

PROVINCE OF ALBERTA

FINANCIAL INSTITUTIONS INDEMNITY AGREEMENT (this “Agreement”)

Made this ____ day
of _____, 20____
(the “Effective Date”)

Between:

HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA
as represented by the Minister of Finance and Enterprise
(the “Province”)

and:

Those financial institutions and their respective branches (the “Institutions”) operating in the Province of Alberta which have become and remain indemnitees under this Agreement in accordance with Appendix I attached hereto.

WHEREAS:

- A. The Province desires that the Institutions provide Benefit Cheque Encashment services to certain of the Province’s clients (the “Clients”) in the Alberta Works Income Support program and the Assured Income for the Severely Handicapped program of the Province;
- B. The Province desires to provide the Institutions with protection against certain losses due to fraud or forgery resulting from the Encashment of such benefit cheques; and
- C. The Institutions desire to participate in the Province’s program to provide protection against certain losses due to fraud or forgery.

FOR VALUE RECEIVED, THE PARTIES AGREE AS FOLLOWS:

DEFINITION OF BENEFIT CHEQUES AND ENCASHMENT

- 1. **Definitions** – In this Agreement, the following terms or expressions have the following meanings:
 - (a) “Benefit Cheque” means a cheque
 - (i) issued by the Province to one of its Clients;

- (ii) drawn on:
 - (A) account 00-19305 at the Canadian Imperial Bank of Commerce, Jasper Avenue and 101 Street, Edmonton, Alberta, bearing the legend “Provincial Treasurer, Regional Cash Account”;
 - (B) account 00-14907 at the Canadian Imperial Bank of Commerce, Jasper Avenue and 101 Street, Edmonton, Alberta, bearing the legend “Pension and Allowance Account”;
 - (C) account 75-44014 at the Canadian Imperial Bank of Commerce, Jasper Avenue and 101 Street, Edmonton, Alberta, bearing the legend “Alberta Employment and Immigration”;
 - (D) account 75-46319 at the Canadian Imperial Bank of Commerce, Jasper Avenue and 101 Street, Edmonton, Alberta, bearing the legend “Alberta Employment and Immigration”; or
 - (E) any other account or accounts as may be designated by the Province by written notice to the Institutions from time to time;and
- (iii) payable to an individual and not, under any circumstances, to a business, either incorporated or unincorporated.
- (b) “**Encashment**” means the process of cashing a Benefit Cheque by an Institution, whether or not the resulting cash is deposited, in whole or in part, to an account of a Client at the Institution.

- 2. **Scope of Agreement** – The recitals set out herein and the exhibit and appendices attached hereto all comprise an integral part of this Agreement.

INDEMNITY

- 3. **Covenant to Indemnify** – The Province shall indemnify an Institution for the sum paid on a Benefit Cheque presented for Encashment on or after April 1, 2003, where the Benefit Cheque has been fraudulently negotiated, and provided that the Institution has complied with all of the terms and conditions set out herein.
- 4. **Limited to Face Value** – Any indemnification provided hereunder is and shall be strictly limited to the lesser of:
 - (a) the sum payable on a Benefit Cheque; or
 - (b) \$10,000;

and shall not cover any other costs or losses of an Institution whatsoever.

IDENTIFICATION OF PRESENTER

5. **Methods of Identification** – An Institution providing Benefit Cheque Encashment services must identify the presenter (the “**Presenter**”) of the Benefit Cheque as the correct Client payee in *at least one* of the following ways:
- (a) **Standard Identification** – The negotiating Institution confirms the identity of the Presenter by examining identification provided to the negotiating Institution by the Presenter. The type of identification provided must be acceptable to the negotiating Institution (“**Standard Identification**”) according to the standards that are set out in the negotiating Institution’s existing policies and procedures for such activity.
 - (b) **Signature Verification Form** – The negotiating Institution relies upon a signature verification form (an “**SVF**”) as follows:
 - (i) An SVF shall be a pre-numbered document in one of the forms attached hereto as Appendix II, prepared individually by the Province for a Client who is unable to provide the types of identification set out in section 5(a) hereof, and forwarded directly by an Alberta Employment and Immigration employee or an Alberta Seniors and Community Supports employee, as the case may be, to a branch of an Institution as specified by the Client, setting out the name, address, and a representative signature of the Client, which signature must be witnessed by a third party.
 - (ii) Only one SVF shall be effective at a given time in respect of any particular Client for any one specific Institution. An SVF shall not be valid unless it is forwarded as set out in section 5(b)(i) hereof. An SVF shall supersede any previous SVF provided to the Institution. An SVF is not transferable from one Institution to another.
 - (iii) An SVF shall contain two (2) items of personal security data supplied by the Client (two confidential relevant questions and corresponding keyword answers known by the Client, but not easily guessed by someone else) and the signature of either an Alberta Employment and Immigration employee or an Alberta Seniors and Community Supports employee, which signature must be witnessed by a third party. The negotiating Institution must verify that the endorsement signature on the Benefit Cheque is the same as that contained in the SVF and must verify at least one (1) item of personal security data with the Presenter.
 - (iv) Notwithstanding subsections (i) and (iii) above, the negotiating Institution is not responsible for verifying that any SVF was forwarded to a branch of the Institution by, or signed by, an Alberta Employment and Immigration employee or an Alberta Seniors and Community Supports employee. The negotiating Institution is not responsible for making any enquiry as to the identity of such signatory or the validity of their signature.

- (c) **Bank Account** – The negotiating Institution relies upon a current bank account number as the sole piece of identification when the same is provided by the Presenter at the time of Encashment of the Benefit Cheque, provided that:
- (i) the Institution at that time conducts its standard check on such number and also records it or ensures that it is recorded in writing on the reverse of the Benefit Cheque;
 - (ii) such bank account is active at the branch where the Benefit Cheque is presented for Encashment; and
 - (iii) such bank account was opened by the Institution in its usual manner, including at least the following:
 - (I) at the time the account was opened, the Institution:
 - (1) examined identification required for Benefit Cheque Encashment services under and in accordance with sections 5(a) or (b) hereof;
 - (2) recorded the specific nature and number of each such piece of identification in writing in its records, along with a sample of the Client’s signature; and
 - (3) established the identity of the Client to its satisfaction, applying the standards of a reasonably prudent banker; and
 - (II) the pieces of identification relied upon by the Institution must be actually those of the Client, or must be consistent with and representative of that Client.

6. **Recording of Information** – The negotiating Institution must record the following, in writing, on the reverse of the Benefit Cheque:

- (a) in the case of Standard Identification: the two (2) pieces of Standard Identification accepted from the Presenter at the time of Encashment, including the type of identification and its associated number;
- (b) in the case of an SVF: the number of the SVF and the personal security data verbally provided by the Presenter; and
- (c) in the case of a bank account number: the bank account number provided by the Presenter.

OTHER CONDITIONS

7. **Endorsement** – At the time of Encashment, a Benefit Cheque must be endorsed by the Presenter, as payee, in writing, in the presence of an employee of the Institution, and the

signature must be verified (if the Institution has a sample signature of the Client) to ensure it is consistent with the Standard Identification provided or used.

8. **Presentment in Alberta** – The Benefit Cheque must be presented for Encashment within the Province of Alberta.
9. **Timing of Presentment** – The Benefit Cheque must be presented not later than the second month following the month of its issue.
10. **Alterations** – An Institution shall not provide Benefit Cheque Encashment services if a Benefit Cheque or the Standard Identification provided by the Presenter has been altered in a manner which is apparent, applying the standards of a reasonably prudent banker.
11. **Consistency of Identification** – All pieces of Standard Identification presented on Encashment must be consistent with each other and with the name of the payee.
12. **Encashment by Institution** – The Province will indemnify an Institution under section 3 hereof only if the Institution making the claim under the indemnity is the same Institution that performed the Encashment of the Benefit Cheque.
13. **ATM Limitation** – This Agreement will not apply to any Benefit Cheque negotiated through an automated teller machine or similar device.

FORGED ENDORSEMENT

14. If the Province returns a Benefit Cheque upon determining that it bears a forged endorsement, it will provide to the negotiating Institution all available information, including but not limited to one or more of the following:
 - (a) Declaration of Forgery by the Client.
 - (b) Statutory Declaration by the Client that the Benefit Cheque was lost or never received.
 - (c) Copy of a document examiner's report concluding the endorsement to be a forgery.
 - (d) Copy of a fraud investigator's report concluding the endorsement to be a forgery.
 - (e) Copy of a police report.

INDEMNITY CLAIM PROCEDURE

15. A request by an Institution for indemnification under this Agreement must be in the form attached as Appendix III hereto.
16. At the time an Institution makes a claim for indemnification hereunder, it shall tender the original Benefit Cheque to the Province along with copies of any documents or other information that the Province, acting reasonably, may request.
17. Any claim by an Institution for indemnification, where bank account information was utilized for identification under section 5(c), must be supported by documentary proof

(including but not limited to a certified copy of the relative account signature card) to the satisfaction of the Province, acting reasonably. Such documentation should be forwarded to the address provided in Appendix III, which may be amended from time to time on written notice by the Province.

PROVINCE DESIGNATE

18. The Province designates the Director - Financial Operations of Alberta Employment and Immigration (the “**Province Designate**”) as its representative for purposes of administering this Agreement.

CONFIDENTIALITY

19. No Institution shall at any time, whether during the term of this Agreement or any time thereafter, divulge or disclose any information to any person not a party hereto, in any manner whatever, in relation to the affairs, business, or method of carrying on business of the Province as they related to the subject matter of this Agreement. Without limiting the generality of the foregoing, this prohibition shall apply to the terms of this Agreement, which are strictly confidential. Notwithstanding the foregoing, however, an Institution shall be at liberty to disclose such information to its Client customers as is necessary for the secure and efficient Encashment of Benefit Cheques issued by the Province.

TERM

20. This Agreement will be effective from the Effective Date until any termination by the Province or Institution in accordance with section 21.

AMENDMENTS AND TERMINATION

21. The Province reserves and shall have the absolute and unilateral right to amend or terminate this Agreement either in whole or in part, including such right to add or delete indemnity conditions, and to delete an Institution as a party at any time and from time to time, on sixty (60) days notice in writing to an affected Institution. Each Institution reserves the right to terminate its participation in this Agreement provided it gives sixty (60) days written notice to the Province.
22. Termination of an Institution as a party to this Agreement pursuant to section 21 of this Agreement shall not affect that Institution’s right to claim indemnification under this Agreement for Encashment of Benefit Cheques presented prior to such termination.

NOTICES

23. Any notice hereunder may be given to the parties at the following respective addresses:

IF TO THE PROVINCE TO:

Alberta Employment and Immigration
Director, Financial Operations
8th Floor, Centre West
10035 108 Street
Edmonton, Alberta T5J 3E1
Facsimile No.: (780) 422-6649

IF TO THE INSTITUTIONS TO:

a) If the Institution is a chartered bank:

c/o Canadian Bankers Association
Box 348
Commerce Court West
199 Bay Street, 30th Floor
Toronto, Ontario M5L 1G2

Attention: Banking Operations
Facsimile No.: (416) 362-7705

b) If the Institution is a credit union:

c/o Credit Union Central of Alberta
350 N, 8500 Macleod Trail SE
Calgary, Alberta T2H 2N1
Facsimile No: (403) 253-7720

c) Any other Institution:

To the address and/or facsimile number provided by the Institution in Exhibit "A".

Any such notice may be delivered personally, by prepaid registered mail, or by facsimile. Chartered banks may communicate through the Canadian Bankers Association and Institutions which are Credit Unions may communicate through the office of the Credit Union Central of Alberta. The Province may change its address for service by notice in writing to the Institutions. Notice personally served or sent by facsimile transmission shall be deemed received when actually delivered or transmitted, if delivery or transmission is on a day other than a Saturday, Sunday or holiday in the Province of Alberta. Any notice sent by facsimile transmission on a Saturday, Sunday or holiday in the Province of Alberta shall be deemed received on the next following business day. All notices sent by prepaid registered mail shall be deemed to be received on the fourth

business day following mailing in any post office in Canada, except in the case of postal disruption, in which case any notice shall be given by facsimile transmission or personal service.

RIGHT OR REMEDY

24. Save and except as expressly provided herein, this Agreement is not intended and shall not derogate from any other right or remedy which the Province or an Institution may have either at law or in equity.

ADDITIONAL INSTITUTION COVENANTS AND SUBROGATION

25. Each Institution shall:
- (a) assist the Province and police authorities in the investigation and prosecution of persons suspected of improperly producing or offering Benefit Cheques for Encashment; and
 - (b) comply with reasonable requests by the Province with respect to the development and improvement of security procedures for the prevention and identification of fraudulent Benefit Cheques.
26. If the Province indemnifies an Institution under this Agreement with respect to a Benefit Cheque, the Province is subrogated, with respect to such Benefit Cheque, to any and all rights of the Institution, including but not limited to any right of action against the Presenter of the Benefit Cheque, and the Institution shall assist the Province in enforcing such rights as may be requested by the Province and at the Province's expense.

IN WITNESS WHEREOF the Province has executed this Agreement by its duly authorized representative.

HER MAJESTY THE QUEEN IN RIGHT
OF ALBERTA as represented by the Minister
of Finance and Enterprise

Tim Wiles
Deputy Minister of Finance and Enterprise

Date

APPENDIX I

THE INSTITUTIONS

1. To become a party to this Agreement, a financial institution must:
 - (a) receive a request from the Province to become a party to this Agreement;
 - (b) complete and deliver to the Province an execution document substantially in the form attached as Exhibit “A” to Appendix I; and
 - (c) receive a fully executed photocopy of this Agreement from the Province indicating that the Institution has been added as a party and indicating the effective date of such addition.

EXHIBIT "A"

EXECUTION DOCUMENT FOR INSTITUTIONS

RE: Indemnity Agreement (the "Agreement") dated for reference the _____ day of _____, 2011 between Her Majesty the Queen in right of Alberta as represented by the Minister of Finance and Enterprise (the "Province") and those financial institutions becoming parties to the Agreement

1. _____ (the "Institution") hereby:

(a) acknowledges a request from the Province to become a party to the Agreement; and

(b) agrees to be bound as a party to the Agreement effective the date on which the completed document is delivered to and accepted by the Province as acknowledged by the Province.

2. In accordance with section 23(c) of the Agreement, the address and facsimile transmission number of the Institution is as follows:

Address: _____

Fax: _____

3. This Agreement covers the following subsidiaries and any reference to "Institution" will be deemed to include them:

DULY SIGNED¹ for and on behalf of _____ by

[Print name(s)]

Print name(s) of Witness

[Print title(s)]

Print title(s) of Witness

[Signature(s)]

Signature(s) of Witness

¹ If more than one person must sign binding agreements for an Institution, all such persons must sign and further spaces should be added as necessary.

APPENDIX II

Form used for Clients in the Alberta Works Income Support Program

**Government
of Alberta** ■

alberta works

S000000

Income Support

Signature Verification

Name of Financial Institution		Telephone Number	
Address		Fax Number	
<small>The person identified below is a client of Alberta Employment and Immigration (AE&I). This identification (e.g. Social Insurance Number) is for the purpose of cashing cheques as identified in the Indemnification Agreement with Alberta Employment and Immigration. This identification may also be used as a secondary document for the purpose of opening a bank account.</small>			To be used for: <input type="checkbox"/> client bank account <input type="checkbox"/> cash cheque
Name of Client (Last Name) (First Name) (Middle Name)			
Home Address (City/Town/Municipality) (Postal Code)			
Gender	Male <input type="checkbox"/> Female <input type="checkbox"/>	Birth date <small>YY MM DD</small>	Social Insurance Number
File Number		AE&I Service Centre/Unit/Caseload	AE&I Service Centre Telephone
Security Data		Issue date <small>YY MM DD</small>	Height Weight
PRINT relevant question		keyword	
PRINT relevant question		keyword	

The information you provide on this form is collected under the authority of the *Income and Employment Supports Act*, and is managed in accordance with the *Freedom of Information and Protection of Privacy Act*. This information will be used to provide Income Support (IS) benefits. This information may be matched and verified with other sources, financial institutions, agencies and governments. If you have any questions about the collection of this information, you may contact your AE&I worker.

By signing below, I am giving Alberta Employment and Immigration consent to use my Social Insurance Number to confirm my identity.

Client's Signature	}	Witness' Signature
Worker's Signature		Witness' Name (PRINT)
Worker's Name (PRINT)		

EMP 2068 (2010/04)

File Section 1

Form used for Clients in the Assured Income for the Severely Handicapped Program



S000000

Signature Verification

Name of Financial Institution	Telephone Number
Address	Fax Number

The person identified below is a client of Alberta Seniors and Community Supports. This identification (e.g. Social Insurance Number) is for the purpose of establishing a bank account and/or cashing cheques as identified in the Indemnification Agreement with Alberta Seniors and Community Supports.

Name of Client (Last Name)		(First Name)		(Middle Name)	
Home Address				(City/Town/Municipality)	
Home Address (Postal Code)		Gender Male <input type="checkbox"/> Female <input type="checkbox"/>		Birth date <small>mm dd</small>	
Social Insurance Number		Height		Weight	
File Number		District Office/Unit/Caseload		District Office Telephone	
Issue date <small>mm dd</small>		Security Data		PRINT relevant question	
keyword		PRINT relevant question		keyword	

The information you provide on this form is collected under the authority of the Assured Income for the Severely Handicapped Act, and is in compliance with the Freedom of Information and Protection of Privacy Act. This information will be used to provide Assured Income for the Severely Handicapped (AiSH) benefits. This information may be matched and verified with other sources, financial institutions, agencies and governments. If you have any questions about the collection of this information, you may contact your worker.

By signing below, I am giving Alberta Seniors and Community Supports consent to use my Social Insurance Number to confirm my identity.

Client's Signature	}	Witness' Signature
Worker's Signature		Witness' Name (PRINT)
Worker's Name (PRINT)		

DS2068 (2009/07)



APPENDIX III

(on Institution letterhead)

Alberta Employment and Immigration
Director, Financial Operations
8th Floor, Centre West
10035 - 108 Street
Edmonton, Alberta T5J 3E1

Dear Sir or Madam:

Pursuant to the Indemnity Agreement (the “Agreement”) between Her Majesty the Queen in right of Alberta (the “Province”) and us with respect to benefit cheque encashment services to certain clients of the Province, we hereby request reimbursement with respect to the following benefit cheque:

Cheque Number:
Payee:
Amount:
Date of Issue:
Account Benefit Cheque is Drawn on:

In requesting this reimbursement, I certify that proper identification documents and information were examined and verified in accordance with the conditions stated in the Indemnity Agreement.

Attached is:

- i) the original benefit cheque;
- ii) a certified copy of account signature card and account opening documentation (applicable only if section 5(c) of the Agreement applies); and
- iii) a photocopy of document(s) provided by the Province where the Province returns a benefit cheque upon determining that it bears a forged endorsement (applicable only if section 14 of the Agreement applies).

Yours truly,