

**RED DEER APPEAL AND REVIEW BOARD DECISION**

Hearing Date: November 23, 2016

Chair: V. Higham  
Panel Member: P. Kitteringham  
Panel Member: K. Howley  
Panel Member: G. Marks  
Panel Member: L. Mulder

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Between:

**ECO GLOBAL CORPORATION**

Appellant

and

**THE CITY OF RED DEER**

City Authority

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This is the decision resulting from an Appeal to the Red Deer Appeal and Review Board under Bylaw No. 3159/96, *The License Bylaw*. The Appeal hearing commenced on November 23, 2016 in the Council Chambers of the City of Red Deer, in the Province of Alberta.

**HEARING ATTENDEES**

**City Authority:**

Erin Stuart, Inspections and Licensing Manager, City of Red Deer.  
Stephanie Gramlich, License/Permit Inspector, City of Red Deer.

**Appellant:**

Ryan Dryden, Marketing Consultant representing Eco Global Corporation

**DECISION**

For reasons noted herein, the Red Deer Appeal and Review Board upholds the decision of the City Authority to revoke the Appellant's five business licenses, and to order that the Appellant cease operations within the city of Red Deer.

## JURISDICTION AND ROLE OF THE BOARD

1. The legislation governing municipalities in the Province of Alberta is the *Municipal Government Act*, RSA 2000, c M-26 [“MGA”].
2. The duty and purpose of the Red Deer Appeal and Review Board [hereinafter, “RDARB” or “the Board”] is to hear and make decisions on appeals for which it is responsible under Bylaw No. 3487/2012, *Appeal Boards Bylaw*.

## BACKGROUND

3. On October 14, 2016, the City of Red Deer [the “City”] issued five Business License accounts to Eco Global Corporation to operate direct sales of water filtration systems within the city of Red Deer. Each license accommodated four sales agents, and were numbered as follows: 400003748, 400003749, 400003750, 400003751, and 400003752.
4. On October 17 and 18, 2016 the City received numerous public complaints from citizens alleging aggressive and inappropriate sales tactics by agents of Eco Global.
5. On October 18, 2016 the City issued a letter to Eco Global ordering the company to cease all business activity, and advising of the revocation of their five Business Licenses based on s. 5(c) of Bylaw No. 3159/96, *The License Bylaw* which states: “The applicant or Licensee is not worthy of public trust.”
6. Pursuant to s. 8 of *The License Bylaw*, an Appeal was filed with the Board on October 27, 2016 with a letter attached containing reasons for the Appeal.

## PROCEDURAL OR JURISDICTIONAL MATTERS

7. At the start of the hearing, panel member P. Kitteringham disclosed that an engineering firm she is affiliated with has had previous business dealings with The City of Red Deer’s Inspections and Licensing Manager, Erin Stuart. Ms. Kitteringham stated that the dealings would not impact her ability to remain impartial at this hearing.
8. Neither party objected to the composition of the Board as introduced at the hearing.
9. The Chair entered the following Exhibits into the record at the hearing:  
Exhibit A1 - Agenda cover page and page 1 of the Hearing Materials (the Appeal form).  
Exhibit B1 - Pages 2 through 6 of the Hearing Materials (Appellant submission)  
Exhibit C1 - Pages 7 through 13 of the Hearing Materials (City submission)  
Exhibit C2 - Brochure (4 letter size pages with a 1 page insert)
10. The Chair inquired of the City concerning the preliminary issues identified in Exhibit C1, paragraph 2. The City representatives advised that these were included in error. The Chair then requested that paragraph 2 of Exhibit C1 be stricken from the hearing record.

11. The Chair noted that the Appellant identified in the Notice of Hearing as Ryan Dryden is not accurate, and the Chair corrected the record to reflect that the Appellant in this hearing is Eco Global Corporation ["Eco Global"]. Upon questioning, Mr. Dryden confirmed that he is an independent marketing consultant contracted by Eco Global, and he is authorized to represent the company at the hearing. Upon request of the Chair, Mr. Dryden agreed to provide the Board with a letter of Agent Authorization within one week of the hearing.
12. During the course of proceedings (occasioned by questions from the Board), the Chair instructed the Appellant to produce a copy of one of the Business Licenses which was entered into evidence as Exhibit B2, and also to produce the following materials prior to the end of City business (4:30 pm) on November 30, 2016:
  - a) A letter from Eco Global confirming that Ryan Dryden is authorized to represent the company as agent in the appeal process.
  - b) A list of names of Eco Global agents terminated as a result of public complaints.
  - c) A sample of the lanyard worn by Eco Global agents when marketing door to door.

The Board Clerk subsequently confirmed that these materials were received by the Board in a timely fashion, and were later marked, and approved by the Board, as Exhibits B3, B4, and B5 respectively in the record of this hearing.

## **ISSUES**

13. The sole issue for the Board's consideration at the hearing was as follows:
  - a) Is there sufficient evidence to justify the City Authority's actions in revoking Eco Global's five business licenses, and in ordering that the company immediately cease all related business activities within the city of Red Deer?

## **POSITION OF THE PARTIES**

### **City Authority's Position:**

14. Representing the City Authority, Stephanie Gramlich, License and Permit Inspector, explained that in response to the volume and severity of complaints received by the City relative to a number of Eco Global's sales agents, the City revoked the Appellant's five Business Licenses on October 18, 2016, and further instructed the Appellant to cease all related business activities immediately.
15. Ms. Gramlich referred to the following summary of a witness statement in their submission:
  - a) A resident "called the Environmental Services Department to say that on the afternoon of October 17, 2016, her husband was home and had an agent come to the door saying he was from The City of Red Deer, and that there have been a lot of contaminants in the water lately and would like to check his home. The homeowner let the agent in and took him down to the water meter. He then started his pitch to sell him a water filtration system. Her husband questioned the agent, confirming the he was from The City, at which point the agent responded that he was licensed with the City. The agent was then asked to leave. It was observed that the agent had a sticker City of Red Deer sticker on his clipboard." (Exhibit C1, paragraph 10)

16. Ms. Gramlich called two witnesses for the City who were present in council chambers and who provided the following verbal testimony during the hearing:

- a) Helen Kubasek provided the following verbal summary: A sales agent from Eco Global knocked on the door of Ms. Kubasek's home. He had a clipboard with a paper identifying the "City of Red Deer" on it. Helen assumed the agent was affiliated with the City, but did not confirm this. The agent insisted on entering the home to inspect the water meter, claiming that there were serious provincial concerns about water safety in some parts of Red Deer, including the area where her home is located.

The agent asked to review Helen's water bill and also asked for proof of ownership in the form of a tax bill. Helen was suspicious as she had not received any notice from the City about this. The agent called his manager and had him speak to Helen about the need for proof of home ownership, even if it were just a house insurance receipt. Helen provided the requested receipt, but continued to feel suspicious and called her son to join her and the agent in the kitchen.

At this point, the agent became uncomfortable and wanted to leave, and urged Ms. Kubasek to give him a blank cheque, as he was unable to fill out the required forms as needed. Ms. Kubasek asked for the agent's name and number, but he left in a hurry without providing any contact information. However, the agent did leave a brochure. Ms. Kubasek then called the City, who confirmed that they had received other similar complaints. Later, upon noticing that her insurance bill was missing, Ms. Kubasek called the RCMP, who came to her home to discuss the matter.

- b) Mitch Kassen provided the following verbal summary: Mr. Kassen explained that he had a similar experience and stated that two gentlemen knocked on the door of his home and explained that they were there to do something with the water. The two gentlemen were wearing lanyards that appeared to be ID. Mr. Kassen told them he was not interested and did not let them in his home, and closed the door. Mr. Kassen then called the City to see if they were sending people out, and the City confirmed they were not.

17. City Inspections and Licensing Manager, Erin Stuart then recounted for the Board the following summary of her meeting with city residents, Mr. and Mrs. Ralston, a couple who had also complained about an Eco Global agent:

"A couple attended City Hall on October 18, 2016 and spoke with Erin Stuart, of Inspections and Licensing, and Tara Shand, of Communications, regarding their experience with Eco Global Corporation. They were visibly upset, and indicated they had entered into the contract with this company under the pretense they were in contract with the City, and due to their aggressive sales tactics." (Exhibit C1, paragraph 6)

18. Ms. Stuart explained that the Ralston's felt pressured to sign a contract they believed was for a one-time payment of \$89.99, but they later realized the contract required a monthly payment of that amount, totaling over \$6,800 over the term of the contract. The contract was to commence the next day with installation of the product. The couple was very upset and indicated they thought the agents were representatives from the City. Ms. Stuart advised the couple to cancel the contract, go to the police, and put a stop payment on any related bank

withdrawals. The Ralston's provided a copy of the contract which was entered into evidence as Exhibit C3. Upon questioning, Ms. Stuart confirmed that no installation took place at the Ralston's residence.

19. Ms. Stuart further noted that a number of phone calls and emails were received by City staff recounting similar examples of aggressive sales tactics, pressured home entries, and allegations that Eco Global agents represented themselves as being connected with the City or Provincial government.
20. Upon questioning, Ms. Gramlich confirmed that the City received approximately 15 complaints in total about Eco Global agents from October 14 to 18. The City provided the Board with a list of five email complaints. The list was entered into evidence as Exhibit C4.
21. In summary, the City argued that the Appellant's actions, as detailed in the witness statements and complaints submitted, led to the loss of public trust and confidence. The City requested that the Board uphold the revocation of Eco Global's licenses and the order to cease business activities in the city of Red Deer.

**Appellant's Position:**

22. The Appellant, represented by Ryan Dryden, explained that there may have been some confusion about Eco Global agents representing the City, because these agents were trained to be very clear that Eco Global had a legitimate business license to operate in the city of Red Deer. The agents were instructed to gain public confidence by reassuring residents that Eco Global is a third party operation legally conducting business within the city. A copy of Eco Global's business license was provided by Mr. Dryden and entered into evidence as Exhibit B2.
23. Mr. Dryden stated that Eco Global takes responsibility for the confusion about their agents being affiliated with the City, and stated that in the future, Eco Global will ensure the wording of their initial introduction to residents is clearer in this regard. Mr. Dryden noted that Eco Global is open to working with the City on potential wording suggestions to use when approaching city residents at their homes.
24. Mr. Dryden submitted that the water filtration product is legitimate and is marketed in several other locations within the province and country, with the following additional submissions:
  - a) Numerous businesses in Red Deer sell similar water filters in a retail context, but Eco Global's sales approach includes door to door marketing.
  - b) A number of Eco Global sales agents were terminated as a result of the complaints received by the City.
  - c) Eco Global is reviewing employee training standards to ensure that their agents' public approach reflects courtesy and professionalism at all times.
  - d) Eco Global is looking into radio announcements and home shows to provide better marketing exposure for the company, and to improve public awareness of their products.

25. Upon questioning on the corporate history of Eco Global, Mr. Dryden stated the following:
- a) Eco Global is new to Alberta, but has been operating in Montreal for approximately four to five years. Since starting its operations, the company went through some name and management changes.
  - b) Eco Global is testing the market in Alberta, and had door to door agents in Grande Prairie where similar public issues were experienced, with Eco Global's licenses revoked in that city in September 2016. Eco Global plans to re-apply for business licenses in Grande Prairie in the spring of 2017, with a revised approach and addition of proposed conditions related to door to door sales practices.
  - c) Mr. Dryden has been working with the water filtration product for some time and was hired by Eco Global around June of 2016. He came to Red Deer recently to address the public confidence issues respecting Eco Global's door to door sales approach.
26. Upon questioning with respect to the potentially inflammatory nature of some statements contained in Eco Global's brochure insert (listing numerous serious health risks associated with contaminated water, including cancer and death), Mr. Dryden stated that it is not his intention to debate health issues. He stated that Eco Global's promotional materials are designed to convey factual information on health risks. He further stated that the intent was to make people aware of potential health risks that could be addressed by purchasing the company's filters, and that the brochure's statements were retrieved from various websites including the City's. Mr. Dryden indicated that Eco Global is open to working with the City on acceptable wording for their brochure handouts.
27. In summary, the Appellant acknowledged responsibility and expressed regret for the issues raised by residents in the complaints submitted to the City. The Appellant outlined a number of proposed changes to Eco Global's training program, including efforts to improve public awareness. The Appellant concluded that Eco Global desires to work with the City to regain their licenses and to continue operating in the Red Deer area.

## **BOARD FINDINGS AND REASONS FOR DECISION**

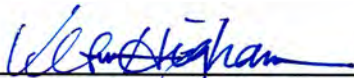
28. The Board finds there is sufficient evidence to justify the City Authority's actions in revoking Eco Global's five business licenses, and in ordering that the company immediately cease all related business activities within the city of Red Deer.
29. The Board is persuaded by the City's evidence that the actions of the Appellant occasioned the loss of public confidence and trust contemplated in s. 5(c) of *The License Bylaw*, sufficient to warrant the City's revocation and order to cease operations. This evidence includes:
- a) Numerous email complaints by city residents recounting the inappropriate sales practices of Eco Global agents at their homes.
  - b) Oral testimony by two witnesses at the hearing recounting the inappropriate sales practices of Eco Global agents at their homes.
  - c) Eco Global's promotional materials submitted into evidence, which the Board finds in some instances to be factually misleading.

30. The Board finds that while the Appellant evidenced a willingness to remedy the issues identified in the complaints, it is within the jurisdiction of the City Authority going forward to direct the process by which Eco Global may seek to obtain any future business licenses or operations with the city of Red Deer.
31. Upon inquiry by the City, the Chair confirmed that the revocation of Eco Global's five business licenses and order to cease business activities within the city of Red Deer remain in effect throughout the appeal process, unless and until a decision of the Board rules otherwise.

### **CONCLUSION**

32. The Board upholds the decision of the City Authority to revoke the Appellant's five business licenses and to order that the Appellant cease all business operations within the city of Red Deer.

**DATED** December 7, 2016 at the City of Red Deer, in the Province of Alberta.



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**Vesna Higham, Chair**  
**Red Deer Appeal and Review Board**

*This decision may be appealed to the Court of Queen's Bench as outlined in s. 548(1)(2) of the MGA, and within the timelines specified in s. 548(1.1) of the MGA.*

**APPENDIX "A"**

**DOCUMENTS SUBMITTED IN THE APPEAL  
AND CONSIDERED BY THE BOARD**

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<b>Exhibit</b>	<b>Description</b>
A1	Appeal Form (Agenda cover page and page 1 of the Hearing Materials).
B1	Appellant Submission (pages 2-6 of the Hearing Materials).
B2	Copy of Eco Global Business License with the City of Red Deer (1 page).
B3	Letter from Eco Global confirming that Ryan Dryden is authorized to represent the company as agent in the appeal process.
B4	List of names of Eco Global agents terminated as a result of public complaints.
B5	Sample of the lanyard worn by Eco Global agents.
C1	City Authority Submission (pages 7-13 of the Hearing Materials).
C2	Copy of Eco Global Promotional Brochure (4 letter size pages and 1-page insert).
C3	Copy of Contract between Eco Global and Ralston's (4 pages).
C4	Copy of five Email Complaints received by the City (1 page).