



ANNUAL REPORT

2023-2024

FINANCIAL AND CONSUMER AFFAIRS
AUTHORITY OF SASKATCHEWAN



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HOURS OF OPERATION

Monday to Friday
8:00 AM – 12:00 PM
1:00 PM – 5:00 PM

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LETTERS OF TRANSMITTAL



Office of the Lieutenant Governor of Saskatchewan

As the Minister responsible for the Financial and Consumer Affairs Authority of Saskatchewan, I respectfully submit the annual report for the year ending March 31, 2024.

A handwritten signature in black ink, appearing to read 'Bronwyn Eyre'.

Bronwyn Eyre
Minister of Justice and Attorney General



Honourable Bronwyn Eyre
Minister of Justice and Attorney General

Dear Minister:

I have the honour of submitting for your consideration the annual report of the Financial and Consumer Affairs Authority of Saskatchewan for the year ending March 31, 2024.

A handwritten signature in black ink, appearing to read 'Roger Sobotkiewicz'.

Roger Sobotkiewicz, K.C.
Chair
Financial and Consumer Affairs Authority

MESSAGE FROM THE CHAIR

This past year was very busy for the FCAA, with strategic planning being a central focus. It was the final year of the FCAA's 2021-2024 Strategic Plan, and I am pleased to report that by year end, we completed or made substantial progress on more than 90% of our strategic initiatives. I would like to highlight some of the key accomplishments.

The plan made it a priority that our rulemaking use innovative approaches to reduce regulatory burden and adapt to industry change. In furtherance of this priority, we developed The Film Content Information Act. This Act received Royal Assent in March 2024, and when proclaimed it will eliminate burdensome registration and classification requirements on film exhibitors and distributors, while continuing to ensure that Saskatchewan consumers are able to make informed viewing choices. We also completed an extensive consultation with the local capital raising community to determine if the current capital raising exemptions are meeting their needs, and if any improvements can be made to make it easier for local businesses to raise the capital needed to ensure their growth and success. We expect to issue our final report on the capital raising consultation later this year detailing what we learned.

Another priority in the plan was to increase our regulatory effectiveness by leveraging technology. Last year was the first year of operation for My Consumer Rights, the FCAA's online consumer dispute resolution platform. This incredibly successful initiative makes it easier, simpler and faster for consumers and businesses to resolve their disputes by educating them on their respective rights and obligations, and offering online negotiation support 24 hours a day, 365 days a year. In the first year of operation of the platform, 1,980 consumers and businesses accessed My Consumer Rights, and the number of disputes that required FCAA staff involvement to resolve decreased by more than 25% from the prior year. We also completed development on changes to our Registration and Licensing System to automate approximately 2,000 filing reviews and the risk-rating for our more than 900 vehicle dealer licensees. When the automation of these time-consuming manual processes goes live, it will free up hundreds of staff hours that can be shifted to other regulatory work.

The plan identified two operational priorities. The first was to improve our ability to innovate. We met this priority when we added a senior legal counsel dedicated to policy initiatives that

advance innovation and economic growth. Last year, this position played a leading role in the development of The Film Content Information Act, scoring a huge win under our innovation and economic growth mandate. Our second operational priority was to enhance our human resource policies to respond to the needs of the future workforce and make the FCAA an employer of choice. We delivered on this priority through the implementation of a number of improvements to our HR policies, most notably our leading-edge remote work policy that maintains employee effectiveness while offering a level of flexibility that is highly prized by our staff. This policy was reviewed last year and it was confirmed to be the right approach for the FCAA.

The FCAA's success in executing these important initiatives is a testament to the skill and ingenuity of our staff. It should not be overlooked that while these strategic plan initiatives were being advanced, we fulfilled our important licensing, compliance and enforcement work to ensure effective day to day marketplace regulation. Looking back at the year overall, I am proud of the FCAA's achievements and the benefits they are bringing to Saskatchewanians.

In this current regulatory environment marked by high interest rates, continuing affordability issues, the explosion of artificial intelligence use cases for good and bad, and persistent fraudsters devising new scams to exploit consumers, the challenges in the years ahead will be significant. We have a comprehensive strategic plan for the 2024-2027 period that includes six new strategic priorities, all designed to position the FCAA to respond to the looming challenges in the marketplace and be the very best regulator it can be. With seventeen strategic initiatives, the new plan is ambitious. It reflects our employees' drive to excel and their strong commitment to protect and serve the people of this great province.

Saskatchewanians are better off because of what the FCAA accomplished last year. I am proud of that record, and of the FCAA staff that made it possible.

I am pleased to share the FCAA's Annual Report for the fiscal year 2023-24.



Roger Sobotkiewicz

THE FCAA AT A GLANCE

Our Mission

The FCAA protects Saskatchewan consumers and investors and fosters fair and efficient markets by providing effective, balanced and timely marketplace regulation. The FCAA is responsible for carrying out and providing the structure for the administration and enforcement of 23 financial services and consumer protection statutes, and plays a role in the administration of three others.

The FCAA is a Treasury Board Crown corporation assigned to the Minister of Justice and Attorney General and led by a Board of Directors established under *The Financial and Consumer Affairs Authority of Saskatchewan Act*.

Regulation of financial services is essential for supporting the marketplace and the trust consumers place in these institutions. Excluding banks, the FCAA regulates or oversees most financial services in Saskatchewan.

The FCAA is dedicated to advancing the interests of consumers by ensuring fair trading conduct and minimizing opportunities for unfair, unlawful, or deceitful commercial activity.

Enforcement of consumer protection laws is critical to helping citizens acquire wealth, secure retirement, and establish trust in the market and governing institutions.

The FCAA also supports consumer education and awareness to assist consumers to protect themselves. This has been done through investor alerts and educational advertising campaigns.

Our Pillars

The FCAA's regulatory oversight is structured around four pillars that help build and maintain your trust in Saskatchewan's marketplace.

LICENSING AND REGISTRATION

To protect the marketplace, we license and register more than 19,000 entities and individuals in Saskatchewan across a wide variety of industries to make sure they are suitable for our marketplace.

REVIEW, AUDIT, AND COMPLIANCE

We routinely examine, inspect, and audit to ensure regulated entities are complying with the law and meeting investor and consumer obligations.

MARKET CONDUCT AND COMPLAINT HANDLING

We investigate consumer complaints to determine if rules have been violated, and if needed, work to mediate solutions for all parties or take appropriate enforcement action.

ENFORCEMENT

When violators break the rules, the FCAA holds them to account through regulatory sanctions or working with law enforcement.

Our Structure

The FCAA is organized into five program divisions:

- Consumer Credit
- Consumer Protection
- Insurance and Real Estate
- Pensions
- Securities

These program areas are supported by the Legal Branch, Audit and Finance Branch, and Corporate Services Branch. Staff are primarily located in Regina, with one employee stationed in Saskatoon.

CONSUMER CREDIT

The Consumer Credit Division is responsible for regulating trust, loan and financing corporations; loan and mortgage brokers; payday lenders; and overseeing Credit Union Deposit Guarantee Corporation's regulation of Saskatchewan credit unions and Credit Union Central of Saskatchewan. The division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.

CONSUMER PROTECTION

The Consumer Protection Division supports fair trading in goods and services between consumers and businesses when the purchases are for personal, household, or family use. This includes:

- market regulation;
- sector-specific business and salesperson licensing;
- complaint investigation;
- education initiatives;
- inter-agency and inter-jurisdictional cooperation; and
- enforcement action.

The division also oversees the Funeral and Cremation Services Council.

INSURANCE AND REAL ESTATE

The Insurance and Real Estate Division protects insurance consumers through its regulation of insurance companies, which includes ensuring insurers comply with solvency and market conduct requirements, and by overseeing the Insurance Councils of Saskatchewan with respect to the rules insurance agents, adjusters and brokers must follow. The division also oversees the Saskatchewan Real Estate Commission with respect to the rules that agents and salespersons must follow, and protects real estate purchasers and sellers by taking action to stop unlicensed real estate activity.

PENSIONS

The Pensions Division registers and supervises pension plans which are established for Saskatchewan workers. Many of these plans also have members who work in other provinces. In that case, the division supervises the plans on behalf of the pension regulators in other provinces, in accordance with a multilateral agreement with the other jurisdictions.

The division ensures that plans comply with the minimum standards in *The Pension Benefits Act, 1992* and are funded according to the rules in the Act. The division also promotes the equitable treatment of plan members and protects their pension savings from undue loss. It supervises all changes to registered pension plans, including changes to plan design, governance, plan mergers, and terminations.

The division is also responsible for *The Pooled Registered Pension Plans Act*, which came into force in spring 2016.

SECURITIES

The Securities Division protects investors by regulating trading in securities and derivatives. Activities aimed at protecting investors include:

- registering individuals and companies in the investment industry;
- reviewing documents used by companies and individuals to sell their securities to the public;
- requiring businesses to file regular financial information, send it to their security holders, and disseminate it to the market;
- reviewing companies' continuous disclosure documents, such as financial statements and press releases, to ensure they provide appropriate and timely ongoing information to serve as a basis for securities trading in the secondary market;
- exempting businesses from the requirements of the legislation, when appropriate;
- holding to account those who have not followed the provisions of *The Securities Act, 1988* or who have engaged in fraudulent and unscrupulous practices;
- participating in oversight of CIRO and,
- participating in policy development on a national basis.

WE RELY ON AND OVERSEE KEY PARTNERS FOR LICENSING AND REGULATION INCLUDING:

- Credit Union Deposit Guarantee Corporation (CUDGC)
- Funeral and Cremation Services Council of Saskatchewan (FCSCS)
- General Insurance Council of Saskatchewan (GICS)
- Life Insurance Council of Saskatchewan (LICS)
- Insurance Councils of Saskatchewan (ICS)
- Saskatchewan Real Estate Commission (SREC)
- Canadian Investment Regulatory Organization (CIRO)

BOARD OF DIRECTORS

Roger Sobotkiewicz, K.C.

Chair and Chief Executive Officer

Roger Sobotkiewicz was appointed Chairperson of the Authority on February 4, 2016. Prior to that, he held the position of acting Chairperson since February 1, 2015. He is also the CEO of the Authority and holds a number of statutory appointments, including:

- Superintendent of Insurance;
- Superintendent of Pensions;
- Superintendent of Financial Institutions; and
- Registrar of Credit Unions.

Mr. Sobotkiewicz acted as legal counsel for the Authority for more than a decade, during which time he led a number of significant policy initiatives. Prior to joining the Authority, he practiced law in private practice and in the Crown sector. He holds a Bachelor of Laws from the University of Manitoba.

In 2022, Mr. Sobotkiewicz was awarded the Queen Elizabeth II Platinum Jubilee Medal and was distinguished with the King's Counsel designation.

Howard Crofts

Member and Vice-Chair

(Appointed December 2015)

Chair of Finance and Audit Committee

Adjudicative Committee

Howard Crofts is a Chartered Professional Accountant (FCPA, FCA) and holds a Bachelor of Administration degree from the University of Saskatchewan. He practiced public accounting for 40 years until retiring from MNP LLP where he held various leadership roles in the firm during the last 10 years of his career.

He has been involved with health-related charitable organizations as a volunteer with the Canadian Cancer Society, Chair of the Hospitals of Regina Foundation, and served on the Boards of Directors of Group Medical Services, Raven Oil Corporation, the Saskatchewan Auto Fund and SGI and its subsidiaries and as a member of the Investment Review and Pension Committees of TD Greystone Managed Investments Inc.

Mr. Crofts is also currently active serving as a member of the boards and various committees of the Saskatchewan Cancer Agency and Pro Docs Ltd.

Karen Prisciak, K.C.

Member

(Appointed July 2021)

Adjudicative Committee

Human Resources and Governance Committee

Karen Prisciak, K.C., has practiced law in Saskatoon for 37 years primarily as a civil litigator. Her practice focused on professional regulation, including prosecution of professionals in discipline matters and judicial reviews at the Court of King's Bench and Court of Appeal.

She frequently provides guidance to Investigation Committees involved in professional discipline. She has presented at legal conferences on topics related to administrative tribunals, their legislation, and the common-law principles applicable to the governance of professionals.

Norm Halldorson

Member

(Appointed August 2018)

Chair of the Adjudicative Committee

Finance and Audit Committee

Norm Halldorson holds a Bachelor of Commerce degree from the University of Saskatchewan, with Honours and with Distinction, and is a Chartered Professional Accountant. He has extensive private sector experience, having retired in 2008 from 40 years in public practice with KPMG, Calgary and Saskatoon, including several senior leadership positions.

He served his profession as a member of Council, chaired several of their committees, and represented them on the U of S Senate. He chaired the Saskatchewan Chamber Awards for Business Excellence and was a Founding Director for the Saskatchewan chapter of the Canadian Association of Family Enterprise. In 1995, he was awarded an FCA designation for distinguished service.

Post retirement, he served on a Corporate Board, chairing their Acquisition and Audit Committees, and served for nine years on the Board of Management of Canada Revenue Agency, and Chair of their Audit Committee.

Gordon Hamilton

Member

(Appointed June 2009)

Chair of Human Resources and Governance Committee

Adjudicative Committee

Gordon Hamilton is a lawyer in private practice with the Saskatchewan law firm, McDougall Gauley LLP. He has extensive experience in human resources, labour relations and administrative law, having served on both the Saskatchewan Labour Relations Board and the Canada Industrial Relations Board. He has recently completed post-graduate studies in adjudication and arbitration law and procedure. Mr. Hamilton has previously held senior positions with Saskatchewan co-operatives and credit unions.

Tracey Bakkeli

Member

(Appointed July 2021)

Adjudicative Committee

Human Resources and Governance Committee

Tracey Bakkeli possesses a unique combination of governance, business and regulatory experience.

Since founding her consulting firm in 1999, she has been a trusted business adviser to private companies, public sector entities, co-operatives, not-for-profits and regulators. Over her career, she has helped boards and senior executives design and implement strategic plans and operational improvements. She has served as a director and committee chair for Canada Deposit Insurance Corporation (CDIC), Sherwood Co-operative, SaskTel, Life Insurance Council of Saskatchewan and the Regina Economic Development Authority. Tracey holds an MBA from the Ivey Business School and a B.Admin. from the University of Regina.

She is the recipient of a Queen's Diamond Jubilee Medal and was included in Saskatchewan Business Magazine's list of women of influence. As a passionate reader, she is delighted to volunteer as a United Way literacy tutor.

Linda Zarzeczny, K.C.

Member

(Appointed June 2023)

Finance and Audit Committee

Adjudicative Committee

Linda Zarzeczny, K.C. was appointed to the Authority in June 2023. Ms. Zarzeczny has a Bachelor of Laws degree from the University of Saskatchewan. She spent time in private practice and as in-house counsel with NOVA Corporation of Alberta. Most of her career has been with the Saskatchewan Ministry of Justice, as Senior Crown Counsel and as a senior manager, where she played a lead role in advising many Ministries. Linda also served as Deputy Superintendent and Deputy Registrar at the Saskatchewan Financial Regulatory Authority. She was Executive Director of the Civil Law Division, the first Assistant Deputy Attorney General of the Legal Services Division, and most recently the Deputy Minister of Justice and Deputy Attorney General for Saskatchewan. Linda has been active in a variety of community and professional organizations, including the United Way, the Canadian Bar Association and Hockey Regina. She was a member of the Board of the Credit Union Deposit Guarantee Corporation and the Law Foundation of Saskatchewan and is on the Dean's Advisory Council for the College of Law. She was awarded a King's Counsel designation in 2006 and the Queen's Platinum Jubilee Medal in 2022.

COMMITTEES OF THE BOARD

The Finance and Audit Committee

Assists the Board of Directors in fulfilling its oversight responsibilities by reviewing:

- our policies and procedures for managing risk;
- our financial statements and other financial information;
- the ways we control our finances and accounting; and
- how we report on our accounting and financial reporting processes and the External Auditor's performance.

This committee also oversees our external and internal audit process and provides advice to continue improving our financial policies and practices.

The Adjudicative Committee

Periodically re-evaluates our policies and procedures for hearings and reviews before the FCAA panels and recommends improvements. This committee also helps panel members stay current on legal issues related to the FCAA's hearing process.

In addition to our board members, one retired judge, The Honourable Eugene Scheibel and former FCAA Vice Chair and former chair of the Adjudicative Committee, Peter Carton have been appointed to this committee. Both also serve as panelists at the FCAA hearings.

The Human Resources and Governance Committee

Provides the Board of Directors advice on human resources and corporate governance matters. The goals of this committee are to ensure the FCAA has:

- a culture of integrity;
- systems in place to assess staff performance;
- systems in place to assess the FCAA's performance – including our Board of Directors and committees;
- appropriate corporate governance policies, practices, and procedures that are being followed;
- an employee compensation and benefit package that attracts and retains qualified staff; and,
- succession planning in place for senior management and other critical positions.

GOVERNING LEGISLATION

The Auctioneers Act and associated Regulations
The Cemeteries Act, 1999 and associated Regulations
The Charitable Fund-raising Businesses Act and associated Regulations
The Collection Agents Act and associated Regulations
The Consumer Protection and Business Practices Act and associated Regulations
The Co-operatives Act, 1996
The Cost of Credit Disclosure Act, 2002
The Credit Reporting Act and associated Regulations
The Credit Union Act, 1985 and associated Regulations
The Credit Union Act, 1998 and associated Regulations
The Credit Union Central of Saskatchewan Act, 2016 and associated Regulations
The Direct Sellers Act and associated Regulations
The Film and Video Classification Act, 2016 and associated Regulations*
The Financial and Consumer Affairs Authority of Saskatchewan Act
The Financial Planners and Financial Advisors Act and associated Regulations**
The Funeral and Cremation Services Act and associated Regulations
The Insurance Act and associated Regulations
The Mortgage Brokerages and Mortgage Administrators Act and associated Regulations
The New Generation Co-operatives Act
The Payday Loans Act and associated Regulations
The Pension Benefits Act, 1992 and associated Regulations
The Pooled Registered Pension Plans (Saskatchewan) Act, 2016 and associated Regulations
The Real Estate Act and associated Regulations
The Sale of Goods Act
The Securities Act, 1988 and associated Regulations
The Ticket Sales Act and associated Regulations
The Trust and Loan Corporations Act, 1997 and associated Regulations

*Bill No. 148, *The Film Content Information Act*, was passed by the Saskatchewan Legislative Assembly and received Royal Assent on March 19, 2024. The new Act comes into force by order of the Lieutenant Governor in Council. Once the new Act comes into force, it will repeal and replace *The Film and Video Classification Act, 2016*.

***The Financial Planners and Financial Advisors Act* was passed by the Saskatchewan Legislative Assembly and received Royal Assent on July 3, 2020, but it is not yet in force. The Regulations are still being developed.

2023-2024 ACCOMPLISHMENTS

The Labour Mobility and Fair Registration Practices Act

The FCAA's Consumer Credit Division continues to provide the required information to comply with *The Labour Mobility and Fair Registration Practices Act* and its regulations. Building on the work carried out in 2022-23, changes were made to the FCAA website to include the required information for persons seeking licensing as a mortgage broker or a mortgage associate.

These changes are beneficial for Saskatchewan residents as they ensure compliance with *The Labour Mobility and Fair Registration Practices Act*, facilitating smoother transitions for individuals seeking licensing as mortgage brokers or associates. By continuing to incorporate necessary information into the FCAA website, prospective licensees gain easier access to essential resources, simplifying the application process and promoting fairness in registration practices.

Film Classification

Since the inception of the current film classification system, the film industry has experienced significant transformations. The FCAA recognized this shift and, in its Strategic Plan for the 2021-2024 period, committed to exploring new approaches to film classification in Saskatchewan to achieve more streamlined and efficient film classification while maintaining consumer protections. On March 19, 2023 *The Film Content Information Act* received royal assent in the Saskatchewan Legislature.

The Film Content Information Act removes the registration and filing requirements for exhibitors and distributors and the approval requirements for advertising associated with films.

The Film Content Information Act removes the requirement for a classification authority to give films age-based ratings and requires exhibitors to provide the public with information respecting a film's content that would be relevant to persons who intend to view a film.

These changes reduce unnecessary red tape and compliance costs for businesses, while continuing to ensure that consumers will have the film content information they need to make informed viewing choices.

Consumer Disputes Online Dispute Resolution System

In March 2023, the FCAA introduced an online dispute resolution platform for consumer disputes called My Consumer Rights. This initiative revolutionizes how consumers and businesses manage disputes. Prior to its introduction, consumers and businesses experienced system inefficiencies that often burdened them with excessive wait time, effort, and costs.

My Consumer Rights addresses these challenges by streamlining the dispute resolution process to be more effective, simple, and fast – ensuring fair and accessible justice for consumers and businesses.

In a few clicks, the system empowers citizens to advocate for their rights and equips businesses with information to fulfill their responsibilities. It also guides users through a system-led, party-to-party negotiation and supports a facilitated resolution process, in which the FCAA staff and independent mediators can assist.

My Consumer Rights has already provided tangible benefits to Saskatchewan citizens and transformed how we deliver services. Greater clarity around legal rights and obligations has resulted in a 26.2 per cent year-over-year decrease in the number of disputes submitted to the FCAA.

Individual Pension Plan and Designated Pension Plan Exemption Consultation

In 2023-2024, the FCAA's Pensions Division completed a consultation regarding exempting certain types of individual pension plans (IPPs) and designated pension plans (DPPs) from registration and regulation under *The Pension Benefits Act, 1992*.

The consultation process provided feedback that will inform the FCAA's recommendations to the Government regarding amendments to *The Pension Benefits Regulations, 1993*, which will alleviate the regulatory burden faced by Saskatchewan employers who have established IPPs or DPPs, creating an environment that promotes growth and success.

Saskatchewan Capital Markets Participants Consultation

Following consultations with market participants, the Securities Division finalized a report on the FCAA Capital Raising Consultation Project which will be released September of 2024. Enhancements to the capital raising framework hold the potential to cultivate a more robust capital market in Saskatchewan.

Recognizing the importance of periodic regulatory reviews, the FCAA aims to create an environment where issuers can navigate capital raising procedures seamlessly, free from avoidable red tape. Ultimately, the people of Saskatchewan stand to gain from a resilient capital market, aimed to stimulate economic growth within the province.

KEY MATTERS ADJUDICATED BY PANELS

Jay Max Olesiuk and Aero Capital Ltd. and or Aero Capital Inc.

The Respondent, Jay Max Olesiuk was convicted criminally for defrauding investors. In a separate FCAA regulatory proceeding, the panel held that it would be appropriate to apply the provisions of *The Securities Act, 1988* (Saskatchewan), which permit the commission to make orders where a person has been convicted in any jurisdiction of an offence arising from a transaction, business or course of conduct related to securities or derivatives.

The panel found, with respect to sanctions, that it was appropriate to order a permanent ban on the Respondent, Olesiuk, in addition to the following matters: prohibitions on trading, acquiring securities or derivatives for and on behalf of residents of Saskatchewan, and to cease giving advice respecting securities and derivatives. The panel also ordered that the Respondent, Olesiuk:

- Shall resign any position that he holds as a director or officer of an issuer, registrant, or investment fund manager.
- Is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, permanently.
- Is prohibited from becoming or acting as registrant, investment fund manager, or promoter, permanently.
- Shall not be employed by any issuer, registrant, or investment fund manager in any capacity that would allow him to trade in securities or derivatives permanently.

MK Futures & Maitlan Knoke

The matter was concluded via a settlement agreement which was approved by a hearing panel of the FCAA pursuant to *The Securities Act, 1988* (Saskatchewan). The Respondents admitted to dealing in securities, to defrauding the investors, and failing to provide a preliminary prospectus or prospectus. The Respondents also consented to a permanent cease trade order and \$40,000 administrative penalty. The panel approved the settlement agreement.

Portfolio Strategies Corporation (represented by Mark Stephen Kent)

This appeal was from the second hearing of a matter by the Market Practices Committee of the Insurance Council of Saskatchewan (MPC) which held, in both hearings, that the Appellant had been in breach of the Bylaws of the Life Insurance Council (Bylaws). Just prior to the second hearing, the Appellant had submitted an objection to one of the three members of the second MPC, arguing that he should be removed for reasonable apprehension of bias on the basis that he was a member of the MPC at the original hearing. The objection was denied, and the hearing proceeded. The Appellant appealed the second decision arguing that the second MPC did not apply the correct test to determine whether there was a reasonable apprehension of bias or, in the alternative, that it applied the test incorrectly.

The appeal panel held that the second MPC did not apply the correct test and alternatively, if it did, it did so incorrectly. It also found that a reasonable and informed person would find it more probable that there was a reasonable apprehension of bias. In stating the importance of fairness and impartiality to administrative tribunals, the matter was once again remitted back to a MPC hearing.

Edna Keep and 3D Real Estate Investments Ltd. [Financial compensation decision]

The Respondents promoted and sold investors' interests in real estate developments in Regina. In a merits decision, the Respondents were found to have contravened various provisions of *The Securities Act, 1988* (Saskatchewan). The panel imposed a four-year industry ban, a \$30,000.00 administrative penalty, and costs of \$8,700.00 on the Respondents. The FCAA Securities Division Executive Director submitted a request for financial compensation on behalf of sixteen investors. Two of those investors testified at the merits hearing. The request for financial compensation was denied by the panel.

The panel held that its findings in relation to the merits decision were limited to the two investors who testified at the merits hearing. The panel held that it was not persuaded that the Respondents' contraventions caused the loss. The panel rejected the evidence from investors other than these two investors.

ENFORCEMENT ACTIVITIES

Select enforcement matters conducted by the FCAA Divisions in the 2022-23 fiscal year.

Re 1414695 Alberta Ltd. (141 Ltd.)

1414695 Alberta Ltd. was found to be carrying on business in Saskatchewan as a mortgage administrator without having the licence required by *The Mortgage Brokerages and Mortgage Administrators Act*. Upon careful review and consideration of the written submissions and the accompanying documents, the Deputy Superintendent of Financial Institutions imposed an administrative penalty of \$6,000 on 141695 Alberta Ltd. to be paid in full by May 30, 2025.

Re 102069557 SASKATCHEWAN LTD. dba BIG Q AUTO

After consideration and the investigation of several complaints, the Deputy Director decided to demand forfeiture of financial security filed by 102069557 SASKATCHEWAN LTD. doing business as Big Q Auto as they were found to have contravened *The Consumer Protection and Business Practices Act and Regulations* in its dealings with consumers. The Deputy Director decided to demand Big Q Auto's financial security in the amount of \$25,000 be forfeited to the Crown in right of Saskatchewan. In this decision, the Deputy Director did not decide how moneys realized from the bond should be paid for valid claims. Following payment of the bond moneys, the Deputy Director will provide claimants with an opportunity to respond to the proposed determination for their claims.

Re 102069557 SASKATCHEWAN LTD. dba BIG Q AUTO

102069557 SASKATCHEWAN LTD. dba BIG Q AUTO applied under section 58 of *The Consumer Protection and Business Practices Act* for a vehicle dealer licence. The Deputy Director proposed to refuse to grant the application. Big Q Auto requested an opportunity to be heard at an oral hearing on the matter. A hearing was held, after which, the Deputy Director decided to refuse Big Q Auto's application because Big Q Auto has not met the licensing criteria and requirements, has not complied with the Act and Regulations and is not suitable to be licensed.

Re Jay Max Olesiuk

Jay Max Olesiuk, was convicted criminally for defrauding investors. In separate FCAA regulatory proceedings, the Panel held that it would be appropriate to apply the provisions of *The Securities Act, 1988*, which permit the Commission to make orders where a person has been convicted in any jurisdiction of an offense arising from a transaction, business or course of conduct related to securities or derivatives.

The Panel found, with respect to sanctions that it was appropriate to order a permanent ban on Jay Max Olesiuk as to the following matters: prohibitions on trading, acquiring securities or derivatives for and on behalf of residents of Saskatchewan, and to cease giving advice respecting securities and derivatives.

MK Futures and Maitlan Knoke

MK Futures and Maitlan Knoke used a fake “Government Tenders Program” to solicit fake investments sales. They were not registered as a dealer nor a representative of a registered dealer. Pursuant to the terms of an approved settlement agreement, MK Futures and Maitlan Knoke admitted to a breach of *The Securities Act, 1988*, by engaging in or holding themselves out as engaging in the business of trading in securities or derivatives as principal or agent without being registered to do so. The terms of the approved settlement include a permanent industry ban and a \$40,000 administrative monetary penalty.

MEET THE FCAA TEAM

Olha Atamanchuk Senior Policy Analyst, Corporate Services

Olha is responsible for leading cybersecurity initiatives, providing support with operational planning, reporting and policy development. She also contributes to organizational efforts by evolving our business continuity and project management. Through cybersecurity initiatives, Olha plays a pivotal role in safeguarding the cybersecurity of the FCAA, ensuring its resilience against potential cyber threats. She contributes to the operational efficiency of the organization through strategic planning, enterprise risk management, and business continuity planning.

Olha expressed that she enjoys collaborating with talented individuals and assisting them in their professional endeavors. Additionally, she appreciates being able to work on a diverse range of projects and loves the new challenges and learning opportunities that her role brings.

Haley Irwin Legal Counsel, Legal Branch

Haley serves as a vital support within the Consumer Credit Division, offering expertise in identifying legal issues, interpreting legislation, and evaluating legal risks. She also advises hearing panels on administrative law matters and represents the FCAA in court proceedings. Haley's efforts are essential in ensuring that the FCAA decisions adhere to legal frameworks and afford procedural fairness for all parties involved.

Haley shared that she finds fulfillment in simplifying complicated legal concepts for her colleagues and the public. Her ability to bridge the gap between legal complexities and practical understanding is one of her favorite aspects of the role.

Debbi McCaig-Paisig Director, Consumer Credit

Debbi and her team of experts, ensure compliance with legislation and regulations, overseeing licensee requirements and responding to consumer inquiries. Her role includes regulatory oversight of provincially regulated deposit-taking institutions, trust companies and lenders, which is key in protecting consumers. In addition, Debbi's team is responsible for regulating the mortgage brokerages, brokers, associates and mortgage administrators ensuring a high standard of market integrity.

Debbi shared that she enjoys new challenges and her job requires constant critical thinking and collaboration with her dedicated team. She finds satisfaction in identifying innovative solutions, contributing to a fair and transparent financial marketplace in Saskatchewan.

Dean Murrison Executive Director, Securities

Dean and the Securities Division team are responsible for administering *The Securities Act, 1988*, the purpose of which is to provide protection to investors and to foster fair, efficient capital and derivatives markets and confidence in those markets. They do this by ensuring only honest, proficient, and financially sound firms and representatives are registered to sell securities or derivatives. They also seek to detect, disrupt, and deter bad players in the marketplace. Early intervention and education of the investing public on how to avoid scams is key to public protection.

Dean notes that ensuring there is a marketplace where regulation allows small businesses to develop and grow, and investors feel safe to save for their future goals, is fundamental to the economy of our province. To work with a dedicated team to create this environment is very satisfying.

Travis Nepper Investigator, Consumer Protection

Travis undertakes important tasks focused on investigating consumer complaints, facilitating communication between parties, raising educational awareness, and enforcing regulatory legislation. He contributed to the development and implementation of the division's new online dispute platform, which has become the primary tool used for consumer complaints. Travis' role promotes confidence among Saskatchewan consumers by fostering a fair marketplace and guiding both consumers and businesses in understanding their rights and responsibilities under the law.

One of the aspects Travis finds most fulfilling in his role is the opportunity to engage with a diverse array of stakeholders, including consumers, business owners, and fellow professionals. He enjoys being able to help make the Saskatchewan marketplace responsible and fair for everyone.

Obimma Onuegbu Senior Compliance Officer, Audit and Finance

Obimma and the Audit and Finance team are responsible for developing and implementing a compliance audit program for registered pension plans in Saskatchewan. He assesses pension plans' compliance with *The Pensions Benefits Act, 1992* and pension standards legislation. He also oversees plan administrators' compliance with the pension plan text. Obimma communicates any concerns and deficiencies to pension plan administrators, works with them to resolve the issues, and makes recommendations as required.

This work ensures that pension plan members receive their rightful entitlement and is essential for the proper functioning of the pension plan, while also identifying and communicating risk trends in Saskatchewan.

He notes that one of the most rewarding aspects of his role is the chance to identify and resolve discrepancies in pension contributions, safeguarding plan members to receive the full extent of their deserved benefits.

Jennifer Schmidt

Financial Institutions Officer, Insurance and Real Estate

As a Financial Institutions Officer, Jennifer's role includes ensuring compliance with legislation and regulations within the insurance sector. She is responsible for reviewing applications from insurers and special brokers, responding to consumer inquiries, and investigating complaints to uphold regulatory standards. Jennifer's role ensures that licensed insurers in the province of Saskatchewan operate within the bounds of the law, fostering transparency and consumer protection.

Jennifer expressed that she enjoys working with licensees and consumers to ensure compliance with legal mandates and exploring alternative solutions when necessary. By promoting open communication, Jennifer creates an environment where she is able to understand the diverse needs and concerns of all parties involved.

CLIENT SERVICE STANDARDS

CONSUMER CREDIT

Review an application for licensing and issue a licence or an initial comment letter within 15 business days.

INSURANCE AND REAL ESTATE

Review an application for licensing and issue a licence or an initial comment letter within 30 business days.

PENSIONS

Review an application for plan registration and approve or provide an initial comment letter within 45 business days.

SECURITIES

Review registration submission for individual registrants and approve or respond within 10 business days when the FCAA is the principal regulator.

Review long form prospectus and provide initial comments within 10 business days of the date of the preliminary receipt issued when the FCAA is the principal regulator.

Review short form prospectus and provide comments within three business days of the date of the preliminary receipt when the FCAA is the principal regulator.

CONSUMER PROTECTION

Respond to 95 per cent of callers within two business days.

Review an application for licensing and issue a licence or an initial comment letter within 15 business days

HOW WE MEASURE SUCCESS

STAKEHOLDERS - How do stakeholders see us?

Effectiveness of the FCAA as a regulator.

OUR STAFF - How do we continue to improve, innovate, and create value?

Build employee engagement.

Provide learning and training opportunities for staff.

OPERATIONAL/INTERNAL - How do we demonstrate operational excellence?

Client service standards achieved.

FINANCIAL - How are we accountable?

Variance from operational budget is contained.

MEASURE	DATA	WHY CHOSEN	TARGET	PERFORMANCE
Effectiveness of the FCAA as a regulator	Stakeholder Survey	Stakeholder views on the effectiveness of regulation are important	Meet or exceed 75%	
		The FCAA's assessment criteria for approving applications and renewals are clear.		76%
		The FCAA clearly describes ongoing compliance requirements.		81%
		The FCAA's processing time for approving applications or renewals is reasonable.		81%
		The FCAA keeps me well informed of regulatory changes and other information I need to conduct business.		78%
Build Employee Engagement	Employee Survey* (Based on employee ratings of overall satisfaction)	The FCAA's most valuable resource is its staff	Achieve 80%	83.3% Employee Engagement
Learning and Training Opportunities	Employee Survey Employee reporting	We want to ensure we maintain an appropriately trained workforce	80% employee participation	85.7% of Employees
Variance from Operational Budget	2023/24 Financial Statements	Managing within authorized amounts indicates efficiency	Within 10% of Expenditure Budget	16.4% over budget

*The Employee Engagement Survey is conducted every two years. These numbers reflect the January 2024 responses.

MEASURE	DATA	WHY CHOSEN	TARGET	PERFORMANCE
Client Service Standards	Consumer Credit: Number of licensing applications reviewed	Review an application for licensing and issue a licence or an initial comment letter within 15 business day	138	100%
	Insurance and Real Estate: Number of licensing applications reviewed	Review an application for licensing and issue a licence or an initial comment letter within 30 business day	5	100%
	Pensions: Number of applications for plan registration	Review an application for plan registration and approve or provide an initial comment letter within 45 business days	15	100%
	Securities: Registration submissions reviewed	Respond to individual registrant submission within 10 business days	6,698	99.7%
	Long form prospectuses reviewed	Provide comments on long form prospectuses within 10 business days	2	100%
	Short form prospectuses reviewed	Provide comments on short form prospectuses within three business day	5	100%
	Consumer Credit: Number of telephone inquiries	Respond to 95% of callers within two business days	4,111	100%
	Number of licensing applications reviewed	Review an application for licensing and issue a licence or an initial comment letter within 15 business days	1,640	91%

DIVISION STATISTICS

INSURANCE AND REAL ESTATE DIVISION

ACTIVITY	2023-2024	2022-2023
Licensing / Registrations in Force		
Life Insurers	57	60
Property and Casualty Insurers	155	154
Special Broker Endorsement	16	13
Complaints and Investigations	47	49
Enforcement Actions	0	0

CONSUMER PROTECTION DIVISION

ACTIVITY	2023-2024	2022-2023
Licences / Registrations in Force:		
Auction Sales Companies	62	79
Auctioneers	41	47
Cemeteries	499	494
Charitable Fundraising Businesses	5	6
Collection Agencies	74	78
Collection Agents	3258	3,391
Credit Reporting Agencies	23	19
Direct Sellers Vendors	129	147
Direct Sellers Salespersons	51	86
Film and / or Video Exhibitor, Distributor, or Retailer	201	201
Vehicle Dealers	851	842
Complaints and Investigations	262	355
Enforcement Actions	49	42

PENSIONS DIVISION

ACTIVITY	2023-2024	2022-2023
Number of Plans Supervised	506	514
Number of Members in Plans Supervised	194,334	192,025
Complaints and Investigations	10	5
Enforcement Actions	1	5

SECURITIES DIVISION		
ACTIVITY	2023-2024	2022-2023
Registrations in Force:*		
Investment Dealers	125	126
Investment Dealer Representatives	8,858	8,568
Mutual Fund Dealers	60	56
Mutual Fund Dealer Representatives	5,539	5,114
Exempt Market Dealers	324	311
Exempt Market Dealer Representatives	2,498	2,167
Scholarship Plan Dealers	4	4
Scholarship Plan Dealer Representatives	66	73
Restricted Dealers	11	12
Restricted Dealer Representatives	15	15
Portfolio Managers	282	270
Advising Representatives	2,273	2,144
Associate Advising Representatives	420	423
Restricted Portfolio Managers	5	4
Advising Representatives	15	12
Associate Advising Representatives	2	4
Investment Fund Managers	40	38
Receipts for Prospectuses	4,613	4,855
Reporting Issuers in Saskatchewan	6,481	6,451
Complaints and Investigations	113	77
Enforcement Actions	4	14

*Some firms and individuals are registered in multiple categories.

CORPORATE SERVICES / COMMUNICATIONS

ACTIVITY	2023-2024	2022-2023
Public Education Campaigns	6	6
Consumer / Investor Alerts	29	21
Facebook Reach Facebook Impressions	1,535,726 4,260,246	990,544
Twitter Impressions	118,956	73,937
Instagram Reach Instagram Impressions	48,397 50,479	9,664
LinkedIn Impressions	9,320	6,957
Website Visitors	109,409*	207,183

*Due to a platform migration, the website analytics do not reflect the FCAA's website performance for the full 2023-2024 fiscal year as data prior to the migration is no longer available.

CONSUMER CREDIT DIVISION

ACTIVITY	2023-2024	2022-2023
Financing Corporations	181	187
Trust Corporations	47	46
Loan Corporations	7	7
Loan Brokers	6	5
Mortgage Brokerages	75	62
Mortgage Brokers	146	127
Mortgage Associates	385	317
Mortgage Administrators	3	3
Payday Lenders	45	47
Credit Unions	32	33
Complaints and Investigations	31	34
Enforcement Actions	3	0

THE FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN

Financial Statements for the year ended March 31, 2024

Management's Responsibility for the Financial Statements

The Financial and Consumer Affairs Authority of Saskatchewan

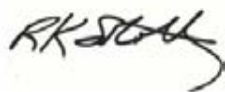
Report of Management for the Year Ended March 31, 2024

The accompanying financial statements are the responsibility of the management of the Financial and Consumer Affairs Authority of Saskatchewan. They have been prepared in accordance with Canadian public sector accounting standards, using management's best estimates and judgments where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies, and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Authority's Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The financial statements have been reviewed and approved by the Board.

The Office of the Provincial Auditor has audited the Financial and Consumer Affairs Authority of Saskatchewan's financial statements in accordance with Canadian generally accepted auditing standards and its report follows.



Roger Sobotkiewicz K.C.
Chair and Chief Executive Officer
July 11, 2024



Tony Herdzik CPA, CA
Chief Financial Officer and
Executive Director, Audit and Finance Branch
July 11, 2024



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Financial and Consumer Affairs Authority of Saskatchewan, which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Financial and Consumer Affairs Authority of Saskatchewan as at March 31, 2024, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Financial and Consumer Affairs Authority of Saskatchewan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Financial and Consumer Affairs Authority of Saskatchewan's Annual Report 2023/2024, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or any knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Financial and Consumer Affairs Authority of Saskatchewan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Financial and Consumer Affairs Authority of Saskatchewan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Financial and Consumer Affairs Authority of Saskatchewan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Financial and Consumer Affairs Authority of Saskatchewan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Financial and Consumer Affairs Authority of Saskatchewan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Financial and Consumer Affairs Authority of Saskatchewan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

Regina, Saskatchewan
July 17, 2024

A handwritten signature in black ink that reads 'T. Clemett'.

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Statement 1

**The Financial and Consumer Affairs Authority of Saskatchewan
Statement of Financial Position
As at March 31**

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash	\$ 2,292	\$ 2,783
Due from General Revenue Fund (Note 4)	16,273,867	17,514,587
Accounts receivable	190,658	220,577
Total financial assets	<u>16,466,817</u>	<u>17,737,947</u>
Liabilities		
Accounts payable and accrued liabilities	1,493,642	1,714,969
Dividend payable to General Revenue Fund (Note 5)	18,933,222	19,294,804
Unearned revenue (Notes 2 and 13)	10,225	840,922
Conditional receipts (Note 14)	25,000	-
Total liabilities	<u>20,462,089</u>	<u>21,850,695</u>
Net Debt (Statement 3)	<u>(3,995,272)</u>	<u>(4,112,748)</u>
Non-Financial Assets		
Tangible Capital Assets (Notes 2 and 10)	3,965,242	3,957,555
Prepaid expenses	30,030	155,193
Total Non-Financial Assets	<u>3,995,272</u>	<u>4,112,748</u>
Accumulated Surplus (Statement 2)	<u>\$ -</u>	<u>\$ -</u>

Contractual Obligations (Note 9) and Contingencies (Note 16)
(See accompanying notes to the financial statements)

APPROVED BY THE BOARD



Chairperson



Chairperson, Finance and Audit Committee

Statement 2

**The Financial and Consumer Affairs Authority of Saskatchewan
Statement of Operations
for the Year Ended March 31**

	Annual Budget 2024	Actual 2024	Actual 2023
	(Note 18)		
Revenue			
Revenue (Notes 2 and 12)	\$ 23,481,000	\$ 29,878,982	\$ 29,576,893
Expenses			
Salaries and benefits	7,090,000	7,444,738	7,248,205
Travel (Note 15)	65,000	41,599	32,593
Contract services	935,000	1,253,943	1,015,131
Communications	22,000	63,222	60,239
Rent, supplies and services	1,425,000	1,342,590	1,187,065
Minor asset purchases	10,000	25,013	29,836
Information Systems Development	179,000	-	-
Operational funding and transfers (Note 17)	186,000	186,000	180,000
Amortization (Notes 2 and 10)	-	588,655	529,020
Total expenses	9,912,000	10,945,760	10,282,089
Annual Surplus (Note 11)	13,569,000	18,933,222	19,294,804
Accumulated Surplus, beginning of year	-	-	-
Less:			
Dividend to General Revenue Fund (Note 5)	(13,569,000)	(18,933,222)	(19,294,804)
Accumulated Surplus, end of year (Statement 1)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes to the financial statements)

Statement 3

**The Financial and Consumer Affairs Authority of Saskatchewan
Statement of Changes in Net Debt
for the Year Ended March 31**

	Annual Budget 2024	Actual 2024	Actual 2023
	(Note 18)		
Annual Surplus (Statement 2)	\$ 13,569,000	\$ 18,933,222	\$ 19,294,804
Acquisition of tangible capital assets (Note 10)	(179,000)	(596,342)	(1,967,436)
(Increase) decrease in prepaid expenses	-	125,163	(108,482)
Amortization of tangible capital assets	-	588,655	529,020
Dividend to the General Revenue Fund (Note 5)	(13,569,000)	(18,933,222)	(19,294,804)
(Increase) decrease in net debt	<u>\$ (179,000)</u>	117,476	(1,546,898)
Net debt, beginning of year		<u>(4,112,748)</u>	<u>(2,565,850)</u>
Net debt, end of year (Statement 1)		<u>\$ (3,995,272)</u>	<u>\$ (4,112,748)</u>

(See accompanying notes to the financial statements)

Statement 4

**The Financial and Consumer Affairs Authority of Saskatchewan
Statement of Cash Flows
for the Year Ended March 31**

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities*		
Annual Surplus (Statement 2)	\$ 18,933,222	\$ 19,294,804
Items not involving cash		
Amortization of tangible capital assets	588,655	529,020
Changes in non-cash working capital		
Accounts receivable	29,919	(164,950)
Prepaid expenses	125,163	(108,482)
Accounts payable and accrued liabilities	(221,327)	209,576
Conditional receipts	25,000	(150,000)
Unearned revenue	(830,697)	(144,637)
Cash Provided by Operating Activities	<u>18,649,935</u>	<u>19,465,331</u>
Cash Flows Used in Financing Activities		
Dividend to the General Revenue Fund	(19,294,804)	(19,985,011)
Cash Flows Used in Capital Activities		
Tangible Capital Asset Additions (Note 10)	(596,342)	(1,967,436)
Net Decrease in Cash	<u>(1,241,211)</u>	<u>(2,487,116)</u>
Cash and cash equivalents, beginning of year	<u>17,517,370</u>	<u>20,004,486</u>
Cash and cash equivalents, end of year	<u><u>16,276,159</u></u>	<u><u>17,517,370</u></u>
Cash and cash equivalents consists of:		
Cash	2,292	2,783
Due from General Revenue Fund	<u>16,273,867</u>	<u>17,514,587</u>
	<u><u>\$ 16,276,159</u></u>	<u><u>\$ 17,517,370</u></u>

*includes cash interest receipts of \$322,004 (2023 - \$136,574)

(See accompanying notes to the financial statements)

The Financial and Consumer Affairs Authority of Saskatchewan Notes to the Financial Statements for the Year Ended March 31, 2024

1. Authority and Purpose

The Financial and Consumer Affairs Authority of Saskatchewan (the FCAA) was established under the provisions of *The Financial and Consumer Affairs Authority of Saskatchewan Act* being Chapter F13.5 of The Statutes of Saskatchewan, proclaimed in force on October 1, 2012.

The FCAA is a Treasury Board Crown corporation within the meaning of *The Crown Corporations Act, 1993*.

The FCAA's mission is to promote confidence through innovative regulation and education for Saskatchewan's marketplace. The FCAA enhances consumer protection through licensing and registration, audit and compliance, market conduct, complaint handling, and enforcement activities pursuant to various provincial statutes.

The FCAA has five operating divisions to carry out its mandate.

- Consumer Credit Division - regulates and supervises Saskatchewan credit unions; trust, loan and finance companies; loan and mortgage brokers; and payday lenders. The Division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.
- Insurance and Real Estate Division - licenses all companies which transact insurance in Saskatchewan. It protects insurance policyholders through solvency regulation of provincial insurance companies and market conduct regulation of federal and provincial companies. The Division oversees the Insurance Councils of Saskatchewan with respect to rules applied to insurance agents and brokers. The Division also protects real estate buyers and sellers by overseeing the Saskatchewan Real Estate Commission regarding the rules for real estate brokers and salespersons.
- Securities Division – protects investors by regulating the sale of securities and derivatives, without undue restrictions, to ensure that those who sell securities and derivatives to investors are honest and competent; investors are provided with selling documents that contain truthful, complete, and understandable information on which to base their investment decisions; buyers and sellers have equal access to information about companies trading in the secondary markets; and those who take undue advantage of investors are held to account.
- Pensions Division – protects Saskatchewan employees' pensions. The Division establishes standards for the structure, administration, investment, and ongoing funding of plans. The Division bolsters public confidence in the pension system by identifying and managing risks and problems while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.

- Consumer Protection Division – supports and promotes fair trading in goods and services purchased or acquired from a business for personal, household and family purposes. It strives to protect consumers and maintain a fair trading and business environment through: market regulation, sector-specific business and salesperson licensing, complaint investigations, information and education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement, research, and by taking action on behalf of vulnerable consumers who have been deceived or misled. The Division also supports the administration and film classification services pursuant to *The Film and Video Classification Act 2016* and Regulations 2018 and oversees the Funeral and Cremation Services Council.

In addition, the FCAA has Legal, Corporate Services and Audit and Finance Branches. The Legal Branch provides legal and policy support to the FCAA, other than the Securities Division, which has its own legal team. The Corporate Services Branch handles the internal administration for the FCAA. The Audit and Finance Branch conducts audits and reviews to support the Insurance and Real Estate, Consumer Credit and the Pensions Divisions and provides financial reporting and internal control recommendations for the FCAA.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) issued by the Public Sector Accounting Board. A statement of re-measurement gains and losses has not been presented in these financial statements, as the carrying value of all financial instruments approximates their fair value.

The following accounting principles are considered significant:

(a) Revenue Recognition

(i) Fees and Other Sources of Revenue

Fees and other sources of revenue are recognized as the related performance obligation is satisfied.

Securities registration fees are, by agreement, collected and remitted to the FCAA by the Canadian Investment Regulatory Organization (CIRO). The fees remitted to the FCAA are net of CIRO's administration fees. The FCAA records the gross fees collected by CIRO and records an offsetting expense equal to the CIRO's administration charge. For the year ended March 31, 2024, net administration fees charged by CIRO totalled \$120,108 (2023 - \$120,995).

(ii) Unearned Revenue

Fees received in advance by the Consumer Credit Division for licence applications for trust and loans, mortgage brokers, and payday lenders are reported as revenue in the fiscal year in which the licence is issued. Fees received in one fiscal period for licences issued in the following fiscal period are treated as unearned revenue.

(iii) Penalties and cost awards

Penalties and cost awards are recognized when the decision is issued, or settlement reached, and there is a clear demonstrated assurance of collectability. In the absence of this assurance, the revenue is recognized only when it has been received.

(b) Expenses

Expenses represent the cost of resources consumed for operations during the year. Expenses include provision for the amortization of tangible capital assets.

Transfers are recognized as expenses in the period during which the transfer is authorized, and any eligibility criteria are met.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. The FCAA has four functional tangible capital assets. Two of the FCAA's functional tangible capital assets were for system development costs for the Registration and Licensing System (RLS) implemented by most of the FCAA's operating divisions and the Online Dispute Resolution (ODR) system implemented by the Consumer Protection Division. The other two functional tangible capital assets are for leasehold improvements and office furniture and equipment. All of the FCAA's tangible capital assets are being amortized on a straight-line basis over an estimated useful life of 10 years.

Refer also to Note 10.

(d) Use of Estimates

These statements are prepared in accordance with Canadian PSAS. These statements require management to make estimates and assumptions that affect the reported amounts of assets/liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates. Differences are reflected in the Statement of Operations in the period in which they become known.

(e) New Accounting Standards Adopted

PS 3400 Revenue (effective for fiscal years beginning on or after April 1, 2023) has been applied in preparing these financial statements. PS 3400 provides the guidance for recognition, measurement, and presentation of revenues common to government other than tax revenues and government transfers.

Due to the implementation of PS 3400, the FCAA no longer recognizes unearned revenue on long term licences issued as it was determined that there are no further performance obligations required for the FCAA to recognize this revenue. With the adoption of PS 3400, the FCAA recognized \$827,397 of previously recorded unearned revenue as revenue in fiscal 2024.

PS 3160 Public Private Partnerships (P3s) (effective for fiscal years beginning on or after April 1, 2023) a new standard establishing guidance on the recognition, measurement, presentation, and disclosure of infrastructure procured through certain types of P3 arrangements has been considered for the FCAA and determined to have no impact.

PSG 8 Purchased Intangibles (effective for fiscal years beginning on or after April 1, 2023), a new guideline permitting recognition of intangible assets that are acquired through an arm's length exchange transaction between willing parties, has been considered for the FCAA and determined to have no impact.

3. Financial Instruments

The FCAA's financial instruments include due from and dividend payable to the General Revenue Fund (GRF), accounts receivable, accounts payable and accrued liabilities. The carrying amount of these instruments approximates their fair value due to their short-term nature. These instruments have no material interest rate risk or credit risk.

4. Due from GRF

The FCAA's bank account is included in the GRF and accounted for separately through an accounting segregation. Interest earned on the balance attributed to the FCAA is calculated and paid into the account using the Government of Saskatchewan's 30-day borrowing rate and the FCAA's average daily bank account balance. For the year ended March 31, 2024, interest earned totalled \$336,093 (2023 - \$247,929). At March 31, 2024, accounts receivable included \$137,079 in interest receivable (2023 - \$122,990). The average 30-day borrowing rate for the year ended March 31, 2024 was 4.89% (2023 – 2.89%).

5. Dividend to GRF

The FCAA follows a directive from Treasury Board to pay any surplus to the GRF as a dividend.

For the year ended March 31, 2024, the FCAA has recorded a dividend payable to the GRF of \$18,933,222 (2023 - \$19,294,804).

6. Employee Future Benefits

The FCAA's employees participate in the Public Employees Pension Plan (PEPP), a multi-employer defined contribution pension plan. Pension costs of \$511,945 (2023 - \$533,763) are included in salaries and benefits and comprise the employer contributions for current service of employees during the year. The FCAA's liability for PEPP is limited to making its required contributions to the plan.

The FCAA provides sick leave benefits for employees. These benefits, if unused, accumulate, but do not vest. The FCAA has not recorded an accrued sick leave benefit obligation, as it has been determined to be immaterial.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards, and commissions related to the FCAA by virtue of common control or shared control by the government (collectively referred to as "related parties"). Related parties also include key management personnel and close family members and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual and Board Members.

The significant related party transactions incurred by the FCAA and reflected in these financial statements were paid to the Ministry of SaskBuilds and Procurement for information technology equipment and support, and other administrative support services, totaling \$647,086 (2023 - \$467,073). Included in accounts payable and accrued liabilities is \$31,764 (2023 - \$2,367) owing to the Ministry of SaskBuilds and Procurement. These transactions were recorded at mutually agreed upon rates and settled at normal trade terms.

These financial statements reflect the salary costs of the FCAA's employees and include the costs of employee benefits, including pension costs (Refer to Note 6), incurred for the FCAA by the Province of Saskatchewan relating to those employees. The FCAA reimburses the Ministry of Finance for these employee benefit costs. For the year ended March 31, 2024, employee benefit costs totalled \$1,111,648 (2023 - \$1,127,945). Included in accounts payable and accrued liabilities is \$327,367 (2023 - \$Nil) owing to the Ministry of Finance.

Included in accounts payable and accrued liabilities is \$16,958 (2023 - \$22,993) owing to the Saskatchewan Workers Compensation Board.

These financial statements do not reflect the costs incurred by a number of related parties on behalf of the FCAA. During the period ended March 31, 2024, the FCAA received substantial administrative services from the Ministry of Finance without charge. In addition, the FCAA, by agreement, received substantial services from the Public Service Commission relating to human resource management and payroll processing without charge.

Other transactions and amounts due to and from related parties are described separately in the financial statements and notes.

8. The FCAA's Key Management and Governance Personnel Compensation

Key management of the FCAA include the Chair and CEO, and the nine division/branch executive directors and other management personnel. Compensation paid to key management personnel is shown below.

Members of the Board of Directors are responsible for the management of the affairs and business of the FCAA, through oversight, ensuring that management fulfills its responsibilities. Board and Panel Members are compensated through hearing and meeting per diems and annual retainers.

	<u>2024</u>	<u>2023</u>
Salaries and short term employee benefits	\$1,885,150	\$1,955,328
Post employment benefits (PEPP)	148,260	154,789
Board and Panel Member per diems	45,914	35,875
Board and Panel Member retainers	94,600	94,600
	<u>\$2,173,924</u>	<u>\$2,240,592</u>

Included in accounts payable and accrued liabilities is \$17,679 (2023 - \$16,807) owing to Board Members.

Board and Panel Member per diems by nature are variable based on the number of hearings and committee meetings taking place per fiscal year.

9. Contractual Obligations

On June 23, 2022, the FCAA entered into a ten-year contractual obligation for its premises. The term of the new Lease Agreement commenced on April 1, 2023. Base rent under the Lease Agreement is \$15,072 per month. Terms for additional rent in the form of taxes and operating costs are currently \$27,323 per month and are adjusted annually. The Lease Agreement provided for leasehold improvements, with costs to be paid by the Landlord up to a certain threshold and then the FCAA repaying any excess costs. The Lease Agreement also provides for parking spaces. The future minimum lease payments are estimated as follows:

2024/25	\$508,742
2025/26	508,742
2026/27	508,742
2027/28	518,790
2028/29	548,934
2029 to 2032	2,058,502

10. Tangible Capital Assets

	<u>2024</u>			<u>2023</u>	
	<u>Office Furniture and Equipment</u>	<u>System Development Costs</u>	<u>Leasehold Improvements</u>	<u>Totals</u>	<u>Totals</u>
Opening Cost	\$ -	\$ 5,290,203	\$ -	\$ 5,290,203	\$ 3,322,767
Additions During the Year	68,386	-	527,956	596,342	1,967,436
Closing Cost	68,386	5,290,203	527,956	5,886,545	5,290,203
Opening Accumulated Amortization	-	(1,332,648)	-	(1,332,648)	(803,628)
Annual Amortization	(6,839)	(529,020)	(52,796)	(588,655)	(529,020)
Closing Accumulated Amortization	(6,839)	(1,861,668)	(52,796)	(1,921,303)	(1,332,648)
Net Book Value Tangible Capital Assets	\$ 61,547	\$ 3,428,535	\$ 475,160	\$ 3,965,242	\$ 3,957,555

Refer also to Note 2.

11. Segmented Disclosure

The following schedules provide the FCAA's relevant segmented disclosure by division:

	<u>2024</u>		
<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Surplus/(Deficit)</u>
Securities Division	\$20,992,917	\$2,734,965	\$18,257,952
Insurance & Real Estate Division	3,377,713	667,294	2,710,419
Consumer Credit Division	2,347,400	576,192	1,771,208
Pensions Division	1,038,875	712,100	326,775
Consumer Protection Division	1,785,931	1,706,465	79,466
Corporate Services Branch	336,146	2,863,847	(2,527,701)
Legal Branch	-	1,114,988	(1,114,988)
Audit and Finance Branch	-	569,909	(569,909)
Total	<u>\$29,878,982</u>	<u>\$10,945,760</u>	<u>\$18,933,222</u>

	<u>2023</u>		
<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Surplus/(Deficit)</u>
Securities Division	\$21,300,815	\$2,883,585	\$18,417,230
Insurance & Real Estate Division	3,521,144	640,391	2,880,753
Consumer Credit Division	2,369,649	593,477	1,776,172
Pensions Division	1,020,505	714,700	305,805
Consumer Protection Division	1,114,258	1,331,400	(217,142)
Corporate Services Branch	250,522	2,476,456	(2,225,934)
Legal Branch	-	1,120,566	(1,120,566)
Audit and Finance Branch	-	521,514	(521,514)
Total	<u>\$29,576,893</u>	<u>\$10,282,089</u>	<u>\$19,294,804</u>

The expenses incurred by the Corporate Services, Legal and Audit and Finance Branches are to support the other operating divisions within the FCAA.

Expenses relating to the operations of the FCAA incurred by certain related parties are not reflected in these financial statements. Refer to Note 7 for additional details.

12. Revenue by category within each division

Sources of revenue by division are as follows:

	<u>2024</u>	<u>2023</u>
Securities Division		
• Prospectus Fees	\$10,856,466	\$10,914,129
• Registration Fees	7,421,724	7,422,949
• Continuous Disclosure Filing Fees	2,450,100	2,684,950
• Exemption Fees	260,875	227,133
• Administrative Penalties/Costs of Investigations	1,100	50,300
• Other	<u>2,652</u>	<u>1,354</u>
Total	<u>20,992,917</u>	<u>21,300,815</u>

Insurance and Real Estate Division

• Unlicensed Insurance Fees	2,300,948	2,546,757
• Insurance Company Licences/Other	1,048,765	946,387
• Saskatchewan Real Estate Commission Fees	<u>28,000</u>	<u>28,000</u>
Total	<u>3,377,713</u>	<u>3,521,144</u>

Consumer Credit Division

• Trust and Loan Licence Fees	1,626,625	1,689,599
• Credit Union Deposit Guarantee Corporation Fees	300,000	300,000
• Mortgage Broker Licence Fees	285,750	245,050
• Payday Loan Licence Fees	135,000	135,000
• Other	<u>25</u>	<u>-</u>
Total	<u>2,347,400</u>	<u>2,369,649</u>

Pensions Division

• Pension Plan Registration, Annual Fees, and Other	<u>1,038,875</u>	<u>1,020,505</u>
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Consumer Protection Division

• Motor Dealer Fees	505,800	507,600
• Collection Agents Fees	1,042,920	403,740
• Direct Seller Fees	71,225	88,250
• Funeral and Cremation Services Council Fees	24,000	24,000
• Other	<u>141,986</u>	<u>90,668</u>
Total	<u>1,785,931</u>	<u>1,114,258</u>

Corporate Services Branch

• Interest from GRF and Other	<u>336,146</u>	<u>250,522</u>
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Total Revenue	<u>\$29,878,982</u>	<u>\$29,576,893</u>
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13. Unearned Revenue

Unearned revenue, by division is as follows:

	<u>2024</u>	<u>2023</u>
Consumer Protection Division Licence Fees	\$ -	\$751,970
Saskatchewan Insurance Licence Fees	-	75,427
Consumer Credit Licence Application Fees	<u>10,225</u>	<u>13,525</u>
Total	<u>\$10,225</u>	<u>\$840,922</u>

14. Conditional Receipts

The Consumer Protection Division cashed in security bonds held on behalf of two licensed vehicle dealers in 2023/24. One security bond was still held in trust by the Consumer Protection Division at fiscal year end and is expected to be paid out in 2024/25.

15. Travel

The FCAA is an active member of several financial regulatory organizations that are comprised of similar provincial and territorial regulators from across Canada. The FCAA's staff meet with their provincial counterparts through these organizations on a regular basis. Out-of-province travel is required for staff to attend these meetings and for other regulatory matters. Staff is also required to travel within the province in carrying out their regulatory responsibilities. The FCAA follows the Government of Saskatchewan's policies and procedures relating to travel. Out-of-province travel is subject to prior review and approval. A delegated signing authority, approved by the Board of Directors, is in place to ensure that staff travel expenditures are subject to review and approval at the appropriate levels.

16. Contingencies

The FCAA, along with others, is a defendant to claims brought against it as a result of its operations. The FCAA believes that these claims are without merit. If the court finds that the FCAA is liable on the claims, any settlement to the plaintiffs would be accounted for by the FCAA as a charge against operations in the period in which settlements are made.

17. Operational Funding of Cemeteries and Transfers

The FCAA provides ongoing operational funding to cemeteries under administration to meet their financial obligations. Also, the Consumer Protection Division provides a transfer to permit a consumer protection organization to meet its financial obligations.

By appointment under Section 74 of *The Cemeteries Act, 1999*, the FCAA administers three cemeteries located in Estevan, Weyburn, and Moosomin. Being under administration, the operation of these cemeteries is independent of the operations of the FCAA. As such, the operating results of the cemeteries are not included in the operating results of the FCAA.

Operational funding and transfers provided are as follows:

	<u>2024</u>	<u>2023</u>
Green Acres Memorial Gardens Ltd.	\$82,000	\$70,000
Souris Valley Memorial Gardens Ltd.	33,000	45,000
Sunset Memorial Gardens (1970) Ltd.	<u>46,000</u>	<u>40,000</u>
	161,000	155,000
Consumer Association of Saskatchewan Inc.	<u>25,000</u>	<u>25,000</u>
Total	<u>\$186,000</u>	<u>\$180,000</u>

18. Budget

The annual budget for the FCAA for the year ended March 31, 2024 was approved by Treasury Board and the FCAA's Board of Directors.



Annual Report

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