



CRIMINAL INTELLIGENCE
SERVICE CANADA



2022

PUBLIC REPORT

ON ORGANIZED CRIME IN CANADA

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Canada

Director General

I am pleased to present the *2022 Public Report on Organized Crime in Canada* (PROC). This annual public assessment by Criminal Intelligence Service Canada (CISC) presents an overview of the Canadian criminal landscape and the activities of the organized crime groups (OCGs) that operate within it.

OCGs continue to evolve by using technological advances to facilitate criminal activity, and by operating with broadly established networks of domestic and international scope. Many of the OCGs in these networks are involved in diverse criminal enterprises, building extra revenue streams and redundancies into their operations. Faced with this threat environment, the law enforcement community must increasingly work together to combat organized crime.

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 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.

In addition to an overview of the organized crime landscape, the PROC presents a section relating to National High-Level Threats and Key Facilitators and also provides analysis relating to eight Priority Criminal Spheres and the impact that the actors within these environments present to the public and private sectors, as well as to their use of violence and their role in Canada's overdose crisis.

The PROC combines law enforcement reporting, open source reporting, and intelligence from domestic and inter-



national 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. I am grateful to our colleagues in partner agencies, whose contributions allow for the wholesome exchange of vital information and intelligence, which is the cornerstone of producing pertinent and timely national assessments.

I hope that the 2022 PROC is of use and serves to enhance the understanding of organized crime and its impacts on Canadians.





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

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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 nine 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 criteria focus on the following attributes:



The ninth criterion, measuring threat capabilities relating to money laundering (ML), has recently been adopted and was implemented for the first time in the current production cycle.

IMPACT ASSESSMENT

In addition to threat, the 2022 PROC addresses the impact of the eight priority criminal spheres in relation to elements of current concern, including (where relevant) their involvement and influence on public sector infiltration, use of violence, private sector involvement, and overdoses and overdose deaths. These issues will continue to be evaluated over the coming year.

ORGANIZED CRIME GROUP THREAT LEVELS

The threat level of each assessed OCG is determined by combining the weights for the nine 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

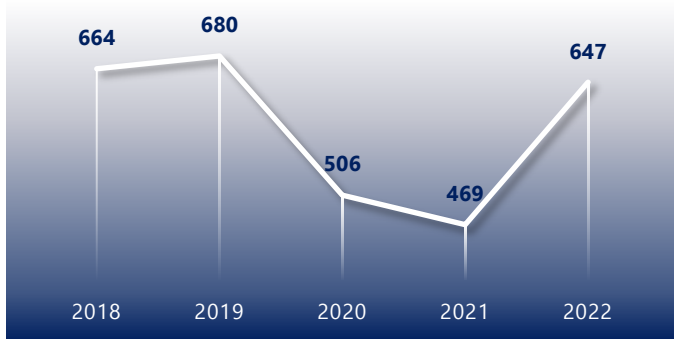
Since 2019, the ITA process includes a common definition to identify potential Key Facilitators, focusing on an individual responsible for coordinating the work of a criminal network, or who plays an important role within it, whose disruption may compromise the criminal activities of multiple groups in this network. This definition allows for regional and thematic differences, and is subject to analytical judgement.

Organized Crime Overview

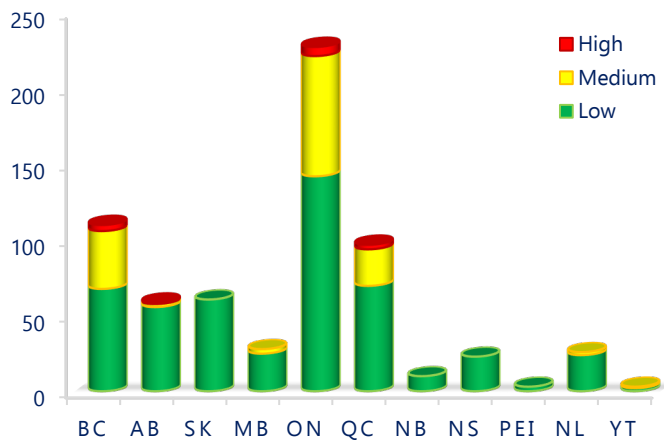
NATIONAL OCG LANDSCAPE

3000+ OCGs known or believed to be operating in Canada.

647 OCGs assessed and assigned an ITA threat rating, which represents a return to normal, pre-COVID reporting trends.



14 OCGs are assessed as *national HLTs*. 149 OCGs are assessed as medium-level threats and 484 are assessed as low-level threats.

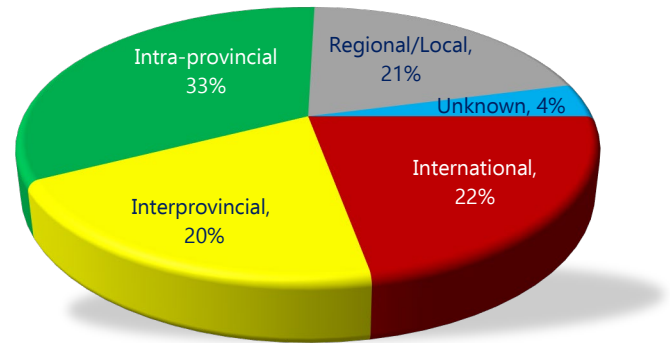


37% of the assessed OCGs in 2022 are newly reported, a trend that can be attributed to changes in targeting to focus on new priorities, on previous investigations being concluded, and on limited law enforcement resources available to continue reporting on previously identified groups. Another 90 newly-reported but unassessed OCGs have also been identified through their criminal associations to assessed OCGs.

GEOGRAPHIC SCOPE & EXPANSION

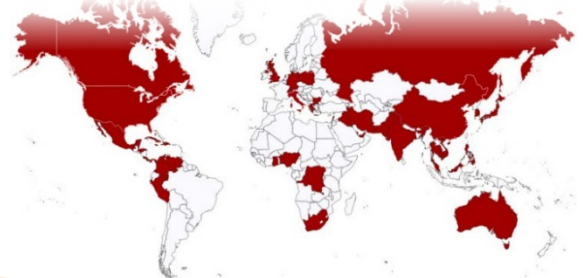
Globalization has enabled loose networks of OCGs that operate internationally to easily connect and pool their resources and expertise to significantly increase their capacity to do harm (*The Globalization of Crime*, UNODC). Canadian OCGs of various threat levels are *expanding* their geographic scope.

Proportional Overview of OCGs' Geographic Scope



Technological advances have mitigated challenges presented to OCGs by pandemic-related travel restrictions, and have further facilitated markets that are strongly enabled by technology, such as using the dark web to traffic opioids and methamphetamine, further exacerbating the overdose crisis, and cybercrime.

52 countries to which Canadian OCGs have links (including foreign travel suspected to further criminal networks) are reported in 2022.



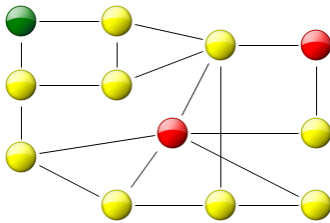
The *top 5 countries* are generally sources for precursor chemicals in the production of synthetic drugs, as well as source and transit countries for illicit drugs. The UAE, a new addition to the "top 5" list, serves primarily to facilitate international financial and ML schemes, and as a transit country for the exportation of stolen vehicles.

- #1 United States**
- #2 Mexico**
- #3 Colombia**
- #4 China**
- #5 United Arab Emirates (UAE)**

NETWORKS & CRIMINAL ASSOCIATIONS

The structure and membership of OCGs are becoming less vital to the operations of organized crime due to greater connectivity with national and international networks and associates.

Overall, the *quantity* of criminal connections is less important than the *quality* of those relationships. Some of the more interconnected networks (wherein multiple groups are criminally associated to each other) include higher-level OCGs. As in prior years, the three most interconnected criminal networks include outlaw motorcycle gangs (OMGs), mafia groups, and street gangs.



The combination of *broad established networks* and *geographic scope* of criminal activity enhances the threat that OCGs present in the national and international landscape. Many of the OCGs in these networks are also involved in diverse criminal enterprises, building in extra revenue streams and redundancies in their operations.

152 assessed OCGs have no known collaborative links to other groups, either directly or via common associates. This represents a larger proportion of *network orphans* than has been reported in the past several years, a gap that may be a result of collection challenges since the onset of the pandemic, as well as the identification of new OCGs whose networks may have not yet been identified. Of these groups:

- ❖ 93 % are national low-level threats
- ❖ 80 % have a domestic scope (and 59 % operate regionally or within one province)
- ❖ 76 % are involved in one criminal market or role.

CRIMINAL ENTERPRISE EXPANSION

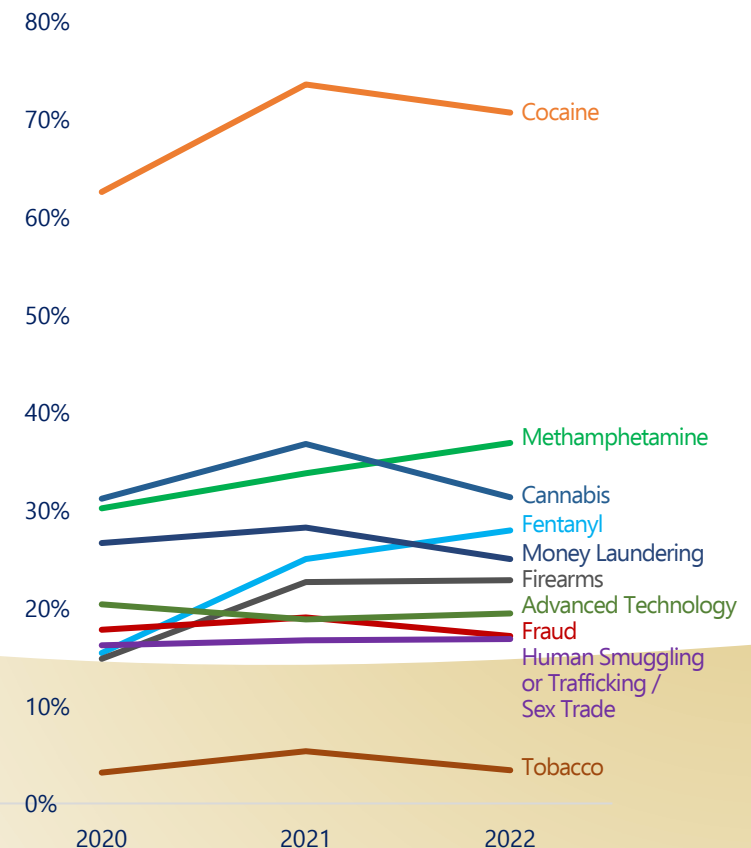
OCGs continue to adapt and diversify in order to further their criminal activities and increase profits. 243 OCGs are reported to be involved in two or more markets (illicit drugs, financial crime, contraband, crimes against persons, and crimes against property) with two or more distinct roles.

Despite this diversification, there does not appear to be any significant evolution in proportional involvement of OCGs in criminal markets, based on ITA reporting.

- ❖ Cocaine remains the primary trafficked illicit commodity in Canada (and around the world).
- ❖ OCG involvement in methamphetamine and fentanyl continues to increase.

Moreover, those markets that are most prominent in the Canadian criminal landscape are currently considered priorities and will continue to be assessed by CISC.

Proportional Involvement of OCGs in Key Criminal Markets, 2020-2022 ITA Reporting



Impact Assessment

INFILTRATION OF THE PUBLIC SECTOR

Canada is one of the least corrupt countries and rates very low for public sector corruption (2020 Corruption Perception Index, Transparency International). Nevertheless, corruptive activities in government processes can increase project costs by up to 50 % and risk damaging public confidence.

4% of OCGs (29) are reported to have influence or access within Canadian public sector agencies or departments. Primarily at the *local / regional* levels, OCGs may be using the benefits of this access for interprovincial or international criminal activities.

Some industries 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, including businesses associated to:

- ❖ transportation and warehousing (81 OCGs);
- ❖ construction (71 OCGs); and
- ❖ professional, scientific, and technical services (25 OCGs).

57% of assessed OCGs are reported to have “unknown” involvement in public sector infiltration. While likely in part as a result of under-reporting due to investigative sensitivities, government leaks and security breaches are very low, suggesting that *infiltration may be limited*. Nevertheless, continued vigilance is essential to mitigate risks, given the potential high impact of such breaches.

Moreover, in general, infiltration in public sector agencies *is not necessary to support organized crime operations*, given many OCGs’ entrenchment, their well-developed criminal networks, and their honed ability to circumvent law enforcement and government scrutiny.



USE OF VIOLENCE

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



Lower Mainland Gang Conflict (LMDGC) between multiple rival OCGs aligned into two main factions.

OMGs and mafia, often via proxies (including street gangs) in the Greater Toronto Area and the Greater Montreal Region. Rival street gangs fighting to control drug lines in the Greater Toronto Area and in the National Capital Region.

20% of homicides reported in Canada are associated to OCGs (2020). 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 is of concern.

71% of assessed OCGs are involved in violent activities, from homicides and shootings to assaults. Almost half use *strategic violence* to maintain control over market shares, including power struggles over profits, control of drug territories, debt collection, internal conflicts, rivalries, and retaliations.

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

Higher-level OCGs insulate themselves from direct participation in violence by employing *proxies* to act in their stead. OMGs and mafia groups often contract street gang members to commit violent acts on their behalf, including homicides, assaults, and arsons.



INVOLVEMENT IN THE PRIVATE SECTOR

41% of assessed OCGs are linked to a combined **1682 businesses**.

30% control or direct private sector businesses within various sectors used to further their criminal activities.

Primary business sectors criminally linked to OCGs include food / beverage services, retail trade, transportation and warehousing, construction, auto dealerships, arts, entertainment and recreation, as well as finance and insurance.

Businesses associated to the transportation and warehousing sector often facilitate the **movement of illicit commodities**, including drugs and other contraband, both domestically and across international borders. Those associated to the finance and insurance sector facilitate **financial crimes**, such as fraud and money laundering, which are also often transnational in nature.

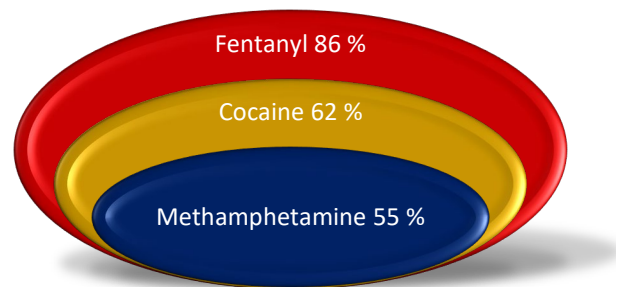
Cash-based businesses are particularly appealing to OCGs looking to legitimize their illicitly-gained profits.



OVERDOSES AND OVERDOSE DEATHS

7500+ accidental opioid overdose deaths occurred in 2021, according to the Public Health Agency of Canada, averaging 21 deaths per day – a trend that is expected to continue.

Proportional involvement of top three drugs in accidental overdose deaths in 2021



\$46B estimated in lost productivity, health-care, criminal justice, and other direct costs due to substance use (*Canadian Substance Use Cost and Harms Report 2015–2017*, Canadian Centre on Substance Use and Addiction). Increase in substance use since the beginning of the pandemic = **rising public health costs** and increase in demand for treatment and harm-reduction services.


OCGs infiltrate public housing and traffic drugs to vulnerable persons, including those who suffer from substance use and/or mental health disorders. They also adulterate drugs to increase addiction and demand; purposeful mixing or unintentional tainting of stimulants are causing overdoses.


Health Canada issued an exemption throughout British Columbia under subsection 56(1) of the *Controlled Drugs and Substances Act* so that adults are not subject to criminal charges for the personal possession of certain illegal drugs (effective January 31, 2023 to January 31, 2026). Other jurisdictions have submitted similar requests. Some street-level OCGs will adapt their drug trafficking methods by increasing membership and drug supply reload frequency. Illicit importers, producers, and large-volume distributors are unlikely to be affected.


National High-Level Threat Groups & Key Facilitators


14 national HLTs have been identified, based in Ontario (6), British Columbia (4), Quebec (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), Central America and the Caribbean (7), Asia (5), South America (3), Europe (2), Africa (1), and Australia (1).


 They maintain multiple *criminal associations* to other OCGs, including to members of OMGs, mafia groups, and street gangs, and to international criminal networks, such as European- and Asian-based OCGs and drug trafficking organizations.


 They use *strategic violence* to maintain 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 2022 threat priorities (see figure to the right), they all exploit the *private sector* to further their criminal activities, 6 are involved in *illegal gaming*, 6 in *cocaine importation*, 4 in *fraud*, and 1 in *public sector infiltration*.

15 Key Facilitators (KFs) have been identified and assessed in 2022, based in British Columbia (8), Ontario (4), and Quebec (3).

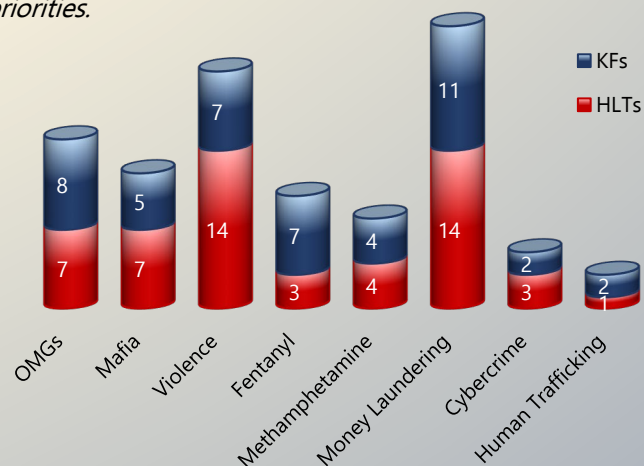
The Key Facilitators exploit *interprovincial and international criminal networks* to facilitate the importation, production, and distribution of various illicit commodities and/or the laundering of millions of dollars in proceeds of crime.

 The Key Facilitators' *domestic networks* operate throughout Canada. Their *international networks* extend into North America (6), Central America (4), Asia (4), South America (3), Europe (3), and Africa (1).

 They maintain *criminal associations* to multiple 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.

 In addition to their involvement in the 2022 threat priorities (see figure below), 9 exploit the *private sector* to further their criminal activities, 2 are involved in *cocaine importation*, 5 in *illegal gaming*, and 3 in the *illicit cannabis* market.

The following chart highlights the number of HLTs & KFs involved in or criminally associated to the 2022 threat priorities.



Outlaw Motorcycle Gangs



Outlaw motorcycle gangs (OMGs) have criminal networks extending from coast to coast. Members are associated to local, regional, and interprovincial traffickers, mafia members, OCGs involved in cocaine importation and synthetic drug production, and street gangs.

One prominent OMG network's current efforts appear to focus on enhancing relations with street gangs, as well as increasing involvement into the opioid market, and into cryptocurrencies and casinos on Indigenous territories. As it successfully infiltrates these markets, the number of opioids-related deaths is expected to further increase due to their national distribution networks.

network expansion

Members maintain *power and control* over criminal market territories and other OCGs via fear / reputation and through collaboration with other key criminal actors.

Support clubs, subservient to the sponsoring OMGs, play a key role in extending influence and control over territories, acting as sources of recruitment, and helping to facilitate criminal activities. They provide protection and mentor new recruits, and are involved in homicides, shootings, kidnapping, assaults, and weapons-related activities, as well as home invasions, extortion, robberies, and intimidation.

Higher-level OMG members insulate themselves from law enforcement targeting by using *proxies*, such as support clubs, street gangs, and other OCGs, to commit mid- to street-level criminal activity. Moreover, very few OMG members are believed to be importing or trafficking *firearms*; proxies often acquire and/or import them for members' personal use. Increased interaction with street gangs nationally provides OMG members with an important source of firearms from the United States.

As COVID-related restrictions ease, OMGs' public activities and *international travel* are expected to increase, facilitating illicit activities with overseas clubs. Most international travel is to Central America and South America, to drug source and/or transit countries. There is also increasing travel to Europe, as certain OMGs expand their international networks.

Higher-level OMG members are not expected to be directly and significantly affected by the *decriminalization* of small amounts of illicit drugs, as many members operate in production and importation and use proxies for distribution. Members will likely use proxies to increase recruitment, mitigating the constraints of carrying smaller amounts to avoid enforcement action and to maintain profits and market share. Their use of proxies, and particularly street gangs, to conduct street-level distribution of illicit drugs will continue to promote *violent encounters* as various OCGs compete for membership and territory, resulting in an increased risk to public safety.

Increased street-level competition will also likely continue to push OMG and other OCG networks toward a *greater online presence* for more flexibility and anonymity to traffic in large quantities.

Many OMG members are already active in the online criminal sphere, involved in illegal online gaming and sportsbooks, as well as in international stock market manipulation, generating millions of dollars of profit.

cyber-crime

Several chapters of one prominent OMG are increasingly using *bitcoins* to launder their proceeds, creating more challenges for law enforcement to disrupt their activities. Use of cryptocurrency is likely to expand to other chapters, once this scheme's success is ensured.

Some OMG members are exploiting *Indigenous territories* in several provinces. Establishing themselves on these territories is likely to not only increase their involvement in criminal activities, such as illegal gaming and money laundering, through casinos, but also to maintain control over illicit cannabis and tobacco on these territories and likely facilitate the smuggling of firearms from the United States.

Mafia Networks



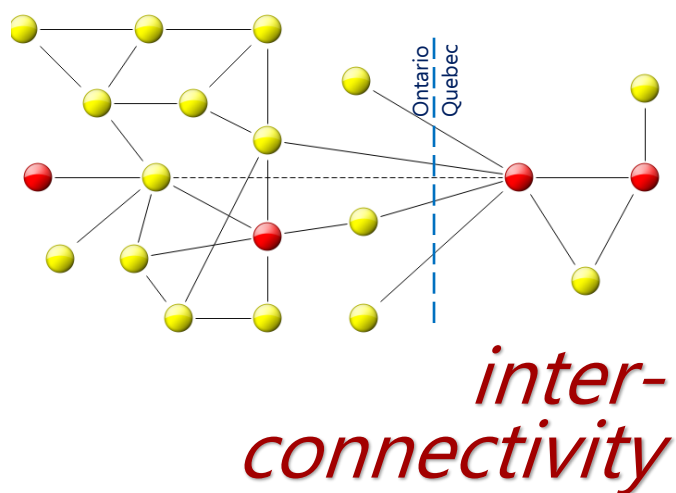
Traditionally, at the heart of the mafia networks in Canada are a select number of *family clans*, into which members are either born, or marry. These familial connections, particularly among Canadian-based **'NDRANGHETA** cells and **COSA NOSTRA**, provide a high-degree of cohesion and insulation. However, there is a trend towards a cell-based structure, particularly among the younger generation, which may challenge traditional alliances.

30+ mafia groups are believed to be operating in Canada (20 assessed by CISC in 2022).

Predominantly based in Hamilton (ON), Toronto (ON), and Greater Montreal (QC), these networks extend into British Columbia and Alberta, as well as internationally into 13 countries, via member or associate travel, criminal enterprise, and private companies.

There is a great deal of *criminal collaboration* among mafia groups and, as such, collectively, the network represents a higher level of threat than each group does individually.

Network Interconnectivity, Assessed Mafia OCGs



Mafia groups are *increasingly collaborating with other OCG networks* for drug importation and distribution. Different groups will pool financial resources to fund wholesale importations of illicit drugs.

Mafia networks continue to pose a threat to Canada's criminal landscape due to the important role they maintain in *cocaine importation and distribution* and *illegal gaming*, both of which remain lucrative criminal markets for this network, as well as in loansharking and money laundering.

Heavily *entrenched in the private sector*, these OCGs all own or operate at least one business, allowing them to portray themselves as legitimate business owners, provide a cover for meetings, and launder proceeds of crime. They continue to use restaurants and cafés to conduct their meetings and facilitate criminality.

Some younger members of the network are involved in *grandparent scams*, managing cells of members that pose as loved ones, police officers, and/or lawyers to defraud seniors of millions of dollars. These scams are extremely lucrative and may serve as a jumping board, providing these members with the resources to fund other criminal ventures, including loansharking, illegal gaming operations, and drug importations.

Longstanding rivalries between prominent mafia groups in Ontario appear to have cooled. With the exception of the 2022 *shooting* of an individual with historical associations to several Ontario-based OMG and mafia members, there have been few major violent incidents in this network since early 2021.

Nevertheless, *retaliations* for prior shootings and unavenged murders are expected.

violent conflicts

Conversely, there have been multiple recent *murders* and *targeted shootings* of prominent members within the Quebec mafia network. Longstanding conflicts between factions will lead to further violence. In the wake of these ongoing conflicts and subsequent likely deaths, resulting in potential power vacuums, violence is *expected to continue* as other members fight for control.

Street Gangs

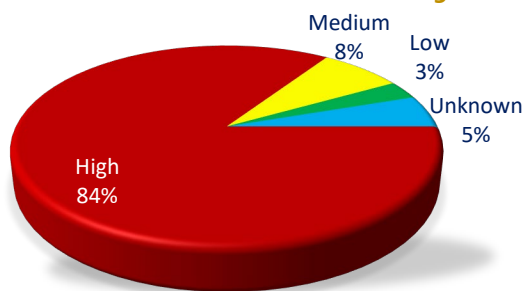


134 street gangs assessed in 2022, representing a **54% increase in reporting**, and believed to represent approximately one quarter of the 500+ street gangs operating in Canada.

20% Proportionally, street gangs continue to represent approximately one fifth of all assessed OCGs.

Street gangs continue to be **the most violent subset of OCGs**, with involvement in overt violent activities (including homicides, shootings, arsons, etc.) that pose a significant threat to public safety.

Proportional Levels of Violence of Street Gangs



Score	Definition
High	Violence used as an integral part of strategy, applied in a premeditated manner or as an established pattern, or the use of weapons, to further the criminal activities of the group.
Medium	Violence used spontaneously as an offensive tactic, without regard to strategic implications, or the carrying of a weapon, to further the criminal activities of the group.
Low	Violence used as a defensive tactic, or the possession of a weapon.
Nil	Violence not used to further the group's criminal activities.
Unknown	Insufficient information on which to base a judgement.

Nearly half of all assessed street gangs operate at or above an interprovincial level, increasing the threat of **multi-jurisdictional violence**.

Street gangs in various urban centres are increasingly developing province-wide criminal networks and expanding their operations and networks internationally, demonstrating **evolving connections and capabilities**. As the threat of these groups increases, their activities typically become more diversified and, subsequently, more resilient to law enforcement disruption.

Hotspots for violence



LMDGC (BC) currently involves various rival street gangs and other OCGs, including primarily a conflict between two aligned factions.

Push for territory and control over drug lines by street gangs in the Greater Toronto Area and in the National Capital Region has resulted in shootings, online callouts, control over drug lines.

Shootings in the Greater Montreal Region between rival gangs; mafia-related violence, often using street gangs as proxies.

In British Columbia in the near future, street gangs involved in street-level distribution of illicit drugs may adapt to the **decriminalization** of personal possession of certain illegal drugs by carrying smaller quantities at or just below the established limit for personal possession in order to avoid the seizure of their products, resulting in dealers replenishing their supplies more frequently and potentially leading to an increase in the number of stash houses throughout communities. They will also likely increase recruitment efforts in an effort to mitigate the constraints of carrying smaller amounts. Any increase in street gang recruitment will lead to an increase in violent encounters as groups compete for membership and territory, resulting in an increased risk to public safety.

Fentanyl Networks



Chronology of Canada's Fentanyl Supply Sources



350+ OCGs reported to be involved in the Canadian illicit fentanyl market, of which **179** are assessed in 2022.

Ontario and *British Columbia* remain the primary production and distribution hubs, with *Alberta* potentially emerging as a third hub.

For the first time, OCGs in *Atlantic Canada* are reported to be involved as fentanyl distributors, including groups whose members are also part of OMGs and have access to their distribution networks. Two OCGs in *Yukon* are also newly reported to be involved in distribution, transporting fentanyl from British Columbia.

94% of the OCGs involved in fentanyl are distributors. Twelve OCGs, all based in Ontario and British Columbia, are involved in importation. A limited number of groups are reported to be involved in exportation. This number will likely increase as domestic production escalates.

Street gangs maintain important roles in national distribution networks, while certain OMGs are becoming increasingly involved.

 Increased reporting on distribution is related in large part to *street gangs*, which represent **37%** of OCGs involved in fentanyl in 2022.

Domestic supply is contingent on the activities of OCGs involved in the importation or diversion of precursors and chemicals as well as in the production (synthesis) of fentanyl. In many cases, *OCGs work together* to fulfill various roles. For example:

Members from one group import & divert precursor chemicals via privately-owned companies.

Key fentanyl producers, with associations to multiple OCGs, operate multi-kg clandestine labs.

Various OCGs, including OMGs and street gangs, distribute fentanyl via their broad domestic & international networks.

4 OCGs are involved in *importing or diverting chemical precursors*, a number likely significantly underreported, given the high number of recorded importations. Moreover, 80 % of chemicals used in fentanyl production are unregulated and can be procured in Canada or legally imported from China. Some OCGs use privately-owned, licensed companies to import chemicals and precursors used in fentanyl manufacturing.

21 OCGs are involved in *fentanyl production*. Many of these are involved in tableting / cutting for street-level sales.



Methamphetamine Networks



37% of assessed OCGs are involved in methamphetamine, primarily based in Ontario, Saskatchewan, British Columbia, and Quebec. 178 are involved in distribution, 19 in manufacturing, 10 in importation, and a limited number in exportation.

64% increase in OCG involvement in this market since 2021.

Manufacturing groups remain active in the Lower Mainland of British Columbia, the Greater Montreal Region of Quebec, and to a lesser extent in Ontario.

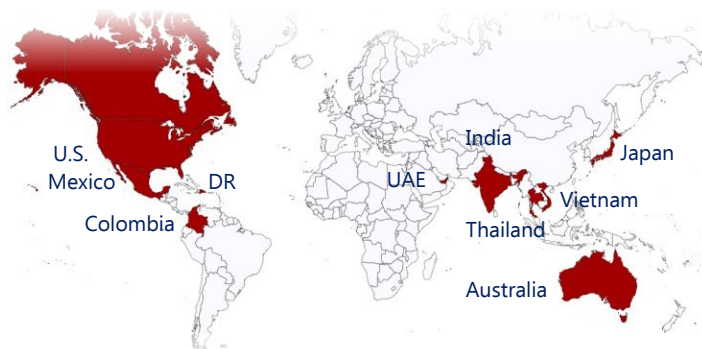
Whereas domestic manufacturing appears stagnant, supply has remained readily available. Pricing at the kilogram level is at its lowest in recent years, suggesting that *import activities are sustaining market availability*. Law enforcement in British Columbia reported a 742 % increase in methamphetamine seizures between and at ports of entry from 2019 to 2020, despite ongoing border and travel restrictions during the COVID-19 pandemic.

Transnational networks are an *increasing threat* in the methamphetamine criminal landscape in Canada. These groups are active in large-scale (several hundreds of kg) importations of methamphetamine, at times with other substances, such as cocaine.

transnational networks

Transnational OCGs continue to prove their resiliency through established cross-border strategies and/or adaptability. They also continue to export product in high frequency, particularly to Oceania. New Zealand now considers that *Canada is a high risk source country for methamphetamine exports*.

11 OCGs are involved in the importation of methamphetamine and have broad international links, including to the following countries:



Mexico and Thailand dominate global production of methamphetamine, and India has a strong precursor and chemical industry. Australia is a popular export destination; 1 kg of methamphetamine = up to \$400K AUD.

Importation networks operate in a fluid environment. Individuals who have enhanced skill sets or access to infrastructure that supports cross-border smuggling often collaborate with other criminal associates, resulting in *frequent and high-volume imports*.

Canadian manufacturing OCGs will continue to saturate the domestic and global markets to meet ongoing and increased demand for methamphetamine.

future implications

Canadian transnational OCGs will increasingly collaborate on frequent and high-volume imports. Their ability to circumvent enforcement, if unchecked, will result in the escalation of their threat, as they ultimately become entrenched in cross-border smuggling activities while expanding into other commodities.

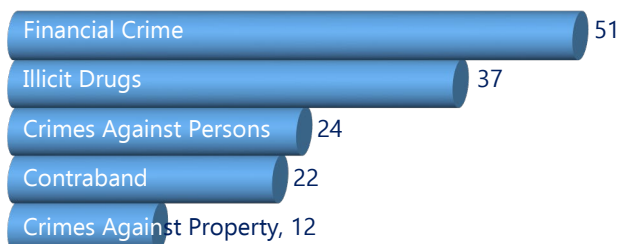
Money Laundering Networks



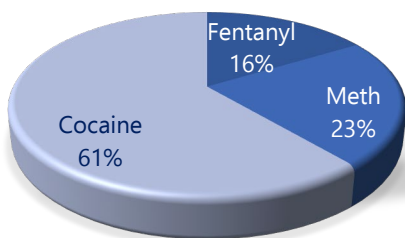
25% of assessed OCGs are reported to be involved in money laundering (ML), but the actual proportion is likely much higher, as ML is integral to an OCG’s ability to use its profits and is intertwined with all predicate crimes. The majority of these OCGs are based in British Columbia, Ontario, and Quebec, with links to national and international networks in countries in Asia, South America, and Europe.

51 OCGs score high for involvement in ML, using sophisticated methods such as informal value transfer systems (IVTS), trade-based money laundering (TBML), complex businesses (e.g., money service businesses [MSBs]), large-scale real estate investments, or schemes involving an international component. They may launder funds for other OCGs and/or outsource some of their own ML.

Involvement in Criminal Markets for OCGs that Score HIGH in Money Laundering



Proportional Involvement in Top Drug Markets for OCGs that Score HIGH in Money Laundering



83% of these OCGs are involved in multiple commodities and roles, primarily relating to drugs. More than half are involved in cocaine, which is one of the most lucrative illicit drug markets in Canada and, therefore, has the most money to launder. Involvement in cocaine also includes a large proportion of higher-level OCGs with well-developed domestic and international networks, including OMGs and mafia, which have access to sophisticated ML methods.

OCG members use *private sector businesses* including cash-based businesses, casinos, real estate ventures, and MSBs to launder their proceeds of crime.

84% of OCGs that score high for ML have control over or direct private sector businesses that it uses to further its criminal activities. The primary sector is food and beverage services, consisting of *cash-based businesses*, making it easy to successfully launder proceeds of crime.

60% of the OCGs ranking high in ML are based in Ontario. Tightened restrictions in British Columbia have affected cash flowing into casinos as through real estate, possibly having led OCGs to shift their ML activities to Ontario *casinos*, which experienced an increase in suspicious transactions starting in 2018.

Underground gambling has increased due to the closure of legitimate gaming venues during the pandemic, and professional money launderers (PMLs) with connections to OCGs involved in illegal gaming may have allowed them to move proceeds of crime through this alternative venue.

Cryptocurrency and *bitcoins* are also an increasingly attractive venue for ML. Several OMGs are progressively using bitcoins to launder their proceeds.



Cybercrime Networks

Prepared in collaboration with the RCMP's National Cybercrime Coordination (NC3) Unit.



Cybercrime involving *malware* continues to be the dominant reported activity, followed by fraud, and in particular *cryptocurrency-based fraud*.

High instances of *cyber-enabled fraud* observed across Canada extend from identity theft, to extortion, romance scams, bank and crypto investment fraud, and other fraud types and scams.

ransomware

Ransomware operators maximize profits by using *multi-extortion techniques* while targeting victims who are less likely to immediately report to law enforcement and more likely to pay the ransom. Moreover, paying a ransom offers no guarantees, as some operators will re-extort victims or retain the stolen data.

Additional measures taken to coerce victims into paying ransoms include targeting essential-type services that cannot tolerate downtime for reasons of public safety and demand (e.g., hospitals, power plants, water purification facilities) and shaming victims into paying through leak sites.

The use of *cryptocurrency mixers* continues to be a preferred method by cybercriminals to obfuscate the movement of illicit funds, making their traceability challenging. Despite representing only a small proportion of all transactions (0.15 %), illicit addresses still received *crypto\$* \$14 billion USD in 2021.

thematic lures

Cybercriminals are rapidly *adapting their social engineering practices* to most effectively lure victims. In 2021, popular lures included COVID-19 and cryptocurrency investment themes. In 2022, Ukrainian relief funds were quickly adopted as malspam themes to entice users to open messages and access content.

Cybercriminals are targeting businesses within the *digital supply chain* to conduct "downstream attacks" against clients, which can allow them to bypass the security of well-defended targets, compromising potentially weaker links in the chain to gain access to sensitive systems.

Decentralized financial (DeFi) platforms are an emerging technology that offers users the ability to trade digital assets without relying on intermediaries, like banks or regulators. They are increasingly used by *emerging trends* cybercriminals to evade detection.

Another emerging area is the illicit use of *non-fungible tokens* (NFTs). NFTs are blockchain-based digital items that are designed to be unique and are sold on specialized marketplaces. NFTs have been linked with two forms of illicit activity: ML, and wash trading, which involves the execution of a transaction where the seller is on both sides of the transaction, resulting in an inflation of an asset's value and liquidity.

There is a developing market for *off-the-shelf tools* that can be procured via underground marketplaces, including, for example, access to fraudulent licenses for legitimate penetration testing tools, or botnet services to conduct a phishing campaign to seek initial access to organizations.

Information on OCGs' technological capabilities is believed to be underreported. While *19 %* of OCGs are assessed to have adopted or increased their use of new technologies, only 4 OCGs are reported to be involved in their development. Actual proportions are likely higher.

The *dark web* serves as a criminal enabler to traffic in various illicit commodities, including the provision and distribution of opioids and other illicit drugs.

Many OCGs use *encrypted communication* platforms to counter law enforcement surveillance and reporting, creating more challenges in assessing the depth and breadth of criminal networks, as well as any potential threat implications.

Human Trafficking Networks



\$150B USD per year (estimated) in global proceeds from human trafficking; \$99 billion USD is sourced specifically from forced sexual exploitation (*International Labour Organisation*).

OCGs perceive human trafficking to be a *high value, low risk* criminal activity. Globally, it is the second most profitable criminal enterprise, after drug trafficking.

There has been a *recent shift* in the landscape related to human trafficking, specifically in regards to sexual exploitation, due to COVID-19.



Increase in online services such as videos, photos and webcam sessions.

Decrease in movement and in-person escort services.

This shift has enabled sex workers (and presumably human traffickers) to advertise in multiple locations across the country without having to travel, which may have contributed to more victims being recruited and exploited in the sex trade.

150% increase in the sexual extortion of youth between December 2021 and May 2022 (*Canada's National Tipline for Reporting the Online Sexual Exploitation of Children*). International organized crime networks are believed to be involved in these attacks.

While *sexual exploitation* remains the primary form documented, OCGs are also reported to be involved in *forced labour*.

12% of assessed OCGs (79 groups) are reported to be involved in human trafficking in 2022, a proportion double that reported last year.

- ❖ **94 %** are involved in illicit drugs (primarily cocaine) and **19 %** in financial crimes;
- ❖ **68 %** are based in Ontario;
- ❖ **53 %** are street gangs; and
- ❖ **33 %** have an interprovincial or international scope.

OCG involvement in human trafficking has been identified as an intelligence priority in various regions, and although reporting is increasing, information and intelligence remain limited. Additional information could assist in identifying networks and facilitators of international and interprovincial human exploitation.

The *Trans-Canada Highway* functions as a transport corridor of human trafficking victims to various commercial sex markets from *east to west*.



Interprovincial corridors tend to run between major urban centres with large markets, correlating with the majority of OCGs reported to be involved in human trafficking in 2022 being based in Canada's three primary criminal hubs: Ontario, Quebec, and British Columbia.

Acknowledgements

Many thanks to our partners for their ongoing support, and to all contributors, who, despite the ongoing COVID-19 impacts on operations, have worked tirelessly to ensure the successful production of this year's PROC.

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.



Contact information



CISC Central Bureau
73 Leikin Drive, Mailstop 111
Ottawa, ON K1A 0R2



CISC_Tasking@rcmp-grc.gc.ca
www.cisc.gc.ca