



ISSUE: CRIME PREVENTION OFFICE AND ACCESS TO THE GRID NETWORK

Last Reviewed: August, 2009

SUMMARY:

Canadian Central is seeking access to the Bank Crime Prevention and Investigation Office (BCPIO) Grid Network for the credit union system. The Grid Network is a controlled and managed sharing of information which allows members of the BCPIO to assess risk and prevent fraud losses. Such access could be obtained by either amending the Personal Information Protection and Electronic Documents Act (PIPEDA) or by having the Canadian Bankers Association (CBA) acknowledge that the Credit Union Office for Crime Prevention and Investigation (CUOCPI) is an investigative body and as such can have access to the Grid Network .

CURRENT STATUS:

August, 2009: Despite continued efforts to reestablish access to the CBA's Grid Network, the issue remains unresolved. Most recent efforts include a request that a reinterpretation of Section 7(3) of PIPEDA be conducted by the CBA as it is Canadian Central's opinion that disclosures between investigative bodies is not prohibited for fraud preventative purposes. The matter has now been escalated to the executive level at Canadian Central in hopes that resolution can be achieved in the near future. Concurrently, Canadian Central will continue to lobby the federal government for changes to the legislation which would more clearly demonstrate that such disclosures are permitted or remove the necessity to have investigative bodies altogether.

Currently, CBA Grids are shared only with BCPIO members. While credit unions have not been barred from attaining membership, the costs associated with membership (if not calculated as an aggregate for the system) are prohibitive.¹ Another requirement that may prohibit some credit unions from joining is the need to have a dedicated senior security officer accountable to the BCPIO.

February, 2009: Canadian Central staff met with Industry Canada representatives in November, 2008 to discuss our difficulties in accessing the Grid Network. Further to this meeting, a letter was sent to the CBA requesting that they reconsider their interpretation of PIPEDA and give to CUOCPI in their capacity as an investigative body, access to the Grid Network. The basis of this position is that section 7(3)(d)(i) of PIPEDA permits the sharing of preventative information with law enforcement and investigative bodies. .

Additionally, Canadian Central is seeking a meeting with the Privacy Commissioner to obtain support for the sharing of grids by the CBA.

¹ If calculated on a per credit union basis full credit union system participation would cost in excess of \$7.3 million annually.

Canadian Central has also learned that the federal government is considering amending PIPEDA to allow for the sharing of personal information for fraud prevention purposes.

DESCRIPTION OF ISSUE:

Managed by Canadian Central, the Credit Union Office for Crime Prevention and Investigation (Crime Prevention Office) is an investigative body designated under the Personal Information Protection and Electronics Documents Act (PIPEDA). Under *PIPEDA* organizations are allowed to disclose personal information to a designated investigative body without the knowledge or consent of the individuals concerned. *PIPEDA* also permits investigative bodies to disclose personal information without the individual's knowledge or consent if the disclosure is reasonable for purposes related to investigating a breach of an agreement or a contravention of the laws of Canada or a province.

The Crime Prevention Office and the bank's crime prevention office, the BCPIO, established in November 2006 an information sharing model to facilitate the sharing of investigative type information between their members. Due to an interpretation of *PIPEDA*, the bank's crime prevention office restricts the information shared under this model to information shared for investigative purposes. Information associated with "fraud prevention" including the bank's crime prevention office's Grid Network warnings are not shared with the credit union crime prevention office.

The two Grids that form the Network, one in the east and the other in western Canada allow the BCPIO members and law enforcement agencies to request and share information to assess risk and prevent fraud losses. Without access to the Grid Network, credit unions can unknowingly fall victim to perpetrators known to other members of the financial services industry that have access to the Grid Network.

Canadian Central identified three potential solutions to this problem:

1. Convince the Canadian Bankers Association that as CUOCPI is a recognized investigative body under the Regulations Specifying Investigative Bodies of the PIPEDA, it should have access to the BCPIO Grid Network. T
2. Amend section 7 of the *PIPEDA* to permit the sharing of personal information when the objective of such sharing is the prevention of fraud. In January 07, Canadian Central submitted to the House of Commons Standing Committee on Access to Information, Privacy and Ethics proposed amendments to that effect. The Committee supported the proposed amendments in their Report on the Statutory Review of the *PIPEDA*. The Government's response to the Committee recognized that the proposed amendments merit further consideration. The Office of the Privacy Commissioner does not however support Canadian Central's proposed amendment. Canadian Central reiterated this approach once more in its submission of January, 2008 to Industry Canada. Canadian Central recently learned that the government is considering amending its legislation to permit such sharing. Please see the Issues Summary on Privacy on Canadian Central's internet site for more information.

3. Canadian Central has proposed to the CBA that the credit union crime prevention office become a member of the bank crime prevention office and that the annual fee should not exceed \$30,000 (in addition to the one-time fee of \$60,000). Canadian Central's proposed fee is based on the fee paid by other institutions who are not members of the CBA. The objective would be to bring both investigative bodies under the same umbrella to permit the necessary sharing of information relating to crime prevention. Industry Canada has advised Canadian Central that it has no objection in including the credit union's crime prevention office in an expanded version of the bank crime prevention office.

The CBA has advised Canadian Central that although it would welcome individual credit unions the Association is not prepared to accept the credit union crime prevention office as a member. Based on the CBA's proposed pricing, the annual fee for full credit union system participation would be in the excess of \$7 million per year (based on their proposed fee per credit union). Based on this position, Canadian Central will be focusing on solution 1 identified above.

SIGNIFICANCE FOR CREDIT UNIONS:

Lack of access to BCPIO's Grid Network places credit unions at a greater risk of fraud as they are not advised of the names of potential fraud perpetrators. This vulnerability could potentially be exploited if it became known to organized crime groups. Restricted access to the Grid Network also impacts the integrity of fraud prevention efforts in the financial services industry generally.

CANADIAN CENTRAL POSITION AND OBJECTIVES:

Ensure that credit unions have access to the BCPIO's GRID warning. Canadian Central will attempt to reach this objective by:

1. Continuing to lobby the government to amend the PIPEDA in order to permit the sharing of information relating to "fraud prevention".
2. Entering into an acceptable membership arrangement with the Bank Crime Prevention and Investigation Office to provide the credit union crime prevention office access to the Grid network.
3. Requesting consistent application of Section 7(3)(d)(i) of PIPEDA by the CBA to permit disclosure to the credit union crime prevention office as well as to law enforcement.
4. Meeting with relevant federal government representatives that may influence the position taken by the CBA. This includes representatives from Industry Canada and the Privacy Commissioner's Office.

CONTACTS:

Canadian Central Committee overseeing issue: Risk Management Policy Committee

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RELATED DOCUMENTS:

Regarding amendments to PIPEDA:

Fourth report of the Standing Committee on Access to Information, Privacy and Ethics on the Statutory Review of PIPEDA: <http://cmtc.parl.gc.ca/Content/HOC/committee/391/ethi/reports/rp2891060/ethirp04/ethirp04-e.pdf>

Government response to the fourth report of the Standing Committee on Access to Information, Privacy and Ethics on the Statutory Review of PIPEDA: [http://www.ic.gc.ca/epic/site/ic1.nsf/vwapj/ETHI-e.pdf/\\$file/ETHI-e.pdf](http://www.ic.gc.ca/epic/site/ic1.nsf/vwapj/ETHI-e.pdf/$file/ETHI-e.pdf)

Canadian Central submissions:

Credit Union Central of Canada Submission to the House of Commons standing Committee on Access to Information, Privacy and Ethics on the Statutory Review of Personal information Protection and Electronic Documents Act (PIPEDA): http://www.cucentral.ca/PIPEDA_Review_0107

Credit Union Central of Canada Submission in Response to the Privacy Commissioner of Canada, PIPEDA Review Discussion Document:
http://www.cucentral.ca/SEPTEMBER_2006