



CRIMINAL INTELLIGENCE
SERVICE CANADA

2021

PUBLIC REPORT ON ORGANIZED CRIME IN CANADA

Canada

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Director General

On behalf of CISC, I am proud to present the *2021 Public Report on Organized Crime* (PROC).

Undertaken during a period of unparalleled global pandemic challenges, through the dedicated efforts of Central and Provincial Bureau personnel, as well as of CISC's operational partners, the PROC presents an overview of the Canadian criminal landscape and the activities of the organized crime groups (OCGs) that operate within it.

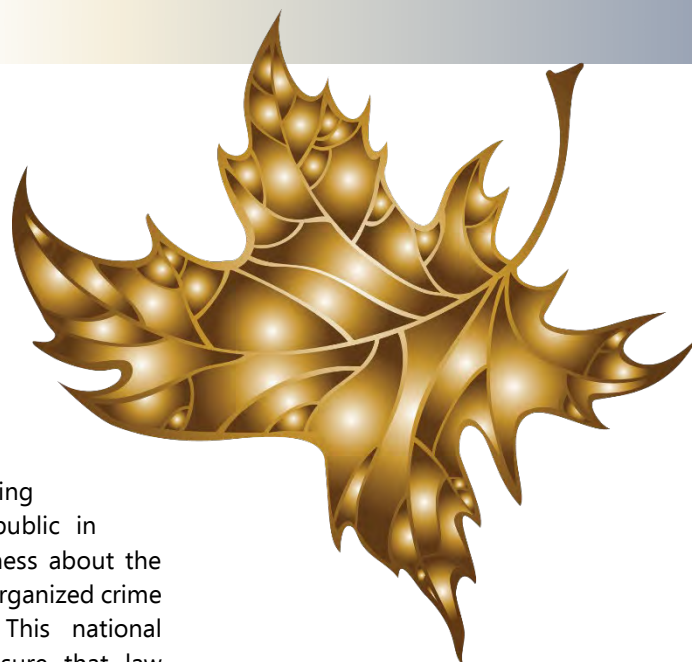
Serious and organized crime, primarily comprised of nationally- and internationally-connected networks of groups operating both independently and together to further collective criminal goals, remains a pre-eminent threat to Canada's public safety. With almost half of the assessed Canadian OCGs operating across multiple domestic jurisdictions and 25 % also operating internationally, and nearly all OCGs likely using technology to enable criminal activities, it is clear that the law enforcement community must increasingly work together to combat organized crime threats.

In addition to an overview of the organized crime landscape, the 2021 PROC presents a section relating to National High-Level Threats and Key Facilitators, and also provides analysis relating to a variety of Impact Sectors and Criminal Enablers.

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.

The PROC combines law enforcement reporting, open source reporting, and intelligence from domestic and international government agencies to assess significant organized crime threats to Canada.

CISC is founded on intelligence sharing and 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 want to take this opportunity to express my sincere appreciation to our partners for their valued contributions to this report. The ongoing contributions by Provincial Bureaus, police services across Canada, and other partner agencies are integral to the production of the PROC.

**– C/Supt. Rob Gilchrist
Director General, CISC**



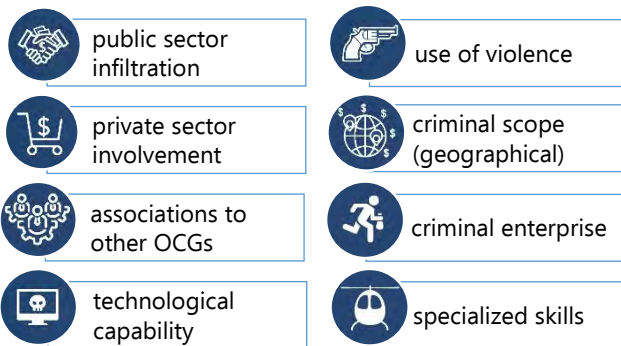
Integrated Threat Assessment Process

Integrated Threat Assessment Process

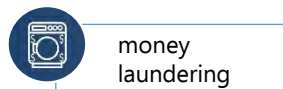


Established in 2012, the Integrated Threat Assessment (ITA) Working Group, which includes delegates from Central Bureau and each provincial bureau, works collaboratively to enhance Canadian law enforcement's picture of the threat posed by organized crime through the implementation of a common threat measurement tool to assess organized crime groups (OCGs) across the country. A common set of definitions and business rules facilitates the scoring of the threat posed by OCGs operating in each region.

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, they are not used to assess the current threat level. The eight criteria focus on the following attributes:



In response to the identified need for more intelligence relating to groups' involvement in money laundering, a ninth criterion will be added for the 2022 ITA collection and production cycle.



Impact Sectors

In response to concerns over the impact of organized crime in Canada, in addition to its threat, the 2021 PROC addresses the impact of 4 sectors of current concern: public sector infiltration, use of violence, private sector involvement, and overdoses and overdose deaths. These issues will continue to be evaluated over the course of the coming year.

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, low, nil, or unknown.



As a general rule, OCGs that have been identified as higher-level threat groups 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 have 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 allows for a consistent analysis of the information and intelligence gathered for each OCG.

#HLT

Key Facilitators

Since 2019, the ITA process includes a common definition to identify potential Key Facilitators, focusing 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. This definition allows for regional and thematic differences, and is subject to analytical judgement.

Key Threat Priorities

A key question for senior law enforcement decision makers is to decide what issues matter most and where resources should be allocated.

Prioritization is an important part of ensuring the effective and efficient use of resources, providing opportunities for agencies to consider how the greatest impacts can be achieved and how to effectively target interventions toward organized crime and its enablers or facilitators.

Based on available data and analysis, as well as on public expectations for visible policing and prioritization, CISC assesses that the following should be the law enforcement community's national priorities:

Strategic-Level Priority

Indicators and Warnings for Foresight, Knowledge, and Direction

Transnational Organized Crime Networks & Brokers



- ❖ Almost half of assessed Canadian OCGs operate across multiple domestic jurisdictions; 25 % also operate internationally.
- ❖ Most criminal activity involves contraband smuggled into Canada (e.g., cocaine, fentanyl, methamphetamine, heroin, firearms, human commodities, precursors to manufacture synthetic drugs, etc.), organized crime targeting Canadians from abroad (cyber criminals), or laundering international proceeds of crime.
- ❖ Top 5 countries include the US, Mexico, Colombia, Dominican Republic, and China.

Operational-Level Priorities

Current State of Affairs on Threats in the Canadian Criminal Landscape

Outlaw Motorcycle Gangs



- ❖ One prominent OMG is the most criminally interconnected OCG network, with broad domestic and international scopes.
- ❖ Exert power and control over criminal market territories, other OCGs (e.g. support clubs) via fear/reputation and collaboration with other key criminal actors.
- ❖ Associated to local, regional, and interprovincial drug traffickers, mafia group members, OCGs involved in cocaine importation and synthetic drug production, and street gangs.
- ❖ Involved in various criminal activities and markets; higher-level members are able to insulate themselves from law enforcement efforts or have adapted and continue criminal activities despite investigation or incarceration.
- ❖ 40+ chapters in Canada (with more than 550 full-patch members, prospects, and hangarounds), and 150+ support clubs that are used to commit violent acts, traffic drugs, collect criminal taxes, provide specific skillsets and resources, and serve as a form of recruitment.

Mafia Networks



- ❖ Encompasses only 18 OCGs but collectively linked to about 14 % of the Canadian criminal landscape – second in interconnectivity only to OMGs, despite the latter network's greater numbers.
- ❖ Mainly based in Ontario and Quebec, networks extend throughout Canada and into at least 13 countries in North and South America, the Caribbean, and Europe via membership, private companies, and criminal enterprises, with links to OCGs in the US and Italy.
- ❖ Most violent OCGs in Eastern Canada, using strategic violence to enhance and protect market shares.
- ❖ Violence in Ontario may abate to some degree as control of profitable enterprises – such as multi-million dollar illegal online sportsbooks – is consolidated. Conversely, violence in the Greater Montreal Region is expected to increase as group rivalries persist.
- ❖ Heavily embedded in the private sector; almost 300 businesses have been identified as suspected of being owned or operated by mafia groups.
- ❖ Private sector involvement lends members a legitimate façade while allowing for large amounts of money laundering, as well as providing a central location for conducting meetings and distributing illicit goods.

Street Gangs & Firearms Violence



- ❖ 94 % of assessed street gangs use violence, the vast majority using it as an offensive tactic or as part of a strategy in order to further their criminal activities.
- ❖ Street gangs are more likely than other OCG subsets to be involved in overt violent activities that present a higher risk to public safety (e.g., shootings, homicides), either by their own initiative or as intermediaries for other OCGs; OMG and mafia members contract street gang members to carry out homicides, assaults, and arsons on their behalf.
- ❖ Increase of street gangs with an international scope of operations and criminal enterprise involvement, demonstrating evolving connections and capabilities, and increasing their threat profiles.
- ❖ Many street gangs are transitioning to become entrenched organized crime, no longer categorized as street gangs, resulting in their evolution into more sophisticated and internationally-affiliated OCGs that continue to be involved in high levels of overt violence.
- ❖ Only a relatively small number of homicides and shootings are linked to OCGs. However, the 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.

Fentanyl Networks



- ❖ Significant amounts of illicit fentanyl are being produced domestically; Canada is now a manufacturer and international source country; clandestine drug labs continue to be dismantled, and the volume of synthetic drugs they are capable of producing exceeds domestic demand.
- ❖ 250+ OCGs are involved in the fentanyl market.
- ❖ The vast majority (99 %) of fentanyl involved in opioid deaths is illicit (i.e. non-pharmaceutical).
- ❖ 90% of the chemicals used in the synthesis of fentanyl is unregulated and available legally. China remains the main source of imported precursors and chemicals; Mexico is an increasing source.
- ❖ Clandestine super-labs have been and continue to be dismantled in BC, AB, ON. These labs are able to provide multiple kilograms of fentanyl / its analogues every week; 1 kilogram of pure fentanyl can produce 1 million tablets.

Methamphetamine Networks



- ❖ Canada is a source and transshipment country of methamphetamine to international markets, particularly to Australia, New Zealand, and Japan.
- ❖ Mexican-sourced methamphetamine is expected to eventually exceed domestic production supply and attract more Canadian OCGs, leading to increased working relationships, and likely increased competition, with Mexican cartels.
- ❖ Most non-regulated chemicals and precursors for methamphetamine production (e.g., ephedrine) can be sourced domestically.
- ❖ OCGs exploit the expertise and connections of independent chemical brokers and financiers to facilitate methamphetamine production and importation.
- ❖ 300+ OCGs are involved in the methamphetamine market (the majority are distributors); involvement will continue to grow in response to increasing demand and consumption.
- ❖ Super-labs remain prevalent, with groups in BC and ON using ephedrine to produce methamphetamine in powder and crystal form, and groups in QC synthesizing phenyl-2-propanone (P2P) into powder for pills or tablets.
- ❖ Harms extend beyond the user; they also entail costs to public infrastructure (healthcare and criminal justice systems), the environment (chemical dumps and clean-ups), and public safety.

Money Laundering Networks



- ❖ Money laundering (ML) enables criminal activity by concealing origins of funds and facilitates global movement of funds that can further criminal activity (e.g., drug purchases).
- ❖ Money services businesses (MSBs) involved in foreign exchange, money transfers, money orders, or dealing in virtual currency persist as a high-threat ML mechanism.
- ❖ International transactions via private companies to commingle criminal and legitimate funds help to obscure transactions and challenge law enforcement tracking.
- ❖ Use of cryptocurrency for ML is increasing, likely related to COVID-19 restrictions impacting bulk cash and the general spike in cryptocurrency popularity and value.
- ❖ 30 % of assessed OCGs are reported to be involved in ML, but the actual proportion is likely much higher, as disguising the origins of illicit funds through ML is an essential element of increasing criminals' usable wealth.
- ❖ Among the identified professional money launderers (PMLs) in Canada, the highest threats are estimated to launder \$100s millions CAD per year.

Cyber-Enabled Crime Networks



- ❖ Ransomware & DDoS attacks present significant reputational risks to organizations, preventing them from conducting business and putting into question data integrity, business continuity, and customer confidence.
- ❖ Criminals are evolving their tactics, using complex cyber attack techniques, where target selection, reconnaissance, and in-depth compromise of an organization result in more damaging events and higher returns.
- ❖ Ransomware payouts continue to entice criminal actors to use more lucrative techniques. Firms may be hit again as word spreads among cybercriminals.
- ❖ The dark web is an enabler for cybercriminals, serving as a medium to operate leak sites and functioning as a forum to further extort victims.
- ❖ Nearly all OCGs likely use technology to enable criminal activities (e.g., hardened communications or dark web), although use of advanced technology (beyond that which is easily or commercially available) is an intelligence gap.

Organized Crime Overview

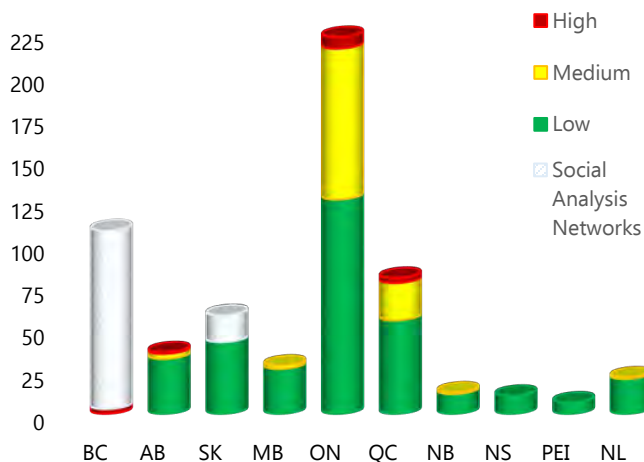
National OCG Landscape

2600+ OCGs known or believed to be operating in Canada.

469 OCGs assessed and assigned an ITA threat rating.

An additional 130+ networks or "communities" of criminal entrepreneurs assessed via the use of social analysis methodologies.

14 OCGs are assessed as national HLTs, 118 are medium-level threats, and 337 are low-level threats.

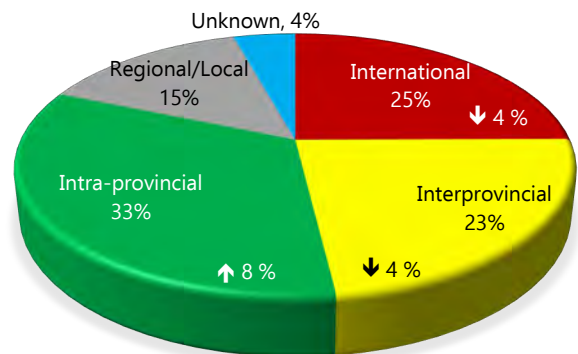


45 % of the assessed OCGs are newly reported, which can be attributed to targeting changes to focus on newly identified priorities, on previous investigations being concluded, and on law enforcement resources available to continue reporting on previously identified groups.

Domestic Scope & International Links

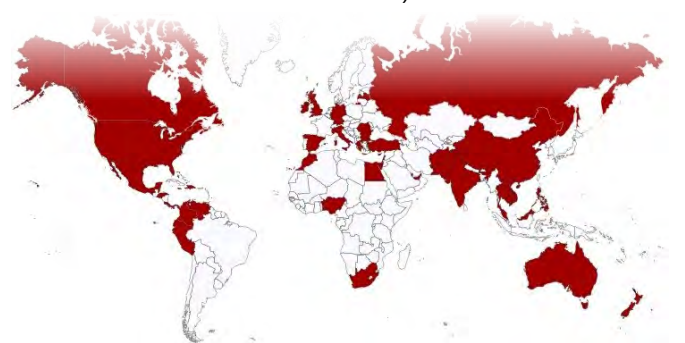


Slight decrease in international and interprovincial scope, likely as a result of pandemic-related travel restrictions limiting operations to within single provinces; corresponding increase in intra-provincial scope, which may also be attributed to some locally-operating groups having expanded their scope within their province, with less competition from OCGs in other jurisdictions, or to new relationships formed to ensure continued supply of illicit commodities.



Most OCGs continue to operate relatively unimpeded by the pandemic, highlighting the reliability of their established cross-border strategies or their ability to adapt.

54 countries to which Canadian OCGs are reported to have links (includes foreign travel suspected to further criminal networks).



The top 5 countries are generally source countries for precursor chemicals in the production of synthetic drugs (e.g., methamphetamine and fentanyl), as well as transit countries for illicit drugs (e.g., methamphetamine, fentanyl, heroin, and cocaine).

- #1 United States**
- #2 Mexico**
- #3 Colombia**
- #4 Dominican Republic**
- #5 China**

Networks & Criminal Associations

75 % of OCGs have links to other groups (33 % include social, rival, unspecified, or suspected links).

60 % maintain cooperative criminal relationships, underlining the collaborative & interconnected nature of OC in Canada.

One **OMG** in Canada consists of multiple large networks with broad domestic and international scopes (either directly or through support networks).

Mafia-structured networks encompass fewer than 20 groups that, collectively, are linked to 14 % of assessed OCGs – second in interconnectivity only to **OMGs**.

Street gangs are often used by OMGs and mafia groups to commit acts of violence on their behalf.

A former street gang, now considered an entrenched OCG, is the most interconnected OCG, with 31 reported associations.

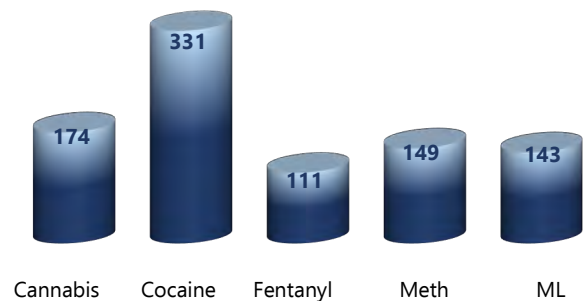
Criminal Enterprise

Involvement in multiple criminal markets increases an OCG's threat:

- ❖ multiple streams of illicit income;
- ❖ redundancies in case of disruption to one activity or supply; and
- ❖ increased capabilities due to multiple criminal roles within a market.



5/2 Significant OCG involvement in 5 markets: cannabis, cocaine, fentanyl, methamphetamine, and ML.
2 OCGs are reportedly involved in all of these.



OCGs involved in importing illicit drugs or precursor chemicals to manufacture drugs domestically continue to pose one of the highest threats, as they play a vital role in the domestic drug supply, with some believed to be

controlling the supply chain by importing, manufacturing, distributing, and exporting drugs.

High-Level Threats & Key Facilitators

14 national HLTs have been identified, based in Ontario (7), Quebec (3), British Columbia (3), and Alberta (1).

The national HLTs are involved in **multiple markets & networks**, exploiting their **connections**, both domestic and international, to maximize their profits and extend their **influence** in the Canadian criminal landscape.



Operating primarily in Western and Central Canada, the HLT groups' **domestic networks** extend throughout the country. Their **international networks** extend into North America (8), South America (5), Asia (3), Central America (2), Europe (2), Middle East (1), and Africa (1).



They maintain multiple **criminal associations** to other OCGs, including to members of OMGs, mafia groups, and street gangs, as well as to international criminal networks, such as Asian-based OCGs and Mexican cartels.



The majority use **strategic violence** to maintain their market shares, including extortion / intimidation, homicide, kidnapping, assault, and arson. Several use their associations to street gangs to carry out criminal activities and violence on their behalf, insulating themselves from direct involvement.



In addition to their involvement in the 2021 threat priorities (see figure to the right), 6 are involved in **illegal gaming**, 5 in **cocaine importation**, 3 in **fraud**, 2 in **public sector infiltration**, and 2 exploit the **private sector** to further their criminal activities.

4 Key Facilitators have been identified and assessed in 2021, based in Quebec (2), Ontario (1), and British Columbia (1). They were identified by applying the common ITA definition and assessing the role of potentially important players within key networks.

The Key Facilitators exploit **interprovincial & international criminal networks** to facilitate importation & distribution of various illicit commodities.



The Key Facilitators' **domestic networks** operate throughout Canada. Their **international networks** extend into North America (3), Central America (3), South America (3), Africa (2), and Europe (1).

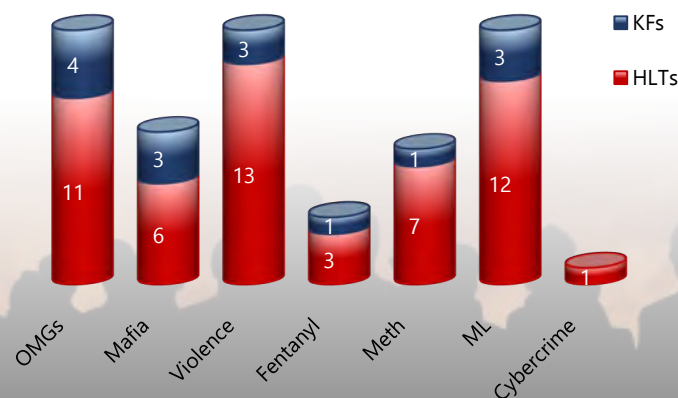


They maintain multiple **criminal associations** to other OCGs, including to members of OMGs and mafia groups.



In addition to their involvement in the 2021 threat priorities (see figure below), 3 exploit the **private sector** to further their criminal activities, and 3 are involved in **cocaine importation**, 2 in **illegal gaming**, and 1 in **illicit cannabis production**.

The following chart highlights the number of HLTs & KFs involved in or criminally associated to the 2021 threat priorities.



Public Sector Infiltration



bribery

money laundering

embezzlement

Primary sectors include transportation, construction, health care, pharmaceuticals, waste management, law enforcement, defence, and global affairs.

Public sector infiltration increases costs of public goods and services, leads to misallocation of public resources, weakens policy making and implementation, and damages public confidence in the government and law enforcement.

Canada is one of the least corrupt countries

and rates *very low* for public sector corruption (2020 Corruption Perception Index, Transparency International), although corruptive activities in government processes can increase project costs by up to 50%.



6 assessed OCGs with significant **influence** (e.g. decision-making functions or demonstrated corruption) within the public sector, including 4 national HLTs.

31 assessed OCGs have **access** via employment within Canadian public sector agencies or departments. Of these, 26 % are mafia groups, 10 % are OMGs, and 6 % are street gangs.

While infiltration of the public sector seems to occur mostly at the local/regional levels, OCGs may be using the benefits for interprovincial or international criminal activities.



Familial / romantic relationships and monetary benefits appear to be the principal factors motivating corruption and infiltration in the public sector in Canada.

investigative interference

trial fixing

concealed links to judiciary & political spheres

Some industries (e.g., construction, transportation, and warehousing), have **inherent risks** associated to them, such as privileged and sensitive information and monetary gains through government contracts, which could be more attractive to OCGs.

81 OCGs are associated to businesses in the **Transportation & Warehousing**

domain. Of these businesses, more than 20 % are tow truck companies, which could be misused for "turf wars," as seen in Ontario over the last year or so. Escalating violence in the Ontario tow truck industry has resulted in homicides, shootings, arsons, property damage, threats, and intimidation. Investigations into the matter have revealed public sector infiltration, resulting in charges of fraud, breach of trust, and corruption.

tow truck wars



71 OCGs are associated to **construction** businesses, which are at risk of being exploited to obtain government contracts.

25 OCGs are linked to **Professional, Scientific & Technical Services**

businesses, which could be used for obtaining contracts with the public sector, or acquiring sensitive information (e.g., high tech, procurement, planning, and potentially other consulting services).

11 % Very few OCGs are reported to be involved in, or have attempted, some degree of public sector infiltration. This represents a significant intelligence gap and the actual proportion is likely higher, as the involvement of almost two thirds of the assessed OCGs in this sector is unknown. Of those who are, some have ties with municipalities through associates or personal relations within major Canadian cities.

Use of Violence



Overt acts of violence in the community pose one of the greatest risks to public safety.

Although OCG-related violence accounts for only a small percentage of all homicides in Canada, the amount of suspected shootings, shots fired, and killings carried out by OCG members in the public sphere are of concern.

20 % of homicides were linked or suspected to be linked to OCGs / street gangs in 2020.

71 % of assessed OCGs are believed to be involved in violent activities, ranging from assaults to shootings and homicides.

87 street gangs were assessed, representing approximately 1/5 of the street gangs estimated to currently operate in Canada. This subset is by far the most violent, with 94 % involved in some degree of violent activities, including its use as a strategic or spontaneous offensive tactic to further the groups' criminal activities, as a defensive tactic, and/or by the use or possession of a weapon.

Street gangs continue to be involved in the most public shootings and overt acts of violence in comparison to other types of OCGs, putting innocent bystanders at risk. Most of the violence relates to the use of social media, wherein direct or perceived insults in those forums are answered through a violent response.

Interprovincial and intra-provincial violence is increasing, with OCG members expanding or moving into other territories beyond their base of operations, creating an increased risk of violence and conflict for control of distribution territories, and an increased threat to public safety.

The **Lower Mainland** Gang Conflict in BC is the most violent in Canada and has resulted in numerous homicides this year, involving multiple OCGs. There is a risk of violence flowing into other provinces, such as in AB. *hotspots for violence*

The **Greater Toronto Area** in ON has experienced shootings, online threats and challenges, an increase in rounds fired, and a push for territory by street gangs. There is a risk of violence flowing into other regions, such as Ottawa or Thunder Bay, or into provinces, such as BC or AB, based on conflicts, networking, and mobile trafficking.

In the **National Capital Region**, Ottawa has experienced a recent spike in violent shootings and a change in OCG-related networking / territorial trends, with new street gangs pushing for respect and control over drug lines and some influence being exerted by gang members from other regions travelling to the area, that may indicate further violent occurrences.

Police in the **Greater Montreal Area** in QC, have observed multiple shootings between rival gangs, resulting in some of these conflicts flowing into other jurisdictions, wherein individuals based in QC have travelled to other regions to conduct violent acts in Central and Western Canada.

Violent incidents can initiate shifts in OCG associations and alliances, causing regional conflicts and retaliatory violence. There is a risk that these conflicts may flow into other jurisdictions, based on networking connections, members relocating, or expansion of drug distribution territory.

Loosening of COVID-19 restrictions across Canada (most notably in BC and ON) may result in a resurgence of more opportunistic shootings between OCGs, wherein the potential to come across rivals in public spaces that are reopening in the wake of easing pandemic restrictions – including music clubs, as many street gang members in these regions are involved in the music industry – is likely to create an increased risk to public safety.



Private Sector Involvement



*accommodations &
food services*

warehousing

retail trade

transportation

construction

*other services
(excl. public admin)*

More than 50% of the businesses identified as being associated to OCGs fall within one or more of these sectors.

OCGs exploit private sector businesses for criminal activities and benefits such as control and influence, importing/exporting illicit commodities, laundering or hiding proceeds of crime, and infiltrating public administration through bidding on government contracts (municipal, provincial, federal).

49 % of OCGs are assessed as exploiting the private sector to facilitate their criminal activities, encompassing more than 1200 associated businesses. This demonstrates the threat that OCGs pose to the legitimate economy and the risks associated to the misuse of private sector businesses for criminal purposes.

19 % of OCG-linked businesses have an unspecified or unknown business type; some could be shell companies used to conduct criminal activities.

124 OCGs have control over or direct private sector businesses within various sectors that they use to further their criminal activities. Of these:

12 % – mafia groups

10 % – street gangs

7 % – OMGs

Highest ranking activities of these OCGs

Illicit drugs – cocaine, illicit cannabis, synthetic drugs (more than 50 % involved in methamphetamine)

Financial crime – mortgage / real estate fraud, insurance fraud, loansharking

Crimes against persons – extortion, homicide, intimidation

27 % of OCGs have **unknown** involvement in the private sector, which represents a significant intelligence gap.

Over the past 5 years, **16 OCGs** have consistently been assessed as having significant control over or direction of businesses, including key OMG and mafia groups.



2/20 **2 OCGs** are each linked to more than **20 businesses**, including restaurants, adult entertainment venues, and construction companies that are suspected of being used to facilitate their criminal activities.

Overdoses & Overdose Deaths



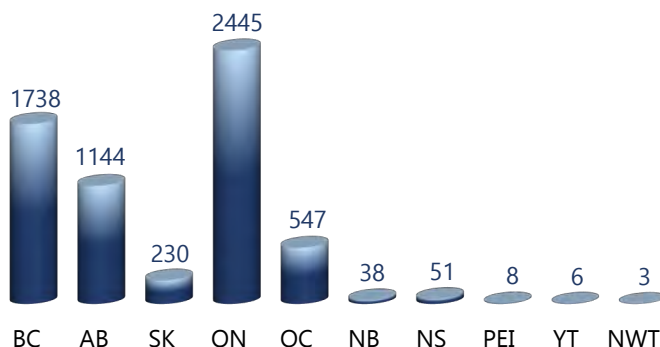
Annual costs of opioid use total almost \$6 billion, according to 2017 stats from the *Canadian Centre on Substance Use and Addiction* – 40 % due to lost productivity, 28 % related

\$6B

to healthcare, and 20 % related to criminal justice. Given more recent increases in opioid use and the associated costs for police detection and enforcement, these costs are likely much higher in 2021.

89 % increase in the number of overdoses in the first year of the pandemic, affecting all regions in Canada, with the vast majority (85 %) occurring in ON, BC, and AB.

6100+ opioid-related deaths in 2020, a trend expected to persist in 2021.



82 % of overdose deaths in 2020 involved fentanyl, a trend that is expected to continue to increase in 2021 and beyond.

OCGs and drug traffickers adulterate drugs to increase addiction, thereby heightening demand for product. Opioids are often mixed with other substances, such as benzodiazepines, making them resistant to naloxone (antidote for opioid overdoses). Moreover, the purposeful mixing or unintentional tainting of stimulants, such as cocaine and methamphetamine, with opioids (mostly fentanyl), are also causing overdoses.

adulterants

Isotonitazene, more potent than fentanyl, is seeing increased use in Canada, and OCGs may become more involved in its distribution, further increasing the risk and number of overdoses.

**emerging
higher-risk
opioids**

Black / Grey Death

is a compound consisting of heroin, fentanyl, fentanyl analogues, and other substances. Currently seen mainly in BC, AB, SK, and ON.

Xylazine, a sedative / analgesic used in veterinary medicine, mimics the effects of opioids. It has been detected in drug overdoses in Saskatchewan in 2021 and was also found in 12 % of the fentanyl samples in Toronto's illicit drug supply over a three-week period in October 2020.

Canada is a manufacturing country for fentanyl. Clandestine fentanyl labs in BC, AB, and ON have continue to be detected and dismantled; the number of labs and their estimated manufacturing capacity indicate that product amounts exceed domestic demand and are likely intended for exportation to the international market.

Fentanyl super-labs can produce multiple kilograms of fentanyl or its analogues per week. In May 2021, RCMP in British Columbia dismantled a clandestine lab capable of producing 26 kg of pure fentanyl per week. This lab alone had enough chemicals to produce an estimated 26 million doses of fentanyl.

26M

Ongoing social, health, and financial impacts of the COVID-19 pandemic have likely contributed to increased rates of use and, consequently, to increased numbers of overdoses.



46 % of OCGs are assessed to be contributing to the opioid crisis in 2021, including fentanyl and other opioids. The majority of them are involved in domestic distribution: 3 % are reported to importers and 5 % are reported to be manufacturers.

Money Laundering



Money laundering (ML) is a direct enabler of criminal activity that also influences the public & private sectors.

30 % of assessed OCGs are involved in ML activities (↑ 3 % from 2020).

22 OCGs and **9 individuals** assessed as scoring HIGH for ML involvement. The majority are based in BC, ON, and QC with links to national and international networks to countries in Asia, South America, and Europe. They launder via money services businesses (MSBs), private sector businesses, informal value transfer systems, casinos, and real estate.

22+9

Scoring HIGH: the OCG uses sophisticated ML methods & may launder funds for other groups on contract. It may also outsource some of its own ML to another OCG and/or criminalized professionals.

Complex methods = higher threat, as it is more difficult to identify and trace illicit funds, and these activities subvert legitimate components of the economy. Several PMLs are directly involved with generating the proceeds they launder and control MSBs. This presents a high risk, since operators can avoid or obstruct financial reporting requirements.

Confronted with a reduced ability to abuse legitimate gaming through casinos due to pandemic-related closures, many launderers likely adjusted their operations to include illicit gaming during **pandemic restrictions**.



Moreover, **shell companies**, which are fictitious businesses, could continue or expand operations during the pandemic, unlike legitimate private businesses that were impacted by lockdowns and restrictions.

Large **transnational organizations** serve international clients; Canadian OCGs also use the services of transnational ML organizations; tracking and enforcement becomes more challenging once proceeds are moved abroad.



Money services businesses persist as a high-threat ML mechanism.

There was a decreased use of **casinos & cash-based businesses** during COVID-19 closures and restrictions. This trend is likely to be reversed as casinos and businesses reopen more fully.

evolution of methods



Bulk cash trafficking & smuggling initially decreased during the pandemic, but has since moved to fewer but larger shipments, both between provinces and internationally.

Use of **cryptocurrency** for laundering is increasing, likely related to a combination of COVID-19 restrictions impacting bulk cash, and the general spike in cryptocurrency popularity and value.



Beneficial ownership information must be collected & verified by all reporting agencies as of June 2021, per the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, which will help to identify individuals engaged in ML through private businesses.

One senior PML network is part of international networks serving transnational criminal organizations (e.g., drug cartels) and use Canada as a transit point to launder foreign proceeds of crime.

Public / private partnerships can leverage **knowledge & expertise** to prevent, identify, and take enforcement action against ML schemes and individuals.

Cybercrime

This section was prepared in collaboration with the RCMP's National Cybercrime Coordination (NC3) Unit.



Ransomware is the most reported cybercrime trend, with variants increasing in prevalence, sophistication, and impact.

Ransomware attacks in Canada primarily target key stakeholders in the Canadian economy (including the **healthcare & education** sectors), where cybercriminals exploit vulnerabilities in supply chains and third-party service providers.

main targets

Law enforcement agencies are increasingly becoming a target; release of police operations, including criminal investigations, could have significant implications for public safety.

Targeted cybercrime attacks remain a critical threat to Canada due to the impact and scale of damage to the public & to the economy.

The Canadian Centre for Cyber Security reported that, in 2019, ransomware targeted **hundreds** of Canadian businesses, hospitals, police departments, and governments at multiple levels. Canada is estimated to be one of the top countries impacted by ransomware.

Cybercriminals are increasingly using the following techniques to conceal their activities: cryptocurrencies; tumblers to mix potentially identifiable cryptocurrency funds with others in order to obscure their original source; chain hopping between different cryptocurrencies to lose trackers; peel chains to launder a large amount of cryptocurrency through a series of minor transactions; and cold storage (offline cryptocurrency storage).



The dark web continues to be an enabler for cybercriminals, serving as a medium to operate data leak sites and functioning as a forum to further extort victims.

dark web

new tactics

Tactics are evolving, and criminals are using complex cyber attack techniques where target selection, reconnaissance, and in-depth compromise of an organization result in more damaging events for victims and higher returns for criminals.

Double extortion is an emerging tactic whereby some sensitive information, extracted before the victim's information is encrypted, is threatened to be leaked unless ransom demands are met. This tactic seeks to add more pressure on the organization to meet the threat actor's demands.

Distributed denial of service (DDoS) attacks create additional strain, adding another layer of pressure to pay out the ransom.

Ransomware & DDoS attacks present significant reputational risks to organizations when they are prevented from conducting business or provide services and cannot demonstrate that they can maintain data integrity, business continuity, and customer confidence.

As organizations pay out ransom demands, it continues to entice criminal actors to use more lucrative techniques. Firms may be hit again as word spreads among cybercriminals.

double jeopardy

COVID-19 has further incentivized cybercriminals to target vulnerable healthcare systems globally with more access points, forcing governments to take a new look at how to respond to these threats.



While **23 %** of OCGs are believed to have adopted or increased their use of new technologies, only 3 OCGs are reported to be involved in their development.

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The ongoing contributions by CISC partner agencies are integral to the production of comprehensive and accurate intelligence assessments. This foundation of intelligence sharing and working collaboratively in partnership is essential. In addition to its partnership with the Provincial Bureaus, Central Bureau has leveraged over a half dozen national working groups to supplement its collection process, as well as consultations with subject matter experts among diverse partner agencies.



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