

Investing in TICO:

A Compelling Case to Benefit Both Consumers and Ontario's Travel Industry

During his remarks at TICO's recent Annual General Meeting on June 23, 2015, TICO President and CEO Richard Smart referred to the ongoing and dramatic transformation in the travel industry's business model, demanded by operating in a much more complex world. The acceleration of the internet as the preferred consumer channel and the growth of online travel agencies and home-based travel agents are but three of the changes. As well, TICO has seen a significant increase in fraudulent business transactions, adding yet another pressure to Ontario's travel industry.

In a recent interview with **TICO•TALK**, Richard Smart addressed four main areas in which TICO plans to invest, as outlined in TICO's Three-Year Business Plan (April 1, 2015 – March 31, 2018), in order to meet these challenges:

Education:

To maintain TICO registrants' knowledge of operating in a regulated environment, TICO is embarking on an ongoing, voluntary education program that will enable registrants to remain abreast of relevant regulatory and business issues, including those around fraudulent practices.



E-commerce:

TICO is looking at ways to digitalize its operational processes, both externally (with registrants) and internally. New and continuing investment will be required to generate the systems integration and other enhancements needed to create end-to-end virtual processes.

Consumer and Registrant Awareness:

While the Consumer Awareness Campaign has made great strides in increasing awareness of TICO among consumers and registrants, much more has to be done to increase the travelling public's awareness of the benefits of making travel purchases with TICO registered travel agents. Since television is the most cost-effective way to reach a wider audience, TICO is looking at expanding its campaign in both television advertising and social

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MESSAGE FROM THE REGISTRAR

As we approach the midpoint of TICO's fiscal year, and the end of summer, I continue to be impressed by the resiliency of the Ontario travel industry. Despite increased price and commodity volatility at home and abroad, a contraction in economic activity and a weakening Canadian dollar, the travel marketplace continues to innovate and deliver superior value to the travelling public within this challenging environment. TICO remains committed to its three-year Business Plan as communicated at our June 2015 Annual General Meeting. In this plan, we re-iterated TICO's commitment to regulatory compliance, awareness and education, organizational effectiveness and corporate social responsibility. TICO remains on-target with this plan.

Looking to the second half of 2015, TICO's primary activities remain squarely focused on Consumer Protection through execution of various compliance initiatives and through active engagement of registrants in various forums. New this past quarter was a monthly e-blast to all active registrants of suspensions, convictions, charges and terminations, including a monthly compliance tip to assist registrants in understanding their obligations. This will continue into the future, to help registrants remain compliant with the legislation. The majority of the next issue of **TICO•TALK** will be devoted to understanding the importance of compliance and operating within a regulated industry, and include practical examples and solutions to assist registrants of all sizes. Our goal is to ensure all registrants are compliant and operating fairly with respect to the regulations.

TICO also remains committed to its consumer and registrant awareness and engagement activities. Several financial seminars have been held at TICO's offices, more are planned, and this fiscal year we will use online delivery to enhance the overall user experience. Later this year, TICO will deliver a new Consumer Awareness program, aimed at building on current consumer awareness and providing even greater insight into consumer protection measures—key messages that will result in a more informed consumer.

Not to be forgotten is TICO's commitment to prudent financial management, including managing its expenses in a cost-effective manner. We are also working with the government and other Administrative Authorities seeking even greater capabilities and efficiencies. To this end, this is TICO's first use of an e-newsletter, which not only saves cost but is also eco-friendly. It is just one small step that TICO's employees have embraced in their quest for socially responsible initiatives. I'm very excited to report that our Corporate Social Responsibility committee is actively planning a number of significant activities in this area that I look forward to reporting later this year.

For now, I hope that you are enjoying the summer and good weather, including time with your families. I wish you continued success for the balance of this year, and look forward to reporting back to you in our next **TICO•TALK**.



Richard Smart
President and CEO



HIGHLIGHTS FROM THE 18th ANNUAL GENERAL MEETING

TICO'S 18TH ANNUAL GENERAL MEETING TOOK PLACE ON JUNE 23, 2015 AT THE TORONTO CONGRESS CENTRE, AT WHICH THE 2015 ANNUAL REPORT & BUSINESS PLAN (AVAILABLE FOR REVIEW AND DOWNLOAD AT www.tico.ca) WERE PRESENTED. THE MEETING WAS CHAIRED BY MICHAEL JANIGAN, CHAIR OF TICO'S BOARD OF DIRECTORS.

MICHAEL JANIGAN OPENED THE MEETING. HE REPORTED THAT REPLACING MICHAEL PEPPER, FORMER PRESIDENT AND CEO, MADE IT ONE OF TICO'S MOST SIGNIFICANT YEARS AND THAT THE BOARD OF DIRECTORS WAS VERY PLEASED TO WELCOME RICHARD SMART AS THE NEW PRESIDENT AND CEO.

MR. JANIGAN ALSO ANNOUNCED THAT HIS OWN TERM ON THE BOARD, INCLUDING AS TICO'S FIRST NON-INDUSTRY CHAIR, EXPIRES IN DECEMBER 2015, AND HE EXPRESSED THANKS TO TICO STAFF, THE BOARD OF DIRECTORS, MINISTRY STAFF AND REGISTRANTS FOR THEIR VALUED SUPPORT OVER THE YEARS.

Highlights from the President and CEO's Report

Richard Smart presented the 2015 Annual Report, summarizing the following key areas:

Financial Highlights – March 31, 2015

- In the fiscal year 2014-2015, TICO's revenues exceeded its operating expenses by \$441,718. It was the first time in seven years that TICO generated a surplus, due to a combination of careful operations and the prior year's fee increase.
- Contributions into the Compensation Fund totalled \$2,395,653 due to a growth in total gross sales and to the increase in TICO's assessment rate, effective May 1, 2013. Net claims paid were \$55,622, the lowest in ten years. At year end, the Compensation Fund totalled \$20,850,147.

Business Plan for April 1, 2015 to March 31, 2018

TICO's Business Plan focuses on four strategic priorities, as follows. More detailed information on TICO's strategic priorities may be found at www.tico.ca.

- Consumer Protection will be further improved through enhancing compliance policy and procedures, expanding TICO's reach through alliances, and enhancing collaboration with the Ontario government.
- Awareness & Education will be boosted by enhancing the Consumer Awareness Campaign, driving registrant engagement, improving customer (*registrant*) value, and encouraging registrant education.
- Organizational Effectiveness will be augmented by commencing implementation of e-commerce, optimizing system integration, enhancing human resource policy, procedures and best practices, and by driving employee engagement.
- A Corporate Social Responsibility Strategy will be developed, focusing on local communities and expanding to include communities across Ontario. ▲

News From the Board

Following TICO's AGM on June 23, 2015, the new Board of Directors named **Richard Vanderlubbe**, President, Travel Superstore Inc. in Hamilton as Vice Chair. The term is for one year, until TICO's next AGM to be held in 2016.

Congratulations are offered to the three successful candidates elected from the industry at large: **Patricia (Tisha) Saunders**, President, Marlin Travel, Orangeville (3-year term); **Paul Samuel**, Manager Overseas Travel Division, Vision 2000 Travel Group, Toronto (2-year term); and **Scott Stewart**, President, G. Stewart Travel Services, Peterborough (1-year term).



TICO also extends a warm welcome to CATO's new appointees: **Richard Edwards**, Controller, The Travel Corporation Canada and **Denise Heffron**, Vice President, National Sales & Commercial, Transat Tours Canada Inc. Last but not least, sincere appreciation for his contributions to TICO is extended to **Jeff Element** of The Travel Corporation Canada, who is retiring from the Board after completing a 10-year term, and being replaced by one of the new CATO appointees.

SAVE the DATES

October 16 – 18, 2015



Toronto National Women's Show

Metro Toronto Convention Centre,
South Building
222 Bremner Drive
Toronto

October 17, 2015



Uniglobe Travel Fall Conference

Marriott Toronto Airport
901 Dixon Road
Toronto

October 17, 2015

Fall Community Services & Health Fair

Malvern Town Centre
31 Tapscott Road,
Scarborough

October 31 – November 1, 2015



Zoomer Show

Direct Energy Centre, Hall A
100 Princes' Boulevard
Toronto

November 15 – 18, 2015



OMCA Marketplace

London Convention Centre
300 York Street
London

PRESENTING

Lorraine Nowina TICO Board of Directors



As a ministerial appointee, have you had any background in the travel industry prior to joining TICO's Board of Directors?

My travel-related experience has been as a consumer, which makes me eminently qualified to advocate on behalf of consumer interests. I've travelled extensively around the world, but until I joined TICO's Board, I rarely used a travel agent. However, I quickly learned the importance of using an Ontario-registered travel agent and will do so from now on. I firmly believe that whatever sector someone has experience in, as a board member you can play a valuable role in asking important questions that the average consumer isn't in a position to ask. Most consumers are unaware of how their travel dollars can be protected provided they purchase travel through a TICO registrant.

What is the area of expertise that you bring to TICO?

Most of my career has been spent in the not-for-profit sector, working on or with boards of directors, and as a volunteer, so I have experienced the board/agency relationship from both sides. I was CEO and executive director of the Toronto District School Board's charitable foundation, The Toronto Foundation for Student Success, and have also worked with federal and provincial governments to provide immigrant, mental health and infrastructure supports for children and their families when I was chair of Canada's eleventh largest school board. As a result, I understand how things work from both a bureaucratic and political perspective. Advocacy is an extremely important part of how I see board work, whether advocating on behalf of veterans, children or the travelling consumer. My involvement with TICO's Board of Directors is a continuum of this responsibility.

Which of TICO's many issues are of particular importance to you?

As TICO's main role is to provide protection to the travelling public, it's key to understand how this can work in an ever-changing marketplace, and how to balance the needs of both clients and their travel providers, while ensuring a healthy travel industry. Some of the changes in the industry are leaving consumers much more vulnerable, particularly when it comes to fraud. TICO's challenging role is to be the voice of the consumer and find the right balance when it comes to protection.

Which TICO committees are you involved with?

I sit on the Compensation Fund, the Business Strategy and the Governance Committees.

What do you consider to be TICO's main challenges?

One is creating and targeting communications correctly to ensure that the Ontario travelling public fully understands the role of TICO. Secondly, finding a fair and workable business model for expanding coverage of the Compensation Fund, which is a very difficult and challenging process.

Where do you hope to see TICO and the Ontario travel industry in the next five to ten years?

Following on my answer to the previous question, I would like consumers of travel services throughout Ontario to understand and appreciate the protection offered by TICO. I also hope that within that time period the expansion of the coverage of the Compensation Fund has been properly addressed. I firmly believe that the constantly evolving travel industry will look very different ten years from now, and I hope that TICO registrants will be able to respond promptly yet thoughtfully as each challenge arises.

Do you have any further comments for TICO TALK readers?

Based upon my lengthy experience of sitting on boards of directors, I have been very impressed with the professionalism in the way that TICO's board operates. Everyone has a real understanding of their role as a board member, and there is great, mutual respect between the Board and TICO staff. All of the directors are working towards the same goal of ensuring consumer protection, while understanding the need to maintain a robust, viable travel industry. It requires a subtle balance but everyone is working towards it. There are no competing agendas, although we all bring different perspectives to our discussions, which is very healthy. It's a strong Board, from both a governance and operational perspective. ▲

Compliance and Enforcement: An active front!

To assist registrants remain up to date on changes to TICO registrant status, TICO plans to send out a monthly **e-blast** to all registrants. It will include helpful tips on how to quickly check for Closures, Charges, Convictions and Revocations on a regular basis.



In addition, to reinforce the importance and necessity of knowing the legislated requirements, we plan to dedicate the upcoming October – December 2015 issue of **TICO • TALK** almost entirely to the many issues around Compliance and Enforcement. Stay tuned!

Easy Access

A quick reminder that TICO's 2015 Annual Report and Business Plan can be downloaded from TICO's website at www.tico.ca. You may also call us at **1-888-451-TICO** or write us at tico@tico.ca to request a copy.

Closing Doors

John Douglas Mills, formally o/a Algonquin Travel, located in Oshawa, voluntarily terminated its *Travel Industry Act, 2002* registration to do business as a travel retailer, effective June 4, 2015.

Executive Worldwide Travel, located in Ottawa, Ontario, voluntarily terminated its *Travel Industry Act, 2002* registration to do business as a travel retailer, effective July 31, 2015.

TICO is working with Executive Worldwide Travel to assist consumers on two group tours with future departures to travel, as scheduled: **Magdalen Islands Group**, August 15 – 19, 2015 and **Stratford Group**, September 3 – 6, 2015.

On July 28, TICO's Board of Directors ratified a decision by the Statutory Director for payments from the Ontario Travel Industry Compensation Fund totalling \$39,249.27 to assist the 25 consumers (who had been booked to go to the Magdalen Islands) as a result of the failure of Executive Worldwide Travel in Ottawa. The payments were approved under the immediate departure provisions of **Ontario Regulation 26/05** made under the *Ontario Travel Industry Act, 2002*.

For the most updated information on closures, please visit www.tico.ca.



Sorry We're
CLOSED

Court Matters

CHARGES

Carolyn Solomon has been charged with one count of operating as a travel agent without registration, contrary to **Section 4(1)(a)** of the *Travel Industry Act, 2002*. Carolyn Solomon operated in Toronto and elsewhere in Ontario.

Thaneshkanth Sivaganasundaram and **99 Travel and Tours Inc.** ("**99 Travel**"), have each been charged with one count of operating as a travel agent without registration, contrary to **Section 4(1)(a)** of the *Travel Industry Act, 2002*. 99 Travel was a travel agent registered under the *Act* and operated in Toronto and elsewhere in Ontario. Mr. Sivaganasundaram was a director and officer of 99 Travel. 99 Travel's registration was revoked effective June 11, 2014.

1176630 Ontario Inc. o/a **Esna Travel and Tours, Shahrukh Teherany** and **Suraiya Teherany** have each been charged with one count of carrying on business with **Rollah Zahir** who was required to be registered as a travel agent but was not in fact so registered, contrary to **Section 20** of **Ontario Regulation 26/05** made under the *Travel Industry Act, 2002*. Esna Travel is a travel agent registered under the *Act*. It operates in Toronto and elsewhere in Ontario. Shahrukh Teherany and Suraiya Teherany are directors and officers of Esna Travel.

Rollah Zahir has been charged with one count of operating as a travel agent without registration, contrary to **Section 4(1)(a)** of the *Travel Industry Act, 2002*. Mr. Zahir operated in Toronto and elsewhere in Ontario.

Ghulam Mustafa Wahabi has been charged with one count of operating as a travel agent without registration, contrary to **Section 4(1)(a)** of the *Travel Industry Act, 2002*. Mr. Wahabi operated in Toronto and elsewhere in Ontario.

Alicia Kielek has been charged with 24 counts of operating as a travel agent without registration, contrary to **Section 4(1)(a)** of the *Travel Industry Act, 2002*. Ms. Kielek operated in Toronto and elsewhere in Ontario. This is the second time Ms. Kielek has been charged under **Section 4(1)(a)** of the *Act*.

Judy Jackson has been charged with one count of operating as a travel agent without registration, contrary to **Section 4(1)(a)** of the *Travel Industry Act, 2002*. Ms. Jackson operated in Toronto and elsewhere in Ontario. This is the second time Ms. Jackson has been charged under **Section 4(1)(a)** of the *Act*.

Elizabeth Sampson-Holder has been charged with eight counts of operating as a travel agent without registration, contrary to **Section 4(1)(a)** of the *Travel Industry Act, 2002*. Ms. Sampson-Holder operated in Toronto and elsewhere in Ontario.

CONVICTIONS

For detailed information on the sentences imposed upon the following, please visit www.tico.ca.

Dat Phuc Ngo o/a **Sky Asia Travel** plead guilty to one count of failing to keep customer funds in the trust account, contrary to **Section 27(6)** of **Ontario Regulation 26/05** made under the *Travel Industry Act, 2002*. Mr. Ngo was convicted and sentenced to 45 days of incarceration served intermittently

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and to a two-year probation with conditions. The Ontario Travel Industry Compensation Fund paid claims in excess of \$170,000 in relation to the closure of Sky Asia Travel on January 16, 2014.

Lilia Quiroz has been convicted of one count of operating as a travel agent without registration contrary to **Section 4(1)(a)** of the *Travel Industry Act, 2002*. Ms. Quiroz was sentenced to a fine of \$3,000 plus Victim Surcharge Fees, for a total of \$3,750 and to a period of probation for one year with conditions, including that restitution of \$2,000 is paid to a consumer who paid Ms. Quiroz for travel services that were not received. Ms. Quiroz operated in Mississauga and elsewhere in Ontario.

As a result of an ex-parte trial, **Amigo Travel Ltd. (Amigo Travel)**, **Mirta Zamora** and **Esterlina Coyant** (collectively the "Defendants") have been convicted of seven counts each of failure to deposit customer funds into the trust account, contrary to **Section 27(3)** of **Ontario Regulation 26/05** made under the *Travel Industry Act, 2002*. The Ontario Travel Industry Compensation Fund paid a total of \$65,069.57 to consumers who suffered financial losses as a result of the Defendants' actions.

974764 Ontario Ltd o/a Valhalla Travel & Tours (Valhalla Travel) and **Birgit Sondrup** plead guilty and was convicted of three counts each, under the *Travel Industry Act, 2002* and **Ontario Regulation 26/05**. Ms. Sondrup, Director and Officer of Valhalla Travel, was convicted and sentenced on one count of operating as a travel agent without registration, contrary to **Section 4(1)(a)** of the *Act*, of operating as a travel wholesaler without registration, contrary to **Section 4(1)(b)** of the *Act*; and of failing to deposit trust funds into the trust account within two business days. Valhalla Travel was convicted and received a suspended sentence on all counts.

Maria Ellen Galorport, Sole Proprietor, operating as **Budget Travel and Tours** plead guilty and was convicted of one count of carrying on business with **Maria Rowena Santiago Belen**, who was not registered as a travel agent, contrary to **Section 20** of **Ontario Regulation 26/05** made under the *Travel Industry Act, 2002*. Ms. Galorport operated as a travel agent registered under the *Act* but voluntarily terminated her registration effective September 30, 2014.

Maria Rowena Santiago Belen plead guilty to one count of operating as a travel retailer without registration, contrary to **Section 4(1)(a)** of the *Travel Industry Act, 2002*. Ms. Belen offered travel services in Toronto and elsewhere in Ontario. As a result of the conviction, Ms Belen was sentenced to incarceration for 12 months to be served concurrently with the criminal sentence currently being served, and a Free Standing Restitution Order in the amount of \$81,578.21 in favour of 24 consumers who paid Ms. Belen for travel services that were not provided. On February 15, 2015, Ms. Belen was also convicted of one count of Defrauding the Public contrary to **Section 380(1)(a)** of the Criminal Code of Canada, relating to approximately 70 individuals who paid for travel services not provided. Ms. Belen was sentenced to a 21-month period of incarceration and a Free Standing Restitution Order in the amount of \$301,736.17. ▲



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media channels. New solutions are required to reach targeted demographics including Millennials, ethnic communities and seniors. This will require incremental investment compared to past expenditures.



Business intelligence:

Considering the increasing challenges faced by the travel industry globally, TICO will continue to invest in technology and processes that will allow it to conduct even more effective risk assessments.

All of this requires investment, and TICO is carefully considering how to raise the necessary funds. Richard Smart is conscious of the impact of a fee increase on travel businesses, small and large, and says that decisions on any fee increases will only be implemented after first making a business case that must be approved by TICO's Board of Directors and include a consultation with the industry.

Putting it in perspective

TICO is committed to organizational efficiency and is focused on executing its mandate in a cost-effective manner. It is this mindset that has resulted in only three fee

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Upcoming Issues

In future issues of **TICO TALK** we plan to include:

- An in-depth look at Compliance and Enforcement
- The 2015-2016 Consumer Awareness Campaign
- Trade Shows and upcoming events

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Payments for Immediate Departures

Occasionally, as in the case of **Executive Worldwide Travel**, a travel provider closes shortly before a customer or other person is preparing for an immediate departure. In this situation, **Section 68 (1)** of **Ontario Regulation 26/05** allows TICO's Statutory Director to direct TICO to make payments from the Compensation Fund in order to enable the immediate departure, under certain conditions:



- A) the customer or other person was prevented from departing through no fault of his or her own;
- B) immediate payment from the Fund is necessary to alleviate suffering on the part of the customer or other person; and
- C) it is likely that the customer would be eligible for reimbursement from the Fund.

In deciding whether to make a direction under Section 68 (1), the Statutory Director may consider any relevant matters including the welfare of the customer or other persons, the practicality of arranging for immediate departure, and the need to protect the Compensation Fund. ▲

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reviews through TICO's 18-year history (two of which resulted in fee reductions). According to Richard Smart, "We recognize and understand the financial burden that any rate increase can create, and want to keep it to a minimum. However, we must find a way to invest in this business to ensure we remain effective in delivering our critical mandate of consumer protection. While a fee increase is planned for the Compensation Fund assessment, there are no increases to registration fees (new registrations or renewals) contemplated."

Proposed administrative fees

Several government ministries charge a fee for low-risk non-compliances. TICO is also working with the Ontario Ministry of Government and Consumer Services on an acceptable time frame.

In summary

TICO is committed to consumer protection within a fair and vibrant travel marketplace. While it needs to continue to focus on efficiency, investments are required in people, process and technology. More details on the impact to fees, and the associated benefits, will follow in the months ahead. ▲

