

Financial Services Regulatory
Authority of Ontario

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**IN THE MATTER OF THE
CREDIT UNIONS AND CAISSES POPULAIRES ACT, 1994,
S.O. 1994, c. 11, AS AMENDED (the "ACT")**

**AND IN THE MATTER OF
PACE SAVINGS & CREDIT UNION LIMITED**

**AND IN THE MATTER OF
AN
ORDER OF DEPOSIT INSURANCE CORPORATION OF
ONTARIO PURSUANT TO SECTION 294(1) OF THE ACT**

**ADMINISTRATION ORDER
NO. 2**

(February 19th, 2020)

WHEREAS the Deposit Insurance Corporation of Ontario ("**DICO**" or the "**Administrator**") issued an Administration Order on September 28, 2018, pursuant to section 294(1) of the *Credit Unions and Caisses Populaires Act, 1994*, S.O. 1994, c.11, as amended (the "**Act**"), ordering that PACE Savings & Credit Union Limited (the "**Credit Union**") be subject to the administration of the Administrator (the "**Administration Order**");

AND WHEREAS the Administration Order suspended powers of the then directors of the Credit Union (the "**Directors**") except for specific limited purposes, which purposes were exhausted and spent as of December 2018;

AND WHEREAS DICO amalgamated with Financial Services Regulatory Authority of Ontario ("**FSRA**"), which amalgamation was effective as of June 8th, 2019;

AND WHEREAS the Administrator commenced legal proceedings against certain of the Directors and others as a result of the events giving rise to the Administration Order;

AND WHEREAS FSRA has commenced an initial process by which the Credit Union may be released from Administration pursuant to section 295(4) of the *Act*;

AND WHEREAS FSRA has determined that, as part of the process for releasing the Credit Union from Administration, enhanced governance and oversight is required at the Credit Union;

AND WHEREAS the Administrator has the power under Section 295 of the *Act* to appoint new directors of the Credit Union but instead adopted an approach of identifying the skill sets required for enhanced governance and oversight of the Credit Union to inform the search for new directors of the Credit Union who could then be considered for election by the Credit Union's members to a newly formed Board of Directors of the Credit Union (the "**Board**");

AND WHEREAS the Administrator carried out a process for the search and recruitment of a slate of candidates to be appointed as new directors of the Credit Union, which process included the engagement of a professional services recruitment advisor, and as a result of that process, the Administrator identified a slate of candidates (together, the "**Proposed Directors**"), including a proposed Board Chair, that it submitted to the Credit Union members to elect as directors as part of the process to begin releasing the Credit Union from Administration;

AND WHEREAS the Administrator convened a special members' meeting on January 27, 2020, at which time a majority of the members present and voting at the meeting voted in favour of the appointment of the Proposed Directors submitted by the Administrator, along with certain by-law amendments to the Credit Union's by-laws;

AND WHEREAS the Administrator wishes to provide for a period of transition (the "**Transition Period**") to allow the Proposed Directors ample time to be able to properly orient themselves with the Credit Union's business and affairs and ensuring that appropriate governance and management structures are in place before devolving full authority under the *Act* to the Proposed Directors by releasing the Credit Union from Administration; and

AND WHEREAS during the Transition Period, the Administrator wishes to provide the Proposed Directors with the authority under the *Act* to act as the Credit Union's Board of Directors for the purposes specified herein, to, *inter alia*, conduct a search for a new senior management team, including (but not limited to) a chief executive officer, a chief financial officer, a chief risk officer and internal auditor, formulating a coordinated and workable plan to have the Credit Union released from Administration and placed into Supervision, and submitting it to the Administrator for review and approval;

NOW THEREFORE, THE ADMINISTRATOR HEREBY ORDERS THAT:

1. Subject to paragraphs 4 and 5 herein, the following individuals (the "**New Directors**") are hereby appointed as the directors of the Credit Union for a period expiring upon the election of directors at the Credit Union's 2023 Annual General Meeting, and are hereby authorized to exercise the powers of the directors and the Board as provided herein, which powers may be altered by the Administrator from time to time:
 - (a) George Cooke, who shall be hereby appointed as the Chair of the Board;
 - (b) Karen Hacker;
 - (c) Cliff Jenkins;
 - (d) Ross Lamont;

- (e) Marissa Lauder;
 - (f) Allison Mendes;
 - (g) Mary Ann Mooney;
 - (h) Shelly Rae; and
 - (i) Philippe Sarfati.
2. Provided that he or she meets the necessary qualification requirements under the Credit Union's by-laws and the *Act*, each of the New Directors may stand for re-election at the Credit Union's 2023 Annual General Meeting.
 3. The New Directors shall conduct meetings of the Board, and committees of the Board in accordance with the Credit Union's by-laws and policies, as may be amended from time to time, and to that end, the Administrator hereby appoints the law firm of Blake Cassels & Graydon LLP, or any officer or employee of the Administrator, as determined by the Board, to act as corporate secretary, subject to paragraph 4(a) of this Order.
 4. During the Transition Period, subject to any further order of the Administrator, the Board may exercise the following powers and make the following decisions subject to the approval of the Administrator where expressly required herein:
 - (a) Elect, from among the New Directors, a vice-chair, and appoint a corporate secretary to replace the corporate secretary appointed by the Administrator under paragraph 3 of this Order if they so desire;
 - (b) Establish committees of the Board and assign members from the New Directors to those committees, including, but not limited to, an audit committee;
 - (c) In the case of the Chair of the Board, set the target number of directors to a number other than nine (9) directors, or in the case of the Board, appoint any other qualified individual under the Credit Union's by-laws and the *Act*, as a director of the Credit Union to fill a vacancy in the Board until the next annual general meeting of the Credit Union;
 - (d) Direct the Credit Union to provide the Board with information and documentation for the purposes of (i) orientating the New Directors with the business and affairs of the Credit Union and the credit union sector generally; and (ii) carrying out their powers as set out herein as they considered necessary or desirable;
 - (e) Approve any training for the Board, or any of the individual New Directors, as they consider necessary or desirable;
 - (f) Formally request advice and assistance from the Administrator as they consider necessary or desirable;

- (g) Consider and/or decide any other matter the Administrator may request, in writing, that the Board consider and/or decide;
 - (h) Carry out a recruitment process and appoint a new management team, consisting of a chief executive officer (CEO), chief financial officer (CFO) and chief risk officer (CRO) and any other senior officers for the Credit Union (collectively the "**Management Team**"), as they considered advisable or desirable, provided, however, the appointment of the CEO, CRO and the CFO must be approved in writing by the Administrator prior to being appointed by the Board;
 - (i) Carry out a recruitment process and appoint a new internal auditor as they considered advisable or desirable, provided, however, the appointment of the internal auditor must be approved in writing by the Administrator prior to being appointed by the Board;
 - (j) Review the Credit Union's existing policies and procedures, insurance program and strategic plan, and make recommendations to the Administrator with respect to any changes or additions to those policies, procedures or plan, including but not limited to, the placement of insurance coverage for the Credit Union or for the New Directors;
 - (k) Work collaboratively the Management Team to formulate a coordinated and workable plan to have the Credit Union released from Administration and placed into Supervision and submit that plan for review and approval by the Administrator; and
 - (l) Consider and advise on any other matter the Administrator requests, in writing, that the Board consider and provide advice.
5. For greater certainty, notwithstanding the appointment of the New Directors, the Administrator continues to exercise all powers of the directors and management of the Credit Union not expressly set out in paragraph 4 herein.
6. This Administration Order No. 2 shall remain in full force and effect until the Administrator orders otherwise.

DATED at Toronto, this 19th day of February, 2020.

FINANCIAL SERVICES AUTHORITY OF ONTARIO



Mark White
Chief Executive Officer
Financial Services Authority of Ontario