

ISSUE: CRIME PREVENTION OFFICE AND ACCESS TO THE GRID NETWORK

Last Reviewed: August 18, 2008

SUMMARY:

Canadian Central is seeking for the credit union system access to the Bank Crime Prevention and Investigation Office (BCPIO) Grid Network. 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 amending the Personal Information Protection Information and Electronics Act (PIPEDA) or by having the Credit Union Office for Crime Prevention and Investigation (CUOCPI) become a member of the BCPIO.

CURRENT STATUS:

August, 2008: The CBA advised Canadian Central that although it is prepared to welcome individual credit unions as BCPIO members, the Association is not prepared to accept the credit union crime prevention office as a member of the BCPIO as the CBA believes the organization does not meet the established membership criteria established for non-banks.

Canadian Central will contact the CBA to discuss their position. Based on the results of these discussions, Canadian Central may contact Industry Canada and the Privacy Commissioner to discuss the difficulties encountered by Canadian Central in accessing the Grid Network.

DESCRIPTION OF ISSUE:

Managed by Canadian Central, the credit union 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 credit union 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 bank crime prevention office 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 two potential solutions to this problem:

1. 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. Canadian Central reiterated this approach once more in its submission of January, 2008 to Industry Canada. Canadian Central is currently waiting for the government’s final decision on this matter. Please see the Issues Summary on Privacy on Canadian Central’s internet site for more information.
2. 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). Further discussions on this issue are planned with the CBA.

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 office to provide the credit union crime prevention office access to the Grid network.

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