

PSC Affected Members Update #7

August 24, 2020

Dear Members,

Thank you for being a PCU member. The Pace Securities Corp. (PSC) experience has been extremely challenging; we are hard at work uncovering recovery options for you and following our 4-Point Plan. If you wish to read this – or any of the other updates – online, click [HERE](#) to go to our website.

Summary:

- Aug. 6th court filing – details
- Paliare Roland is here to listen - new
- Moving your accounts to a new dealer - ongoing
- EY holding the PFL and FHH shares in trust - ongoing
- The Compliance Review moving to conclusion - ongoing

What does the court order mean for you? PCU leading the way to expedited answers

The court filing on August 6th secured a defined time period for PCU to explore recovery options for members in an accelerated manner – this is good news for you. Not only does this potentially shorten the usual class action timeline from years to months, it also means that collaboration among all parties should be a priority.

Any settlement package must take all parties into account. PCU is working towards constructing a plan that puts you, our members, front and centre for consideration. Paliare Roland is the Representative Counsel for Claimants, and PCU is the appointed party to build a settlement package as per the court order. While we have distinct roles, efforts by all parties will combine to achieve a final outcome.

As well, regarding the message you received from Paliare Roland on August 19, 2020, please note that your relationship with us, as our members and depositors, is secure. You remain our first priority, which means we certainly can and will continue our long-standing relationship with you. Paliare Roland refers to PCU as an “adverse party.” Adverse party is a legal term that refers to a defendant in a lawsuit. An action against defendants has not been brought before the court, therefore there are no named defendants.

We do continue to suggest that you contact Paliare Roland (Representative Counsel) to understand what their representation can mean for you, the investor claimants:

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Paliare Roland is interested in your story

Many of you have received your first communication from the Paliare Roland in an Ernst & Young (EY) envelope. EY has been continuing their efforts regarding your accounts and

thus, it was a familiar introduction for many of you to Paliare Roland.

One of the changes to note is that, with Paliare Roland's appointment, the focus has changed from Fasken doing member interviews, to Paliare Roland being the exclusive legal point of contact for all impacted members.

We are so grateful that 63 volunteers offered to share their stories. Our Compliance Review could not have spent time with more than a dozen members, but Paliare Roland has much a larger team that is here for all of you.

The Contact Centre is reaching out – how to move your account

To facilitate moving your PSC accounts, our dedicated Contact Centre team is reaching out to assist you in the transition of your PSC account currently at Laurentian Bank Securities Inc. to a new broker. When the accounts have all been moved, EY can consider that part of their job complete.

You can reach the Contact Centre directly at: 1-877-588-7223 Local Number: 647-417-1515 if you have any questions.

EY holding the PFL and FHH shares in trust – the job is slowly concluding

EY continues to hold the preferred shares of Pace Financial Limited (PFL) and/or First Hamilton Holdings Inc. (FHH) in trust for our members. EY has moved all of the shares out of the PSC accounts to make the transfer of your PSC account easier. E&Y is still contemplating the valuation exercise and we are not sure what they will be ultimately determine, but we will let you know once that determination is made.

Compliance Review

PCU is planning to take the Fasken analysis and incorporate it into our decision-making process to ensure processes are founded in best practices for members. Fasken remains on track to continue its analysis through August and September.

In Conclusion

We remain committed to holding a town hall later in the fall to update all our members.

All members can view information on our PCU website regarding our progress. We will continue to update you every two weeks unless we have new information sooner.

Our Branch teams are available to speak with you. Your deposits continue to be secure and your financial needs continue to be served. PCU is here to stay.

We are working to uncomplicate and communicate; contact us at any time.

Sincerely,

Barbara Dirks

President & CEO, PACE Credit Union