

ENFORCEABLE UNDERTAKING

National Consumer Credit Protection Act 2009

Section 322

The commitments in this undertaking are offered to the Australian Securities
and Investments Commission by:

CASH STOP FINANCIAL SERVICES PTY LTD

ACN 091 194 786

**c/- Vlahos & Co Chartered Accountants, Suite 1, 170 Parramatta Road,
Stanmore NSW 2048**

1. Definitions

In addition to terms defined elsewhere in this undertaking, the following
definitions are used:

ACL means an Australian credit licence as defined under section 35 of the
NCCP Act.

ASIC means the Australian Securities and Investments Commission;

Cash Stop means Cash Stop Financial Services Pty Ltd ACN 091 194
786;

Code means the National Credit Code, which is Schedule 1 to the NCCP
Act;

Credit legislation has the same meaning that term is given in the NCCP
Act;

NCCP Act means the *National Consumer Credit Protection Act 2009*
(Cth);

Prohibited Credit Amount has the same meaning as in section 39A of the
Code.

SACC has the same meaning as Small Amount Credit Contract as given in
the NCCP Act; and

Undertakings means the undertakings contained in part 3 of this
enforceable undertaking.

2. Background

2.1 ASIC's role

- 2.1.1 Under section 1 of the *Australian Securities and Investments Commission Act 2001 (Cth)*, ASIC is charged with a statutory responsibility to perform its functions and to exercise its powers so as to promote the confident and informed participation of investors and consumers in the financial system.
- 2.1.2 From 1 July 2010, ASIC's responsibilities were expanded to include the administration and enforcement of the NCCP Act, which regulates consumer credit in Australia.

2.2 Details of Conduct

- 2.2.1 Cash Stop operates a small amount lending business with 33 branches in New South Wales, Victoria, South Australia and Queensland.
- 2.2.2 Cash Stop is a provider of consumer credit to which the Code applies.
- 2.2.3 Cash Stop has held an ACL, number 389433, since 5 January 2011.
- 2.2.4 Since 1 July 2013 the Code and the NCCP Act have prescribed certain requirements in relation to consumer credit loans that are SACCs.
- 2.2.5 Cash Stop is a provider of SACCs in the form of a product referred to as a "Small Amount Advance" where:
 - (a) it charges a permitted establishment fee of 20% of the amount of credit and a permitted monthly fee of 4% monthly interest; and
 - (b) the permitted establishment fee and permitted monthly fee are disbursed to Cash Stop.
- 2.2.6 Cash Stop offered a voluntary membership program to consumers where for a \$20 membership fee, the consumer would receive a membership card entitling them to, among other things, a cash back reward after their seventh loan, discounted foreign currency exchange fees and cheque cashing fees and free writing of money orders for a period of 12 months (**Membership Program**).
- 2.2.7 Between 1 July 2013 and 7 August 2013, Cash Stop accepted a total of \$13,933 in membership fees from 697 consumers (and card replacement fees from 3 additional consumers) that were disbursed from the proceeds of a Small Amount Advance (**the Membership Fees**).

2.3 ASIC's investigation

- 2.3.1 ASIC has investigated the Membership Fees disbursed to Cash Stop.

2.4 ASIC's concerns

- 2.4.1 Section 39A of the Code provides that no part of the amount of credit provided under a SACC may be paid to a credit provider other than in the manner prescribed by subsection 39A(2) of the Code.
- 2.4.2 The Membership Fees did not fall within the definition of subsection 39A(2) of the Code in that:
- (a) They were not a government fee or charge; or
 - (b) They were not part of a refinanced amount; or
 - (c) They were not an amount prescribed by the regulations; and
 - (d) Cash Stop had already disbursed to itself the maximum amount allowable as a permitted establishment fee and permitted monthly fee.
- 2.4.3 ASIC is concerned that because of the conduct described in paragraphs 2.2.5 to 2.2.7, each of the Membership Fees may be a Prohibited Credit Amount.

2.5 Acknowledgement of concerns

- 2.5.1 Cash Stop acknowledges:
- (a) ASIC's concerns;
 - (b) that those concerns are reasonably held; and
 - (c) that Cash Stop must comply with the requirements of this enforceable undertaking in order to address ASIC's concerns and to ensure compliance with the NCCP Act.

3. Undertakings

- 3.1 Under section 322 of the NCCP Act, Cash Stop has offered, and ASIC has agreed to accept as an alternative to proceedings against Cash Stop or administrative action in relation to Cash Stop's ACL, or both, the following undertakings:
- (a) Within 28 days of executing this enforceable undertaking, Cash Stop will refund the Membership Fees to each consumer who paid the membership fee (or card replacement fee) (**the Affected Consumers**).

- (b) Cash Stop will refund the Affected Consumers by crediting an amount, equal to the membership fee (or card replacement fee) paid by the consumer, to the consumer's bank account from which the consumer repaid the SACC by direct debit, or where this is not possible, by sending a non-negotiable account payee only cheque to the consumer's residential address for that amount.
- (c) Within 28 days of executing this enforceable undertaking, Cash Stop will send a letter to each of the Affected Consumers explaining the reasons why the membership fee (or card replacement fee) is being refunded, the content of which must be approved by ASIC.
- (d) Within 7 days of completing the Undertakings in subparagraphs 3.1(a) and (b), a responsible manager under the ACL held by Cash Stop will provide ASIC with a statutory declaration, declaring that the Undertakings given in subparagraphs 3.1(a) – (c) have been completed.
- (e) Cash Stop will honour the terms of the Membership Program for the full period for which the consumer paid the membership, notwithstanding the membership fee (or card replacement fee) has been refunded to the consumer.
- (f) Cash Stop undertakes that it will pay the costs of its compliance with this enforceable undertaking.
- (g) Cash Stop will provide all documents and information requested by ASIC from time to time for the purpose of assessing Cash Stop's compliance with the terms of this enforceable undertaking.

4. Acknowledgements as to the operation of the enforceable undertaking

4.1 Cash Stop acknowledges that ASIC:

- (a) may issue a media release on execution of this undertaking referring to its terms and to the concerns of ASIC which led to its execution;
- (b) may from time to time publicly refer to this undertaking; and
- (c) will make this undertaking available for public inspection.

4.2 Further Cash Stop acknowledges that:

- (a) ASIC's acceptance of this undertaking does not affect ASIC's power to investigate, conduct surveillance or pursue a criminal prosecution or its power to lay charges or seek a pecuniary civil order in relation to any contravention not the subject of ASIC's concerns in this enforceable undertaking or arising from future conduct; and

(b) this undertaking in no way derogates from the rights and remedies available to any other person or entity arising from any conduct described in this undertaking or arising from future conduct.

4.3 Cash Stop acknowledges that this undertaking has no operative force until accepted by ASIC, and Cash Stop and ASIC acknowledge that the date of the enforceable undertaking is the date on which it is accepted by ASIC.

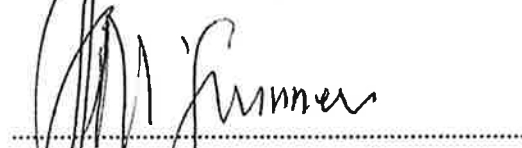
EXECUTED BY CASH STOP)
FINANCIAL SERVICES PTY LTD in)
accordance with section 127(1) of the)
Corporations Act 2001 (Cth):)



Paul Timothy Baril
Director

Gus Eugene Baril
Director

Accepted by the Australian Securities and Investments Commission under section 322 of the NCCP Act by its duly authorised delegate:



David McGuinness
Delegate of the Australian Securities and Investments Commission

Date: 10 February 2014

