



## CRIMINAL INTELLIGENCE SERVICE CANADA

### PUBLIC REPORT ON ORGANIZED CRIME IN CANADA

2020





## FOREWORD FROM THE DIRECTOR GENERAL, CRIMINAL INTELLIGENCE SERVICE CANADA

This past year has been one of great successes and significant challenges. In 2020, Criminal Intelligence Service Canada (CISC) celebrated its 50<sup>th</sup> anniversary, marking a half century of uniting Canada's criminal intelligence community and providing intelligence products and services to the law enforcement community and other stakeholders to reduce the harm caused by organized crime and to develop strategies that make Canadians safer. At the same time, the global community continues to experience the devastating effects of COVID-19, which has affected all sectors of the population, not only in regards to health, but also in regards to the economy and, consequently, to the organized crime environment. In the face of this pandemic, it has been rewarding to see Canadians pull together to prioritize health and safety during these trying times.

On behalf of CISC, I am pleased to present the *2020 Public Report on Organized Crime in Canada*. This strategic assessment provides an overview of the Canadian criminal landscape and the activities of the organized crime groups that operate within it. It combines federal, provincial, and municipal law enforcement reporting, open source reporting, and intelligence from other domestic and international government agencies to assess significant organized crime threats to Canada.

Serious and organized crime, which is increasingly comprised of internationally-connected networks of groups operating both independently and together to further collective criminal goals, remains a strong threat to Canada's public safety. These networks' criminal activities contribute to thousands of deaths annually from overdoses related to illicit drugs and violence that is affecting Canadian communities, cost billions of dollars to the domestic economy as a result of corruption, infiltration, fraud, and money laundering, and impact other Canadian sectors, including, among others, public confidence and security, health care, and the environment.

While most intelligence produced by CISC is shared only with law enforcement agencies, CISC is increasingly releasing information to the public in order to raise awareness about the nature and extent of organized crime threats in Canada. This national perspective helps ensure that law enforcement, government, and the general Canadian public have a consistent view of organized crime, and contributes to building and maintaining the partnerships that are instrumental to our ability to combat this threat.

CISC works collaboratively with its provincial bureaus and with many federal, provincial, and municipal law enforcement agencies. These partnerships allow for the exchange of vital information without which our ability to assess and ultimately disrupt organized crime threats would be compromised. I would like to express my sincere appreciation to our partners for their valued contributions to this report.

Chief Superintendent Rob Gilchrist  
Director General  
Criminal Intelligence Service Canada





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## BACKGROUND

### Criminal Intelligence Service Canada

Criminal Intelligence Service Canada (CISC) is an umbrella organization that unites Canada's law enforcement community. It consists of approximately 400 member agencies, including federal, provincial, and municipal police services, and supports the effort to reduce the harm caused by organized crime through the delivery of criminal intelligence products and services. It informs partners, government, and other stakeholders about criminal markets in Canada and assists law enforcement leaders in making decisions regarding organized crime enforcement priorities.

The organization is comprised of ten CISC Provincial Bureaus, which provide leadership and guidance in the creation of provincial intelligence products and services, and CISC Central Bureau, located in Ottawa, which assesses the national scope and direction of organized criminal activity in Canada. While each Bureau operates independently, each assesses organized crime through a common Integrated Threat Assessment (ITA) process, which ensures a consistent national approach to assessing organized crime and facilitates comparisons between provinces.

### Integrated Threat Assessment Process

Central Bureau and each Provincial Bureau have adopted a common threat measurement tool and set of business rules for the ITA process that facilitates the scoring of the threat posed by the organized crime groups (OCGs) operating in their regions. Threat scoring is based on information and intelligence within the last two years ranked against eight ITA Threat Measurement Criteria. Although older information and intelligence can provide context to a group's capabilities, it is not used to assess the current threat level. The eight criteria focus on the following attributes: involvement in corruption or infiltration of law enforcement, security, or government agencies; use of violence; involvement in the private sector; geographical scope (criminal reach); associations to other OCGs; involvement in criminal enterprise (illicit drugs, financial crime, and other illicit goods and services); technological capability; and specialized skills.

### Organized Crime Group Threat-Levels

The threat-level of each assessed OCG is determined by combining the weights for all eight criteria, conducting a comparative review of each group's ranking, and analyzing the threat they present. Each criterion is classified as High, Medium, or Low. OCGs that have been identified as higher-level threat groups are those that, as a general rule: use violence as an integral part of their strategy; are involved in the infiltration of law enforcement, security, or government agencies; have access to multiple types of business; are criminally associated to several other OCGs; and possess an interprovincial or international scope.

A group does not have to rate "high" in all criteria to be considered a national High-Level Threat (HLT). The final assessment is based on an analysis of all ITA attributes. Although provincial bureaus are required to use the same criteria and definitions to assess OCGs, they can weigh the individual criteria differently. This flexibility allows for regional, provincial, and national threat-level distinctions, based on the requirements of the bureau's clients. For instance, a group that may present an overall high provincial threat may pose a different level of threat at the national level, depending on the relative ranking of each criterion. The use of common threat criteria and definitions, however, allows for a consistent analysis of the information and intelligence gathered for each OCG.

### Key Facilitator Assessment

Key Facilitators (KFs) are identified by applying a common ITA definition and assessing the role of potentially important players within key networks. This definition, which focuses on *a person responsible for coordinating the work of a criminal network, or who plays an important role within it, whose disruption may compromise the criminal activities of multiple groups in this network*, is intended to serve as a guide for the identification of potential KFs. It has been phrased in such a way as to account for regional and thematic differences, and also allows for the final determination to be subject to analytical judgement.

## CISC Central Bureau Priorities

The Canadian criminal landscape is constantly evolving and shifting, presenting challenges to traditional policing responses. In setting its priorities, CISC identifies key considerations, including particularly how to effectively target organized crime and criminal facilitators to achieve the greatest impact, while acknowledging resource limitations and reallocations. Based on available data and analysis, while limited by intelligence gaps relating to impact, as well as on public expectations for visible policing and prioritization, CISC Central Bureau assesses organized crime priorities as follows:

Strategic-Level Priority	
Transnational Organized Crime Networks and Brokers	
<ul style="list-style-type: none"> <li>➤ More than 50 percent of Canadian OCGs operate across multiple domestic jurisdictions; 30 percent operate internationally</li> <li>➤ Most contraband is either directly smuggled into Canada (e.g., cocaine, fentanyl, heroin, firearms, trafficked/smuggled persons, precursors to manufacture synthetic drugs, etc.), or involves organized crime either targeting Canadians from abroad (cyber criminals) or laundering international proceeds of crime</li> </ul>	
Operational-Level Priorities	
Opioids Networks – Fentanyl	Stimulants – Methamphetamine
<ul style="list-style-type: none"> <li>➤ \$6 billion CAD in annual costs (including healthcare, lost productivity, criminal justice, and other direct costs) *</li> <li>➤ Approximately 4000 overdose deaths in 2019, with an expected increase of more than 50% by the end of 2020</li> <li>➤ 200+ OCGs identified (67 currently assessed)</li> <li>➤ Large amounts produced in Canada; precursors easily obtainable from China</li> </ul>	<ul style="list-style-type: none"> <li>➤ Aggressive and violent response of users</li> <li>➤ 300+ OCGs identified (164 currently assessed)</li> <li>➤ Distribution networks expanding nationally</li> <li>➤ Domestic production; imports increasingly from Mexico</li> </ul>
Corruption	Money Laundering
<ul style="list-style-type: none"> <li>➤ Public feeling of apathy</li> <li>➤ Insider threats</li> <li>➤ Increase of contracting costs; risk of losing billions of dollars</li> <li>➤ Minimal reporting on OCGs – significant gap</li> </ul>	<ul style="list-style-type: none"> <li>➤ Estimated \$45-\$113 billion CAD laundered in Canada each year</li> <li>➤ Intersects with all predicate crimes</li> <li>➤ 29 percent of OCGs assessed as involved</li> <li>➤ 45+ Professional Money Launderers (PMLs) identified</li> </ul>
Cocaine Networks	Excise Tax / Tax Revenue Loss: Contraband Tobacco and Cannabis
<ul style="list-style-type: none"> <li>➤ \$3 billion CAD in annual costs (including healthcare, lost productivity, criminal justice, and other direct costs) *</li> <li>➤ 800+ OCGs identified (313 currently assessed)</li> <li>➤ Involves most violent OCGs</li> <li>➤ Connected to violent cartel-related groups</li> </ul>	<ul style="list-style-type: none"> <li>➤ 500+ OCGs identified (158 currently assessed)</li> <li>➤ \$12+ billion CAD in annual costs (including healthcare, lost productivity, criminal justice, and other direct costs) *</li> <li>➤ See “Commitments to Other Initiatives” below</li> </ul>
Cyber-Enabled Crime	Firearms Violence
<ul style="list-style-type: none"> <li>➤ Nearly all OCGs use technology to enable criminal activities</li> <li>➤ Includes mediums like hardened communications or dark web</li> <li>➤ Fentanyl and meth groups heavily exploit this enabler</li> </ul>	<ul style="list-style-type: none"> <li>➤ Fewer than 200 OCG-related murders</li> <li>➤ More than 1000 firearms-related offenses</li> <li>➤ 73 percent of OCGs deemed violent</li> <li>➤ High degree of public concern</li> </ul>

\* Source: “Canadian Substance Use Costs and Harms (2015–2017)” published in 2020 by the Canadian Centre on Substance Use and Addiction

Commitments to Other Initiatives
Illicit Cannabis
<ul style="list-style-type: none"> <li>➤ Despite the <i>Cannabis Act</i> (2018) and associated regulations, organized crime has maintained its presence in the personal and commercial cannabis markets in Canada. Most OCGs involved in the illicit cannabis market prior to the <i>Cannabis Act</i> have maintained their activities, with some also infiltrating the legal cannabis industry.</li> <li>➤ Notably, some higher-level threats groups, including OMGs, remain heavily involved in the illicit cannabis market.</li> <li>➤ OCGs continue to exploit the regulated market through the Personal Registration program, also known as the personal medical marijuana program, by operating government-sanctioned grows, exceeding personal volume limits, and diverting product to the illicit market.</li> <li>➤ Organized crime is also involved in the legal commercial cannabis industry, as owners, employees, or board members, and through the use of nominees, investments, and unlicensed cannabis-related companies. Commercial and financial crimes are believed to be occurring within this industry, a trend that is expected to increase.</li> </ul>

These priorities will continue to be addressed via various CISC reporting mechanisms, including through consultations with partners and working groups, resource reallocation, and enhanced support to various law enforcement initiatives.





## COVID-19 and Changes to the Canadian Criminal Landscape

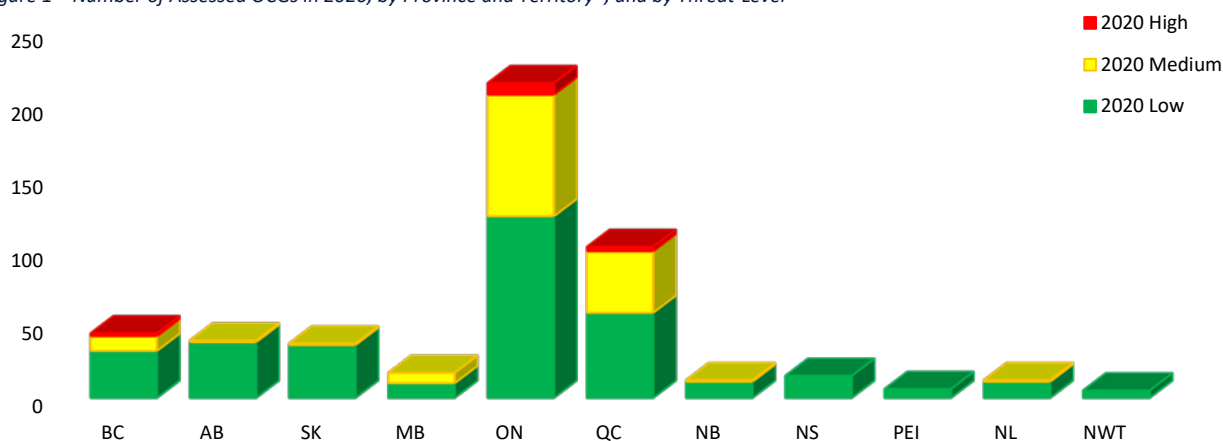
The COVID-19 pandemic has created ripples throughout the criminal marketplace, affecting the operations of different OCGs to varying degrees. Networks that rely on a fully-functioning national economy – such as those involved in money laundering through businesses deemed ‘non-essential’ – and on international movement – such as those involved in passenger travel, or importation routes – have been severely affected by pandemic-related restrictions. Others, whose methods were already well-suited to such imposed restrictions – including online criminal activity, or the exploitation of commercial transport – have continued to operate with little disruption. Regardless of the degree to which traditional methods have been affected, more resilient OCGs are adapting their operations, exploiting alternate venues, and diversifying their criminal involvement in order to continue to thrive. Some of the ways in which criminal networks have been affected by and are adapting to the COVID-19 pandemic are included in the network sections starting on page 9.

## ORGANIZED CRIME GROUP OVERVIEW

### Assessment of Organized Crime Group Threat-Levels

More than 2000 OCGs are believed to be operating in Canada. Of these, 506 have been assessed in 2020 as part of the ITA process. Limited recent reporting on the remaining identified OCGs prevents an in-depth assessment on their capabilities at this time. To bridge reporting gaps, the identification of all OCGs believed to be operating in Canada continues to be attributed in large part to enhanced sharing through national working groups and partner agency consultations. **Figure 1** illustrates the number of assessed groups, per province or territory, and by their threat-levels: high, medium, and low.

Figure 1 – Number of Assessed OCGs in 2020, by Province and Territory\*, and by Threat-Level



\* No OCGs based in Yukon or Nunavut were reported in 2020.

### National High-Level Threat Groups and Key Facilitators

Fourteen national High-Level Threat (HLT) groups have been identified in 2020. Based in Ontario, British Columbia, and Quebec, they figure predominantly in CISC's priority networks, with more than 70 percent (10 groups) involved in cocaine trafficking. Two thirds (9 groups) comprise members of mafia networks, and more than half (8 groups) are involved with outlaw motorcycle gang (OMGs). **Figure 2** highlights the number of HLTs involved in the national priorities identified for 2020. The majority of these OCGs are involved in multiple markets and networks, exploiting their connections, both domestic and international, to maximize their profits and extend their influence in the Canadian criminal landscape.

Figure 2 – Number of HLTs Involved in Identified Priorities

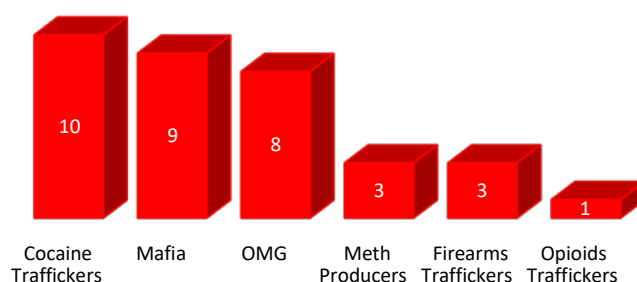
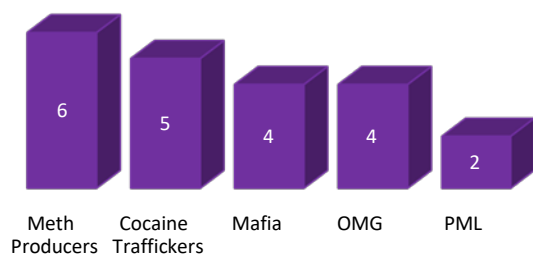


Figure 3 – Number of KFs Involved in Identified Priorities



In addition, 10 Key Facilitators (KFs) have been assessed in 2020. As highlighted in **Figure 3**, six are key brokers involved in the methamphetamine market, either as precursor chemical diverters or importers, five are key brokers involved in cocaine importation, and four each are involved in mafia and OMG networks. Of note, the majority of those KFs identified as key cocaine brokers are also involved in mafia and OMG networks, as these two latter subsets are heavily involved in cocaine

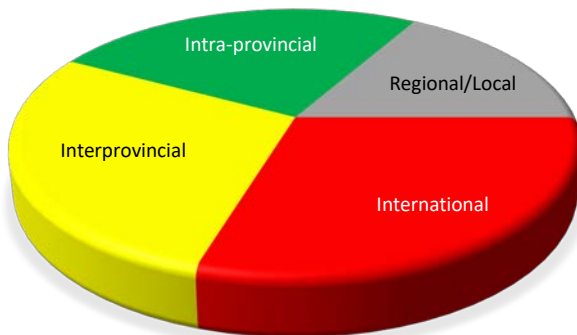


importation. For the first time in 2020, two professional money launderers (PMLs) have been identified as KFs, playing a key role providing money laundering services for the operations of multiple criminal networks.

## Geographical Scope and International Links

**Figure 4** provides a graphical representation of the scope of assessed OCGs, based on the ITA criterion. Reporting on the geographical scope of OCGs assists in assessing the depth and breadth of their criminal networks, and the threat they may pose to Canada and its international partners. The ITA criterion dealing with scope is broken down into international, interprovincial (i.e., two or more provinces), intra-provincial, and regional / local.

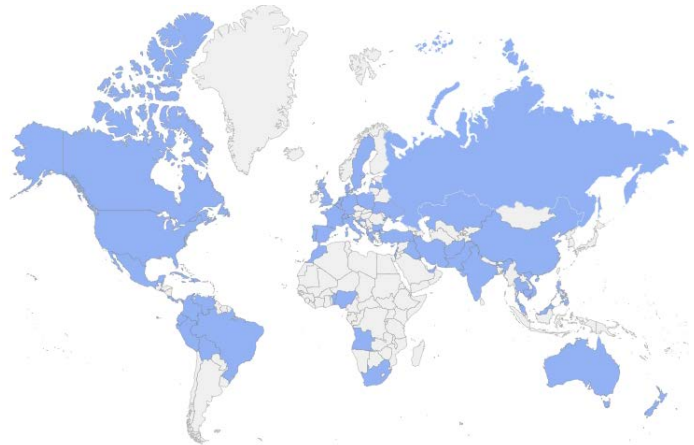
*Figure 4 – Proportional Scope of Assessed OCGs in 2020*



It should be noted that the ITA criteria preclude the identification of groups that have multiple scopes, in favour of identifying the highest scope threat. For example, whereas 28 percent of OCGs are assessed as having a medium scope threat (i.e. interprovincial), there are actually 44 percent of OCGs reported to have an interprovincial reach. The remaining 16 percent have both an interprovincial and an international scope, and are therefore assessed as having a high scope threat. Whereas international connections are an important indicator of a group's potential threat to Canada, notably with respect to contraband importation, and its international partners; interprovincial links are important in assessing a group's domestic reach and its interoperability in collaborating with OCGs in other areas of the country.

More than half of assessed OCGs have an interprovincial or international scope, with links to 77 other countries. **Figure 5** provides an overview of the countries to which Canadian-based OCGs are linked. While travel to countries considered source or transit countries for certain illicit commodities could have been for non-criminal purposes, such as social activities and events, they have been included in the statistical analysis, as the determining motive remains unknown.

*Figure 5 – Countries (in blue) with Reported Links to Canadian OCGs*



Of the OCGs with international connections, approximately 24 percent are linked to three or more countries, which may demonstrate their ability to establish broad international networks. The top four countries to which the most Canadian-based OCGs are linked remain the United States, Mexico, Colombia, and China. Additionally, of those OCGs linked to the United States, approximately 15 percent also have connections to Mexico. Both of these countries are transit countries for illicit drugs being shipped from South America.

## IMPACT OF ORGANIZED CRIME IN CANADA

In addition to assessing the threat of organized crime in Canada, CISC has undertaken an initial assessment into its impact, with the aim to focus in on various sectors of the Canadian landscape. In 2020, this assessment entails the impact of Canadian OCGs in relation to three priority issues: the infiltration of the Canadian public sector, the infiltration of the private sector, and the use of violence.

**Threat** – the intention and capability of an OCG to cause damage to the legitimate Canadian marketplace, as measured through the eight ITA Threat Measurement Criteria.

**Impact** – the effect of an OCG's criminal acts; consideration of the harm to the legitimate marketplace and to Canada's infrastructure.

### Infiltration of the Public Sector

Public sector infiltration adds substantially to the costs of public goods and services, leads to misallocation of public resources, weakens policy making and implementation, and destroys public confidence in the government and law enforcement. It can take many forms, including bribery, embezzlement, money laundering, interfering with investigations and fixing trials to avoid convictions, and hiding links between the government, the justice system, and organized crime. Organized crime infiltration in law enforcement, including correctional services and border services, can help facilitate illegal activities such as smuggling drugs, firearms, and contraband, and poses a high risk to maintaining a lawful and democratic society.

The consequences for taxpayers are plain, although it is difficult to quantify a dollar figure for each type of corruption. One example, as noted by *Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry* (Charbonneau Commission), was an increase of approximately 30 percent in costs resulting from corruption and infiltration of organized crime in the construction industry in Quebec. As of March 2019, the Government of Canada reports a budget of \$22 billion CAD in goods and services to help deliver programs and services. Although these funds may be susceptible to OCG infiltration, should contracts be awarded to companies to which they are linked, recent federal contracting does not appear to be at high risk of organized crime infiltration. Protocols for information sharing between departments and agencies, and mechanisms and rules for procurement and contracting to prevent corruption and collusion, have been put in place by the federal government, as well as by some provincial and municipal governments.

There are many OCGs whose members may be involved in various areas of the public sector as employees, associates of employees, relatives, or simply seeking financial compensation. Familial connections, romantic relationships, and monetary benefits (e.g., bribery) appear to be the principal factors motivating corruption and infiltration in the public sector. OCGs have ties within several major municipal governments, through associates or personal relationships.

Insider threats by individuals with access to sensitive materials may perform acts of corruption for financial or other benefits (e.g., promotions, romantic, etc.), or even involuntarily, sometimes being unaware. These cases are very hard to predict or account for and can occur at all levels of authority, posing a threat for the integrity of Canada's institutions. For example, in 2018, a former civilian employee of a municipal law enforcement agency was found guilty of breach of trust charges for accessing and selling confidential information about ongoing criminal investigations. In another example, in September 2019, a civilian Royal Canadian Mounted Police official was charged under the *Secrets Act* and the *Security of Information Act*.

While corruption aids criminal activity, it disables economic growth and healthy competition in the private sector. Corruption is increasingly connected to organized crime, drug trafficking, firearms, and human trafficking. As financial crime continues to evolve, public sector infiltration may become more prominent in the financial sector. The current period of the pandemic, coupled with loss of income and economic recession, may potentially be a facilitating environment for corruption and organized crime infiltration into the public sector, as there is a demonstrated direct correlation between corruption and/or public sector infiltration by organized crime and economic development: corruption increases as economic development decreases.



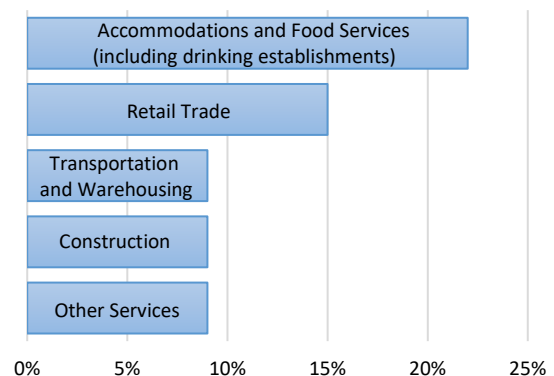
## Infiltration of the Private Sector

Private sector businesses are being exploited by OCGs to launder their proceeds of crime. While it is challenging to accurately estimate how much money is laundered in Canada due to the commingling of illicit and legitimate funds, the extent of money laundering in Canada is estimated to be between \$45 billion and \$113 billion CAD<sup>1</sup>. Businesses, as facilitators, can be used by OCGs to evade taxes, launder proceeds of crime, and assist cyber-enabled crimes. They can also be used to enable the traffic of illicit commodities and contraband, and can be involved in loss and theft of cargo, goods, and assets, as well as fraud.

Analysis of 1725 businesses collected by CISC over a three-year period (2018-2020) reveals that the Accommodations and Food Services, Retail Trade, Transportation and Warehousing, Construction, and Other Services (not Public Administration) represent a combined 64 percent of the businesses linked to OCGs in Canada (see **Figure 6**). The types of associations include being owners or employees, or frequenting these establishments to conduct illicit business.

Since small and medium-sized businesses in the services-producing sector contributed more than 55 percent of Canada's gross domestic product (2011-2015), it is not surprising that hotel, restaurant, and drinking establishments have the most links, with just over 20 percent of OCG associations. The majority of the transactions in this industry are typically in smaller and cash denominations, making it attractive to OCGs, especially those involved in the mafia and OMG landscapes.

Figure 6 – Top Five Business Sectors with Links to OCGs



As of 2019, Canadian Industry Statistics reported the number of registered food and drinking places in Canada at 95,656, with an annual average revenue of \$674,200 CAD (2018). There were 231,696 businesses in the retail trade, with an annual average revenue of \$668,400 CAD, and construction had 380,060 businesses, with an annual average revenue of \$438,400 CAD. Combining the number of businesses with the average revenue per year reveals that these three industries alone represent almost \$385 billion CAD per year of reported sales and transactions, a lucrative financial stream that is potentially available for organized crime to exploit.

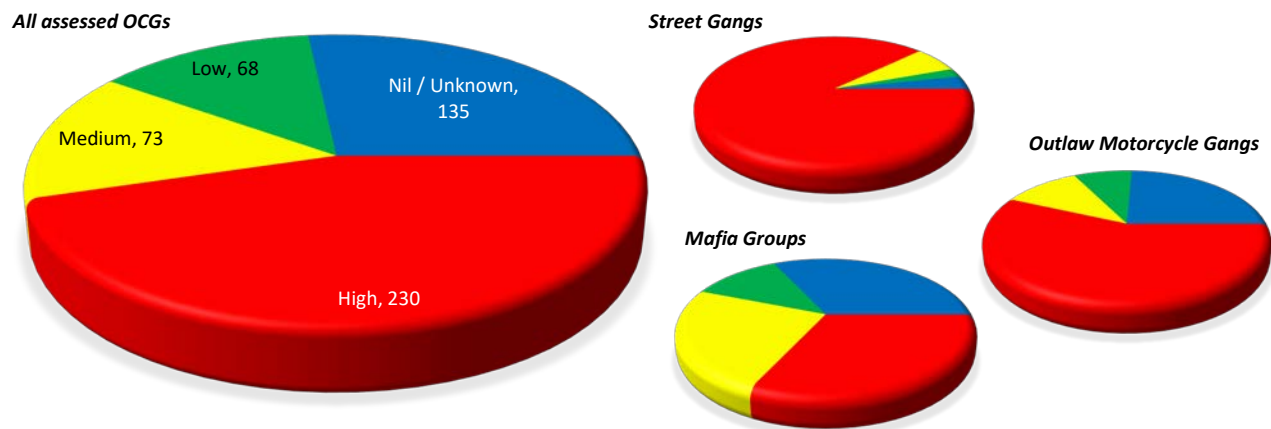
## Violence

Seventy-three percent of the assessed OCGs in 2020 are believed to be involved in violent activities, ranging from assaults and extortion, to shootings and homicides. The actual proportion is believed to be higher, as reporting on the activities of approximately 22 percent of assessed OCGs is insufficient to determine their capabilities for violence. Only five percent of groups have no reported involvement in violence. Please refer to **Figure 7** on the next page.

Almost all of the street gangs assessed (97 percent) are involved in some degree of violence, with 88 percent ranked 'high'. This proportion is significantly higher than for the general OCG population and for other subsets of OCGs (e.g., OMGs and mafia groups), suggesting that street gangs are more likely to be involved in overt violent activities that present a higher risk to public safety, such as shootings and homicides, than other subsets of OCGs, either by their own initiative or as intermediaries for higher-level groups. OMGs and mafia groups may rank lower in violence due to strategic use of other groups, such as street gangs, to carry out violent acts on their behalf; there have been several incidents within Ontario and Quebec where mafia or OMG members are believed to have contracted street gang members to carry out homicides, assaults, and arsons on their behalf.

<sup>1</sup> The United Nations Office of Drugs and Crime estimates the amount of money laundered globally as being between two and five percent of the global gross domestic product (GDP). When using this formula with current Canadian statistics, the extent of money laundering in Canada is estimated between \$45 billion and \$113 billion CAD.

Figure 7 – OCG Threat Rankings Relating to Violence in 2020, with Subsets for Street Gangs, OMGs, and Mafia Groups



Partner agency information on 233 homicides and 575 shootings across Canada in 2019 was provided to CISC in order to allow for the comparison of the number of organized crime-related and non-organized crime-related occurrences involving the most severe forms of violence. Although this does not capture every shooting and homicide, it represents occurrences across several regions in Canada, including major city hubs and rural areas. Of these, a relatively small number of homicides (30, or 13 percent) and shootings (111, or 19 percent) were actually linked to organized crime. However, the initial identification and labelling of organized crime involvement in violent crimes, in particular homicides and shootings, is a significant intelligence gap across the country, as preliminary reporting on the matter may be constrained by competing priorities and limited available resources. The completion and review of Statistics Canada's annual Homicide Survey further assist in detailing homicides from the previous year that are believed to be linked to organized crime.

Notwithstanding physical distancing restrictions imposed by the COVID-19 pandemic, which may have decreased the opportunity for spontaneous violent incidents, multiple suspected gang-related shootings in the Greater Toronto Area have still occurred, possibly influenced by ongoing personal or territorial feuds maintained via online media. Street gangs continue to pose the greatest risk to public safety due to involvement in overt street-level activity and violence. An increase in gang-related shootings is likely to resume as pandemic-related restrictions across the country are eased, allowing for more crimes of opportunity during larger-scale social settings. In fact, following the first wave and the easing of restrictions in the summer of 2020, shootings have become frequent in the Greater Montreal Area and have not decreased during the second wave. This increase may also be attributed to unresolved social media feuds and call-outs that occurred during these restrictions. Moreover, as interprovincial travel restrictions ease, there is likely to be a resumption of violence with an interprovincial element, whereby gangs travel from one region to another to commit violent crimes, as has been noted by OCGs in Ontario and Quebec.





## PRIORITY NETWORKS AND KEY CRIMINAL ACTORS

### Professional Money Launderers in Canada

OCGs use money laundering to disguise the origins of their proceeds of crime and increase their ability to use and maintain their wealth. Many OCGs are able to launder their own illicit gains, and even groups that generate significant profit, such as HLTs with multiple criminal activities and revenue streams, can ‘self-launder’ their criminal proceeds effectively. Regardless of established self-laundering mechanisms, groups that wish to diversify, or that desire extra support to facilitate large-scale money laundering may use the services of professional money launderers (PMLs). PMLs occupy positions across a range of sectors, with some holding accreditation in trusted professions such as law, accounting, or other financial positions with unique access to networks and information.

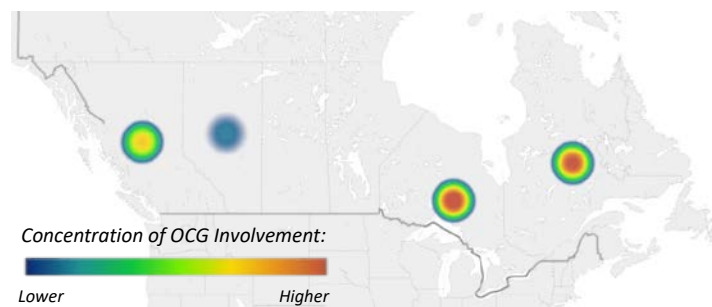
PMLs are individuals who receive a profit or benefit from facilitating money laundering for others, and have specialized skills, knowledge, and contacts that allow them to move illicit funds into the legitimate economy.

The services of PMLs appeal to OCGs because of their capacity to process large volume transactions, their insulation from predicate offences (and law enforcement attention), and their international connections to businesses and other money laundering networks. PMLs use the same methodologies as OCGs that self-launder, albeit on a larger scale. Use of private sector businesses, movement of funds through shell companies, purchases of real estate, gaming (both through illicit establishments and through the abuse of legitimate gaming), cryptocurrency, bulk cash smuggling, and trade-based money laundering are examples of schemes to obscure fund origins. Through their facilitation of the international movement of proceeds of crime, PMLs are a key component in the repatriation of funds to drug source countries and transnational OCGs.

PMLs and their networks pose a significant threat to Canada’s financial system. They can process larger volumes through more complicated streams, while remaining separate from the crimes that generate the profit. Their activities compromise or make complicit otherwise legitimate financial streams (e.g., import/export companies and trade, money services businesses, and gaming), diminishing the reputation of Canada’s institutions. Many PMLs capitalize on international relationships (both business and individual) that are unavailable to their OCG clients. These relationships allow them to diversify the channels through which illicit funds may pass, reducing the risk of detection and seizure. They and their networks can survive law enforcement efforts against their clients, as they are rarely involved in the illegal activities that generate the proceeds of crime, and proving their knowledge of the illegal origin of funds is difficult. The disruption of their activities and networks would require coordinated and focused intelligence and operations related to the laundering activities themselves; addressing the financial elements directly impacts PMLs more than targeting their clients and the associated predicate offences. Dismantling a PML’s operations can effectively disrupt numerous OCGs at the same time.

Only 29 percent of OCGs are reported to be involved in money laundering in 2020, but the actual proportion is likely much higher, as disguising the origins of illicit funds through money laundering is an essential element of increasing criminals’ usable wealth. The highest threats are estimated to launder hundreds of millions of dollars CAD per year. **Figure 8** provides an overview of these higher-threat OCGs’ bases of operation, by province.

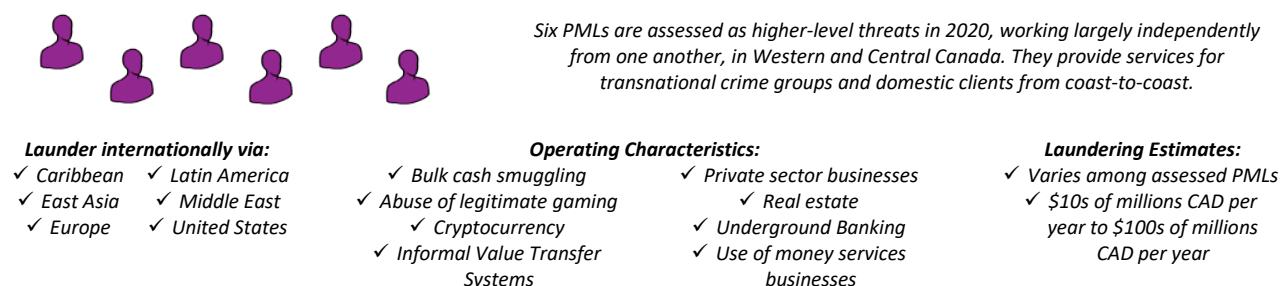
Figure 8 – Geographical Distribution of Reported PMLs in Canada, by Province



### Higher-Level PMLs

Of the PMLs identified in Canada, six are assessed as higher-level threats based on the volumes they are able to launder, the multi-jurisdictional and international nature of their techniques, and their operating characteristics. **Figure 9** on the next page provides an anonymized overview of their methods and approximate volumes of operations.

Figure 9 – Overview of Higher-Level PML Operations



## Impact of COVID-19 on PML Operations

The COVID-19-related closure of non-essential businesses across Canada reduced money laundering activities through service-focused establishments, such as bars and restaurants. PMLs who use informal value transfer systems, trade-based money laundering, cryptocurrency, and other typologies that are not directly related to the service industry were likely less affected by these shutdowns, and demand for their services is anticipated to grow as OCGs seek to launder large volumes of illicit funds that have been stockpiled during the pandemic.

The temporary closure of Canadian casinos has had a significant impact on PMLs who facilitate moving proceeds of crime through legitimate gambling. PMLs with diverse laundering streams likely continued to use methods such as trade-based money laundering, private sector businesses, or cryptocurrency while their abuse of legitimate gambling was paused. Ongoing intermittent closures and service reductions in casinos across Canada to minimize the spread of COVID-19 are anticipated to continue as long as the pandemic remains an issue. Many casinos have reopened with reduced gaming availability, offering slot gaming only. Lack of table gaming will likely disrupt money laundering activities, since gambling large volumes through slot machines is inefficient and is likely to draw more scrutiny from casino staff. As casinos re-open across Canada, the activities of PMLs may also become more evident, as new social distancing measures result in fewer patrons in attendance. In addition, the industry's recent exploration of cashless buy-in methods to streamline gaming is likely to hinder the abuse of casinos by criminals, if such measures are implemented.

## Methamphetamine Networks and Precursor Chemical Brokers

Methamphetamine continues to be one of the most significant national-level criminal market threats to communities across Canada, with OCGs supplying substantial quantities to the Canadian market through domestic manufacturing and international importation, as well as exporting to international markets.

Domestic methamphetamine production is characterized by OCGs operating clandestine labs, supplied by brokers and facilitators capable of sourcing and diverting hundreds of kilograms of unregulated chemicals and precursors. Currently, the most significant methamphetamine network in Canada is estimated to encompass two-thirds of all OCGs and individuals reported to be involved in the precursors/chemicals and manufacturing markets, and includes members of a national HLT group. It includes a distribution network spanning from British Columbia to Nova Scotia and is highlighted by KFs and chemical brokers who are suspected of diverting precursors and chemicals to manufacturers in British Columbia, Ontario, and Quebec.

Mexico has become a key source of imported methamphetamine in Canada, with Mexican drug trafficking organizations producing increasingly significant quantities, driving down wholesale prices, and flooding international markets. Since 2019, hundreds of kilograms of Mexican methamphetamine have been directed at Canada, mostly through commercial truck transportation (via the United States) and through maritime shipments. Oftentimes, international transactions are reciprocal, whereby Canadian groups exchange, for example, ecstasy (to the United States) for hundreds of kilograms of methamphetamine, heroin, and cocaine. Sizeable seizures are likely indicative of OCGs coming together to work collaboratively on imports, partnering to leverage reduced wholesale purchase prices of large drug loads, as well as save on brokerage and transportation fees.



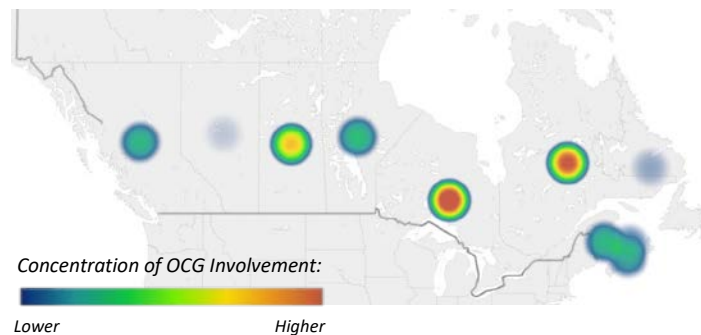


Domestic chemical brokers facilitate an essential component of the illicit drug supply chain by acquiring and supplying the necessary materials essential to methamphetamine manufacturing in Canada. They use valid precursor licenses to purchase precursors and chemicals from domestic and international suppliers, including source production countries such as China, India, and the United States. Materials, typically concealed among legitimate goods or falsely declared as other substances, are also smuggled into Canada using import licenses attached to private sector businesses.

British Columbia remains a hub for the importation and domestically sourced diversion of precursors and chemicals, as it is a primary entry point for shipments from China, and is home to major diverters of domestically-sourced ephedrine obtained from Canadian chemical wholesalers. Precursors diverted from British Columbia have been found at large-scale labs throughout the province, as well as in Ontario. Ontario, with its large chemical industry, is conveniently located for the many manufacturers based in Ontario and Quebec, and illegally imported precursors are also suspected to arrive in the province by rail from British Columbia. Whereas the majority of methamphetamine producers in Canada use ephedrine as a precursor, Quebec producers use phenyl-2-propanone (P2P). Manufacturing groups in this province appear to work independently and are believed to have their own sources of precursor suppliers.

In 2020, 164 groups are reported as being active in the methamphetamine market, with 13 OCGs involved in manufacturing, based primarily in Ontario, which has a large chemical industry. **Figure 10** provides an overview of the provincial bases of OCGs involved in methamphetamine trafficking.

Figure 10 – Geographical Distribution of Reported OCGs Dealing in Meth, by Province



### Higher-Level Chemical Brokers Supplying the Methamphetamine Market

Four chemical brokers are deemed to be key players in the domestic manufacture of methamphetamine. They are all involved in inter-provincial diversion and have criminal associations to OCGs with a history of production. **Figure 11** provides an anonymized overview of the methamphetamine chemical brokers suspected to be diverting products inter-provincially to Quebec, British Columbia, and Ontario, and are likely posing the greatest threat nationally.

Figure 11 – Overview of Key Methamphetamine Chemical Brokers



Operating in Western and Central Canada; diverter of chemicals to the illicit market through private sector businesses; volume estimates of 1000+ kg precursors



Operating across Canada, with links to East Asia; coordinates shipments through import businesses using nominees; volume estimates at the tonne level



Operating across Canada; diverts via purchases made through chemical companies; volume estimates at the tonne level



Operating in Western and Central Canada, with links to East Asia; diverts via purchases made through chemical companies

### Impact of COVID-19 on Methamphetamine Network Operations

OCGs involved in methamphetamine trafficking have business models that are well-suited to adapt to disruptions arising from the pandemic. In the event of shortages or longer-term disruptions of Mexican methamphetamine imports into Canada, Canadian manufacturing groups are well placed to satisfy demand and maintain supply to the Canadian market, likely at inflated prices. These groups are able to source supplies for production from within the country, as non-regulated chemicals and precursors continue to be widely available for purchase.

Manufacturing groups continue to operate, as evidenced by several labs having recently been dismantled in British Columbia and Ontario. An increasing number of OCGs is reportedly moving away from trafficking cocaine in favour of methamphetamine, as cocaine is becoming increasingly difficult to obtain. Notwithstanding regional disparities, this trend suggests there has been little impact to domestic supply availability of methamphetamine.

Importers, who typically conceal their illicit products in commercial land transport and marine shipments, have also experienced little impact as these modes have not been disrupted by border closures. Reported increases in the wholesale pricing of methamphetamine are likely a result of OCGs exploiting the ongoing crisis or concerned over a perceived heightened risk of interdiction due to reduced border traffic. Though there may be a higher demand for methamphetamine, availability to the consumer will also depend on the willingness of OCGs to pay significantly higher prices to suppliers, which have nearly doubled since the pandemic.

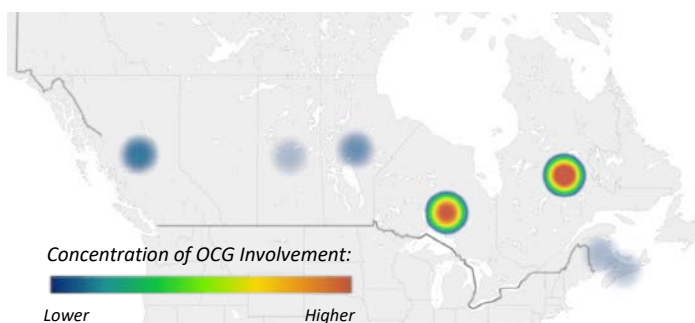
## Cocaine Networks and Independent Brokers

Cocaine remains one of the most profitable and stable illicit drug markets in Canada, despite successful law enforcement targeting and disruptions. Given the domestic market's reliance on imports from source cocaine countries (e.g., Bolivia, Colombia, and Peru), CISC has traditionally focused its assessments on OCGs involved in cocaine importation, addressing potential vulnerabilities through which law enforcement may be able to target their operations and disrupt the supply of cocaine to Canada. However, notwithstanding successful targeting of key groups and individuals, and the seizure of wholesale amounts of cocaine, the longer-term strategic impact on the Canadian cocaine market has been limited.

In 2020, CISC has shifted its focus from the well-entrenched and extensively-reported OCGs that have customarily been assessed, toward the identification of key cocaine brokers. Brokers operate as intermediaries between suppliers and importers, working independently or through affiliations to OCGs. Although historically less targeted, they may represent alternate high-value targets, as they arrange shipments for multiple networks that have not traditionally garnered as much attention as entrenched OCGs, and may prove more susceptible to enforcement actions.

Higher-threat entrenched OCGs are likely using more than one cocaine broker to establish multiple supply lines in order to mitigate disruption to their operations, thereby increasing their resilience to law enforcement measures. In 2020, 313 assessed OCGs are involved in some aspect of cocaine trafficking, with 71 groups involved in importation. **Figure 12** provides an overview of the provincial bases of these OCGs.

*Figure 12 – Geographical Distribution of Reported OCGs Importing Cocaine, by Province*



Collaboration between Canadian OCGs and Mexican cartels and/or Colombian drug trafficking organizations continues to occur, often in source or transit countries. Prior to pandemic-related travel restrictions, several OCG members were reported to travel to Colombia, Dominican Republic, and Mexico to meet with drug suppliers. Mexican nationals with links to cartels have also resumed travel to and/or are establishing residence in Canada, likely to play a more direct role in cocaine importations, as was the case before the imposition of visas in 2009 (which were subsequently eliminated in 2016).

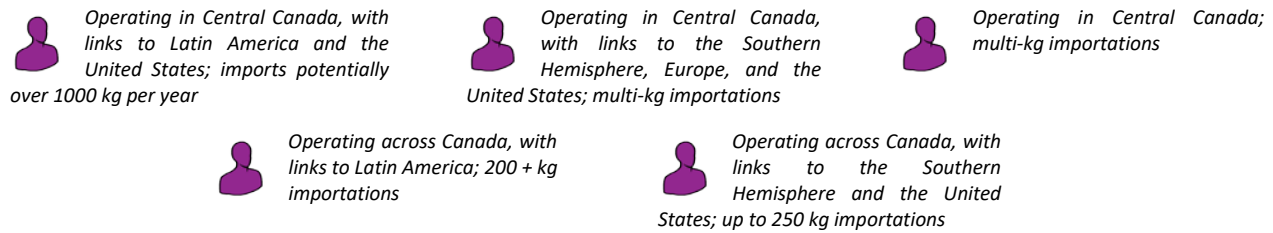
Canada is also likely being used to transit cocaine shipments to more profitable markets in Europe and Australia, in part due to its international reputation as a low-risk country. There may also be the perception by Mexican cartels and Colombian drug trafficking organizations that Canada's money laundering laws and drug enforcement are not as stringent as in other jurisdictions.

## Higher-Level Cocaine Brokers

CISC has reviewed and evaluated more than 120 individuals believed to be involved in some aspect of cocaine importation in 2019-2020. Of these, five individuals are assessed as higher-level threats, leveraging extensive criminal distribution networks. An anonymized overview of their operations is included in **Figure 13** on the next page.



Figure 13 – Overview of Key Cocaine Brokers



## Impact of COVID-19 on Cocaine Network Operations

Pandemic-related border and travel restrictions have resulted in a price increase of cocaine at the kilogram level across the country. Measures to restrict the global transmission of COVID-19 have disrupted the activities of many Canadian cocaine brokers, as transactions, which are typically negotiated in source or transit countries, have been impacted by the virtual shuttering of non-essential international travel. Border and travel restrictions have also disrupted the ability of those OCGs that typically use passengers as human couriers for importations. Transport trucks, however, which are often used to import cocaine into Canada, are permitted to cross the border, which may result in OCGs seeking to exploit more businesses in the land transportation industry to acquire their supply.

## Outlaw Motorcycle Gangs

One prominent OMG has been in Canada for over 40 years, and its criminal networks extend from coast to coast. In 2020, it represents one of the most connected OCG network in the country. Associations to local / regional and interprovincial drug traffickers, mafia group members, OCGs specializing in cocaine importation and in synthetic drug production, and street gangs, provides this network and its cells with multiple supply chains, reaching every province and territory.

Support clubs are an important element of this OMG's networks, whose members use them to commit acts of violence and intimidation, traffic drugs, and collect taxes on their behalf. They also serve as a form of recruitment, whereby members can demonstrate loyalty and service to the OMG, and some members also provide specific skillsets and resources, such as facilitating cocaine importation and having access to transport trucks that can be used to move contraband. Although individual support clubs may not pose a national high-level threat, their local, regional, and sometimes interprovincial links make them important OMG enablers.

These networks' support clubs are found throughout Canada, located primarily in Quebec, Ontario, British Columbia, and Alberta. There are more than 150 reported to be active in 2020, several of which are associated to national HLTs. This number includes approximately 100 distinct clubs, some of which have multiple chapters.

Support clubs that are not engaged in criminal activity still support members indirectly by participating in fundraising and in regional coalitions / federations of clubs, which commingle OMG and legitimate motorcycle enthusiasts, thereby reinforcing this OMG's hierarchy, structure, and control of geographical territories. Additionally, it uses the support clubs both to intimidate rivals and the public through sheer numbers, as well as to soften their image through visibly spending time with female riding clubs and veterans' clubs.

Internationally, this OMG's network continues to expand, having increased by 14 percent since the Fall of 2016, with chapters in Europe, the Americas, Asia, Africa, and Oceania. While it continues to grow on continents that already have many chapters (e.g., Europe and North America), expansion has also been noted in South East Asia and Latin America.

## Impact of COVID-19 on OMG Network Operations

Pandemic-related restrictions have affected a large number of OMG networks across the country to varying degrees. While some operations are affected by the disruption of passenger flights, others have access to marine ports and land transport companies that enable continued importation and interprovincial movement of goods. Members engaged in

financial crimes are adapting their methods, shifting business models to adapt to the constraints and opportunities of the pandemic.

Travel restrictions and limitations on gatherings have led many OMG members in Canada and around the world to postpone events, which limits in-person networking opportunities, although one-on-one conversations can easily be replaced with audio- and video-conferencing, as well as encrypted communications. Moreover, as the number of COVID-19 cases in Canada decreases and regions begin to lift restrictions and re-open the economy, rides and other gatherings will resume accordingly, with events concentrated in areas with the most relaxed rules. Non-essential international travel is also expected to resume, though initially at a much lower rate than before the pandemic.

## Mafia-Structured Networks

The mafia network in Canada encompasses 25 groups that, collectively, are linked to 11 percent of assessed OCGs in 2020. Mainly based in the Greater Hamilton (ON), Toronto (ON), and Montreal (QC) areas, its domestic scope extends beyond the groups' bases into other regions of Quebec and Ontario, as well as into British Columbia, Alberta, New Brunswick, and Nova Scotia. International criminal connections extend into the United States and Mexico, as well as into countries in Europe, Asia, the Caribbean, and Central and South America (see **Figure 14**).

Mafia groups operate sophisticated criminal enterprises by infiltrating the public sector through corruption and collusion, and exploiting the private sector through ownership, investment, and employment in companies that are used to further their criminal activities. They manage drug importation networks that fuel violent conflicts between OCGs operating at the distribution level, and maintain a stronghold over OCGs committing criminal acts in their name, despite mafia members rarely being involved in public displays of violence. As a result, high-ranking mafia figures pose a challenge to law enforcement as they remain insulated from criminality, maintaining the perception of legitimacy, and often holding high standings in their communities. Redundancies are built into the mafia networks' criminal enterprises that allow them to evolve, expand, and evade law enforcement actions. They rely heavily on familial succession; if a group leader is arrested or dies, a trusted relative may take over, making disruption very challenging.

Mafia groups are heavily embedded in the private sector; almost 300 businesses have been identified as being owned or operated by the mafia network, one-quarter of which are in the food and beverage services sector. These enterprises lend members a legitimate façade while allowing for large amounts of money laundering to be conducted, as well as providing a central location for conducting meetings and distributing illicit goods.

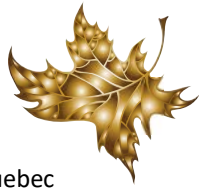
Figure 14 – International Scope of Mafia Networks in Canada



## Violence

Mafia groups are the most violent OCGs in Eastern Canada, using strategic violence against rivals to enhance and protect market shares. Violence may abate to some degree as control of profitable enterprises – such as multi-million dollar illegal online sportsbooks – is consolidated. High-level mafia figures continue to remain insulated from acts of violence, often using street gang members to commit acts of intimidation, extortion, arson, and murder. Homicide contracts often pass through several individuals before they are executed, and those who commit the acts are not bound by geographical region, as Montreal-based street gang members are known to commit violence in the Greater Toronto Area and in the Hamilton area, and vice versa.

Much of the violence occurring in the Ontario network has resulted from a longstanding conflict over control of criminal market shares. This violence has resulted in multiple deaths, and has also led to other violent events, including non-fatal shootings and home invasions.



The Quebec network is experiencing a period of relative stability. Recent crimes directed at associates of the Quebec mafia network have likely been the result of non-payment of debts, including several arsons of businesses linked to mafia, kidnapping, and a non-fatal shooting.

### Impact of COVID-19 on Mafia Network Operations

Many mafia members have ignored physical distancing rules since they were implemented earlier this year, continuing to meet in excess of allowed gathering limits. They are likely to do so again if restrictions are reinstated during a potential second wave of COVID-19.

The pandemic has and will continue to impact mafia groups' enterprises in several ways, including through their involvement in cocaine importation. However, many of these groups likely benefit from their ownership or involvement in transport and import/export industries to continue to operate their illicit trafficking activities in the face of travel and border restrictions. Moreover, as interprovincial travel is still restricted between the Atlantic provinces and Quebec as of December 2020, access to vehicles in essential industries, such as waste management, construction, and other services, will also allow for the circumvention of these regulations.

Mafia networks have likely lost revenue as a result of the pandemic, and groups may capitalize on the economic downturn through loan sharking and extortion of business owners that are facing bankruptcy. Debt collection has likely also increased; several businesses linked to mafia groups in Quebec have recently been targeted by arson. They may also increasingly become involved in non-traditional criminal markets for in-demand products, such as the establishment of companies involved in the production of disinfectants or personal protective equipment, that could be exploited for money laundering purposes.

## CONCLUSION

CISC recognizes that organized crime remains a significant threat to public safety. As organized crime methods and operations evolve, so too must the law enforcement community's response. CISC continues to assess the Canadian organized crime landscape to identify and assess priority networks and markets in order to inform senior law enforcement decision making. It continuously enhances and refines its ITA process and business practices to ensure that its operational law enforcement partners are provided with the timeliest and most accurate intelligence possible, in order to allow them to plan for coordinated and successful targeting of organized crime networks, groups, and their key enablers, and to reduce the harm to Canadians.

In parallel, through the sharing of pertinent information via assessments like this *Public Report on Organized Crime*, CISC strives to keep the public aware of the strategic level of organized crime threats. Public awareness, crime prevention, and the reporting of suspicious criminal activities to the police are important elements in combatting organized crime.