

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**  
IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF THE CASH STORE FINANCIAL SERVICES INC., THE CASH  
STORE INC., TCS CASH STORE INC., INTSALOANS INC., 7252331 CANADA INC.,  
5515433 MANITOBA INC., 1693926 ALBERTA LTD DOING BUSINESS AS "THE TITLE  
STORE"

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**APPLICATION RECORD OF THE RESPONDENT,  
0678786 B.C. LTD. (FORMERLY THE MCCANN FAMILY HOLDING  
CORPORATION)**

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Dated: April 24, 2014

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<p><b>Siskinds LLP</b> 100 Lombard Street, Suite 302 Toronto, ON M5C 1M3 Canada</p> <p>Charles M. Wright Email: <a href="mailto:charles.wright@siskinds.com">charles.wright@siskinds.com</a> Serge Kalloghlian Email: <a href="mailto:serge.kalloghlian@siskinds.com">serge.kalloghlian@siskinds.com</a> Alex Dimson Email: <a href="mailto:alex.dimson@siskinds.com">alex.dimson@siskinds.com</a></p>	<p>416.362.8334</p>	<p>416.362.2610</p>	<p>Lawyers for an Ad Hoc Committee of Purchasers of the Applicant's Securities, including the Representative Plaintiff in the Ontario Class Action against the Applicant</p>

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ONTARIO  
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ALBERTA LTD DOING BUSINESS AS "THE TITLE STORE"

APPLICANTS

**AFFIDAVIT OF MURRAY MCCANN**

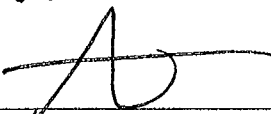
I, Murray McCann, of the City of Calgary, in the Province of Alberta, MAKE OATH  
AND SAY:

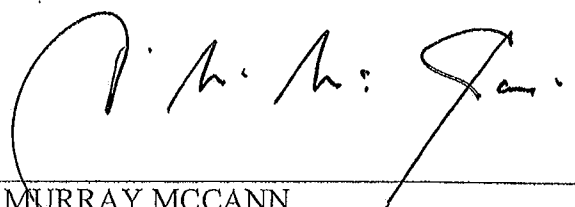
1. I am the former president of 0678786 B.C. Ltd. (formerly the McCann Family Holding Corporation) ("The Company"), and as such have personal knowledge of the facts and matters hereinafter deposed to by me save where stated to be based on information and belief, in which case I verily believe same to be true.
2. The Company and I have had long term dealings with The Cash Store Inc. in various capacities, and as a result of those business dealings I have become both a social and business acquaintance of The Cash Store Inc's CEO Mr. Gordon Reykdal.
3. As a result of that association, The Company was offered the opportunity to participate in the Broker Agreement made between The Company and The Cash Store Inc. on or about June 19, 2012.
4. At all material times hereto, I understood that The Cash Store Inc. would act as a *broker* to lend our monies to third parties, and that The Company would either own the loans or the cash it had advanced in trust to our broker, and that our accounts would be administered on a segregated basis from The Cash Store Inc's funds and be pooled safely with other "broker only" monies.

5. In my discussions with Mr. Reykdal over time, he confirmed that The Cash Store Inc. was acting as a trustee of The Company's funds, and that they would always be administered as such, and that The Cash Store Inc. would not co-mingle The Company's money with The Cash Store's operations.
6. I instructed The Company's secretary Ms. Sharon Fawcett, to maintain regular contact with The Cash Store Inc. to ensure that the monies and loans in The Company's brokerage account were kept segregated and secure and accounted for. I am advised and verily believe she did so.
7. The funding excess / deficiency which The Company received from The Cash Store Inc. over time provided a summary of the loans which were owned by The Company. The Company's monies in excess of the loans were described as "the funding excess deficiency" which were assumed to be segregated in accordance with our agreement and instructions. The Company's cash was always described as "restricted cash" in The Cash Store public financial statements.
8. When I learned of possible issues with The Cash Store Inc. in Ontario, The Company's management had several discussions including face to face meetings with The Cash Store Inc. management requesting that our broker funds be transitioned out of Ontario and possibly into a secured Credit Agreement debenture. We were assured that over time our segregated broker funds would likely be transitioned into that debenture agreement. Participants in that debenture included Coliseum, and Mr. Reykdal's wife.
9. The agreement to transit The Company's funds into the debenture was never finalized. When it became clear that The Cash Store Inc's Ontario problems continued, I had discussions with Mr. Reykdal where he again confirmed that The Cash Store Inc. regarded the monies advanced by The Company pursuant to the Broker Agreement as distinct monies which must either be transited out of Ontario into other secured loans, advanced into the Credit Agreement as a first charge, or paid out to The Company. I was again assured by Mr. Reykdal that our monies were segregated and safe, and should be secured by way of loans.

10. On the evening of March 24, 2014, I picked up Mr. Reykdal at the Phoenix airport and we drove to the Silverleaf Club for dinner, and later to his home in the same area. During that meeting, Mr. Reykdal advised me that he had spoken to Rothchilds and the "special committee" who had requested that he speak to me to encourage me to sign an NDA. I advised Mr. Reykdal that I simply wanted The Company's money back because The Cash Store Inc. was no longer lending in Ontario, and The Company's funds were just sitting there. Mr. Reykdal again assured me that The Company's monies were safe and properly segregated, and that the only reason The Company was not being paid was because of instructions from the "special committee". He also reiterated that in his opinion and the opinion of his management, The Cash Store Inc. only had three options. The first was to give The Company full security by transferring more receivables if there was going to be any use of the restricted cash. The second option was to transfer any cash balance to the first charge secured Credit Agreement debenture since there was still approximately \$20,000,000 available in that charge, or, again and finally, to pay The Company out.
11. Mr. Reykdal subsequently advised me that the "special committee" had placed him under a "gag-order" which precluded him from discussing the use which The Cash Store Inc. was making of The Company's monies.
12. At no time prior to April 8, 2014 based on a letter from Mr. Wasserman was it ever suggested that monies belonging to The Company would be used without transferring full loan security to it. If I had been so advised I would immediately have gone to court to stop it.
13. We engaged counsel to go to court within two or three days of learning that The Cash Store Inc. (only now) formally advised that it did not regard The Company's money as trust monies, or as segregated brokerage funds. We arranged to proceed to Court in Alberta in an attempt to have the monies frozen, but the CCAA process stayed that effort.
14. Based on my long standing discussions and assurances with and from Mr. Reykdal and his advice concerning the gag-order, I verily believe that the so-called "special committee" made the decision to utilize the brokerage funds (which were repeatedly confirmed to me as being trust money) over the objections of management, and without notice to The Company, Ms. Fawcett or me.

- 15. It is only as a result of the CCAA filing that we have now learned what The Cash Store Inc. (under the apparent guidance of the "special committee") has used The Company's broker monies for.
  
- 16. I disagree vigorously with Mr. Carlstrom's assertion that The Company has only belatedly been seeking segregation of its funds. In fact, The Company sought and received assurances that the funds would be segregated, and it has always understood and been advised that The Company's funds were trust monies provided to The Cash Store Inc. as broker to be used only for the purpose of, and in the way stipulated in the Brokerage Agreement.
  
- 17. Upon learning of the actions of The Cash Store Inc. as outlined by Mr. Carlstrom, I instructed our counsel to send the letter attached hereto as Exhibit "A" to this my Affidavit.
  
- 18. To the extent he is not aware of them, I seek to have Mr. Carlstrom familiarize himself with the full actions and directions of management and the "special committee" with respect to the (I say improper) use of The Company's trust funds, the timing of that use, and to further familiarize himself with the advice which was provided to me by The Cash Store Inc. through Mr. Reykdal over time in preparation for his cross-examination on Affidavit.
  
- 19. I make this Affidavit in support of the position of The Company and for no other or improper purpose.

SWORN BEFORE ME )  
 At the city of Toronto, in the Province of )  
 Ontario this 23<sup>rd</sup> day of April, 2014. )  
 )  
  
 )  
 A Notary Public in and for the City of )  
 Toronto, in the Province of Ontario )  
 )  
 R.W. Staley. )

  
 \_\_\_\_\_  
 MURRAY MCCANN



Bennett Jones LLP  
4500 Bankers Hall East, 855 - 2nd Street SW  
Calgary, Alberta, Canada T2P 4K7  
Tel: 403.298.3100 Fax: 403.265.7210

Grant N. Stapon, Q.C.  
Partner  
Direct Line: 403.298.3204  
e-mail: stapon@gbjones.com  
Our File No.: 951.5

April 16, 2014

Via Email

Mr. Marc Wasserman  
Osler, Hoskin & Harcourt LLP  
Suite 4600, 1 First Canadian Place  
100 King Street W,  
Toronto ON M5X 1B8

Dear Mr. Wasserman:

Re: **Improper Use of Broker Agreement Funds by The Cash Store Inc. / Examination of Mr. Calstrom**

As you know we are solicitors for 0678786 B.C. Ltd. We are writing this letter to you in your capacity as counsel to the previous Special Committee of the Board of Directors of The Cash Store Inc. and its affiliates, as well as to your office in its current capacity in the matter.

As you know from the courtesy copy of the pleadings which we have provided to you in connection with Alberta Court of Queen's Bench Action No.: 1403 - 05471, our client takes the position that the monies which it has advanced pursuant to the Brokerage Agreement made June 19, 2012, are to be used *only* for the purpose of making brokered loans for which our client would receive security, *and* which funds were not to be utilized for any purpose if our agent (directed by your client) was insolvent. As we have notified you, these funds were to be held in a segregated account with other like funds.

In the materials which you have filed in the Ontario CCAA proceedings, your clients have taken the position that our client's monies are free cash available to be spent. Indeed, and as we understand it, as at the date of filing much of our client's funds had already been spent without notice to or authorization from our client.

It is also our hearsay information that the expenditure of those funds may have been authorized as lawful by your firm, which, in turn, has recently been paid substantial fees (presumably knowingly utilizing our client's monies) in preference to our client.

Please regard this as formal notice that independent of whatever rights our client may have in the CCAA proceedings it reserves all of its rights to claim as against:

A

THIS IS EXHIBIT "            " referred to in the ( Affidavit Declaration ) of MURRAY McCANN Sworn Declared ) before me this 22<sup>ND</sup> day of April A.D. 2014

A Commissioner for Oaths in and for the Province of Alberta  
A. H. P. P. S.

April 16, 2014  
Page Two

- Past management;
- The Special Committee, and;
- Any party involved in the approval of and the use of those funds without notice to our client, including you and your firm.

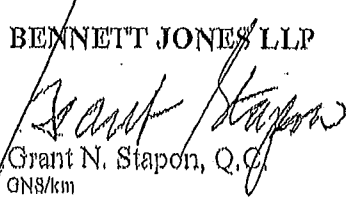
for all damages and losses associated with this matter. Please have all parties undertake appropriate notifications to their respective insurers.

There are a number of provisions of the *ex parte* CCAA Order you received with which we take objection, and a number of representations made in the Affidavit of Mr. Carlstrom that we consider inaccurate. Some of these objections relate specifically to the DIP financing, the priority of and use of our client's funds in relation to it, and we would ask that you notify the appropriate parties that we will be seeking to set aside certain provisions related to the Order in that regard.

Finally, we wish to examine Mr. Carlstrom preferably in Alberta where we are advised he resides. We propose that questioning take place on one of April 28 or 29, 2014. Please advise of your and Mr. Carlstrom's availability.

Yours truly,

**BENNETT JONES LLP**

  
Grant N. Stapon, Q.C.  
GNS/km

cc: Clients  
Mr. Ken Lenz

# **Tab 2**

Court File No. CV-14-10518-00CL

ONTARIO  
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ALBERTA LTD DOING BUSINESS AS "THE TITLE STORE"

APPLICANTS

**AFFIDAVIT OF SHARON FAWCETT**

I, Sharon Fawcett, Chartered Accountant, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the Secretary of the Plaintiff 0678786 B.C. Ltd. ("0678786"), and have a personal knowledge of the matters hereinafter deposed to save where otherwise stated to be based upon information and belief.
2. In Alberta Court of Queen's Bench Action No. 1403-05471, I swore an Affidavit on April 11, 2014 which sets out most of the details with respect to the placement of \$13,350,000 (the "Restricted Cash") by 0678786 with The Cash Store Inc. (the "Cash Store"). I attach a copy of that Affidavit without Exhibits as **Exhibit "1"**. I repeat and adopt the statements set out therein and use the terms defined in that Affidavit.

**Further Details with Respect to Misrepresentation of Segregation of Cash**

3. As indicated in my prior Affidavit, it was represented to me and Mr. McCann at the time the Broker Agreement was entered into, and it is a term of the Broker Agreement, that all Restricted Cash would be placed in a Designated Broker Bank Account, which would be separate and apart from Cash Store Financial's general operating account. It is my understanding from discussions with Cash Store Financial V.P. Financial Reporting at the time, Michael Zvonkovic, that such an account did exist at the time the Broker Agreement was entered into, that it was a trust account, and that the Bank required the names of the brokers who owned the money. Attached as **Exhibit "2"** is a 2012 email



exchange confirming this fact. At no time did anyone from Cash Store or Cash Store Financial advise me that Restricted Cash would be handled differently than as set out above.

4. In paragraph 9 of my prior Affidavit, I indicate that there were numerous discussions concerning the 0678786 Restricted Cash in February to March 2014. Attached to this Affidavit as **Exhibit "3"** are emails between me and Cash Store executives, including Mr. Carlstrom discussing the Restricted Cash. Attached as **Exhibit "4"** are emails between Mr. McCann and Mr. Reykdal between February 27, 2014 and April 12, 2014, with respect to the Restricted Cash. Never in these emails or the conversations surrounding them was there any mention that the Restricted Cash of Cash Store was now commingled with general funds. In fact, I was led to believe the funds were still segregated as promised.
5. As set out in the Affidavit of Mr. McCann, the decision to use the Restricted Cash of 0678786 was likely made before the CCAA. I am concerned that the Special Committee made the decision knowing that Cash Store and Cash Store Financial were in breach of the Broker Agreement and that the company had misrepresented the facts to 0678786.
6. Furthermore, I am concerned that the Special Committee took steps to ensure that the owners of the Restricted Cash were not apprised of the misrepresentations to enable Cash Stores and Cash Store Financial to spend most of the Restricted Cash. On or about March 31, 2014, the Special Committee instructed management to not speak with me or Mr. McCann. Attached as **Exhibit "5"** is an email from Mr. Reykdal confirming this fact. Although a request was made April 4, 2014 to allow PWC to inspect the records of Cash Stores pursuant to its rights under the Broker Agreement, only as of last Friday, April 18, 2014 was this finally agreed to be permitted.
7. While this was ongoing, I am concerned that much of the Restricted Cash has been spent, presumably in part on professional and other fees related to these proceedings. Had 0678786 been notified earlier, it would have immediately attended at Court to protect its position.

8. I am advised that advance notice of an application regarding the Restricted Cash was given to counsel for the Special Committee on or about April 9, 2014. Our application materials were served on Friday, April 11, 2014. The first our counsel heard about a CCAA application was on Sunday, April 13, 2014 at 10:34 p.m. when a draft Order was sent to the attention of our counsel in Calgary, for a Monday, April 14, 2014 at 9:00 a.m. Toronto application.

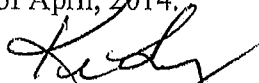
**Collection and Re-Loaning Funds**

9. I understand that the Initial Order in these proceedings provides that money from the collection of loans owned by 0678786 is eligible to be re-loaned by Cash Store and Cash Store Financial. This is highly prejudicial to 0678786. The loans made by Cash Store and Cash Store Financial are risky when ordinary business operations are in place. The chance of default is high.

10. The chance of loss to 0678786 is immeasurably higher in the present circumstances. If Cash Store or Cash Store Financial were to go into bankruptcy or receivership, there would be virtually no chance of collecting any of the money lent. I believe that debtors would be reluctant to pay and that the costs of collection would far exceed the revenues from these same loans. The Broker Agreement provides that the cash cannot be loaned if Cash Store is insolvent and the reason is that this fact makes the loans much more risky than they are in the ordinary course. It is highly prejudicial to 0678786 to allow its cash to continue to be loaned in these circumstances.

11. This Affidavit is made prior to the cross-examination of Mr. Carlstrom to comply with the Ontario Court rules. Further Affidavit evidence may be required when information is received from PWC about the state of the Restricted Cash, and the evidence of Mr. Carlstrom on the cross-examination is received.

SWORN BEFORE ME  
at Calgary, Alberta, this 22  
day of April, 2014.



A Commissioner for Oaths Notary Public  
in and for the Province of Alberta

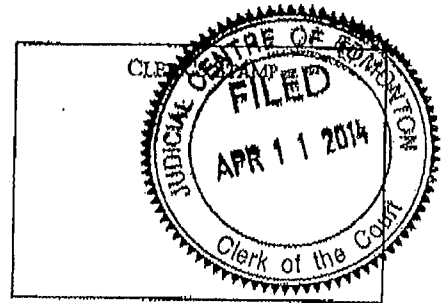
**KENNETH T. LENZ**  
BARRISTER AND SOLICITOR



SHARON FAWCETT

THIS IS EXHIBIT " 1 "  
referred to in the Affidavit of  
Sharon Fawcett  
Sworn before me this 22  
day of April 2014  
Kenneth T. Lenz

KENNETH T. LENZ  
BARRISTER AND SOLICITOR



1403-05471  
1401-

COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFF

0678786 B.C. Ltd.

DEFENDANTS

THE CASH STORE INC. and THE CASH  
STORE FINANCIAL SERVICES INC.

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

BENNETT JONES LLP  
Barristers and Solicitors  
4500, 855 - 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 4K7

Attention: Ken Lenz  
Telephone No.: (403) 298-3317  
Facsimile No.: (403) 265-7219  
Client File No.: 951.5

**AFFIDAVIT OF SHARON FAWCETT**

Sworn on April 11, 2014

I, Sharon Fawcett, Chartered Accountant, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the Secretary of the Plaintiff 0678786 B.C. Ltd. ("0678786"), and have a personal knowledge of the matters hereinafter deposed to save where otherwise stated to be based upon information and belief.
2. The Plaintiff 0678786, formerly known as McCann Family Holding Corporation, is a British Columbia corporation extra-provincially registered in Alberta.

3. The Cash Store Financial Services Inc. ("Cash Store Financial") is an Alberta corporation that is publicly listed on the Toronto Stock Exchange. The Cash Store Inc. ("Cash Store") is an Alberta corporation and a subsidiary of Cash Store Financial. Both corporations were initially established in Edmonton, Alberta and continue to have their head-offices there. Cash Store Financial and Cash Store are in the business of acting as a broker for customers requiring short-term loans. Cash Store Financial operates in excess of 500 retail consumer loan outlets in Canada and the United Kingdom. The Cash Store owns approximately 300 (of the total Cash Store Financial 500) retail outlets in nine provinces and two territories, and employs approximately 2,300 people. Attached to this Affidavit as **Exhibit "1"** is an Investor Fact Sheet taken from Cash Store Financial's website.
4. Cash Store and Cash Store Financial appear to have the same officers and present financial statements on a consolidated basis. I am not aware of whether any separation between these corporations is maintained. 0678786 has always dealt with Cash Store Financial and its officers and all correspondence has been from this entity.
5. As a result of a court decision in Ontario in February 2014, it appears that Cash Store Financial can no longer carry on business in that jurisdiction. As Cash Store Financial had a significant number of leased premises and employees in Ontario, I understand this has created serious financial distress. A Special Committee of Directors was appointed to review "strategic alternatives". Attached as **Exhibit "2"** are copies of Press Releases dated February 19, February 20 and March 28, 2014 concerning these events. Since these events, 0678786 has been proactive in maintaining its accounts and has had regular communications and information from Cash Store Financial.
6. Pursuant to a Broker Agreement dated June 19, 2012, between 0678786 and Cash Store (the "Broker Agreement"), a copy of which is attached to this Affidavit as **Exhibit "3"**, 0678786 placed over time an aggregate of \$13,350,000 (the "Restricted Cash"), as Financier, with the Cash Store, as Broker, for the sole purpose of those funds being loaned to customers. Extensive loan selection criteria must be met or specific approval by 0678786 must be obtained, before any Restricted Cash is loaned. Furthermore, the

Restricted Cash is to be used for no other purpose, as set out in paragraph 2.10 of the Broker Agreement:

2.10 USAGE OF LOAN ADVANCES

For greater certainty, funds from time to time advanced to Broker from Financier are solely intended to be utilized for the purposes of making advances to Broker Customers on Financier's behalf as contemplated hereunder. Broker agrees that any funds not otherwise being held by the Broker as a "float" in anticipation of Loan approvals shall not, without the consent of Financier, be advanced or utilized for any other purpose.

7. In discussions with Michael Zvonkovic leading up to the execution of the Broker Agreement and throughout administering the funds on behalf of 0678786, it was expressed to be important to the Plaintiff that its funds were kept separate and apart from the general operating funds of Cash Store Financial in accordance with the Broker Agreement. The segregation of funds from general operating funds was at all times assured.
8. Cash Store represented and the Broker Agreement provides that all funds advanced are to be held in a Designated Broker Bank Account, defined in paragraph 1.1(g) of the Broker Agreement as follows: "the bank account of Broker designated by Broker for the purposes of temporarily receiving funds from Financier (if loans are made by Financier way of cash advance) before they are advanced to a Broker Customer".
9. I have administered the accounts of the Plaintiff in connection with the Broker Agreement primarily through the V.P. Finance of The Cash Store, Mr. Steve Carlstrom. In February 2014, upon learning of the difficulties of the Cash Store operation in Ontario, I requested an updated listing of the Plaintiff's loan portfolio and advised Mr. Carlstrom that given the suspension of the line of credit product in Ontario, the Plaintiff would prefer to reduce its loan portfolio balance as at February 12, 2014, and that as amounts were collected by the Cash Store, funds would be returned to the Plaintiff along with the unexpended capital balance of the Plaintiff's funds. The Cash Store would not be obligated to pay 17.5% interest on the returned funds from the date of return. It was my information and belief that this was the arrangement which had been struck by the Plaintiff's former officer, Mr. Murray McCann and the Defendant's President, Gord

Reykdal. I confirmed these arrangements to Mr. Carlstrom in writing on February 26, 2014, however, funds were not repaid to the Plaintiff.

10. Until March 2014, 0678786 received monthly statements indicating the cash available and the amount deployed. Attached as **Exhibit "4"** is a copy of the statement from February 2014. This statement shows that as of February 28, 2014, the sum of \$6,449,420 in undeployed cash remained available to 0678786. Subsequent to that statement, I was advised that a further \$831,000 had been collected on our third party loan portfolio during the period from March 1, 2014 to March 16, 2014, increasing our undeployed cash balance to \$7,280,420. Further collections would have occurred from March 17, 2014 to date, increasing our undeployed cash balance accordingly. While I have requested that information, I have not yet received it.
11. The financial statements of Cash Store further reaffirms that the money we advanced was "Restricted Cash". As of December 31, 2013, for example, the Balance Sheet of the Cash Store indicates \$6,408,009 of Restricted Cash. Attached as **Exhibit "5"** is a copy of the December 31, 2013 Balance Sheet and Note 4 which pertains to this item.
12. Cash Store has repeatedly, since the Funds were advanced, confirmed that they were held in accordance with the Broker Agreement in a segregated bank account, but has recently refused to confirm that they are so segregated and held.
13. Approximately 3 – 4 weeks ago, and following up on my February 26, 2014 email, I had a conversation with the Cash Store Financial Vice-President Steve Carlstrom (previously noted above in paragraph 9) in which he expressed concerns if the monies which we had requested to be repaid (and which I understood had been agreed to be repaid) there would be liquidity issues with Cash Store Financial. Nonetheless, in response to my concern about the security of undeployed cash, I was assured by Mr. Carlstrom that the money remained available and was being administered in accordance with the Broker Agreement.
14. I am also Corporate Secretary of 8028702 Canada Inc., which holds \$5,000,000 of Cash Store Financial's senior secured debt. On April 1, 2014 Cash Store Financial failed to

pay the interest on its senior secured indebtedness, which failure constitutes a default pursuant to the terms of that indenture if not cured within 30 days.

15. I believe that the Defendants are either insolvent or near insolvent, and that they intend to use the money of 0678786 for general corporate purposes, when it is not their money to use and such action would be contrary to the Credit Agreement. All of the factors listed above are indications of a seriously distressed company and I fear that unless immediate action is taken, the money of 0678786 will be converted or taken in breach in trust.
16. By letter dated April 4, 2014, 0678786 requested of counsel for the Special Committee that there be confirmation that the Restricted Cash was kept segregated, or for return of the Funds (attached as **Exhibit "6"**). A copy of this letter was also sent to counsel for Cash Store Financial. The Defendants have refused to confirm the segregation of the Restricted Cash, and instead responded by letter dated April 8, 2014 alleging it is not trust money (attached **Exhibit "7"**). That letter was responded to on April 8, 2014 (**Exhibit "8"**).
17. The Broker Agreement further provides in paragraph 5.1 as follows:

5.1 INSPECTIONS & AUDITS

Financier shall have the right, at any time upon written demand made by Financier to Broker, to inspect, during normal business hours, all Records (wherever located). Qualified third party consultants, as determined by Financier at Financier's sole discretion, may be employed by Financier for the purpose of any such inspection. Broker shall have the right, as a condition of such inspection, to require any such consultants to execute such form of confidentiality agreement as Broker may reasonably require and in any event such consultants shall be deemed to acting as agents for and on behalf of Financier for purposes of Article 4 hereof. The cost of any such inspection shall be the sole responsibility of Financier and any such consultant so employed will be required to create reports, which are accessible only to Financier and if permitted by Financier, Broker.

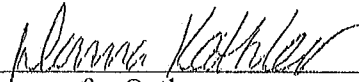
18. Pursuant to paragraph 5.1, 0678786 by letters dated April 4, 2014 (Exhibit "6") and April 8, 2014 (Exhibit "7") requested that PricewaterhouseCoopers Inc. ("PWC") be appointed to inspect the books and records of the Cash Store. Although PWC prepared Cash Store Financial's tax returns, I am not aware of any conflict or other reason why they may not undertake this task. As of the date of this Affidavit, Cash Store, Cash Store Financial and

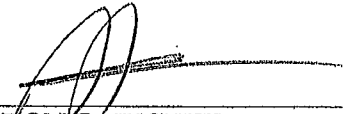


the Special Committee have refused to permit PWC to investigate the books and records of the Cash Store as permitted under the Broker Agreement.

- 19. As a result of the concerns referenced above, the Plaintiff has cancelled the Broker Agreement in accordance with its terms and requested return of its funds. A copy of the cancellation notice is attached hereto as **Exhibit "9"**.
- 20. Unless steps are immediately taken to permit access by PWC, 0678786 will suffer irreparable harm in that its Restricted Cash may be dissipated, without any ability to trace these funds.
- 21. Furthermore, unless the Cash Store is restrained from using any Restricted Cash which are or should be contained in a segregated account, which are in fact either the property of the 0678786, or trust funds held on its behalf, 0678786 will suffer irreparable harm due to the financial circumstances of the Defendants.
- 22. The Plaintiff undertakes to pay damages associated with any wrongful granting of any interim relief which it seeks in this case.
- 23. I make this Affidavit in support of the relief requested in the Application.

SWORN BEFORE ME )  
at Calgary, Alberta, this 11<sup>th</sup> )  
day of April, 2014. )

  
\_\_\_\_\_)  
A Commissioner for Oaths )  
in and for the Province of Alberta )

  
\_\_\_\_\_)  
SHARON FAWCETT )

DONNA M. KATHLER  
My Commission Expires  
December 24, 2015

THIS IS EXHIBIT " 2 "

referred to in the Affidavit of

Shaun Fawcett

Sworn before me this 22

day of April 2014

Kenneth T. Lenz

KENNETH T. LENZ  
BARRISTER AND SOLICITOR

**Sharon Fawcett**

---

**From:** Michael Zvonkovic <michael.zvonkovic@csfinancial.ca>  
**Sent:** July-23-12 2:58 PM  
**To:** Sharon Fawcett  
**Subject:** RE: Administration Question re Broker Agreement

Hi Sharon,

In the new agreement, we've tried to combine all these accounts and not to have a designated broker bank account. Your funds specifically would be tracked separately via our accounting system.

I hope this is ok,

Mike

**From:** Sharon Fawcett [<mailto:s.fawcett@aristoscorp.com>]  
**Sent:** Thursday, July 19, 2012 3:07 PM  
**To:** Michael Zvonkovic  
**Subject:** Administration Question re Broker Agreement

Hi Mike,

On the Broker Agreement funds, so you keep a separate "designated broker bank account" for each Financier such that all of the loans made using our funds are paid from and returned to that account, as well as all related interest and fees? I know that we spoke of a monthly reconciliation of our fund, but wanted to clarify if they would also be tracked through a separate account. Please advise.

Thanks

Sharon

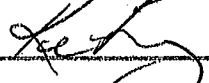
Sharon Fawcett, CA  
McCann Family Holding Corporation

T: 403.251.5517  
F: 1.888.474.8105  
E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

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THIS IS EXHIBIT " 3 "  
referred to in the Affidavit of  
Sharon Fawcett

Sworn before me this 22  
day of April 2014



KENNETH T. LENZ  
BARRISTER AND SOLICITOR

**Sharon Fawcett**

**From:** Sharon Fawcett  
**Sent:** February-25-14 11:36 AM  
**To:** J. Murray McCann  
**Subject:** FW: January 2014 Lender Statement  
**Attachments:** The Family Lender Statement January 2014.pdf; The Family BLOC AR January 2014.xlsx

Hi Murray – here is our position at the end of January. The lender statement is the summary of January activity and end of January portfolio. It indicates that there is \$2.6 million in the float or undeployed funds as at Jan 31<sup>st</sup>. The BLOC AR is the summary of the loans assigned by other lenders – as in the past these are all Trimor loans.

I was thinking that I should ask them to provide the summary as at the date they ceased the LOC operations in Ontario. Presumably there will have been collections and nothing yet assigned from Trimor for the month, so the float or undeployed balance should be bigger mid-month, with collections having happened since then.

I am in the office now. Have you been able to connect with Gord yet this morning?

Cheers

Sharon

Sharon Fawcett  
 T: 403.251.5517  
 F: 1.888.474-8105  
 E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

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**From:** Brian Dimmick [<mailto:Brian.Dimmick@csfinancial.ca>]  
**Sent:** February-25-14 8:46 AM  
**To:** Sharon Fawcett  
**Cc:** Steve Carlstrom; Nigel Mbanga  
**Subject:** January 2014 Lender Statement

Hello Sharon, attached is the January 2014 Lender Statement as well as the details of the LOC portfolio.

Regards,

Brian Dimmick  
 Finance – Staff Accountant

CASH STORE FINANCIAL  
 15511 – 123 Avenue | Edmonton, AB | T5V 0C3  
 T: 780.408.5110 ext: 5152 F: 780.408.5122

The information and any files attached to this email are confidential and intended solely for the use of The Cash Store Financial Services Inc. and the intended recipient. Any disclosing, copying, or distribution of information within this email, without the expressed permission of the writer, is strictly prohibited.

Please consider your environmental responsibility before printing this e-mail

**Sharon Fawcett**

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**From:** Sharon Fawcett  
**Sent:** February-26-14 10:27 AM  
**To:** Steve Carlstrom  
**Subject:** Cash Store Portfolio

Hi Steve,

I have reviewed our Lender Statement for January, as well as the detailed AR report. I wanted to touch base with you on the status of our portfolio now that you have stopped offering the line-of-credit product in Ontario. I would like to receive an updated listing of our loan portfolio to February 12<sup>th</sup>, the date you stopped offering the line-of-credit product. I expect that this update will reflect the January 31<sup>st</sup> balance of \$10,769,390 (Includes AR discrepancy) reduced by collections over the period from February 1<sup>st</sup> to 12<sup>th</sup>. Presumably these repayments will have been added to our unexpended capital balance, which was \$2,602,699 at January 31<sup>st</sup>, increasing that amount accordingly.

If my understanding is correct, the amounts transferred to us from other lenders occurs at month end. Given the suspension of the line-of-credit product, we assume that we will simply be reducing our loan portfolio balance as at February 12<sup>th</sup> as these amounts are collected. We expect that no further amounts will be assigned to us. We do not want to increase our exposure with respect to outstanding balances on this product.

I understand that Murray and Gord have had a number of discussions over the last few weeks. As I understand it, they have agreed that it makes sense to return our unexpended capital balance to us as the loans in our portfolio are repaid. These funds would be available to reinvest with Cash Store in future to deploy as new products are introduced by Cash Store to replace the Ontario line-of-credit business. Until such time, it makes no sense for Cash Store to be paying 17.5% on funds it is unable to deploy.

In keeping with Murray and Gord's agreement, I anticipate that a repayment would be made to us at the beginning of March which would include the unexpended capital balance at January 31<sup>st</sup> of \$2,602,699 plus all collections received with respect to our Ontario portfolio through the end of February.

I look forward to receiving the updated portfolio listing and confirmation of the anticipated repayments.

Cheers

Sharon

Sharon Fawcett, CA  
McCann Family Holding Corporation

T: 403.251.5517  
F: 1.888.474.8105  
E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

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**Sharon Fawcett**

---

**From:** Sharon Fawcett  
**Sent:** February-26-14 11:08 AM  
**To:** J, Murray McCann  
**Subject:** FW: Cash Store Portfolio

Hi Murray - Quick and satisfactory response from Steve -- seems to be on track with our understanding / wishes.

Sharon

Sharon Fawcett  
 T: 403.251.5517  
 F: 1.888.474-8105  
 E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

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**From:** Steve Carlstrom [<mailto:Steve.Carlstrom@csfinancial.ca>]  
**Sent:** February-26-14 11:03 AM  
**To:** Sharon Fawcett  
**Cc:** Craig Warnock  
**Subject:** RE: Cash Store Portfolio

Hi Sharon,

Thanks for your message.

- We are working on an updated loan listing for you as of February 12<sup>th</sup> and I will provide shortly. No new amounts will be assigned in February and you will be able to see collections to the 12<sup>th</sup>.
- We will be reducing your January 31 portfolio balance accordingly as amounts continue to be collected on your behalf.
- I have asked Gord to confirm his agreement with Murray with respect to status and go-forward plans for the undeployed funds

Steve

**From:** Sharon Fawcett [<mailto:s.fawcett@aristoscorp.com>]  
**Sent:** Wednesday, February 26, 2014 10:27 AM  
**To:** Steve Carlstrom  
**Subject:** Cash Store Portfolio

Hi Steve,

**Sharon Fawcett**

**From:** Steve Carlstrom <Steve.Carlstrom@csfinancial.ca>  
**Sent:** March-04-14 5:52 PM  
**To:** Sharon Fawcett  
**Cc:** Craig Warnock  
**Subject:** RE: The Family BLOC AR Feb 12, 2014.xlsx

No problem Sharon. We are monitoring the Ontario collections very closely as well. From Feb 13-28 we collected another \$2.3 million of your loans. These are approximate numbers and we will get you the final ones over the next couple of weeks once we do the final accounting for February.

Steve

**From:** Sharon Fawcett [mailto:[s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)]  
**Sent:** Wednesday, February 26, 2014 12:36 PM  
**To:** Steve Carlstrom  
**Cc:** Craig Warnock  
**Subject:** RE: The Family BLOC AR Feb 12, 2014.xlsx

Hi Steve – thanks for the quick response. With these collections to Feb 12<sup>th</sup>, I have our unexpended capital at Feb 12<sup>th</sup> at just under \$5 million.

	<u>to Feb 12'14</u>
Opening Balance LOC	10,769,390
Repayments	2,365,511
Ending Balance	<u>8,403,879</u>
Opening Balance - Float	2,602,699
Add LOC Repayments	<u>2,365,511</u>
Subtotal	4,968,210
Repaid to 809 / MFHC	
Ending Balance	<u>4,968,210</u>

Given the situation, it would be helpful for me if you could update me regularly on the collections, maybe even weekly as I assume you are monitoring it very closely.

Thanks

Sharon

Sharon Fawcett, CA  
 McCann Family Holding Corporation

T: 403.251.5517



F: 1.888.474.8105

E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

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---

**From:** Steve Carlstrom [<mailto:Steve.Carlstrom@csfinancial.ca>]

**Sent:** February-26-14 11:46 AM

**To:** Sharon Fawcett

**Cc:** Craig Warnock

**Subject:** FW: The Family BLOC AR Feb 12, 2014.xlsx

Hi Sharon,

Attached is your list of loans as of February 12<sup>th</sup>. Collections from Feb 1 to Feb 12 were approximately \$2.3 million.

Steve

---

**From:** Nigel Mbanga

**Sent:** Wednesday, February 26, 2014 11:23 AM

**To:** Steve Carlstrom

**Subject:** The Family BLOC AR Feb 12, 2014.xlsx

Hi Steve,

I have attached the listing of the Family's ON BLOC as at February 12, 2014. As at that date they had \$8.4M in Ontario.

Thanks,

Nigel

**Sharon Fawcett**

**From:** J. Murray McCann  
**Sent:** March-04-14 11:32 PM  
**To:** Sharon Fawcett  
**Subject:** Re: The Family BLOC AR Feb 12, 2014.xlsx

*Called Steve & left  
 a voicemail re  
 report of \$7.0  
 million  
 3-6-14 PM*

Go for it  
 M

Sent from my iPhone

*\* also 3-7-14 PM*

On Mar 4, 2014, at 5:41 PM, "Sharon Fawcett" <[s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)> wrote:

Murray -- FYI -- have not yet called Steve, but he just sent this reply to my Feb 26<sup>th</sup> e-mail. I will follow up tomorrow with a call to request a repayment of the unexpended capital. Based on a further \$2.3 repayment of the Ontario LOCs from Feb 13 to 28, we should have a LOC balance of \$6.1 million and unexpended capital of just under \$7.3 million. I was thinking that I would suggest a repayment of \$7 million to happen right away -- leaves a cushion for finalizing the February numbers but stops the interest clock for them now as opposed to waiting a further 2 weeks for the final accounting for February -- what do you think?

Sharon

Sharon Fawcett  
 T: 403.251.5517  
 F: 1.888.474-8105  
 E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

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**From:** Steve Carlstrom [<mailto:Steve.Carlstrom@csfinancial.ca>]  
**Sent:** March-04-14 5:52 PM  
**To:** Sharon Fawcett  
**Cc:** Craig Warnock  
**Subject:** RE: The Family BLOC AR Feb 12, 2014.xlsx

No problem Sharon, We are monitoring the Ontario collections very closely as well. From Feb 13-28 we collected another \$2.3 million of your loans. These are approximate numbers and we will get you the final ones over the next couple of weeks once we do the final accounting for February.

Steve

**From:** Sharon Fawcett [<mailto:s.fawcett@aristoscorp.com>]  
**Sent:** Wednesday, February 26, 2014 12:36 PM  
**To:** Steve Carlstrom

**Sharon Fawcett**

---

**From:** Sharon Fawcett  
**Sent:** March-17-14 4:43 PM  
**To:** J. Murray McCann  
**Subject:** FW: Repayment of Undeployed Capital

Hi Murray -- no word back from Steve -- decided not to cc you on this first e-mail -- see below. I will loop you in in future communications if I am having a problem making this happen.

Cheers

Sharon

Sharon Fawcett  
 T: 403.251.5517  
 F: 1.888.474-8105  
 E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

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---

**From:** Sharon Fawcett  
**Sent:** March-17-14 4:42 PM  
**To:** Steve Carlstrom  
**Subject:** Repayment of Undeployed Capital

Hi Steve,

I am following up on the voicemail messages I left for you today. As I mentioned in the messages, Murray and Gord had a conversation late Friday afternoon and agreed that the funds from the repayments on our Ontario line-of-credit portfolio will be repaid to us. After their conversation, Murray contacted me. He said that Gord would be contacting you to relay their discussion and that I should call you first thing this morning so that you and I could sort out the logistics of the repayments.

As at February 28<sup>th</sup>, that repaid and undeployed capital balance was approximately \$7.3 million. You were in the process of firming up the February 28<sup>th</sup> numbers, which you expected to take a couple of weeks and which I assume is now complete. We would like to arrange for that balance to be repaid as soon as possible this week. We can discuss the plan for future repayments and determine what frequency makes sense based on the remaining outstanding loan balances and how quickly the repayments are coming in.

Please give me a call as soon as possible to discuss. You can reach me at the number below until 6:30 or so tonight.

Thanks

Sharon

**Sharon Fawcett**

---

**From:** → Sharon Fawcett  
**Sent:** March-18-14 10:35 PM  
**To:** Steve Carlstrom  
**Subject:** Repayment of Undeployed Funds

Hi Steve -- I am anxious for feedback on the results of your meetings today and the status of our repayment. I will be out tomorrow morning from just after 10am until after lunch. I am hoping that you are able to give me a call before 10am to give me an update. You can reach me at 403-251-5517.

Thanks

Sharon

Sharon Fawcett, CA  
McCann Family Holding Corporation

T: 403.251.5517

F: 1.888.474.8105

E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

*NOTE: The call I refer to  
in my affidavit likely occurred  
the morning of Mar 19th*

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**Sharon Fawcett**

---

**From:** Sharon Fawcett  
**Sent:** March-20-14 3:24 PM  
**To:** Steve Carlstrom  
**Subject:** Touching Base

HI Steve,

Just wondering if you and Craig have had an opportunity to discuss our situation and come up with any ideas/approaches. Please let me know.

Cheers

Sharon

Sharon Fawcett, CA  
McCann Family Holding Corporation

T: 403.251.5517

F: 1.888.474.8105

E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

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**Sharon Fawcett**

**From:** Steve Carlstrom <Steve.Carlstrom@csfinancial.ca>  
**Sent:** March-25-14 9:55 AM  
**To:** Sharon Fawcett  
**Cc:** Craig Warnock  
**Subject:** Re: The Family BLOC AR Feb 12, 2014.xlsx

Hi Sharon - I was waiting for authorization from the board as to whether or not we would transfer loans to offset some of the unused funds. Although I have not yet received any authorization, I could send you a draft Feb statement and loans list before any loan transfers?

Steve

Sent from my iPad

On Mar 25, 2014, at 8:47 AM, "Sharon Fawcett" <s.fawcett@aristoscorp.com> wrote:

Hi Steve -- following up on this again. Please provide the requested update on our portfolio.

Thanks

Sharon

Sharon Fawcett, CA  
 McCann Family Holding Corporation

T: 403.251.5517

F: 1.888.474.8105

E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

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**From:** Sharon Fawcett  
**Sent:** March-24-14 12:25 PM  
**To:** 'Steve Carlstrom'  
**Cc:** Craig Warnock  
**Subject:** RE: The Family BLOC AR Feb 12, 2014.xlsx


Hi Steve -- Can you please send me the final February numbers, as well as the detailed loans list. I assume that the final accounting for is now complete. I would also like information on the collections for our portfolio from March 1<sup>st</sup> to date and an updated interim detailed loans list.

Thanks

Sharon

**Sharon Fawcett**

---

**From:**  Steve Carlstrom <Steve.Carlstrom@csfinancial.ca>  
**Sent:** March-25-14 1:13 PM  
**To:** Sharon Fawcett  
**Subject:** Re: The McCann Family Statement of Account

Yes I'm just awaiting the report for March and I will let you know as soon as I get it

Steve

Sent from my iPhone


On Mar 25, 2014, at 3:07 PM, "Sharon Fawcett" <[s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)> wrote:

Hi Steve -- thanks -- he did recall it. Will you be sending the March update this afternoon as well?

Sharon

Sharon Fawcett  
 T: 403.251.5517  
 F: 1.888.474-8105  
 E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

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 **From:** Steve Carlstrom [<mailto:Steve.Carlstrom@csfinancial.ca>]  
**Sent:** March-25-14 1:05 PM  
**To:** Sharon Fawcett  
**Subject:** Fwd: The McCann Family Statement of Account

Hi Sharon here's the draft feb statement and loans list in case Nigel recalled it

Thanks

Steve

Sent from my iPhone

Begin forwarded message:

From: "Nigel Mbanga" <[Nigel.Mbanga@csfinancial.ca](mailto:Nigel.Mbanga@csfinancial.ca)>  
 To: "Sharon Fawcett (The Family)" <[s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)>

Cc: "Steve Carlstrom" <[Steve.Carlstrom@csfinancial.ca](mailto:Steve.Carlstrom@csfinancial.ca)>, "Brian Dimmick" <[Brian.Dimmick@csfinancial.ca](mailto:Brian.Dimmick@csfinancial.ca)>  
Subject: The McCann Family Statement of Account

Hello Sharon,

Please find attached, a draft version of the February 28, 2014 statement of account and the LOC listing.

Regards,

nigelmbanga, CA  
ASSISTANT CONTROLLER, FINANCIAL REPORTING DIVISION


CASH STORE FINANCIAL  
15511 - 123 Avenue | Edmonton, AB | T5V 0C3  
T: 780.408.5110 ext: 5663 F: 780.408.5122

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**Sharon Fawcett**


**From:**  Steve Carlstrom <Steve.Carlstrom@csfinancial.ca>  
**Sent:** March-28-14 5:45 PM  
**To:** Sharon Fawcett  
**Cc:** Craig Warnock  
**Subject:** RE: The McCann Family Statement of Account

Sharon,

I haven't been able to track down our analyst that is able to provide intra-month collections information on Ontario. The latest report on this I have is from March 16<sup>th</sup> and it indicates collections of \$831,000 between March 1 and March 16 on your loans. I will try and get you the info from March 17 to present as soon as I can, otherwise we will have it by about April 10<sup>th</sup>.

I understand CSF's strategic advisors at Rothschild and Osler have been trying to reach out to Murray to ensure that they have an opportunity to present quite a large volume of information the current status and plan. This information is being presented to all of the Company's other stakeholders including the third-party lenders. Have you got something set up with them?

Steve

 **From:** Sharon Fawcett [mailto:s.fawcett@aristoscorp.com]  
**Sent:** Friday, March 28, 2014 3:45 PM  
**To:** Steve Carlstrom  
**Subject:** RE: The McCann Family Statement of Account

Hi Steve,

I am following up on the March update for the collections on our Ontario portfolio. I also am following up on the status of the requested repayment of our undeployed balance of funds.

Murray will be here on Monday and we will be meeting to discuss Cash Store. He is fully expecting the undeployed balance to be repaid as per his agreement with Gord and their discussions on several occasions. I am hoping that you are able to provide me with an update on the March collections and an update and good news on the repayment of our funds before he and I meet on Monday morning. Please advise.

Thanks

Sharon

Sharon Fawcett, CA  
 McCann Family Holding Corporation

T: 403.251.5517

F: 1.888.474.8105

E: [s.fawcett@aristoscorp.com](mailto:s.fawcett@aristoscorp.com)

THIS IS EXHIBIT " 4 "  
referred to in the Affidavit of  
Shawn Fawcett

Sworn before me this 22  
day of April 2014

[Signature]

KENNETH T. LENZ  
BARRISTER AND SOLICITOR

**Sharon Fawcett**

---

**From:** → J. Murray McCann  
**Sent:** February-27-14 2:30 PM  
**To:** → Gord Reykdal  
**Cc:** Sharon Fawcett  
**Subject:** Re: Cash Store Financial Provides Ontario Update - Cash Store Financial Engages Chief Compliance and Regulatory Affairs Officer

Great Gord, we are pulling for you. You will do it.  
 Cheers,  
 Murray

Sent from my iPad

On Feb 27, 2014, at 9:44 AM, "Gord Reykdal" <[gord@csfinancial.ca](mailto:gord@csfinancial.ca)> wrote:

Hi Murray  
 We are making some good progress in Ontario and will update you later as things progress. Thanks,  
 Gord

| [gordreykdal](mailto:gordreykdal)  
 | CHIEF EXECUTIVE OFFICER

CASH STORE FINANCIAL  
 15511 - 123 Avenue  
 Edmonton, AB | T5V 0C3  
 T: [780.408.5118](tel:780.408.5118) C: 780.497-1480  
 (Canada)  
 E: [gord@csfinancial.ca](mailto:gord@csfinancial.ca)  
 F: [780.443.2653](tel:780.443.2653)

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Please consider your environmental responsibility before printing this e-mail

Begin forwarded message:

From: The Cash Store Financial Services Inc. <[bmail@newswire.ca](mailto:bmail@newswire.ca)>  
Date: February 27, 2014 at 6:34:50 AM MST  
To: Gord Reykdal <[gord@csfinancial.ca](mailto:gord@csfinancial.ca)>  
Subject: Cash Store Financial Provides Ontario Update - Cash Store Financial Engages Chief Compliance and Regulatory Affairs Officer  
Reply-To: Sandy Timmer <[sandy.timmer@csfinancial.ca](mailto:sandy.timmer@csfinancial.ca)>

## Cash Store Financial Provides Ontario Update - Cash Store Financial Engages Chief Compliance and Regulatory Affairs Officer

EDMONTON, Feb. 27, 2014 /CNW/ - The Cash Store Financial Inc. ("Cash Store Financial" or the "Company") (TSX: CSF; NYSE: CSFS) today announces that it has created the position of Chief Compliance and Regulatory Affairs Officer (the "CCRO"). The CCRO reports directly to the special committee of independent directors (the "Special Committee"), which was appointed to review and respond to regulatory developments in Ontario and to evaluate strategic alternatives.

Cash Store Financial is pleased to announce that it has engaged Michele McCarthy to act as CCRO and to fulfill the mandate described below. Ms. McCarthy is an experienced senior executive with experience in numerous roles with global financial services companies. She has previously had mandates which included Chief Legal

Officer, Chief Privacy Officer, and Chair of the Board of Directors at significant public and private corporations.

The mandate of the CCRO will include the following responsibilities:

- Ensure that the Company and its affiliates (collectively, the "Cash Store Group") are in compliance with all federal and provincial legislation, regulations and regulatory directives (the "Governing Legislation");
- Ensure that all documents used in the business of the Cash Store Group are compliant with Governing Legislation;
- Develop procedures to identify, assess and communicate internally any changes or proposed changes to Governing Legislation;
- Foster a constructive relationship between the Cash Store Group and its regulators; and
- Oversee and assist business units within the Cash Store Group in the resolution of compliance issues.

Cash Store Financial further announces that it is engaging in ongoing discussions with its Ontario regulator in an effort to address the regulator's concerns regarding the issuance of a lender loan license to the Company and its subsidiaries under the *Payday Loans Act, 2008*. Ms. McCarthy will lead these discussions in her role as CCRO while the Special Committee continues its review of strategic alternatives.

#### About Cash Store Financial

Cash Store Financial is the only lender and broker of short-term advances and provider of other financial services in Canada that is listed on the Toronto Stock Exchange (TSX: CSF). Cash Store Financial also trades on the New York Stock Exchange (NYSE: CSFS). Cash Store Financial operates 510 branches across Canada under the banners "Cash Store Financial" and "Instaloans". Cash Store Financial also operates 27 branches in the United Kingdom.

Cash Store Financial and Instaloans primarily act as lenders and brokers to facilitate short-term advances and provide other financial services to income-earning consumers who may not be able to obtain them from traditional banks. Cash Store Financial also provides a private-label debit card (the "Freedom" card) and a prepaid credit card (the "Freedom MasterCard") as well as other financial services, including bank accounts.

Cash Store Financial employs approximately 1,900 associates and is headquartered in Edmonton, Alberta.

Cash Store Financial is a Canadian corporation that is not affiliated with Cottonwood Financial Ltd. or the outlets Cottonwood Financial Ltd. operates in the United States under the name "Cash Store". Cash Store Financial does not do business under the name "Cash Store" in the United States and does not own or provide any consumer lending services in the United States.

**Sharon Fawcett**

---

**From:** Gord Reykdal <gord@csfinancial.ca>  
**Sent:** February-25-14 9:13 AM  
**To:** J. Murray McCann  
**Cc:** Sharon Fawcett  
**Subject:** RE: Disturbing news

Hi Murray  
Please feel free to call me at any time on my office or cell. Thanks, Gord

-----Original Message-----

**From:** J. Murray McCann [<mailto:jm.mccann@aristoscorp.com>]  
**Sent:** Tuesday, February 25, 2014 8:32 AM  
**To:** Gord Reykdal  
**Cc:** Sharon Fawcett  
**Subject:** Disturbing news

Good morning Gord,  
Last evening I received an email from Randy advising of discussions he has had with the Ontario regulators. I would like to discuss the contents of his email with you ASAP. Is there a time this morning when I can contact you or you can contact me, for a discussion?

Regards,  
Murray

Sent from my iPad

**Sharon Fawcett**

---

**From:** J. Murray McCann  
**Sent:** March-09-14 10:01 AM  
**To:** Sharon Fawcett  
**Cc:** Susan Schalin  
**Subject:** Gord

Hi Sharon

Gord and I have tried to connect but each time is inconvenient with the other. We have set 3:00 PM on Tuesday. He has been accompanying the PM of Iceland until tomorrow . They hear Wednesday if they get their Ontario payday license back. I will keep you posted.

Cheers

Murray

Sent from my iPhone

**Sharon Fawcett**

---

**From:** J. Murray McCann  
**Sent:** March-14-14 3:44 PM  
**To:** Sharon Fawcett  
**Subject:** FW: Ontario payday loans

➔ **From:** Gordon Reykdal <[gord@csfinancial.ca](mailto:gord@csfinancial.ca)>  
**Date:** Friday, March 14, 2014 at 2:41 PM  
**To:** "J. Murray McCann" <[jm.mccann@arlstoscorp.com](mailto:jm.mccann@arlstoscorp.com)>  
**Cc:** Sharon Fawcett <[s.fawcett@arlstoscorp.com](mailto:s.fawcett@arlstoscorp.com)>  
**Subject:** RE: Ontario payday loans

Hi Murray

Thanks for your email and I will follow up with a call shortly. Still working away on the licensing and we may be getting closer.

I met with Steve and Craig and we could use the funds in the other regulated Provinces for loans right away. I certainly respect your point on ensuring these funds are secured by loans and probably should have been done this was all along but with the Ontario situation it certainly has taken our eye of this very important point.

Look forward to speaking soon and I will be down there next Saturday with Carrie. All the best, Gord

---

**From:** J. Murray McCann [<mailto:jm.mccann@arlstoscorp.com>]  
**Sent:** Friday, March 14, 2014 12:06 PM  
**To:** Gord Reykdal  
**Cc:** Sharon Fawcett  
**Subject:** Ontario payday loans

Good morning Gord,

I look forward to our call today and our visit in about a week.

You mentioned that you were meeting with Steve and Craig this morning to discuss our loan to back stop Ontario payday loan customers and the requirements for funds in regulated provinces. We have attempted to redeploy the funds in Ontario since they are no longer being used to backstop payday loans there but so far with no success. Those funds are no longer secured by the payday creditors and the funds from those accounts collected were to be credited to us. It appears that those funds were credited to the account of Cash Store in contravention of our mutual understanding and agreement.

Because the funds we have loaned are from a foundation it is even more important that we not place those funds at risk. As you know we went to considerable effort and legal cost to get the opinion and comfort that we required to assure that funds loaned to Cash Store were an ok



**Sharon Fawcett**

**From:** J. Murray McCann  
**Sent:** March-14-14 12:06 PM  
**To:** Gordon Reykdal  
**Cc:** Sharon Fawcett  
**Subject:** Ontario payday loans

Good morning Gord,

I look forward to our call today and our visit in about a week.

You mentioned that you were meeting with Steve and Craig this morning to discuss our loan to back stop Ontario payday loan customers and the requirements for funds in regulated provinces. We have attempted to redeploy the funds in Ontario since they are no longer being used to backstop payday loans there but so far with no success. Those funds are no longer secured by the payday creditors and the funds from those accounts collected were to be credited to us. It appears that those funds were credited to the account of Cash Store in contravention of our mutual understanding and agreement.

Because the funds we have loaned are from a foundation it is even more important that we not place those funds at risk. As you know we went to considerable effort and legal cost to get the opinion and comfort that we required to assure that funds loaned to Cash Store were an ok investment because they were secured by loans and the promise of Cash Store for proper accounting of those loans. Now that the loans that supported our loans were collected we must ask for repayment. Should Cash Store require further loans as backup to payday loans in regulated provinces and secure those loans with payday loans, as in the past, we will be happy to make funds available. We are happy with the return received from Cash Store and look forward to continuing our relationship for a very long time.

Please be assured that the interest Cash Store is paying us is going to very worthwhile causes that rely on our funding. We can never let them down. That is the main reason that we make sure that any agreements we enter into on their behalf is never at risk. On the other hand we will always live up to our side of the agreement.

I look forward to our call later today.

Cheers,  
Murray

*3-14-14 - Spoke w JMM  
around 6 PM - he had discussed  
w/ David and have agreed that the  
capital will be repaid.  
SF to call Steve Mon AM to  
arrange - Gord will have  
spoken to him by then*

**Sharon Fawcett**

---

**From:** J. Murray McCann  
**Sent:** March-24-14 9:15 AM  
**To:** Sharon Fawcett  
**Subject:** Rent Cash

Good morning Sharon,

Spoke to GORDON last evening. Is flying down to meet me this evening and again tomorrow morning. He understands that we must be paid. I think it is time we get Grant Stapon involved. I will talk to you later this morning Cheers Murray

Sent from my iPhone

**Sharon Fawcett**

---

**From:** J. Murray McCann  
**Sent:** April-12-14 2:32 PM  
**To:** ⇒ Gordon Reykdal  
**Subject:** FW: Personal and Important

**Importance:** High

Good afternoon Gord,

I have attempted to contact you on numerous occasions and have left messages on your cell, office phone and with Sandy. Attempting to keep a creditor and friend in the dark by ceasing all communication is neither the way to treat a friend nor a creditor. As mentioned to you, on more than one occasion, the funds Rent Cash is improperly holding are used to support a large school, orphanage and girls residence in Zambia. Without those funds teachers, caregivers, food suppliers etc cannot be paid and our school of 400 students will have to close. I told you this before and you assured me that Rent Cash was looking after our money diligently and there was no need to worry.

Please Gord do what you know is right and release our funds so that they can continue to be used for the good purposes they have been used for. You know that the money is not Rent Cash's and have stated that on many occasions and even as late as 2 weeks ago when we visited at your club and your home in Scottsdale. You, as president, promised and assured that all was well and our funds were being held by Rent Cash for our benefit.

Please contact me.

Sincerely,  
Murray

"THIS IS EXHIBIT" 5 "  
referred to in the Affidavit of  
Sharon Fawcett

Sworn before me this 22  
day of April, 2014

*Kenneth T. Lenz*

**KENNETH T. LENZ  
BARRISTER AND SOLICITOR**

**From:** Gord Reykdal [<mailto:gord@csfinancial.ca>]  
**Sent:** Monday, March 31, 2014 11:00 PM  
**To:** [jm.mccann@arlstoscorp.com](mailto:jm.mccann@arlstoscorp.com)  
**Cc:** Douton, Bernard; Augustine, Nell; Gene Davis; Craig Warnock; Marc Wasserman  
**Subject:** Re: Murray called again....

Hi Murray

Given the appointment of the special committee and the strategic review process being undertaken by it, I have been instructed to direct all questions and correspondence regarding the Company's current financial situation through to the advisors of the Special Committee for you to be in contact with them directly. I have copied Neil Augustine on the email as the main contact person. Best Regards, Gord

gordreykdal  
CHIEF EXECUTIVE OFFICER

**CASH STORE FINANCIAL**

15511 - 123 Avenue

Edmonton, AB | T5V 0C3

T: [780.408.5118](tel:780.408.5118) C: 780.497-1480

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E: [gord@csfinancial.ca](mailto:gord@csfinancial.ca)

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On Mar 31, 2014, at 5:29 PM, "Sandy Timmer" <[sandy.timmer@csfinancial.ca](mailto:sandy.timmer@csfinancial.ca)> wrote:

**IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE  
MATTER OF A PLAN OR COMPROMISE OR ARRANGEMENT OF CASH STORE FINANCIAL SERVICES INC. et al**

Court File No. CV-14-10518-00CL

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

Proceedings commenced in Toronto

**APPLICATION RECORD OF 0678786**  
**B.C. LTD.**

**BENNETT JONES LLP**

One First Canadian Place  
Suite 3400, P.O. Box 130  
Toronto, Ontario  
M5X 1A4

**Robert W. Staley** (LSUC #27115J)

**Grant Stapon**

**Kenneth Lenz**

Tel: 416-777-4856

Fax: 416-863-1716

Lawyers for 0678786 B.C. Ltd.