

Statement by Harvey Strosberg re Money Mart Settlement

Class Counsel believed that the Class would probably win at trial and, after the inevitable appeal, the Class would be awarded a substantial judgment. But, then, it would be necessary for the Class to collect the judgment.

At that stage, we believed that the defendants would probably take bankruptcy or insolvency proceedings. If that occurred, it would be highly likely that the Class' actual recovery would be substantially compromised, if not totally eliminated, because there is about US\$320 million of secured debt which would rank in priority to the Class' judgment.

These realities led Class Counsel to the pragmatic conclusion that a negotiated settlement was preferable to a judgment after trial.

We are very pleased with the settlement which has a value of over \$100 million dollars including \$27.5 million in cash and \$30 million in transferable credits. After approval of the settlement by the Court, some Class Members will be forever released from at least \$43 million they owe to Money Mart. This will be an immediate benefit to many Class Members.

The Class' best interests will not be furthered by a continuation of the trial. We have been fighting this case for six years – including four weeks in trial prior to the negotiated settlement. Regardless of the outcome at trial, the appeal process would have dragged on for another two years. At any point during the appeal process or thereafter, if the Defendants made an assignment in bankruptcy or were forced to seek insolvency protection from creditors, all the hard work would have been of no value or benefit to the Class.

If the \$30 million in credits are not all used by the Class Members over the next four years, then the Court will order Money Mart to lower its prices until the unused balance has benefitted Money Mart's then customers.

Q: What do you say to members of the Class who would have preferred to continue the trial in the hopes of getting a judgment for the total amount of the illegal interest they paid Money Mart?

A: We concluded that the certainty of a settlement was preferable to the highly likely result of recovering nothing after trial, given the real prospect of bankruptcy or insolvency for Money Mart if we obtained judgment.

Q: What is this \$43 million that some Class Members owe to Money Mart?

A: The \$43 million represents a mix of obligations that some Class Members owe to Money Mart.

Q: How much money will go to the lawyers?

A: This has not yet been decided. As part of the approval process, the Court will decide how much the lawyers will be paid.

Q: Explain the credits that were negotiated in the settlement.

A: As part of a \$100 million settlement, and upon approval of the Court, transferable credits in the amount of \$30 million will be issued to Class Members in a manner that the Court directs. The credits can be used for four years. After four years, if there are unused credits, the Court will direct a reduction in the fees that Money Mart will charge its customers until every penny of the outstanding credit amount is used. This settlement will cost Money Mart \$100 million no matter how you look at it. This resolution benefits not only the Class Members but, potentially, other members of the public as well.

Q: What do you think of the new legislation that legalizes payday loans in Ontario?

A: It does not benefit my clients for me to offer comment on political issues that are not the subject of this litigation. We are very pleased that, subject to Court approval, a settlement, in the best interests of the Class, has been reached with requires Money Mart to pay consideration totaling about \$100 million.