

Answering the Call: Building a Safe, Convenient Telemarketing Environment for Canadians

2016-17 CRTC Annual Report on the Operation of the National Do Not Call List

Presented to the Honourable
Navdeep Singh Bains
Minister of Innovation, Science and Economic Development
September 29, 2017

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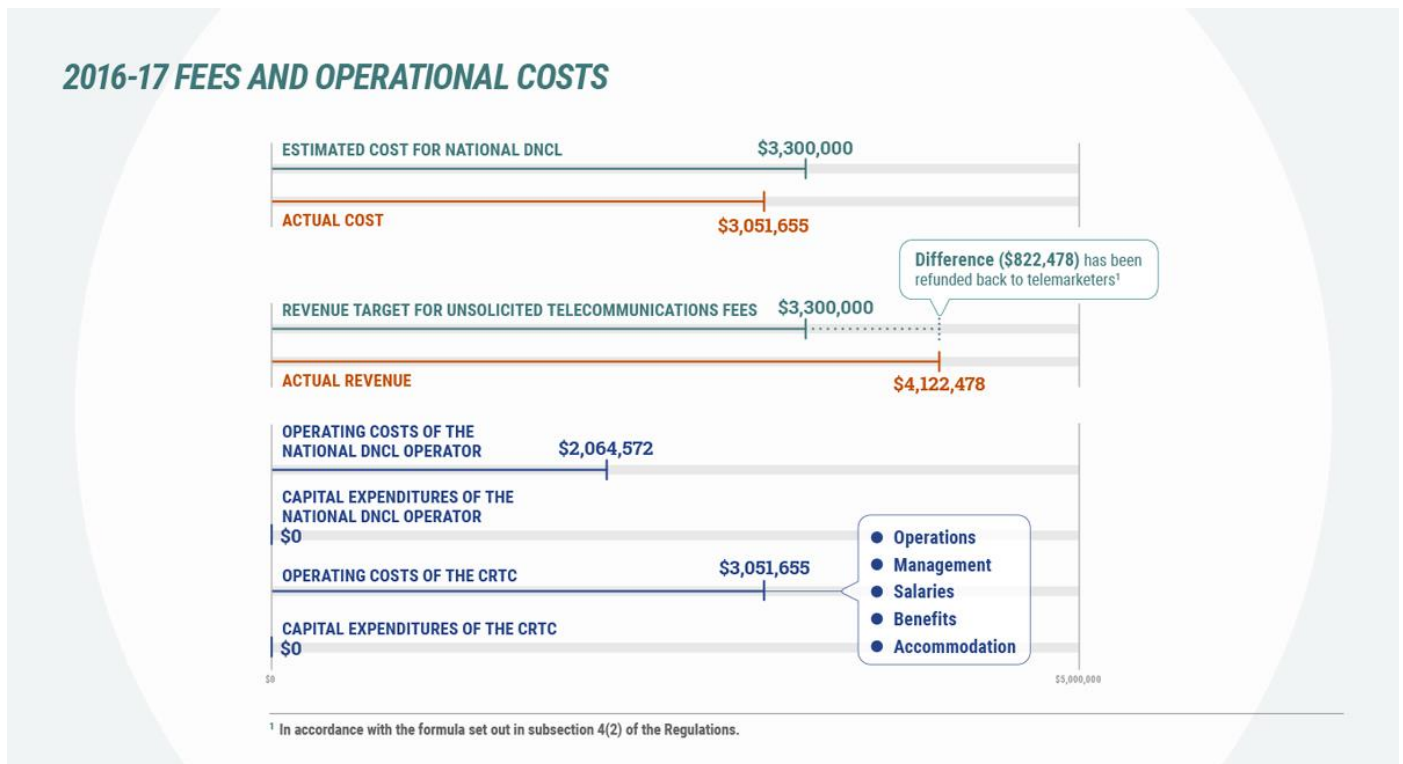
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(Aussi disponible en français)

Making Telemarketing Fair, Honest, and Safe

At the Canadian Radio-television and Telecommunications Commission (CRTC), we regulate and supervise Canadian broadcasting and telecommunications in the public interest. [Part of our mandate](#) is to protect Canadians from unsolicited telecommunications—an authority granted to us by Parliament in 2006 under the *Telecommunications Act*. The goal of our resulting regulatory framework is to protect the privacy of Canadians and prevent undue inconvenience and nuisance from unsolicited telecommunications, while still allowing legitimate uses of telemarketing. This protection is enforced by the *Unsolicited Telecommunications Rules* (the Rules), which include the *National Do Not Call List (DNCL) Rules*, the *Telemarketing Rules*, and the *Automatic Dialing-Announcing Device (ADAD) Rules*. We apply similar principles to the Voter Contact Registry under the amended *Fair Elections Act* (2014).

To support the Rules, we promote compliance with training and outreach directed at organizations that use telemarketing across multiple industry sectors. We also investigate and address non-compliance, communicate the results of investigations, and ensures the continuity for the operations of the National DNCL. Finally, we educate Canadians about corrective actions, how to protect themselves, and how to file complaints to help the CRTC address telemarketing issues.



2016-17 Fees and Operational Costs

The Rules require anyone who wants to make unsolicited calls to Canadians to register with and/or subscribe to the National DNCL. The *Telecommunications Act* gives the CRTC the authority to collect the related subscription fees. Each year, we set a revenue target for these unsolicited telecommunications fees. For 2016-17, our revenue target was \$3,300,000. The actual amount we collected under Subsection 3(1) of the Regulations was \$4,122,478. Telemarketers were refunded the excess amount of \$822,478 according to the formula in Subsection 4(2).

We also came in under our estimate of administration costs (\$3,300,000) for the 2016-17 fiscal year; the actual costs were \$3,051,655. Operating costs for the National DNCL operator (Bell Canada) were \$2,064,572. Capital expenditures for the National DNCL operator and the CRTC were \$0.

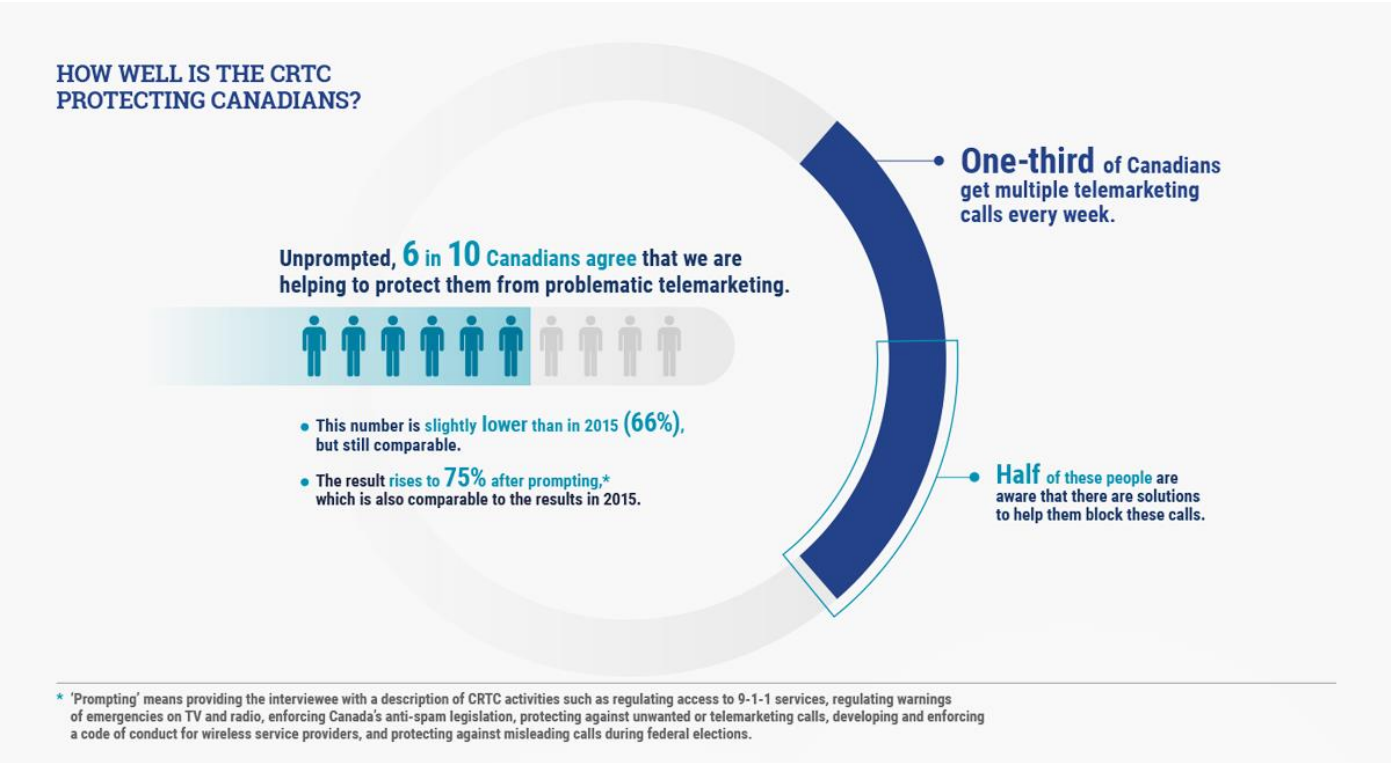
Registrations, Complaints, and Perceptions

We Created Telemarketing-related Policies to Help Protect Canadians

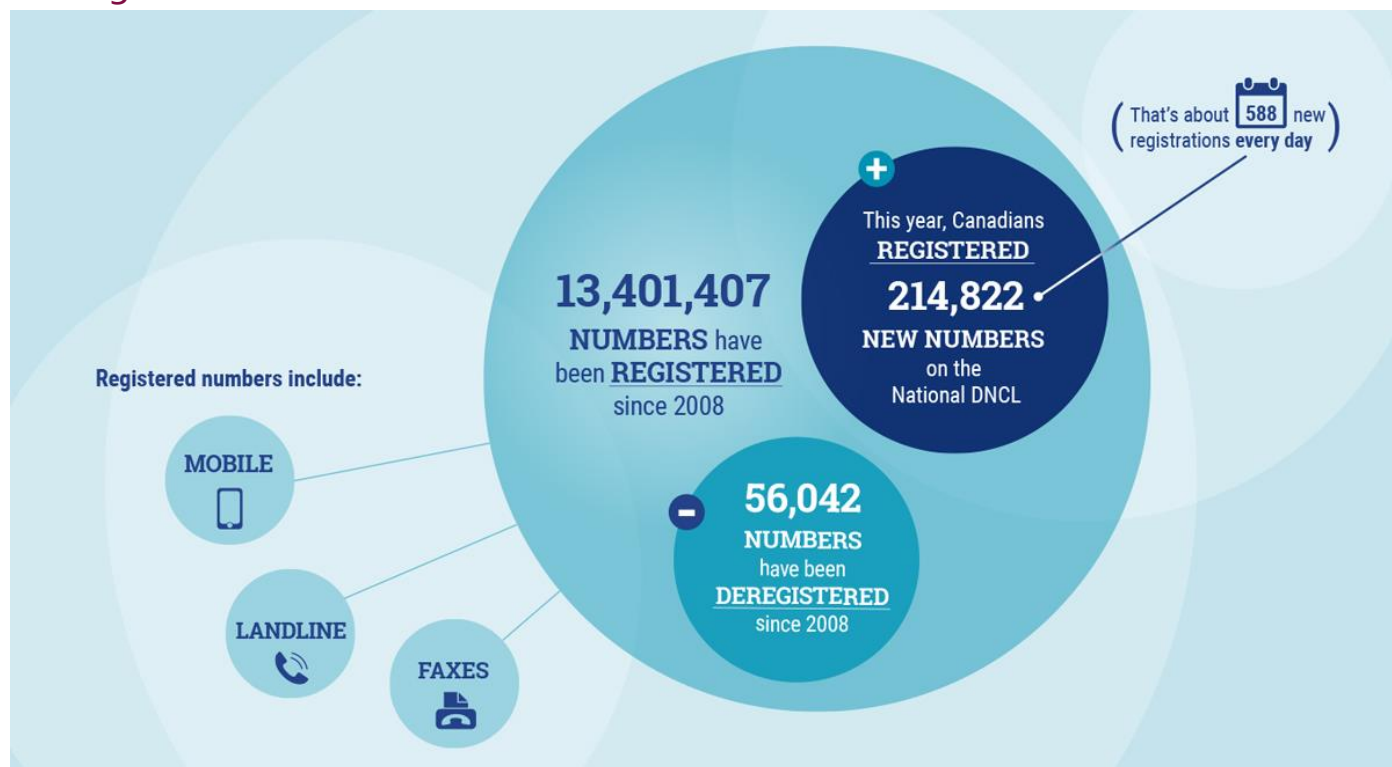
Protect them from what? From threats to their privacy, vulnerability within the communication system, and inconvenient communications like that unwanted nighttime sales call.

The CRTC also gives telemarketers strategies for complying with important standards.

To track how well Canadians feel we’re achieving these goals, and to inform our outreach initiatives, we regularly consult with Canadians.



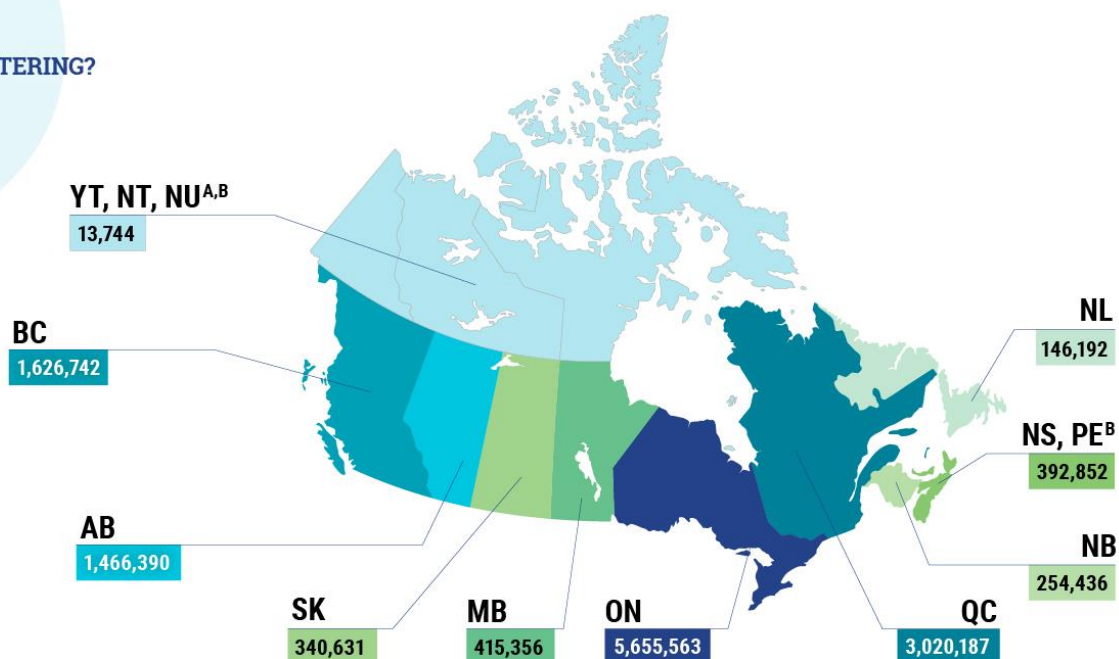
Taking Part



Since we started the National DNCL in 2008, Canadians have registered an impressive 13,401,407 telecommunications numbers and deregistered 56,042 numbers.

In the last fiscal year alone, Canadians registered 214,822 numbers for landlines, mobile phones, and fax machines—an average of more than 588 numbers each day.

WHO IS REGISTERING?



^A These locations include non-geographic area codes (e.g. mobile satellite phones which are typically used in remote areas of Canada).
^B Note that because these regions share area codes, their data is combined.

“Hello, Operator? I’d like to make a complaint...”

We rely on Canadians to tell us when they suspect a telemarketer might not be following the rules. In 2016-17, Canadians filed 79,417 complaints with the National DNCL Operator.



What are people concerned about?

Compared to the previous fiscal year, in 2016-17:

- Complaints about the National DNCL increased by 4%

- Complaints about internal DNCLs¹ increased by 2%
- Complaints about ADADs decreased by 8%
- Complaints about dead lines (i.e. cases where there is no caller on the line) decreased by 1%
- Complaints about curfew (i.e. calls made between 9:30 p.m. and 9:00 a.m. on weekdays and 6:00 p.m. and 10:00 a.m. on weekends) and other issues decreased by 1%

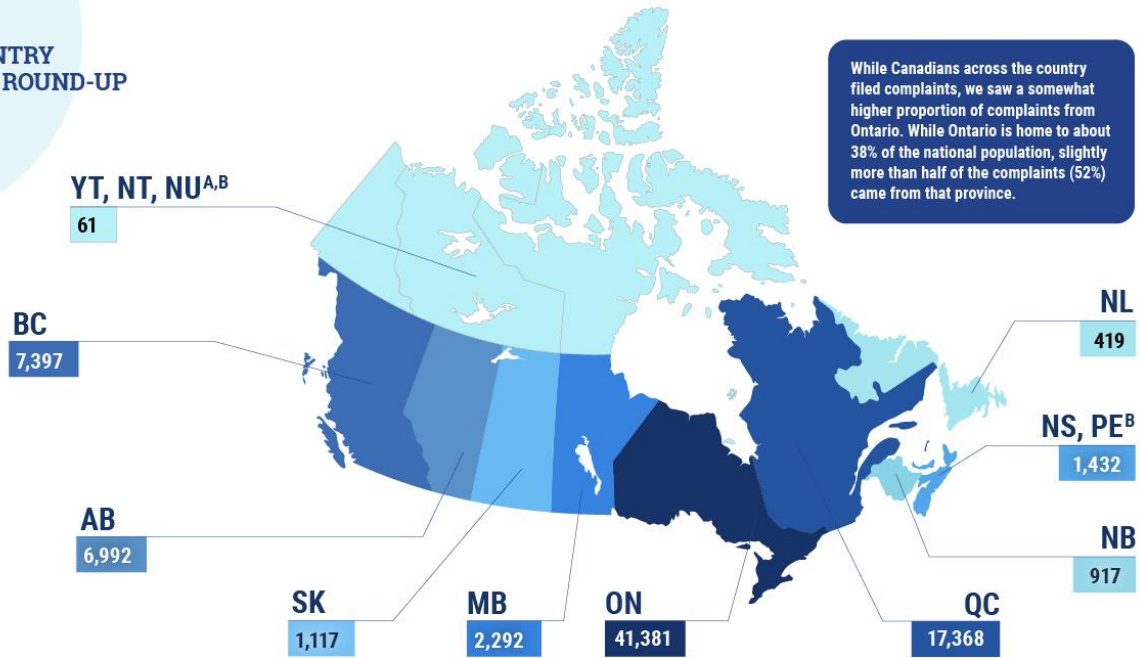


Cross-country complaint round-up

While Canadians across the country filed complaints, we saw a somewhat higher proportion of complaints from Ontario. While Ontario is home to about 38% of the national population, slightly more than half of the complaints (52%) came from that province.

¹ An IDNCL is an internal do not call list maintained by an organization for itself or on behalf of a client.

CROSS-COUNTRY COMPLAINT ROUND-UP

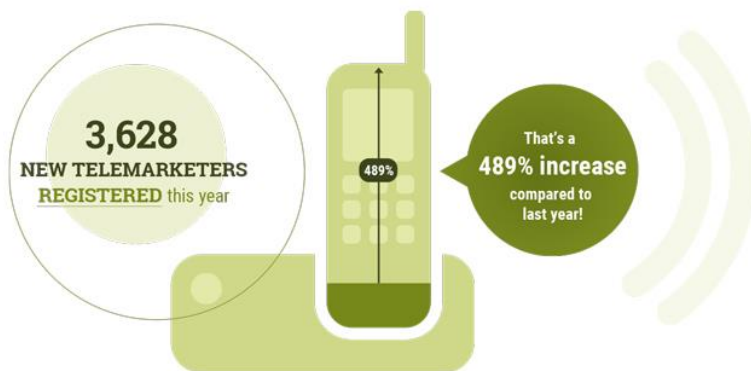


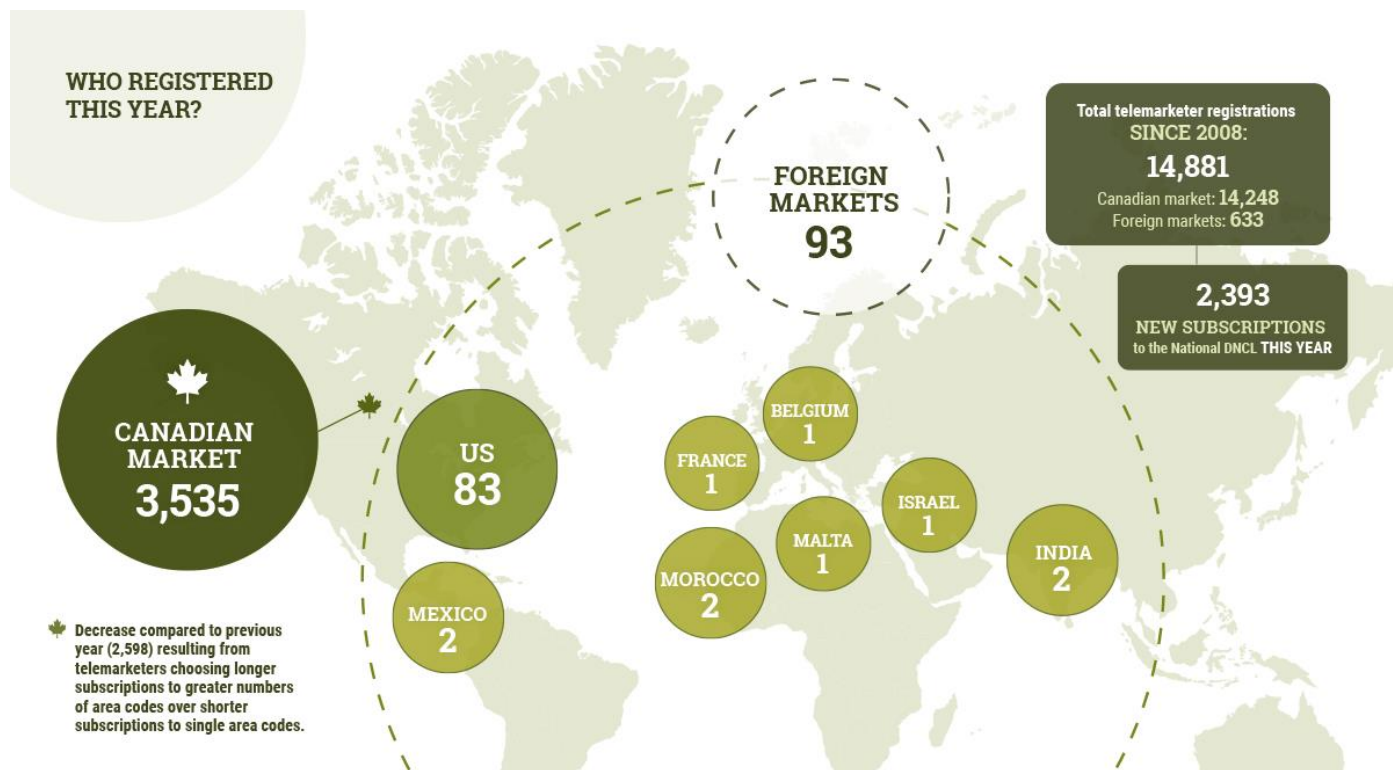
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The Telemarketer Footprint: Registrations and Subscriptions

Better Telemarketing Practices = Better Business





Telemarketers can take part in Canada's National DNCL in two ways: by registering and by subscribing.

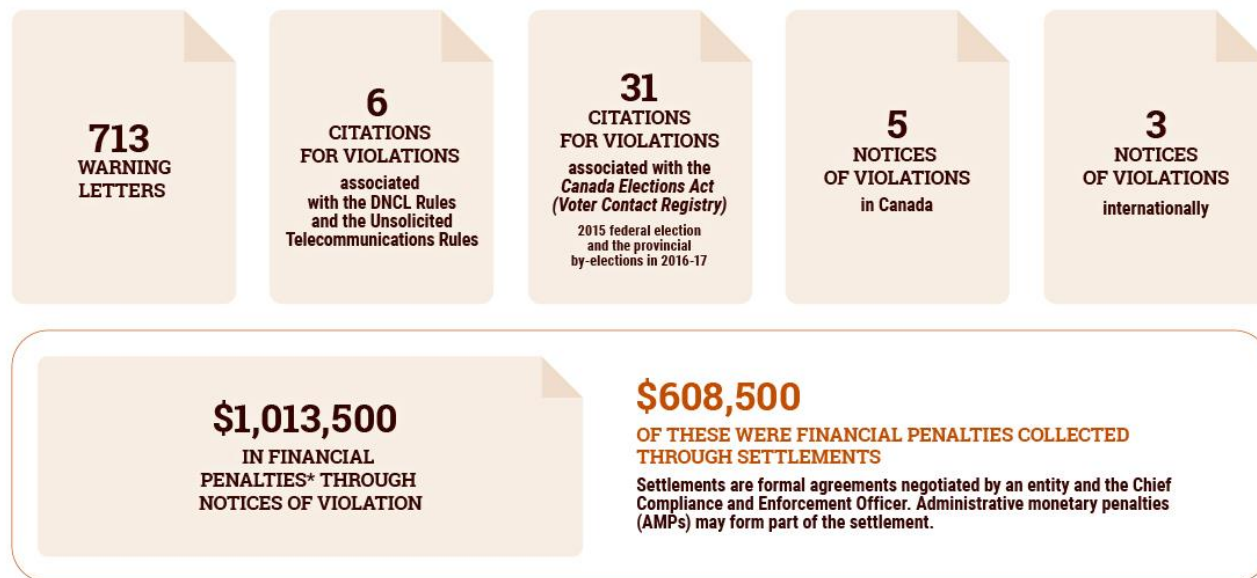
This year, 3,628 telemarketers registered with the National DNCL operator. That's about 489% more than in the previous year.

The sizeable spike in registrations is a direct result of a compliance campaign we launched this year to educate automotive dealers about their obligation to register before making calls to their clients.

This year, registered telemarketers also bought 2,393 subscriptions to the National DNCL. Although the number of new subscriptions went down by 205 (or 8%) compared to the previous year, this reduction results from a natural shift: subscribers are either buying subscriptions for multiple area codes, as opposed to for single area codes or choosing longer subscription periods over shorter ones, or a combination of both.

Taking Action to Protect Canadians

THIS YEAR WE ISSUED:



* These fines are known legally as administrative monetary penalties or AMPs.

Emerging Global Challenges Demand Creative New Approaches

Rapidly evolving technology, more aggressive activity outside of Canadian jurisdictions: investigating telemarketing violations gets more complex with each passing year.

To address these challenges, our analysts rely on sophisticated tools and work with partners across Canadian and international borders to investigate violations. The intelligence we generate supports key decisions inside and outside of our organization and helps us fine-tune our approach when it comes to specific technologies and industries.

In 2016-17, we improved our capacity to pursue violators outside of Canadian borders and addressed emerging technical issues like illegitimate caller identification (ID) spoofing.² We built custom solutions that draw on external databases and analytical tools, conducted data sweeps to identify industry-wide non-compliance trends, and built preliminary reports that will help with our investigations.

In partnership with Canadian carriers and National Cyber-Forensics and Training Alliance Canada, we also continued to support the Canadian Telephony Honeypot (a.k.a. Honeypot)—a vital tool for learning about violators of the Rules.

² Caller ID spoofing is when callers (often scammers) conceal or misrepresent their true identity when making a call. If this happens to you, you'll see inaccurate, false, or misleading information on your call display.

And finally, we took part in important international forums—such as the Unsolicited Communications Enforcement Network (UCENet); the Messaging, Malware and Mobile Anti-Abuse Working Group; the Community of Federal Regulators; and the International Mass Marketing Fraud Working Group—to explore, share, and build innovative ways for the regulatory community to serve its constituents.

Taking Action to Enforce Compliance

When it comes to enforcing the Rules, one of our main goals is to bring violators into compliance. To this end, once we've gathered intelligence to select and investigate cases of alleged violation, we use enforcement tools to appropriately respond to each unique case. These tools include:

- Warning letters for minor violations.
- [Citations](#) that set out specific corrective actions.
- [Notices of violation](#) (NoV), which are formal enforcement measures (set out in section 72.07 of the *Telecommunications Act*) that could carry a financial penalty (legally called an administrative monetary penalty or AMP).
- Negotiated settlements, which are formal agreements between entities that commit serious violations and the Chief Compliance and Enforcement Officer. As part of a settlement, the entity must admit liability, stop violating the Rules, accept an NoV with an AMP, and develop a compliance program.

Our enforcement activities for violation of the Rules include warning letters, citations, and penalties of up to \$1,500 per violation per day for individuals and up to \$15,000 per violation per day for corporations.

2016-17 Highlights: Spotlight on Enforcement

- 100% – Every entity we brought into compliance with the Rules through negotiated settlements implemented compliance practices.
- 100% – Every entity we subjected to enforcement in 2015-16 stayed compliant during 2016-2017.

2016-17 Penalties for Violating or Misusing the National DNCL

Violating ADAD ("Robocall") Rules

Automatic Dialing-Announcing Device (ADAD) use, commonly known as robocalls, is carefully set out in the Rules.

- Sirius XM Canada Inc. received an NoV for violations of the ADAD Rules between August 2012 and January 2015. -- Penalty: \$650,000³

Misusing National DNCL

Under the Rules, telemarketers cannot make calls to Canadians whose phone numbers are registered on the National DNCL or their clients' internal DNCLs. Some call centres failed to (1) subscribe to the National DNCL, (2) verify their clients' subscriptions and registrations with the National DNCL and (3) avoid calls outside of designated calling hours. The following companies were issued penalties as part of their notices of violations:

1. Raid Inc. -- Penalty: \$500,000
2. 9117-7683 Québec Inc. (operating as Centre d'appels JL). -- Penalty: \$40,000
3. Leads, Call Centers & Marketing Solutions Inc. -- Penalty: \$30,000
4. 8472416 Canada Inc. (operating as Télémartketing TS) – Penalty: \$8,000
5. 9165-2602 Québec Inc. (operating as Planification Marketing CF) – Penalty: \$5,000

³ Paid to the Receiver General of Canada.

6. Vikram Malik and Inderjeet Singh Baweja, operating as Support Avenues – Penalty: \$7,500
7. Robert Gendron (operating as Dynique Restoration and Victorian Restoration) – Penalty: \$18,000

Sector Focus: Violations in the Home Improvement Sector

We act directly on the complaints filed by Canadians.

This year, we conducted investigations into several home improvement companies for alleged violations of the Rules as a result of complaints filed by Canadians. Six companies received NoVs, with penalties totaling \$420,000, for making non-compliant telemarketing calls to Canadians:

1. Just Energy Corp. – Penalty: \$240,000
2. Green Planet Home Services Inc. – Penalty: \$90,000
3. 4140800 Canada Inc. (operating as Coolheat Comfort Systems Inc.) – Penalty: \$36,000
4. Canglow Windows and Doors Inc. – Penalty: \$30,000
5. Budget Heating and Plumbing Services – Penalty: \$12,000
6. Natures Carpet Cleaning (2012) Ltd. – Penalty: \$12,000

Protecting Voters

In addition to enforcing the Rules around sales-related calls, under the *Fair Elections Act*, the *Canadian Elections Act*, and the *Telecommunications Act*, we also enforce the [Voter Contact Registry](#). This tool protects Canadians from rogue or misleading telephone calls and ensures transparent contact with voters during elections.

Our enforcement activities for violations of Voter Contact Registry include warning letters, citations, and penalties of up to \$1,500 per violation per day for individuals and up to \$15,000 per violation per day for corporations.

This year, we issued 31 citation letters for alleged violations under the Voter Contact Registry associated with the 2015 federal election and the federal by-elections in 2016-17.

These citations generally involved a failure to file a registration notice. They were issued to:

Third-party⁴ organizations:

- Touchlogic Corp.
- Servicom LLC
- Telepoll Market Research Inc.

Individuals or groups representing the following political candidates:

- Sabin Gaudreault
- Chandra Arya
- James Cumming
- Rob Clarke

⁴ Third party means a person or a group other than a registered party, registered association, candidate, or nomination contestant.

- Ninder Thind
- John Barlow
- Alex Nuttall
- Dan Vandal
- Tim Kane
- Andrea Richardson-Lipon

Bringing the Message to Canadians

[W]e're reaching more Canadians than ever.



This is only for the telemarketing and DNCL pages on the CRTC website. The National DNCL Operator has its own website but we do not report on it.

Forewarned is forearmed! This year, we reorganized the [telemarketing section](#) of our website into consumer and telemarketer topics to make it easier for everyone to get the information they need. We also continued to strengthen our social media presence, using Twitter and Facebook to educate and inform telemarketers and Canadians.

To help Canadians protect themselves from emerging scams, we added a Consumer Alerts section to the telemarketing home page and highlighted these alerts under our modern [Support Centre](#). Here, Canadians have access to a list of alerts warning them about emerging attempts to swindle them—from “[Beware of calls offering to lower your credit card interest rates](#)” to “[Beware of emails and calls claiming to represent the Canada Revenue Agency \(CRA\)](#),” and more. Each alert links to a detailed description and important additional information, such as links to [register their number](#) on the National DNCL and how to contact the [Canadian Anti-Fraud Centre](#).

We’re also using Twitter and Facebook to inform Canadians about emerging issues and to educate Canadians and telemarketers alike about issues related to telemarketing. Our quick approval process allows us to respond to Canadians in near real time over Twitter, Facebook, and online chat, as well as respond immediately by phone.

By enriching the online experience with easy-to-access alerts, videos and infographics, we’ve found new ways to help Canadians and telemarketers understand the Rules, the National DNCL, and more. As a result, we saw a 38% increase in website visits from people on mobile devices and an overall increase of 11% in new visitors across all devices. This means we’re reaching more Canadians than ever.

Investing in Canada’s Future



...By Building a World-Class Communications System

Our goal is to support a safe, secure, and trusted communications system for Canadians in a digital landscape that is constantly changing. Building strong partnerships with international enforcement agencies allows us to coordinate our efforts and be more effective in combatting spam and nuisance calls.

To this end, in addition to overt regulatory activities, we also make education, outreach, and ongoing improvement key components of our work.

This year, we undertook several important ventures:

International Cooperation

Nuisance calls, spam, malware, botnet infections – Our joint workshop with IIC this past year brought together senior strategists from around the world to explore solutions to emerging problems.

IIC Communications Policy & Regulation Week – We partnered with the International Institute of Communications (IIC) to deliver a half-day workshop focused on combatting spam and other forms of nuisance communications while supporting digital innovation.

This workshop brought together a global network of senior-level industry strategists, regulatory authorities, enforcement agencies, academics, and other experts⁵ to share experience and bring forward new ideas. The workshop introduced the IIC to the unsolicited communications enforcement community and broadened the discussion of communications policy issues. Explore the [report](#) to learn more.

CRTC/FCC Collaboration – In November 2016, we signed a [memorandum of understanding \(MOU\) with the U.S. Federal Communications Commission \(FCC\)](#). *The objective: to work more collaboratively to address the growing threat that unwanted robocalls pose to citizens.*

The agreement facilitates research and public education and represents a commitment by both organizations to share knowledge and expertise.

Building Understanding at Home

⁵ Contributors to the IIC Communications Policy and Regulatory Week workshop include

- **Richard Bean**, Acting Chairman, Australian Communications and Media Authority, Australia
- **Chris Chapman**, President, International Institute of Communications
- **Stephen Eckersley**, Head of Enforcement, Information Commissioner's Office, UK
- **Adriana Labardini Inzunza**, Commissioner, Instituto Federal de Telecomunicaciones, Mexico
- **Travis LeBlanc**, Chief, Enforcement Bureau, Federal Communications Commission, USA
- **Tony Li**, Assistant Director (Support), Office of the Communications Authority, Hong Kong (Special Administrative Region)
- **Peter Merrigan**, Senior Investigator, Electronic Messaging Compliance Unit, Department of Internal Affairs, New Zealand
- **Christine Runnegar**, Director, Security and Privacy Policy, Internet Society
- **Dr. Steve Unger**, Chief Technology Officer and Group Director for Strategy, International, Technology and Economics & Board Member, Office of Communications, UK
- **Viola Veiderpass**, Digital Crime Officer, Cybercrime Directorate, INTERPOL Global Complex for Innovation.

Policy Improvements – Technology and business do not stand still, and the Rules must keep pace. We continually reach out to Canadians for their input on emerging issues that could affect policy and regulation.

On 7 November 2016, we enhanced protections for Canadians through [Compliance and Enforcement Regulatory Policy CRTC 2016-442](#). This new policy requires telecommunications service providers to:

- Develop technical [call management solutions](#) to block illegitimate nuisance calls within their networks.
- File reports about the filtering services they offer or plan to offer.

In January 2017, we began a follow-up consultation (see [Compliance and Enforcement Notice of Consultation CRTC 2017-4](#)) to build on this new regulatory policy. *We will continue to look at technical solutions to prevent caller ID spoofing and trace and identify call sources.* We will also consider creating new regulations.



Telemarketer Webinars, Twitter Chat - To help telemarketers comply with the Rules, we hosted 10 compliance outreach sessions for industry representatives during visits to Toronto, Charlottetown, and Fredericton. We broadcast each session by webinar to maximize participation from telemarketers across Canada.

In partnership with the Canada Business Network, we also hosted a [Twitter chat](#) about telemarketing rules for small and medium-sized businesses and telemarketers. The purpose of the chat was to improve compliance by explaining how the Rules work, who is subject to it, how to comply, the consequences of non-compliance, and the benefits of compliance.