

**IN THE MATTER OF
THE TRUST AND LOAN CORPORATIONS ACT, 1997, S.S. 1997, c. T-22.2**

AND

**IN THE MATTER OF
PRIORITY MORTGAGE PLUS FINANCIAL SERVICES INC.
doing business as "PRIORITY MORTGAGE FINANCIAL SERVICES, INC.",
"PRIORITY MORTGAGE PLUS", "PMP DEALER FINANCE" and "PRIORITY
DEALER FINANCE"**

AND

DARIO ANTIC

**COMPLIANCE ORDER
Pursuant to Section 77**

WHEREAS pursuant to section 45 of *The Trust and Loan Corporations Act, 1997* (the "Act"), no person shall carry on business as a loan broker in Saskatchewan unless:

- (i) he or she is registered as a loan broker pursuant to the Act; or
- (ii) he or she is exempted from the section;

AND WHEREAS for the purposes of the Act, clause 44(b) defines a loan broker as a person who:

- (i) carries on the business of providing services or products to a consumer to assist the consumer in obtaining or attempting to obtain a loan of money from another person, whether or not the person actually obtains the loan for the consumer;
- (ii) holds himself, herself or itself out to be in the business described in (i); or
- (iii) requests, requires or accepts any direct or indirect payment or any security for a payment from a consumer respecting a loan of money.

AND WHEREAS for the purposes of the definition of loan broker in clause 44(b), clause 44(d) of the Act defines "services" to include:

- (i) referring a consumer to a lender or potential lender;
- (ii) referring a lender or potential lender to a consumer; or
- (iii) providing a lender, potential lender or consumer with information about the other.

AND WHEREAS after reviewing evidence obtained in respect of this matter, it appears to the Saskatchewan Superintendent of Financial Institutions (the "Superintendent") that:

1. Priority Mortgage Plus Financial Services Inc., operating from 2042 Cornwall Street in the City of Regina, and doing business as "Priority Mortgage Financial Services, Inc.", "Priority Mortgage Plus", "PMP Dealer Finance" and "Priority Dealer Finance" ("PMP"), has entered into arrangements with several automobile and recreational vehicle dealerships in Saskatchewan (the "dealerships") pursuant to which customers of the dealerships wishing to obtain financing in order to purchase a vehicle or equipment are referred to PMP;
2. In accordance with the arrangements with the dealerships, PMP:
 - (i) identifies potential lenders to submit financing applications to on behalf of the customers;
 - (ii) compiles the required information and documentation from the customers to submit a financing application to potential lenders and submits the financing applications to the lenders on the customers' behalf; and
 - (iii) acts as a liaison between the customers and the potential lenders until the customers' financing applications have been accepted;
3. PMP receives fees for the activities it performs under the arrangements with the dealerships, and over the period from January 2005 to February 2009 it has assisted hundreds of dealership customers to obtain financing in accordance with the arrangements;
4. PMP is carrying on business in Saskatchewan as a loan broker by undertaking the activities under the arrangements with the dealerships;
5. PMP is holding itself out in Saskatchewan to be in the business of loan brokering;
6. PMP is:
 - (i) not registered as a loan broker pursuant to the Act;
 - (ii) not exempted from the requirement to be registered in section 45 of the Act; and
 - (iii) in contravention of section 45 of the Act;
7. Through communications with the Superintendent's staff, PMP has known that it is required to be registered as a loan broker under section 45 of the Act, and has known of the requirement for registered loan brokers to file with the Superintendent a penal bond pursuant to section 55 of the Act, since at least June of 2008;
8. PMP has not filed with the Superintendent a penal bond to ensure consumers who deal with PMP will be compensated if they incur a loss as a result of PMP's contravention of the Act or breach of contract;
9. As part of the arrangement with the dealerships and in conjunction with the loan brokering activities it performs under the arrangements, PMP:
 - (i) has been issued master creditor's group insurance policies by insurance companies, including Industrial-Alliance Pacific Insurance and Financial Services Inc. (collectively, the "Creditor's Group Insurers");

- (ii) solicits the dealerships' customers to purchase certificates of insurance from the Creditor's Group Insurers;
 - (iii) negotiates the insurance certificates the dealerships' customers agree to purchase from the Creditor's Group Insurers;
 - (iv) transmits applications for insurance and certificates of insurance to and from the Creditor's Group Insurers;
 - (v) receives fees and compensation from the Creditor's Group Insurers for carrying out the activities in (ii) to (iv);
10. As a result of the activities PMP engages in with respect to insurance, PMP is also required to be licensed as an insurance agent pursuant to section 416 of *The Saskatchewan Insurance Act*. PMP is not licensed under that Act;
11. A review by the Superintendent's staff of PMP's files pertaining to its loan brokering activities indicates that over the period from January 2006 to July 2008, PMP failed to report to the Creditor's Group Insurers more than 140 certificates of insurance purchased through PMP by dealership customers (the "Unreported Certificates"), and failed to remit to the Creditor's Group Insurers the premiums that corresponded to the Unreported Certificates;
12. Dario Antic of Regina, Saskatchewan ("Antic") is a director of PMP and currently carries out most of PMP's activities under the arrangements with the dealerships;
13. Antic informed the Superintendent that he failed to report some certificates of insurance to the Creditor's Group Insurers because PMP was unable to account for the insurers' portion of the premiums due to financial difficulties PMP was encountering.
14. Antic, as a directing and controlling mind of PMP, is conducting the affairs of PMP such that might reasonably be expected to result in:
- (i) PMP continuing to carry on business as a loan broker without being registered and continuing to contravene section 45 of the Act;
 - (ii) PMP continuing to broker loans to consumers while facing financial difficulties that impair its ability to provide financial redress to consumers where PMP has breached the Act or its contracts with the consumers.

AND WHEREAS pursuant to subsection 77(1) of the Act, the Superintendent may issue an order under subsection 77(2) of the Act if the Superintendent is satisfied that it is in the public interest or that any of the following circumstances exist:

- (a) a person is not complying with the Act;
- (b) a person's activities or failure or neglect to undertake any activities will result in that person not complying with the Act; or
- (c) a person's activities or failure or neglect to undertake any activities may harm the interests of consumers.

AND WHEREAS pursuant to subsection 77(2) of the Act, where the Superintendent is satisfied that the grounds under subsection 77(1) exist, the Superintendent may order a person to do all or any of the following:

- (a) to cease doing an act or to cease failing or neglecting to do an act;
- (b) to comply with the Act;
- (c) to do or refrain from doing any other thing that the Superintendent considers necessary.

AND WHEREAS pursuant to subsection 77(4) of the Act, where the Superintendent considers it necessary to protect the public interest, the Superintendent may immediately issue an order under subsection 77(2) of the Act without giving the person an opportunity to be heard, but shall give the person an opportunity to be heard within 15 days after the date on which the Superintendent issued the order.

AND WHEREAS the Superintendent is satisfied that it is in the public interest to issue an order pursuant to subsection 77(2) of the Act and considers it necessary to protect the public interest to issue the order immediately and without giving PMP or Antic an opportunity to be heard prior to the issuance of the order, for the following reasons:

1. PMP has known since at least June of 2008 that section 45 of the Act requires PMP to be registered as a loan broker and PMP has continued to carry on business as a loan broker in contravention of the Act;
2. PMP's financial difficulties likely impair its ability to provide financial redress to consumers where PMP has breached the Act or its contracts with consumers as contemplated by section 56 of the Act;
3. PMP's failure to inform the Creditor's Group Insurers as to the existence of the Unreported Certificates jeopardized the interests of the consumers who purchased those certificates;
4. Due to PMP's financial difficulties, and its proclivity to continue carrying on business in contravention of the Act, it is reasonable to believe that PMP will continue carrying on business as a loan broker in Saskatchewan while unregistered and while facing financial difficulties that impair its ability to provide financial redress to consumers as contemplated by section 56 of the Act; and
5. Antic, as a directing and controlling mind of PMP, is conducting the affairs of PMP such that might reasonably be expected to result in PMP continuing to carry on business as a loan broker in Saskatchewan while unregistered and while facing financial difficulties that impair its ability to provide financial redress to consumers where PMP has breached the Act or its contracts with the consumers as contemplated by section 56 of the Act.

NOW THEREFORE THE SUPERINTENDENT HEREBY ORDERS pursuant to clauses 77(2)(a), (b) and (c) and subsection 77(4) of the Act:

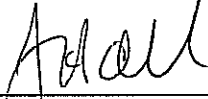
- (1) That Priority Mortgage Plus Financial Services Inc. immediately:
 - (a) Cease and desist carrying on business in Saskatchewan as a loan broker; and
 - (b) Cease and desist holding itself out in Saskatchewan as a loan broker;

- (2) That Dario Antic immediately cause Priority Mortgage Plus Financial Services Inc. to:
 - (a) Cease and desist carrying on business in Saskatchewan as a loan broker; and
 - (b) Cease and desist holding itself out in Saskatchewan as a loan broker.

AND TAKE NOTICE THAT:

Priority Mortgage Plus Financial Services Inc., doing business as “Priority Mortgage Financial Services, Inc.”, “Priority Mortgage Plus”, “PMP Dealer Finance” and “Priority Dealer Finance”, and Dario Antic are hereby provided an opportunity to be heard by the Superintendent with respect to this Order on the 7th day of April, 2009 at the hour of two o’clock in the afternoon at 601 – 1919 Saskatchewan Drive, Regina, Saskatchewan;

DATED this 23 day of March 2009 at the City of Regina, in the Province of Saskatchewan.



J. M. Hall
Superintendent of Financial Institutions