

October 22, 2021

MEMBER RELEASE BY PACE:

PACE Savings & Credit Union Limited (“PACE”) recently identified that a former PACE employee misappropriated funds, primarily in transactions related to PACE’s retail loan portfolio.

Immediately upon this issue being identified, PACE reported its concerns to its administrator, the Financial Services Regulatory Authority of Ontario (“FSRA”), retained the firm of Grant Thornton LLP (“GT”) to forensically investigate these irregularities, and suspended the one employee, a mid-level member of management, who appeared to be directly at the centre of this issue. That employee was subsequently terminated for cause, is not contesting that termination and is cooperating with the investigation. PACE has reported this matter to the police for investigation and consideration of whether criminal charges are appropriate.

Based on the thorough investigation by GT, conducted with the support of PACE management and forensic investigators from FSRA, PACE determined that the misappropriation of funds involving this former employee was isolated to approximately \$7 million of retail loans. There is no evidence of individual PACE member deposit accounts being impacted. There is no significant impact on PACE’s liquid financial resources and PACE continues to operate and to serve the needs of its members.

Consequently, PACE has withdrawn its audited financial statements and the Auditor has withdrawn their opinion for the years ended December 31, 2018, 2019 and 2020, and the summarized financial statements for the years ended December 31, 2018, and 2019, (collectively the “Audited Financial Statements”) while PACE determines the impact of the misappropriation of funds on the Audited Financial Statements. PACE anticipates that a restatement of its financial results will be available at or before its next annual general meeting in the spring of 2022.

PACE is a credit union with assets of over \$980 million, dedicated to serving members in the greater Toronto and adjacent areas through 13 branches. PACE has been under administration by FSRA since September 2018 due to governance and financial impropriety issues related to certain of PACE’s former senior officers and directors.

For more information on the administration of PACE and its continuing operations, please refer to materials presented at PACE’s last annual general meeting [here](#).