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Identity theft growing rapidly

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On the Cutting Edge/Brian T. D. Bowman

Another day, another story about a possible breach of privacy by a major company. Aren't the new privacy laws supposed to stop these types of incidents?

After all, the *Personal Information Protection and Electronic Documents Act* (PIPEDA) has been in force for years. Yet, story after story reminds Canadians that they are not safe from violations of their privacy.

Let's survey just a couple of the major privacy incidents from the last few weeks.

On Jan. 17, we learned that the U.S. parent company that owns the Canadian stores Winners and HomeSense had its customer database hacked by possible identity thieves. Despite the fact that the incident occurred in 2006, however, the retail chains did not notify their customers until this year because they said they were asked by law enforcement officials to not make such information public. This incident is being investigated by the Privacy Commissioner of Canada and the Privacy Commissioner of Alberta. In addition, Winners and HomeSense are now being sued in a class action lawsuit.

One day later, we learned from the Canadian Imperial Bank of Commerce that a backup computer file containing the personal records of nearly half a million customers recently went missing while in transit between offices. The records contained highly sensitive information including customer names, addresses, signatures, date of births, bank account numbers, beneficiary information and social insurance numbers. Not surprisingly, the police and the Privacy Commissioner of Canada are investigating.

Were similar incidents simply not reported in the news before PIPEDA came into force? Or are there actually more incidents occurring today?

There is no denying the fact that identity theft is one of the fastest growing crimes in Canada and, as a result, we are likely going to see more of these incidents in the future.

The other fact is that there is now a heightened sense of privacy awareness in Canada. Consumers expect organizations to protect their privacy. Reputable businesses across the country have been going to great lengths to comply with

PIPEDA and other similar provincial laws where they exist. Where privacy incidents may not have reached senior levels of management in the past, there are now being taken seriously.

The real question is, what should consumers and businesses learn from the never-ending reports of privacy violations?

Should consumers panic? No. Businesses legitimately need to collect, use and disclose personal information to provide the services that consumers demand. However, consumers could be more diligent in demanding that businesses have their privacy house in order.

Businesses should learn from these incidents that there is a serious price to pay for violating privacy. That price is negative publicity in addition to possible legal action. There are few things that shatter the trust between a consumer and a business more than a violation of privacy. The headlines involving CIBC, Winners and HomeSense should serve as yet another wake up call for businesses to assess and modify their privacy compliance efforts on an ongoing basis.

Parliament is reviewing PIPEDA. These privacy incidents will undoubtedly put greater pressure on Parliament to strengthen PIPEDA. Will doing so stop these types of incidents? I wouldn't bet on it. But, I would bet that doing so would certainly raise the awareness even more amongst consumers and businesses that privacy matters.

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