

THE CASH STORE FINANCIAL SERVICES INC.
AND TO
ANY EMPLOYEE, REPRESENTATIVE, AGENT OR ASSOCIATE OF
THE CASH STORE FINANCIAL SERVICES INC.

This Director's Order was issued under s. 157.1 of the *Fair Trading Act* in response to, in the opinion of the Director, contraventions of the Act. As mandated by s. 157.1 of the *Fair Trading Act*, this Director's Order is part of the public record.

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Consumer Programs

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DIRECTOR'S ORDER UNDER SECTION 157 OF THE FAIR TRADING ACT
TO
THE CASH STORE FINANCIAL SERVICES INC.
AND TO
ANY EMPLOYEE REPRESENTATIVE, AGENT OR ASSOCIATE OF THE CASH
STORE FINANCIAL SERVICES INC.

The Cash Store Financial Services Inc. is a licensed payday lender operating as The Cash Store and as Instalozans in the Province of Alberta.

ISSUES

Service Alberta is investigating allegations related to payday loan activities engaged in by The Cash Store Financial Services Inc. and has found evidence that:

- The Cash Store Financial Services Inc. is requiring consumers to purchase a cash card in order to access payday loan funds immediately. Consumers are advised that they cannot receive the payday loan funds in cash and that a cheque will take up to 10 business days to be issued.
- When the fees associated with the cash card are considered, The Cash Store Financial Services Inc. is charging, requiring and accepting fees in excess of 23% of the principal amount of the loan.
- Consumers who receive their payday loan funds from The Cash Store Financial Services Inc. on the required cash card and cancel the loan during the legislated cooling off-period are being required to pay fees in order to cancel the payday loan.
- The Cash Store Financial Services Inc. is refusing to pay out the balance of a cash card to consumers who have paid back the balance of the payday loan and where the balance on the cash card is less than \$25.

Based on the evidence, the Director has formed the opinion that The Cash Store Financial Services Inc. has breached the *Fair Trading Act* and the Payday Loans Regulation.

LEGISLATION

The Payday Loans Regulation AR 157/2009 states:

- 12 (1) A payday lender shall not make a payday loan contingent on the supply of other goods or services.



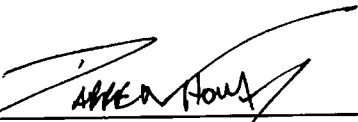
- 13 (5) A payday lender shall not charge a fee for the cancellation of a payday loan.
- 14 (3) A payday lender shall ensure that the proceeds of the payday loan are delivered to the borrower no later than at the time of entering into the agreement.
- 16 (1) If in respect of a payday loan the payday lender issues a cash card to the borrower, the borrower is entitled to be paid in cash the amount of the credit remaining on the card where
- (a) the balance of the credit remaining on the cash card is less than \$25, or
 - (b) the payday loan has been repaid by the borrower and the cash card is expired.
- (2) If the borrower is entitled to be paid a balance under subsection (1) and returns the cash card to the payday lender, the payday lender shall immediately pay the balance on demand by the borrower.
- 17 (1) The maximum total cost of borrowing that may be charged, required or accepted by a payday lender is 23% of the principal amount of the loan.
- (3) The maximum charges under this section include all amounts that can be collected directly or indirectly from a borrower.

ORDER

- The Cash Store Financial Services Inc. individually or through any employee, representative, agent or associate, must immediately stop charging, requiring or accepting fees that exceed 23% of the principal amount of the payday loan.
- The Cash Store Financial Services Inc. individually or through any employee, representative, agent or associate, must immediately stop engaging in tied selling by requiring consumers to purchase cash cards as a condition of receiving the payday loan.
- The Cash Store Financial Services Inc. individually or through any employee, representative, agent or associate, must immediately offer consumers a means to immediately access the payday loan funds that does not have an associated cost that would result in the fees exceeding 23% of the principal amount of the payday loan.
- The Cash Store Financial Services Inc. individually or through any employee, representative, agent or associate, must immediately allow consumers to cancel a payday loan and all required fees associated with the payday loan.
- The Cash Store Financial Services Inc. individually or through any employee, representative, agent or associate, must immediately comply with the legislation and payout the balance on a cash card when the regulatory requirements for such payouts has been met.

NON-COMPLIANCE WITH ORDER

ANY PERSON WHO FAILS TO COMPLY WITH AN ORDER OF THE DIRECTOR UNDER SECTION 157 OF THE *FAIR TRADING ACT* CONTRAVENES THIS ACT AND IS GUILTY OF AN OFFENCE AND MAY BE PROSECUTED PURSUANT TO SECTION 163 OF THE *FAIR TRADING ACT*.



Darren Thomas
Director of Fair Trading (as delegated)
May 10th, 2011