



**Australian
Competition &
Consumer
Commission**

Our Ref: N70435
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5 January 2006

Mr Michael Cooke
Group Legal Director
Cash Converters
PO Box Y3151
East St George Terrace
PERTH WA 6832

Dear Mr Cooke

**Third line forcing notification N70435
lodged by Cash Converters Pty Ltd (CCPL)**

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the ACCC) on 6 October 2005.

You have described the notified conduct as follows:

1. CCPL wishes to require the following in respect of franchise offerings outside of South Australia and the Northern Territory:
 - (a) that all existing franchisees who wish to offer cash advances, must use the Mon-e system;
 - (b) that all new franchisees who join the Cash Converters system, must offer cash advances and must use the Mon-e system and may be required by CCPL to offer Western Union agency services and Safrock personal loans;
 - (c) that all existing franchisees who wish to offer cash advances may be required by CCPL to also offer Western Union agency services and Safrock personal loans.

2. CCPL wishes to require the following in respect of franchise offerings within South Australia and the Northern Territory;
 - (a) that all existing franchisees who wish to offer cash advances, must use the Quickdraw system;
 - (b) that all new franchisees who join the Cash Converters system, must offer cash advances and must use the



- Quickdraw system and may be required by CCPL to offer Western Union agency services;
- (c) that all existing franchisees who wish to offer cash advances may be required by CCPL to also offer Western Union agency services.

Legal immunity conferred by the notification commenced on 20 October 2005.

On the basis of the information that you have provided, it is not intended that further action be taken in this matter at this stage.

As with any notification, please note that the ACCC may act to remove the immunity afforded by this notification at a later stage if it is satisfied that the likely benefit to the public from the conduct will not outweigh the likely detriment to the public from the conduct.

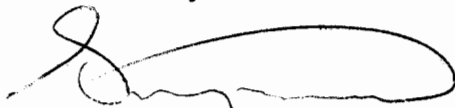
As you are aware, the submission lodged by the Consumer Credit Legal Centre NSW (CCLC) in respect of the notified arrangements, provided to you for comment on 22 November 2005, raises concerns in respect of CCLC's compliance with existing NSW credit laws. CCPL's response to issues raised in interested parties submissions, dated 24 November 2005, states that it does not allow any franchisee in NSW to make cash advances so as to avoid any breach of consumer credit laws in NSW. The CCLC has subsequently advised that their concerns primarily relate to NSW residents being provided with cash advances by Cash Converters franchisees located in Queensland.

The ACCC has forwarded the CCLC's submission to the NSW Office of Fair Trading and advised the CCLC that the appropriate body to consider concerns in relation to breaches of the NSW *Consumer Credit Act* is the Office of Fair Trading. In this respect, notification provides immunity only from the relevant provisions of the *Trade Practices Act (1974)* (TPA) and does not protect the notified arrangements to the extent that they might otherwise raise concerns under any other applicable legislation.

As noted, the ACCC may act to remove the immunity afforded by a notification at any time if it is satisfied that the likely benefit to the public from the conduct will not outweigh the likely detriment to the public from the conduct. If it were to be established that Cash Converters franchisees were, as a result of the notified conduct, contravening relevant state consumer credit laws in the offering of cash advances, the ACCC would reconsider whether immunity from the TPA should continue to be afforded to the notified arrangements.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Gavin Jones on (03) 9290 1475.

Yours sincerely



Scott Gregson
General Manager
Adjudication Branch