

# Office of the Ethics and Integrity Commissioner Canadian Payday Loan Association

## Letter of Mandate

### Ethics and Integrity Commissioner

May 4, 2006 – The Canadian Payday Loan Association (CPLA) is a national association representing providers of payday loans. The Association has adopted a *Code of Best Business Practices* intended to foster a high standard of business practices within the industry and among its members. As a condition of membership, members agree to abide by the spirit and intent of this Code and its provisions.

To foster and ensure compliance with this Code, the Board of Directors has, by a motion, established the Office of the Ethics and Integrity Commissioner. The Association has retained Sid Peckford as its first Ethics and Integrity Commissioner, for an initial term of three years.

This Letter of Mandate outlines the Commissioner's obligations for his first term of Office. The extent to which he fulfills these obligations will be reviewed on an annual basis by the Association through the office of President.

The Ethics and Integrity Commissioner will operate with independence from the Association, its board and members and will have no direct dealings with any member of the Association except in the case of investigations. This mandate to him is issued by the President of the Association and the Association shall fund a budget for the Commission to carry out its mandate. The Commissioner is accountable to the President for budget and expenditures of the Commission.

The Commissioner will report to the President on a quarterly basis regarding the exercise of his duties. Administration of the position and the Office will otherwise be at the full discretion of the Commissioner.

The Commissioner's primary mandate is to monitor compliance with the Code of Best Business Practices, and where necessary, to issue warnings, impose fines or other disciplinary sanctions, according to a schedule of penalties developed independently of the Board by the Commissioner and circulated to all CPLA members.

The Commissioner will be responsible for the handling, follow-up and investigation of all complaints regarding member companies that are made directly to the Office of the Commissioner. The Commissioner may, in his sole discretion, investigate potential Code violations by member companies that are brought to his attention.

In the exercise of his duties, the Commissioner will strictly adhere to an annual Budget set and agreed to by the Commissioner and the President of the Association.

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## **Ethics and Integrity Commissioner**

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The Commissioner's parameters for assessing violations of the Code will be guided both by the Code of Best Business Practices and any interpretations of the Code contained within the Policy and Procedures Manual, as amended from time to time. A Committee of the Board may from time to time issue amendments to the Code or the Policy and Procedures manual.

The Commissioner will establish a reputation as an industry expert and leader, committed to a proper balance of consumer protection and industry growth within the payday loan industry. In his discretion, he will undertake media interviews for the purposes of public education regarding his mandate to foster best business practices within the industry through enforcement of the Code.

The Commissioner may also, within his discretion, engage relevant stakeholders regarding his mandate and the exercise of his duties.

### **Investigations**

The Office of the Commissioner will have a full-time Compliance Officer who will receive complaints via the CPLA's 1-800 complaints line. The Compliance Officer will assess each complaint and make determinations about prospective Code violations that warrant follow-up by the Commissioner.

The Compliance Officer will prepare submissions with recommendations on each prospective violation for review by the Commissioner. The Commissioner will receive and review these submissions and make a determination regarding the imposition of a sanction. He may order the Compliance Officer to gather additional evidence.

The Commissioner will conduct the following forms of investigation:

- Random, wide-scale mystery shops
- Member-specific shops to verify code-compliance
- Follow-up on member-to-member complaints
- Investigations of potential Code violations that are brought to the Commissioner's attention.

### **Reporting**

The Commissioner will provide quarterly updates describing how he has executed his mandate.

Quarterly reports will include aggregate data on complaints and enquiries received, proven Code violations, sanctions administered, and consumer redress.