CANADIAN ELECTRICITY ASSOCIATION

SUBMISSION TO THE HOUSE OF COMMONS
STANDING COMMITTEE ON INDUSTRY, SCIENCE AND TECHNOLOGY ON FRAUD CALLS

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INTRODUCTION AND CONTEXT

The Canadian Electricity Association (CEA) appreciates the opportunity to provide feedback on the study on fraud calls conducted by the House of Commons Standing Committee on Industry, Science and Technology

Founded in 1891, CEA is the National Voice of Electricity in Canada. CEA represents a broad range of companies that generate, transmit, distribute, and market electricity to industrial, commercial, and residential customers across Canada. Electricity is a key economic, environmental and social enabler that is essential to Canadian prosperity and Canada's transition to a clean energy future.

Secure, reliable electricity is essential for our way of life, and protecting the grid from evolving threats is a top priority for Canadian electricity companies.

FRAUD CALLS AND UTILITIES

Electricity is an essential service for Canadians. The criticality of electricity to everyday life presents a special opportunity for scammers to target victims through a variety of fraud call techniques. Electricity entities report that fraud calls aiming to deceive customers are prevalent. One CEA member company, for example, has received an average of approximately 150 reports per month over the last two years from customers of calls from fraudsters impersonating the utility, and have seen surges as high as 580 reports in a given month – and those are just the calls that are reported.

Canadian electricity companies make considerable, ongoing efforts to educate their customers on how to protect themselves from fraud, but they cannot actually stop scammers as this is the purview of law enforcement. The prevalence of fraudulent calls, and the sometimes-limited resources available to law enforcement to follow-up on reported issues, makes it difficult to combat the problem.

The experiences of utilities, as described below, build a picture of how scammers may use fraudulent calls to misrepresent themselves as an employee of a trusted or recognized service to profit from unsuspecting Canadians.

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SCAM TECHNIQUES

Scammers will use a variety of often sophisticated fraudulent call approaches to target victims. Often, they may spoof their call display to appear as a legitimate electricity entity or provide a call-back number that has audio imitating the legitimate entity's phone menu.

More subtly, callers may use pressure tactics of short timeframes, strategic timing, and seemingly helpful aid to minimize a victim's opportunity to consider the situation and protect themselves. A common tactic is a threat to cut off power to a business as a result of (phony) overdue payments shortly before a business's peak hours, such as a restaurant's lunch or dinner service. To encourage fast action, the fraudster may conveniently suggest locations near the victim's registered address that can facilitate payment.

Once a victim is convinced that they must pay, callers may request money be transferred by a variety of means. The most popular requests are for payment by prepaid credit cards or Bitcoin:

- Directing the victim to purchase a pre-paid Visa ("PayPower" card) at a local grocery store, gas station or post office, and then to call back the fraudster with the pre-paid card's serial number - allowing the scammer to access the card's funds.

- Directing the victim to a local Bitcoin ATM to transfer money to a Bitcoin wallet. Bitcoin wallets can be easily opened and accessed by scammers without providing personal identification, and payments are irreversible.

One CEA member had over 1400 reported fraud files related to prepaid credit cards and bitcoin scams in both 2018 and 2019.

Other approaches to scams may include:

- Fraudulent calls appearing to be a utility selling 'power saving devices' that will lower electricity bills.

- SMS text messages appearing to come from a utility, and claiming that a customer has overpaid their amount owing. Victims are directed to a phony Interac e-Transfer site, where they are prompted to provide their bank login details in an authentic-appearing interface.

IMPACT ON CANADIANS

The impact of these fraudulent calls on Canadians is at best, a nuisance and distressing to customers, and at worst, can represent a financial loss to individuals and businesses. The calls are prevalent: one electrical entity received over 300 reports regarding the bitcoin scam alone over a 4-month period in 2018, and estimates that customers lost over $18,000 during this time. This estimate is based on reports to the company, and can't account for the unknown number of fraudulent calls that went unreported. Utilities also can suffer reputational losses if customers don't understand why a utility can't stop scammers making fraud calls.

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COMBATTING THE ISSUE

Utilities put considerable resources into educating customers on how to protect themselves from fraud calls and on what customers should do if they think they are a victim. However, electricity companies cannot combat the problem at its source – the fraudsters themselves – as this is the purview of law enforcement and government.

Electricity companies and law enforcement often work closely together on a variety of issues, but having law enforcement engaged proactively can be challenging. Law enforcement may want to follow-up on fraud call reports, but they may not have time or resources to assist unless a specific loss has occurred.

One electricity company reported an attempt to share information in a timely fashion and in the required format with an interested law enforcement officer, only to later learn that the lack of response from law enforcement was due to the officer having been moved onto a more pressing file. Electricity companies also noted that they had rarely heard of any continuing contact with victims after the initial complaint to local law enforcement. This is not to criticize law enforcement, only to note that this issue may not be allocated with the time and resources necessary to stop the problem.

CANADIAN ELECTRICITY COMPANY ACTION

As mentioned, electricity companies make considerable efforts to educate customers on how to protect themselves from fraud, what to do if a customer suspects they may be a victim, and to publicize the methods and approaches used by scammers. CEA members disseminate anti-fraud messaging and awareness campaigns through company contact centres, websites, social media platforms and in press releases.

Education is ongoing, and particular attention to raising awareness is often made during high-risk times of year, such as the holiday season when bills may be higher. During the 2019 holiday season for example, Ontario's four largest utilities joined forces to engage in a public awareness campaign to increase awareness about ongoing sophisticated scams targeting utility customers.

CEA and CEA members also engage in partnership initiatives with other utilities and partners in efforts to help customers protect themselves. One such partnership is Utilities United Against Scams (UUAS), a consortium of more than 130 Canadian and U.S. critical service utilities that work together to share data and best practices to inform and protect customers.

CONCLUSION

CEA would like to thank the members of the House of Commons Standing Committee on Industry, Science and Technology for the opportunity to provide our comments on fraud calls.

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