

Billions lost to online scams, say police

By MATTHEW LITTLE
Epoch Times Staff

TORONTO—That Nigerian lottery you won without entering might sound too good to be true, but mass marketing scams are getting more sophisticated due to the backing of organized crime and police say they are costing Canadians billions of dollars a year.

Monday was the International Day of Action Against Mass Marketing Fraud and police say they are working hard to keep scammers at bay, but want people to know what to look for as scamming continues to evolve.

The RCMP's Commercial Crime Branch estimates that mass marketing fraud losses in Canada top \$10 billion a year and almost 80 percent are carried out by large, well-organized criminal gangs. That is not only money out of honest Canadians pockets, it is money that strengthens crime groups and threatens the stability of the national economy, says the RCMP.

Inspector Kerry Petryshyn, who heads up the RCMP's Canadian Anti-Fraud Centre, says it's great that most people laugh when they receive an email from a Nigerian prince who needs their help getting \$100 million out of the country. But new scams have even caught lawyers

and educated professionals off guard and Canadians need to know what to look for.

"The days of sending out 100,000 emails to a mass audience are over," he says. New scams target specific audiences based on data collected in the age of social networks and expanding online profiles.

Service scams have been a recent addition. These include promises for discounted renovations and goods if victims dish out an advance payment. Old scams have also been updated to address the most common doubts raised by victims, Petryshyn says.

For instance, fraudsters have detailed scripts to address common questions raised by victims targeted by old scams like the luxury cruise call. When you ask how you won a prize you never entered a draw for, they actually have answers, some of which can be based on personal data available online.

Overpayment scams have also gotten more sophisticated. These tricks proliferate on online classified sites like Craigslist where a buyer sends you an overly-large cheque to purchase an item and asks you to send a small portion back. Those who comply discover that the cheque bounced and are left paying their bank the balance.

Even law firms specializing in real estate transactions have fallen for that

one, says Petryshyn.

When someone asks you to send money in advance for an unsolicited product or service, you should beware, he warns.

Petryshyn says he started looking into mass marketing fraud a year ago and was stunned by the numbers he was finding.

"I don't think anybody really had any idea of how bad the problem really was," he says.

Only between one and five percent of victims are even estimated to report having been scammed, making it difficult for law enforcement to pursue criminals. That is partly because criminals attempt to target a large number of people for a small amount, knowing most will not report being defrauded for sums like \$30.

"The loss is an acceptable loss and the bad guys are taking advantage of that," says Petryshyn.

A 2008 Environics study found that 1 in 20 Canadians had fallen victim to one of the 12 most common scams in the last 12 months.

In response to the growing tide of fraudsters, some netizens are taking matters into their own hands. In a new movement called "scambaiting," people attempt to engage scammers in an effort to waste their time or even take their money. In one popular tale, a scambaiter tricked a

would-be fraudster into carving for him an exact wooden duplicate of a Commodore 64 keyboard.

But Petryshyn says scambaiters should be careful because most mass marketing fraud is now carried out by large and dangerous organized criminal groups.

"The last thing you want to do is provoke an organized crime group."

Other new scams include virtual kidnappings where scammers collect information about a person and their family through online profiles and social networking sites, or even local news reports. They then use the information to convince the victim that they will kidnap the victim's children.

By telling the victim personal information such as their children's names and sports activities, where they live and the colour of their house—which can now be seen with Google street view—they scare the victim into paying a fee to avoid the kidnapping.

"This has really happened," Petryshyn says.

The inspector says many scams can be detected if people know what to look for and exercise due caution. To that end, the Canadian Anti-Fraud Centre is preparing to launch a new website with information that can arm people against crafty criminals.

New iPhone app takes the guesswork out of food shopping

By JOAN DELANEY
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Tired of trying to decipher the small print and unpronounceable words on food labels? A new mobile phone application that was developed on a reality TV show takes finding out what's in a given food product to a whole new level.

Called CarrotLines, the application provides users with detailed nutritional information on a product, such as how much and what kind of fats, whether the ingredients are organic, kosher, vegan, or halal, and whether it contains nuts. It can also tell a product's country of origin.

A "profile tab" allows users to personalize the app by choosing the foods they're most interested in, says Wahiba Chair, founder and CEO of PortaLife Solutions, the company that markets CarrotLines.

"You go in the store and point your camera at the bar code. It scans the bar code and then tells you whether this product is low in fat or contains trans-fats and things like that. So basically it tells you what you're looking for," she says.

A Vancouverite originally from Algeria, 27-year-old Chair got her big break on Stars Of Science, a show based in Doha, Qatar, that places young innovators of Arab origin in a 10-week competition to invent and develop products.

Broadcast daily in prime time, the show allows viewers to follow the life of 16 contestants as they develop their product while overcoming the challenges they encounter along the way.

After Chair and her CarrotLines product got cut out at the half-way point, she was put in charge of marketing for Dozan, a team that developed an automatic tuner for Arabic string instruments.

"I was cut out at the design stage so I joined someone else's team at the business stage," she says. "I helped him make a business plan because he didn't have much business training, and we ranked number one the next two stages."

By getting the largest amount of votes from viewers in the last episode, Dozan won US\$300,000, which was divided among the team members. Chair came away with \$10,000, which she used to get CarrotLines up and running.

She says that even though she "wasn't sure how people would react to such an innovation at the time," the positive feedback she got from the audience and on a Facebook fan page that was set up for the competition boosted her confidence.

"It was like market validation on TV," she says.

On June 1, CarrotLines became available for download through the Canadian iPhone App Store and at www.CarrotLines.com at a cost of \$2.99. Although new information will continue to be added, it can be accessed at no additional cost.

One of the biggest challenges has been the wide variety of food products on which information needs to be gathered, Chair says. The app currently contains data on more than 10,000 Canadian food products, with more being added as the information becomes available.

In the future, she says the app will provide additional information such as whether a food contains genetically modified organisms or has been irradiated. However, she notes that the aim is not to be a food watchdog but to provide useful information to consumers.

"We're not trying to police the industry, not at all. We're trying to provide a solution that can allow all stakeholders to benefit from the information and highlight what people care about."

Interest rates up as Canada's economy roars back

By MATTHEW LITTLE
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TORONTO—Canada has made it through the economic crisis relatively unscathed compared to other leading industrialized nations but the outlook is still hazy because of an uncertain global economy, says the Bank of Canada.

On Tuesday, surging economic growth forced the central bank to raise interest rates by a quarter of a percent—the first country of the Group of Seven leading industrialized nations to do so since the global financial crisis struck in 2008. The overnight rate now sits at 0.5 percent.

This came on the heels of a Statistics Canada announcement the day before that the economy had outpaced positive expectations, with gross domestic product up by 1.5 percent—or an annualized rate of 6.1

percent—over the January to March quarter.

It's the biggest jump since 1999 and a third of a percent better than what economists were expecting. It is also double the rate in the United States, where foreclosures continue to batter the housing market and unemployment sits at 10 percent after April's jobless rate showed a grimmer situation than a year before. More than a dozen areas, 11 of them in California, posted unemployment rates of 15 percent.

Consumer and government spending were leading factors in Canada's improving situation along with housing demand which increased 5.4 percent for the quarter. Housing has been in an upswing for a year now and mortgage borrowing saw a sharp rise in the quarter, but has been rising for the past year as well.

While the immediate future looks

bright domestically, Canada's export-based economy is highly vulnerable to instability in foreign markets. Challenges in Europe and the United States have muddied the waters, leaving Bank of Canada Governor Mark Carney making vague statements about the possibility of future rate hikes.

While the head of Canada's central bank lent stability to the investors by promising the record-low interest rate would remain when the global downturn first struck, now he has taken the opposite tack and saying that despite Canada's GDP growth, uncertain global recovery makes it impossible to project whether future rate hikes are likely.

"In most advanced economies, the recovery remains heavily dependent on monetary and fiscal stimulus," said a statement from the central bank.

"The global economic recovery is

proceeding but is increasingly uneven across countries, with strong momentum in emerging market economies, some consolidation of the recovery in the United States, Japan, and other industrialized economies, and the possibility of renewed weakness in Europe. The required rebalancing of global growth has not yet materialized."

The central bank said that with strong domestic demand, slowing wage growth, and excess supply, inflation has risen according to expectations—a major factor in the decision to raise the interest rate.

While some economists are concerned low interest rates have propelled Canadians to take on unsustainable debt loads, others suggest that the rate hike will prompt people to rein in spending and get debt levels under control.

Copyright update rocks special interests

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"The bill is flexible, reflects the changing behaviours of consumers and the evolution of technology, and responds to what we heard in the consultations," he said.

But while most critics of the previous bill, C-61, say the revised legislation, C-32, is an improvement, strong criticism remains surrounding the issue of digital locks. Digital locks include various digital rights management systems that control how consumers can use their digital media content and devices, such as encoding systems that block consumers from copying their music CDs.

While the locks provision has remained relatively unchanged from the previous bill, consumers will be able to unlock their cell phones so they can change providers under the new bill.

Critics charge the proposed legislation puts rights of content creators before those of consumers by preventing people from carrying out routine backups to protect purchased content.

"Under this bill, the only rights you will have as a consumer are the rights the U.S. corporate lobby gives you," charged New Democrat copyright critic Charlie Angus.

"The digital lock is a key issue because the digital lock erases the natural copyright freedoms a citizen enjoys," Angus told reporters.

"If I buy a product and I want to back it up, I shouldn't be stopped from that just because Sony or Los Angeles says I can't. That is the problem. To treat average citizens as if they were counterfeiters, to blur the distinction between ripping off a work to make a buck and backing up something you bought."

One of Canada's foremost experts on copyright law reported weeks ago that the digital lock provisions would remain after Minister Moore, who was arguing for them, won an internal battle over Minister Clement, who wanted them revised.

Michael Geist, a law professor at the University of Ottawa and Canada Re-

'Under this bill, the only rights you will have as a consumer are the rights the U.S. corporate lobby gives you.' — NDP MP Charlie Angus

search Chair in Internet and E-commerce Law, said Moore won that battle primarily because of mounting pressure from the U.S., which was calling for Canada to enact similar legislation to that already in place south of the border.

Despite the digital locks issue, Geist said there was much to like in the new bill, including provisions that secured fair-use rights for content producers re-mixing protected content for parody and satire and educational use.

"It also contains more sensible time shifting and format shifting," he noted, referring to common practices like recording television shows or changing music formats so files can be played on mp3 players.

Unfortunately, said Geist, those inroads are secondary to the digital locks provision.

"All the attempts at balance come with a giant caveat that has huge implications for millions of Canadians. The foundational principle of the new bill remains that any time a digital lock is used—whether on books, movies, music, or electronic devices—the lock trumps virtually all other rights."

That means that provisions that allow for duplicating educational copyright-protected content are pushed aside where digital locks are involved.

"Clement has indicated that the government is open to amendments and the opposition parties should place reform of the digital lock provisions at the very top of the list," said Geist.

But while the U.S. has been lobbying Canada for years to update copyright legislation—going as far as putting

Canada at the top of its list of nations accused of pirating U.S.-generated content—Canadian content producers have made similar calls.

The Canadian Film and Television Production Association (CFTPA), which represents over 400 film, television, and online screen-based entrepreneurs, has applauded the new bill.

"Clarity with respect to the ownership of creative works is one of the essential building blocks on which our industry is built," Norm Bolen, President and CEO of the CFTPA, said in a statement.

"While we will need to study the bill in detail, we believe that today's announcement is an important first step in bringing Canada in line with our competitors around the world, allowing our creative industries to flourish."

The group said the new legislation will protect the more than 160,000 film and television-related jobs across the country.

The Entertainment Software Association of Canada is also supporting the new bill, saying it will help curb piracy of digital content like video games.

"Without strong protection for our intellectual property, we're basically operating in a digital Wild West," executive director Danielle Parr said in a statement.

"Promoting piracy under the guise of 'user rights' does nothing to defend the livelihood of thousands of Canadians who rely on turning great ideas into world class entertainment."

Some groups, including the Alliance

of Canadian Cinema, Television and Radio Artists (ACTRA), even charge the bill does not go far enough.

"We're happy to see that after 13 years of embarrassment on the world stage we're finally catching up to international norms by becoming WIPO compliant," said Stephen Waddell, ACTRA's National Executive Director.

"But overall this bill is a real blow to artists."

ACTRA wants content creators to get paid for format shifting and private copying, which the new legislation legalizes. They want consumers to pay a fee for copying content to digital devices.

"How is it 'balanced' to allow people to make copies of our work without giving us anything in return? Half the bill is missing, the half that respects and pays creators," said Ferne Downey, ACTRA National President.

"The simple step of extending the private copying levy to digital devices is a win-win solution for consumers and artists. It seems like it would have been a no-brainer."

ACTRA wants a levy attached to digital devices like iPods similar to that attached to CDs and DVDs which gives a portion of sales to artists based on the assumption that discs and devices will be used to duplicate copyrighted content.

Another change from the previously introduced but discarded bill is that the new law makes a distinction between personal pirates and those operating on a commercial basis. The new bill downgrades the penalty for individual copyright violation from a \$20,000 maximum penalty to \$5,000.

The government says the new bill is needed because of a rapidly changing media landscape. The old copyright act existed before new technologies like mp3 players and digital books, which have changed the way Canadians use copyrighted content. The government said the new bill will bring Canada in line with international standards and promote "home-grown innovation and creativity."

This is the third time the government has tried to update the act. Before the Conservatives came to power, the Liberals also tried, and failed, to update copyright legislation.

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