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WORKING TOGETHER TO COMBAT ORGANIZED CRIME



A Public Report on Actions
under the *National Agenda
to Combat Organized Crime*

2006

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A public Report on actions under the *National agenda to Combat Organized Crime* (2006)

Her Majesty the Queen in Right of Canada 2007

Paper Version
Cat. No. : PS4-3/2006
ISBN : 978-0-662-69826-5

Printed in Canada

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Introduction

Organized crime affects Canadians' basic rights to peace, order and good government. Although the effects of illicit activities are not always obvious, all Canadians, through one form or another, feel them through victimization, higher insurance rates, fewer tax dollars to support social programs, and the eventual undermining of Canadian institutions and consumers. No community is immune from the effects of organized crime.

As stated on the website of the *Nathanson Centre for the Study of Organized Crime and Corruption*, "since organized criminals seek out countries known to have less effective regulatory and enforcement systems, any jurisdiction that does not have adequate defences is at risk and may cause risk to other countries. As perhaps never before, the policies and enforcement capabilities of any one country have direct consequences globally."¹ Governments therefore have a responsibility to work collaboratively, both domestically and internationally, to address this phenomenon.

Federal, Provincial and Territorial (FPT) Governments continue to work together to find solutions to this pervasive problem. This continued commitment to work together, including with the law enforcement community, and associated partners is strong. A key component in these efforts is the National Coordinating Committee on Organized Crime (NCC), an FPT entity.

This report provides a brief overview of the scope of serious and organized crime in Canada, highlights governments' collective response to this problem, discusses where action should focus, and identifies strategies and approaches recommended by the NCC to reduce its harms. It is not intended to describe every action that FPT Governments have taken or are taking to fight organized crime; instead, it provides an update of recent successes and future objectives.

This report complements the annual report of the Criminal Intelligence Service Canada (CISC)², which details trends in organized crime activity and identifies a variety of criminal markets and the threats they pose to Canadians. Taken together, these reports will provide Canadians with an up-to-date snapshot of the scope of the problem and actions that governments and law enforcement have taken to address the problem.

¹ Nathanson Centre website, <http://www.yorku.ca/nathanson/default.htm>

² The Criminal Intelligence Service Canada (CISC) consists of a Central Bureau in Ottawa that liaises with and collects information and intelligence from ten provincial bureaus that serve all of Canada's provinces and territories.

Scope of Organized Crime in Canada

The *Criminal Code of Canada* defines a criminal organization as a group, however organized, that:

- (a) is composed of three or more persons in or outside Canada; and,
- (b) has as one of its main purposes or main activities the facilitation or commission of one or more serious offences that, if committed, would likely result in the direct or indirect receipt of a material benefit, including a financial benefit, by the group or by any of the persons who constitute the group.³

In the 1990s, organized crime was characterized primarily, but not exclusively, by outlaw motorcycle gangs (OMGs), the illicit drug trade and associated turf wars. Today, organized crime activities have expanded beyond these “traditional” activities to include migrant smuggling, trafficking in humans and firearms, marihuana grow operations, identity theft, sexual exploitation of children on the Internet, the production and smuggling of counterfeit goods and money, motor vehicle theft, and more.

Until recently, globalization and technological sophistication were considered emerging trends in organized crime - today they are the norm. Due to the advanced capabilities of these groups, they can be found virtually anywhere where there is a profit to be made through criminal ventures. According to the 2006 annual CISC report, there are nearly 800 organized crime groups operating in Canada.⁴ Although the majority of these groups are concentrated in urban centers, many are now operating from smaller communities across the country. As such, governments and the law enforcement community must remain diligent and proactive in their efforts to prevent the displacement of organized crime.

Another notable characteristic of today’s organized crime groups is the shift from mainly ethnic based groups to multicultural criminal organizations. CISC reports that although ethnic and cultural heritage remains an influencing principle within the organized crime environment, the growing number of multi-ethnic groups is based on criminal capabilities rather than ethnicity.⁵ Similarly, the structure of organized crime groups is much more flexible today than in the past. Hierarchical groups continue to exist, most notably through OMGs. Law enforcement, however, is identifying groups that are based on temporary alliances requiring particular skills to complete a specific criminal enterprise. Once the criminal venture is completed, these individuals may or may not continue to work together.⁶

In recent years, organized crime groups have become more complex and sophisticated,

³ *Criminal Code of Canada*, section 467.1(1).

⁴ *Criminal Intelligence Service Canada, 2006 Annual Report on Organized Crime in Canada*.

⁵ *Ibid.*

⁶ *Ibid.*

as have new types of crime. These groups are increasingly using new and evolving technology to commit crime and to communicate with other criminal groups. For example, communications devices are frequently used to target sensitive personal and financial information in order to conduct identity theft and mass marketing fraud. Organized crime groups are also expanding into legitimate business activities, as well as branching out into new markets in Canada.

Building a Collective Response: National & Regional Coordination

National Coordinating Committee on Organized Crime

Following a recommendation made at the National Forum on Organized Crime in 1997, the NCC was created. The NCC, a body composed of FPT government officials, prosecutors, and representatives from the law enforcement community was created to identify key issues for action. Within the NCC, there are five Regional Coordinating Committees (RCCs), which ensure that local concerns and perspectives are brought to the table. The NCC has three main responsibilities:

- to identify issues and policy priorities related to the problem of organized crime;
- to advise FPT Deputy Ministers on the development, coordination and implementation of policies, legislation and programs aimed at combating organized crime; and,
- to encourage coordination of anti-organized crime activities among various players at the regional and local level.

National Agenda to Combat Organized Crime

In 2000, FPT Ministers responsible for Justice endorsed the *National Agenda to Combat Organized Crime*. The *National Agenda* recognizes that the fight against organized crime is a national priority that requires all levels of government, the law enforcement community and other partners to work together. The *National Agenda* identifies four main pillars to be addressed:

- national and regional coordination;
- legislative and regulatory tools;
- research and analysis; and,
- communications and public education.

The NCC is responsible for assisting in the development and implementation of the *National Agenda* in order to better combat organized crime.

2006 Overview

In 2006, the NCC continued to build on the four pillars that form the basis of the *National Agenda*. These pillars assist in meeting the ultimate objectives of:

- 1) preventing and reducing organized crime; and
- 2) preventing and reducing the harms caused by organized crime

Governance

During 2006 there was significant debate surrounding the governance of the NCC and consideration as to how it may be strengthened. The NCC is unique in that it is the only body, among the many bodies in Canada that address organized crime, which brings together both police and policy makers to discuss issues of common interest. Several measures were identified to enhance governance of the NCC:

- The NCC Executive and plenary bodies should be combined into one main body instead of two, which would take responsibility for strategically advising Deputy Ministers on serious and organized crime. It should work to set the National Strategy agenda and analyze action plans and implementation strategies, as well as focus on information-sharing and priority-issues discussions;
- Funding should be provided to the RCCs to support meetings;
- The NCC Secretariat should be strengthened to allow for better communication and information flow between RCCs and the NCC; and,
- In addition to the co-chairmanship by the RCMP and Public Safety Canada, NCC membership should include members of the FPT ADM Committee on Policing Issues, selected representatives from the Canadian Association of Chiefs of Police (CACCP), a representative from each of the Department of Foreign Affairs and International Trade (DFAIT), Financial Transactions and Reports Analysis Center of Canada (FINTRAC), Criminal Intelligence Service Canada (CISC), Canada Border Services Agency (CBSA), Public Prosecution Service of Canada, and the Criminal Law Policy Section within the Department of Justice. The total membership would be approximately 25, including Co-Chairs.

These new measures would facilitate national cooperation as closer links are established with local agencies and other FPT bodies that are involved in addressing the complexities of organized crime.

Public Education

Efforts continued to be directed at enhancing public education through the development of a national communications strategy to educate Canadians about organized crime. Public opinion research shows that the average Canadian believes that organized crime is serious and that it is present in their community, but that it does not affect them personally. The objectives of national communications efforts will include educating Canadians about the reality of organized crime and its reach, scope and effects on daily lives; promoting FPT actions, cooperation, operational efforts and successes; and increasing cohesion with other groups to build a unified approach to public communication.

Furthermore, it was agreed that the work of the NCC and its partnerships across the country should be highlighted as an addendum to CISC's annual report. Towards this end, the NCC Secretariat is exploring the option of streamlining the two publications on organized crime.

Data and Evaluation

In an effort to strengthen the data and evaluation pillar of the *National Agenda*, salient evaluation findings on current anti-organized crime initiatives were brought forward to the NCC. Key findings were presented from recently evaluated initiatives, including the Measures to Combat Organized Crime (MCOC), First Nations Organized Crime (FNOC), Integrated Market Enforcement Teams (IMETs), and Integrated Proceeds of Crime (IPOC). The performance information gathered to date has been limited to federal partners. To move forward, information from provincial/territorial partners will be necessary in order to provide a truly national picture. In recognition of this fact, the NCC Executive has acknowledged the need to enhance information-sharing and adequate resourcing, at both the federal and provincial/territorial levels, in order to strengthen organized crime-related performance measurement and evaluation.

Several key data sources for identifying the extent of organized crime were explored. One such source is the Uniform Crime Reporting Survey (UCR), Version 2.2, which includes new variables on organized crime, including street gangs, hate-motivated crime, cybercrime and geo-coding. One of the two major police records management systems (RMS) was able to implement the new survey for January 2005. The first data from this survey were released on February 6, 2007 for the two police services able to provide an entire year of 2005 data: Ottawa and London. The other major vendor of RMS is expected to incorporate these new fields during 2007. As a result, the majority of police services should be collecting UCR 2.2 data by 2008.

Currently, the Canadian Centre for Justice Statistics has developed a pilot Survey of Fraud Against Businesses and administered it to 600 establishments. The analysis of the pilot data is ongoing and the intention is to conduct a national survey in early 2008. The project is designed to survey small, medium and large business establishments for the

purpose of collecting data on the number of incidents of various types of fraud experienced in a 12-month reference period. The Centre is exploring means to secure additional funds to undertake a Canada-wide survey of individuals to provide a more fulsome picture of the extent of fraud in Canada and its victims.

Furthermore, the paucity of data on the incidence of fraud in Canada continues to be a challenge for policy makers and law enforcement. With this in mind, funds were sought and obtained from the federal Policy Research Initiative (PRI) to sponsor a business fraud survey that the Canadian Centre for Justice Statistics has recently undertaken. A second phase of the project is currently being developed to undertake a Canada-wide survey of individuals to provide a more fulsome picture of the extent of fraud in Canada and its victims.

International Efforts

The NCC Executive recognizes that organized crime needs to be addressed both domestically and internationally. The NCC has the ability to provide to FPT partners an opportunity to inform and share information on the links between domestic and international policy. At present, there are a number of multilateral instruments and fora that deal with organized crime generally, outlined below:

Canada-U.S. Cross Border Crime Forum (CBCF)

- This annual Canada-U.S. forum is co-led by the Canadian Ministers of Public Safety and Justice and the U.S. Attorney-General and the Secretary for Homeland Security.
- It brings together law enforcement and justice officials to advance several cross-border issues, of which combating organized crime is a central focus.
- Canada and the U.S. conduct bi-annual joint threat assessments on organized crime in North America and identify priority targets for joint investigation.
- The CBCF also issues threat assessments on several issues, many of which are tied to organized crime, including organized crime threat assessment, firearms trafficking, trafficking in persons, drug smuggling and mass-marketing fraud.

CICAD

- The Government of Canada contributes \$1M annually to CICAD, a large portion of which is used to fund both supply and demand reduction projects in support of CICAD's mandate. In 2006/2007, Canadian funding was directed towards:
 - Organized crime investigations training in Mexico, Panama, and Trinidad on the control of synthetic drugs, undercover training, and investigative techniques;

- RCMP and CBSA led border/customs training seminars for Caribbean countries, on airport drug Investigation and interdiction;
- RCMP and CSC led substance abuse programming for incarcerated offenders offered in Central America and the Dominican Republic;
- Online addictions studies in the Caribbean;
- Evaluation of substance abuse prevention programs;
- Training under the International Observer Attachment Program (IAOP);
- Port security and the private seminars in Guatemala and Colombia; and,
- Border/customs control training program in Venezuela, on container profiling.

G-8 Lyon-Roma Group

- The G8 Justice and Home Affairs Ministers are supported by a group of experts, called the G8 Lyon-Roma Anti-Crime and Terrorism Group (LRACT).
- This year, the German Presidency has indicated that it will ensure continuity with the work undertaken by the United Kingdom (2005) and Russian (2006) Presidency in the following areas of relevance to law enforcement: identify the barriers and constraints to G8 countries sharing DNA data, and develop an action plan to remove these barriers; develop international best practices to enhance cooperation between the telephone industry and law enforcement industry; and assess the challenges of Anti-terrorist Security in the Subway and Railroads.
- The German Presidency has also asked that this G8 group of experts looks at initiating new projects in the areas of synthetic drugs, Intellectual Property Rights, as well as human trafficking and smuggling.

Going forward, it is anticipated that additional global treaties may soon be in place in order to address specific sub-sectors of organized crime, including cybercrime, economic crime, money laundering, the sale of organs, mutual legal assistance and extradition, and kidnapping. The NCC can play an important role through the sharing of knowledge from concrete and practical experience; assisting in the identification of appropriate needs and responses; identifying obstacles to cooperation; acting as a source of expertise for training and sharing of best practices; and being a key partner in the effective implementation of international agreements.

Legislative and Regulatory Tools

In 2005, additional efforts were made to strengthen the legislative response to organized crime, through the coming into force of Bill C-53, *An Act to Amend the Criminal Code (Proceeds of Crime) and the Controlled Drugs and Substances Act and to make consequential amendments to another Act*. Bill C-53 received Royal Assent on November 25, 2005, and built upon existing legislative provisions to target proceeds of crime in relation to criminal organization offences and certain offences under the *Controlled Drugs and Substances Act*. In essence, Bill C-53 created a reverse onus by which the offender must prove that property is not proceeds of crime.

Recent legislative reforms relating to DNA and firearms could aid in efforts to counter organized crime. In May 2005, Bill C-13, *An Act to amend the Criminal Code, the DNA Identification Act and the National Defence Act* received Royal Assent. Bill C-13 adds 172 additional *Criminal Code* offences to the list of those for which a National DNA Data Bank order can be made, and DNA profiles derived from crime scenes can be entered in the Data Bank. The list of primary designated offences expands to include secondary ones, such as robbery and break and enter. However, before Bill C-13 can be brought fully into force, the current Government Bill, Bill C-18, *An Act to amend Certain Acts in Relation to DNA Identification*, a corrective bill, must be proclaimed.

In May 2006, the Government transferred responsibility for the *Firearms Act* and Regulations from the Canada Firearms Centre to the RCMP. This move is expected to make it easier for police services across Canada to co-ordinate gun control activities with other crime control measures.

To enhance the capacity of law enforcement to fight gun crime, the Government is supporting the Investments to Combat the Criminal Use of Firearms Initiative to improve the national collection, analysis and sharing of firearms-related intelligence and information. As this data becomes more available, it will assist in addressing the smuggling and trafficking of firearms. In May 2006, Bill C-10, an *Act to amend the Criminal Code (minimum penalties for offences involving firearms)* received first reading in the House of Commons. The primary objectives of Bill C-10 are to increase mandatory minimum terms of imprisonment for individuals who commit serious or repeat firearm offences, and to create the new offences of breaking and entering to steal a firearm, and robbery to steal a firearm.

In November 2006, Bill C-35, *An Act to amend the Criminal Code (reverse onus in bail hearings for firearm-related offences)*, was tabled. It proposes a “reverse onus” in bail hearings for certain offences involving firearms.

Commonly referred to as “law enforcement justification (LEJ) provisions”, sections 25.1 to 25.4 of the *Criminal Code* are applied when designated law enforcement officers commit what would otherwise be considered offences while carrying out investigative or enforcement activities. The provisions provide those designated with a limited justification defence, provided that their conduct is reasonable and proportional under the circumstances. While used by law enforcement officials in a number of investigative and enforcement situations, LEJ provisions are particularly helpful for organized crime investigations. In order to ensure that the provisions are appropriately applied, section 25.3 of the *Criminal Code* requires that reports on the use of provisions be published annually. The RCMP’s annual report for 2006 is available online. As an additional accountability measure, a mandatory Parliamentary Review of the use of provisions is currently underway.

The NCC is also considering initiatives to better protect domestic witnesses through witness protection programs and to strengthen court processes through initiatives aimed at facilitating the management of complex cases. The RCMP has developed a discussion paper exploring

the possibility of creating a national witness protection program in Canada. The discussion paper was presented to the NCC in 2006 and circulated for discussion and comment among federal-provincial-territorial partners. The RCMP is currently analyzing comments received in order to determine next steps on this issue and to ascertain the level of support to move forward.

The Province of Quebec shared its recently developed action plan to address intimidation with the NCC. This action plan includes the establishment of an intimidation follow-up committee comprised of key partners involved in the fight against organized crime, including criminal justice personnel.

The Standing Senate Committee on Banking, Trade and Commerce recently completed the five-year mandatory review of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Its recommendations are generally consistent with the findings of the different evaluations and audits of Canada's money laundering regime. These findings formed the basis for Bill C-25, *An Act to amend the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and the Income Tax Act and to make a consequential amendment to another Act*. Bill C-25 received Royal Assent on December 14, 2006. This enactment amends the PCMLTFA to enhance the client identification, record-keeping and reporting measures applicable to financial institutions and intermediaries. It establishes a registration regime for money services businesses and foreign exchange dealers and creates a new offence for not registering. It allows FINTRAC to disclose additional information to law enforcement and intelligence agencies, and permits FINTRAC to exchange compliance-related information with its foreign counterparts. It also permits the Canada Border Services Agency (CBSA) to enter into agreements to share enforcement information in relation to the cross-border currency reporting regime with other border administrations.

Key Sub-Sector Strategies and Priorities

FPT governments have identified types of serious and organized criminal activity that are particularly pervasive – and particularly destructive – in Canada. The NCC has served as a key forum for the sharing of information and participating in the development of policies and programs to address these issues.

Illicit Drugs

The illicit drug trade fuels Canada's organized crime problem. According to CISC, approximately 80% of crime groups identified in Canada are involved in the illicit drug market, particularly as street-level traffickers.⁷ Groups that possess higher-level criminal capabilities, such as Asian organized crime (AOC) and OMGs, are involved in the more complex aspects of the illicit drug market, such as marihuana and synthetic drug production, importation and deportation, and wholesale distribution. Lucrative profits from drug trafficking translate into increased power for organized crime and high costs that all Canadians bear through, for example, increased spending on Health Care.

Marihuana grow operations (MGOs), as well as trafficking and consumption of marihuana is increasing across Canada. Efforts to address MGOs continue to tax all drug enforcement resources across the country.⁸ Data indicates that the problem is particularly serious in British Columbia, Ontario and Quebec, although recent major seizures in rural parts of the Maritime Provinces indicate that the problem is by no means localized to specific regions.⁹ Furthermore, synthetic drug production and trafficking in Canada have reached unprecedented levels, which according to the RCMP, is primarily the result of increased involvement of major organized crime networks.¹⁰ Organized crime is involved in the importation of chemical ingredients for the manufacture of synthetic drugs, particularly ecstasy and methamphetamine, which are then distributed across Canada, the U.S. and, to a lesser extent, Pacific Rim countries such as Japan and Australia.

Cocaine and heroin continue to be in demand in Canada. As there is no domestic source, organized crime groups capable of wholesale distribution work within their networks to smuggle these drugs to Canada either directly from source countries or through transit countries.

FPT Ministers responsible for Justice, in October 2003, endorsed a report prepared by the NCC Working Group on MGOs, which identified recommendations broadly promoting national and regional coordination, policy and legislation, research, as well as public education and awareness related to MGOs. Much progress has been made on these key

⁷ *Criminal Intelligence Service Canada, 2006 Annual Report on Organized Crime in Canada*

⁸ *2004 RCMP Drug Situation Report*

⁹ *2006 Canada-U.S. Organized Crime Threat Assessment*

¹⁰ *2004 RCMP Drug Situation Report*

recommendations. For example, in the summer of 2005, the NCC Working Group on MGOs worked with the Coordinating Committee of Senior Officials (CCSO), law enforcement and other key stakeholders to build on these recommendations and develop a national strategy to address the proliferation of marijuana and synthetic drug production and distribution operations. In November 2005, FPT Ministers approved in principle the proposed strategy, “A National Strategy to Combat Marijuana and Synthetic Drug Production Operations”. The Government of Canada is working towards the implementation of a New National Anti-Drug Strategy with an emphasis on dissuading young people from using illicit drugs and contributing to safer communities. Budget 2007 set aside \$63.8M over two years to focus on three priority areas, to: combat illicit drug production and distribution (\$21.6M); prevent illicit drug use (\$10M/2 years); and, treat and rehabilitate those with illicit drug dependencies (\$32.2M/ 2 years). Dedicated resources to support increased law enforcement activities will proactively target illicit drug producers and traffickers, as well as the organized crime elements behind them, including gangs.

Funding will enhance the capacity of the criminal justice system to investigate, interdict and prosecute offenders. The Government is also committed to ensuring that strong and adequate penalties are in place for serious drug crimes.

This will build on investments announced “under the renewed Canada Drug Strategy under the renewed Canada Drug Strategy (CDS, 2003), where the RCMP established dedicated MGO and clan lab enforcement teams. These teams currently share best practices and work directly with provincial and municipal police forces across the country. The teams, each assisted by an RCMP coordinator, are increasingly intelligence-led and designed to target organized crime at the highest level. The MGO Coordinator has established partnerships with organizations such as the Canada Mortgage and Housing Corporation (CMHC) to develop a database to keep track of residential properties suspected of being used as MGOs, and with local power companies to improve efforts to locate and disrupt power supply to MGOs. The Clan Lab Coordinator works closely with industries that use precursor chemicals, in order to reduce the diversion of these chemicals to the illegitimate market for use in producing synthetic drugs.

In August 2005, methamphetamine was moved from Schedule III to Schedule I in the *Controlled Drugs and Substances Act* (CDSA), thereby increasing maximum penalties for possession of methamphetamine from three to seven years; and for trafficking, importing or exporting methamphetamine, increasing maximum penalties from ten years to life imprisonment.

Furthermore, in November 2005, the *Precursor Control Regulations* were amended to strengthen the domestic controls over precursors sold in Canada. In January 2006, six new substances were added to the list of Class “A” precursors. Four of the six new precursor chemicals could be used in the production of methamphetamine. They are now controlled and subject to licensing requirements.

There are also a number of public education campaigns underway to inform youth of the dangers associated with marihuana use and harms to the communities caused by MGOs. An educational package for youth regarding the harms of methamphetamines is also being developed by Health Canada in consultation with CDS partners.

Money Laundering and Proceeds of Crime

Money laundering is the process by which “dirty money”, generated by criminal activities, such as drug trafficking, human smuggling and trafficking, and extortion, is converted into assets that cannot be easily traced back to their illegal origins. Through laundering money, serious and other organized criminals are able to operate and expand their criminal empires and otherwise benefit from the proceeds of criminal activity. The potential damage that money laundering can cause to business and civil society demands a clear, strategic and timely response.

The Integrated Proceeds of Crime (IPOC) Initiative, established in 1996, works towards the objectives of identifying, seizing, restraining and forfeiting illicit and unreported wealth accumulated through organized criminal activity, thereby removing the financial incentive for engaging in criminal activities. By targeting their illicit profits and, in turn, their incentive to operate, the IPOC Initiative targets the core of what motivates criminal organizations, making it a fundamental component of the overall fight against organized crime in Canada. In addition to playing an integral role in Canada’s Organized Crime Strategy it also plays a key role in protecting the integrity of the Canadian economy. The IPOC Initiative brings together the skills, knowledge and abilities of a diverse group of experts including law enforcement officers, lawyers from the Public Prosecution Service of Canada (then, Department of Justice), forensic accountants and property managers from Public Works and Government Services Canada, Regional Intelligence Officers from the Canada Border Services Agency, as well as Tax Agents from the Canada Revenue Agency. The integration of the partner agencies facilitates a coordinated approach towards combating organized crime.

FINTRAC is a vital part of Canada’s response to the problem of money laundering. FINTRAC is an independent, “arms-length”, agency of the Government of Canada that collects, analyzes, assesses and discloses information to the law enforcement community and others to assist in detecting, preventing and deterring money laundering and the financing of terrorist activities in Canada and abroad. By providing financial intelligence and ensuring compliance, FINTRAC has been key to the National Agenda and an important partner for the NCC.

An NCC working group on Money Laundering, which is chaired by FINTRAC, is currently developing ways to improve tracking and feedback on financial intelligence case disclosures made by FINTRAC, thus allowing for the enhancement of those disclosures. In addition, the working group is developing best practices in relation to the voluntary provision of information by law enforcement in support of FINTRAC’s money laundering analysis.

Economic Crime

According to CISC, numerous criminal groups across Canada are involved in a wide range of economic crime, including identify theft, credit card fraud, insurance fraud, telemarketing fraud, securities and stock market fraud, and counterfeiting. These groups operate domestically and internationally to access more victims and lessen chances of detection.¹¹

Fraud

PhoneBusters and Reporting Economic Crime Online (RECOL) are two national initiatives that aim to combat fraudulent activities in Canada. Established in January 1993, PhoneBusters is a national anti-fraud call centre jointly operated by the Ontario Provincial Police and the RCMP. PhoneBusters is a central body in Canada for the collection of information on telemarketing, advanced fee fraud letters (e.g., Nigerian letters) and identity theft complaints. The data collected at PhoneBusters is a valuable tool in evaluating the effects of various types of fraud on the public. This information works to educate the public and provide accurate information to inform policy development to prevent similar crimes from taking place in the future.

RECOL is a web-based crime-reporting system that allows Canadians to make complaints regarding suspected identity theft, fraudulent letter or telemarketing scams, and other white-collar crimes. Private information submitted to RECOL is only received by those agencies specifically selected by the person filing the complaint. Personal information provided to the RCMP is protected under the Government of Canada's Privacy Act. Disclosure of such data is strictly governed under voluntary consent. RECOL also provides public education through the dissemination of crime prevention information, and collects baseline data on fraud, with a view to identifying crime trends and compiling statistical information.

Other important initiatives aimed at combating fraudulent activities in Canada include the Competition Bureau's Information Centre (an independent law enforcement agency that investigates anti-competitive business and consumer practices and promotes compliance with the laws under its jurisdiction), and a number of multi-agency law enforcement task forces across Canada that partner with U.S law enforcement agencies, including Project Emptor (Vancouver); Project COLT (Montreal); the Vancouver Strategic Alliance; the Toronto Strategic Partnership; Atlantic Strategic Partnerships; and the Alberta Law Enforcement Partnership.

Efforts are being made to further a national fraud strategy, which may include the establishment of a Canadian Anti-Fraud Centre (a national reporting centre), improve information sharing among law enforcement, produce more complete intelligence, and centralize fraud complaint information. The merging of RECOL and PhoneBusters would form the basis for the creation of the Canadian Anti-Fraud Centre. The NCC indicated support for the development of a national fraud strategy in May 2005.

¹¹ *Criminal Intelligence Service Canada, 2006 Annual Report on Organized Crime in Canada*

In September 2005, The National Mass Marketing Fraud (NMMF) Strategy Working Group was established with an objective to create a national strategy to combat MMF in Canada. The NMMF Working Group has shaped a national strategy, which sets out a multi-faceted blueprint for action to dismantle, disrupt and neutralize Canadian-based MMF operators and their fraudulent activities. The national strategy is comprised of four pillars: (1) more vigorous law enforcement, (2) raising awareness, (3) tougher sanctions and targeted legislation and (4) national harmonized data collection. The strategy is being led by a number of federal and provincial organizations, including the Department of Justice, and is co-chaired by the Competition Bureau and the Ontario Provincial Police (OPP).

Canada continues to work at the international level to address the threat of economic fraud and identity-related crime. Recently, Canada worked with the UN Commission on Crime Prevention and Criminal Justice to draft a report outlining the results of the study on fraud and the criminal misuse and falsification of identity. Of particular importance, the report concludes that developments in information, communications and commercial technologies are a strong influence on rapidly increasing occurrence rates for both fraud and ID crime and within each offence, increases in the rates of transnational offences. The Commission has also called for the development of materials to assist UN Member States in preventing and combating economic fraud and identity related-crime based on the report, and Canada remains committed to this project.

At the Cross-Border Crime Forum in November 2006, Canada and the U.S. jointly released the *Report on Phishing*, a follow up to the *Identity Theft* Report released at the Cross-Border Crime Forum in October 2004. The report was prepared by the U.S. Department of Justice (DOJ) and Public Safety Canada, with contributions from the many agencies and individual participants in the Canada-U.S. Working Group on Cross-Border Mass Marketing. The report provides information to the American and Canadian public on the latest phishing schemes, as well as information to law enforcement and government policy makers. The report defines phishing and how it is committed, emerging trends and threats, and efforts to combat phishing and raise public awareness in both Canada and the U.S.

Counterfeit Goods

Intellectual property (IP) crime occurs across Canada and is expanding rapidly around the world. Interpol estimates that 5-7% of global trade is comprised of counterfeit goods. Canada's losses from IP offences are believed to total billions of dollars annually.¹² The low risk of apprehension, low penalties, and high profits make IP crime attractive to serious and organized criminals by providing a source of funding for other illicit activities. CISC notes that multiple criminal groups are involved in the manufacturing, importation and distribution of counterfeit products across Canada.¹³

¹² Ibid.

¹³ Ibid.

A wide variety of commodities are fraudulently produced and sold, including circuit breakers, automobile parts, food and beauty products, pharmaceuticals, cigarettes, CDs, and toys. IP infringing goods can pose threats to public health and safety and cause economic loss to industry and government. Canada is facing increasing international pressure from trading partners, including the United States, to increase enforcement of IP rights. As part of the Security and Prosperity Partnership (SPP), Canada has committed to work with the U.S. and Mexico toward the development of a tri-lateral action plan on IP Enforcement. To this end, SPP partners have met twice in Washington to discuss shared IP enforcement issues, particularly at border crossings, as well as best practices and lessons learned. At the federal level, an interdepartmental working group is in the process of developing a national strategy, addressing prevention, detection, enforcement and public awareness of counterfeit goods offences, as well the possibility of amending existing legislation in order to allow for more rigorous enforcement of such offences, especially at the Canadian border. As an emerging and growing organized crime issue, addressing IP crime will be a challenge for all levels of government. As the development of a federal IP strategy progresses, cooperation and collaboration among FPT officials under the NCC, will become increasingly important.

Counterfeit Currency

Counterfeiting currency is a serious and growing crime that can have a significant impact on the stability of Canada's economy. The RCMP Bureau for Counterfeit and Document Examinations (BCDE) has reported a 535% increase in suspect counterfeit banknote submissions between 1992 and 2004. According to research conducted by the Bank of Canada, Canada now places first amongst G-10 countries in terms of measured vulnerability of domestic banknotes to counterfeiting.

In response to this increasing threat, Budget 2006 allocated \$9 million over two years (and ongoing) to the implementation of the National Counterfeit Enforcement Strategy (NCES). Specifically, funding will target the creation of integrated counterfeit enforcement teams (ICETs) in Vancouver, Toronto and Montreal respectively. These ICETS will have all a mandate to conduct intelligence-led counterfeit currency investigations, emphasizing on those involving organized crime groups.

Human Trafficking

Trafficking in Persons (TIP) involves the recruitment, transportation or harboring of persons for the purpose of exploitation (typically in the sex industry or forced labor). Human trafficking occurs across international borders or within national borders. TIP is often confused with human smuggling. Human smuggling always involves the illegal movement of persons, with their consent, across international borders, who are released upon arrival at their destination. The predominant difference between smuggling and TIP is that TIP involves the use of threats, force, coercion or fraud resulting in the conditions of servitude, slavery or sexual exploitation.¹⁴

¹⁴ United States-Canada Bi-National Assessment of Trafficking in Persons

According to the United Nations (UN), human trafficking and migrant smuggling are two of the fastest growing areas of international criminal activity. Globally, they are the third largest source of revenue for organized crime, after drugs and arms trafficking.¹⁵ The UN has estimated that over 700,000 persons are trafficked annually while some non-governmental organizations (NGOs) put the number at over 1 million each year.¹⁶ Canada continues to be a destination and transit country for human trafficking.¹⁷

Significant efforts have been made to address human trafficking both internationally and domestically. Canada is party to the *Convention against Transnational Organized Crime and the Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children*. This Protocol requires States parties to criminalize human trafficking and develop comprehensive policies and programs to address this issue. In terms of legislation, human trafficking and smuggling are prohibited under the *Immigration and Refugee Protection Act* (IRPA) and carry a maximum penalty of a \$1 million fine and/or life imprisonment. These provisions apply only to cross-border trafficking and do not address domestic human trafficking. However, Bill C-49, *An Act to amend the Criminal Code (trafficking in persons)*, which came into force upon receiving Royal Assent on November 25, 2005, addresses both domestic and cross-border human trafficking. It creates three new indictable offences which specifically prohibit trafficking in persons, receiving a financial or other material benefit from the trafficking of a person, or the withholding or destruction of a person's travel or identification documents, for the purpose of committing a trafficking offence.

In May 2006, the Minister of Citizenship and Immigration (CIC) released new guidelines for immigration officers which allow trafficking victims to receive a temporary resident permit (TRP) that allows them to stay in Canada for up to 120 days and receive health-care benefits under the Interim Federal Health Program. This includes essential and emergency health services for the treatment and prevention of serious medical conditions and the treatment of emergency dental conditions. Trauma counselling is also included.

Municipal, provincial and federal law enforcement, depending on which authority has jurisdiction in a given case, investigates all cases of trafficking either under the *Criminal Code of Canada* or the *Immigration and Refugee Protection Act* (IRPA).

For its part, the RCMP has established the *Human Trafficking National Coordination Centre*. It serves as a focal point for facilitating human trafficking investigations and helping to protect victims. The Centre works through an extensive network of partnerships with domestic and international agencies; coordinates information; develops protocols to help victims; offers specialized training to law enforcement; and, through a team of analysts across the country, gathers and shares relevant intelligence that will ultimately help law enforcement at home and abroad coordinate their approach.

¹⁵ 2006 Canada-US Organized Crime Threat Assessment

¹⁶ United States-Canada Bi-National Assessment of Trafficking in Persons

¹⁷ *Criminal Intelligence Service Canada, 2006 Annual Report on Organized Crime in Canada*

Human trafficking has a strong Canada-United States cross border component. Canadian and U.S. officials have jointly developed the 2006 *U.S.-Canada Binational Assessment of Trafficking in Persons*, which outlines the nature and scope of this problem, and identifies measures being taken by both countries to address it. The release of the joint assessment also fulfils a commitment made in the Security and Prosperity Partnership. More importantly, it is intended to promote increased coordination in responding to this issue.

The Standing Committee on the Status of Women is currently conducting a study on human trafficking and the Committee's Report is expected in early 2007.

Motor Vehicle Theft

Motor vehicle theft is a serious public safety concern in communities across the country, and is recognized as a pressing concern by law enforcement, all levels of government, and community agencies. In Canada, the economic costs to the health, criminal justice, and insurance agencies related to vehicle theft are estimated at \$1 billion a year. CISC reports that organized crime is involved in stealing vehicles and smuggling them to foreign markets concealed in containers and moved through the marine ports of Vancouver, Montreal and Halifax. They also strip vehicles of parts for re-sale and export leased vehicles after declaring them stolen.¹⁸

The *Reporting of Exported Goods Regulations* were amended in 2005 to require the reporting of Vehicle Identification Numbers (VINs) in relation to conveyances being permanently exported from Canada. These amendments will allow the CBSA to verify compliance by examining containers that have been reported for export and are suspected, based on reasonable grounds, of failing to comply with the requirement to provide VINs. The CBSA is currently drafting policies to compliment the regulatory amendments and assist CBSA officers in the identification of stolen vehicles that are reported upon export.

Street Gangs

Street gangs are very much a part of the organized crime landscape in Canada. CISC reports that over 300 street gangs have been identified in Canada, with an estimated 11,000 gang members and associates operating across the country.¹⁹ The majority of street gangs are primarily involved in crimes such as street-level drug trafficking, prostitution and theft. Some are more sophisticated and are capable of higher-level criminal activities within a criminal market and with an expanded geographical scope, such as importation or production of illicit commodities. Street gangs pose a significant public safety threat through their high propensity for violence, which tends to be spontaneous and opportunistic. Law enforcement notes a recent increase in gang-related violence being reported across the country, requiring a constant allocation of police resources.²⁰

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

In 2005, the City of Toronto experienced an unprecedented escalation in gun-related crime. In the past, strict enforcement models had provided only temporary relief. While enforcement is a necessary, fundamental police response to violence, the Service recognized a community oriented approach was needed to establish lasting solutions. In response to this violence, the Toronto Police Service, in January 2006, introduced the Toronto Anti Violence Intervention Strategy (TAVIS).

The strategy, developed within the principles of community policing/mobilization, was driven at the local divisional level where officers, dedicated to specific neighbourhoods for extended periods, were the principle neighbourhood contact and source of information from which enforcement and community mobilization initiatives were developed. They built trust and strengthened community partnerships, and assisted in finding solutions to reduce crime and disorder.

While locally driven, the strategy incorporated a rapid response and specialist component to augment the local neighbourhood initiatives. The rapid response team, composed of 54 uniformed officers, helps provide the high visibility presence needed to reassure and calm affected communities, and the special teams, consisting of investigative officers working primarily undercover, worked to remove high-risk criminals and gather intelligence. It must be emphasized, however, that the uniform rapid-response teams and the investigative component are just part of the larger more comprehensive strategy. For example, 200 officers were returned to frontline uniform duty from non-uniform functions, and the Service accelerated the hiring of an additional 250 officers, increasing our uniform presence in our communities most affected by violent crime. Also, the Community Mobilization Unit (a specialist research and development unit) works with the divisional neighbourhood officers, and the local community, to identify and offer programs, contacts and resources required to help communities create the capacity to improve their own safety. In this way, the TAVIS helped reduce violence in the city. In 2006, murders declined almost 14%, shooting murders declined by 44.2% and shooting occurrences, in general fell 15.9% from 2005 levels.

Conclusion

According to CISC, organized crime in Canada will continue to pose serious economic, health and public safety threats through involvement in the array of criminal activities identified in this report and more. In particular, the illicit drug trade will continue to provide organized crime groups with their largest source of illicit earnings. Although FPT governments have made considerable progress to date in combating serious and organized crime in Canada, there is much that still needs to be done, including developing a strategic approach to illicit drugs and street gangs, implementing a coordinated and effective national fraud strategy, strengthening the witness protection program and facilitating the management of complex cases. No one jurisdiction or country can combat organized crime on its own. Continued national and international cooperation is critical to addressing this issue effectively.