

September 13, 2007

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Mr. Anthony Crawford  
info@tonycrawford.org

Dear Mr. Crawford:

Thank you for your correspondence of February 26, 27, March 5, and 7, 2007, regarding predatory lending practices and identity theft. Please excuse the delay in replying.

Ensuring consumers are protected in their dealings with financial institutions is important to Canada's New Government. The best consumer protection framework is one where there is competition, effective disclosure, and consumers can exercise choice. To ensure consumers have the information they need, federal statutes require banks to disclose to consumers the terms and conditions on loans, such as the interest rate and payment schedule, before entering into an agreement. In particular, the Cost of Borrowing Regulations in the Bank Act requires banks to provide the borrower with an initial disclosure statement before entering into a loan agreement.

In addition, the Financial Consumer Agency of Canada (FCAC) is mandated with ensuring that banks comply with the consumer provisions in the financial statutes. If the FCAC undertakes an investigation and determines that a bank has violated a consumer provision, they have the authority to administer a monetary penalty. Bill C-37: An Act to amend the law governing financial institutions and to provide for related and consequential matters, which received Royal Assent on March 29, 2007, amends the FCAC Act to increase the maximum penalty from \$100,000 to \$200,000 for a violation that is committed by a financial institution. The FCAC also provides consumer education about the terms and conditions of financial products, so that consumers understand the nature of the contracts they are entering into. For additional information, the Agency can be contacted through its website at [www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca), or by calling (toll-free)

1-866-461-3222.

Presently, there are a number of offences in the Criminal Code that criminalize activities related to the criminal misuse of personal information, such as fraud, personation and forgery. The Department of Justice is also considering criminal law amendments in order to respond more effectively to the preparatory steps of collection, possession and trafficking in identity information, which are generally not captured by existing Criminal Code offences. I have taken the liberty of forwarding a copy of your correspondence to the Minister of Justice and Attorney General of Canada, the Honourable Rob Nicholson.

In addition, Industry Canada co-chairs the Consumer Measures Committee (CMC), which is comprised of federal, provincial and territorial officials and was created to improve the marketplace for Canadian consumers through the harmonization of laws, regulations and practices, as well as through actions to raise public awareness. In 2005-06, the CMC carried out a public consultation on the issue of identity theft. The consultation raised a number of questions in regard to possible measures to improve consumer protection, including some matters related to how businesses, financial institutions, consumer reporting agencies and others handle, or should be required to handle, consumers' personal information in a way that would reduce the risk of identity theft. The CMC also developed an Identity Theft Kit for consumers, which includes information to help consumers reduce the risk of identity theft, assess whether they have become a victim, and advises them on what to do if they do fall victim. The kit, as well as more information regarding the consultation, can be found on the CMC's website at [www.cmcweb.ca/idtheft](http://www.cmcweb.ca/idtheft). Since this issue falls within his purview, I have forwarded a copy of your correspondence to the Minister of Industry, the Honourable Jim Prentice.

The Royal Canadian Mounted Police offers tips to assist consumers in protecting their identity, and on how to avoid becoming an easy target for identity theft. To learn more, you can visit the following website: [www.rcmp-grc.gc.ca](http://www.rcmp-grc.gc.ca). To report identity theft, you can contact local law enforcement or file a report online at [www.recol.ca](http://www.recol.ca).

Thank you for communicating your concerns.

Sincerely,

James M. Flaherty  
c.c.: The Honourable Rob Nicholson, P.C., M.P.  
The Honourable Jim Prentice, P.C., M.P.