

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N :

MARGARET SMITH and RON ORIET

Plaintiffs/
Defendants by Counterclaim

- and -

NATIONAL MONEY MART COMPANY and DOLLAR FINANCIAL GROUP, INC.

Defendants/
Plaintiffs by Counterclaim

Proceedings under the *Class Proceedings Act, 1992*

**REPLY TO DEFENCE TO COUNTERCLAIM OF
DOLLAR FINANCIAL GROUP, INC.**

1. The Defendant/Plaintiff by Counterclaim, Dollar Financial Group, Inc. ("**Dollar Financial**"), admits the allegation contained in paragraph 14 of the Reply and Defence to Counterclaim of Dollar Financial Group, Inc. (the "**Defence to Counterclaim**").
2. Except as admitted herein, Dollar Financial denies each and every other allegation contained in the Defence to Counterclaim and puts the Plaintiffs to the strict proof thereof.
3. Dollar Financial repeats and relies upon the allegations contained in its Statement of Defence and Counterclaim.
4. In reply to paragraphs 7 to 10 of the Defence to Counterclaim, Dollar Financial denies that the Loans were developed in the United States by it and then introduced into Canada as Fast Cash

Advance. The initial development and implementation of the Loans was by Money Mart, independently and prior to Money Mart's acquisition by DFC in November 1996.

5. Dollar Financial also denies making representations to its auditors or to Revenue Canada that the Loans were developed in the United States by Dollar Financial and then introduced into Canada as Fast Cash Advance. In any event, any representations made by Dollar Financial to its auditors or to Revenue Canada are irrelevant for the purposes of these proceedings.

6. Dollar Financial specifically denies that it is estopped from asserting that the Loans were originally developed and implemented independently by Money Mart. Dollar Financial made no representations to the Plaintiffs or to Class Members regarding the development and implementation of the Loans. Neither the Plaintiffs nor the Class Members relied on any representations by Dollar Financial regarding the development and implementation of the Loans. Neither the Plaintiffs nor the Class Members were detrimentally affected by any representations made by Dollar Financial regarding the development and implementation of the Loans.

7. Dollar Financial denies that the allegations contained in paragraphs 11 and 12 of the Defence to Counterclaim accurately describe the relationship between it and Money Mart. In any event, the business interactions described in those paragraphs are typical and expected in a parent-subsidary relationship. Those business interactions do not establish that Money Mart is the "alter ego" of Dollar Financial. On the contrary, Dollar Financial does not and has never exercised effective or actual control or management of Money Mart's business. Money Mart is a separate corporation and operates autonomously.

8. In reply to paragraph 13 of the Defence to Counterclaim, Dollar Financial denies that it had knowledge that any monies received from Money Mart came from a Fast Cash Advance Loan with a

Class Member. Dollar Financial was not a party to any Fast Cash Advance agreement, or any other transaction, with any Class Member. Dollar Financial had no knowledge of the identities of the customers of Money Mart or the Franchisees. Dollar Financial has never received any money directly from customers of Money Mart or the Franchisees.

9. In reply to paragraphs 15 to 19 of the Defence to Counterclaim, Dollar Financial states that Money Mart has a counterclaim and rights of set-off against each and every Class Member who has, at any material time, defaulted on a Loan or failed to pay Money Mart any other amount properly due to Money Mart, whether in respect of a Loan or any other service provided by Money Mart to the Class member, pursuant to the Class Member's agreements with Money Mart (the "Defaulters"). If at any material time Dollar Financial has operated Money Mart as Dollar Financial's alter ego and has any liability to Class Members as a result, none of which is admitted and all of which is specifically denied, then Dollar Financial is entitled to assert all or Money Mart's rights against each and every one of the Defaulters.

10. Until Money Mart's and Dollar Financial's counterclaims and rights of set-off have been determined, liability cannot be established against Money Mart or Dollar Financial by any Defaulter, and no aggregate assessment of monetary relief can be made pursuant to s. 24 of the *Class Proceedings Act, 1992*, S.O. 1992, c. 6.

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SMITH et al.

- and -

NATIONAL MONEY MART COMPANY et al.

Court File No. 03-CV-1275

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SUPERIOR COURT OF JUSTICE**

Proceeding Commenced at Toronto

**REPLY TO DEFENCE TO
COUNTERCLAIM OF
DOLLAR FINANCIAL GROUP, INC.**

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