

COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

IN THE MATTER OF an application by B-Filer Inc., B-Filer Inc. doing business as GPAY GuaranteedPayment and Npay Inc. for an order pursuant to section 103.1 granting leave to make application under sections 75 and 77 of the *Competition Act*;

AND IN THE MATTER OF an application by B-Filer Inc., B-Filer Inc. doing business as GPAY GuaranteedPayment and Npay Inc. for an interim order pursuant to section 104 of the *Competition Act*.

BETWEEN:

**B-FILER INC., B-FILER INC. doing business as
GPAY GUARANTEEDPAYMENT and NPAY INC.**

Applicants

COMPETITION TRIBUNAL TRIBUNAL DE LA CONCURRENCE	
FILED / PRODUIT CT 2005-006 June 20, 2005 Chantal Fortin for / pour REGISTRAR / REGISTRAIRE	
OTTAWA, ONT.	#0001b

THE BANK OF NOVA SCOTIA

Respondent

AFFIDAVIT OF RAYMOND F. GRACE
Affirmed June 15, 2005

I, RAYMOND F. GRACE, of the City of Sherwood Park in the Province of Alberta
AFFIRM AND SAY AS FOLLOWS:

1. I am the President of all the Applicants, B-Filer Inc., B-Filer Inc. doing business as GPAY GuaranteedPayment and Npay Inc. (collectively, "GPAY"), and as such have knowledge of the matters hereinafter deposed to, except where such matters are stated to be based on information and belief, and where so stated, I verily believe those matters to be true.

2. I make this Affidavit in support of: (i) an application by the Applicants, GPAY, for an order pursuant to section 103.1 of the *Competition Act*, R.S.C. 1985, c. C-34, as amended (the "Act") granting leave to the Applicants to make an application pursuant to sections 75 and 77 of the Act; (ii) an application for an interim order pursuant to section 104 of the Act and (iii) an

application pursuant to sections 75 and 77 of the Act all against the Respondent, The Bank of Nova Scotia ("**ScotiaBank**");

A. THE PARTIES

B-FILER INC. and NPAY INC.

3. The Applicants, are each corporations incorporated pursuant to the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44. Each Applicant is registered extra-provincially in the Province of Alberta and each carries on business in the City of Sherwood Park in the Province of Alberta.

4. The business of the Applicants consists of providing an internet debit payment service that allows Canadian consumers to make purchases from participating internet merchants by paying directly from their existing bank accounts (the "**GPAY Service**"). The GPAY Service is provided for the benefit of both Canadian consumers who wish to make internet debit payments and merchants that wish to receive internet debit payments. Individual consumer customers of the Applicants use the GPAY Service in order to facilitate in payments that they themselves make to merchants. The GPAY Service makes use of existing banking services, facilities, resources and information technology infrastructure offered by the major Canadian banks. Specifically, the GPAY Service relies upon two key inputs of the Respondent: (i) the E-mail Money Transfer system ("**EMT**"); and (ii) internet banking, including bill payment services (collectively, "**Internet Banking**"), for part of the payment, clearing and settlement process of the GPAY Service. The supply of EMT and Internet Banking are both necessary inputs for the production by the Applicants of the GPAY Service.

5. Some of the GPAY Services are provided indirectly through its joint venture partner, UseMyBank Services, Inc., a Canadian corporation with its principal place of business in Toronto, Ontario ("**UseMyBank**").

Attached hereto and marked as Exhibit "A" to this my Affidavit are copies of the terms by which services are provided to merchant and consumer customers of GPAY via UseMyBank.

6. GPAY Services are the principal business of the Applicants. GPAY Services generate substantially all of the revenue of the Applicants.

7. GPAY Services are distinct from all other electronic payment services available in Canada because they enable the merchant to receive confirmation within seconds of the availability of customer funds and of the settlement of those funds to the merchant. None of check payment, credit card payment or any other payment service in Canada offers this unique advantage for Canadian consumers wishing to make immediate payments to merchants.

SCOTIABANK

8. The Respondent, ScotiaBank, is a bank incorporated pursuant to the *Bank Act*, 1991 c. C-46 and carries on business throughout Canada.

9. The Respondent also carries on business under the name "Scotiabank".

10. The Respondent is the largest bank in Canada.

B. REFUSAL TO DEAL AND MARKET EXCLUSIVE DEALING BY SCOTIABANK

Refusal of ScotiaBank to Deal

11. Between August 6, 1999 and April 15, 2004, the Applicants entered into a total of approximately one hundred (100) standard-form Financial Services Agreements with the Respondent (each an "Agreement"). During the six (6) subsequent years, the relationship of the Applicants to the Respondent has grown to a point where the Applicants currently hold approximately five (5) current bank accounts and one hundred (100) money manger bank accounts operating at the branch of the Respondent situated in the City of Sherwood Park in the Province of Alberta.

Attached hereto and marked as Exhibit "B" to this my Affidavit is a copy of the terms of the Agreement.

Attached hereto and marked as Exhibit "C" to this my Affidavit are additional terms of the Agreement indicating a right to unlimited EMT deposits.

12. The Applicants have built a substantial business during the six (6) years since the Applicants first began procuring banking services from the Respondent. Between June 1, 2004 and May 31, 2005, in the course of providing the GPAY Services, the Applicants deposited approximately \$9,929,881.17 in business bank accounts at Respondent. Fees charged by the Applicants to merchants for the processing of such funds constitute nearly all of the revenue of the Applicants and now amount to more than \$100,000.00 per month.

13. The Applicants have never been in default under any of the Agreements. Respondent has never alleged any default by the Applicants under any of the Agreements.

14. Respondent delivered a letter to each of the Applicants dated May 11, 2005 (the "Termination Letters"), whereby the Respondent stated its intention to cancel its services to each of the Applicants under the Agreements and terminate the Agreements with each Applicant, effective June 15, 2005.

15. Paragraph 12.2 of each Agreement contains the following clause, where "We" refers to the Respondent and "you" refers to the Applicants:

We may cancel any service to you without a reason by giving you thirty days' written notice.

16. The Termination Letters make express reference to Section 12.2 of the Agreement and state that ScotiaBank has decided to exercise that clause. ScotiaBank has therefore, in its own words, terminated the Agreement with each of the Applicants without cause.

Attached hereto and marked as Exhibit "D" to this my Affidavit is a copy of the Termination Letters.

Exclusive Dealing by ScotiaBank

17. On or about May 5, 2005, the five (5) principal Canadian banks, being the Respondent, The Bank of Montreal, The Royal Bank of Canada, The Canadian Imperial Bank of Commerce and The Toronto Dominion Bank (collectively, the "**Canadian Banks**"), announced that they were beginning to supply a service to Canadian consumers that would allow them to make debit-card payments via the internet, by enabling transfers of money directly out of bank accounts to merchants immediately during the course of an online transaction (the "**Competing Bank Service**"). The Competing Bank Services are provided through a single portal, Interac Online, which is a service of the Interac Association, an association controlled by banks in Canada, including the Respondent. Given the single portal through which it is provided, and the legal oligopoly of the Interac Association by which it is structured, it is difficult to distinguish between providers of Interac Online. Interac Online is a single service offered my members of the Interac Association collectively as a single supplier.

18. The Respondent has announced that it expects to offer the Competing Bank Service of the Interac Association, beginning in June or July of 2005.

19. As of the date hereof, The Royal Bank of Canada is the only entity through which the Intereac Association is now offering the Competing Bank Service and it is doing so for only one merchant, DVDSSoon.com as a pilot project for the service.

Attached hereto and marked as Exhibit "E" to this my Affidavit are copies of extracts of the web site of Interac Online containing statements that The Royal Bank of Canada is the only bank currently providing the service and that the service is "Coming Soon!" from ScotiaBank.

Attached hereto and marked as Exhibit "F" to this my Affidavit is a copy of an article by Tyler Hamilton that appeared in the May 11, 2005 edition of the "Toronto Star" newspaper.

20. The Competing Bank Service is virtually identical to the GPAY Service, from the perspective of both the consumer wishing to make payment and the merchant wishing to receive payment. Each of these services is used by a consumer entering their debit card information and personal identification number into a web site following which moneys are transferred immediately from the bank account of the consumer to the credit of the merchant.

21. In order for the Respondent to supply the Competing Bank Service, it must provide real time certifiable internet debit payment to other banks. The Competing Bank Service therefore depends on the input of this service of the Respondent. Similarly, the GPAY Service also depends on the input of the very same service from which it is to be excluded by the Respondent.

22. As of the date hereof, there are only two providers to in the market for the supply to consumers and merchants of real time internet debit payment services (the “**Online Debit Payment Market**”): (i) the Competing Bank Service, offered by the Interac Association; and (ii) the GPAY Service, offered by the Applicants.

23. Once the Competing Bank Service is deployed both Respondent, in its capacity as a member of the Interac Association, and Applicants will be major suppliers in the Online Debit Payment Market. However, it is the implied intention of the Respondent to terminate its supply of EMT deposit and Internet Banking services to the Applicants, and thereby exclude them from access this input that is necessary for their business.

24. Applicants have no interest in preventing the entry of Respondent into the Online Debit Payment Market. Rather, this Application is to avoid the exclusion of the Applicants from that market at the very moment of the entry of the Respondent into it.

25. Respondent reaffirmed its intent to terminate the Agreements without cause in its most recent letter to counsel to the Applicants, dated May 25, 2005.

Attached hereto and marked as Exhibit “G” to this my Affidavit is a copy of a letter from ScotiaBank to counsel to the Applicants refusing to revoke the position set out in the Termination Letters.

26. The Online Debit Payment Market is an identifiable market in Canada for services procured by both consumers wishing to make payments and merchants wishing to receive payments by use of debit cards, rather than credit cards, cheques or other means. A considerable percentage of Canadians do not hold credit cards and therefore rely exclusively on debit cards as their sole means of electronic payment.

27. The Respondent is one of only two (2) banks in Canada that provide the service of EMTs into business bank accounts where the recipient of the deposit is not a bank. The two (2) providers of these services are the Respondent and The Royal Bank of Canada. Each of these two banks is not only a major supplier of such service, but, they are the only suppliers. The market for such services could be described as the market for EMT deposit services for the benefit of entities other than banks (the “**EMT Deposit Market**”).

28. The Royal Bank of Canada has refused to increase the processing volume of the Applicants in their accounts with that bank. There is therefore no substitute supplier for the EMT deposit services of the Respondent that the Respondent is refusing to supply to the Applicants.

29. Canadian banks, including the Respondent, provide each other with unlimited EMT and Internet Banking deposit and transfer rights into each others accounts. The Respondent has never ceased providing EMT deposit services or Internet Banking to any bank.

30. Access to the EMT Deposit Market and Internet Banking is necessary for the Applicants to provide the GPAY Service. EMT deposits are considered cash transactions by the Respondent and are therefore not subject to chargeback, unlike credit card or cheque payments. EMT deposits and Internet Banking transfers are immediate and final and are therefore both characterized as cash equivalents. Both merchant and consumer clients of the Applicants rely on the characterization of EMT deposits and Internet Banking transfers as cash equivalents as necessary inputs to and features of the GPAY Services.

31. Without prior notice or consultation with the Applicants, the Respondent has unilaterally amended the terms of the Agreements by which it provides money manger bank account services to the Applicants. As of a certain date in May or June of 2005, the precise date not being known to the Applicants, the number of deposits permitted in the bank accounts of the Applicants with the Respondent are no longer unlimited and there is no express reference to EMTs, nor is there any reference to there being no fee for deposits, as was previously the case under the Agreements (collectively, the “**Amendments**”). In brief, the Amendments provide for the exclusion of the Applicants from the EMT Deposit Market.

32. The Amendments have the effect of preventing the Applicants from providing GPAY Services because access to the EMT Deposit Market is a necessary input for the production of GPAY Services. Without a supply of the EMT deposit services of the Respondent to the Applicants, the Competing Bank Service will be the only service available in the Canadian Online Debit Payment Market.

33. The date of the sending of the Termination Letters is coincident with the date on which the Competing Bank Service is being offered in Canada.

34. Interac Online is virtually identical to the GPAY Service. The Respondent will be providing it as part of the Interac Association by June or July of 2005. Moreover, Interac Online depends on access for all member banks to the EMT Deposit Market and Internet Banking. The Respondent is excluding the Applicants from both the EMT Deposit Market and access to Internet Banking.

35. If the Respondent were a bank, it would not be excluded from access to the EMT Deposit Market or Internet Banking and it would be able to continue providing GPAY Service as it has been doing for over five (5) years. Indeed, Interac Association members are announcing their intention to enter this very market. In so excluding the Applicants, the Respondent appears to make its supply of EMT deposit services and Internet Banking a function of the Applicants refraining from supplying their own GPAY Service.

36. In order to eliminate competition in the Online Debit Payment Market, Respondent has simultaneously launched its own product in that market and refused to supply the EMT deposit service and Internet Banking which are necessary inputs for the participation of the Applicants in that same market. What is more, by the Amendments, the Respondent has crystallized the exclusion of the Applicants from being able to procure the supplies necessary in the EMT Deposit Market to provide their GPAY Service in competition with the Competing Bank Service of the Respondent.

Interac Case

37. Reference is made to the Reasons for Consent Order in the case of *Director of Investigation and Research v. Bank of Montreal et al.*, CT-1995-002 (the "Interac Case"). In the Interac Case, the Competition Tribunal had opportunity to reflect on the rights and obligations, under the Act, of certain participants in the payment services markets in Canada.

38. In a discussion of New Services (at page 43 and following of the Interac Case), the Competition Tribunal opines that the charter members of the Interac Association, being the principal banks in Canada, including the Respondent, have had an incentive to discourage bilateral/multilateral services, such as deposits. A bilateral/multilateral service is, in general terms, one that is provided between or among financial institutions, such as EMT deposit services or Internet Banking.

39. The Competition Tribunal also speculated in the Interac Case that a reason why more shared services, such as bilateral/multilateral services, were not provided may have been the lack of demand for such services. The GPAY Service is dependent on the supply of two bilateral/multilateral services of the Respondent, namely, EMT deposits into a business banking accounts and Internet Banking.

40. Approximately 20,000 individuals in Canada make use of the GPAY Services. The Applicants are of the position that demand by this quantity of individuals constitutes significant demand for the bilateral/multilateral services of the Respondent necessary for the supply of the GPAY Services.

41. The termination of the supply of services by the Respondent to the Applicants, and the Amendments, each alone and together act to eliminate competition in both (i) the EMT Deposit Market and (ii) the Online Debit Payment Market, both of which are bilateral/multilateral services. An inclination for the lessening of competition in the broad bilateral/multilateral services market by the Respondent, through the Interac Association, of which it is a charter member, is evidenced in part by the Interac Case.

Substantial and Irreparable Detrimental Effect of ScotiaBank Action

42. The effect of the closure of bank accounts following termination of the Agreements between the Respondent and the Applicants will be catastrophic for the business of the Applicants and will result in the elimination of the only competitor to the Competing Bank Services in Canada.

43. The value of funds processed by the Applicants through their GPAY Service in May of 2004 were approximately \$800,500.79, which funds generated \$42,951.00 in revenue for the Applicants during such month. During May of 2005 approximately \$2,727,312.46 was processed through the GPAY Service generating \$161,000.00 of revenue for the Applicants. As such there was a three hundred and forty-one percent (341%) increase in processing during that twelve (12) month period. But for the refusal to deal and market restriction of the Respondent, the Applicants are projecting similar growth between May of 2005 and May of 2006. The effect of the refusal to deal and exclusive dealing of the Respondent will be to reduce the revenue of the Applicants by no less than fifty percent (50%).

44. If the Respondent is permitted to terminate the Agreements effective June 15, 2005 and close the accounts of the Applicants it will prevent the Applicants from carrying on and growing their businesses and each of the Applicants will suffer the irreparable harm of a permanent loss of market share that cannot be fully compensated for by damages.

45. The only other supplier of EMT deposit services in Canada, The Royal Bank of Canada, has imposed maximum transaction volumes on the Applicants thereby preventing the Applicants from moving any of the transaction now with the Respondent to that other supplier. There is no substitute for the Respondent in the market.

46. The Respondent knows of the contractual obligations of the Applicants to their 20,000 customers. Respondent is intentionally, directly or indirectly, causing Applicants to breach their contractual obligations to customers or prevent or hinder the Applicants from performing their contractual obligations, thereby causing irreparable harm by permanent loss of market share and potential for growth.

47. The Respondents intentionally intend to terminate its services to the Applicants effective June 15, 2005, intentionally interfering with the economic interests of the Applicants by illegal means, intending to injure the Applicants, without justification or excuse, irreparably harming the Applicants by causing permanent loss of market share in the Internet Debit Payments Market.

48. The Respondents intend to terminate the Agreement with each Applicant, having knowingly allowed the Applicants to build their GPAY Services business, relying upon the banking, advice and other services provided by the Respondent for over five (5) years. During the course of such reliance, Respondent has secretly conspired with other Canadian banks to bring to market a business that competes directly with the GPAY Services.

49. The Respondent is not only a major supplier in the EMT Deposit Market; it is one of only two (2) suppliers in that market. The decision to no longer offer such service goes not to substantially lessen competition in the Canadian market for such service, rather, it goes to eliminate it completely.

50. Similarly, the Applicants are one of only entities now offering a service in the Online Debit Payment Market. Rather than simply introducing a competing service, Respondent has conspired to create a substitute service and cause the Applicants to cease providing its services in the market.

51. As the first provider of services in the Online Debit Payment Market, the Applicants stand to lose a lot more than were they some lower ranking provider.

52. The termination of the Agreements, if not enjoined, will cause irreparable harm to the Applicants which cannot be remedied fully by damages because the actions of the Respondents will cause harm, the nature of which cannot be quantified in monetary terms because the Applicants will either be put out of business, suffer permanent loss of market share, suffer irrevocable damage to their business reputations, and suffer a permanent loss of essential banking system resources and services.

53. Further, if the Agreements are terminated, the damage to the business of the Applicants, which would be a result of the termination of banking services by the Respondents, would be impossible to repair, and the underlying policy of access to essential services and infrastructure provided by an oligopolistic Respondent is so important that remedies other than an injunction are inadequate.

54. If the Respondents terminate the Applicants' accounts, the Applicants will suffer additional irreparable harm; specifically, and without limitation:

- a. the monthly losses to the Applicants would be impossible to calculate given the 300% per annum growth to date, but are now estimated at no less than \$100,000.00 per month, beginning on June 15, 2005;
- b. it would make the Applicants totally reliant on The Royal Bank of Canada, as the only bank that allows EMTs but the restrictions of that other bank make it impossible for the Applicants to increase their volume of business, leaving the Applicants with no substitute in the market for the services of the Respondent;
- c. if the Applicants were forced to rely solely on the Royal Bank, their business would be much more at risk for its investors, as well as consumers and merchants who rely on the GPAY Services;
- d. not being able to bank with the Respondents would lessen the Applicants' chances to establish a critical mass of customers, necessary for the "network effects", "first mover advantage" and increasing returns to scale required for a successful business;
- e. having one less bank supplier makes the business of the Applicants appear less legitimate;
- f. it removes the opportunity for the Applicants to leverage their business into a greater number of customers;
- g. it may allow a "second mover" to take the opportunity which the Applicants now have; and
- h. as buyers in the oligopolistic EMT Deposit Market, the Applicants need not prove that there are no alternative service providers, before demonstrating irreparable harm.

55. That, if the Respondents terminate the Applicants' accounts, there will be a substantial lessening of competition, if not complete elimination thereof in the Canadian Online Debit Payments Market; specifically, and without limitation:

- b. it would create a monopoly in Canada for the supply of EMT deposit accounts on the part of The Royal Bank of Canada;
- c. it would create a monopoly in the form of the Competitive Bank Services in the Canadian Online Debit Market for the supply of such payment services to individual consumers wishing to make immediate, direct payment to merchants; and
- d. it would create a monopoly in the form of the Competitive Bank Services in the Canadian Online Debit Market for the supply of such payment services merchants wishing to obtain immediate, certifiable direct payment.

56. The balance of convenience further favors the Applicants since the effects on the Respondents will be minimal at best, or the overall effects of enjoining the Respondent are better than not enjoining the Applicants.

57. Nothing in the Termination Letters or any other correspondence from the Respondent indicates that the Respondent would suffer any damage at all by continuing to perform under the Agreement it has with each Applicant. In fact, the Respondent stands to make material profits from providing a necessary element for the tremendously successful GPAY Service.

58. There is no impediment to the discretion of the Tribunal to grant an injunction to the Applicants in the present matter and accept the Application on the merits.

AFFIRMED BEFORE ME
at the City of Sherwood Park
in the Province of Alberta
on this 15th day of June 2005



Commissioner for Taking Affidavits

Name:

Elizabeth Meddings
Barrister & Solicitor



RAYMOND F. GRACE

EXHIBIT A

Buyer

Top of Form

NPAY - Guaranteed Payment (NPAY)

Terms & conditions of the NPAY payment service agreement

1. NPAY Inc. is a federally incorporated Canadian company.
2. NPAY is a client of Guaranteed Payment (GPAY).
3. NPAY provides Buyers with a money refunded or satisfaction guarantee on goods purchased over the Internet.
4. Customers who have NPAY registered as a "Bill Payee" can buy from anyone.
5. If the Vendor refuses to deal with NPAY we will refund your payment.
6. Funds are held for 5 days giving the merchandise time to arrive.
7. The Buyer has the right to reject the merchandise.
8. The onus is on the Buyer to advise NPAY that the merchandise has been rejected and returned to the Vendor within 5 days.
9. In the absence of an authenticated communication from the Buyer rejecting the merchandise, the funds are paid to the Vendor on the morning of the 5th day.
10. Please note payments are always received on a Monday to Friday and always disbursed on a Monday to Friday. When there is a bank holiday, the funds are disbursed on the next banking day.
11. Funds are held for an additional 5 days until the Vendor confirms that the merchandise has been returned in good condition.
12. Restocking fees, reimbursement of shipping costs, and payment for damaged goods is between the Vendor and the Buyer.
13. Once an agreement has been reached on returned goods, the Buyer and the Vendor advise NPAY. The Buyer makes a second payment for the NPAY fees and any compensation amount agreed upon. The original payment is credited to the Buyer's bank account.
14. NPAY does not warrant any merchandise.
15. NPAY Guarantees that Buyer will get their money back if they notify NPAY that there is a problem within 5 days of paying.
16. NPAY Guarantees that the Vendor receives payment or their merchandise back.
17. Disputes that cannot be resolved are referred to the Alberta Adjudicator as pursuant to the laws of the province of Alberta Canada. Their decision is binding on both parties. The cost of the Adjudication comes out of the funds held by NPAY.
18. By agreeing, you also agree to the terms and condition of use for UseMyBank. The most recent version of these Terms can be found at <http://www.usemybank.com/legal.asp>.

Bottom of Form

Sellers and Affiliates

Top of Form

NPAY Inc. - A division of Guaranteed Payment (GPAY) Inc.

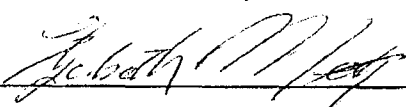
Terms & conditions of the NPAY payment service agreement

1. NPAY Inc. is a federally incorporated Canadian company.
2. NPAY is a client of Guaranteed Payment (GPAY).
3. The NPAY payment service allows individuals and corporations to send and receive cash payments.
4. The NPAY fee is deducted from the funds paid.
5. The Creditor and the Payer determine which party pays the NPAY fee.
6. The CustomerID is used to identify the payer and the payee.
7. The CustomerID is used as the NPAY account number.
8. A CustomerID can be issued by a corporate creditor.
9. Customers activate their CustomerID by making a \$1.00 payment to NPAY.
10. By making the payment the Customer ratifies the contract and accepts the terms and conditions of the NPAY Payment Service Agreement, as stated herein.
11. Customers with registered CustomerID's can send and receive funds from anyone.
12. Payments are made to NPAY using internet, Telephone banking, at ATMs and by Instant Pay.
13. Customers use the receipt number from their \$1.00 activation payment as a token to authenticate communication. This receipt number is known to the payee, the bank and NPAY.
14. All NPAY transactions are governed by the Laws of Alberta Canada.
15. All disputes are referred to the Alberta Arbitrator for resolution.
16. The Arbitrator's decision is final on all disputes.
17. The standard fee per transaction can be found by clicking [here](#).
18. By agreeing, you also agree to the terms and condition of use for UseMyBank. The most recent version of these Terms can be found at <http://www.usemybank.com/legal.asp>.

Bottom of Form

**This is the Exhibit "A" referred to
in the affidavit of
Raymond F Grace**

Sworn Before me this ^{E 15th} ~~13~~ day of
JUNE, 2005.



Elizabeth Meddings
Barrister & Solicitor

Terms and Conditions of Use

1. **Acceptance of terms**
Your use of UseMyBank is subject to the following Terms and Conditions of Use. UseMyBank reserves the right to update and change, from time to time, these Terms and all documents referenced. The most recent version of these Terms can be found at <http://www.UseMyBank.com/legal.asp>.
2. **Transaction providers**
You understand that the Transaction Provider may not have consented to and/or endorsed, and/or may not have knowledge of its inclusion as a designated Transaction Provider, and/or access by you to its Online Service, and that in the context of UseMyBank as an acting agent on your behalf, and not on the behalf of any Transaction Provider. You understand that UseMyBank provides a link to the Transaction Provider for your convenience, but that (i) if you activate such a link you will be using UseMyBank to access the Transaction Provider's web site, and (ii) you are responsible for bill payments or email money transfer made by you using this service.
3. **Description of use**
UseMyBank is a service that facilitates account information and bill payment or email money transfer from your preferred online Transaction Provider. The providers and sources of your online accounts are referred to in these Terms as "Transaction Providers". The account information that is collected from these Transaction Providers is used on your behalf (i.e. account information, Bill payee, etc). In order to access the account information from these Transaction Providers, UseMyBank will request your online Login Information. "Login Information" is your user ID, password, Personal Information Number (PIN), and other information that provides online access to the appropriate account information and billing facilities. The terms "Login Information" and "Account Information" are collectively referred to in these Terms as "Buyer Information." Please note account access from these Transaction providers will be used to process bill payment or email money transfer transactions from the selected account and at no time will the account information of login information be logged, and hence cannot be used in the facilitation of any transactions. UseMyBank is simply a facilitator, all rules and regulation governing the transferring of funds is provided by NPAY (NPAY Inc. which is the corporation that has Biller account with the Transaction Providers). Transaction Providers may prohibit the disclosure of Login Information or deny liability to the user if Login Information is disclosed. It is the users responsibility to review their agreements with the Transaction Providers to determine whether disclosure is permitted, what the consequences of such disclosure are and what liability will be in connection with such disclosure.
 - i. For funds transfer, the Seller and Affiliate Terms and Conditions can be found by clicking [here](#)
 - ii. For funds transfer, the Buyer Terms and Conditions can be found by clicking [here](#).
4. **Your authorization of UseMyBank services**
Online accounts access is provided by you from the Transaction Providers. By providing Login Information, you authorize UseMyBank and its facilitation service to act as your agent to access, retrieve your Account Information, and make bill payments or email money transfer from the web sites of your Transaction Provider site on your behalf. You hereby grant UseMyBank and its facilitation service a limited power of attorney, and you hereby appoint UseMyBank and its facilitation service as your true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for you and in your name, place and stead, in any and all capacities, to access Transaction Provider sites, retrieve information, and use your information, all as described above, with the full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection with such activities, as fully to all intents and purposes as you might or could do in person. YOU ACKNOWLEDGE AND AGREE THAT WHEN USEMYBANK AND ITS FACILITATION SERVICE ACCESSES AND RETRIEVES INFORMATION FROM THE TRANSACTION PROVIDER, USEMYBANK AND ITS FACILITATION SERVICE ARE ACTING AS YOUR AGENT, AND NOT THE AGENT OR ON BEHALF OF SUCH TRANSACTION PROVIDER. You agree that the Transaction Providers will be entitled to rely on the foregoing authorization, agency and power of attorney granted by you to UseMyBank. You also authorize UseMyBank and its respective authorized agents and assignees to receive your information, to provide that information to its facilitation service in accordance with the terms of the UseMyBank Privacy Policy Statement. UseMyBank is not responsible for any fees that are associated with the facilitation of this services as it relates to Bill Payment or email money transfer through the Transaction Provider and/or third parties.
5. **Privacy**
Certain information, required by law, will be requested through your Transaction Provider. This information is solely used in the Facilitation Service of UseMyBank. All other information is subject to UseMyBank privacy policy statement (<http://www.UseMyBank.com/PrivacyBotSecurity.asp>). UseMyBank may contact you via your email address regarding your account status, provide information to you about enhancements of our services, and respond to your questions or comments about your transactions or other items.
6. **Method of communication**
To the fullest extent permitted by applicable law and usage, this Agreement and any other agreements, notices or other communications regarding your membership and/or your use of the UseMyBank Service, may be provided to you electronically and you agree to receive Communications in an electronic form. Electronic Communications may be posted on the pages within the UseMyBank website and/or delivered to your email address. You will print a copy of any Communications and retain it for your records. All Communications in either electronic or paper format will be considered to be in "writing," and to have been received no later than five (5) business days after posting or dissemination, whether or not you have received or retrieved the Communication. UseMyBank reserves the right but assumes no obligation to provide Communications in paper format. In Ontario, please refer to the Electronics Commerce Act. Your consent to receive Communications electronically is valid until you revoke your consent by notifying UseMyBank of your decision to do so, by sending an email message to support@UseMyBank.com. If you revoke your consent to receive Communications electronically, UseMyBank may terminate your right to use the UseMyBank Service.
7. **Anti-spam**
You agree not to use unsolicited email, usenet, message board postings, or similar methods of mass messaging (spam) to gather referral bonuses. The use of spam to promote the UseMyBank Service has strict negative consequences. UseMyBank will immediately and permanently terminate the account of any member who has used unsolicited email to gain referrals. In addition, you may be subject to Canadian provincial and federal penalties and US state and federal penalties and other legal consequences under applicable law if you send unsolicited email. Our Anti-Spam Policy is intended to protect our members, the Internet, and UseMyBank.
8. **Specific limitation of liability**
UseMyBank's facilitation service do not assume responsibility for malfunctions in communications facilities that may affect the accuracy or timeliness of transactions or information you send or that is provided to you via online access to the site. UseMyBank's service is also not responsible for any losses or delays in transmission of instructions arising out of the use of any Internet service provider providing connection to the Internet or caused by any third party software or systems. In the event that a court should hold that the limitations of liabilities or remedies available as set forth in these Terms, or any portions thereof, are unenforceable for any reason, or that any of your remedies in connection with the online access fail their essential purpose, you expressly agree that under no circumstances will UseMyBank and its facilitation service have any liability to you or any party claiming by, through or under you for any cause whatsoever, and regardless of the form of action, whether in contract or in tort, including negligence or strict liability. In the aggregate, exceed \$5,000 (Canadian.). Because some jurisdictions do not allow the exclusion or limitation of liability for consequential or incidental damages, in such cases liability is limited to the extent permitted by law.
9. **Exchange Rates**
Best efforts are made to obtain the most accurate and timely exchange rates from Bank of Canada. UseMyBank does not guarantee the accuracy, timeliness, reliability or completeness of this service from Bank of Canada. As a user, you acknowledge and agree that any reliance on or use by you of the exchange rates shall be entirely at your own risk. In no event shall UseMyBank nor any of its bill payment or email money transfer providers be liable for any direct, indirect, consequential or exemplary damages arising from the use or the performance of the exchange rates provided by Bank of Canada.
10. **Specific disclaimer of warranties**
YOU EXPRESSLY AGREE THAT USE OF ONLINE ACCESS IS AT YOUR SOLE RISK. NONE OF USEMYBANK'S, THIRD PARTIES, TRANSACTION PROVIDERS, OR THEIR RESPECTIVE LICENSORS, AFFILIATES, EMPLOYEES, DISTRIBUTORS OR AGENTS WILL HAVE ANY LIABILITY FOR ANY DIRECT, INCIDENTAL, CONSEQUENTIAL, INDIRECT, SPECIAL OR OTHER DAMAGES SUFFERED BY YOU OR ANY OTHER PARTY (REGARDLESS OF WHETHER OR NOT SUCH PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES) RESULTING FROM: (I) THE USE OR THE INABILITY TO USE THE SERVICE; (II) THE COST OF OBTAINING SUBSTITUTE GOODS OR SERVICES RELATING IN ANY MANNER TO YOUR USE OR NON-USE OF THE SERVICE; (III) UNAUTHORIZED ACCESS TO OR ALTERATION OF YOUR TRANSMISSIONS OR DATA; (IV) STATEMENTS OR CONDUCT OF ANYONE ON THE SERVICE; OR (V) ANY OTHER MATTER RELATING IN ANY MANNER TO THE SERVICE.
11. **Termination**
Either you or UseMyBank may terminate your use of this service at any time without prior notice. You can cancel your transaction at any time during the use of this service at any time and have your information deleted from our records. The UseMyBank Terms of Service which apply to your use of your online account and transaction providers, provides that UseMyBank expressly reserves the right to immediately modify, suspend or terminate your transaction and refuse current or future use of any UseMyBank service, including online transaction processing, if UseMyBank in its sole discretion believes you or someone using your online access has: (i) violated or tried to violate the rights of others; or (ii) acted inconsistently with the spirit or letter of the UseMyBank's Terms.
12. **Invalidity of specific terms**
If any provision of these Terms or any document incorporated by reference is found by a court of competent jurisdiction to be invalid, the parties nevertheless agree that the court should endeavor to give effect to the parties' intentions as reflected in the provision, and the other provisions of the such documents remain in full force and effect.
13. **Age of use**
You agree and accept that payments that require age verification have been completed and accepted. UseMyBank services restrictions are not limited. All use is governed by the Transaction Providers and Third Party suppliers.
14. **Legal matters**
The UseMyBank Terms which apply to all use of the online access through the transaction providers, provides that both you and UseMyBank agree that any dispute or controversy arising out of or relating to any interpretation, construction, performance or breach of these Terms, shall be settled by arbitration to be held in Toronto, Ontario, before a single arbitrator and in accordance with the Commercial Arbitration Rules then in effect and/or pursuant to the statutes of Ontario, and in particular, the Arbitrations Act. Each party

irrevocably and unconditionally consents to the jurisdiction of any such proceeding and waives any objection that it may have to personal jurisdiction or the laying of venue of any such proceeding. The parties will cooperate with each other in causing the arbitration to be held in as efficient and expeditious a manner as practicable. If the parties are unable to appoint a mutually acceptable arbitrator within thirty (30) days after a party gives written notice to the other requesting resolution of a dispute, the a Ontario court shall appoint the arbitrator in accordance with such Commercial Arbitration rules and/or the Arbitration Act. The arbitrator may grant any and all relief permitted by the Arbitration Act. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction. Nothing herein shall prevent the parties from settling any dispute by mutual agreement at any time.

15. **Indemnities**

EXCEPT WITH RESPECT TO CLAIMS, COSTS, AND LIABILITIES ARISING PRINCIPALLY BY REASON OF USEMYBANKS' NEGLIGENCE, YOU WILL INDEMNIFY USEMYBANK AGAINST ANY CLAIM, COST AND LIABILITY INCURRED BY YOU IN CONNECTION WITH USEMYBANK PROVIDING ITS FACILITATION SERVICE. IN ADDITION, YOU AGREE TO RELEASE USEMYBANK FROM ANY CLAIM, COST, AND/OR LIABILITY INCURRED BY YOU IN CONNECTION WITH THE USEMYBANK SERVICE, EXCEPT FOR THOSE ARISING PRINCIPALLY BY REASON OF USEMYBANKS' NEGLIGENCE.

16. **Language**

It is agreed that this Agreement and all related documents, including notices, be drawn up in the English language only.

17. **Code of Practice**

UseMyBank endorses the Canadian Code of Practice for Consumer Debit Card Services and is committed to maintaining and/or exceeding the level of customer protection for all its clients. Note: this is a voluntary code.

18. **Notices**

- i. The following legal agreement details the users responsibilities and obligations along with UseMyBank/NPAY with its facilitation of online bill payments or email money transfer from accounts of these Transaction Providers and by using this service you agree to be bound by same.
- ii. A copy of this agreement will not be mailed to the user. Please print or save this agreement by using the "Print" or "File/Save" options the appropriate Internet browser.

Scotiabank Financial Services Agreement

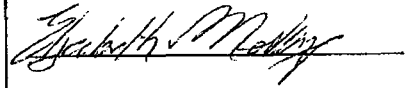
You and your mean the customer who signs the Scotiabank Financial Services Agreement Signature Form.
We, our, and us mean Scotiabank, The Bank of Nova Scotia.

TABLE OF CONTENTS

- 1. Your contract with us2
- 2. Your authorization to us2
- 3. Your account obligations2
- 4. Your payment obligations2
- 5. Cancellation of instructions (stop payment).....3
- 6. Instructions through third parties4
- 7. Verifying your accounts4
- 8. The services we provide and how you access them4
- 9. Your obligations in using our services.....5
- 10. Our service obligations5
- 11. Fees and charges5
- 12. Cancelling a service6
- 13. Limits of our liability6
- 14. Indemnity agreement.....6
- 15. Waivers6
- 16. Notices7
- 17. This agreement7
- 18. No assignment7
- 19. Governing law7
- 20. Language7

This is the Exhibit "B"
referred to in the affidavit of
Raymond F Grace

Sworn Before me this ^{on 13th} ~~13~~ day
of JUNE, 2005.



Elizabeth Meddings
Barrister & Solicitor

I Your contract with us

- 1.1 This agreement is given for consideration. It sets out the terms under which we operate accounts, provide certain financial services and carry out instructions.
- 1.2 When you sign the Scotiabank Financial Services Agreement Signature Form, you are bound by this agreement. In addition, you are responsible for:
- any instruction given on the accounts
 - any request made for service relating to the accounts, and
 - all your liabilities and obligations to us.
- 1.3 If you are a partnership, joint venture or organization that is not incorporated, each individual or entity which is a member (but not the limited partners of a limited partnership) is responsible for your obligations even if the partnership, joint venture or organization is dissolved or the membership changes. This responsibility includes all obligations to provide any money needed to fund the accounts.
- 1.4 If the customer consists of more than one individual or entity, each individual or entity will be jointly and severally responsible for your obligations.

II Your authorization to us

- 2.1 You authorize us to act on any instruction you give us relating to the accounts and the services we provide for those accounts under this agreement.
- 2.2 An instruction is a request to transfer funds to or from the accounts. Examples include cheques, transfers between accounts and any orders for the payment of money. Instructions may be given by electronic or written communication. Instructions may have the signature electronically or mechanically produced or imprinted.
- 2.3 You authorize us to record any telephone or other verbal communication.
- 2.4 You agree that we may record and store information about your accounts and services in any form and a copy of our permanent business

record(s) (in any form, including microfilm, photocopy, CD-ROM, image) of any communication may be substituted for the original. You agree that those records, or any recorded verbal communication, may be used as conclusive evidence of the content of that communication in any legal or other proceedings.

2.5 We are not obliged to act on any instruction which is not properly given or which does not comply with all requirements for clearing the instruction. Clearing is the process by which we settle payment for instructions.

2.6 You acknowledge that if the words and numbers of an instruction differ, the words will be correct. If there is a discrepancy between any instruction and the written confirmation of it, the instruction as we understood it will be taken as correct.

2.7 You authorize us to obtain, store and use system specifications of your computer system relating to the provision of a service but we are not required to do so.

III Your account obligations

- 3.1 You must:
- give us specific authorization or additional information if reasonably required by us
 - ensure that all your instructions to us meet our requirements with regard to form, signatures, verification and authorization
 - ensure that all confidential information we give you is kept confidential.
- 3.2 You agree to maintain security systems, procedures and controls to prevent and detect:
- theft of funds
 - forged, fraudulent and unauthorized instructions and electronic transfer of funds
 - losses due to fraud or unauthorized access to the service.

IV Your payment obligations

- 4.1 You are responsible for settling payment of your instructions. Unless you have made specific arrangements with us, you will ensure that your accounts have sufficient cleared funds to settle

any instructions at the time that you give us an instruction. We are not required to settle an instruction if sufficient cleared funds are not available in your account. The reported balances for your account may include amounts which are not cleared funds. Cleared funds means cash or any funds from any deposit which have been finally settled through the clearing system.

4.2 We may process your payment instructions and any charges to your account in any order convenient to us. Where more than one instruction is presented for payment on your account, the order of processing may affect whether an instruction is honoured if there are insufficient cleared funds in the account.

4.3 You acknowledge that we must clear instructions using a clearing system and are bound by the rules of any clearing system we use, including rules for endorsement of instructions, identity of payer and the time for final settlement. These rules affect our ability to honour your request to cancel instructions and the procedures we must follow to settle your instructions and clear funds for you.

4.4 We reserve the right to clear and transfer instructions by whatever method we choose, whether they are drawn on your account or negotiated by you. You grant us sufficient time to settle all instructions. You acknowledge that we may delay crediting your account until we receive the cleared funds for the instruction.

4.5 If we can not charge a payment, fee or expense to your account, or if we ask you to, you must immediately pay us any amounts you are required to pay under this agreement, plus interest at our published overdraft rate. Interest will be calculated on a daily basis and will be payable monthly or as we may otherwise require.

4.6 We may at any time refuse to honour an instruction for any proper or lawful reason, including garnishment, a trust provision or an instruction which would overdraw your account or increase the overdraft in it. We retain this right even if we have previously chosen not to exercise it.

4.7 You authorize us to charge the following to any of your accounts, even if they are not specifically designated for the instruction or service:

- the amount you ask us to pay in any instruction
- the amount of any instruction we have paid to you or credited to your account and for which we do not receive settlement for any reason (including fraud, loss or endorsement error) together with all related costs
- payment of any amount you owe us, including fees, charges, costs and expenses.

4.8 If an instruction on your account requires settlement in a currency other than the currency of the account, we may sell to you or purchase from you the amount of the other currency required to settle your instruction. The sale or purchase will be at our customer rate of exchange in effect at the time. Any costs for this exchange will be added to the sale amount payable by you or deducted from the purchase amount otherwise payable to you. We will charge the resulting total sale amount or credit the resulting net purchase amount to your account.

E Cancellation of instructions (stop payment)

5.1 We may treat all instructions as final when given to us.

5.2 Once we have received an instruction, you do not have the right to reverse, change, stop or cancel it unless we give our consent. Such consent will not be given if we have already acted on the instruction.

5.3 When you cancel an instruction (which includes a stop payment), you must follow the procedures set out in any service materials and any form which we give you. You must also communicate the cancellation to us in writing or by electronic communication (if permitted) before final settlement. You acknowledge we must follow any applicable clearing system rules and this may affect our ability to cancel an instruction.

5.4 If you cancel an instruction, we will not be obliged to hold the funds or return the funds to you unless:

- we are able to have the instruction stopped and the cleared funds are returned to us, and
- the service materials specify a procedure for you to cancel instructions and you correctly followed that procedure.

5.5 You are responsible for any cost of a cancellation.

6 Instructions through third parties

6.1 We may act on your instructions and provide services through third parties of our choice, including payment or clearing services, correspondents and electronic data processing service bureaus. We may choose the method of communication with the third party for the service provided.

7 Verifying your accounts

7.1 We will periodically provide you with statements of your accounts in printed or electronic form.

7.2 You must review each statement carefully to check and verify the entries. If you believe there are any errors or omissions, you must tell us in writing within 30 days of our mailing the statement or making it available for pick-up electronically or in person. If you don't tell us of any errors or omissions within that 30 days, you have acknowledged that:

- the balance shown in your statement is correct
- all amounts charged to your account are valid
- you are not entitled to be credited with any amount not shown on your statement
- you have verified the validity of any instructions
- the use of any service shown is correct.

7.3 After the 30 days, you can not claim, for any purpose, that any entry on your statement is incorrect and will have no claim against us for reimbursement relating to an entry, even if the instruction charged to your account was forged, unauthorized or fraudulent.

7.4 We will tell you in the service materials or a notice if the nature of any service requires more frequent statements, exchange of information, reports or verification than described generally for the account. The account verification conditions described above will apply regardless of the reporting frequency, but the time period will be the one

described in the service materials or notice and not the 30 days as above.

7.5 We will mail your statements of account to your latest address on our records or make them available for pick-up at the branch or electronically, as may be agreed in writing from time to time. If you do not receive a statement, or pick it up where this has been agreed, within 10 days after the end of the statement period, you must let us know within 15 days after the end of the statement period. If you do not let us know, you will be deemed to have received the statement 5 days after the mailing date, for all purposes, including the 30 day period to review the statement and advise us of any error.

8 The services we provide and how you access them

8.1 This agreement applies to any service which we list in our Published list of "Scotiabank Financial Services" from time to time, and which you access under this agreement by your signing a service request. If the service is listed in our published list of "Scotiabank Financial Services" at any time the service will be subject to this agreement even if the service request form does not specifically say so.

8.2 You apply for a service by signing the applicable service request. We have the right to not provide a service to you even if you give us a service request. Our agreement to provide a service will be given by notice to you or our starting to provide the service.

8.3 You agree to follow the most current procedures, service materials and instructions we establish for the services we provide to you. Service materials include the forms, user guides, software and other information either in written or electronic form, describing the service and the procedures you must use to operate the service.

8.4 We have the right to make changes to any service. If we do, we will give you notice at least 30 days before making any changes, either through a written or electronic notice or by posting a notice in our branches.

9 Your obligations in using our services**9.1 You must:**

- submit a service request in advance for each service you wish to receive or change under this agreement
- promptly give us any information we request in the service request or when providing the service
- change initial security access codes, if applicable.

9.2 You agree to make your own arrangements to provide the equipment and software you need to meet your desired levels of service, security and reliability. Equipment includes computer systems and telecommunication devices. All equipment and software must meet our requirements and specifications for the service we are providing. All purchase, installation and maintenance costs will be at your expense.

9.3 We may, if we choose, specify security procedures for a service, which you must follow. You agree to keep any keys, access codes, security devices and verification procedures safe and confidential, and change them at least as often as the service materials specify. We may establish a routine to verify the source and authenticity of instructions you give us and may verify an instruction before acting on it. We may act on instructions that contain the verification routine without checking authority.

9.4 For all service materials, including software, we give you, you agree:

- we and any lessor or licensor will retain all ownership rights, including any copyright
- you will not disassemble or reverse engineer the software
- you will not copy, remove, modify, transfer, accept or translate the service materials without our consent
- when we stop providing a service you will delete the applicable software from your computer hardware.

9.5 We may, but are not required to, confirm or obtain endorsements if we choose to do so. If a service we provide involves accepting and processing unendorsed third party cheques, we may do so. You will reimburse us for any amount we cannot

collect as a result of a problem in clearing an unendorsed third party cheque.

9.6 If electronic communication is part of a service for an account, you authorize us to accept electronic files and instructions as described in the service request.

10 Our service obligations

10.1 After your service request has been received by us, and we agree to provide the service, we will give you any relevant service materials, which you agree to follow.

10.2 When we agree to provide a service, we will give you the access or security devices and codes, passwords and procedures you need to use that service. We will tell you how to change the access codes so that you can restrict access to your accounts.

10.3 Any services we provide for the accounts will be governed by this agreement and the applicable service request and service materials. In providing you with any service, we will meet reasonable and usual standards for the provision of similar services by other service providers.

11 Fees and charges

11.1 You agree to pay the fees, charges and interest promptly when due, as set out in any applicable fee schedule, service request or statement relating to your account. You also agree to pay all taxes we must collect on the products and services we provide.

11.2 We may change any of our fees, charges or interest rates. If we do, we will give you notice at least 30 days before they go into effect, either through a written or electronic notice or by posting a notice in our branches.

11.3 We will advise you of fees, charges and interest we deduct from your accounts.

11.4 You agree to pay us for any out-of-pocket or other expenses we incur at your request or in the course of providing a service to you. These expenses include communication charges, transmission charges and transportation or delivery charges incurred by us.

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12 Cancelling a service

12.1 You may cancel any of our services under this agreement by giving us two days' written notice unless the service request provides for a different notice period.

12.2 We may cancel any service to you without a reason by giving you thirty days' written notice.

12.3 We may immediately cancel any service under this agreement at any time without notice if you default on any obligations to us or you become insolvent, bankrupt or a receiver is appointed over a significant amount of your assets. We will let you know promptly if we cancel a service for one of the above reasons.

12.4 If any service is cancelled, you will be liable for any pre-authorized payments or instructions issued before it was cancelled and for all payments required to be made by this agreement.

12.5 If any service is cancelled, you will return to us in good condition any keys, equipment and service materials which we have provided to you regarding the service.

13 Limits of our liability

13.1 We are not liable for any loss or damage you suffer in connection with your accounts or the provision of any service, or refusal to provide any service, except if it was caused by our negligence. You acknowledge this means we are not liable for the following specific matters:

- honouring, or refusing to honour or cancel, an instruction, for any reason
- any delay in completing or failing to provide a service for any reason even if this means you are unable to access funds in your account
- any matter arising from your actions or your failure to perform your obligations properly under this agreement even if you are not at fault
- a forged, unauthorized or fraudulent use of services, instruction, or material alteration to an instruction, even if you or we did or did not verify the signature, instruction or authorization.

13.2 If we are found to be liable for failing to perform a service properly, our liability will not be more than the direct cost to you of any loss of funds you suffered. This loss will be calculated from the time we should have made the funds available to you until the time we did make them available, or until you should reasonably have discovered their loss, whichever is earlier.

13.3 Under no circumstances will we be liable for any indirect damage or damages that are a consequence of a loss.

14 Indemnity agreement

14.1 You agree to:

- release us from liability;
- indemnify and hold us blameless; and
- compensate both us and any third party providing services or settling instructions for any loss, damage, payment, legal expense (based on the solicitor's fees charged to us) and other cost, as may be applicable, resulting from:
 - any service performed or refused;
 - any instruction honoured, processed, negotiated, settled, changed, cancelled, reversed or refused; or
 - your failure to properly provide information or follow any procedures for an account or service under this agreement.

14.2 We will let you know if a claim arises for which you have agreed to indemnify us. We will each cooperate in dealing with the claim, but any costs will be at your expense. You may defend a claim before making a payment to settle it, as long as we are satisfied this will not cause us to be exposed to further loss.

15 Waivers

15.1 Subject to any specific instructions you have given us in writing, you agree that you have waived presentment, notice of dishonour and protest of all instructions drawn, made, accepted or endorsed.

16 Notices

16.1 We may give you any notices under this agreement by any means of written or electronic communication, or by posting notice in our branches and any of those will be adequate delivery of notice. When sending notices to you, we may send them to your latest address on our records. You will be deemed to receive notice five days after mailing, or at the time of delivery of a personal delivery, the sending of an electronic communication or the posting of a notice in our branches. If we both post notice in our branches and send you notice, the effective time of notice will be the date of posting in our branches.

16.2 You must deliver any notices or communications concerning a particular account to the branch where you have the account.

17 This agreement

17.1 You acknowledge that we have made no promise, representation, warranty or agreement except as described in this agreement. This agreement, any service request approved by us and any service materials are the only descriptions of the services and what we will do and are responsible for.

17.2 With the exception of new pricing schedules or changes to services, service materials and service requests issued by us, no change to this agreement will be valid unless it is in writing signed by both you and us.

17.3 This agreement takes precedence over any other agreement, service request or service materials relating to any instruction or services. However, we retain all our rights under any law respecting loans, set-off, deposits and banking matters even if they are not described in this agreement.

18 No assignment

18.1 The terms and conditions in this agreement are binding on you and any person who succeeds you (including heirs, executors, administrators and legal representatives) or takes on your obligations.

18.2 You may not assign this agreement without getting our written permission first.

19 Governing law

19.1 This agreement is governed by the laws of the province or other jurisdiction in which the branch named in the Scotiabank Financial Services Agreement Signature Form is located.

20 Language

20.1 All parties have asked to have this agreement and all related documents drawn up and executed in English. Les parties exigent que cette convention et tous documents qui s'y rattachent soient rédigés en anglais.

XXXXXXXXXX
XXXXXXXXXX

In this form, you and your means the customer and we, our and us and the Bank means Scotiabank, The Bank of Nova Scotia.

Customer Legal Name B- FICO

Business/Trading Style GUARANTEED PAYMENT GPAT
(if applicable)

By signing this form, you understand and agree that you are bound by the terms and conditions of the Scotiabank Financial Services Agreement and agree they will apply to your accounts with us, and any of the financial services listed in the Published list of "Scotiabank Financial Services" for which you may apply now and in the future. You acknowledge you have been given and read a copy of the Scotiabank Financial Services Agreement and had the opportunity to ask any questions which you had about the agreement. You have signed this Signature Form for valuable consideration and knowing you are agreeing to the obligations of the Scotiabank Financial Services Agreement.

By signing this form, you certify the following are authorized to give instructions for your account and the services in the number and combination as specified below:

OR
JOINT ACCOUNTS
WITH JOINT
SIGNATURES ONLY

Scotiabank will provide specific financial services as outlined in the Scotiabank Financial Services Agreement.

Witness: [Signature] (DATE) [Signature] (DATE)
(if applicable)

Witness: _____

Witness: _____

Witness: _____

Witness: _____

And GPAT

Branch/Address: **BANK OF NOVA SCOTIA**
#15 Village Market
800 FIFTH STREET
DARTMOUTH, NS B3A 2G6
CUSTOMER





Contact Us | Site Map | Branch & ATM Locator

Search

Give Your Money the Interest it Deserves

Online Services

- > Online Banking
- > Online Brokerage
- > Banking & Brokerage Demo

Personal Services

- > Day-to-Day Banking
- > Account & Account Plans
- > Savings Accounts
- > Scotia Cash Plan® Investment Savings Account
- > Scotia Dolly Interest Savings Account
- > Money Master® High Interest Savings Account
- > Day-To-Day Banking
- > Borrowing
- > Investing
- > Protection

Quick Links

Go directly to... Go

Other Sections

- > Personal Services
- > Small Business
- > Business Services
- > About Scotiabank
- > International

Money Master® High Interest Savings Account

Start earning more interest today.

Bank using *Scotia OnLine®* Financial Services and earn high interest with an account that's simple and convenient. Interest is paid from the first dollar saved and applied to the full balance.

This "virtual" account is ideal as a companion to your Day-to-Day transaction account. (View the current interest rate for this account.)

- No monthly fee
- ★ Unlimited free transfers to your other Scotiabank accounts when you use *Scotia OnLine* Financial Services, *TeleScotia®* Telephone Banking, Automated Banking Machines (ABMs) and wireless banking services.
- For all other debit transactions (i.e., branch withdrawals or branch transfers, ABM withdrawals, direct payment purchases, bill payments and pre-authorized payments), a \$3.00 per transaction fee will apply.
- Starting on May 14, 2005, you may choose to receive a monthly paper statement for your *Money Master* High Interest Savings account. Learn more about this option and its associated fee.

Go to...

- > Rates & Values
- > Current Rates
- > Mutual Fund Prices & More

Tools and Resources

- > Compare our Account Fees and Features
- > Open an Account
- > Tips to Reduce Fees
- > Choose the Right Account and Features
- > Change Your Account

Related Links

- > Electronic Banking Services
- > CDIC Information
- > Money Master for business

Money Master for RSPs™ account. It's a great place to put your money while you figure out where to put your money.

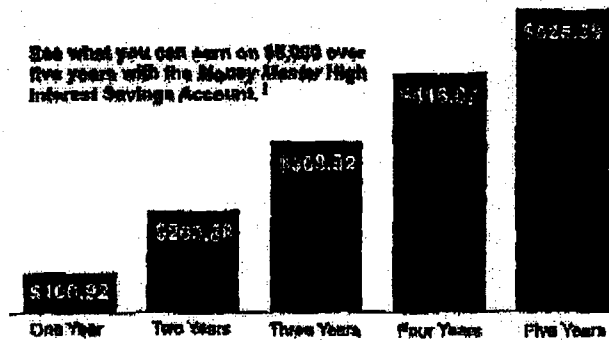
This is the Exhibit "C" referred to in the affidavit of Raymond F Grace

Sworn Before me this 13th day of JUNE, 2005.

[Signature]

Elizabeth Meddings
Barrister & Solicitor

See what you can earn on \$1,000 over five years with the Money Master High Interest Savings Account.†



APPLY ONLINE or call 1-800-4-SCOTIABANK (1-800-4-72-6642) to open your new *Money Master High Interest Savings* account.

Rates as of September 28, 2004. Chart shows dollars earned on an investment of \$5,000 over 60 months.

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993 Fir Street
Sherwood Park, Alberta
Canada T8A 4N8
Tel: (780) 467-2276
Fax: (780) 467-0492



May 11, 2005

Raymond F. Grace
c/o B-Filer Inc.
9-Highvale Crescent
Sherwood Park, Alberta
T8A 5J7

Dear Mr. Grace,

Re: Bank Accounts

- 90969 0004014
- 90969 0267880
- 90969 0268283
- 90969 0268623
- 90969 0269026
- 90969 0269425
- 81893 6740081
- 81893 6740227
- 81893 6740286
- 81893 6740421
- 81893 6740685
- 81893 6740723
- 81893 6740928
- 81893 6741029
- 81893 6741088
- 81893 6741223
- 81893 6741320
- 81893 6741428
- 81893 6741487
- 81893 6741827
- 81893 6741983
- 81893 6742025
- 81893 6742122
- 81893 6742181
- 81893 6742327
- 81893 6742483
- 81893 6742521
- 81893 6742629
- 81893 6742688
- 81893 6742726
- 81893 6742785
- 81893 6742882
- 81893 6743021
- 81893 6743080
- 81893 6743129
- 81893 6743188

This is the Exhibit "D" referred to
in the affidavit of
Raymond F Grace

Sworn Before me this 11th day of
JUNE, 2005.

Elizabeth Meddings
Barrister & Solicitor

Further to the April 6th e-mail response from Letty Sneath of the Office of the President, please be advised the Bank of Nova Scotia has decided to terminate its banking relationship with the above-named company effective June 15th, 2005.

On or about October 7th, 2004, B-Filer Inc. entered into a Financial Services Agreement (the "Agreement") with Scotiabank. Section 12.2 of the Agreement provides that the Bank may terminate the Agreement, without cause, upon providing you with thirty days prior written notice. Scotiabank has decided to exercise that clause. Accordingly, this letter constitutes written notice of termination pursuant to the Agreement.

993 Fir Street
Sherwood Park, Alberta
Canada T8A 4N5
Tel: (780) 467-2276
Fax: (780) 467-0492

- 2 -



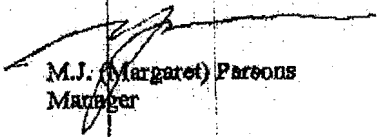
Please note that, effective immediately, all deposits of a non-cash nature made to the subject accounts will be subject to an 8-day hold unless certified.

At the close of business on June 15th, 2005, any remaining un-held balance in your accounts will be converted to Bank Drafts or Money Orders and delivered by regular post to your address as indicated above. Any amount to which a hold is applicable will be forwarded upon expiration of the hold.

You may choose to close your accounts at any time prior to June 15th, 2005 and the funds in your account will be released to you, subject to any holds as indicated above.

If you have any questions concerning the above, please do not hesitate to contact me.

Sincerely,


M.J. (Margaret) Parsons
Manager

cc: Letty Sneath, Office of the President

993 Fir Street
 Sherwood Park, Alberta
 Canada T8A 4N5
 Tel: (780) 467-2276
 Fax: (780) 467-0492



May 11, 2005

Raymond F. Grace
 c/o B-Filer Inc.
 c/a Guaranteed Payment
 9-Highvale Crescent
 Sherwood Park, Alberta
 T8A 5J7

Dear Mr. Grace,

Re: Bank Accounts

- 90969 0014311	- 81893 6780229	- 81893 6781128	- 81893 6784127
- 90969 0158127	- 81893 6780288	- 81893 6781284	- 81893 6784321
- 90969 0259284	- 81893 6780423	- 81893 6783023	- 81893 6784488
- 90969 0266124	- 81893 6780520	- 81893 6783384	- 81893 6784682
- 90969 0266280	- 81893 6780628	- 81893 6783481	- 81893 6784720
- 90969 0267023	- 81893 6780687	- 81893 6783627	- 81893 6784984
- 90969 0267586	- 81893 6780822	- 81893 6783821	
- 90969 0269581	- 81893 6780881	- 81893 6783880	
- 81893 6780121	- 81893 6781020	- 81893 6783988	

Further to the April 6th e-mail response from Letty Sneath of the Office of the President, please be advised the Bank of Nova Scotia has decided to terminate its banking relationship with the above-named company effective June 15th, 2005.

On or about August 6th, 1999 and April 15th, 2004, B-Filer Inc. operating as Guaranteed Payment entered into a Financial Services Agreement (the "Agreement") with Scotiabank. Section 12.2 of the Agreement provides that the Bank may terminate the Agreement, without cause, upon providing you with thirty days prior written notice. Scotiabank has decided to exercise that clause. Accordingly, this letter constitutes written notice of termination pursuant to the Agreement.

...2/

993 Fir Street
Sherwood Park, Alberta
Canada T8A 4N5
Tel: (780) 467-2276
Fax: (780) 467-0492

- 2 -



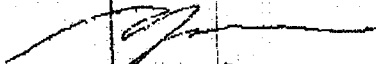
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You may choose to close your accounts at any time prior to June 15th, 2005 and the funds in your account will be released to you, subject to any holds as indicated above.

If you have any questions concerning the above, please do not hesitate to contact me.

Sincerely,



M.J. (Margaret) Parsons
Manager

cc: Letty Sneath, Office of the President

993 Fir Street
Sherwood Park, Alberta
Canada T8A 4N5
Tel: (780) 467-2276
Fax: (780) 467-0492



May 11, 2005

Raymond F. Grace
c/o NPAY Inc.
9-Highvale Crescent
Sherwood Park, Alberta
T8A 5J7

Dear Mr. Grace,

Re: Bank Accounts

- 90969 0007412 - 90969 0020222 - 81893 6763928 ~ 81893 6765025
- 90969 0007919 - 90969 0021725 - 81893 6764029 - 81893 6765122
- 90969 0008117 - 90969 0024120 - 81893 6764185 - 81893 6765327
- 90969 0004383 - 90969 0025429 - 81893 6764428 - 81893 6765424
- 90969 0008885 - 90969 0027626 - 81893 6764487 - 81893 6765483
- 90969 0011428 - 81893 6751687 - 81893 6764789 - 81893 6765521
- 90969 0014222 - 81893 6763588 - 81893 6764827 - 81893 6765580
- 90969 0016985 - 81893 6763723 - 81893 6764886 - 81893 6765688
- 90969 0017825 - 81893 6763820 - 81893 6764983 - 81893 6765726
- 81893 6765084

Further to the April 6th e-mail response from Letty Snethen of the Office of the President, please be advised the Bank of Nova Scotia has decided to terminate its banking relationship with the above-named company effective June 15th, 2005.

On or about November 12th, 2004 and November 15th, 2004 NPAY Inc. entered into a Financial Services Agreement (the "Agreement") with Scotiabank. Section 12.2 of the Agreement provides that the Bank may terminate the Agreement, without cause, upon providing you with thirty days prior written notice. Scotiabank has decided to exercise that clause. Accordingly, this letter constitutes written notice of termination pursuant to the Agreement.

993 Fir Street
Sherwood Park, Alberta
Canada T8A 4N5
Tel: (780) 467-2275
Fax: (780) 467-0492

- 2 -



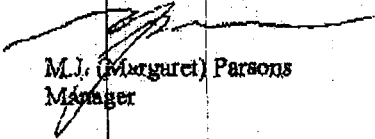
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You may choose to close your accounts at any time prior to June 15th, 2005 and the funds in your account will be released to you, subject to any holds as indicated above.

If you have any questions concerning the above, please do not hesitate to contact me.

Sincerely,



M.J. (Margaret) Parsons
Manager

cc: Letty Snethen, Office of the President



This is the Exhibit " E " referred to
in the affidavit of
Raymond F Grace

Sworn Before me this 13th day of
JUNE , 2005.

Elizabeth Meddings

1. **What Is Interac Online?**

The *Interac* Online service is a new payment option that allows you to pay for goods and services on the Internet directly from your bank account. It is secure and easy to use.

Elizabeth Meddings
Barrister & Solicitor

2. **How does Interac Online work?**

The *Interac* Online service is secure and easy to use because it works with your existing web banking service.

1. Shop for goods and services at your favourite online merchant. **Click here** for a list of online merchants that offer the *Interac* Online service.
2. Select the *Interac* Online option when you are ready to pay and you will be provided with a list of participating Financial Institutions.
3. Select the Financial Institution that you want to pay from (note: you will need to be registered for web banking).
4. Login to web banking with your usual login ID and password.
5. Choose an account to pay from.
6. Confirm the payment - you will be automatically directed back to the merchant website.
7. Get your confirmation page - you are done!

To see a demo of how it works **click here**.

3. **Is Interac Online secure?**

Yes, the *Interac* Online service is very secure:

- o You do not need to provide any financial information, card numbers or login information to the online merchant
- o You use your existing web banking service with your usual User ID and password
- o The payment is completed through the Financial Institution you know and trust
- o No sensitive information is shared between the online merchant and your Financial Institution

4. **Why should I use Interac Online?**

The *Interac* Online service provides you with the following benefits:

- Privacy: you do not need to provide any financial details, card numbers or login information to the online merchant
- Ease of use: because the payment is conducted through web banking, you don't need to worry about creating any new passwords or accounts
- Security: the payment is completed through the Financial Institution you know and trust
- Alternatives: you now have another payment option when shopping online
- Spending Control: The *Interac* Online service helps you better manage your finances - you can't spend more than what you have in your bank account!

5. **Who can use *Interac* Online?**

Anybody who shops online at one of **these merchants** and uses web banking at any of these **Financial Institutions** can use the *Interac* Online service.

6. **How can I sign up?**

To use the *Interac* Online service you must have access to web banking at one of the participating **Financial Institutions**.

7. **Can I use *Interac* Online on U.S. or other foreign web sites?**

It is up to each online merchant to decide which payment options it wants to offer its customers. The *Interac* Online service is available to all online merchants that do business in Canada. **Click here** for a list of the online merchants that offer the *Interac* Online service.

8. **Is there a limit to how much I can spend?**

Your *Interac* Online payment is handled by your Financial Institution so any limits on the amount would be controlled by your Financial Institution. Contact your Financial Institution to inquire about your limits.

9. **Where can I use *Interac* Online to pay?**

Click here to see a list of online merchants that offer the *Interac* Online payment option. We are continually activating new merchants so check back soon.

Click here to see a list of Financial Institutions that offer the *Interac* Online service.

10. **How much does it cost to use *Interac* Online?**

Your *Interac* Online payment is handled by your Financial Institution so fees, if any, would be levied by your Financial Institution. Contact your Financial Institution to inquire about any fees applicable to your *Interac* Online payment.

11. **What if I don't have web banking?**

It is easy to get access to web banking. Simply contact your Financial Institution or visit their website to inquire about receiving your user ID and password. **Click here** for a list of Financial Institutions that offer the *Interac* Online service.

12. **Can I use *Interac* Online on any computer?**

Yes, you can use the *Interac* Online service on any computer where you can access the Internet and your Financial Institution's web banking service.

Always make sure you are careful with your passwords when using a public computer.

13. Which Financial Institutions offer Interac Online?

Click here to see a list of Financial Institutions that offer the *Interac Online* service.

14. Who do I call if something goes wrong?

If you have questions or concerns about the goods or services that you have purchased using the *Interac Online* service, (e.g. about delivery time, shipping options, product information etc.) please contact the online merchant.

If you have questions or concerns about your *Interac Online* payment (e.g. fees, limits, your account, processing times etc.) **that cannot be answered by the online merchant**, please contact your *Financial Institution*.

More information about consumer protection is outlined in the **Customer Commitment** section.

15. What if I need to return my purchase? How do I get my money back?

Return policies vary according to each merchant, so it is important that you check each merchant's return/refund policy prior to making your purchase. If the merchant has a refund policy in place, a refund transaction can be processed, where the funds are credited back to your bank account.

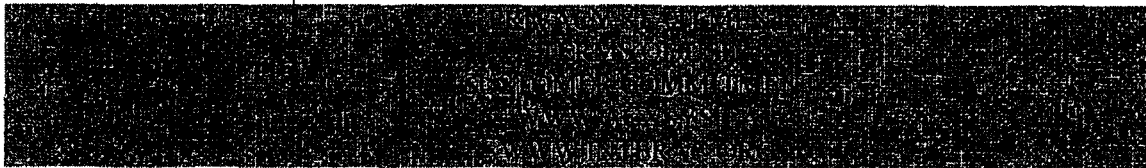
More information about consumer protection is outlined in the **Customer Commitment** section.

16. What if I'm a victim of fraud?

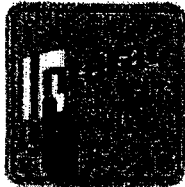
In a proven case of online fraud, you are protected by the 'Customer Services Rules', which ensure that your funds are returned to your bank account by your Financial Institution. These 'Rules' are based on the reputable Canadian Code of Practice for Consumer Debit Card Services and adapted for the online environment.

While we work with all stakeholders, as well as security experts, to maintain the ongoing security of our services, there are actions that you can take as well. You are encouraged to regularly check their bank statements to verify that all transactions have been properly documented. If entries do not accurately reflect transaction activities - for example, if there are missing or additional transactions – you should immediately contact your Financial Institution.

More information about consumer protection is outlined in the **Customer Commitment** section.



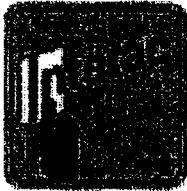
CONTACT US FRANÇAIS



PARTICIPATING MERCHANTS

TAKE THE
INTERACTIVE
TOUR
START

Merchant	Category	URL
DVD Soon	Music / Video	www.dvdsoon.com



PARTICIPATING FINANCIAL INSTITUTIONS

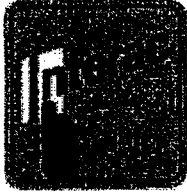
TAKE THE
INTERACTIVE
TOUR
START



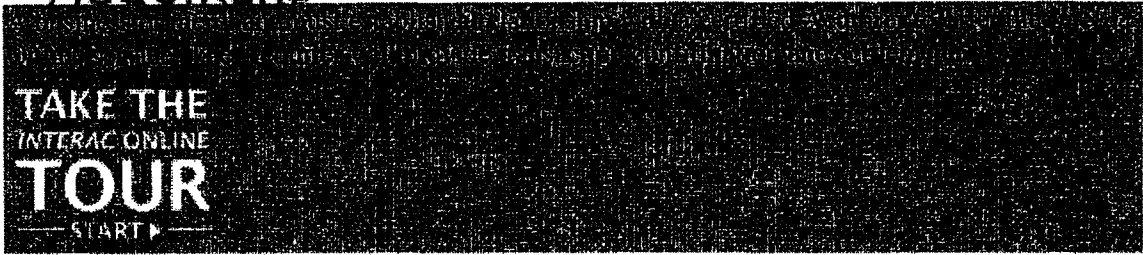
TD Canada Trust
Coming Soon!

Scotiabank
Coming Soon!

BMO Financial Group
Coming Soon!



ACQUIRERS



TAKE THE
INTERAC ONLINE
TOUR
START ▶

Acquirer

Contact

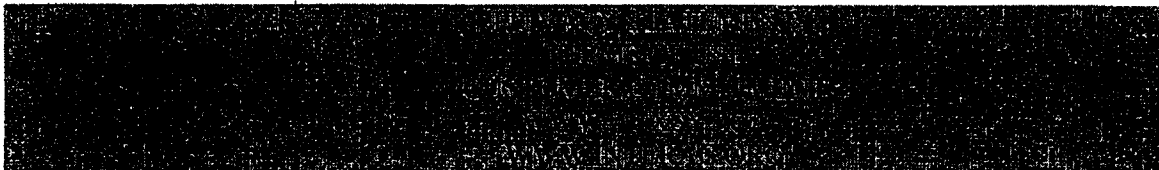


John Florinis
Manager, Marketing

Phone: 416.734.1252

E-Mail: john.florinis@moneris.com

WWW: www.moneris.com



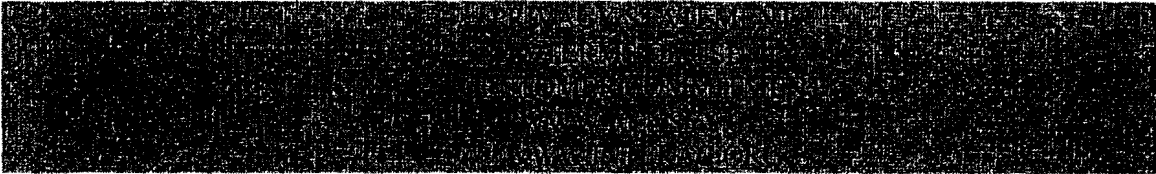
THIRD PARTY SERVICE PROVIDERS



TAKE THE
INTERAC ONLINE
TOUR
— START —

There are currently no Third Party Service Providers certified to offer the *Interac* Online service.

Please check back for updates.



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Hyperlinks

Unless you have a written agreement in effect with the party credited as the which states otherwise, you may only provide a hypertext link to the *Interac* Online website on another website, provided that:

- a) the link must be a text-only link clearly marked "*Interac* Online Home Page" or "www.interaconline.com";
- b) the link must "point" to the URL "<http://www.interaconline.com>" and not to other pages within the *Interac* Online website;
- c) the appearance, position and other aspects of the link may not be such as to damage or dilute the goodwill associated with Acxsys Corporation's name or trade-marks, including the *Interac* trade-marks;
- d) the appearance, position and other aspects of the link may not create the false appearance that an entity is associated with or sponsored by Acxsys Corporation;
- e) the link, when activated by a user, must display the *Interac* Online website full-screen and not within a "frame" on the linked website; and
- f) Acxsys Corporation reserves the right to revoke its consent to the link at any time in its sole discretion.

Personal Information

Acxsys Corporation does not request your personal information and you can visit our website without revealing any personal information about yourself. If you contact us and voluntarily provide us with your personal information, you consent to our collection, use and disclosure of that information as described in our **Privacy Statement** as amended from time to time or as described at or before the time of collection, use or disclosure.

Automatic Collection of Information

In some cases, we may collect information about you that is not personally identifiable. Examples of this type of information include the type of Internet Browser you are using, the type of computer operating system you are using, and the domain name of the website from which you linked to our website or advertisement.

Changes to these Terms of Use

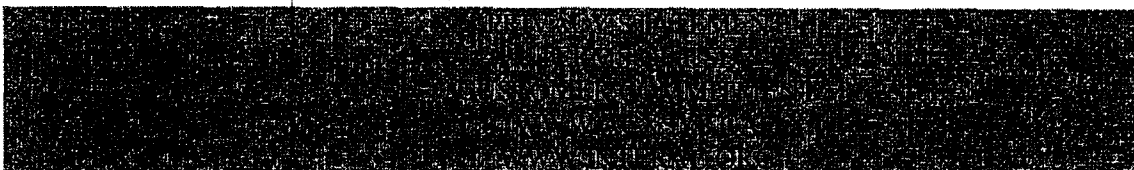
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Your access to and use of this website is subject to all applicable international, federal, state and local laws and regulations. Acxsys Corporation reserves the right to seek all remedies available at law and in equity for violations of these Terms of Use, including the right to block access from a particular Internet address to our site.

Your Agreement

This website (excluding linked sites) is controlled by Acxsys Corporation from its offices within the Province of Ontario, Canada. By accessing this website, you and Acxsys Corporation agree that all matters relating to your access to, or use of, this website shall be governed by the statutes and laws of the Province of Ontario, without regard to the conflicts of laws principles thereof. You and Acxsys Corporation also agree and hereby submit to the exclusive personal jurisdiction and venue of the courts of the Province of Ontario with respect to such matters.



CIBC Better Than Prime Mortgage

CIBC Home Power Line of Credit

TORONTO STAR
www.thestar.com

MAY 5, 2005
Updated at 11:44 A

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Today's Features
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What's On > Your Home

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50% OFF

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Edit Profile | Logout
Membership Centre
- Business @Biz
Money 301
Crbb Notes
Most Emailed Articles
Today's Paper
Star Columnists
Business Extras
Portfolio Manager
Today's Markets
Most Active/High & Lows
Stock Quotes
Fund Quotes
Exchange Rates
Loans & Rates
Fees & Services
Tools & Calculators
> ADVERTISEMENT <

- Special Reports
> VE Day
> Broken Boys
> Gomery Inquiry
> Forgotten Children
> [More Specials]
- My Email Newsletters
My Scoreboard
My Stock List
My Print Subscription
- Features
> Brand New Planet

Previous Story Print Story Small Story Next Story

May 5, 2005, 08:54 AM

Banks to launch debit online

Big five to introduce Interac service at Internet retailers
Safeguards allow customers to avoid credit-card risks

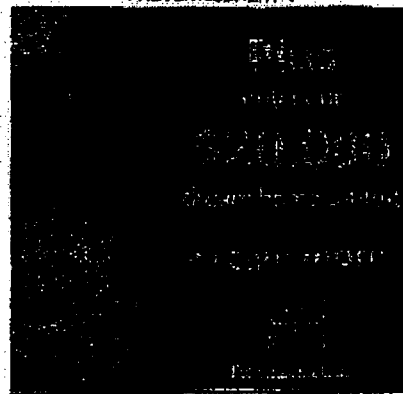
TYLER HAMILTON
TECHNOLOGY REPORTER

Canada's major banks are readying a service that would allow debit-card style payments at the most popular Web retailers, giving teenagers without credit cards and other credit-wary consumers another way to participate in the online economy.

The service, called Interac Online, will make it possible for Internet customers to purchase their favourite goods and services by transferring money directly out of their online bank accounts during the course of a transaction.

One might call them "Webit" transactions. At a Web retailer's virtual checkout counter, customers simply click on an "Interac Online" option and are directed to their existing online banking account, where they'll be asked to log in to the bank's secure site.

After confirming details and finally approving the transaction, customers



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Microsoft
Microsoft Office has evolved.
Have you?

This is the Exhibit "F" referred to in the affidavit of Raymond F Grace
EMISEM
Sworn Before me this 15 day of JUNE, 2005.

Elizabeth Meddings

Elizabeth Meddings
Barrister & Solicitor

- ▶ Contests/Events
- ▶ Crosswords
- ▶ Elle
- ▶ Horoscopes
- ▶ Lottery Results
- ▶ Starship for Kids
- ▶ Traffic Cams
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- ▶ Initiatives
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Search the Web

by Google

are sent back to the Web retailer's site where the product purchase is acknowledged as complete. The retailer collects no personal information from the customer during the process, meaning less risk of privacy leaks or abuses.

The Royal Bank of Canada, which is currently testing the Interac Online system, is expected to be the first bank to offer the service to its online customers, likely toward the end of this month. The Bank of Nova Scotia and Bank of Montreal are expected to follow in June and July, respectively.

Toronto Dominion Bank will join later in the year and the Canadian Imperial Bank of Commerce is slated to be added to the group in early 2006.

Sara Feldman, vice-president of marketing at the Interac Association, said it's likely the first time in the world that a country's major banks have come together to launch a debit-style online payment system.

"This is a multi-bank option with multiple merchants, and it offers broad access (to online consumers)," Feldman said. "In that sense, we think we are a first, though there may be other variations elsewhere in the world."

Canada has a long history of retail banking firsts, and Canadian consumers are well recognized as leaders in online banking and debit-card use. More recently, Canadian banks led the world when they introduced email money transfers, allowing individuals and small businesses to move money through email.

It's estimated that at least three out of 10 Canadians do their banking online. According to a survey by Toronto-based The Strategic Counsel, more than 22 million Canadians used their banking card to perform a debit transaction in 2004.

Furthermore, more than a quarter of Canadians said they performed five or more debit transactions each week, contributing to a total of 2.7 billion transactions in 2004.

"Debit on the Web sounds really cool, given our propensity to adopt debit cards," said Jamie Sharp, a financial services analyst with IDC Canada Ltd. in Toronto. "The nice thing about it, from a parent and risk liability point of view, is you can basically draw down just what's in the account, whereas with a credit card you've got that whole credit limit to play with."

Feldman said consumers tend to use their debit cards when purchases range from \$10 to \$75. Beyond \$100 the credit card becomes a preferred choice of payment. But in the online world, credit cards are the most popular and usually only option.

Kevin Tait, a spokesperson for Moneris Solutions Inc., said the cost of the service to online retailers will be "in line" with other types of retail and online transaction services.

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Electronic bill payment systems for business and personal use.
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e-Bill Software
B2B and B2C e-billing, e-payment, e-invoicing & e-statement software
www.checktrossoftware.com

Canadians should start seeing the country's leading retailers offering the option "within the next few weeks," he said.

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The Bank of Nova Scotia
993 Fr Street
Sherwood Park, Alberta
Canada T8A 4N4
Tel: (780) 467-2276
Fax: (780) 467-0452



May 25, 2005

Sharon J. Dalton
c/o Edy Dalton
310 The Grange
1010 Eighth Avenue SW
Calgary, AB
T2P 1J2

Dear Ms. Dalton

Re: B-FILER Inc., B-FILER INC. o/a GUARANTEED PAYMENT and NPAY Inc.

Further to your facsimile letter of May 17th, we wish to advise that the Bank's decision communicated in our May 11th letters to your client, Raymond Grace, is final. We are not prepared to retract our letters.

We have confirmed with the Bank's legal counsel that the Bank is within its rights to terminate the relationship with your client both pursuant to the contract between the parties and the previous discussions, which have occurred between the Bank and your client. The Bank does not owe your client a duty to remain in this relationship indefinitely and there can be no possibility of damages as a result of the Bank's actions.

While we believe that we have given your client sufficient time to make alternative arrangements at another financial institution, we are prepared to consider an extension of the termination date to June 30, 2005. Should your client wish to extend the deadline to this date, please ask him to contact us directly.

In closing, I would like to thank you for writing to us and giving us the opportunity to clarify the Bank's position on this matter.

Sincerely,

Margaret Parsons
Solicitor
Tel: 780-449-9571

Officer of the President

This is the Exhibit "G" referred to
in the affidavit of
Raymond F Grace
Sworn Before me this 15 day of
JUNE, 2005.
Elizabeth Meddings

** TOTAL PAGE. 02 **

Elizabeth Meddings
Barrister & Solicitor