



Competition Bureau
Canada

Bureau de la concurrence
Canada



ANNUAL REPORT²⁰¹²

OF THE
COMMISSIONER OF COMPETITION
FOR THE YEAR ENDING
MARCH 31, 2012

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Cat. No. lu50-2012E-PDF

ISSN 1700-7003

2013-10-18

Aussi offert en français sous le titre Rapport annuel du commissaire de la concurrence pour l'exercice se terminant le 31 mars 2012.

Gatineau, Quebec

The Honourable Christian Paradis, PC, MP
Minister of Industry
Ottawa, Ontario K1A 0H5

Dear Minister,

I have the honour to submit, pursuant to section 127 of the Competition Act, the following report on the operation of the Competition Act, the Consumer Packaging and Labelling Act (except as it relates to food), the Textile Labelling Act and the Precious Metals Marking Act for the fiscal year ended March 31, 2012.

John Pecman

Interim Commissioner of Competition

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MESSAGE FROM THE COMMISSIONER



I am pleased to present the Competition Bureau's (Bureau) Annual Report, for the fiscal year ending March 31, 2012.

In addition to my overall goal of increasing predictability and transparency for our stakeholders, I have outlined three priorities that have guided our work this year.

My first priority has been to vigorously enforce the laws under our jurisdiction. We have brought forward a number of cases that demonstrate our commitment to enforcement.

In June 2011, we filed an application with the Competition Tribunal (Tribunal) to block a proposed joint venture between Air Canada and United Continental Holdings Inc. that, if allowed, would monopolize ten important airline routes between Canada and the United States, and substantially reduce competition on an additional nine routes, leading to increased prices and reduced consumer choice.

In another case before the Tribunal, we are challenging rules imposed by the Toronto Real Estate Board that are denying consumer choice and the ability of real estate agents to introduce innovative real estate brokerage services through the Internet.

We also saw our first conviction under the amended conspiracy provisions of the *Competition Act* (Act). Two companies pleaded guilty and were fined for their participation in a price-fixing cartel in the polyurethane foam industry - our highest fine to

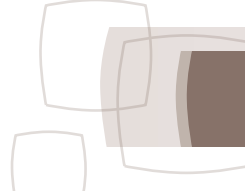
date for a corporation and its affiliates in relation to a domestic cartel.

We sent a strong message about how seriously we take allegations of misleading advertising and deceptive marketing. For example, we reached an agreement with Bell Canada in June 2011 regarding misleading representations about the prices offered for its services. Under the terms of the agreement, Bell corrected its advertising and paid an administrative monetary penalty of \$10 million, the maximum available under the Act.

My second, and related, priority as Commissioner has been the effective implementation of the 2009 amendments to the Act. We have published new and updated guidance on our enforcement approach and methodology. For example, we held extensive consultations on revisions to our Merger Enforcement Guidelines, and published a final revised version in October 2011. In March 2012, we published draft Abuse of Dominance Guidelines for public comment. We have also begun publishing more position statements, which describe the Bureau's analysis of complex merger cases, and have established a public merger register of all closed merger reviews, updated on a monthly basis.

My third priority has been to strengthen our enforcement capacity. The Bureau has made every effort to restrain spending this fiscal year. Despite the reductions, the Bureau continued to focus its resources on conduct that violates the Act, targeting cases with the greatest impact on the Canadian economy and consumers.





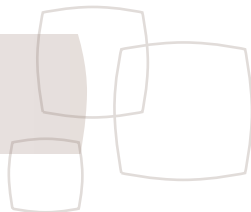
By aligning our resources with our priorities, and by enhancing our litigation and investigative capacity, we have meaningfully advanced the mandate given to us by Parliament.

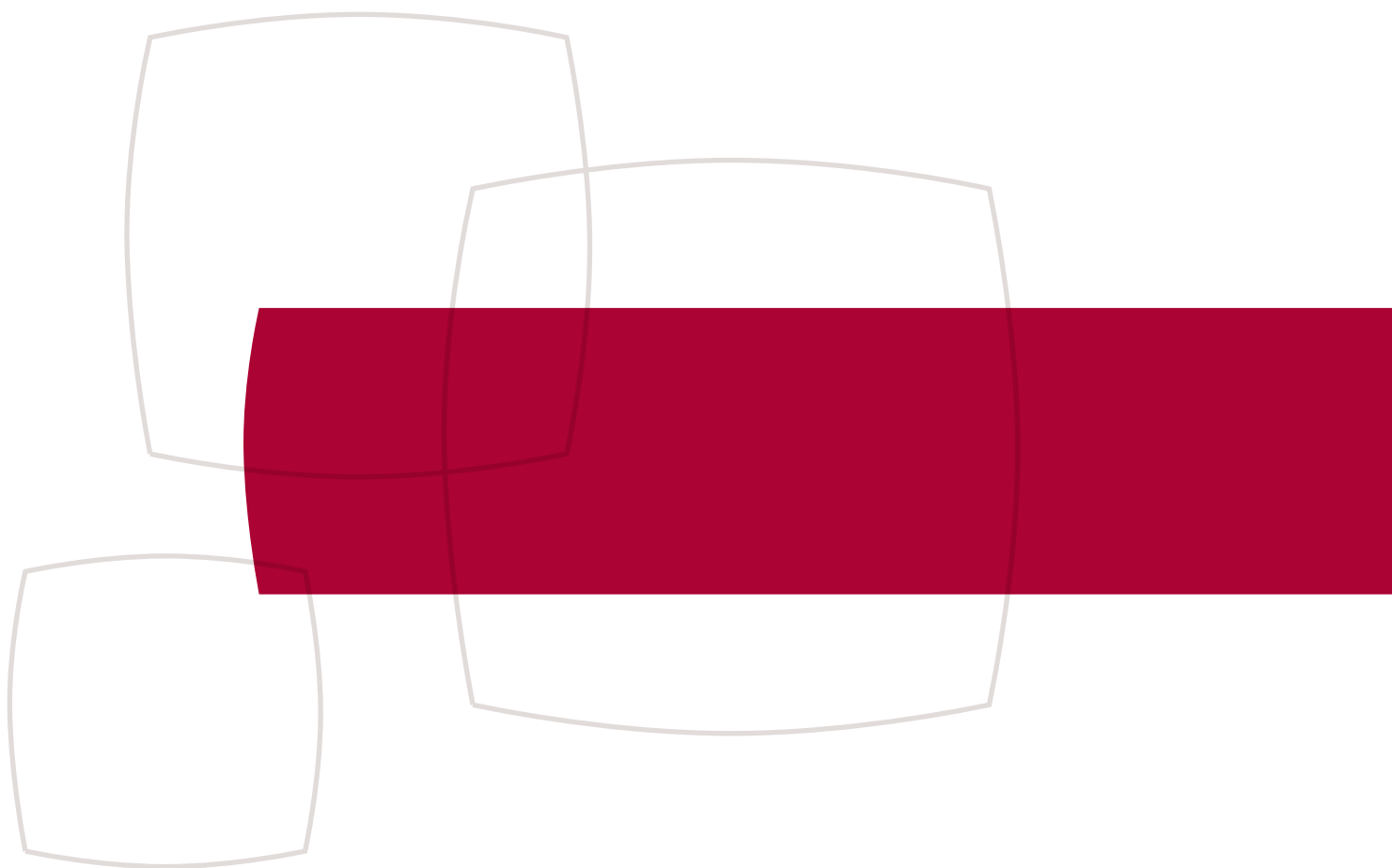
In support of enhancing the Bureau's enforcement capacity, the Bureau continued to look for opportunities to ensure that it has staff with the right mix of experience and expertise. The Bureau undertook initiatives to bring in highly skilled and knowledgeable talent, by looking to other antitrust agencies, law firms, economic organizations and the private sector generally. The Bureau has also embraced a "learn by doing" approach that provides employees with hands-on experience to develop the knowledge, skills and tools to do their work.

I firmly believe that this focus on principled and strong enforcement is the most effective and efficient way for the Bureau to carry out its mandate to ensure that Canadian businesses and consumers prosper in a competitive and innovative marketplace.

Melanie L. Aitken

Commissioner of Competition







I. ABOUT THE COMPETITION BUREAU

I. ABOUT THE COMPETITION BUREAU

The Bureau as an independent law enforcement agency ensures that Canadian businesses and consumers prosper in a competitive and innovative marketplace.

Headed by the Commissioner of Competition (Commissioner), the Bureau is responsible for the administration and enforcement of the *Competition Act* (Act), the *Consumer Packaging and Labelling Act* (except as it relates to food), the *Textile Labelling Act* and the *Precious Metals Marking Act*.

This annual report summarizes the Bureau's activities under these statutes for the fiscal year ending March 31, 2012. It demonstrates how the Bureau's activities over the past year have benefited Canadians. For additional information on the activities described throughout the report, including information notices, news releases and backgrounders, please visit the Bureau's Media Centre at: www.competitionbureau.gc.ca. For statistical data, please refer to the Appendix, at the end of this report.

I.1 Organizational Structure

The Bureau is organized into eight Branches:

The **Civil Matters Branch** is responsible for detecting and deterring restrictive trade practices that have a negative impact on competition, such as abuse of dominance, refusal to deal, exclusive dealing, tied-selling and price maintenance. Activities of concern can also extend to certain types of anti-competitive agreements or arrangements of a non-criminal nature.

The **Criminal Matters Branch** is responsible for detecting, investigating, and deterring hard core cartels including conspiracies, agreements or arrangements among competitors and potential competitors to fix prices, allocate markets or restrict supply, and bid-rigging. The Branch also actively reaches out

to stakeholders engaged in procurement to enable them to detect and deter bid-rigging and other cartel activities.

The **Fair Business Practices Branch** administers and enforces the provisions of the Act on false or misleading representations and deceptive marketing practices. The Branch also enforces the *Consumer Packaging and Labelling Act* (except as it relates to food), the *Precious Metals Marking Act* and the *Textile Labelling Act*.

The **Mergers Branch** reviews merger transactions to assess whether mergers are likely to prevent or substantially lessen competition in the marketplace.

The **Compliance and Operations Branch** oversees the Bureau's electronic evidence and conversion units. It manages the Bureau's Information Centre, as well as Bureau-wide planning, resource management, administration and informatics activities. The Branch ensures that employees and managers have the necessary tools to conduct their work.

The **Economic Policy and Enforcement Branch** provides economic advice and analysis in support of the Bureau's investigations.

The **Legislative and International Affairs Branch** advances fair and efficient competition principles by providing input through legislative, regulatory and policy development processes. Through participation and leadership in international competition fora, the Branch fosters strong relationships with key partners, advances and reinforces the Bureau's enforcement priorities, and coordinates international efforts to promote competitive markets and effective competition law enforcement.

The **Public Affairs Branch** is responsible for the Bureau's communications. It ensures that Canadian consumers, businesses, parliamentarians and the international community are aware of the Bureau's contributions to competition in the marketplace and to the growth of the Canadian economy.

The **Competition Bureau Legal Services Unit of the Department of Justice** is responsible for providing legal services to the Commissioner and for representing the Commissioner on all matters other than those for which the Public Prosecution Service of Canada is responsible.

The **Competition Law Section of the Public Prosecution Service** of Canada is responsible for initiating and conducting criminal prosecutions on behalf of the Attorney General of Canada and for advising the Bureau on criminal investigations.

In a continued effort to manage within its authorized budget, the Bureau limited hiring and carefully managed its Operations and Maintenance (O&M) funds to ensure that it had sufficient resources to focus on cases. The Bureau had to rely more on external legal agents than in the past, as complex matters resulting from amendments to the Act required timely and experienced legal support. In 2011-2012, Industry Canada (IC) provided an additional two million dollars in funding to assist with litigation costs associated with these cases.

The Bureau has administrative responsibility for collecting fines imposed by the courts as well as administrative monetary penalties (AMPs) issued by the Tribunal or the courts. In 2011-2012, over \$15.2 million in fines were imposed and over \$19.3 million in AMPs were issued. This money is remitted to the Government of Canada's Consolidated Revenue Fund.

1.2 Bureau Operations

The table below presents the Bureau's authorized budget and expenditures for 2011-2012. The Bureau's operating budget for 2011-2012 was \$51.4 million, including \$10.2 million collected from user fees. The majority of the budget, \$34.7 million, was expended on salaries for 400.5 full-time equivalents (FTEs).

Budget and Expenditures for 2011-2012		
	Budget	Expenditure
Salary	34,839,488	34,730,011
O&M	14,020,927	15,925,062
Funding from IC ¹	2,000,000	
Capital	549,065	467,481
TOTAL	51,409,480	51,122,554

Budget and Expenditures for 2011-2012		
	Authorized	Used
FTE	428.5	400.5
User fees collected		10,200,000

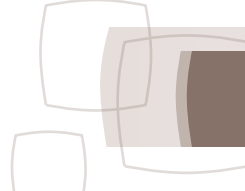
1.3 Priorities 2011-2012

The following is a brief summary of the Bureau's key accomplishments in meeting the Bureau's priorities.

Vigorous enforcement of the laws under our jurisdiction

- In January 2012, Domfoam International Inc. and Valle Foam Industries Inc. were fined \$12.5 million after pleading guilty to criminal charges that they had agreed with competitors to fix the price of polyurethane foam in Canada.
- In May 2011, the Commissioner filed an application with the Tribunal, seeking to ensure greater competition and increased innovation in the market for real estate services in Toronto by prohibiting anti-competitive practices by the Toronto Real Estate Board.
- In June 2011, the Commissioner filed an application with the Tribunal to block a proposed joint venture between Air Canada and United Continental Holdings that would monopolize important Canada/United States airline routes, leading to increased prices and reduced consumer choice on these key transborder routes.

1. One-time funding provided by IC in support of litigation costs.

- 
- In June 2011, the Bureau reached an agreement with Bell to stop making what the Bureau had concluded were misleading representations about the prices offered for its services and was required to pay an AMP of \$10 million.

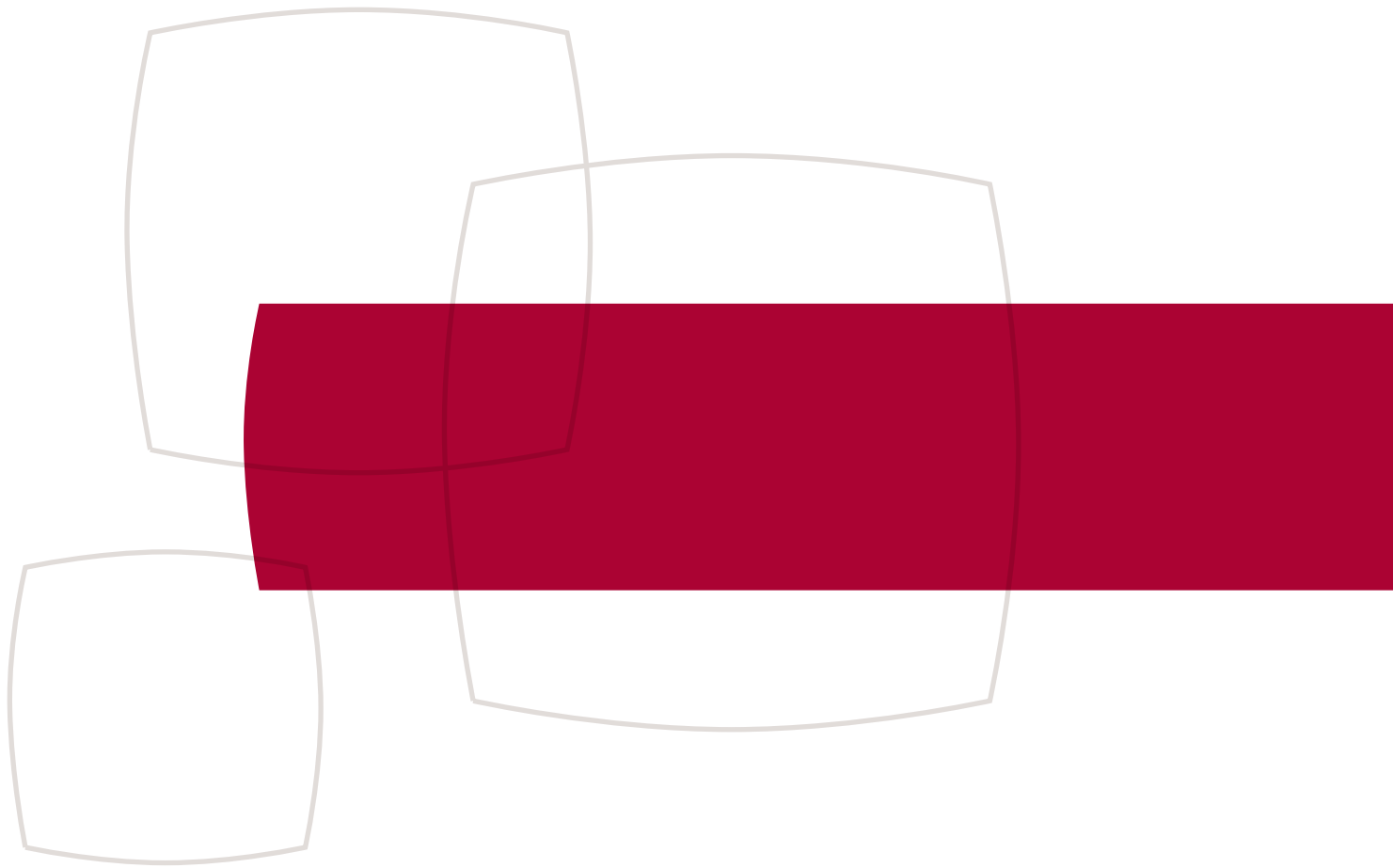
Effective implementation of the amendments

- The Bureau continues to demonstrate effective implementation and enforcement of the recent amendments to the Act, as evidenced by the Visa and MasterCard case, the first opportunity for the Tribunal to consider a case under the amended price maintenance provision, that was decriminalized with the passage of the amendments, and the Yellow Page Marketing B.V. case, the first case since the amendments where the Bureau sought and obtained an order for the freezing of corporate assets.
- The Bureau released updated *Merger Enforcement Guidelines* and *Merger Review Process Guidelines* and two new interpretation guidelines (one regarding hostile transactions and another concerning pre-merger notification). The Bureau also published for public consultation, two interpretation guidelines regarding pre-merger notification.
- The Bureau published for public comment a revised draft of the *Enforcement Guidelines on the Abuse of Dominance Provisions* (sections 78 and 79 of the Act).

Improving our enforcement capacity

- The Criminal Matters Branch concluded an in-depth examination of its operations and began implementing changes to its internal procedures in order to streamline the handling of, and improve its focus on, investigations relevant to Canadians.
- Over the course of the past year, the Bureau has attracted a number of talented individuals from other federal departments and central agencies, strengthening our links with the rest of government, as well as attracting individuals from the private sector with competition, legal and business experience.







2. BRANCH HIGHLIGHTS 2011-2012

2. BRANCH HIGHLIGHTS 2011-2012

The Bureau, through the committed work of its staff, continued to deliver on its priorities and had numerous successes in the past year.

2.1 Civil Matters Branch

The Civil Matters Branch administers and enforces provisions of the Act relating to abuse of dominance, as well as refusals to deal and tied selling, among others. These provisions are often referred to as the civil provisions of the Act.

Abuse of a dominant position occurs when a dominant firm or a dominant group of firms in a market engages in a practice of anti-competitive acts, with the result that competition is prevented or lessened substantially.

The Bureau encourages voluntary compliance with the Act. Voluntary compliance includes a wide spectrum of solutions to remedy anti-competitive behaviour, ranging from an informal resolution to the registration of a consent agreement with the Tribunal.

In cases of non-compliance with the civil provisions of the Act, the Commissioner may file an application with the Tribunal for an order to remedy the situation. The Tribunal may order an AMP where it finds an abuse of a dominant position.

Key Achievements

Toronto Real Estate Board

Following an extensive investigation by the Civil Matters Branch and attempts to resolve the Bureau's concerns through agreement, the Commissioner filed an application with the Tribunal in May 2011, seeking to ensure greater competition and increased innovation in the market for real estate services in Toronto by prohibiting anti-competitive practices by the Toronto Real Estate Board (TREB). The Bureau concluded that TREB is restricting how its member agents can provide information from the Toronto Multiple Listing Service system to their customers,

thereby denying consumer choice and member agents the ability to provide innovative brokerage services over the Internet. The litigation was still ongoing at the end of the reporting period and a Tribunal hearing is anticipated to begin during the Fall of 2012.

Visa and MasterCard



In December 2010, the Commissioner brought an application to the Tribunal against Visa and MasterCard seeking to strike down restrictive and anti-competitive rules that Visa and MasterCard impose on

merchants who accept their cards – rules that effectively eliminate competition between the credit card networks and result in increased costs to businesses and, ultimately, consumers.

The rules challenged by the Bureau prohibit merchants from encouraging consumers to consider lower cost payment options like cash or debit, and prohibit merchants from applying a surcharge to a purchase on a high cost card. Further, once a merchant agrees to accept one of Visa or MasterCard's credit cards, that merchant must accept all credit cards offered by that company, including cards that impose significant costs on merchants, such as premium cards.

Visa and MasterCard operate the two largest credit card networks in Canada. Together they processed more than 90 percent of all credit card transactions by Canadian consumers in 2009, representing over \$240 billion in purchases.

Since the filing of the Commissioner's application, extensive investigation and preparation was undertaken by the Civil Matters Branch in preparation for the

hearing of this matter that starts in May 2012. This is the first opportunity for the Tribunal to consider a case alleging price maintenance, which was redefined in the course of the recent amendments and is now subject to civil, rather than criminal, review.

DID YOU KNOW?

The Toronto Real Estate Board is the largest real estate board in Canada, with approximately 31,000 members? The Bureau has filed an application with the Tribunal seeking to prohibit anti-competitive practices by the Toronto Real Estate Board that are denying consumer choice and stifling innovation.

2.2 Criminal Matters Branch

The Bureau's Criminal Matters Branch administers and enforces the criminal cartel and bid-rigging provisions of the Act. Combating international and domestic cartels and addressing domestic bid-rigging remained important enforcement priorities for the Bureau in 2011-2012.

In March 2010, a new law relating to cartels and collaborations between competitors came into effect. These changes to the Act enable the Bureau to enforce Canada's anti-cartel law more effectively against serious offenders, who agree to fix prices, allocate markets, and restrict output. The conspiracy provision, section 45 of the Act, makes it a criminal offence for two or more competitors or potential competitors to conspire, agree, or arrange to fix prices, allocate customers or markets, or restrict output of a product. This conduct is punishable by a fine of up to \$25 million, and/or imprisonment for a term of up to 14 years.

Bid-rigging, a criminal offence prohibited by section 47 of the Act, consists of an agreement where, in response to a call for bids or tenders, bidders agree not to submit a bid, withdraw a bid, or agree to submit bids that have been pre-arranged among themselves. Penalties for bid-rigging include a fine in the discretion of the court and/or a prison sentence of up to 14 years.

The Bureau has a range of tools at its disposal to enforce these provisions. Under the Bureau's Immunity and Leniency programs, parties that

disclose to the Bureau an offence not yet detected, or provide evidence leading to the filing of charges, may receive immunity or lenient treatment from the Director of Public Prosecutions, provided the parties cooperate with the Bureau. These programs provide powerful incentives for corporations and individuals to come forward and cooperate with the Bureau's investigations.

Key Achievements

R. v. Dowdall

In 2009, bid-rigging charges under section 47 of the Act were laid against seven companies and 14 individuals based on allegations that the parties entered into agreements to coordinate their bids in an illegal scheme to divide contracts for information technology services to various Federal Government departments. To date, two individuals have pleaded guilty in this case.

In October 2011, after a lengthy preliminary hearing, the majority of the accused were committed to trial in relation to 140 counts under both the Act and the *Criminal Code of Canada*. Several of the accused subsequently filed an application seeking to quash the order of committal ordered by the Ontario Superior Court of Justice. At year end, the application had not been heard.

Ventilation



In December 2010, criminal charges were laid against eight companies and five individuals accused of rigging bids for private sector ventilation contracts for residential high-rise buildings in the Montreal area.

The Bureau's investigation revealed that the accused secretly coordinated their bids with competitors to pre-determine the winners of the contracts. The illegal agreements also included compensation among the participants to ensure that the contract was awarded to the designated company.

In July 2011, Les Entreprises Promécanic Ltée pleaded guilty to three charges of bid-rigging and was fined \$425,000 for its role in the offence.

Sewer Services



In November 2011, criminal charges were laid against six companies and five individuals accused of rigging bids for municipal and provincial contracts for specialized sewer services in the greater Montreal area. The charges relate to a total of 37 calls for tender in 2008 and 2009, with a total value of \$3.3 million.

The evidence gathered by the Bureau revealed that the companies secretly agreed to coordinate their bids to pre-determine the winners of municipal and provincial contracts for the cleaning and maintenance of sewers.

MSC Réhabilitation Inc. pleaded guilty in Quebec Superior Court for its role in the bid-rigging scheme for 12 calls for tender from different municipalities. MSC Réhabilitation was fined \$75,000.

Polyurethane Foam

In January 2012, Domfoam International Inc. and Valle Foam Industries (1995) Inc. pleaded guilty to conspiracy under the Act and were fined a total of \$12.5 million for participating in a price-fixing cartel for polyurethane foam.

Domfoam and its affiliate, Valle Foam, admitted that they had agreed with competitors to fix the price of polyurethane foam products manufactured at their plants in Brampton, Ontario, Delta, British Columbia, and Montreal, Québec, over an 11 year period. The companies' products are mainly used in carpet underlay, furniture and bedding.

The total of these fines is the highest obtained to date for a corporation and its affiliates in relation to a domestic cartel. The fines in this case are also the first to be imposed following the recent amendments to the cartel provisions of the Act.

Retail Gasoline

Quebec

During the past year, 12 individuals were fined for fixing the price of gasoline at the pump in Quebec. These fines were a result of the Bureau's extensive investigation into price fixing in the cities of Victoriaville, Thetford Mines, Magog and Sherbrooke, Quebec. The

investigation culminated in a first wave of charges in June 2008, and a second wave of charges in July 2010.

As of March 31, 2011, 22 individuals and six companies have pleaded guilty in this case, with fines totalling over \$2.8 million. Of the 22 individuals who have pleaded guilty, six have been sentenced to terms of imprisonment totalling 54 months.

Ontario

In March 2012, Pioneer Energy LP, Canadian Tire Corporation, and Mr. Gas pleaded guilty to fixing the price of gasoline at the pump from May to November 2007 in Kingston and Brockville, Ontario.

The Bureau uncovered evidence that competitors agreed among themselves to set the price of gasoline for consumers at the pump. The companies pleaded guilty before the Ontario Superior Court to price-fixing under the Act and were fined a total of \$2 million.

Outreach Programs

The Bureau has placed considerable emphasis on preventing and detecting criminal cartels and bid-rigging in both the public and private sectors. The Bureau uses a number of different vehicles to raise awareness about the impact of criminal cartels and bid-rigging on Canadians, and to educate the public on how to detect this illegal activity. In 2011-2012, the Bureau conducted 22 outreach presentations, aimed at deterring criminal cartels and bid-rigging activity, particularly in the Canadian public sector. The presentations were attended by members of various industry and trade associations and procurement officials. As part of these presentations, the Bureau encouraged businesses to adopt or enhance corporate competition law compliance programs and report violations of the Act.

DID YOU KNOW?

In 2011-2012, there were 17 immunity and 13 leniency applications involving alleged cartel and bid-rigging activities. The Bureau's Immunity and Leniency Programs provide transparency and predictability to ensure that the public understands the immunity and leniency processes. These programs are among the Bureau's most effective tools to combat cartels.

2.3 Fair Business Practices Branch

The Bureau's Fair Business Practices Branch administers and enforces the civil and criminal false or misleading representations and deceptive marketing practices provisions of the Act, as well as the three regulatory statutes promoting fair and truthful representations in the marketing of consumer products; namely, the *Consumer Packaging and Labelling Act* (except as it relates to food), the *Precious Metals Marking Act* and the *Textile Labelling Act*.

The Bureau promotes truth in advertising in the marketplace by discouraging deceptive business practices and encouraging the provision of information to allow consumers to make informed choices. In 2011-2012, the Branch focused on misleading representations to consumers, including fine print disclaimers.

Key Achievements

Bell Canada



In June 2011, the Bureau reached an agreement with Bell Canada regarding representations made on Bell's website and in print materials. The Bureau determined that Bell had charged higher prices than advertised for many of its services including home phone, Internet, satellite TV and wireless. The advertised prices were not in fact available, as additional mandatory fees, such as those related to TouchTone, modem rental and digital television services, were hidden from consumers in fine-print disclaimers. Under the terms of a consent agreement filed with the Tribunal, Bell agreed to stop making misleading representations about the prices offered for its services and was required to pay an AMP of \$10 million.

Business Directory Scam – Yellow Page Marketing B.V.



In March 2012, five companies and three individuals were found by the Ontario Superior Court of Justice to have violated the Act for operating a deceptive marketing scheme targeting businesses, individuals and

organizations across Canada and internationally. By using symbols that closely resemble the well-known trademark of the Yellow Pages Group, the companies and individuals deceived consumers into believing that they were merely updating contact information for an online business directory listing. In fact, buried in the fine print was a stipulation that, by returning the form, victims were committing to a new two-year contract for a listing at an annual cost of \$1,428 with companies that have no relation to the Yellow Pages Group. The Court ordered that the companies and individuals pay AMPs totalling \$9,035,000 (\$8 million by the companies and \$1,035,000 by the individuals), pay full restitution to the victims of the scam and publish corrective notices. The Court also ordered that any mail sent to the companies and individuals that had been held since a Court order in July 2011, be returned to the victims. The Court also declared that any contracts entered into with the companies and individuals by Canadians were null and void. The respondents have since appealed this decision.

Beiersdorf Canada Inc. - Nivea

In September 2011, the Bureau reached a settlement with Beiersdorf Canada Inc., Nivea's Canadian distributor, to stop making false or misleading health claims about Nivea's "My Silhouette" product. The claims suggested, among other things, that regular use of the product slims and reshapes the body, causing a reduction of up to three centimetres on targeted areas. The misleading representations were displayed on the package and on Nivea's website. Under the terms of the consent agreement, Beiersdorf was required to immediately remove the products from Canadian shelves, to pay an AMP of \$300,000, to refund the purchase price and shipping costs to Canadian customers, to pay \$80,000 to cover costs associated with the Bureau's investigation and to publish a corrective notice on Nivea's Canadian website and in major Canadian newspapers. Shortly after the registration of the consent agreement, Beiersdorf was also required to correct an inaccurate statement made by the company related to the settlement reached with the Bureau.

Global Management Solutions - GMS and Commutel and Marketing USA

In September 2011, the owner and president of Global Management Solutions-GMS and Commutel and Marketing USA was sentenced to two years in

prison and prohibited from engaging in any form of telemarketing for three years after pleading guilty to three counts of deceptive telemarketing related to the promotion of business directories. The directories contained information about various companies and organizations. Victims were led to believe that they were existing customers of the telemarketing company or that the product was being offered free of charge; however, if they kept the product (a CD directory), they were sent an invoice or if it was returned, they had to pay a separate charge.

IT Data Direct

In September 2011, charges were laid against five individuals and four companies involved in the Bureau's IT Data Direct case. The investigation uncovered a widespread telemarketing scheme, generating over \$172 million in gross sales, that marketed, among other things, subscriptions to online directories.

Job Opportunity Scam



In April and May 2011, two individuals pleaded guilty for their roles in an employment opportunity scam involving counterfeit cheques and were ordered to pay restitution to the victims of the scheme.

Through online and newspaper advertisements, the scam targeted Canadian residents who believed that they had been hired to act as secret shoppers assessing the customer service of Western Union Financial Services. The victims were provided with cheques, instructed to deposit them, then to withdraw cash and wire it to individuals through the international money transfer service. All cheques were subsequently identified as counterfeit and the victims were left liable for the cash withdrawals.

Rogers

In November 2010, the Bureau commenced legal proceedings regarding what the Bureau has concluded are misleading claims by Rogers about dropped calls in an advertising campaign promoting its Chatr cell phone brand. The Bureau has also concluded that the claims made were not based on adequate and proper tests. In September 2011, the Commissioner provided her evidence in support of her conclusions that Rogers engaged in deceptive marketing practices by way of five sworn affidavits. In November 2011,

the court heard arguments and evidence regarding a constitutional challenge brought by Rogers. This matter is now before the Ontario Superior Court of Justice.

DID YOU KNOW?

During the Yellow Pages investigation, the Bureau worked closely with the U.S. Federal Trade Commission, the Australian Competition and Consumer Commission and the U.K. National Fraud Intelligence, all of which are undertaking enforcement initiatives against U.S. targets. In this case, the court ordered the highest AMP in a contested deceptive marketing practices case to date, totalling \$9,035,000 (\$8 million by the companies and \$1,035,000 by the individuals).

2.4 Mergers Branch

Mergers in Canada are subject to review by the Bureau under the Act, to ensure that they will not result in a substantial lessening or prevention of competition. When the Bureau finds that a proposed merger is likely to substantially lessen or prevent competition, the Commissioner will require remedies to resolve particular competition issues. When concerns cannot be addressed by negotiation, the Commissioner may bring an application to the Tribunal to alter or block the proposed transaction. Where mergers involve more than one jurisdiction, Bureau staff work with other competition authorities to coordinate the timing of the review process and the review itself, to the extent possible, and when appropriate, seek non-conflicting and, to the extent appropriate, consistent remedies.

The workload and resources of the Mergers Branch continue to be strained by a steady influx of highly complex transactions raising serious competition concerns. For fiscal year 2011-2012, the percentage of merger reviews designated as 'complex' increased over the previous fiscal year. The associated complexity and compressed timeframe of these complex reviews require the Bureau to retain industry and economic experts to assist it in completing its reviews. Where necessary, outside counsel are also retained to supplement the legal support provided by Competition Bureau Legal Services of the Department of Justice.

Key Achievements

CCS Corporation – Complete Environmental Inc.



The Bureau filed an application with the Tribunal in January 2011 to dissolve CCS Corporation's acquisition of Complete Environmental Inc., the owner of a proposed hazardous waste landfill in Northeastern British Columbia. This is the first merger challenge filed purely on the basis of a likely substantial prevention of competition. The challenge also involved a transaction that fell below the merger notification thresholds set out in the Act, and where dissolution was sought as the primary remedy.

The hearing was held in Vancouver, British Columbia before the Tribunal from November 16 to December 2, 2011, with final arguments heard in Ottawa, Ontario from December 12 to 13, 2011. The Tribunal's decision on this matter was still pending at year end.

Air Canada – United Continental Holdings Inc.



In June 2011, the Bureau filed an application with the Tribunal to prohibit a proposed joint venture between Air Canada and United Continental Holdings. The joint venture would permit Air Canada and United to coordinate air travel operations on transborder routes. In addition to challenging the proposed joint venture under the merger provisions of the Act, the Bureau is seeking to undo certain provisions contained within three existing "coordination agreements" between the airlines under section 90.1 of the Act.²

Canadian Tire Corporation, Limited – The Forzani Group Ltd.

In October 2011, Canadian Tire Corporation, Limited (Canadian Tire) announced its intention to acquire The Forzani Group Ltd. (Forzani). The transaction

involved the purchase of a national sporting goods retailer, including sporting apparel and equipment, by a mass merchandiser with significant sales in sporting equipment.

Following a thorough review, the Bureau concluded in August 2011 that the acquisition was not likely to result in a substantial lessening or prevention of competition. The Bureau issued a Position Statement³ regarding its review of the transaction.

DID YOU KNOW?

The average compliance time for Supplementary Information Requests (SIRs) has decreased since the 2009 amendments came into force. In 2011-2012, the Mergers Branch issued 8 SIRs, all of which were fully complied with in an average of 44 days. This represents a 20% reduction in average compliance time from 2010-2011 (57 days), and a 50% reduction since 2009-2010 (93 days)!

2.5 Compliance and Operations

The Compliance and Operations Branch contributes to the Bureau's success by ensuring the branches have the tools they need to conduct their work, and that they work within approved policies and procedures. The Branch has three divisions.

Key Achievements

Renewal and Information Management

This division is responsible for the long-term development of the Bureau's staff, including the development and implementation of initiatives for training, recruitment and retention, as well facilitating information management within the organization.

This year, as part of on-going efforts to strengthen the Bureau's enforcement capacity, the training curriculum was modified to focus on more internal training with an emphasis on learning by doing.

2. Section 90.1 is a new civil provision that came into force on March 12, 2010, enabling the Commissioner to challenge anti-competitive agreements between competitors.

3. A Position Statement briefly describes the Bureau's analysis of a particular proposed merger and summarizes its main findings to provide transparency to the antitrust community and industry stakeholders. More details regarding the position statement can be found on the Bureau's website: [Canadian Tire/Forzani Position Statement](#)

Management Services

The Bureau's work is important to businesses, consumers and the economy as a whole. The Bureau must ensure that it has sufficient resources, and that these resources are focussed on areas that will have the greatest impact for Canadians. In preparing for the government's review of departmental spending, and responding to earlier measures such as Strategic Review, the Bureau made every effort to restrain spending during the fiscal year. Expenditures were reduced in the areas of corporate supplies, telecommunications and publications. Salary costs were controlled via attrition and by delaying the filling of vacant positions.

The Bureau supported the creation of Shared Service Canada (SSC) by transferring resources and employees to the new organization. SSC will lead to Government-wide efficiencies in Information Technology (IT) through the centralization of shared services and common infrastructure.

To support the implementation of Canada's Anti-Spam Legislation (CASL), the IT architecture to support internet and deceptive electronic commerce investigations was established. The Bureau also began to implement a litigation support software which will accelerate document review and early case assessment.

Enforcement Services

The presence of large volumes of electronically stored information generated by businesses and evolving technology continues to present new challenges to Bureau investigations. Over the last year, the Bureau's Electronic Evidence Unit continued to evolve and adjust to meet these challenges. In addition to continuing the successful implementation of the 'Seize Smart' strategy, which has appropriately minimized seized electronically stored information leading to more targeted and focussed investigations, the Case Intelligence-Led Strategy (Strategy) was developed over the last year. The Strategy seeks to enhance the ability to

deal with large volumes of information by improving an investigator's ability to analyse information gathered, and to focus on the information required to advance the case. Through the use of forensic, analytical and electronic discovery software, complex investigations are being dealt with in a more efficient and timely manner.

In 2011-2012, the Bureau's Information Centre registered 22,248 requests via telephone, fax, mail and Internet, a significant increase from 17,994 requests in 2010-2011. The Information Centre plays a key role in promoting awareness of the Bureau to the public and supports enforcement activities. As the public's primary access point for information requests and complaints related to the four statutes, Information Officers provide information to clients, primarily over the telephone, and register their complaints.

Requests made to the Competition Bureau	
Total Bureau requests	22,248 ⁴
Complaints	9,009
Information requests	5,848
No-issue ⁵	7,392

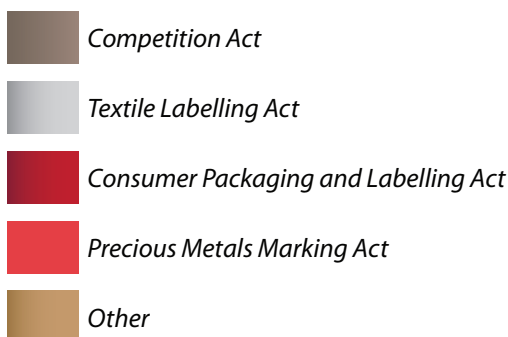
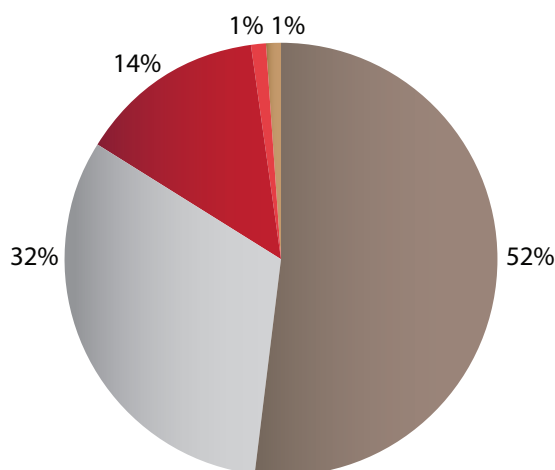
The tables and illustration below summarize the main types of complaints and information requests received by the Bureau's Information Centre in 2011-2012.

Top 5 Complaints by Product or Service	
1. Directory listings	2,442
2. Travel, transportation, vacations, hotels & resorts	1,323
3. Electronic & digital products	689
4. Contests, sweepstakes & lotteries	528
5. Home and office paper, supplies and services	484

4. This number includes complaints and information requests directed to the Bureau from the Canadian Anti-Fraud Centre (CAFC). The CAFC is managed by the Royal Canadian Mounted Police, the Ontario Provincial Police and the Bureau. The CAFC is the central fraud repository in Canada that collects information and criminal intelligence on fraud schemes that target large numbers of people, referred to as mass marketing fraud. Examples include job scams, lottery scams, false charities, and identity crime.

5. No-Issue includes requests that are not relevant to the Bureau's mandate or were referred to the Bureau in error.

Information Requests ⁶	
<i>Competition Act</i>	3,076
<i>Textile Labelling Act</i>	1,876
<i>Consumer Packaging and Labelling Act (except as it relates to food)</i>	856
<i>Precious Metals Marking Act</i>	87
<i>Other</i>	60



2.6 Economic Policy and Enforcement Branch

The primary role of the Economic Policy and Enforcement Branch is to provide economic advice and support to the Bureau's enforcement cases. In 2011-2012, economists within the Branch were involved in numerous reviews including: the joint venture between Air Canada and United Continental Holdings, the merger between Canadian Tire and Forzani, the proposed acquisition of the TSX by the Maple Group, the proposed acquisition by Bell and

Rogers of Maple Leafs Sports and Entertainment, and the Bureau's misleading advertising investigation into Bell Canada's misleading representations.

In an effort to reduce spending on external training, the Branch provided internal training courses to Bureau staff. Branch economists offered a course in basic economics that introduced fundamental principles and concepts of economics that are applicable to the Bureau's enforcement work. They also provided training in basic Industrial Organization economics that offered insights into oligopoly theory and business strategy.

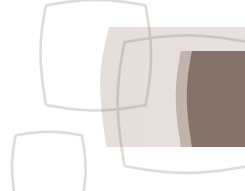
The Branch continued to provide its visiting speaker program where competition policy experts and economic scholars make presentations to Bureau staff on topics relevant to the Bureau's enforcement work. This program is designed to create and maintain links between the Bureau and experts in competition policy as well as educate Bureau staff on recent developments in economics. The Branch arranged for a total of nine speakers in 2011-2012.

2.7 Legislative and International Affairs Branch

The Legislative and International Affairs Branch manages the Bureau's participation in a wide range of activities to promote the benefits of a competitive marketplace, both domestically and internationally. The Branch develops and supports government legislative, regulatory and policy initiatives. Specifically, the Branch is responsible for inputting into proposals relating to the Act and other legislation administered and enforced by the Bureau, as well as departmental and government-wide proposals that could benefit from the Bureau's enforcement experience. The Branch also provides policy support for the Bureau's enforcement activities, and assists in the preparation of Bureau officials to appear before federal and provincial government agencies, regulatory bodies, and Parliamentary committees.

Internationally, the Branch supports the Government in the negotiation and implementation of competition provisions in free trade agreements, and leads the development of bilateral cooperation instruments with

6. 107 information requests dealt with more than one statute, and therefore the total number of information requests listed above differs from the number of information requests previously identified in Requests made to the Competition Bureau.



the Bureau's foreign counterparts. The Branch also manages the Bureau's leading role in the International Competition Network and the Organisation for Economic Co-operation and Development.

Key Domestic Achievements

Representations to Parliamentary Committees

Bureau officials appeared before Parliamentary Committees on three occasions between April 1, 2011, and March 31, 2012.

On June 22, 2011, Bureau officials appeared before the House of Commons Standing Committee on Industry, Science and Technology to provide evidence on the Committee's study on the fluctuations of petroleum prices. Bureau officials explained how complaints were processed and investigations were conducted. The general Committee discussion focused on the notion that speculation for the price of crude oil was the root cause for the volatility of petroleum product retail price. It was also noted that the Bureau is not a price regulator, and that high prices in and of themselves do not fall under the purview of the Act unless they are the result of anti-competitive conduct.

Bureau officials also appeared, with Industry Canada officials, before the same Committee on October 5, 2011, to provide evidence on the Committee's study of the e-commerce market in Canada. Industry Canada officials provided the Committee with an overview of electronic commerce, and how Canada fares relative to the rest of the world. In addition, they described stakeholders and industry suggestions to further advance e-commerce in Canada. Industry Canada officials outlined its main activities supporting e-commerce, while a Bureau official outlined the potential effects of Canada's pending anti-spam legislation on e-commerce and consumer confidence in this marketplace.

On February 15, 2012, Bureau officials appeared before the Standing Senate Committee on National Finance during its examination of price discrepancies in respect of certain goods between Canada and the United States. Bureau officials provided an overview of the Bureau and advised the committee on how it conducts its enforcement activities, including the compliance and enforcement tools at its disposal and the current range of potential remedies that can be sought and penalties that can be imposed for

a violation of the Act. They further explained that Canadian companies are generally free to set their own prices, and high prices, in and of themselves, do not fall under the purview of the Act unless they are the result of anti-competitive conduct, such as price-fixing, or abuse of a dominant position.

Key International Achievements

The Bureau actively participates in a number of international organizations to foster greater cooperation among competition authorities around the world. These activities are critical to law enforcement, as coordination among agencies leads to improved enforcement outcomes. In 2011-2012, the Bureau participated in the following international organizations:

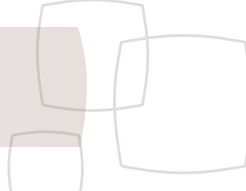
International Competition Network

The International Competition Network (ICN) advocates the adoption of superior standards and procedures in competition policy around the world, formulates proposals for procedural and substantive convergence, and seeks to facilitate effective international cooperation for the benefit of member agencies, consumers and economies worldwide. Since the creation of the ICN in 2001, the Bureau has played a key role in the organization's development by serving as the ICN Secretariat and through participation in the Steering Group (SG) and working groups on cartels, unilateral conduct, mergers and agency effectiveness. In addition, the Bureau co-chairs the Cartel Working Group's subgroup on enforcement techniques and the Operational Framework Working Group.

During the fiscal year, the Bureau continued to play a pivotal role in the organizational aspects of the ICN through its role as Secretariat and active involvement in the ICN's Second Decade Project. The Bureau also participated in the 10th Annual Conference held in May 2011, where the Commissioner participated as a panellist in the Mergers Working Group plenary session on current trends and developments in merger enforcement.

Operational Framework Working Group

The Bureau continues to co-chair the Operational Framework Working Group (OFWG). In 2011-2012, the OFWG was tasked with amending the ICN's Operational Framework to promote diversity, inclusiveness and transparency within



the ICN governance framework while maintaining continuity with existing practices. As a result, these amendments clarified roles and processes of SG members and Working Group Chairs.

Cartel Working Group

The Bureau continues to co-chair the Cartel Working Group's subgroup on enforcement techniques. This subgroup aims to improve the effectiveness of anti-cartel enforcement by identifying and sharing specific investigative techniques and advancing education and information sharing through its annual Cartel Workshop, which was held in Bruges, Belgium in October 2011. Additionally, each year, the Cartel Working Group's subgroup on enforcement techniques drafts a new chapter or revises an existing chapter in its 'Anti-Cartel Enforcement Manual'. In 2011 and 2012, the subgroup on enforcement techniques drafted a new chapter entitled 'Cartel Awareness, Outreach and Compliance,' which will be unveiled at the ICN Annual Conference in Rio de Janeiro, Brazil in April 2012.

Merger Working Group

The Bureau actively participated in teleseminars on merger review processes and commented on the Merger Working Group's work products with a view to identifying areas for improvement.

Unilateral Conduct Working Group

The Bureau actively participated in drafting a chapter on two ICN work products relating to specific guidance on defining market power and dominance.

Organisation for Economic Co-operation and Development - Competition Committee

The Organisation for Economic Co-operation and Development's (OECD) Competition Committee (CC) is comprised of representatives of antitrust enforcement and policy agencies of OECD Member countries. The CC reviews domestic and international developments in competition laws and policies, promotes cooperation between Member countries, exchanges views on competition law and policy issues arising in other international fora, and makes recommendations to the OECD Council on matters within the competence of the CC. During this fiscal year, the Commissioner remained an active member of

the CC's managing body, "the Bureau". In 2011-2012, the Competition Bureau contributed to the work of the CC and its Working Parties by providing input and submissions on the following topics: promoting compliance with competition law; impact evaluation of merger decisions; remedies in merger cases; update on developments in transparency; and improving international cooperation in cartel investigations.

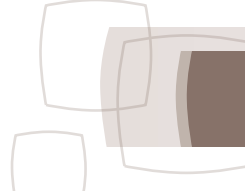
Organisation for Economic Co-operation and Development - Committee on Consumer Policy

The OECD's Committee on Consumer Policy (CCP) examines questions relating to domestic and international consumer law and policy, including issues of consumer safety and the development of a global marketplace for consumers, and contributes to the further development and strengthening of cooperation between Member countries in consumer policy development and law enforcement. In 2011-2012, the Bureau participated in the CCP by providing input and presentations regarding several projects of the CCP, including a presentation on recent Canadian enforcement actions with respect to misleading and fraudulent claims in the telecommunication market.

International Consumer Protection and Enforcement Network

The International Consumer Protection and Enforcement Network (ICPEN) is comprised of consumer protection authorities from almost 50 countries, whose aim is to protect consumers' economic interests around the world, share information about cross-border commercial activities that may affect consumer welfare, and encourage global cooperation among law enforcement agencies. In 2011-2012, the Bureau continued to play a leadership role in ICPEN. The Bureau was a member of the ICPEN Advisory Group and a number of ICPEN working groups. Bureau representatives attended the bi-annual ICPEN meeting in The Hague, Netherlands, in April 2011. Bureau officials participated in various sessions on topics such as price advertising, online payment services and intelligence gathering.

The Bureau also attended the ICPEN Conference and Best Practices Workshop that took place from February 28 to March 2, 2012. The Bureau played a significant role in these meetings by: (i) participating on a panel addressing "negative option marketing";



(ii) moderating a session relating to deceptive online selling; and (iii) co-moderating a best practices workshop session on enforcement tools and techniques.

International Cooperation

The Bureau develops and implements bilateral cooperation agreements with foreign antitrust agencies in order to, among other things, facilitate information exchanges on competition law enforcement and the coordination of global enforcement activity. In 2011-2012, the Bureau cooperated with a number of jurisdictions with respect to international enforcement cases including: Australia, Brazil, the European Union, France, Japan, Korea, Luxembourg, New Zealand, Singapore, South Africa, Switzerland, the United Kingdom, and the United States.

In 2011-2012, the Bureau held a number of formal and informal bilateral meetings with its foreign counterparts. These included meetings with antitrust agencies from Brazil, China, the European Commission, Hong Kong, Japan, Korea, Mexico and the United States. In addition, the Bureau engaged in staff exchanges with the United Kingdom's Office of Fair Trading and the Korean Fair Trade Commission.

Free Trade Agreements

The Bureau, in partnership with Industry Canada and Canada's Department of Foreign Affairs and International Trade, develops competition policy provisions in bilateral and regional free trade agreements, and Foreign Investment Promotion and Protection Agreements, and acts as the lead negotiator on competition enforcement matters on behalf of the Government of Canada.

During this fiscal year, the Bureau was engaged in negotiations with the Caribbean Community (CARICOM), Costa Rica, the European Union, Honduras, India, Japan, MERCOSUR (Argentina, Brazil, Paraguay and Uruguay), Morocco, South Korea and the Ukraine.

2.8 Public Affairs Branch

Communicating the Bureau's mandate to Canadians is an important part of the work of the Public Affairs Branch. The Bureau uses a number of different vehicles to draw attention to both its enforcement efforts and non-enforcement activities to educate consumers

and deter anti-competitive activity. The following describes the various ways the Bureau communicated the results of its work over the past year.

Announcements

The Bureau issued 43 announcements during the 2011-2012 fiscal year describing the benefits of its activities to the economy and to Canadians. Announcements include news releases, information notices, and items in the Bureau's electronic CB in Brief news digest published monthly on the website.

Media Relations

The Bureau responded to enquiries from journalists in Canada and abroad, resulting in approximately 5,700 print, radio, television and online media reports on matters involving the Bureau. The Bureau's media analysis concluded that 98 percent of coverage ranged from positive to neutral in tone.

High profile media issues in 2011-2012

- 1. Maple / TMX Transaction**
- 2. Gas Price-Fixing Cartel (Ontario and Québec)**
- 3. Bell Canada and Misleading Advertising**
- 4. Lawful Access Legislation**
- 5. Air Canada / United Continental Joint Venture**

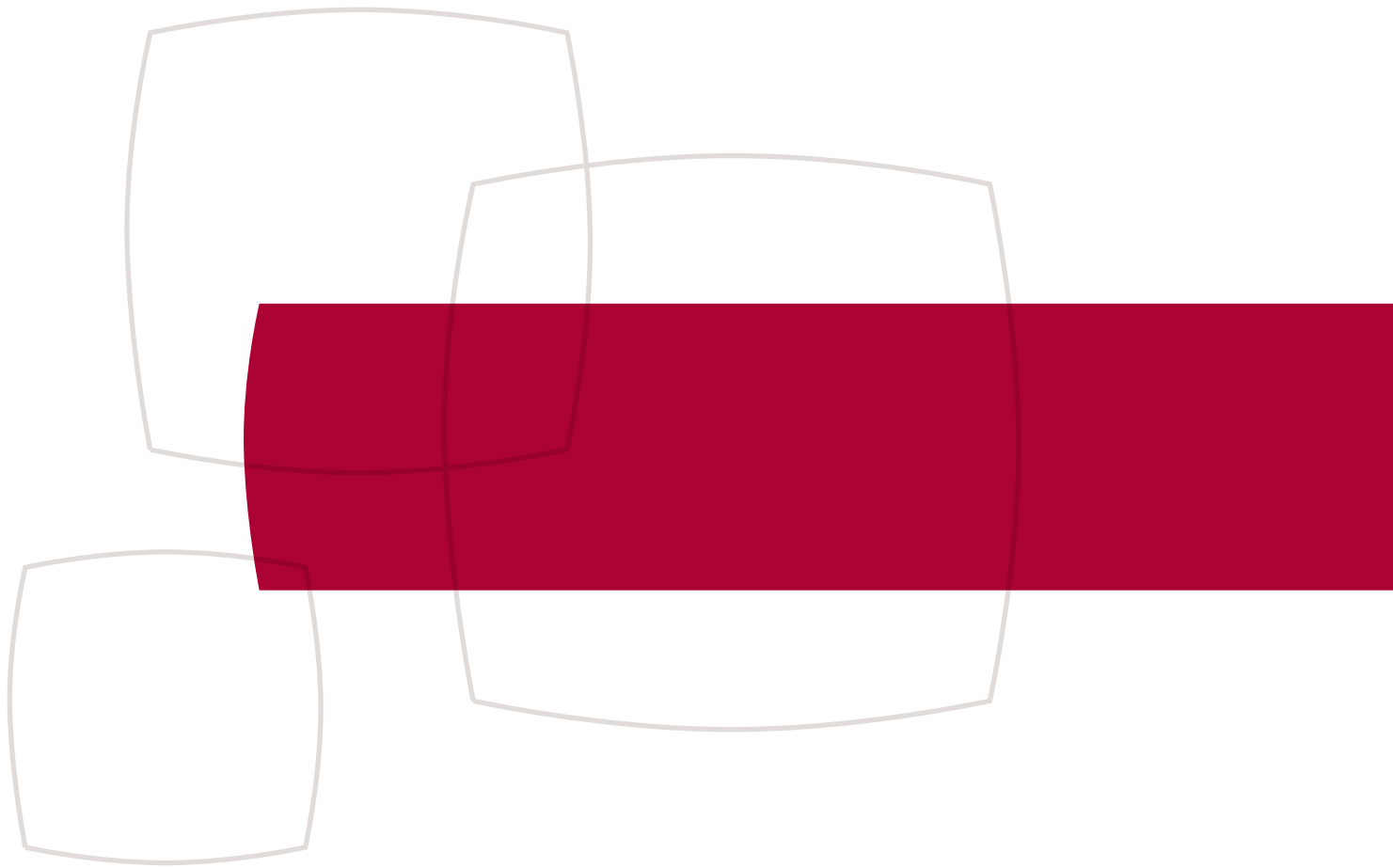
Bureau Website

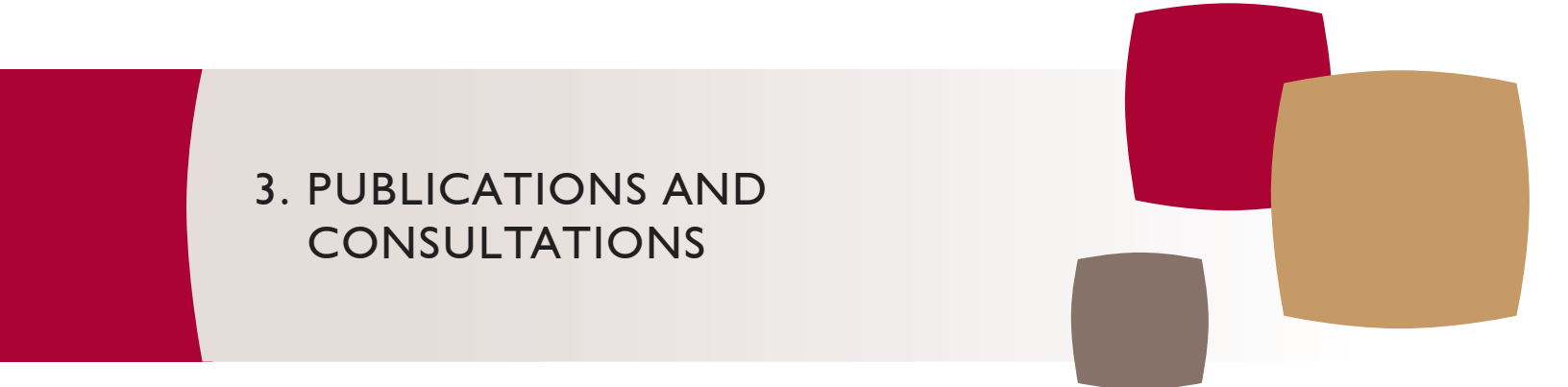
The Bureau's website (www.competitionbureau.gc.ca) provides a wealth of useful information to a wide and varied audience, ranging from consumers and businesses to legal and media professionals. The site received a total of 865,399 visits during 2011-2012, compared to a total of 689,922 visits during 2010-2011.

The site also features an automatic email distribution list that sends information updates to subscribers, as well as a Real Simple Syndication (RSS) news feed that provides subscribers with access to Bureau announcements as they become available.

**Top five Bureau announcements for 2011-2012 based
on visits to the Bureau website**

Announcements	Visits
1. Competition Bureau Reaches Agreement with Bell Canada Requiring Bell to Pay \$10 million for Misleading Advertising - June 28, 2011 www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03388.html	7,569
2. Competition Bureau Sues to Shut Down Business Directory Scam – July 28, 2011 www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03393.html	4,644
3. Competition Bureau Sues Canada's Largest Real Estate Board for Denying Services Over the Internet – May 27, 2011 www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03379.html	3,747
4. Competition Bureau Exposes Sewer Services Cartel in Quebec – November 22, 2011 www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03430.html	2,941
5. Competition Bureau Sends Signal to Price-Fixers with \$12.5 million Fine – January 6, 2012 www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/01353.html	2,323





3. PUBLICATIONS AND CONSULTATIONS

3. PUBLICATIONS AND CONSULTATIONS

The Bureau issues enforcement guidelines to provide guidance on its enforcement approach in various competition areas.

Enforcement guidelines are an articulation of the Bureau's enforcement policy with respect to the various provisions of the Act, *Consumer Packaging and Labelling Act* (except as it relates to food), the *Textile Labelling Act*, and the *Precious Metals Marking Act* based on the Bureau's past experience, jurisprudence, and accepted economic theory.

The Bureau continued to focus on the effective implementation of the amendments to the Act in 2011-2012, with a view to enhancing transparency in discharging its mandate. In an effort to provide businesses with clear guidelines and a predictable process the Bureau released various guidance documents and undertook public consultations.

Merger Enforcement Guidelines (final post-consultation, October 2011)



In October 2011, the Bureau published revised Merger Enforcement Guidelines (MEGs) following extensive consultations with stakeholders across Canada in 2010 and 2011, as well as consultations with foreign competition agencies and a focused internal review. The MEGs have been revised to reflect current Bureau practice and current legal and economic thinking. The revised MEGs describe, to the extent possible, how the Bureau will approach its analysis of merger transactions.

Revised Abuse of Dominance Guidelines - draft (March 2012)

In March 2012, the Bureau published its revised draft *Enforcement Guidelines on the Abuse of Dominance*

Provisions (Sections 78 and 79 of the Act) for public comment. The Guidelines provide a concise overview of the Bureau's enforcement approach to the abuse of dominance provisions. A previous draft of the guidelines was published for public comment in 2009.

Merger Review Process Guidelines (revised January 2012)



In January 2012, the Bureau published revised Merger Review Process Guidelines (MRPGs) that describe the Bureau's general approach to administering the two-stage merger review process under the Act, which is applicable to proposed transactions that

are the subject of a Notification filing. Since the first publication of the MRPGs in September 2009, the Bureau has benefited from considerable experience with the two-stage merger review process and has updated the guidelines to reflect current Bureau practices. The updated MRPGs provide stakeholders with, among other things, increased guidance on the SIR issuance process, including pre- and post-issuance dialogue and the identification of custodians; sample SIR instructions; and the use of timing agreements.

Updated Guidance on Merger Review “No Action” Letters (August 2011)

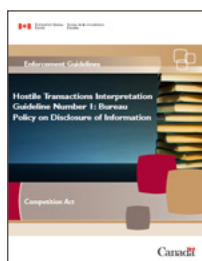
In August 2011, the Bureau published revised standard language for a “no action” letter (NAL) issued by the Bureau. The revised language is better aligned with subsection 123(2) of the Act and more accurately reflects the distinction between the discretionary issuance of an Advance Ruling Certificate (ARC) under section 102 of the Act, and a NAL. In circumstances

where the Commissioner uses her discretion to issue a NAL with respect to proposed transactions entered into after September 1, 2011, the standard language will be as follows: "...the Commissioner does not, at this time, intend to make an application under section 92 in respect of the proposed transaction".

Mergers Remedy Study Summary (August 2011)

In August 2011, the Bureau published a summary of the *Merger Remedy Study* (Study) regarding the effectiveness of remedies obtained between 1995 and 2005 under the merger provisions of the Act. The summary outlines the Study's key observations and findings while maintaining the confidentiality of information provided by Study participants. The results of the Study will be used to update the Bureau's *Information Bulletin on Merger Remedies in Canada*.

Hostile Transactions Interpretation Guideline Number 1: Bureau Policy on Disclosure of Information (July 2011)



This Interpretation Guideline (IG) addresses the Bureau's policy regarding the disclosure of 'pertinent information' to both the bidder and target of a hostile transaction.

Hostile Transactions Interpretation Guideline Number 2: Bureau Policy on Running of Subsection 123(1) Waiting Periods (July 2011)



This IG addresses the commencement of statutory waiting periods in situations where a proposed transaction ceases to be an unsolicited bid within the initial 30-day waiting period; where a proposed transaction ceases to be an unsolicited bid after the issuance of a supplementary information request (SIR), but prior to the bidder having certified completeness of its response to the SIR; and where a proposed transaction ceases to be an unsolicited bid within the second 30-day waiting period (i.e., following the receipt of certified complete responses from all parties subject to a SIR).

Pre-Merger Notification Interpretation Guideline Number 12: Requirement to Submit a New Pre-Merger Notification and/or ARC Request Where a Proposed Transaction is Subsequently Amended (March 2012)



IG 12 provides guidance to parties on whether they will be required to submit a new notification and/or request for an ARC, where a proposed transaction has been amended.

Pre-Merger Notification Interpretation Guideline Number 13: Satisfying the Information Requirements Set Out in Section 16 of the Notifiable Transactions Regulations and Completeness of Notification (June 2011)



IG 13 addresses various information requirements set out in section 16 of the Regulations that are often misinterpreted, and discusses how parties can best satisfy these requirements to avoid a determination by the Merger Notification Unit that their Notification is incomplete.

Pre-Merger Notification Interpretation Guideline Number 14: Duplication Arising From Transactions Between Affiliates (March 2012)



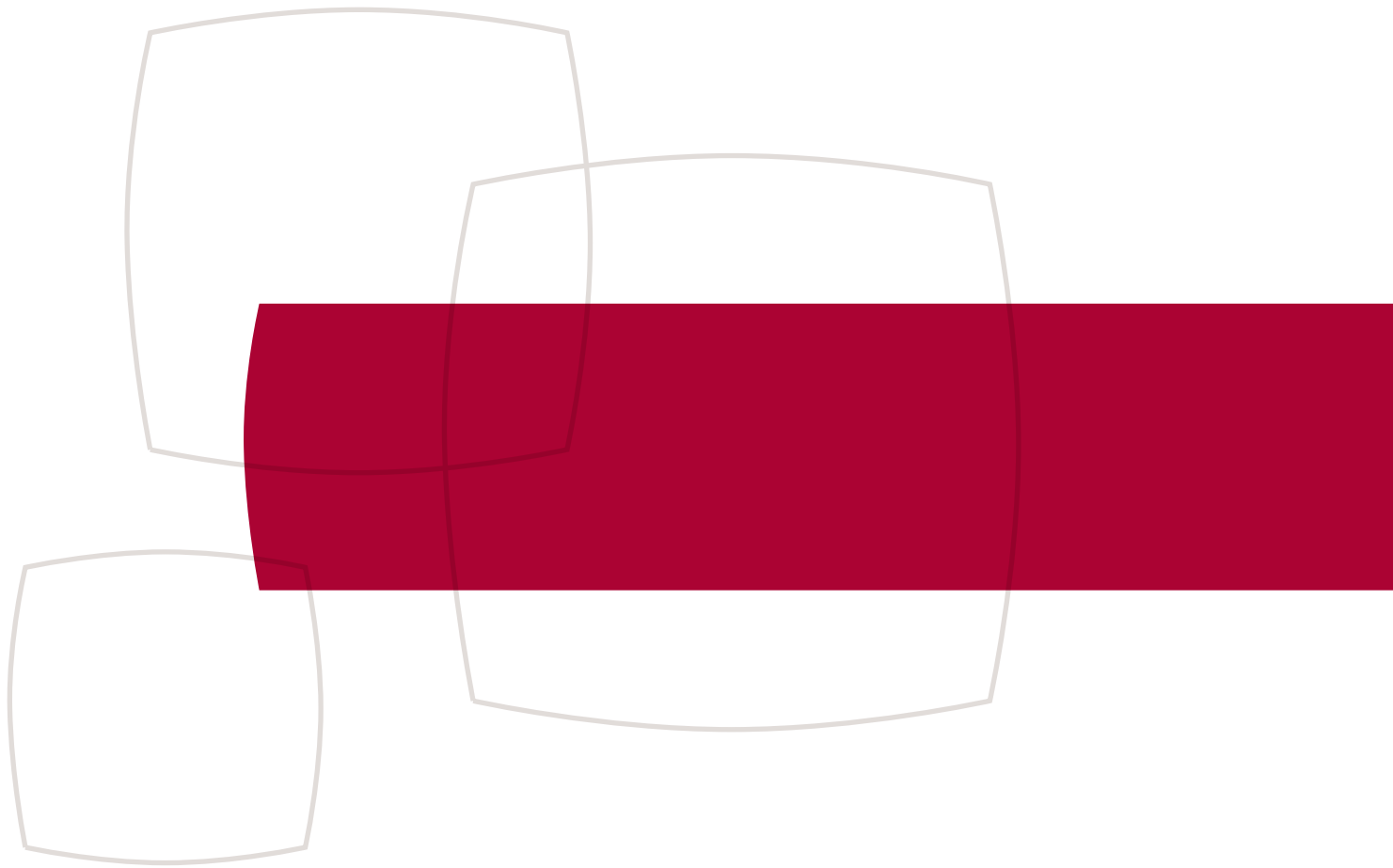
IG 14 provides guidance to parties when calculating whether a proposed transaction exceeds the party size and transaction size thresholds under sections 109 and 110 of the Act; in particular, it clarifies what amounts may be deducted owing to duplication in determining whether notification thresholds have been exceeded, where a proposed transaction involves affiliates.



Position Statements – Canadian Tire/ Forzani (October 2011)

Please refer to the Merger Key Achievements in section 2.4.







4. OUTREACH INITIATIVES

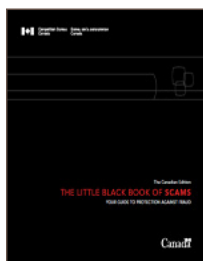
4. OUTREACH INITIATIVES

Fraud Prevention Month



Since 2004, the Fraud Prevention Forum (Forum), chaired by the Bureau, has organized Fraud Prevention Month (FPM) in Canada. Activities and events conducted by Forum members during the month of March aim to raise awareness and educate consumers and businesses about the dangers of fraud in the Canadian marketplace. The Forum has 138 members, including public sector and law enforcement agencies, provincial and federal government departments, and business and consumer groups.

The Bureau plays an important role in building consumer confidence by discouraging deceptive business practices and encouraging the provision of sufficient information to allow Canadian consumers to make informed purchasing decisions. This led to this year's theme: **Building Consumer Confidence**. Each Monday of the 2012 campaign, the Bureau issued an announcement: a news release to launch FPM, followed by tips for consumers, tips for businesses, and a consumer advisory regarding fake news websites.



Originally developed by the Australian Competition and Consumer Commission, the Bureau also published the Canadian edition of *The Little Black Book of Scams*, a compact and easy to use reference guide filled with information Canadians can use to protect themselves against a variety of common scams, how these scams work, how to recognize

them, as well as practical tips on how consumers can protect themselves. It also debunks common myths about scams, provides contact information for reporting a scam to the correct authority, and offers a step-by-step guide for scam victims to reduce their losses and avoid becoming repeat victims.

In addition, the Bureau prepared an editorial piece for the Minister of Industry that was included in a stand-alone supplement on fraud, prepared by the *Globe and Mail* and published in March 2012, and collaborated with *La Presse* on a similar project.

Finally, a total of 74 stations used radio segments prepared for FPM, 13 of which were from Quebec with a possible audience reach of more than 2,000,000. The Fraud Prevention section on the Bureau's website received 4,920 hits in March 2012, generating more visits than any other section. *The Little Black Book of Scams* received 4,226 hits on the website and was downloaded 3,081 times.

FRAUD: RECOGNIZE IT. REPORT IT, STOP IT.

HOW TO CONTACT THE COMPETITION BUREAU

Anyone wishing to obtain additional information about the *Competition Act*, the *Consumer Packaging and Labelling Act* (except as it relates to food), the *Textile Labelling Act*, the *Precious Metals Marking Act*, or the program of written opinions or to file a complaint under any of these statutes should contact the Bureau's Information Centre.

Website

www.competitionbureau.gc.ca

Address

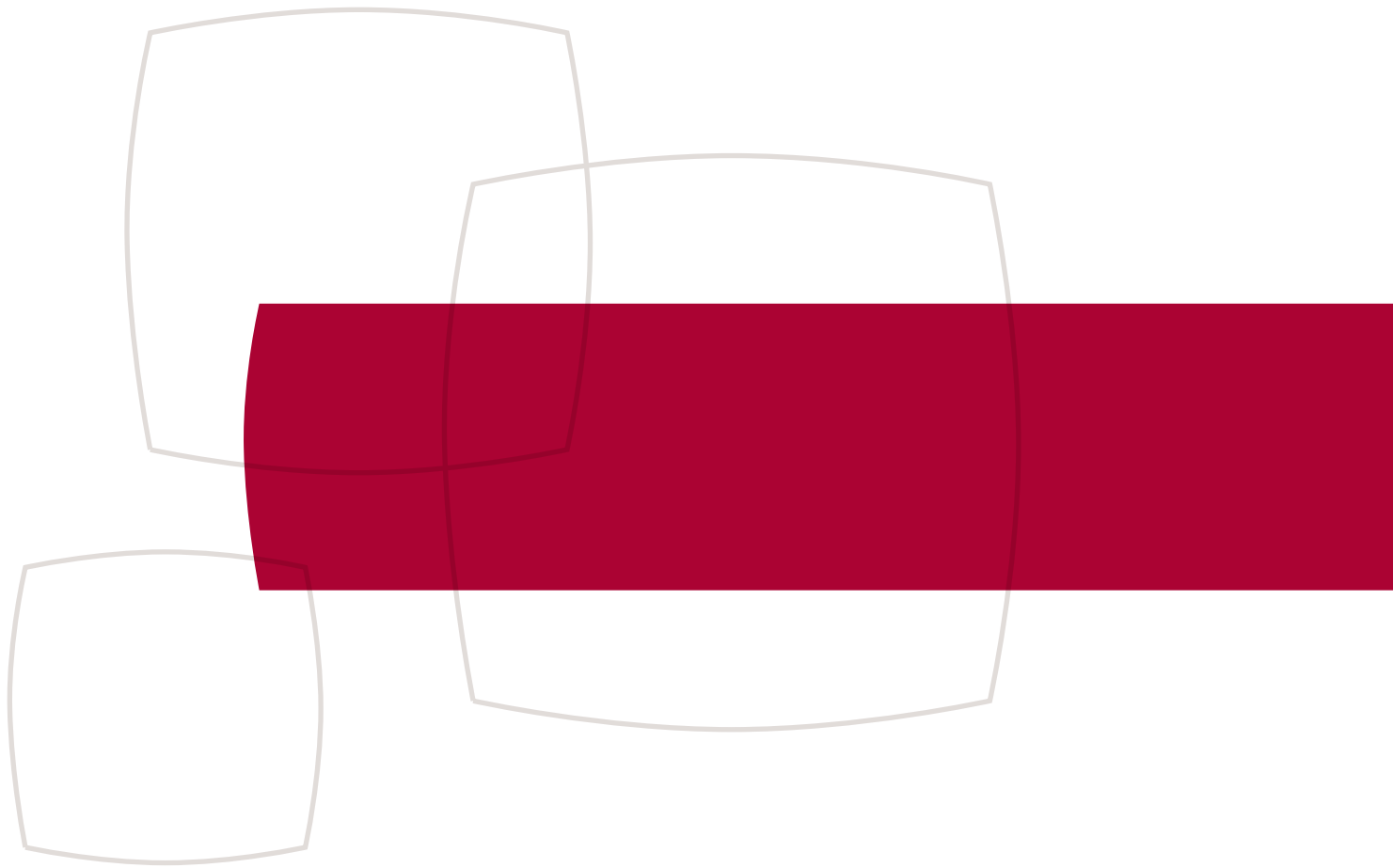
Information Centre
Competition Bureau
50 Victoria Street
Gatineau, Quebec
K1A 0C9

Telephone

Toll-free: 1-800-348-5358
National Capital Region: 819-997-4282
TTY (for hearing impaired) 1-800-642-3844

Facsimile

819-997-0324





APPENDIX: COMPETITION BUREAU STATISTICS

Table 1: Competition Bureau Statistics

Law Enforcement Activity	FBPB	Civil	Criminal	Mergers
Inquiries commenced (Number of formal inquiries commenced between April 1, 2011 and March 31, 2012)	3	3	8	2
Inquiries in progress (Number of formal inquiries in progress on April 1, 2011)	35	9	15	2
Inquiries discontinued (Number of formal inquiries discontinued between April 1, 2011 and March 31, 2012)	3	1	4	1
Examinations in progress (Number of examinations in progress on April 1, 2011 - Examinations are complaints and information requests that have been assigned for further assessment as well as orders being reviewed)	47	21	10	18
Examinations commenced (Number of examinations commenced between April 1, 2011 and March 31, 2012)	14	13	5	228
Examinations concluded (Number of examinations concluded between April 1, 2011 and March 31, 2012)	16	12	5	221
Matters where charges were laid (Number of matters where charges were laid between April 1, 2011 and March 31, 2012)	2	-	6	-
Matters where applications were filed (Number of matters where applications were filed between April 1, 2011 and March 31, 2012)	1	1	-	1
Matters with criminal orders (Number of matters where there were orders between April 1, 2011 and March 31, 2012)	3	-	6	-
Convictions	3	-	6	-
Prohibition Orders without convictions	0	-	0	-
Interim injunctions (criminal)	0	-	0	-
Matters with civil orders (Number of matters where there were orders between April 1, 2011 and March 31, 2012)	3	0	-	0
Registered Consent Agreements	2	0	-	0
Final Order in contested proceedings	1	0	-	0
Interim injunctions (Civil)	1	0	-	0
Alternative Case Resolutions (Examinations that raised an issue under the Act but were resolved without resort to the Court or Tribunal; these include undertakings, agreements and voluntary compliance, and does not include Registered Consent Agreements)	2	0	1	2
Compliance Contacts (Information letters and meetings)	0	1	7	-
Information Bulletins and Enforcement Guidelines published (All guidelines published between April 1, 2011 and March 31, 2012 including those for consultation, new publication and those that have been revised)	1	1	0	10
Total Fines Imposed	0	-	\$15,229,500	-
Total Administrative Monetary Penalties	\$19,335,000	0	-	-

Table 2: Advocacy of Competition Principles ⁷	
Advocacy under Sections 125 and 126	0
Representations to regulators outside of formal proceedings	0

Table 3: Speeches and Outreach					
	FBPB	Civil	Criminal	Mergers	Commissioner
Speeches⁸ (Number of times Bureau staff spoke to stakeholders. This includes information sessions and outreach activities, not the number of participants)	16	2	32	8	15
Recruitment Initiatives (Number of presentations made to potential Bureau recruits; this includes seminars)	0	1	0	0	0

Table 4: Merger Examinations	
Examinations Commenced	228
Notification filings and Advance Ruling Certificate (ARC) requests	204
Notification filings only	7
ARC requests only	157
ARC requests and Notification filings	40
Other examinations	24
Examinations Concluded	221
No issues ⁹ under the <i>Competition Act</i>	215
Advance Ruling Certificates issued	77
"No-action" letters ¹⁰	121
Other examinations	17
Concluded with issues under the <i>Competition Act</i>	2
Consent Agreements Registered with the Competition Tribunal	0
Foreign remedies resolved Canadian competition concerns	2
Transactions abandoned due to competition concerns	0
Section 92 applications concluded or withdrawn	0
Transactions abandoned for reasons apparently unrelated to the Commissioner's position	4
Supplementary Information Requests issued	8
Total Examinations during the year (including ongoing matters from previous year)	246
Examinations ongoing at year end ¹¹	25
Matters Before the Tribunal or The Courts¹²	2
Section 92 matters	2
Other Tribunal or Court Proceedings	0

7. In 2011-2012, there were no advocacy initiatives promoting competition principles undertaken owing to the Bureau's focus on vigorous enforcement of the laws under its jurisdiction.

8. In 2011-2012, an Executive of the Bureau also taught the Competition Law Course at Queen's University, Faculty of Law, with several Bureau officers contributing as guest lecturers.

9. Examinations resulting in assessment of no current enforcement action.

10. Including ARC refusals.

11. Includes all examinations not concluded within this fiscal year, including those commenced in previous fiscal years. Also includes matters on-going before the tribunal or Courts at year end.

Reviewing Mergers

Number of mergers reviewed where the answer was provided to parties between April 1 and March 31, 2012.

Table 5: Merger Review - Meeting Service Standards 2011-2012 ¹³			
Complexity	Examinations Concluded	Meeting our Service Standards	Average Completion Time (days)
Non-Complex (14 days)	146	133 (91.10%)	11.25
Complex (30/45 days)	50	41 (82.00%)	36.62
Total	196	174 (88.78%)	-

Written Opinions

Number of Written Opinions provided between April 1, 2011 and March 31, 2012.

Table 6: Written Opinions – Meeting Service Standards									
	2009-2010			2010-2011			2011-2012		
	Provided	Met	%	Provided	Met	%	Provided	Met	%
FBPB									
Complex (6 weeks)	0	0	0	4	0	0	10	0	0
Non-Complex (2 weeks)	11	5	45	12	3	25	1	0	0
Civil									
Complex (10 weeks)	0	0	0	7	0	0	1 ¹⁴	0	0
Non-Complex (6 weeks)	0	0	0	0	0	0	0	0	0
Criminal									
Complex (10 weeks)	0	0	0	7	0	0	1	0	0
Non-Complex (6 weeks)	0	0	0	0	0	0	0	0	0
Mergers									
Complex (28 days)	0	0	0	1	1	100	0	0	0
Non-Complex (14 days)	1	1	100	1	1	100	0	0	0
Total	12	6	50	32	5	16	12	0	0

12. Includes ongoing section 92 matters and other matters before the tribunal or courts (such as section 100 and 106 matters). Excludes consent agreements.

13. As of November 1, 2010, the previous complex and very complex categories have been consolidated into a new complex category, with a service standard of 45 calendar days, commencing the day a complete notification or ARC request is received by the Commissioner, assuming sufficient information is provided to assign complexity. However, where a Supplementary Information Request (SIR) is issued, the service standard is 30 calendar days, commencing on the day on which the Commissioner receives a complete response to the SIR from all SIR recipients.

14. Written opinion request requires a joint assessment involving the Civil and Criminal matters branches.