes. Oh yes,
5 you're right, and --

6 MR. ALLAN FORAN: I am, thank you.
7 Okay --

8 DR. CHRIS ROBINSON: Yeah. Oh, so you
9 did take a statistics degree?

10 MR. ALLAN FORAN: And if we were to use
11 that median to estimate the average fees paid per annum,
12 a three hundred dollar (\$300) loan, at a fee of 20
13 percent, that actually gives us annual fees below ninety
14 dollars (\$90), correct?

15 DR. CHRIS ROBINSON: Yes.

16 MR. ALLAN FORAN: I have no further
17 questions of Dr. Simpson.

18 THE CHAIRPERSON: Or Dr. Robinson?

19 MR. ALLAN FORAN: Or Dr. Robinson.

20 THE CHAIRPERSON: Thank you, Mr. Foran.

21 Mr. Hacault...? Any additional questions of Dr. Robinson
22 in either his normal form or acting as Dr. Simpson?

23 DR. CHRIS ROBINSON: Dr. Simpson's going
24 to be really, really disappointed. After having to sit
25 for two (2) days, listening to me do all the talking, he

1 -- he's now away for the only time, and I do the talking
2 for him.

3

4

(WITNESS RETIRES)

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THE CHAIRPERSON: Well, thank you, Dr. Robinson, for your attendance and patience over these last several months. We will now move to Mr. Foran and the rebuttal evidence.

Or sorry, Mr. Williams, do you have anything else?

MR. BYRON WILLIAMS: No, although if we get a chance for a small break, that would be appreciated, but I leave that to the --

THE CHAIRPERSON: Well, we are gonna have a -- I was probably a little bit hurried in my remarks with Dr. Robinson, because we still have this memory stick business with the hours of service.

So I am afraid you cannot quite go yet, Dr. Robinson, but if you would not mind attending to the memory stick problem, that would be helpful.

MR. ALLAN FORAN: Okay, so I have Dr. Gould, who is here. And Dr. Gould, if you could just set yourself up at one of the mics at the witness table please, sir.

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(BRIEF PAUSE)

THE CHAIRPERSON: Okay, we will just take a couple of minutes.

--- Upon recessing at 10:25 a.m.

--- Upon resuming at 10:42 a.m.

THE CHAIRPERSON: Okay, Mr. Foran. Are you ready now, Mr. Williams?

MR. BYRON WILLIAMS: Yes, thank you for your patience.

THE CHAIRPERSON: Okay, Mr. Foran...?

MR. ALLAN FORAN: Thank you, Mr. Chairman, Members of -- of the Board. CPLA has requested and received permission from the Board to call rebuttal evidence and the one (1) witness that is being recalled to provide rebuttal evidence is Dr. Gould.

I don't intend to reintroduce Dr. Gould. His resume is on the record. He was qualified as an expert, and I'm gonna proceed on the basis that the -- the Board is satisfied with his expertise and it continues for the purpose of rebuttal.

THE CHAIRPERSON: Yes.

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LAWRENCE GOULD, Recalled

RE-DIRECT EXAMINATION BY MR. ALLAN FORAN:

MR. ALLAN FORAN: Dr. Gould, you've had the opportunity of hearing the evidence of the Coalition, sir?

DR. LAWRENCE GOULD: I did.

MR. ALLAN FORAN: And specifically you heard the evidence of Dr. Chris Robinson?

DR. LAWRENCE GOULD: Yes.

MR. ALLAN FORAN: And as a result of that you were requested by CPLA to prepare some comments for rebuttal. Is that correct, sir?

DR. LAWRENCE GOULD: I was.

MR. ALLAN FORAN: I have received a document entitled, Rebuttal Evidence of Chris Robinson. Can you identify this for the purpose of the record, sir?

DR. LAWRENCE GOULD: Yes, it's some PowerPoint slides that I made just to summarize some of the comments that I'd be making about Dr. Robinson's evidence.

MR. ALLAN FORAN: Okay, then I think I -- I provided a copy to Board counsel and the Board secretary. Perhaps we could mark at as the next exhibit.

1 MS. ANITA SOUTHALL: That will be CPLA
2 Exhibit 18, thank you.

3

4 --- EXHIBIT NO. CPLA-18: Rebuttal Evidence of Chris
5 Robinson, a Power Point
6 presentation by Dr. Lawrence
7 Gould.

8

9 CONTINUED BY MR. ALLAN FORAN:

10 MR. ALLAN FORAN: And CPLA-18, Dr. Gould,
11 is the document prepared by yourself -- solely yourself?

12 DR. LAWRENCE GOULD: It is.

13 MR. ALLAN FORAN: Okay, with that then
14 I'd like you to focus specifically on CPLA 18 and the
15 comments you have to rebut to what you've heard relating
16 to Dr. Robinson's evidence.

17 DR. LAWRENCE GOULD: Thank you. Good
18 morning, everyone. Thank you for having me back. I'm
19 gonna be fairly brief in my comments. What I've tried to
20 do is just select some of the important issues that I
21 heard when Dr. Robinson was giving his evidence, and
22 provide some of my comments on certain problems that I
23 saw there.

24 The way I've organized this is that first
25 I discuss a few conceptual or technical problems that I

1 see with Dr. Robinson's model. Then I actually discuss
2 the model itself in terms of how the recommendations were
3 based, how the inputs were derived, and to try and draw
4 some conclusions on its usefulness in these proceedings.

5 So first let me start with the conceptual
6 problems. I've outlined those as three (3) that I would
7 like to comment on.

8 First, a discussion on the calculation of
9 the cost of capital on a real basis as opposed to a
10 nominal basis. And I'll explain what I mean with regard
11 to those terms.

12 Second, a discussion on the failure to
13 include to corporate tax effects.

14 And third, Dr. Robinson's treatment of bad
15 debt loss particularly com -- in terms of his comments on
16 the procedure used in the Ernst & Young study.

17 So let me start with the first one. When
18 we talk about a nominal rate for the cost of cap --
19 capital, we can decompose that into two (2) components: a
20 real rate and a rate of inflation. So for example on
21 Slide 3 what I've shown is that you can visualize a 14
22 percent rate of return as being, in part, a real rate and
23 10 percent and, in part, some additional percentage that
24 compensates the investor for increases in the price level
25 and inflation.

1 Now Dr. Robinson's model it's designed to
2 provide a fair rate of return. And a fair rate of return
3 is defined as the cost of capital. Dr. Robinson, though,
4 has defined that as a real rate of return. So in my
5 example 10 percent.

6 What I've heard him say was that he could
7 do it a different way, that it would, though, require him
8 to have countless more spreadsheets showing the costs
9 increasing through time, and that instead he was treating
10 this as a perpetuity in real terms.

11 The problem is -- and I think he mentioned
12 as well Fisher effects in terms of Irving Fisher's
13 (Phonetic) view of how to adjust for inflation in real
14 terms.

15 The problem is -- and it doesn't really
16 required a discussion of advance financial theory or
17 economics. It really is a straightforward proposition
18 that if an investor puts up capital, they have to be
19 compensated in real terms and in an inflationary
20 environment that has to also include a premium for
21 inflation; that is, you have to give the investor the
22 nominal rate, 14 percent, so that after inflation he's
23 left with a real rate.

24 I think under questioning by Mr. Foran,
25 Dr. Robinson was essentially asked, well, will your model

1 produce -- what will it produce if an investor puts in a
2 hundred dollars (\$100), what return would -- would they
3 get from that?

4 And essentially with this example, Dr.
5 Robinson answered ten dollars (\$10), the real return.
6 There was a little bit of -- of ambiguity there because
7 he was arguing that his rate was a little higher than a
8 fair rate of return. But for the purposes of this
9 example, he was answering that with these numbers, ten
10 dollars (\$10).

11 And the next question is, well, can't you
12 get fourteen dollars (\$14) by an alternative investment?
13 And the answer is yes. So who would invest to get a real
14 rate of return of ten dollars (\$10) if you, in fact, have
15 alternative investments to get 14 percent. So it's
16 really a fairly straightforward proposition that you have
17 to do this in nominal terms.

18 Now, if -- even if that were at all in
19 doubt, we have some references and I think, again, Dr.
20 Robinson was asked about how regulation takes place. The
21 rate setting process isn't that much different from what
22 we're trying to do here. And the question is, well, are
23 utilities regulated to provide a 10 percent, in this
24 case, real rate of return?

25 And the answer is -- oh, I think Dr.

1 Robinson said he wasn't -- didn't have to see the
2 documents and so on. But I've participated in countless
3 hearings and it's very clear that these regulatory
4 proceedings are designed to produce a nominal rate of
5 return as the determination of payday loans should do to
6 give investors a fair rate of return.

7 The second technical problem that I want
8 to deal with is the failure to include the corporate tax
9 effects. Now again, we have to start with an
10 understanding of where we get the cost of capital.

11 And where we get the cost of capital is
12 through, for example, a stock index like the Standard &
13 Poors TSX Index and I think that's what Dr. Robinson used
14 to get his numbers and then he reduced that to a real
15 rate of return.

16 Members of the Board that have
17 participated in Public Utility hearings on the cost of
18 capital are probably familiar with the discounted cash
19 flow DCF model or the capital asset pricing model.

20 All those, the Index, the DCF model, the
21 cap -- capital asset pricing model, those are all done on
22 an after corporate tax basis. So when we talk about say
23 a return of 15 percent taken from the Standard and Poor's
24 TSX Index, we're talking about a return after corporate
25 taxes.

1 Now the problem is this: Let's say that
2 we all agree that 15 percent is the correct cost of
3 capital. The problem is that in order to get that 15
4 percent after tax, we would have to increase that to take
5 account of the tax effect.

6 So if you look at slide 5, what I've done
7 here is show that with the assumption, for example, this
8 would be a typical rate, a corporate tax rate of 36
9 percent, that you would have to earn or be allowed to
10 earn 23.44 percent so that after you paid the corporate
11 tax of 36 percent, you would receive the 15 percent,
12 comparable to that which was benchmarked by the TSX
13 index. Okay.

14 Now, again, I think I heard Dr. Robinson
15 say that corporate taxes were irrelevant - nothing could
16 be further from the truth. And in fact, again, using the
17 regulatory models that we -- the Board is familiar with
18 for public utilities, it is common to take that 15
19 percent and gross it back up or add back the taxes, to
20 build up a rate that will produce that 15 percent.

21 The third conceptual problem is really --
22 and I hope this doesn't get overly complex. I've tried
23 to be as simple as I -- as possible, but I'll tell you
24 what it is. It's the treatment of bad debts costs, and
25 it's not my treatment. It's the treatment that was used

1 by the Ernst & Young report.

2 However, Dr. Robinson commented on this
3 and it was both in his report and subject to
4 interrogatory, essentially saying that this was
5 incorrect, that capital costs should not have been
6 included in this procedure. And all I'm doing really is
7 reviewing, very quickly, the Ernst & Young calculation to
8 show that, yes, it is correct.

9 It makes sense, and it provides exactly
10 what it's supposed to do; that Ernst & Young were, in
11 fact, correct in what they did, and consequently by
12 taking part of that out, as Dr. Robinson did, there is an
13 error involved in that.

14 So in my simplified example, on the first
15 slide 6, all I'm saying is that if you made a hundred
16 (100) loans, and this is a very simplified example, of a
17 hundred (\$100) each, ten thousand dollars (\$10,000) worth
18 of loans, let's say for a year, and you had operating
19 costs for -- of twelve dollars (\$12) and capital costs
20 for ten dollars (\$10) per hundred (100), you would have
21 to recoup twelve hundred dollars (\$1,200) in operating
22 costs and a thousand dollars (\$1,000) in capital costs.

23 And if you set a fee of twenty-two dollars
24 (\$22) on the hundred dollar (\$100) loan, and you made a
25 hundred (100) loans, you'd get that twenty-two hundred

1 dollars (\$2,200) and you'd cover your costs.

2 The next slide, though, says, what happens
3 if you have bad debts? A bad debt loss of 4 percent.
4 For example, let's say four (4) of those loans go bad.
5 Well, you're not going to receive the fees or the -- the
6 principal amount of the loan back.

7 A hundred dollars (\$100) for the principal
8 and twenty-two dollars (\$22) for the fees. So on four
9 (4) loans that would be four hundred and eighty-eight
10 dollars (\$488). So what Ernst & Young do is, they put
11 that as a percentage of the good loans, four hundred and
12 eighty-eight (488) divided by the ninety-six hundred
13 (9,600), that's not counting the four hundred dollars
14 (\$400) of loans that go bad, and get a percentage.

15 And they add that percentage to the
16 original fee. So instead of twenty-two dollars (\$22) per
17 hundred (100), they would charge twenty-seven (\$27) plus
18 a little change per hundred (100). And you can see that
19 on the ninety-six (96) good loans that will produce
20 twenty-six hundred dollars (\$2,600) which allows them to
21 recover the principal of the loans lost, and cover all
22 the operating costs of twelve hundred dollars (\$1,200)
23 and the capital costs.

24 That's a perfectly reasonable procedure.
25 Okay. Now, for some reason, Dr. Robinson took issue with

1 that and felt that it was incorrect to include capital
2 costs but they are a legitimate part of the payday loan
3 lending business. And they are -- do have to be
4 recovered through this process.

5 Next, I have a few comments about, really,
6 the basis of Dr. Robinson's models. At the risk of
7 trying to simplify what is a -- a number of different
8 submissions, I would say that Dr. Robinson's
9 recommendations -- and the model is, really, based
10 primarily on Money Mart. The volumes are used by -- from
11 Money Mart. And Dr. Robinson has claimed that this is,
12 in fact, in -- in various places of -- of his evidence
13 that this is the lowest cost most efficient company.

14 So one (1) question with this would be, if
15 you limit yourself to large chains why would you exclude
16 a large chain like Rentcash. It's the only other chain
17 which we have publically available information. And I
18 did try and read Dr. Robinson's explanation which
19 appeared in one (1) of the revised PUB/Coalition-B18 and
20 B22, and what I got out of it is that he didn't or
21 couldn't rely on the data.

22 But, I mean these are audited statements,
23 and I think that the financial data there is available,
24 Canadian, and could be used. Of course, if you don't
25 include a higher cost producer, then it's going to bias

1 the results downward toward the one (1) large quote
2 unquote "efficient" producer.

3 Now I said primarily because up until the
4 end I thought I would have said solely, but in one (1) of
5 the latter submissions Dr. Robinson introduced US data
6 from Advance America.

7 There were a number of questions that this
8 brings to mind. First, why would you use US data?
9 Certainly, I went to a fair amount of trouble to isolate
10 from Money Mart the Canadian operations. And
11 interestingly enough so did Dr. Robinson. So that I'm
12 puzzled by why the American data would come in in this
13 last submis -- submission, excuse me, and I would
14 certainly feel that it is not, in fact, relevant that the
15 Canadian data here is the -- the data on which the
16 decision should be based and in fact, again,
17 interestingly enough, if you for whatever reason had made
18 that decision that you wanted the US data, well, Dollar
19 Financial Corp. which owns Money Mart has US operations.
20 Certainly they would be just as relevant as the Advance
21 America data.

22 Next, I want to make some brief comments
23 on problems in Dr. Robinson's model. First, as I said,
24 the model is primarily based on Money Mart in terms of
25 loan volumes, but these aren't actual Money Mart costs.

1 In other words when Ernst and Young did their study and
2 Deloitte did their study, they went out and actually
3 measured the costs of each company. Now I understand
4 that it's hard to get that dat -- data. Many of the
5 owners consider it proprietary, but there are publicly
6 available data through Dollar -- Dollar Financial's Money
7 Mart operations and Rentcash.

8 What Dr. Robinson did, though, was take
9 the basic Money Mart structure and then adapted it in
10 different ways. So as I listened yesterday to -- to the
11 discussion between Mr. -- Mr. Foran and Dr. Robinson, it
12 was clear that a number of these inputs were described by
13 Dr. Robinson as guesses, educated guesses, but they are
14 guesses. Others were drawn from various sources. In
15 other words, it wasn't a pure Money Mart model.
16 Information was taken from Dr. Reykdal's speech. Some of
17 the information came from the Ernst & Young report, and
18 various other sources, some identified, some not
19 identified.

20 So when -- when you do that, of course,
21 you get something that is not a real company. It's a --
22 to use Dr. Robinson's example, I guess you get a horse
23 with a rabbit's head or something. And it's really not
24 clear whether this is representative of a real company.

25 Next, in slide 10, I would just -- because

1 I want to clarify this and I want to be fair about it.
2 When I say that the inputs can't be verified, my problem
3 is this.

4 I tried very hard to go through Dr.
5 Robinson's model to see where the numbers came from and
6 certainly some of the inputs I think Dr. Robinson has
7 said were mistakes. Some of the numbers were mistakes.
8 Others and I think we heard one (1) of the examples today
9 was, although it was listed as being from the 10-K report
10 on a certain page, it actually wasn't a number there;
11 that Dr. Robinson had taken a number from here, a number
12 from there, added the two (2) together, back something
13 out and that may be a completely legitimate procedure, it
14 may be.

15 The problem is that I didn't have that
16 information; I couldn't really verify that these numbers
17 were accurate. And part of this is the way the process
18 unfolded. Usually when we don't understand where a
19 number came from, we can use the interrogatory process to
20 find out and certainly had a lot of interrogatories.

21 But unfortunately in this case, there were
22 so many different versions that Dr. Robinson submitted
23 for his model that we couldn't really get -- or use the
24 interrogatory process on these final versions to find out
25 where the numbers had come from.

1 So, as I said, I'm not stating that every
2 number there -- there that I couldn't understand is a
3 mistake, I'm just saying, I don't know. I don't -- I
4 don't know where a lot of these numbers come from.

5 On page 11 what I've done there is
6 summarize Dr. Robinson's recommendations and the
7 different reports. And one of the things that I wanted
8 to comment on, because I heard Dr. Robinson say this on -
9 - on numerous occasions, was that he was getting better
10 data as it came up. And that, therefore, he was able to
11 revise these recommendations.

12 Let's be clear on exactly what data was
13 available. Dr. Robinson wrote the Acorn Report in May of
14 2006. In that report and, again, I want to be fair to
15 Dr. Robinson, these numbers here reflect a -- an average
16 three hundred dollar (\$300) loan. He actually has a
17 schedule and the numbers are bigger or smaller.

18 But this is a representative way to -- to
19 look at the numbers. In the Acorn Report, his
20 recommendation was ten dollars and sixteen cent (\$10.16)
21 per hundred (100).

22 As we can into the hearing here where
23 everybody was presumably going to put in their evidence
24 September 17th, Dr. Robinson didn't make a recommendation
25 in that document but he did say that he -- the -- if he

1 had done a new analysis, the results would not change
2 very much. And in any event, the change would be lower.

3 So that clearly led me to believe that Dr.
4 Robinson was somewhere around or lower than ten dollars
5 (\$10) per hundred (100).

6 In October 31st, Dr. Robinson filed
7 another recommendation. A tight limit and a loose limit
8 and I think, if my reading is correct, that essentially
9 the tight limit was what he was recommending for the
10 larger more efficient firms. But he reported both of
11 these.

12 The tight limit was around thirteen
13 dollars (\$13), so, we see not that the results had
14 decreased from Acorn but, in fact, had gone up about, on
15 the tight limit, about three dollars (\$3) dollars per
16 hundred (100) from mid September to the end of October.

17 Now, Dr. Robinson said that one of the
18 important events that had happened was that the 10-K from
19 Money Mart had -- had come available after that September
20 17th date. And that's true. It -- it was delayed.
21 Money Mart had a problem in getting their 10-K out so
22 that that information was not available until after Sep -
23 - September 17th for either of us.

24 But let's look at what was available. All
25 of the data for Rentcash -- because these companies have

1 June 30th fiscal years. All of the data was available
2 for Rentcash including the annual reports, including the
3 loan volumes.

4 Money Mart three (3) quarters were
5 published and then weeks before the September 17th filing
6 date, Money Mart released their fourth quarter results
7 which included the year end loan volumes so that all of
8 that data was available. And Money Mart held a
9 conference for investors where they discussed their year
10 results.

11 So what we didn't have on September 17th
12 was only a very, very small amount of data. The loan
13 volumes were all there, and what I did in that evidence
14 was on the basis of three (3) quarters of the year, plus
15 other years, annualized it and adjusted based on the
16 release data in the fourth quarter earnings conference.
17 Dr. Robinson certainly had the ability to do that as
18 well.

19 When I actually got the final 10-K results
20 there were -- the changes were immaterial from what I had
21 produced for the Board, immaterial because there's so
22 much information had been available for 2007. So what
23 I'm suggesting is there really wasn't a major information
24 problem there.

25 Then on December 13th we're now another

1 month and a half into the process, Dr. Robinson pro --
2 produced two (2) recommendation on the same day. And I -
3 - I think there was some discussion about that confusion,
4 but I'm going to use the seventeen dollar (\$17) figure.
5 I think that's the cor -- the -- the most indicative one
6 for his final recommendations. So now we've gone from
7 over the period of a year and half from ten dollars
8 (\$10), to perhaps a little less than ten dollars (\$10),
9 around thirteen dollars (\$13), and then up to seventeen
10 dollars (\$17).

11 And I think Dr. Robinson described this as
12 a learning process that -- that more information was
13 becoming available and -- and a great deal was being
14 learned from the interrogatories, and I think that's a
15 good thing. I think we do, in fact, want to learn from
16 this. Notwithstanding that, there's considerable
17 variability in these recommendations, perhaps reflecting
18 a learning process.

19 So in conclusion, what I would say with
20 regard to this is that as it stands Dr. Robinson's model
21 have a number of inputs that can't be verified, at least
22 by me, on the basis of the information available.

23 In the last slide it's apparent that these
24 rec -- recommendations, generated by the model, have
25 varied greatly over the last two (2) years. And it is

1 not -- it is not on the basis, really, of what I would
2 call new information becoming available. Part of it may
3 be that, but another part is that Dr. Robinson has
4 refined his thinking on the model. He's got new
5 information, and he's changed the model. And again,
6 there's nothing wrong with that.

7 In fact, what I would say is that I do
8 believe that Dr. Robinson is very interested in -- in
9 working with data. And I think he has a real interest in
10 research. And I think that -- that these models are
11 interesting.

12 The problem is that the place for that is
13 really in an academic conference where I think he talked
14 about this, there's collegiality in discussing the
15 results, and changing the things. And that this forum is
16 really different in that we have to regulate the payday
17 loan companies in terms of setting maximum fees. And
18 there's a lot at stake here for people.

19 And that I'd say that, really, Dr.
20 Robinson's model is still a work in progress -- progress.
21 That in terms of reliability, that it's just not ready
22 yet for application in regulating payday loan fees. And
23 again, I think that's common.

24 I'm sure the Board is familiar that there
25 are a number of academic theories that eventually do get

1 placement in -- into practice. But the Boards tend to
2 move slowly and carefully on these matters. That
3 concludes my comments.

4 MR. ALLAN FORAN: Thank you, Dr. Gould.

5 THE CHAIRPERSON: Thank you, Dr. Gould.

6 Mr. Hacault, do you have any questions of the witness?

7 MR. ANTOINE HACAULT: I think Mr.

8 Williams has the honour of being first.

9 MR. BYRON WILLIAMS: I -- my -- I do, I
10 don't anticipate being very long, but I would probably
11 appreciate maybe a five (5), ten (10) minute break.

12 THE CHAIRPERSON: For sure. We will take
13 -- we'll take a break now to 11:15.

14

15 --- Upon recessing at 11:07 a.m.

16 --- Upon resuming at 11:34 a.m.

17

18 THE CHAIRPERSON: Okay, are you all right
19 now Mr. Williams, ready to go?

20 MR. BYRON WILLIAMS: Absolutely. And Dr.
21 Gould, I don't have many questions for you. I -- I think
22 the issue --

23 THE CHAIRPERSON: Well, first of all,
24 before you do that, why don't we -- okay, we will wait
25 until we come back to this issue.

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RE-CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

MR. BYRON WILLIAMS: Again, Dr. Gould, I don't have many questions for you. Five (5) or six (6) probably. And thank you again for reappearing. And I think --

DR. LAWRENCE GOULD: You're welcome.

MR. BYRON WILLIAMS: -- I think the issues are fairly engaged, so I'll -- I'll try and be brief. I just want to make sure at a high level, just based on what you've said today, I wonder if there's a few things we can -- you and I can agree on, because I'm feeling really agreeable today.

One is, I wonder if you'd agree when we look at costs within the industry, that assumptions for the return on equity and interest on debt have little effect on the estimate of total cost.

Is that a statement that you'd agree with, sir?

DR. LAWRENCE GOULD: No, I -- I wouldn't in this sense. When I first wrote my report, I -- I did approach it in the sense that -- well, let me back up.

The information that I had available at the time was that Dr. Robinson was going to appear in hearing and that he had written the ACORN report. And I

1 had seen the ten dollar (\$10) recommendation.

2 I also had available the Ernst & Young
3 report and my own work, and what I came to realize was
4 that in a relative sense, cost of capital was not going
5 to be the major issue.

6 And in that sense, whether it was 15
7 percent or 16 percent or 14 percent, it didn't seem to
8 warrant the type of -- of study that we -- and emphasis
9 that we'd give it in the public utility case.

10 But if we're talking about going from 10
11 percent to 22.3 percent, it's quite a difference. So
12 that in that sense -- that's the only reason I -- I can't
13 quite agree with him

14 MR. BYRON WILLIAMS: Okay. And just in
15 terms of -- so, you're indicating now that the statement
16 that assumptions for the return on equity and interest on
17 debt have little effect on the estimate of total costs is
18 a statement that you no longer agree with. Is that
19 right, sir?

20 DR. LAWRENCE GOULD: I -- I didn't
21 anticipate these major adjustments down to real rates,
22 and so -- so it would not have -- it would have -- it
23 would have an effect at that level. I did not anticipate
24 anybody would be that low.

25 MR. BYRON WILLIAMS: Just so I

1 understand, that's a statement that you no longer agree
2 with?

3 DR. LAWRENCE GOULD: That's correct.

4 MR. BYRON WILLIAMS: And when exactly did
5 you come to this conclusion that you no longer agreed
6 with that statement?

7 DR. LAWRENCE GOULD: Well, I think I -- I
8 -- I think I had realized that the tax effect was there.
9 I -- I guess it's what we consider significant. I had --
10 when I wrote my evidence, I had the tax effect included.

11 Again, I didn't anticipate anybody being
12 at 10 percent, as opposed to fourteen (14), fifteen (15),
13 sixteen (16).

14 MR. BYRON WILLIAMS: But just in terms of
15 when you came to this conclusion that you no longer
16 support the position that assumptions for the return on
17 equity and interest on debt have little effect on the
18 estimate of total cost?

19 When did you reach that conclusion, sir?

20 DR. LAWRENCE GOULD: Well, I think when I
21 was looking at Dr. Robinson's evidence at 10 percent and
22 thinking about that cost of capital.

23 MR. BYRON WILLIAMS: So in November,
24 December?

25 DR. LAWRENCE GOULD: Well, perhaps in

1 December.

2 MR. BYRON WILLIAMS: Now just when you
3 gave your evidence before the Manitoba Public Utilities
4 Board -- your PowerPoint presentation in November 2007 -
5 - at that point in time, you -- you had some -- had had
6 some opportunity to review the revised responses of Dr.
7 Robinson, PUB-B18, PUB-B13, you made reference to that in
8 your oral evidence, sir?

9 DR. LAWRENCE GOULD: I'm just trying to
10 remember what the dates were.

11

12 (BRIEF PAUSE)

13

14 DR. LAWRENCE GOULD: Yes.

15 MR. BYRON WILLIAMS: So you'd -- you'd
16 had an opportunity to look at PUB-B18 and B13 --

17 DR. LAWRENCE GOULD: I had.

18 MR. BYRON WILLIAMS: -- by that time,
19 sir?

20 DR. LAWRENCE GOULD: I had.

21 MR. BYRON WILLIAMS: And do you have your
22 evidence from the PowerPoint presentation?

23 DR. LAWRENCE GOULD: I do.

24 MR. BYRON WILLIAMS: Okay. And we'll
25 just spend a couple of minutes on it, sir, if -- if I

1 might. First of all, I direct your attention to slide
2 14.

3 DR. LAWRENCE GOULD: Yes.

4 MR. BYRON WILLIAMS: Okay. And at slide
5 14, again talking in terms of the cost in the industry,
6 you make the statement:

7 "Assumptions for the return on equity
8 and interest on debt have little effect
9 on the effect -- on the estimate of
10 total costs."

11 Is that right, sir?

12 DR. LAWRENCE GOULD: Yes, I did. Again,
13 and this is something that I usually try and do in a
14 presentation. I -- when I do these slides I try not to
15 change what I had said in the -- they're a summary of
16 what the evidence that I had filed primarily.

17 MR. BYRON WILLIAMS: And you also, in
18 fact, if we go back two (2) slides back -- I don't know
19 if the Board has copies of these slides -- but you
20 actually performed a sensitivity analysis in support of
21 that assertion, did you not, sir?

22 DR. LAWRENCE GOULD: I did.

23 MR. BYRON WILLIAMS: And I -- so, in
24 that, you looked at equity before tax in the range of 10
25 percent versus equity before tax in the range of 30

1 percent.

2 Is that right, sir?

3 DR. LAWRENCE GOULD: Yes.

4 MR. BYRON WILLIAMS: And you came to the
5 -- and even with those extreme comparisons, doing that
6 sensitivity analysis, you came to the conclusion that
7 assumptions for the return on equity and interest on debt
8 have little effect on the estimate of total cost.

9 Is that right, sir?

10 DR. LAWRENCE GOULD: Well, not -- not
11 exactly, no. What -- the analysis was to show -- shows
12 the range of different assumptions, but I think my
13 statement is really based on what I thought reasonable
14 numbers were going to be.

15 MR. BYRON WILLIAMS: You'd already had
16 the opportunity to review PUB-B18 and B13 at that time,
17 sir. You've confirmed that.

18 DR. LAWRENCE GOULD: As -- as I said this
19 real -- really reflects what was in my evidence as of
20 September 17th. If -- if you go back, and I'll think
21 you'll see there's virtually everything in the slides
22 comes out of the September 17th evidence.

23 MR. BYRON WILLIAMS: And when you made
24 your, when you -- you have testified before the Nova
25 Scotia Public Utilities Board as well.

1 Is that right, sir?

2 DR. LAWRENCE GOULD: Yes.

3 MR. BYRON WILLIAMS: And you filed a
4 slide presentation in January of 2008 in that proceeding,
5 did you not, sir, as pre-filed evidence?

6 DR. LAWRENCE GOULD: I believe that's
7 correct. I don't remember the dates exactly.

8 MR. BYRON WILLIAMS: And would it be fair
9 to say that in that pre -- in that evidence before the
10 Nova Scotia Public Utilities Board, you took the position
11 that assumptions for the return on equity and interest on
12 debt have little effect on the estimate of total costs,
13 sir?

14 DR. LAWRENCE GOULD: Undoubtedly, I did
15 because the -- the again, the same thing; the evidence
16 would have been off of my original evidence.

17 MR. BYRON WILLIAMS: Now in -- in terms
18 of total costs, I wonder -- in terms of total costs in
19 general for payday lenders, I wonder if you'll agree with
20 the suggestion that I'm making to you that about -- when
21 we look at the total cost of the industry, about three
22 quarters or approximately 75 percent are operating costs.

23 Is that a suggestion that you're generally
24 comfortable with, sir?

25 DR. LAWRENCE GOULD: Yes.

1 MR. BYRON WILLIAMS: Now, just a -- a
2 last couple of questions. And -- and you talked about
3 representative of a -- of a single company today. You
4 used language like that. And I just want to seek your
5 guidance as a -- a professional and independent witness.

6 Do you consider it your duty to determine
7 if the material you're rely -- you're relying upon is
8 representative and reliable?

9 Is that part of your job?

10 DR. LAWRENCE GOULD: Could you just say
11 the sentence again.

12 MR. BYRON WILLIAMS: And -- perhaps I'll
13 put it more elegantly, if I can.

14 But as an independent professional witness
15 giving advice to a Board, do you consider it one of your
16 jobs to determine whether the material that you're
17 relying upon or presenting is representative and
18 reliable, sir?

19 DR. LAWRENCE GOULD: I would try and do
20 that, yes.

21 MR. BYRON WILLIAMS: And when you present
22 that material, it's -- it's also incumbent upon you to
23 investigate in detail -- at least to a certain degree
24 whether or not that is reliable and representative, is it
25 not, sir?

1 DR. LAWRENCE GOULD: Yes.

2 MR. BYRON WILLIAMS: And if you discover
3 that it is not representative or reliable, then it would
4 incumbent upon you to indicate that to the Board and --
5 and withdraw that material.

6 Would that be right, sir?

7 DR. LAWRENCE GOULD: I think I would
8 agree with that.

9 MR. BYRON WILLIAMS: Do you continue to
10 rely upon the results of Deloitte & Touche for your
11 analysis, sir?

12 DR. LAWRENCE GOULD: When you say
13 "continue to rely on the results of Deloitte & Touche,"
14 I'm not sure exactly what you mean. They were not part
15 of my -- they do not effect my recommendation in this
16 case.

17 MR. BYRON WILLIAMS: So to the extent
18 that you cited it, whether before the Manitoba Public
19 Utilities Board or the Nova Scotia Public Utilities
20 Board, that did not inform your recommendations?

21 DR. LAWRENCE GOULD: It -- it indicated
22 to me, it provided what I considered useful information
23 in terms of how costs might have changed. But it didn't
24 -- I did not use it to form my recommendation, either in
25 this case or the Nova Scotia case.

1 MR. BYRON WILLIAMS: So it was useful
2 information you thought might be of assistance?

3 DR. LAWRENCE GOULD: Yes.

4 MR. BYRON WILLIAMS: Okay, okay, thank
5 you for that, sir. No further questions, Mr. Chairman.

6 THE CHAIRPERSON: Thank you, Mr.
7 Williams. Mr. Hacault...?

8 MR. ANTOINE HACAULT: No questions.

9 THE CHAIRPERSON: Ms. Southall, do you
10 have anything?

11

12 RE-CROSS-EXAMINATION BY MS. ANITA SOUTHALL:

13 MS. ANITA SOUTHALL: I have a couple of
14 questions for Dr. Gould.

15 Firstly, Dr. Gould, in CPLA Exhibit 18
16 which is today's presentation, the rebuttal evidence
17 presentation.

18 DR. LAWRENCE GOULD: Oh yeah.

19 MS. ANITA SOUTHALL: -- if you have that
20 available, sir. It's slide Number 6 or, I guess, page
21 Number 6.

22 DR. LAWRENCE GOULD: Yes.

23 MS. ANITA SOUTHALL: Could you explain
24 where you derived the cost of capital figure of ten
25 dollars (\$10) per loan?

1 DR. LAWRENCE GOULD: Oh, I just made it
2 up, it's just an example. It's just an illustration of
3 how the calculation -- how the calculations work.

4 But the ten dollars (\$10) per hundred
5 (100) was just done for round numbers so that everybody
6 could see a little clearer without getting into the
7 actual numbers. It's just an illustration.

8 MS. ANITA SOUTHALL: And then I'm done
9 with that document, sir, but I do have a question for
10 you.

11 You've no doubt, as I think you indicated,
12 now heard much of the testimony and exchange on the -- at
13 least to the extent it exists on the record on the US
14 market for payday loans and -- and some of the evidence
15 that's been filed in terms of the regulatory experience
16 in the United States thus far for payday lenders.

17 Are you -- would you consider yourself
18 informed on that now from a review of the record?

19 DR. LAWRENCE GOULD: Actually no. I --
20 I've sporadically attended the Hearings. I've been here
21 for a number of things, but usually only when the
22 material directly was presented to me.

23 For example, Dr. Robinson's use of the
24 Advance America data, I looked at. But generally I
25 haven't been part of that discussion.

1 MS. ANITA SOUTHALL: Are you able to then
2 -- and I'm not sure what other research you've done so
3 I'll -- I'll just ask then and with that premise that you
4 haven't had the opportunity to, you know, to follow the
5 record that closely in these proceedings.

6 Have you done any of your own research on
7 whether or not there's comparability with respect to this
8 product between the US market and the Canadian market?

9 DR. LAWRENCE GOULD: I -- I haven't, and
10 my -- my general view was -- and this would be true for
11 the -- the rate cases that I've been involved in too.

12 I see so many differences between -- in
13 the two (2) economies that I would use Canadian data in
14 terms of the public utility cases, not the US data.

15 And I approach this the same way, and
16 that's why I took the US data out of Money Mart's
17 operations.

18 MS. ANITA SOUTHALL: So -- so that
19 wasn't, though, in respect of actual payday loan
20 research?

21 DR. LAWRENCE GOULD: No.

22 MS. ANITA SOUTHALL: Those are my
23 questions, thank you.

24 THE CHAIRPERSON: Thank you. I think the
25 last piece of business we have is hours of service.

1 MR. ALLAN FORAN: If Dr. Gould is
2 complete now, we'll just have him excused from the
3 witness docket.

4 THE CHAIRPERSON: Oh, I am sorry. Thank
5 you, Dr. Gould.

6 DR. LAWRENCE GOULD: Thank you.

7

8 (WITNESS STANDS DOWN)

9

10 THE CHAIRPERSON: It has been a funny
11 day. But thank you very much.

12 MR. BYRON WILLIAMS: And if I didn't,
13 thank you, Dr. Gould, thank you as well.

14 DR. LAWRENCE GOULD: I appreciate
15 everything from all the counsels.

16 MR. BYRON WILLIAMS: I'll just grab -- I
17 had better choose my language carefully I'll be accused
18 of chipping another tooth.

19 I will ask Mr. -- or Dr. Robinson to join
20 us again.

21 THE CHAIRPERSON: We have been standing
22 up and standing down, Dr. Gould, so it is easy to get
23 confused.

24 MS. ANITA SOUTHALL: While we're waiting
25 for Dr. Robinson to make his final return, I -- I want to

1 include on the record the fact that in -- in my last
2 discussion -- this -- I expect to be my final discussion
3 of the issue of Undertakings.

4 I recalled that Mr. Kent Taylor of
5 Progressive Insurance Solutions had exchanged with me
6 emails inquiring of me as to specifically what his
7 undertaking requirements were. And I neglected over a
8 couple of months to respond to him.

9 I did manage to send him, from the
10 transcript, the specific undertakings last week. But I
11 haven't had any further response from him.

12 So I'm just alerting everyone, quite
13 frankly, and on the record, to the fact that the delay in
14 Mr. Taylor's response to -- and he had a few undertakings
15 only, and I think, subsequently, we've recovered certain
16 of that information from the insurance company directly
17 on -- on the Board's direction for further inquiries of
18 them.

19 So that's not Mr. Taylor's neglect in any
20 way, but rather my delay in asking him -- or providing
21 him with the comments in terms of what those undertakings
22 were. Thank you.

23 THE CHAIRPERSON: Thank you, Ms.
24 Southall. Okay, Mr. Williams. And I see Dr. Robinson is
25 back again and he is prepared then. We've been provided

1 his schedule on hours of operations.

2

3 COALITION PANEL:

4

CHRIS ROBINSON, Resumed

5

6 RE-RE-DIRECT EXAMINATION BY MR. BYRON WILLIAMS:

7

MR. BYRON WILLIAMS: Dr. Robinson, if you
8 have any brief -- very brief comment on it please --
9 please provide it.

10

DR. CHRIS ROBINSON: No, just to make
11 clear this is actually a list that's also sitting in
12 evidence from the Board. It's actually the list -- I
13 mean the -- the list of names. It actually comes from a
14 document that was provided to Mr. Hacault specifically,
15 and so I just used it.

16

So this is where I did my sample
17 selection, and it's not a random sample. There's more
18 calls outside than inside Winnipeg. And the intention
19 was to find out -- because the main chains are very --
20 you know, Money Mart keeps much the same hours wherever
21 it is; Cash Store, Instalozans, the same. So I didn't
22 spend a lot of time on them.

23

I spent much more time outside Toronto.
24 You can see that Money Mart has the longest hours that --
25 well actually no now that I look carefully I have a

1 column that says "TOT", total. One (1) of them --
2 actually Money Mart, Mogo and Cash Money you really
3 couldn't distinguish between. Instaloes and Rentcash do
4 have fewer hours -- or sorry, the Cash Store rather have
5 slightly shorter hours, and then when you go to the out
6 of town -- I'm sorry, out of town; out of Winnipeg -- you
7 find shorter times.

8 I made all these calls in the evening and
9 I got answers; you know, I got people every time for the
10 major chains because they were still open. So that, of
11 course, we can infer that the small -- that the smaller
12 small town operations are closing earlier in the evening
13 than the big town -- big ones.

14 There's really nothing surprising here.
15 It has been suggested that companies are differentiating
16 on the basis of the hours that they choose to remain
17 open, but in fact Money Mart is the lowest cost operator,
18 and it's open the longest hours. We don't have
19 information about Cash Money. Money Mart and Cash Money
20 are both relatively low prices: 19 and 20 percent.

21 THE CHAIRPERSON: I -- I'd just stick to
22 the hours on --

23 DR. CHRIS ROBINSON: Yeah, okay.

24 THE CHAIRPERSON: -- this one.

25 DR. CHRIS ROBINSON: So that as you can

1 see and, of course, there's some variation in terms of
2 their open these hours on Saturday or Sunday, but there's
3 a lot of concentration on evenings and -- and they stay
4 open weekends. As soon as you get out of town, they're
5 much more restricted.

6 THE CHAIRPERSON: So the total means
7 hours in a week?

8 DR. CHRIS ROBINSON: Total hours in a
9 week.

10 THE CHAIRPERSON: And when there's
11 nothing there like Attic Furniture, it's because you
12 never reached them?

13 DR. CHRIS ROBINSON: Yes, I never -- no,
14 I didn't if there's nothing there I didn't call them. If
15 there is a line that says no answer, it meant that I got
16 nothing; they were closed. I got an answering machine
17 for some of the things, but if I got an answering machine
18 that gave me no hours -- and two (2) of them, the two (2)
19 Money Pits (phonetic); which I think I had talked to
20 previously, but those notes are at home, and I think I
21 talked to one of them -- but they'd clearly turned their
22 machines on to fax and continued that way. So they were
23 in fact closed for the night.

24 THE CHAIRPERSON: Thank you, Dr.
25 Robinson. Do we have a number for this?

1 MS. ANITA SOUTHALL: This is Coalition
2 Exhibit 44.

3

4 --- EXHIBIT NO. COALITION-44: Schedule of hours of
5 operations

6

7 THE CHAIRPERSON: Mr. Foran, do you have
8 any questions on this?

9 MR. ALLAN FORAN: No.

10 THE CHAIRPERSON: Mr. Hacault...? Ms.
11 Southall...?

12 MR. ANTOINE HACAULT: No, for the record.

13 MS. ANITA SOUTHALL: I -- I just wanted
14 to clarify, I think Dr. Robinson made a reference to
15 locations outside of Toronto, and I think he meant
16 outside of Winnipeg.

17 DR. CHRIS ROBINSON: Oh, I'm sorry.

18 MS. ANITA SOUTHALL: No, that's fine,
19 just for the record.

20 DR. CHRIS ROBINSON: Yes.

21 MR. BYRON WILLIAMS: I believe that
22 outside of Winnipeg would probably be outside of Toronto
23 as well, but...

24 DR. CHRIS ROBINSON: So I'm technically
25 correct, right. Yes, I am for the record, I am aware of

1 where places like Dauphin, Portage, Selkirk, et cetera,
2 and I've in fact cycled through many of them.

3 MR. BYRON WILLIAMS: Thank you, Dr.
4 Robinson.

5 THE CHAIRPERSON: So at the risk of
6 missing something, I understand we're finished this
7 particular phase. So closing statements then begin --
8 and thanks again, Dr. Robinson.

9

10 (WITNESS STANDS DOWN)

11

12 THE CHAIRPERSON: Closing statements
13 begin next Tuesday. Ms. Southall and I think we're going
14 to conclude next Wednesday.

15 Could you give us an indication of the
16 intended order.

17 MS. ANITA SOUTHALL: Yes, I can.
18 Tuesday's proceedings, February the 19th, we will begin
19 with the Coalitions closing submissions, followed by the
20 closing submissions orally of Assistive Financial and
21 Sorensen Loans Till Payday.

22 We have written submissions from Cash X
23 and Mr. Sardo will not be appearing in person, but has
24 submitted in writing. We will also have a written
25 submission from 310-Loan, from Mr. Nathan Slee, again

1 will not have anyone physically present. Those will be
2 read into the record.

3 On Tuesday -- pardon me, Wednesday the
4 20th, we will then follow with a closing oral submissions
5 of CPLA and Rentcash.

6 And I hope I haven't forgotten anyone, I'm
7 just going by memory, but I think that -- I think that's
8 our lineup for closing submissions, Mr. Chairman.

9 THE CHAIRPERSON: You have just missed
10 yourself.

11 MS. ANITA SOUTHALL: Oh. I will lead off
12 on Tuesday, sorry. Thank you for that clarification.
13 Yes, I'll have a -- a brief closing comments just prior
14 to the Coalition's commencement of their closing
15 submissions.

16 I do have word from certain -- of the
17 counsel that they believe that -- certain of the counsel
18 who are providing oral argument will also be providing
19 written submissions to supplement that. And I believe
20 that they intend on bringing those with them to present
21 and have entered into the record at the time of closing
22 submissions.

23 And I suppose I'll just remind everybody
24 that if you intend to do that we really do need them by
25 February 20th at the latest, if there's any written

1 submission that's being brought forward for that purpose.

2 THE CHAIRPERSON: We --

3 MS. ANITA SOUTHALL: Thank you.

4 THE CHAIRPERSON: -- we understand then
5 that you have spoken to Mr. Sorensen and Mr. Dawson, so
6 they are aware of when they are on the schedule?

7 MS. ANITA SOUTHALL: Yes, an actual
8 schedule has been sub -- circulated to all intervenors
9 and counsel.

10 THE CHAIRPERSON: Okay, with that then we
11 stand adjourned.

12 Oh, I am sorry, Mr. Hacault.

13 MR. ANTOINE HACAULT: I had one (1)
14 question. We had, as you know, Members of the Board
15 indicated and had the undertaking of the Coalition group
16 to try and present joint recommendation on, I want to say
17 non-fee issues, and there has been some progress made in
18 that.

19 We received, I believe it was yesterday a
20 draft from the Coalition looking for some direction as to
21 if that can't be completed because of the late stage that
22 the industry has received it, whether or not there's some
23 flexibility in -- in receiving that information, given
24 that it isn't directly related to the order and the
25 notice that was published, which relates to fees as

1 opposed to recommendations on non-fee issues.

2 THE CHAIRPERSON: Do you have any
3 thoughts, Ms. Southall?

4 MS. ANITA SOUTHALL: I would say that
5 there is some concern once we're concluded the hearing
6 process with ensuring that everybody who has signed on to
7 participation in the hearing process, that -- that
8 there's no guarantee that we've got a record of those
9 recommendations having been considered.

10 I -- I mean, and I know that if you've
11 already presented and -- and the for example Rentcash
12 being the last to present closing submissions may
13 introduce certain recommendations, and others won't have
14 the opportunity to speak to them. But we do have
15 procedurally an opportunity at least to have all of that
16 information recorded on the record as part of the hearing
17 process.

18 And the concern is if something comes in
19 after the fact, you know, how do we ensure procedurally
20 that everybody's been made aware of that as -- as
21 something that's actually being considered by the Board
22 and that's -- that is -- that is a concern. I would -- I
23 would consider it somewhat problematic to be receiving
24 that after the hearing process has concluded.

25 THE CHAIRPERSON: Well, we will have to

1 see what comes in. We will cross that bridge when we
2 come to it.

3 Okay, we will see you all next week. I
4 hope you have a good weekend. Oh, Mr. Foran, you have
5 something else? Okay, thanks again.

6 MR. ALLAN FORAN: Have a good weekend.

7

8 --- Upon adjourning at 11:48 a.m.

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14 Certified Correct,

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20 Wendy Warnock, Ms.

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