

Criminal Intelligence Service Canada
Annual Report on Organized Crime in Canada
2001

**Research for this report concluded on 2001-06 and is based
on information available until that date.**

References to organized criminal activity associated to particular ethnic organizations in this report are not meant to suggest that all members of that specific ethnic group are involved in organized crime or that the government of the country of origin or its lawful agencies permits or participates in any illegal activities. These references allude to the illegal activities of particular criminal organizations, the majority of whose members share ethnic similarities.

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MESSAGE FROM THE CHAIR
CRIMINAL INTELLIGENCE SERVICE CANADA
COMMISSIONER G. ZACCARDELLI



The economic and social repercussions from organized crime extend beyond large urban areas to affect communities and families throughout Canada. The effects are often complex and sometimes not obviously associated with organized crime – the drug addict, the abused child, the toxic chemicals and environmental damage from illicit drug manufacturing - to name a few.

Criminal organizations attempt to mask their influence and operations to escape the attention of the public. The invisibility of much of organized crime is one of its greatest strengths. The CISC Annual Report on Organized Crime is a step towards countering this invisibility. We need the public to recognize the effects of organized crime in our communities and across the country. We need the public to take an aggressive stance against all organized criminality.

Successes against organized crime require a continual coordinated effort that recognizes its global networks, complex social milieu, and use of technology. Strategic coordination, commitment to intelligence and communication are all integral to the fight against organized crime. Integrated approaches are essential, particularly those that reach beyond organizational, jurisdictional and national boundaries.

We have seen the results of coordinated joint forces operations across the country with the recent successes against organized crime. The momentum against organized crime continues and we proceed with a sense of optimism.

**Message from the Director General,
Criminal Intelligence Service Canada
R. Philippe**



Criminal Intelligence Service Canada continues to champion the sharing of intelligence on organized crime priorities. This year, in addition to information gathered from law enforcement partners throughout Canada, we have included open source material in our report. Mindful of the need for innovation in the field of intelligence, we recognize open source as a complement to our traditional sources and as an effective tool for research, analysis and investigation.

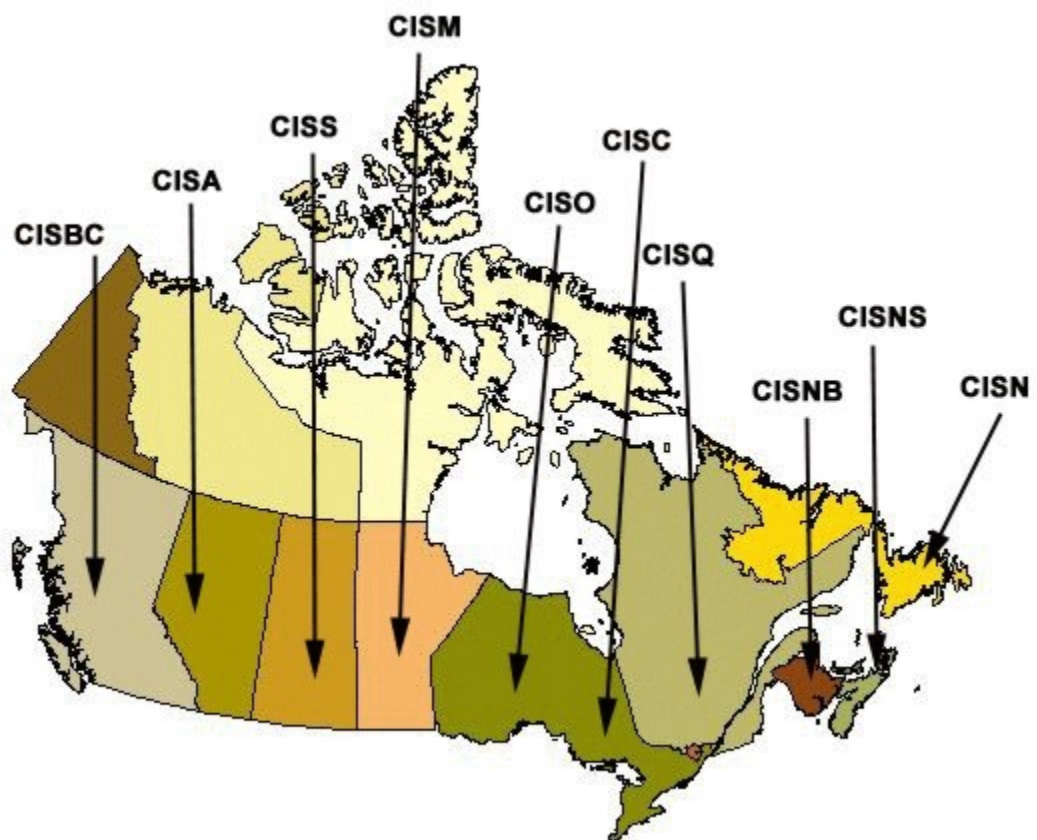
Information is provided on organized crime trends and activities in Canada. A particular purpose of this report is to present facts in order for the public to be informed about organized crime in their communities and country.

This year we are including a special report on two successful investigations of outlaw motorcycle gangs. The Québec-based Operation SPRINGTIME 2001, and Operation SHADOW in Alberta, highlight the successes of intelligence-led policing involving law enforcement agencies working cooperatively and strategically.

On behalf of CISC, I would like to extend my appreciation to our Provincial Bureaux and to all of our law enforcement partners for their valued contributions to this report.

CRIMINAL INTELLIGENCE SERVICE CANADA

Criminal Intelligence Service Canada (CISC) is an organization that provides the facilities to unite the criminal intelligence units of Canadian law enforcement agencies in the fight against organized crime in Canada. CISC is comprised of a Central Bureau, located in Ottawa, and a system of nine Provincial Bureaux, which are located in each province, with the exception of Prince Edward Island whose interests are served by the Nova Scotia Bureau. Yukon is served by CISBC, while the Northwest Territories and Nunavut are represented by CISA and CISM respectively. The Central Bureau functions on a national scale and the Provincial Bureaux operate within provincial boundaries.



Locations of the Central and Provincial Bureaux

Regular members of CISC consist of federal, provincial and municipal police forces in Canada that have full time intelligence units. They currently include the Royal Canadian Mounted Police, the Québec Police Force, the Ontario Provincial Police, the Royal Newfoundland Constabulary and more than 120 municipal and regional police departments. Canada Customs and Revenue Agency and the Department of National Defence, Canadian Forces National Investigative Service are also regular members. The intelligence and specialized units of these law

enforcement agencies supply their provincial bureaux with intelligence and raw data for further analysis and dissemination. The criminal intelligence shared is related to organized crime and other major criminal phenomena in Canada.

In addition to regular members, CISC also has associate members consisting of law enforcement agencies with a part-time intelligence unit and affiliate members, which have investigative and enforcement personnel from the private sector and government. These total over 270 agencies.

The Central Bureau of CISC takes its direction from an Executive Committee, comprised of 20 Chiefs of Police and RCMP Commanding Officers from across Canada and chaired by the Commissioner of the RCMP. This Committee meets annually to review the operation of CISC and to decide on goals and priorities. The CISC Central Bureau monitors the progress of those priorities through the nine Provincial Bureaux. The managers of those Provincial Bureaux meet annually with the Director General of CISC to discuss organized crime issues and forward recommendations to the Executive Committee.

The staff of the Central Bureau consists of regular members, public servants, and secondments from other police departments and government agencies.

CISC PRIORITIES

CISC monitors and reports on national organized crime priorities including Asian-based, East European-based and Traditional (Italian-based) organized crime groups, as well as outlaw motorcycle gangs. CISC also has intelligence projects in place to monitor the sexual exploitation of children and a contraband desk to cover other priorities and issues such as Aboriginal-based organized crime, the illegal movement of firearms and organized crime in marine ports. Emerging issues and issues of interest to our partners, for example, technological crime, are also included in this report. The table of contents reflects the concerns and interests of CISC and its partners.

CISC recognizes that other criminal organizations operate in Canada at regional or national levels and are of concern to law enforcement and the public. However, CISC is mandated to monitor and exchange intelligence only on its national priorities.

ACIIS

The Central Bureau is host to an on-line computer data bank known as the Automated Criminal Intelligence Information System, or ACIIS. This data bank is the national intelligence repository for the use of all CISC members in Canada. Access in the provinces is coordinated by the Provincial Bureaux. All member agencies cooperate with each other in the collection, collation, evaluation, analysis and dissemination of criminal intelligence by contributing to ACIIS.

ABOUT THIS REPORT

This report is designed to present a comprehensive review of organized crime groups and their activities. This year, the *CISC Annual Report on Organized Crime in Canada* was researched and written emphasizing the use of open source information, particularly news media. Open source is defined as information which is unclassified and publicly available, including government, academic or corporate publications and databases, all forms of media, and Internet sources. As our world becomes increasingly wired, the information available on the Internet grows exponentially and is

an excellent resource for law enforcement and the public alike to view, download and share. CISC is dedicated to promoting the use of open source in the law enforcement community in order to maximize the collection and exchange of information on criminal organizations.

The open source information in this report was collected and evaluated to provide regional and national trends on organized crime, criminal activities and important law enforcement investigations and significant convictions. The information has been verified through intelligence and investigation reports from Canadian and international enforcement agencies received by CISC throughout the year. In particular, CISC relies on CISC member agencies across Canada to provide valuable information on organized trends and activities in Canada.

All open source information is cited to preserve intellectual property and copyright considerations. The report covers information from the previous year up to June of the current year.

The CISC Annual Report on Organized Crime in Canada is published to inform and educate the public. The activities and workings of criminal organizations are often complex and can be hidden from the everyday world. With this report, CISC seeks to make the effects of organized crime visible and of concern to every community and region in Canada. Organized crime is a threat to public safety and to all Canadians. With this report CISC solicits help from the public. Law enforcement needs people to recognize the effects of organized crime on their communities and, together with law enforcement, take a stand.

One of the keys to success in the fight against organized crime is partnerships - between enforcement agencies as well as with policy makers and the public. This report is offered as a guide to help our partners with their strategic planning and to encourage them to cooperate to the fullest extent to fight this threat .

EXECUTIVE SUMMARY

This report is designed to present a comprehensive review of targeted organized crime groups and their activities, based on intelligence and investigation reports from Canadian and international enforcement agencies. In particular, CISC relies on intelligence from CISC member agencies across Canada.

Asian-based organized crime (AOC) groups remain extensively engaged in the large-scale manufacture and distribution of counterfeit credit cards, software and electronic entertainment such as CDs and DVDs. AOC groups in Canada are involved in the importation and distribution of cocaine and southeast Asian heroin at the multi-kilogram quantity and, increasingly, the importation and distribution of designer synthetic drugs, including ecstasy.

Across the country, the HELLS ANGELS and Asian-based organized crime groups, particularly Vietnamese-based groups, prevail as major participants in the large-scale cultivation and exportation of marihuana. In January and April 2002, police across Canada launched Operations GREENSWEEP I & II to counter the nationally widespread phenomenon of residential marihuana growing operations. These operations will likely continue to be highly concentrated in existing areas, such as the B.C. Lower Mainland, Ontario and Québec.

The HELLS ANGELS persist as the largest and most criminally active outlaw motorcycle gang (OMG) in the country with 35 full chapters, one prospect chapter and one hangaround chapter. OMGs in Canada are involved in money laundering, intimidation, assaults, attempted murder, murder, fraud, theft, counterfeiting, extortion, prostitution, escort agencies/strip clubs, after-hours clubs (selling alcohol illegally), telemarketing and the possessing and trafficking of illegal weapons, stolen goods and contraband.

Violence continues in Québec between the HELLS ANGELS and BANDIDOS over the protection and expansion of drug trafficking networks. There have also been a number of violent incidents between the OUTLAWS and HELLS ANGELS in Ontario. OMG-related violence in Manitoba has increased sharply, concurrent with the formation of the HELLS ANGELS Winnipeg chapter. There have been a number of incidents of intimidation by OMGs and their affiliates against victims, witnesses and law enforcement. OMGs continue to form and maintain associations with street gangs.

Traditional (Italian-based) organized crime (TOC) groups maintain their involvement in a multitude of criminal activities including the coordination of large quantity illicit drug importations. Unlike outlaw motorcycle gangs, TOC groups do not wish to create or maintain a high public profile in Canada. They have a long standing presence in Canada and have transformed criminal gains into commercial assets to establish a basis of legitimate credibility within their communities. Their presence in Canada is particularly prominent in Ontario and

Québec with varying levels of activity in other provinces. A Montréal-based Sicilian crime family continues to expand its influence throughout the Canadian Italian-based criminal community and maintains connections with other organized crime groups to facilitate joint criminal endeavors.

East European-based organized crime (EEOC) groups are engaged in a wide spectrum of criminal activity, ranging from street-level crimes such as theft and prostitution to more sophisticated economic crimes such as money laundering and elaborate fraud schemes. EEOC groups are well-connected to a vast network of contacts. While EEOC groups in Canada operate primarily in conjunction with their global counterparts, mutually beneficial relationships with other organized crime groups have been struck for specific purposes.

Organized crime groups are involved in the illegal movement and distribution of contraband throughout Canada. Illicit drugs continue to be the major source of criminal profit for organized crime groups. Illicit firearms are derived from a number of domestic and foreign sources. The major foreign source of illicit firearms, particularly handguns, is the United States. The criminal patterns of the Canadian illicit tobacco market have been fairly consistent, with minor variations, over the last few years. The illicit alcohol market in Canada continues to be supplied by a variety of means. The two major concerns are smuggled alcohol and illicitly manufactured alcohol.

Since 1998, CISC has reported on the presence of organized crime at several of Canada's marine ports, particularly the three major marine container ports of Vancouver, Montréal and Halifax. This organized crime presence at the ports facilitates the movement of all types of contraband into and out of the country. There are numerous other marine ports in Canada with various levels of port facilities and cargo volume capability. Each are potential targets for organized crime penetration, vulnerable to either infiltration by crime groups and/or corruption of current port employees.

The diamond industry in Canada has developed to the point where this country is currently one of the five largest producers of rough diamonds in the world. In Canada, there is a potential, as observed in other countries, for organized crime to attempt the infiltration of the industry to arrange for diamonds to be illegally diverted from the legitimate commercial pipeline for their criminal exploitation and profit.

The Internet facilitates the distribution of child pornography at an alarming rate. The most prevalent type of complaint and investigation, involving the sexual exploitation of children (SEOC), handled by investigators relates to child pornography on the Internet. Police report the number of images retrieved from seized computer hard drives during authorized searches has increased dramatically. It is not uncommon to find caches of images well into the thousands.

Technology plays a very significant role in our wired world. Organized crime groups are well known for their use of sophisticated technology to commit crimes such as currency and credit card counterfeiting and fraud as well as various fraudulent investment and telemarketing schemes. These groups employ individuals with computer expertise to further their criminal enterprises. In addition to using technology to commit crimes, organized crime groups will use the Internet and encryption software to facilitate communications. Due to the seemingly limitless resources available to some of the more sophisticated groups, it would appear that cost is no object when it comes to attaining or developing leading-edge technology to facilitate crimes or engage in counter-surveillance against rivals or law enforcement.

SPECIAL REPORT - OPERATIONS SPRINGTIME 2001 and SHADOW

Operation SPRINGTIME 2001

The Statistics: Searches and Seizures

- 288 searches
- 20 buildings, valued at \$12 million
- \$12.5 million (CDN\$8.6 million, US\$2.6 million)
- 70 firearms (including one Uzi machine gun, two Cobray guns) and one rocket launcher
- 28 vehicles
- three stolen cars recovered
- 13 motorcycles
- 1 stick of dynamite
- 120 kg hash; 10 kg cocaine¹

It's being called the largest one-day police operation of its kind in Canadian history. On March 28, 2001, nearly 2,000 officers involved in the joint forces of Operation SPRINGTIME 2001 (*Opération PRINTEMPS 2001*) carried out simultaneous raids in 77 municipalities in Québec against the HELLS ANGELS.

This complex operation involved the coordination of police forces at regional, national and international levels. The Québec Police Force, the Royal Canadian Mounted Police, Montreal Urban Community Police Department and 23

municipal police forces took part in the raids. With the help of the Ontario Provincial Special Squad, RCMP "E" Division, Vancouver Police Department, the Organized Crime Agency of British Columbia and the Winnipeg Police Service, arrests also took place in Ontario, Manitoba and British Columbia. In cooperation with Jamaican police, Mexican police and Interpol Mexico, two suspects were arrested and deported from Jamaica and Mexico.²

Québec has used permanent joint task forces to disrupt and dismantle outlaw motorcycle gangs (OMGs) in the province since the outbreak of the biker war between the HELLS ANGELS and ROCK MACHINE. Based in Montreal, CARCAJOU (WOLVERINE), was created in 1995 to investigate the biker war which started in 1994. CARCAJOU II was expanded to target the HELLS ANGELS, ROCK MACHINE and related puppet clubs in Montreal and Québec City.³ In 1998, the task force again expanded. CARCAJOU II was replaced with six regional joint forces squads or ERM (escouades régionales mixtes). ERMs, composed of the RCMP, the Québec Police Force and municipal police forces, are located in Montreal, Québec City, Mauricie, Estrie, Saguenay and the Outaouais, all in Québec.

In 1999, these task forces came together in a coordinated investigation. Operation SPRINGTIME 2001 was the compilation of four joint forces operations against the HELLS ANGELS and their puppet clubs, the ROCKERS and EVIL ONES Outaouais chapter, in Québec. ERMs in Montreal, Québec City, Estrie and Mauricie targeted proceeds of crime, drug trafficking and criminal organization offenses. Project BOBCAT, involving ERM Outaouais, targeted the EVIL ONES Outaouais drug trafficking. The goal of the operation was to destabilize the HELLS ANGELS organization in the province by targeting OMG members and leaders.⁴

The HELLS ANGELS and the NOMADS⁵ controlled the large-scale distribution of drugs, particularly cocaine and hashish, throughout Québec. In the gang's highly structured hierarchical system, the lower-level puppet clubs and their associated street gangs performed the bulk of the criminal activities, particularly the more dangerous, violent or overt activities. In Québec, the gangs were responsible for the estimated billion-dollar-a-year distribution of hundreds of kilograms of cocaine and hashish a month. Almost all HELLS ANGELS chapters in Québec and their puppet clubs were required to go through the NOMADS to buy cocaine.⁶

Although the NOMADS primarily controlled cocaine sales, the gang also provided a source of hashish. Because profits on hashish were much smaller, OMGs could choose their own sources. Operation CHEVALIN was launched in autumn 1999 when Vermont border guards found US\$136,832 taped to the bodies of a Québec couple. This seizure led to an investigation of hashish sources and drug routes.⁷

The hashish came from Pakistan, was shipped through India, and then was sent on to Canada, either through European countries such as the Netherlands, Switzerland or Belgium, or through South Africa or Jamaica. The drug then entered Canada through the Port of Montreal, Montreal's Dorval Airport and Toronto's Pearson International Airport, usually hidden in with other goods. One of the three drug rings the hashish was supplied to was reportedly operated by the NOMADS. The proceeds from the drugs were converted to US dollars before being transferred to Pakistan, the United Arab Emirates and India.⁸

Evidence from taped conversations between NOMADS members revealed that they were setting drug prices for the province in association with members of Traditional (Italian-based) organized crime. In July 2000, an influential NOMADS member called a meeting with a group of ROCKERS during dinner at a Montreal South Shore restaurant. "The price of a kilo is now \$50,000," he said, "I made a deal with the Italians."⁹

At that meeting, a ROCKERS member and police informant was wearing a concealed wire. He was a driver and bodyguard for two NOMADS members. The informant was originally helping investigators solve 13 murders committed by the HELLS ANGELS as a result of their drug turf war with the ROCK MACHINE.¹⁰

In July 2000, police obtained copies of the NOMADS' bookkeeping papers which listed accounts to people identified only by a nickname. The documents dealt with drug deals in code – "BL" (blanc, for cocaine) and "BR" (brun, for hashish). The spreadsheets led police to open a probe into drug finances.¹¹

Apartment Stashes

In September 2000, police surveillance led to the complex and well organized financial side of the NOMADS drug operation. One apartment building in the north-end of Montreal was observed to be a delivery area for drug money. Further video and audio surveillance revealed regular weekly drop-offs of bags full of cash.¹²

One apartment in the building was an initial drop-off point, the other was a secure location with a safe. Spreadsheets seized from the apartment detailed individual and group accounts.¹³ There was an apartment with a safe and three money counting machines and gang accountants. Counting machines were used daily to process the cash and credit the appropriate accounts. Investigators seized \$5.6 million from that apartment.¹⁴

Arrest Warrants for all NOMADS in Québec

At the time the search warrants were drawn up, five NOMADS members, two NOMADS prospects and one ROCKER member were already in jail. They were

arrested while in possession of eight restricted firearms and while studying photos of rival BANDIDOS. They were sentenced to one year in prison under C-95 anti-gang legislation after a plea bargain. ¹⁵ As a result of Operation SPRINGTIME 2001, all NOMADS in Québec were charged with 13 counts each of first-degree murder and three counts each of attempted murder. ¹⁶ One NOMAD faces 15 counts of first-degree murder and four counts of attempted murder, with three of those counts relating to charges outside Operation SPRINGTIME 2001. ¹⁷

The Trial Process

A number of the arrested OMG members are being held in the B wing of the Montreal Bordeaux jail, the highest-security provincial prison in Québec. A new courthouse with two courtrooms is being built next to the jail and is expected to be ready in September 2001. Other than the prisoners, no one except the judge, lawyers, witnesses, police and jurors will be allowed in the courtroom. The public will watch proceedings on closed-circuit television. A number of OMG members were arraigned by video-conferencing. ¹⁸

The trials will be split into French and English to accommodate language preferences, with the French trial beginning as early as fall 2001. One NOMADS member has been released on bail after arguing that prison conditions were hampering his ability to defend himself and that there was no date yet set for the English trial. An enormous amount of evidence must be translated before the English trial can begin. ¹⁹

Prison officials have set up seven “offices” in the Bordeaux jail equipped with computers, video cassette and tape recorders to handle the evidence which has been currently compiled on 69 CD-ROMs, 120 video cassettes, 70 audio tapes and stacks of paper documents. ²⁰

Operation BOBCAT

Operation BOBCAT, the western Québec component of Operation SPRINGTIME 2001, targeted the EVIL ONES Outaouais. The two-year joint task force brought together seven police forces including the Québec Police Force, the RCMP, Municipalité régionale de comté des Collines de l’Outaouais (MRC) and the police forces of Hull, Gatineau, Aylmer and Ottawa-Carleton. Fifteen Ottawa-Carleton police officers assisted with the raids. One full-time investigator had worked on the joint task force for two years. About 400 police conducted 79 searches in locations in 20 municipalities in west Québec, including Gatineau and Hull. ²¹ The operation involved 1,000 hours of recorded conversations. ²²

Forty-four individuals, all connected to the EVIL ONES, were arrested. The HELLS ANGELS South chapter directed the activities of the EVIL ONES Outaouais. Twelve members of the EVIL ONES Outaouais face charges of drug

trafficking, prostitution, first-degree murder and conspiracy to commit murder. Proceeds of crime charges are expected. ²³

The focus of the take-down was the EVIL ONES' clubhouse in Val-des-Monts, Outaouais. Seizures included half a dozen EVIL ONES' colours²⁴, 30 guns, a crossbow, computers used for accounting, sodium lights used for indoor marijuana cultivation and bags of cocaine. Documentation on building bombs was also seized.²⁵

In Operation BOBCAT II, a continuation of BOBCAT, police targeted associates of the JOKERS St-Jean, Québec chapter, a puppet club to the HELLS ANGELS Trois Rivières chapter. Ten individuals were arrested on drug trafficking charges relating to bars in Aylmer, Hull and Gatineau. They were released on bail with various conditions. Police from the Hull, Gatineau, Aylmer, MRC des Collines, Québec Police Force, the RCMP and Ottawa-Carleton Police Force contributed to the task force. ²⁶

After Operation SPRINGTIME 2001 - Continuing the Momentum

Operation SPRINGTIME 2001 significantly destabilized the HELLS ANGELS in Montreal. Law enforcement is capitalizing on the positive momentum of Operation SPRINGTIME 2001. The organized crime division of the Montreal Urban Community Police Department (MUCPD) recently formed a task force, CAMPAIGN SUMMER 2001, to gather information on individuals and groups who intend to take over Montreal's drug trade from the HELLS ANGELS. Investigators will visit all of the more than 1,600 licensed bars in MUCPD territory. Another objective of the operation is to convince bar-owners that police need public information and cooperation to investigate drug-related activity in bars controlled by OMGs. ²⁷

Operation SHADOW

The largest operation against the HELLS ANGELS in Alberta this year was Operation SHADOW which targeted several members and numerous associates of the Calgary chapter. The takedown occurred on March 30, 2001, after an intensive 11-month investigation involving the Calgary Police Service, RCMP "K"-Division and Criminal Intelligence Service Alberta. The Organized Crime Agency of British Columbia, the Winnipeg Police Service, the Ontario Provincial Police and the Ontario Provincial Special Squad were also involved.

Twenty-seven search warrants were executed throughout Calgary and the surrounding area. Among the 51 individuals facing charges are six members, two ex-prospects, one hangaround, one ex-hangaround, one friend, and 39 associates of the HELLS ANGELS Calgary chapter.²⁸ There were 275 charges laid including 213 drug-related charges and 55 weapons charges.²⁹ The individuals charged in connection with Operation SHADOW are currently before

the courts.

A significant amount of drugs was seized either through undercover drug purchases, search warrant executions or arrests, including:

- cocaine: 11 kg
- Valium: 2,070 tablets
- Morphine: 585 tablets
- marijuana: 4 kg
- ecstasy: 485 tablets
- methamphetamine: .5 kg
- methamphetamine (ice): 1 kg
- weapons: five handguns, one Uzi and silencer, 11 rifles and 30 rifles/shotgun.³⁰

Approximately \$250,000 dollars worth of property, cash and vehicles has been seized as alleged proceeds of crime.

¹ King, Mike, "Stepping into the Hells Void: Gangs Watched for Drug-trade Takeover," *The Montreal Gazette*, 30 March 2001.

² Kalogerakis, George; Basem Boshra and Nicholas Van Praet, "The 'Mom' of All Raids 138 Snared; Boucher Charged in 13 Murders," *The Montreal Gazette*, 29 March 2001; Singer, Zev, "Massive Raids Aim To Cripple Hells Angels: 138 Arrests," *The Ottawa Citizen*, 29 March 2001; Legall, Paul; Carmelina Prete, "Biker Boss Wants to Come Home," *The Hamilton Spectator*, 3 April 2001; "Hells Biker Faces Three Charges after Police Roundup in Mexico," *The Montreal Gazette*, 5 April 2001.

³ A puppet club is a subordinate gang that receives its orders and acts as a labour pool for the stronger gang.

⁴ Singer, Zev, "Massive Raids Aim To Cripple Hells Angels: 138 Arrests," *The Ottawa Citizen*, 29 March 2001

⁵ The NOMADS are a specific kind of HELLS ANGELS chapter which are not based in a certain geographical area.

⁶ King, Mike, "Stepping into the Hells Void: Gangs Watched for Drug-trade Takeover," *The Montreal Gazette*, 30 March 2001; Kalogerakis, George, "First Angel Gets Bail till Drug Trial," *The Montreal Gazette*, 13 April 2001. Information obtained from intercepted communication introduced at bail hearing of two suspected HELLS ANGELS' money couriers.

⁷ Ha, Tu Thanh, "Drug Ring Busted, RCMP Says," *The Globe and Mail (Toronto)*, 17 May 2001. Seventeen individuals were arrested in Montreal, Toronto, Québec City and Sherbrooke. Police from England, France, India, the United Arab Emirates, South Africa and Portugal were involved in five other arrests.

⁸ Ha, Tu Thanh, "Drug Ring Busted, RCMP Says," *The Globe and Mail (Toronto)*, 17 May 2001. In Operation CHEVALIN there were seizures of 4,168 kg hashish, 175 kg cocaine, \$500,000 in cash, \$375,000 in valuables and prohibited weapons.

⁹ Kalogerakis, George, "Hells, Mafia Fixed Price of Coke, Court Told," *The Montreal Gazette*, 11 April 2001. Information obtained from intercepted communication introduced at bail hearing of two suspected HELLS ANGELS' money couriers. The judge imposed a publication ban on details in the afternoon of the first day of the bail hearing.

¹⁰ Ha, Tu Thanh, "Bisexual Biker Hit Men Helped Bust the Hells Angels," *The Globe and Mail (Toronto)*, 26 May 2001. Information obtained from intercepted communication introduced at bail hearing of two suspected HELLS ANGELS' money couriers.

¹¹ Brooks, Patricia; Randy Jones, "Fugitive Hells Angels Associate Nabbed in Grenada." *The Chronicle-Herald (Halifax)*, 28 November 2000; Ha, Tu Thanh, "Bisexual Biker Hit Men Helped Bust the Hells Angels," *The Globe and Mail (Toronto)*, 26 May 2001. Information obtained from intercepted communication introduced at bail hearing of two suspected HELLS ANGELS' money couriers.

¹² Ha, Tu Thanh, "Bisexual Biker Hit Men Helped Bust the Hells Angels," *The Globe and Mail (Toronto)*, 26 May 2001; Kalogerakis, George, "Inside the Hells Cash Machine: \$1 Billion a Year from Drug Sales Processed in Secret Apartment, Court Told," *The Montreal Gazette*, 10 April 2001. Information obtained from intercepted communication introduced at bail hearing of two suspected HELLS ANGELS' money couriers.

¹³ Ha, Tu Thanh, "Bisexual Biker Hit Men Helped Bust the Hells Angels," *The Globe and Mail (Toronto)*, 26 May 2001. Information obtained from intercepted communication introduced at bail hearing of two suspected HELLS ANGELS' money couriers.

¹⁴ Ha, Tu Thanh, "Bisexual Biker Hit Men Helped Bust the Hells Angels," *The Globe and Mail (Toronto)*, 26 May 2001. Kalogerakis, George, "Hells, Mafia Fixed Price of Coke, Court Told," *The Montreal Gazette*, 11 April 2001. Information obtained from intercepted communication introduced at bail hearing of two suspected HELLS ANGELS' money couriers.

¹⁵ Cherry, Paul, "Four Top Hells Nabbed While Studying Photos of Enemies," *The Montreal Gazette*, 17 February 2001; "Hells Angels Jailed Under Gang Laws," *The Chronicle-Herald (Halifax)*, 22 February 2001.

¹⁶ Brooks, Patricia, "Ex-N.S. Man Charged in 13 Biker Slayings," *The Chronicle-Herald (Halifax)*, 29 March 2001.

¹⁷ Kalogerakis, George; Basem Boshra, and Nicholas Van Praet, "The 'Mom' of All Raids 138 Snared; Boucher Charged in 13 Murders," *The Montreal Gazette*, 29 March 2001.

¹⁸ "Québec to Expand Prison for Biker Trials," *The Ottawa Citizen*, 31 March 2001; Van Praet, Nicholas, "Hells will be tried at Bordeaux," *The Montreal Gazette*, 31 March 2001, Van Praet, Nicholas, "Guards at Bordeaux Fear Riot in Biker Wing," *The Montreal Gazette*, 29 March 2001.

¹⁹ Macafee, Michelle, "Hells Angels' Gang Member Wins Release on Bail," *The Canadian Press*, 18 June 2001. There is a publication ban on this bail hearing. "Québec Biker Denied Bail Judge Rules Right to Fair Trial Not Violated," *The Canadian Press*, 21 June 2001.

²⁰ Macafee, Michelle, "Hells Angels' Gang Member Wins Release on Bail," *The Canadian Press*, 18 June 2001. Defense lawyers argued conditions at the jail did not give each prisoner enough daily access to computers and private cubicles to talk with their lawyers. The Québec government responded that the prisoners would get better access to the evidence against them.

²¹ Casey, Donna, "Hells in Handcuffs Massive Sweep Spells Beginning of End for Biker Scourge, Cops Vow," *The Ottawa Sun*, 29 March 2001.

²² Bertrand, Jean-Francois, "Police Vow to Keep Heat on Bikers: 30 Arraigned in Hull Court," *The Ottawa Citizen*, 30 March 2001.

²³ Casey, Donna, "Hells in Handcuffs Massive Sweep Spells Beginning of End for Biker Scourge, Cops Vow," *The Ottawa Sun*, 29 March 2001.

²⁴ Colours are the vests or jackets upon which are sewn the gang emblem in the centre, topped by a rocker (patch) with the name of the gang and with a bottom rocker naming the country, state or province in which the chapter is located.

²⁵ Bertrand, Jean-Francois, "Police Vow to Keep Heat on Bikers: 30 Arraigned in Hull Court," *The Ottawa Citizen*, 30 March 2001.

²⁶ Bertrand, Jean-Francois "Police Arrest 10 with Tier to Hells Angels," *The Ottawa Citizen*, 6 June 2001.

²⁷ Cherry, Paul, "Cops Track Drug Trade: MUC Police to Comb Bars as Bikers Vie for Territory," *The Montreal Gazette*, 28 April 2001.

²⁸ A "hangaround" has criminal experience and is subservient to all members and prospects. A "friend" is subservient to all members, prospects and hangaround while an "associate" supports or profits from OMGs' illicit and/or legitimate businesses.

²⁹ *Calgary Police Service News Release*, Calgary Police Service, 30 March 2001.

³⁰ *Calgary Police Service News Release*, Calgary Police Service, 30 March 2001.

CISC National Priorities

ASIAN-BASED ORGANIZED CRIME

Highlights

- Asian-based organized crime groups continue to be extensively involved in trafficking cocaine, the production, trafficking and exporting of marijuana, the importation and distribution of Southeast Asian heroin and have diversified into the distribution of ecstasy.
- AOC groups continue to be involved in large-scale illegal migrant smuggling operations, using Canada as both a destination country and as a conduit to the United States.
- AOC groups continue to expand their association with other organized crime groups and criminal gangs at the regional, national and international levels.

AOC groups continue to be primarily based in the urban centres of Vancouver, Calgary, Edmonton, Toronto and Montreal, but smaller cities and rural areas are increasingly used to conduct their criminal activities.

The structure of AOC groups includes criminal youth and members of street gangs. This membership is fluid with members often conducting several different criminal enterprises simultaneously with members of other AOC groups.

Across Canada, AOC groups continue to be involved in the large-scale importation and trafficking of drugs, particularly heroin and cocaine, the cultivation, trafficking and exporting of marijuana, extortion, home invasions, kidnaping, illegal migrant smuggling operations³¹, theft, shoplifting, prostitution, assaults, illegal gambling, loan-sharking, and the production and distribution of counterfeit currency, software, manufactured goods and credit and debit cards. The groups are also involved in the laundering of criminal proceeds and the investment of laundered money into legitimate businesses.

AOC groups in British Columbia continue to associate with other organized crime groups, particularly youth and street gangs. In the Lower Mainland, high schools with large English-as-a-second-language populations are often targeted by AOC groups as a labour pool for a variety of lower-level criminal activities, as a source of recruits and as insulation to shield senior members from the attentions of rival gangs or law enforcement.³²

There continues to be gang violence in the Lower Mainland, particularly between Vietnamese gangs. In 1999 and 2000 there were a number of incidents and homicides involving Vietnamese gangs.³³

The smuggling of humans by air and sea continues to be an issue of concern in the province. In April 2001, 12 female and 24 male illegal Chinese migrants were found in two soft-topped containers aboard a cargo ship in Vancouver which was destined for Long Beach, California. The two containers were positioned under two other layers of containers. Earlier in the month, 23 illegal Chinese migrants were discovered in two containers in Long Beach. The migrants told officials they paid between \$45,000 and \$55,000 US to organized crime groups for the voyage. All but one of the 36 illegal migrants who arrived in B.C. have applied for refugee status.³⁴

Deportations of the 599 illegal Chinese migrants who arrived in 1999 off the coast of B.C. on four decrepit ships continued throughout the year with only a small number of refugee claims approved. The migrants were held in custody while their cases were being heard by Citizenship and Immigration Canada.³⁵ The policy of holding the migrants in custody likely caused the smugglers to change tactics. As the migrants did not arrive in New York City there was no payment.

The investigation and prosecution of individuals responsible for human smuggling is difficult as the organizations often operate as transnational networks with subordinate members shielding leaders.

Two court cases against those alleged to be responsible for incidents of human smuggling in 1999 off the coast of B.C. are concluded. In August 2000, after a six-month trial and almost a year in custody, nine South Korean sailors were found not guilty of smuggling 131 Chinese migrants into Canada. The men had been charged with human smuggling, two counts of criminal negligence causing bodily harming, forcing passengers to disembark at sea and endangering lives. The charges originated after the migrants, paying \$40,000 each, were dropped off on the shores of the Queen Charlotte Islands, B.C., in the summer of 1999. The men contested that Chinese enforcers, who hijacked the ship and loaded migrants onto the ship, forced the sailors to smuggle the migrants into Canada. The Crown has decided not to appeal the verdict. Six of the nine men have claimed refugee status. This claim is currently before the Refugee Determination Board.³⁶

In February 2001, three men were found guilty of organizing and aiding 187 illegal Chinese migrants who were found in 1999 aboard a ship destined for Vancouver Island. A fourth man was found not guilty. The three men were sentenced to four years in jail and will likely be deported upon release.³⁷

As part of an American investigation, a Coquitlam, B.C. man has been charged with operating a ring which smuggled hundreds of Korean women into

Washington state. The individual pled guilty to one count of human smuggling and received a three-year sentence and a US\$40,000 fine. He admitted to smuggling about 960 Koreans into the United States and received about CDN\$1,500 for each, for a total of almost CDN\$1.4 million.³⁸

As a recent court case in B.C. indicates, AOC continues to be extensively involved in the large-scale importation of heroin. In a RCMP-led operation, a Hong Kong resident pled guilty to drug trafficking. In an operation involving police in Hong Kong and China, the Vancouver RCMP targeted an incoming shipment of heroin which was shipped from Guangdong province in China. The high-quality heroin was packed in 55 airtight bricks and hidden inside the false bottom of a shipping container which also held a legitimate shipment of Chinese-made merchandise. The accused received a 14-year jail sentence. Six co-accused are still before the court.³⁹

A joint forces operation, Project KATALYST, involving the Edmonton Police Service (EPS), the RCMP and Criminal Intelligence Service Alberta (CISA), concluded in March 2001 with the arrest of five men and two women. The multi-ethnic gang was involved in cocaine trafficking to various areas in Alberta.⁴⁰ Investigation of the ring, composed of approximately 10 members, began in 2000 after the shooting death of a mid-level gang enforcer who was killed after he fired on police. The individuals are charged with conspiracy to traffic cocaine.⁴¹ Approximately \$340,000 dollars in cash and property has been seized as alleged proceeds of crime.

Those charged as a result of a 1999 joint forces operation, Project KACHOU, are before the courts. The 14-month operation, which involved the EPS, the RCMP and CISA, investigated an AOC family. Thirty-three people were charged with a number of counts, including cocaine trafficking, money laundering, possessing the proceeds of crime, conspiracy and participation in a criminal gang. The cocaine was reportedly obtained in Vancouver, and distributed to areas in British Columbia and Alberta.⁴² Approximately \$1.7 million dollars in property, cash, jewelry and vehicles has been seized as alleged proceeds of crime.

In Saskatchewan, particularly in the northern half, AOC groups are primarily involved in the importation of cocaine and heroin from British Columbia and Alberta for distribution throughout the province. Some individuals have ties to AOC groups from Edmonton. There has been an increase in AOC groups smuggling cigarettes and liquor across the province. In Regina, local individuals with links to the DAI HUEN JAI⁴³ in Vancouver were actively involved in counterfeiting, drug trafficking and stolen autos.

In 1998, an operation targeted a predominantly Asian-based gang in Winnipeg suspected of trafficking cocaine. Thirty-five men and women were arrested in May 1999, including three gang ringleaders. One pled guilty to conspiracy to traffic cocaine and received a four-year sentence. Two more junior associates

received two years each for their parts in the conspiracy to traffic cocaine. In the investigation, more than 2,200 telephone calls were recorded which detailed the shipment of several kilograms of cocaine from Vancouver to Winnipeg.⁴⁴

The Akwesasne Mohawk Territory, Walpole Island and the Niagara area continue to be used by AOC as routes to smuggle goods and people across the Canada/U.S. border.

In January 2000, a Canadian/American joint forces, led by the United States Immigration and Naturalization Service, targeted human smugglers using the Windsor-Detroit border as a conduit to the U.S. for illegal migrants. The illegal migrants, primarily Chinese nationals, would be smuggled into Canada and taken to Southwestern Ontario where they were either driven across the border or smuggled across the St. Clair river, near the First Nations community on Walpole Island, into Michigan. The four-month operation ended with charges against 11 people, including five Canadians and the seizure of 425 Chinese passports and \$260,000 US in bribes. The five Canadians are before the court.⁴⁵

In a joint forces operation between the RCMP, Citizenship and Immigration Canada, the Korean National Police and the U.S. Immigration and Border Patrol, a Korean-based smuggling ring was investigated. The gang allegedly smuggled about 400 Koreans and Chinese nationals into Michigan. The gang, which had been in operation for a number of years, is estimated to have smuggled over one thousand people into the United States at between US\$7,000 to US\$25,000 each, depending on how they arrived in North America. Nine people were arrested in Ontario, nine in Detroit and New York City and several in Korea. This case is before the courts.⁴⁶

AOC groups, often in association with other organized crime groups, continue to exploit new and existing technologies to facilitate the manufacture and distribution of counterfeit credit cards and other fraudulent documents.

In September 2000, approximately 57 kg of heroin, 17 kg of designer drug pills and \$1.2 million in Canadian and U.S. currency were intercepted and seized as a result of a year-long investigation, which included cooperation from Vancouver law enforcement, the Combined Forces Special Enforcement Unit⁴⁷ and the Canada Customs and Revenue Agency in Toronto. The heroin, which originated in Southeast Asia, was shipped by rail after arriving in Vancouver from Guangdong province in China. The drugs were hidden in 1,700 plastic eggs among 174,000 real duck eggs. The heroin could provide 2.85 million individual doses. Three individuals from Scarborough are charged.⁴⁸

There has been an increase in AOC-operated marijuana grow operations across the country, particularly in Calgary and southern Ontario. The bulk of the marijuana grown in British Columbia is exported to the United States where there is a large market and a higher profit margin. It is estimated that, in the city of

Vancouver alone, there are approximately 10,000 clandestine marijuana grow operations.

There have been convictions in one of the first cases in Canada of loan-sharking inside a legitimate casino. None of the more than 400 victims came forward with an official complaint. Three Toronto-area men pled guilty to charging a criminal interest rate. The men were fined \$61,000, \$16,000 and \$15,000. One also received two years probation. Most loans were between \$2,000 and \$10,000, with a typical loan being \$5,000. First-time loans were \$3,000 and had to be repaid in three days. The first payment of 10% was taken before the client received the money. During the joint forces investigation which began in 1998, thousands of phone calls were wiretapped.⁴⁹

Outlook

- AOC will continue to dominate illegal migrant smuggling from Asia into Canada.
- AOC groups will continue to be extensively involved in the importation of Southeast Asian heroin to Canada
- AOC groups will continue to associate with youth and street gangs and use these groups as sources of labour and recruits and as insulation to shield senior members from the attentions of rival gangs or law enforcement.
- AOC will expand its involvement in the growing and exporting of marijuana.

³¹ According to the Alien Smuggling Unit of the U.S. Department of Justice, human smuggling from Canada to the U.S. is worth \$10 billion annually. Fife, Robert, "U.S. Attorney General Calls for Crackdown on Human Smuggling," *The National Post (Toronto)*, 21 June 2001.

³² Steffenhagen, Janet, "Immigrant Gangs to Recruit ESL Kids: Gangbusters Draw a Bead on Hoods," *The Vancouver Sun*, 18 October 2000.

³³ Fong, Petti, "Police Issue Warning over Vietnamese Gang Violence," *The Vancouver Sun*, 16 December 2000; Papple, Sarah, "Two Types of Slaying," *The Vancouver Province*, 12 November 2000.

³⁴ Alphonso, Caroline and Rod Mickleburgh, "'Horrific' Boxes Hid 36 Asians," *The Globe and Mail (Toronto)*, 11 April 11, 2001; Morton, Brian, "Illegal Migrants Ordered Detained: All but One of the 36 Chinese People Have Applied for Refugee Status," *The Vancouver Sun*, 19 April 2001.

³⁵ "British Columbia: Chinese Migrants Deported," *The National Post (Toronto)*, 14 September 2000.

³⁶ Matas, Robert, "Koreans Found Not Guilty of Smuggling Illegal Aliens," *The Globe and Mail (Toronto)*, 4 August 2000; "Six Koreans Want Refuge," *The Edmonton Journal*, 29 August 2000. The trial made legal history in B.C. as it was the first time television news cameras and microphones were allowed into the courtroom.

³⁷ Alphonson, Caroline, "Three Men Found Guilty of Aiding Illegal Migrants," *The Globe and Mail (Toronto)*, 26 February 2001; Alphonso, Caroline, "Chinese Smugglers Get 4 Years," *The Globe and Mail (Toronto)*, 17 March 2001.

³⁸ Jiwa, Salim, "B.C. Businessman Accused of Smuggling Aliens," *The Times Colonist (Victoria)*, 11 December 2000; "B.C. Man gets Three-Year Sentence in Smuggling Case," *The Ottawa Citizen*, 20 April 2001.

³⁹ Ivens, Andy, "14 Years for Trafficker Nabbed in Heroin Bust," *The Vancouver Province*, 2 February 2000; Appleby, Timonth, Miro Cernetig and Rod Mickleburgh, "Drug Haul Biggest in Canadian History," *The Globe and Mail (Toronto)*, 6 September 2000. The same week as the Vancouver heroin was seized, a large heroin seizure was made in Toronto.

⁴⁰ "Cocaine Seized, 7 Arrested as Crime Ring Busted," *The Edmonton Journal*, 10 March 2001; Humphreys, Adrian, "Cocaine Crime Ring Smashed in Edmonton: Armoured Police Raid: Probe Launched After Shoot-Out with 'Crazy Jimmy,'" *The National Post (Toronto)*, 10 March 2001.

⁴¹ "Cocaine Seized, 7 Arrested as Crime Ring Busted," *The Edmonton Journal*, 10 March 2001; Humphreys, Adrian, "Cocaine Crime Ring Smashed in Edmonton: Armoured Police Raid: Probe Launched After Shoot-Out with 'Crazy Jimmy,'" *The National Post (Toronto)*, 10 March 2001.

⁴² Blais, Tony, "Crown Case Mapped Out; Organization's Chart Alleges So-Called Drug Gang Operated Like Large Company," *The Edmonton Sun*, 4 November 2000.

⁴³ The DAI HUEN JAI, also known as the BIG CIRCLE BOYS, is an AOC group with a national network across Canada and has been involved in a number of criminal activities, including drug trafficking, extortion, prostitution, gaming offenses and the manufacture and distribution of counterfeit credit cards and other documents.

⁴⁴ O'Hallarn, Brendan, "Drug Kingpin Pleads Guilty; Phone Taps Incriminate 'Manager,'" *The Winnipeg Sun*, 2 February 2001.

⁴⁵ Richmond, Randy, "Web of Smuggling Still Growing," *The London Free Press*, 30 December 2000; Richmond, Randy, "Eight Chinese Migrants Nabbed – Two London-Area Natives Held in U.S. after Young Chinese Found in Van," *The London Free Press*, 4 August 2000; Dawson, Fabian, "Mounties Investigate Minister's China Trip: Elinor Caplan may have Unknowingly Tipped off People-Smuggling Suspect," *The Vancouver Province*, 19 December 2000.

⁴⁶ Blackwell, Tom, "Police Crack Korean-based Smuggling Ring," *The Ottawa Citizen*, 24 March 2001; Faulkner, Robert, 'Major Player' Sought After Arrests Made in Asian Smuggling Ring; 1,200 Migrants Transported to US via Canada," *The Toronto Star*, 24, March 2001.

⁴⁷ The Combined Forces Special Enforcement Unit (CFSEU) is a permanent joint forces operation in Toronto involving a number of police agencies which targets various organized crime groups, such as AOC.

⁴⁸ Appleby, Timothy, Miro Cernetig and Rod Mickleburgh, "Drug Haul Biggest in Canadian History," *The Globe and Mail (Toronto)*, 6 September 2000; Elliot, Louise, Dene Moore, "RCMP Cracks Scheme to Bring Heroin into Canada inside Duck Eggs," *Montreal Gazette*, 6 September 2000. This seizure was made the same week as a large heroin seizure in Vancouver.

⁴⁹ Humphreys, Adrian, "Loans Sharks Worked Casino Rama: Leaders Pled Guilty: Interest Rates Reached 3.6 Billion Percent a Year for Gamblers," *National Post (Toronto)*, 14 March 2001; Lamberti, Rob, "Casino Loan Shark Fined \$61Gs," *The Toronto Sun*, 11, March 2001. Under law, interest rates are calculated over a year to see if they are above the top legal rate of 60%. The highest rate of interest charged in this case amounted to 3.6 billion percent a year, although no loans remained unpaid that long.

EAST EUROPEAN-BASED ORGANIZED CRIME (EEOC)

Highlights

- East European-based organized crime continues to expand its activities in Canada, particularly in the larger urban centres of Ontario, Québec, British Columbia and Atlantic Canada.
- EEOC groups in Canada are well-connected to their counterparts around the world and increasingly to other established criminal organizations.
- EEOC groups continue to exploit technology to commit sophisticated financial and Internet-based frauds.

For a decade, Canada has experienced a proliferation of organized crime groups originating from the former Soviet Union and former communist states in Eastern Europe. These groups are part of a transnational East European-based organized crime community that is well-connected and well-funded to commit their crimes. Some of these groups have also formed alliances with other criminal organizations in Canada in order to expand their market share and increase their profits.

EEOC groups are most active in the larger urban centres of Ontario, Québec and British Columbia. Other Canadian provinces and territories report an EEOC presence, notably Atlantic Canada.

EEOC groups are strongly motivated by profit and are indiscriminate in their choice of illegal activity. EEOC groups in Canada, with varying degrees of

organization and sophistication, are known to engage in most types of crime, from petty theft to sophisticated fraud schemes. These groups may engage in legitimate business ventures as fronts for their illegal activities.

The most frequently reported criminal activities include financial frauds, prostitution, theft, contraband smuggling, illicit drug importation, vehicle theft and illegal export, and money laundering. Financial frauds, including sophisticated credit and debit card schemes and Internet frauds, achieved through the exploitation of technology, are major sources of income for EEOC groups.

The Internet has profoundly extended the capabilities and reach of organized crime groups, including EEOC, to victimize an even larger group of Canadian citizens and companies. Credit card "skimming,"⁵⁰ e-commerce site hacking and fraudulent credit card purchases are examples of activity engaged in by organized crime groups, including EEOC, that are facilitated by the Internet.

EEOC groups in Canada are extensively involved in the smuggling of stolen consumer goods, such as vehicles and other commodities, from Canada and the United States to the former Soviet Union and other European countries, via both legitimate business and criminal operations. EEOC groups also use the shipping industry to smuggle commodities. One-third of stolen Canadian vehicles are exported to meet increasing consumer demand overseas, including Eastern Europe.⁵¹ The Insurance Bureau of Canada reports that more than 500,000 of the vehicles stolen in North America have ended up in the former Soviet Union over the past five years.⁵²

YBM Magnex International Incorporation, a Canadian industrial magnet manufacturer with great expectations in public stock trading, collapsed in May 1998 amid allegations the company was involved in EEOC profit laundering.⁵³ While U.S. investigations and litigation⁵⁴ continue into the existence of a relationship between the company and EEOC, the Ontario Securities Commission (OSC) commenced quasi-judicial hearings in May 2001 against 13 individuals, including 10 former directors, the company's outside legal counsel and two prominent brokerage houses, on charges of securities law violations.⁵⁵ It is alleged that YBM Magnex International withheld knowledge of suspected EEOC associations, thereby misleading the OSC in a 1997 prospectus prepared for a \$100-million share issue.⁵⁶

Outlook

- EEOC groups will continue to take advantage of the effects of globalization and technological advances in order to expand their criminal profits and reach.
- EEOC will continue to be involved in sophisticated financial frauds and commodities smuggling, and become increasingly involved in other criminal activities, including drug importations.
- EEOC groups will continue to conduct activities in Canadian sectors vulnerable to penetration that can offer substantial profit.

⁵⁰ "Skimming", or the illegal duplication of credit cards, is achieved by running the card through a reader that captures information stored in the magnetic strip on the back of a credit card. These readers have become increasingly discreet and can be attached to a person's belt, like a pager, or affixed to the underside of a counter - all out of sight of the intended victim.. Readers can store data from several credit cards at a time. Once a sufficient quantity of credit card numbers is obtained, the reader can be connected to a computer where the data is quickly downloaded, via the Internet, to partners who duplicate the information onto counterfeit cards. These duplicate cards are used for fraudulent purchases or sold on the black market.

⁵¹ Lee-shanok, Philip, "GTA Car Heist Central; Canada is easy pickings for global-minded thiefed," *The Toronto Sun (Toronto)*, 14 March 2001, 4.; CBC. News Online staff, "Car Theft costing millions in Canada" [news report] *CBC. Front Page* (14 March 2001).

⁵² The Insurance Bureau of Canada, Media releases, 12 March 2001.

⁵³ Rubin, Sandra, "Customer hunt alarmed YBM: OSC probe: Some of company's clients turn out to be "little old ladies," *The National Post (Toronto)*, 17 May 2001, C11.

⁵⁴ Rubin, Sandra, "Law Firm named in U.S. case against YBM," *The National Post (Toronto)*, 28 August 2000, C1.

⁵⁵ Rubin, Sandra, " Street grids for YBM case ripple effect: OSC hearing starts today: High profile proceedings under wide scrutiny for signals on disclosure," *The National Post (Toronto)*, 7 May 2001, C3.

⁵⁶ Blackwell, Richard, "YBM knew of U.S. probe in 1996, OSC panel told," *The Globe and Mail (Toronto)*, 17 May 2001, B3.

TRADITIONAL ORGANIZED CRIME (TOC)

Highlights

- Traditional (Italian-based) organized crime remains a threat, with members involved in a variety of criminal activities throughout Canada.

In Canada, Italian-based criminals either belong or are connected to one of three main organizations: the Sicilian mafia, the 'Ndrangheta or the American arm of the Cosa Nostra. The Sicilian mafia, the most influential of the three, has ties to other Sicilian clans in Canada and elsewhere, particularly Venezuela, the United States and Italy.

All of these organizations maintain close ties with Asian and East European-based organized crime, outlaw motorcycle gangs, Colombian and other South American groups, and various domestic criminal organizations. They participate in joint criminal ventures with these groups in the pursuit of mutual profit, particularly in the movement of drugs into Canada and providing assistance for the laundering of drug proceeds.

TOC members are involved across Canada in a variety of criminal endeavours including drug smuggling and trafficking, illegal gaming, money laundering, extortion, and loan-sharking. Illegal gaming activities include backroom gambling, sports betting, and illegal video lottery gaming terminals. Profits from these criminal activities are invested in both legitimate commercial enterprises as well as their on-going criminal operations.

Project OMERTA, involving key members of the CARUANA-CUNTRERA organization, concluded in 2000 with the sentencing of Alfonso and Pasquale CARUANA. It was a reminder that TOC continues to play a prominent role in criminal activities in this country, with extensive links to other organized crime groups both here in Canada and throughout the United States, Europe and South America.

In Western Canada, TOC members continue to operate legitimate businesses in the fields of construction and development, food supplies and services, and restaurants and coffee bars. Through these establishments, and particularly through their sports and coffee bars, TOC members continue their affiliation with other known organized crime groups.

In Ontario, TOC crime families have been active for many years and continue to maintain their presence. They are involved in extortion, loan-sharking, illegal gambling machines and importing and distributing drugs.

In Québec, a family within the Sicilian organization remains one of the most influential and powerful criminal organizations in the Montreal area, exerting extensive influence over other criminal organizations operating in Montreal. The organization's influence may be spreading beyond its Québec base.⁵⁷ In April 2001, a \$200 million high-tech gambling operation in Ontario and Québec was disrupted by arrests in the two provinces. The police investigation, Project OLTRE, focused on a criminal operation, allegedly linked to a major TOC organization, that used storefronts and the Internet to coordinate a gambling activity that involved betting on major North American sporting events.⁵⁸

The majority of TOC involvement in the Atlantic region appears to be focused on marine ports and involving the importation of narcotics.

Historically, principals associated with TOC have purposely maintained a low profile in an attempt to avoid police and media attention. However, TOC in Canada continues to be a prominent player within Canada's criminal milieu and remains a serious threat.

Outlook

- Italian-based organized crime will remain a constant threat to Canadians, now exerting its influence at all levels.
- TOC will continue to be active in various criminal activities including drug trafficking, money laundering and illegal gaming.

⁵⁷ Humphreys, Adrian, "The Man They Call the Canadian Godfather," *The National Post (Toronto)*, 26 February 2001.

⁵⁸ Freed, Dale Anne, "54 Face Charges in Huge Gambling Bust," *The Toronto Star*, 12 April 2001.

OUTLAW MOTORCYCLE GANGS (OMGs)

Highlights

- The year 2000 saw dramatic growth for the HELLS ANGELS as chapters were formed in Manitoba and Ontario. The BANDIDOS patched-over the ROCK MACHINE as probationary members (one step below full membership) in December 2000.
- OMGs in Canada continue to use violence, ranging from intimidation and assault to attempted murder and murder.
- OMGs continue to associate with street gangs and other organized crime groups at the regional, national and international levels.

Across the country, OMGs, particularly the HELLS ANGELS, are involved in money laundering, intimidation, assaults, attempted murder, murder, fraud, theft, counterfeiting, loan-sharking, extortion, prostitution, escort agencies, strip clubs, booze cans (selling alcohol illegally), the possession and trafficking of illegal weapons, stolen goods, contraband, alcohol and cigarettes. Members of the HELLS ANGELS continue to be involved in the importation and trafficking of cocaine, the cultivation and exportation of high-grade marijuana and, to a lesser extent, the production and trafficking of methamphetamine, the trafficking of ecstasy and other synthetic illicit drugs.

The HELLS ANGELS continue to be the largest and most criminally active outlaw motorcycle gang in the country.

In British Columbia, the HELLS ANGELS have seven chapters in the province: East End, Haney, Nanaimo, Vancouver, White Rock and Mission City and a NOMADS chapter.⁵⁹ The VIPERS in Kamloops and TALISMAN in Smithers and Williams Lake are now disbanded. The RENEGADES are the HELLS ANGELS only puppet club in the province.⁶⁰

The HELLS ANGELS continue to be heavily involved in the importation and trafficking of cocaine, the cultivation and trafficking of hydroponically-grown marijuana and, to a lesser extent, the importation and trafficking of methamphetamine, ecstasy and hashish. Criminal organizations involved in the lucrative marijuana grow-operation industry also exploit the U.S./Canada border.⁶¹

The year 2001 brought the first convictions of B.C. HELLS ANGELS for a serious crime, trafficking in cocaine. Two members of the HELLS ANGELS Vancouver

chapter, were found guilty of three of the five charges they faced together, for conspiring with four other men to traffic in cocaine, trafficking in cocaine and possession of the proceeds of crime. One of them was also convicted of two other counts of possession of cocaine and ecstasy.⁶²

The two-year operation illustrated the difficulty of investigating and prosecuting members of a criminal organization. It involved 25 officers and had a Crown prosecutor dedicated to the case which took four months to prosecute.⁶³ On January 22, 2001, a prosecutor was allegedly approached by two men and his life was threatened. The court case is ongoing.⁶⁴

The HELLS ANGELS in Alberta have three chapters: Edmonton, Calgary and a NOMADS chapter in Red Deer. The gang continues to control a large portion of the drug distribution in Alberta, trafficking in cocaine, hashish and chemical drugs and also managing hydroponic marijuana grow operations.

The HELLS ANGELS have demonstrated sophistication in counter-surveillance and intelligence gathering. The Edmonton Police Service discovered scanning equipment hooked up to personal computers that were monitoring transmissions from electronic pagers, including those used by police.⁶⁵

The Alberta provincial court delivered an important ruling regarding police road checks. On July 24, 1997, a joint force of 130 police officers had stopped 150 HELLS ANGELS and two of their lawyers during a patch-over in which the HELLS ANGELS absorbed the GRIM REAPERS. Sixteen outlaw bikers faced 26 traffic-related offences.⁶⁶ The HELLS ANGELS appealed the charges and on August 18, 2000, a judge found breaches under three sections of the Canadian Charter of Rights and Freedoms that deal with arbitrary detention, search and seizure and security of the person. There were no breaches of freedom of mobility or freedom of association. This ruling has force only in Alberta.⁶⁷

The last individuals charged in the 1997 joint forces operation Project KISS against the REBELS (now HELLS ANGELS) have received their sentences. One of them pled guilty to one count of possession of hashish and cocaine for the purpose of trafficking and one count of possession of proceeds of crime. A second, a prospect for the HELLS ANGELS Edmonton chapter, pled guilty to one count of trafficking in cocaine. They were sentenced to three years each in prison.⁶⁸

The HELLS ANGELS in Alberta continue to use intimidation and assault to promote and protect the gang's interests. The ex-president of the HELLS ANGELS Calgary chapter, was found guilty of two counts of counselling mischief and two counts of common assault relating to a 1999 plot to bomb the homes of an alderman and a community activist. He was sentenced to one year followed by two years of probation during which he is not to be in contact with other members of the HELLS ANGELS. He was found not guilty of the most serious

offense, counseling mischief which causes actual danger to life. The alderman and activist had worked to have the HELLS ANGELS Calgary clubhouse demolished in June 1998 because it violated municipal and zoning bylaws and building permits were lacking.⁶⁹

There is one chapter of the HELLS ANGELS in Saskatoon, Saskatchewan. The former HELLS ANGELS puppet club, the Regina-based APOLLOS, is now disbanded.

Trafficking in cocaine and marijuana continues to be the primary activity of the HELLS ANGELS Saskatoon chapter. The gang manages numerous marijuana grow operations and is also involved in strip clubs and escort agencies.

The Winnipeg-based LOS BROVOS received HELLS ANGELS prospect status on July 21, 2000 and quickly received full-patch status on December 22, 2000. The speed of the patch-over is considered to be an aggressive countermeasure to the BANDIDOS patch-over of the ROCK MACHINE in Ontario and Québec on December 1, 2000.⁷⁰

In 2000, both the BANDIDOS and the HELLS ANGELS entered Ontario. The ROCK MACHINE formed chapters in Kingston and Toronto in June 2000 and a Niagara region chapter in August. The ROCK MACHINE became probationary BANDIDOS on December 1, 2000.⁷¹

The BANDIDOS expansion into Ontario was sharply curtailed when the Toronto and Niagara Falls chapters were disbanded with some members defecting to the HELLS ANGELS and others leaving the gang. The BANDIDOS now have probationary chapters in Kingston and Woodbridge, the latter formed by ex-LONERS.⁷²

Since December 29, 2000, the HELLS ANGELS have established chapters in Keswick, Oshawa, Kitchener, Simcoe County, Toronto, Toronto North, Toronto West, Toronto East, Windsor, Thunder Bay and Woodbridge. They also formed a NOMADS chapter. There are prospect chapters in Niagara Falls and London. Members of the PARA-DICE RIDERS and SATAN'S CHOICE were offered full patch HELLS ANGELS membership.⁷³

OMGs in Ontario have been dramatically altered by the expansion of the HELLS ANGELS and BANDIDOS. The OUTLAWS retain their seven chapters in Sault Ste. Marie, Windsor, London, Woodstock, St. Catharines, Toronto and Ottawa. The VAGABONDS have one chapter in Toronto, the RED DEVILS have a chapter in Hamilton and the PARA-DICE RIDERS have a chapter in Barrie. The SATAN'S CHOICE and LAST CHANCE have patched over to the HELLS ANGELS and the LONERS to the BANDIDOS.

In 1999, the HELLS ANGELS began wresting control of the Ottawa-Hull drug market from local independent drug dealers and the local OUTLAWS through violence and intimidation.⁷⁴

The PARA-DICE RIDERS' appeal against a December 1998 Ontario Court of Appeal decision in favour of the Durham Regional Police Force in *BROWN v. DURHAM REGIONAL POLICE FORCE* (1998) 43 O.R. (3d) 223 [Ont. C.A.] reached the Supreme Court of Canada in October 2000. Days before the case was to be heard, the gang dropped its appeal. They had sued the Durham Regional Police Force over roadside stops in the summers of 1991 and 1992, claiming the roadside checks were a violation of their rights.⁷⁵

There are six HELLS ANGELS chapters in Québec: NOMADS, South, Sherbrooke, Montreal, Québec City and Trois-Rivières. The HELLS ANGELS in the province control the ROCKERS, BLATNOIS, EVIL ONES, SATAN'S GUARDS and ROWDY CREW puppet clubs. The HELLS ANGELS Québec City chapter controls the DAMNERS in Grand Falls, New Brunswick and the DAMNERS DOWNTOWN in Québec City and DAMNERS Gaspésie in Rimouski. There are two probationary BANDIDOS chapters, in Montreal and Québec City.

Warring biker gangs in Québec declared a public truce in October 2000. HELLS ANGELS and ROCK MACHINE gang leaders and their lawyers held a "summit" at the Québec City courthouse.⁷⁶ The truce was broken when the ROCK MACHINE became probationary BANDIDOS. Sporadic violence between the gangs continues.

Outlaw motorcycle gangs continue to use intimidation and violence to promote and protect gang interests. In September, Michel Auger, a crime reporter for the *Journal de Montreal* was shot five times in the back but survived. He had recently completed a feature on the recent deaths and disappearances of HELLS ANGELS and Mafia members as a result of drug conflicts.⁷⁷

An ongoing investigation into this attack revealed cases of government employees leaking information to OMG members. Two cases involved individuals at the Societe de l'Assurance Automobile du Québec. Convictions for breach of trust and the fraudulent use of computer data have been handed down in one case. The other case is before the courts.⁷⁸

There have been a number of operations and convictions against OMGs in Québec in 2000 and to date in 2001. Eight members of the BLATNOIS MAURICIE pled guilty to 84 of 162 charges, including drug trafficking, assault, kidnapping, violating anti-gang legislation, threats and weapons offences. Prison terms ranged between three and eight years. The BLATNOIS, which operates in the northern Mauricie region, is a puppet club to the HELLS ANGELS Trois

Rivières chapter. The gang used violence and intimidation to direct and control street-level drug dealers.⁷⁹

The trial originally involved 13 defendants, but was later severed. The five remaining BLATNOIS members and two HELLS ANGELS face similar charges.⁸⁰

Eight ROCK MACHINE members and associates were convicted on various charges, including drug trafficking. Four individuals were also convicted for gangsterism in the first major success for the 1997 anti-gang legislation.⁸¹

An influential member of the NOMADS in Québec is currently in a special isolation cell at the Tanguay prison for women facing retrial on charges of ordering the murders of two prison guards in 1997. Three judges of the Québec Court of Appeal unanimously upheld the ruling which keeps him in unique detention.⁸²

A number of municipalities in Québec are creating bylaws to prevent buildings from being used as bunkers for OMGs. Montreal, Dorval and Blainville have passed legislation claiming the bunkers violate municipal bylaws and represent a danger to the safety and well-being of the community. The Blainville bunker, which was to become the HELLS ANGELS bunker, is now for sale.⁸³

The HELLS ANGELS have one chapter in the Atlantic provinces, located in Halifax. The BACCHUS in New Brunswick, the HIGHLANDERS in Antigonish, Nova Scotia and the CHARLOTTETOWN HARLEY CLUB in Prince Edward Island are all associated to the Halifax chapter of the HELLS ANGELS. The DAMNERS in New Brunswick are a puppet club of the Québec City chapter of the HELLS ANGELS.

Since 1997, Halifax has experienced a number of drug-related murders and attempted murders as the HELLS ANGELS attempt to dominate the drug market.⁸⁴

An associate of the HELLS ANGELS Halifax chapter has been charged with 16 money laundering and drug trafficking offenses and two counts of murder. After disappearing from Halifax in June 1999, he was located in November 2000 incarcerated in Grenada. He is the sixth person charged in the murders of two associates of the HELLS ANGELS Halifax chapter.⁸⁵

Outlook

- OMGs will continue to use violence and intimidation to promote and protect their interests.
- The number of BANDIDOS members and chapters in Canada will increase.
- OMGs will continue their attempts to penetrate legitimate institutions to collect information on rival gang members and law enforcement.
- The HELLS ANGELS will maintain efforts to force Ontario chapters of the BANDIDOS out of that province.

⁵⁹ The NOMADS are a specific kind of HELLS ANGELS chapter which are not based in a certain geographical area.

⁶⁰ A puppet club is a subordinate gang that receives its orders and acts as a labour pool for the stronger gang.

⁶¹ Godfrey, Tom, "RCMP- B.C. Pot Rolling Our Way," *The Toronto Sun*, 30 January 2001; Armstrong, Jane, "Hells Angels Quietly Make Money in B.C.," *The Globe and Mail (Toronto)*, 24 July 2000; Godfrey, Tom, "Marijuana Flows Over B.C. Border," *The Winnipeg Sun*, 7 May 2001.

⁶² Hogben, David, "Crown Urges Court to Give Hells Angels Six Years Each," *The Vancouver Sun*, 12 May 2001.

⁶³ Ivens, Andy, "Two-Year, 25-Cop Probe Yields First Hells Angels Convictions," *The Vancouver Province*, 23 January 2001. They were found not guilty of trafficking cocaine and possession of money from the proceeds of crime. Neither had a criminal record. Their membership in the HELLS ANGELS was not introduced until after the verdict was returned.

⁶⁴ Galashan, Sarah, "Man Behind Alleged Threat Surrenders to Police," *The Vancouver Sun*, 29 January 29, 2001.

⁶⁵ "Police Seize Guns, Drugs and Pager Monitoring Equipment," *Edmonton Police Service News Release*, 2 November 2000.

⁶⁶ "Court Finds Police Violated Hells Angels' Rights," *The Globe and Mail (Toronto)*, 19 August 1 2000.

⁶⁷ "Court Finds Police Violated Hells Angels' Rights," *The Globe and Mail (Toronto)*, 19 August 1 2000.

⁶⁸ Blais, Tony, "Prospects Pled Guilty," *The Edmonton Journal*, 11 October 2000; Blais, Tony, "Biker Hopeful Jailed," *The Edmonton Sun*, 16 January 2001; "Last Biker Arrested in Crackdown

Jailed 3 Years on Drug Charges," *The Sault Star*, 24 January 2001. During the 18-month Project KISS, police seized almost \$750,000 in cash and raided 38 businesses and homes. Fifty-one drug-related charges were laid against 10 people, including six full members, one striker (one step below a member), two hangarounds and two associates of the REBELS.

⁶⁹ Martin, Kevin, "Angel Convicted, Plotted to Blow up Home," *The Calgary Sun*, 12 May 2001; Slade, Daryl, "Defendant Denies Role in Alleged Bomb Plot: Former Biker Boss Takes Stand," *The Calgary Herald*, 8 May 2001. The judge said there was no evidence proving he wanted to cause injury. An explosive device seized from the associate's home couldn't be linked to the accused.

⁷⁰ Halliday, Bob, "Los Brovos Granted Prospect Status by Hells Angels," *The Winnipeg Sun*, 21 July 2000; Halliday, Bob, "Los Brovos Become Hells Angels," *The Winnipeg Sun*, 18 December 2000.

⁷¹ Cumming, Jason, "Rock Machine Celebrated 2 New Chapters," *The Ottawa Sun*, 12 June 2000; "New Rock Machine Chapter Opening in Niagara," *The Kitchener-Waterloo Record*, 8 August 2000. The ROCK MACHINE has a history of associating with the OUTLAWS, specifically the Ontario chapters, who are also long-time enemies of the HELLS ANGELS.

⁷² Lamberti, Rob and Jack Boland, "Toronto Bikers Close Chapter," *The Toronto Sun*, 6 February 2001; Edward, Peter, "Biker Lion Bound for Barrie Area," *The Toronto Star*, 6 June 2001.

⁷³ Cherry, Paul, "Hells Angels Initiate First Ontario Members," *The Ottawa Citizen*, 30 December 2000. The Ontario HELLS ANGELS' anniversary date is December 5, 2000.

⁷⁴ Shulgan, Christopher, "Hells Angels Tighten Grip on Ottawa Rave Scene," *The Ottawa Citizen*, 22 August 2000.

⁷⁵ MacCharles, Tonda, "PARA-DICE Riders Drop Supreme Court Case," *The Toronto Star*, 11 October 2000. The Durham Regional Police Service asked the Supreme Court to rule despite the abandoned appeal arguing there is confusion regarding police roadchecks. The justices would not proceed without an appellant.

⁷⁶ Sturino, Idella, "Courthouse Summit for Biker Gangs," *The Chronicle-Herald (Halifax)*, 28 September 2000; Ha Tu Thanh, "Warring Biker Chiefs Make up over Dinner," *The Globe and Mail (Toronto)*, 10 October 2000. A similar public truce was declared in Scandinavia in 1997 between the HELLS ANGELS and BANDIDOS. There, like Canada, OMGs were facing increased police and political pressure.

⁷⁷ Naumetz, Tim, "Hundreds Show Support for Shot Journalist," *The Winnipeg Free Press*, 16 September 2000; Naumetz, Tim, "Politicians on Organized Crime Committee Seek Police Protection," *The Ottawa Citizen*, 16 September 2000.

⁷⁸ Carroll, Ann, "Two Arrested in Auger Case," *The Montreal Gazette*, 31 May 2001; "Government Worker Sold Data to Bikers," *London Free Press*, 6 June 2001.

⁷⁹ Cherry, Paul, "Eight Blatnois Members Jailed," *The Montreal Gazette*, 2 May 2001. Jurors' identities were kept secret and the witness stand was shielded from the view of the defendants.

⁸⁰ Panetta, Alexander, "Québec Bikers Pled Not Guilty to 162 Charges in High-Security Courtroom," *The Montreal Gazette*, 17 January 2001; Cherry, Paul, "Eight Blatnois Members Jailed," *The Montreal Gazette*, 2 May 2001.

⁸¹ Ha, Tu Thanh, "Rock Machine Found Guilty," *The Globe and Mail (Toronto)*, 16 February 2001.

⁸² Macafee, Michelle, "Boucher loses bid to get out of isolation," *The Canadian Press*, 12 June 2001. The Supreme Court of Canada ordered a new trial on April 19, 2001.

⁸³ Cherry, Paul, "City Tries to Get Rid of Bunker: Bikers a Menace: Blainville," *The Montreal Gazette*, 27 January 2001; Porter, Hazel, "City Takes Aim at Bikers: New Dorval Bylaw Bans Bunkers," *The Montreal Gazette*, 24 May 2001.

⁸⁴ Brooks, Patricia and Randy Jones, "Fugitive Hells Angels Associate Nabbed in Grenada," *The Chronicle-Herald (Halifax)*, 28 November 2000.

⁸⁵ Brooks, Patricia and Randy Jones, "Fugitive Hells Angels Associate Nabbed in Grenada," *The Chronicle-Herald (Halifax)*, 28 November 2000.

SEXUAL EXPLOITATION OF CHILDREN (SEOC)

Highlights

- In January 2001 the Supreme Court of Canada handed down its highly anticipated ruling concerning the constitutionality of Canada's child pornography laws. In a unanimous decision, the Supreme Court upheld the laws as being constitutional.
- The number of requests for assistance received by law enforcement concerning child pornography on the Internet continues to rise in Canada.
- Child prostitution continues to be a concern to law enforcement across Canada and notably in the Western provinces.

The sexual exploitation of children (SEOC) is a continuing threat to our country's children. Despite ongoing public education and awareness campaigns to bring attention to this issue, SEOC remains an area of criminal activity that goes largely undetected or unreported. In an effort to combat these crimes against children, SEOC has become a national priority within the law enforcement community.

Criminal Intelligence Service Canada (CISC), which has over 380 law enforcement member agencies, initiated a national coordinated law enforcement strategy in 1998. Areas of focus include child pornography, child prostitution and sex tourism (Canadians who exploit children in foreign countries). CISC works in partnership with Interpol, the Royal Canadian Mounted Police (RCMP), Canada Customs and Revenue Agency (CCRA), other federal departments, provincial and municipal police forces, and U.S. and international agencies on this initiative.

Child pornography and the Internet

The advent of the Internet has created a global information highway. Instantaneous access to images and information allows individuals to connect with others from around the world with a click of a mouse. While this kind of access has merits, there are individuals who also use the Internet for the purpose of sexually exploiting children. The Internet provides the means to locate and communicate with those who share similar interests and views, to produce and distribute pornographic images of children and to lure potential victims through conversation in chat rooms.

The Internet has facilitated the distribution of child pornography at an alarming rate. The high volume of images available through the Internet allows individuals to obtain vast collections more quickly and easily than through past conventional methods of distribution. While instances of traditional distribution continue to be reported, the bulk of pornographic material flows through the Internet. Reports of the number of images retrieved during authorized searches of seized computer hard drives have reached into the thousands.

International investigations relating to child pornography are coordinated through Interpol Ottawa. In 1999, a total of 165 requests for assistance were received, including 101 from international law enforcement agencies. Two hundred and forty-five requests for assistance were received in 2000. Over 350 requests are anticipated in 2001. These requests originate from various law enforcement agencies and international hotlines that have been established for reporting this type of crime. With the proliferation of Internet users as well as web sites and chat rooms devoted to child pornography, it is expected that the number of requests for assistance will continue to increase.

A federal working group was established in early 2000 under the Canadian Strategy to Promote Safe, Wise and Responsible Internet Use. One of the group's tasks was to study the feasibility of a Canadian Internet hotline. Based on the recommendations of several stakeholders, the Government of Canada is working with the private sector to create a Canadian hotline that would receive complaints made by the public and industry about child pornography on the Internet.

Hidden dangers

The anonymity the Internet provides to sexual predators and pedophiles is of great concern to law enforcement. Children are at risk of being lured away from their homes by individuals intent on sexually abusing a child. A number of these instances have been reported in the media. In one case, a Canadian male entered a guilty plea in February 2001 to charges that he sexually assaulted a 13 year old boy he initially met in an Internet chat room.⁸⁶ A sentencing hearing commenced in June 2001. In another case, a Canadian male attempted to make arrangements for a sexual encounter with an 11 year-old girl over the Internet. He has since been convicted and given a fifteen-month conditional sentence.⁸⁷

Increasingly, concerned stakeholders in many Canadian provinces, including law enforcement, public interest groups, private industry and representatives from various levels of government, are joining together to develop new public awareness and educational campaigns about the potential dangers posed by the Internet regarding the sexual exploitation of children. These efforts focus on the dangers posed by the Internet and suggest preventative measures. In one such collaboration, Industry Canada, the Media Awareness Network and associated partners launched an educational web site in March 2001 that focuses on issues related to illegal and offensive content on the Internet.⁸⁸ This web site is another initiative of the Canadian Strategy to Promote Safe, Wise and Responsible Internet Use.

Recent Legislative Responses in Canada

In June 2000, sections of the *Criminal Code* were amended with the coming into force of the DNA Identification Act. This Act provides provisions to a judge to order that a person convicted of designated offences must provide blood, hair or buccal swab samples from which DNA profiles can be derived. Most of the current offences relating to the sexual exploitation of children are included in the *DNA Identification Act's* designated offences.

In January 2001, a highly anticipated judgment by the Supreme Court of Canada upheld Canada's child pornography laws as being constitutional, with two exemptions. The exemptions referred to the possession of written material or recorded images intended solely for personal use. The ruling was in response to an appeal launched by the federal government over a 1999 British Columbia lower court ruling that struck down Canada's law against the possession of child pornography as being unconstitutional. Even though the lower court ruling technically applied only to British Columbia, other Canadian provinces withheld prosecuting related cases pending the Supreme Court's ruling.

In March 2001, Bill C-15, known as the Omnibus Crime Bill, was tabled in the House of Commons. It is currently in the legislative review process. This bill includes new offences and amendments to existing legislation regarding the

sexual exploitation of children through the Internet and child sex tourism. If the legislation becomes law, offences will include: knowingly accessing child pornography sites, making child pornography available on the Internet (including web sites that have links to child pornography sites) and possession for the purposes of transmitting or exporting child pornography over the Internet. One of the most significant elements of Bill C-15 is the proposed "luring"⁸⁹ offence, which would carry a maximum penalty of five years imprisonment.

In April 2001, Ontario became the first provincial government to enact a sex offender registry. This registry will house information relating to convicted sex offenders residing in Ontario. This registry is unique in Canada. The government of British Columbia tabled similar legislation in March 2001.⁹⁰

Child Sex Tourism

Several countries around the world are becoming increasingly popular destinations for individuals wishing to have sexual relations with children. In 1997, amendments were made to the Criminal Code which extended the jurisdiction of Canadian courts to acts of sexual exploitation of children committed by Canadians against children outside Canada. In reference to the preconditions for prosecution in Canada, the law distinguishes between commercial sexual exploitation (e.g. child prostitution) and noncommercial sexual exploitation. In instances where the allegations do not involve child prostitution, prosecutions in Canada can only be initiated at the request of the country where the crime reportedly happened. Canada is one of 24 countries which have extraterritorial legislation in place to combat sex tourism and other forms of sexual exploitation of children. To date, no charges have been pursued under this section of the *Criminal Code*.

Bill C-15 contains a proposed amendment that would remove the present procedural requirement in noncommercial sexual exploitation cases. This would enable prosecution to proceed, in Canada, against Canadian citizens and permanent residents, who commit sexual offences against children in foreign countries without first obtaining a formal request from that country.

Child Prostitution

Although it is an issue across Canada, instances of child prostitution are most frequently reported by law enforcement in the larger urban centres of Western Canada. The average age of children involved in this activity is fourteen.⁹¹ Many have serious drug or alcohol addictions. Organized crime is believed to be involved in this aspect of child sexual exploitation. Several provinces have either enacted or initiated legislation or commenced new programs designed to tackle the issues involved in child prostitution.

The Province of Alberta enacted the *Protection of Children in Prostitution Act* in 1999 as a means of combatting the sexual exploitation of children. This Act, originally enabled social workers and the police to apprehend child prostitutes under the age of 18, without charges, and bring them to a safe house for up to 72 hours. In July 2000, an Alberta family court judge ruled the Act invalid as the detention violated the young person's rights under the *Canadian Charter of Rights and Freedoms*.⁹² In November 2000, the Alberta government amended the legislation. Changes included the extension of the maximum period of detention without charges to five days and the addition of a clause that allowed young people to request a hearing upon detention.⁹³ In December 2000, the Court of Queen's Bench reversed the lower court ruling and upheld the law as being constitutional.⁹⁴

In July 2000, the province of British Columbia tabled legislation, entitled the Secure Care Act, to assist children at risk of exploitation. It is anticipated that this law will be brought into force in the fall of 2001.⁹⁵

In December 2000, the province of Ontario tabled legislation similar to Alberta's to deal with the sexual exploitation of children entitled the *Protecting Children from Sexual Exploitation Act*.⁹⁶ In addition to this piece of legislation, the Ontario government further introduced the *Rescuing Children From Sexual Exploitation Act* in June 2001. Both Ontario bills are in the legislative review process.⁹⁷

Outlook

- SEOC investigators will continue to be challenged by the increasing number of requests for assistance regarding child pornography on the Internet.
- Law enforcement agencies will continue to form joint forces operations to take advantage of investigative expertise and limited resources.

⁸⁶ Kent Gordon, "Sexual contact with minor 'consensual':13-year-old boy portrayed as sexual experimenter," *The Edmonton Journal*, 26 June 2001, B3.

⁸⁷ Mickleburgh, Rod, "Ex-politician avoids jail for soliciting sex with child," *The Globe and Mail (Toronto)*, 27 June 2001, A1.

⁸⁸ For further information please refer to : www.connect.gc.ca/cyberwise.

⁸⁹ The proposed “luring” offence relates to instances where individuals make contact with children in chat rooms or through e-mail with the goal of luring them from their homes for the purposes of sexually exploiting them.

⁹⁰ CP, “Registry will keep track of sex offenders in B.C.: Some could be monitored for life as a safety measure,” *The Edmonton Journal*, 20 March 2001, A5.

⁹¹ CBC News Online staff, “Child prostitution widespread:experts”(webposted 28 February 2001). <cbc.ca/cgi-bin/templates/view.cgi?category=Canada&story=/news/2001/02/28/prostitute_folo010227> [27 February 2001].

⁹² Jeffs, Allyson, “Province spends \$10M to keep kids off streets: New money will go to safe house, programs to fight prostitution,” *The Edmonton Journal*, 24 November 2000, A1.

⁹³ CBC CA News, “Alberts toughens child prostitution law,”(webposted 22 November 2000).

⁹⁴ CBC News Online staff, “Alberta court upholds child prostitute law,” (webposted 22December 2000). <cbc.ca/cgi-bin/view/?news/2000/12/21/prostitution_001221> [14 January 2001].

⁹⁵ Government of British Columbia, “An overview of the Secure Care Act”(n.d)

⁹⁶ Government of Ontario, “Press Releases” <www.newswire.ca/government/ontario/english/releases/December2000/19/c4905.html>[19 February 2001] and Benzie, Robert, “Ontario aims to stop child sex trade,” *The Ottawa Citizen*, 20 December 2000, A4.

⁹⁷ Government of Ontario, “ Press Releases”,

Other Monitored and Emerging Issues

CONTRABAND SMUGGLING

Highlights

- Organized crime has infiltrated Canada's marine ports to facilitate the movement of contraband into Canada.
- The interprovincial movement of tobacco from lower tax to higher tax provinces continues to be a problem although recent changes in the tax structure may affect the dynamics of the illicit tobacco market in Canada.
- Enforcement initiatives continue to enhance cooperation and coordination between law enforcement agencies within Canada and with the United States to combat the cross-border movement of contraband and illegal migrants.

Organized crime groups are involved in the movement of contraband into Canada and/or its distribution. Drug smuggling and trafficking remain the major source of criminal profit for many crime groups, but other significant forms of contraband include alcohol, tobacco, firearms, precious stones, luxury vehicles and illegal migrants. Canada's marine ports are sometimes used as a conduit for contraband entering and leaving the country.

There continues to be an illicit tobacco and alcohol market in Canada supplied to varying degrees by cross border smuggling and various domestic illegal schemes.

Illegal firearms continue to be diverted to criminal elements after being smuggled across the border from the United States, or stolen from stores or private residences. Illegal migrants enter North America through different means and subsequently move between Canada and the United States.

Tobacco

In Canada, the illicit tobacco market consists of products from a number of sources, including between provinces due to tax differentials, through illegal diversion within a province's internal distribution, smuggled Canadian or foreign brands and illicit manufacture. The participants in this illicit tobacco market range from organized crime groups to smaller family-based entrepreneurial operations.

Organized crime groups are involved in the inter-provincial movement of tobacco products. Cigarettes from Ontario and Québec are acquired for illegal distribution to the prairie provinces and British Columbia. In August 2000, the RCMP seized over 11,000 cigarette cartons from central Canada that were discovered in a Vancouver mini-storage warehouse and linked to Asian crime groups.⁹⁸ In October 2000, officials in Manitoba intercepted 6,650 cartons of Ontario cigarettes concealed in a semi-trailer destined for British Columbia.⁹⁹

There is some illegal cross-border movement of tobacco including foreign products such as the Philip Morris “Marlboro” cigarettes not regularly available in this country. Contraband cigars continue to have a substantial market in larger urban centres such as Toronto and Montreal. Over the past several years, illicit manufacturing has also been noted, particularly in Québec.

Illegal tobacco activities occur throughout the international community involving illegal diversion and the production of counterfeit cigarettes. These activities may adversely impact on Canada. G8 and European Union members meet on a regular basis to discuss common action against large-scale cigarette smuggling, illicit manufacturing and the proliferation of counterfeit tobacco through intelligence sharing and legislative harmonization. The World Health Organization (WHO) is spearheading the creation of a comprehensive global treaty on tobacco related issues called the Framework Convention on Tobacco Control (FCTC); an anti-smuggling component will be a key component of the FCTC.

In May 2001, the Government of Canada appealed a June 2000 dismissal by a U.S. District Court of their one billion dollar lawsuit, initially filed in mid-December 1999, against RJR-MacDonald Inc., RJ Reynolds Tobacco Holdings Inc., several related companies and the Canadian Tobacco Manufacturers Council.¹⁰⁰ The lawsuit claimed that the defendants had defrauded Canada of billions of dollars in taxes by conspiring with known distributors and smugglers to ship tobacco products to the United States and then smuggle them back into Canada for sale on the illicit market. The dismissal had been based on the U.S. law known as the “revenue rule” which forbids U.S. courts to interpret or enforce foreign tax laws. The United States tobacco industry is facing similar legal challenges by other foreign governments including most recently a civil suit filed in

November 2000 from the European Commission alleging that Philip Morris and R.J Reynolds Tobacco Holdings were involved in cigarette smuggling into the European Economic Union.¹⁰¹

A new Canadian tobacco tax structure was introduced in April 2001 which included, among other changes, tax increases in the five low-tax provinces (Ontario, Québec, New Brunswick, Nova Scotia and Prince Edward Island), designed to reduce provincial price disparities, and a revised export tax. To date,

the effect of this new tax structure on the dynamics of the illicit tobacco market remains undetermined.

Alcohol

In the aftermath of the 1994 tax decrease on tobacco products in Canada, many criminal organizations previously involved in the smuggling of tobacco either switched completely or intensified their previous involvement in the movement of illegal alcohol into Canada. This criminal activity continues to be attractive to organized crime groups due its strong demand, low risk, and high profit potential. The involvement of these organized crime groups in the illegal alcohol market is increasing with even small-scale criminal entrepreneurs partnering with organized crime groups in order to sustain their operations.

The United States constitutes the primary source country of smuggled illicit alcohol. This is attributed to the sizeable tax differential, its geographic proximity, and the openness of the international border. As an example, under the current tax structure, 83 per cent of the retail cost of a typical bottle of Canadian spirits in Ontario is paid to provincial and federal governments. This is approximately twice the average U.S. level of taxation.

Alcohol on the illegal market is also obtained through retail/wholesale thefts and illicit manufacture. In January 2001, alcohol worth approximately \$1.4 million was stolen from a Seagram liquor warehouse.¹⁰² Stills for the illicit manufacture of alcohol continue to surface across the country. For the most part, these tend to be personal-sized operations but there are larger quantity operations, particularly in Québec and the Atlantic region. Alcohol from illicit production carries a health risk for the consumer, ranging from bacterial contamination to levels of methanol poisoning which could result in death.¹⁰³

Technology has provided new opportunities for smugglers to conduct business. The Internet, for example, is being used to procure stills, alcohol and information on the illicit manufacturing of spirits.

Illegal Movement of Firearms

The illegal firearm market in Canada is supplied by a number of sources, both domestic and foreign. The United States continues to be the primary source of smuggled firearms entering Canada. Domestically, firearms are stolen from private residences and commercial businesses. The majority of these firearms end up with criminals, in particular those involved in the illegal drug trade. The weapon capability of street gangs is gradually being upgraded to include various illegal automatic weapons.

On June 26, 2001, the Canadian Firearms Centre announced the creation of the National Weapons Enforcement Support Team (NWEST) as a national support

unit to assist local law enforcement in combating firearm smugglers and traffickers. It will assist the police community in dealing with issues of violence with firearms.¹⁰⁴

Diamond Industry

With the continued development of diamond reserves in Canada's north, this country is currently one of the top five diamond producing countries in the world. Law enforcement in Canada monitors the rough diamond trade to prevent its infiltration by organized crime groups. The potential criminal exploitation of the rough diamond market is influenced by a number of factors unique to the commodity, including a stable international market, the difficulty in proving or disproving ownership, a high profit to size ratio and the ease with which diamonds can be smuggled and laundered. It is not difficult for a black market product to appear to be a legitimate product. Diamond trafficking is not necessarily perceived by society as a threat to public safety.

The international rough diamond market has been tarnished by reports from West Africa of rough diamonds, often called "blood diamonds", sold on the black market to raise money to support the continuance of regional conflicts.¹⁰⁵ Canadian law enforcement is cognizant of the possibility that Canada could be used in the illegal international movement and sale of "blood diamonds", particularly products destined for the United States market which is estimated to consume 50 per cent of all diamonds each year.

Marine Ports

Organized crime groups in Canada are involved in the acquisition and distribution of illegal commodities that originate from a foreign source and use Canada's marine ports as a major conduit for the contraband to enter the country. Criminal groups use legitimate commercial movement and the transportation industry to camouflage this illegal activity. The contraband includes such commodities as drugs, tobacco, alcohol and firearms, but illegal migrants also have been discovered hidden within commercial cargo vessels, particularly concealed within cargo containers. Marine ports have also been used as points of export for illegal commodities, in particular stolen luxury vehicles destined for Asian, South America and East European countries.

Major crime groups such as outlaw motorcycle gangs, Asian-based organized crime, East European-based organized crime groups and Traditional organized crime have infiltrated the marine ports of Canada. These groups also develop long term alliances or temporary deals to jointly use their connections at any North American marine port to initially move contraband into one country and subsequently either way across the U.S./Canada land border.

The federal government has recognized the potential vulnerability of Canada's marine ports as a conduit for contraband entering the country. In June 2001, the Canada Customs and Revenue Agency announced an additional investment of \$12 million to assist overall customs enforcement efforts, including additional resources concentrated at the marine ports.¹⁰⁶ As well, CISC has developed and implemented a national marine ports strategy designed to enhance inter-agency cooperation and coordination under the umbrella of a "National Ports Working Group" consisting of representatives from federal, provincial and municipal law enforcement agencies. Integrated multi-agency enforcement units are currently located at the ports of Vancouver, Montreal and Halifax.

Outlook

- Organized crime groups will continue to use marine ports to move significant quantities of contraband in and out of Canada.
- A new tobacco tax structure has been implemented but it is too early to determine its effect on the current dynamics of the illicit tobacco market.
- The illicit alcohol market will continue to be fueled by contraband products from the United States, domestic thefts and illicit manufacture.

⁹⁸ Culbert, Lori, "Mounties Seize Smokes Smuggled Into B.C.", *The Vancouver Sun*, 31 August 2000.

⁹⁹ Janzen, Leah, "6,550 Cartons of Cigarettes Seized By Tax Investigators", *The Winnipeg Free Press*, 17 October 2000.

¹⁰⁰ Schmitz, Cristin, "Canada Revives U.S. Tobacco Suit", *The Montreal Gazette*, 30 May 30 2001.

¹⁰¹ Bloomberg News, "European Commission Turns Up Heat on Big Tobacco", *The National Post (Toronto)*, 7 November 2000.

¹⁰² "Hooch Bandit Snapped", *The Montreal Gazette*, 30 January 2001.

¹⁰³ Mathias, Philip, "The Bootlegging Bonanza", *The National Post (Toronto)*, 11 November 2000.

¹⁰⁴ Canadian Firearms Centre, "National Weapons Enforcement Support Team Targets Illegal Traffickers and Smugglers," 26 January 2001.

¹⁰⁵ Mitrovica, Andrew, "Blood Diamonds are here, Police Fear", *The Globe and Mail (Toronto)*, 29 March 2001.

¹⁰⁶ Cherry, Paul, "Montreal Port Gets Big Piece of Federal Anti-Drug Cash", *The Montreal Gazette*, 22 June 2001.

TECHNOLOGY AND CRIME

Highlights

- Sophisticated criminal organizations are using technology-based counter-surveillance measures.
- Every organized crime investigation can benefit from the analysis of an electronic device.
- Credit card fraud in Canada has decreased for the first time in a decade. Nonetheless, this sophisticated criminal activity continues to present a significant challenge to law enforcement.

Technological advances and the Internet have expanded the realm of criminal opportunities that organized crime continues to exploit. Organized crime groups have embraced the immediacy provided by the Internet when communicating with others or when committing crimes. Technology that has been developed to increase security, profit and productivity for legitimate purposes has been used by criminals wishing to enhance profits and diminish the likelihood of being detected or apprehended. As a result, law enforcement faces many new challenges, notably building the expertise and the necessary tools required to effectively combat cyber crimes.

Counter-surveillance Measures

Outlaw motorcycle gangs are using sophisticated technologies to monitor police activity. Many Internet-based programs and radio frequency-based devices have legitimate applications, but pose a serious threat to officer safety and police operations in the hands of the criminal element. The police must be vigilant regarding the counter-surveillance capabilities of sophisticated criminal organizations.

Organized Crime and Hackers

Around the world, computer hackers illegally access computer systems by taking advantage of system vulnerabilities. In Canada, hackers who access a computer system without authorization commit an offence under section 342.1 of the *Criminal Code*. Individuals participate in this type of activity for a number of reasons. For example, some hackers are driven by curiosity and others by peer recognition. Some claim that enhanced computer security is their motivation. Others have political motivations and use hacking as a form of activism. Other still are motivated by power, profit, revenge and other acts of malicious intent. Instances of illegal hacking activity in Canada are increasing annually.

Hackers engage in activities such as system intrusions, security breaches, the distribution of viruses and denial of service attacks.¹⁰⁷ One highly publicized incident that involved security breaches and denial of service attacks was committed by a Canadian youth, nicknamed "Mafiaboy". His cyber attacks temporarily shut down several major web sites in February 2000.¹⁰⁸ In January 2001,¹⁰⁹ Mafiaboy pled guilty to five counts of denial of service attacks, fifty-two counts of illegally accessing a computer and one count of breaking his bail conditions. His sentencing hearing commenced in June 2001.¹¹⁰

Apart from the transnational nature of their crimes, hackers and organized criminal groups appear to inhabit polar worlds. However, it is well known that organized criminals are increasing their level of technological sophistication. These groups are employing individuals with computer expertise and are using technology to further their criminal enterprises. For example, criminal groups are using the Internet to communicate and to conceal criminal information, to manipulate the stock market, to sell illegal drugs and to conduct illegal gambling activity.

Law enforcement is concerned that hacking is within the reach of organized criminal groups. It is only a matter of time before the police encounter evidence that these groups are employing hackers to exploit computer systems in support of their criminal activities. Organized attacks against computer systems directed by profit-motivated groups could have a devastating impact on the computer-based assets of Canadian interests.

Payment Card Fraud

For the first time since 1990, a decrease is being reported in the total dollar loss associated with credit card fraud in Canada. The Payment Card Partners (PCP) represent the collective interests of Visa International, MasterCard and American Express in Canada. The dollar loss figure reported by the PCP for 2000 is \$172.5 million compared with \$226.7 million for 1999. Forged credit card activity accounted for \$81.1 million of all credit card losses in 2000 compared with

\$123.6 million in 1999. Debit card fraud losses are not reported by the debit card industry.

These statistics illustrate that efforts to deter and investigate credit card fraud are having a notable impact. However, credit card fraud is international in scope and ongoing investigations show that sophisticated organized criminals in Canada continue to operate and profit at both the national and international levels. In 2000, 33 per cent of Canadian Visa and MasterCard credit card fraud occurred outside of the country. Forged Canadian credit card numbers have been used throughout North and South America, Europe and the Asia Pacific region. Foreign authorities have seized credit card manufacturing factories in China, Japan and the United States which were directly related to investigations in Canada.

In partnership with law enforcement from around the world, Interpol has developed a universal classification system for counterfeit credit cards. This on-line database provides a wealth of information on payment card fraud internationally and is accessible to Interpol's 178 member organizations. It includes information such as investigative contacts, card origin, suspects, technical examination details as well as technological devices used to forge credit cards.

Many criminal groups in Canada are involved in forged credit card activity. These groups compromise payment card data, manufacture, distribute and use forged credit cards. Proceeds from credit card fraud continue to support other criminal activities such as drug trafficking.

One notable trend relates to credit card fraud and the Internet. Globally, unsophisticated hackers are now downloading personal client information, including credit card numbers, from e-commerce businesses with weak security measures in place. Some hackers are even attempting to extort the businesses by demanding payment to secure the web sites the hackers access without authorization. In addition, e-commerce merchants are reporting significant dollar losses from goods purchased with stolen credit card numbers. These crimes are affecting e-commerce businesses in Canada with increasing frequency.

Advance fee fraud

Most traditional get-rich-quick scams, including chain-letters, investment frauds and pyramid schemes, have advanced with the technological age and moved on-line. One particular scheme that is frequently reported to police across Canada relates to a well-established fraud run by Nigerian-based organized crime groups. The advance fee fraud, or 4-1-9 fraud, named after the applicable section of the Nigerian criminal code, has victimized people from around the globe. The fraud involves enticing potential investors with enormous rewards in return for an advance fee which will release frozen funds, allegedly, from

Nigeria. Originally, this scheme was distributed by mail and then through facsimile machines. Increasingly, victims are contacted by e-mail. Canadians have been defrauded \$40 million dollars over the past ten years by this scheme. Criminal investigations in Canada relating to this type of crime have been successful. As a means of reducing the number of future victims, law enforcement promotes public education and awareness of advance fee fraud through the media and crime prevention web sites.

Identity Theft

Canadians are hearing more and more about an emerging type of crime, called “identity theft”, defined as the unauthorized collection and use of personal information, usually for criminal purposes.¹¹¹ Theft of personal information can be used to obtain new credit or services and new identification. In essence, the criminal assumes the victim’s identity to take advantage of his or her established credit rating. Often the victim is unaware that the theft has occurred until they try to obtain new credit or they receive notification from collection agencies of unauthorized, yet outstanding, debt. This type of crime is devastating to the victim who is faced with trying to re-establish their rightful identity and credit rating. A connection between identity theft and organized crime groups has not been established.

Technological advancements have enabled greater communication between individuals and the private and public sector. Through the course of business, personal information is routinely collected. Criminally-minded individuals or groups will seek ways to obtain this valuable information. In an effort to protect consumers and their personal information, federal legislation was enacted in April 2000. *The Personal Information Protection and Electronic Documents Act* provides direction to organizations involved in commercial activity and outlines how they will manage collected personal information.¹¹² The first of three phases of this legislation came into force on January 1, 2001.

Outlook

- It is only a matter of time before the police encounter evidence that organized criminals are employing hackers to exploit computer systems to further their criminal enterprises.
 - E-commerce sites will continue to be targeted by individuals attempting to exploit stored information as well as individuals attempting to purchase goods with forged credit cards.
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¹⁰⁷ Denial of Service (DoS) attacks are accomplished through the use of software designed to send numerous messages simultaneously. These messages ensure that there will be constant dial up, therefore the communication link to the server remains busy. These actions either cause the server to crash or denies others legitimate access to the server. Variations of the software, available on the Internet, are often exchanged amongst hackers.

¹⁰⁸ CP, "Mafiaboy trial may test 'reasonable doubt' in cyber crime," *The Edmonton Journal*, 18 January 2001, A10.

¹⁰⁹ "Mafiaboy" originally pled not guilty to the 66 charges against him in August 2000. Due to the technical complexities involved in the case, it was anticipated that his trial would run three to six months. In January 2001, just as his trial was scheduled to begin, "Mafiaboy" changed his plea to guilty on 56 charges. 10 of the original charges were dropped. (Source: CBC CA News, "Québec hacker pleads guilty, awaits sentence," (webposted 19 January 2001).

¹¹⁰ Banarjee, Sidhartha, "Teen still defends Web site sabotage: 'Mafiaboy,' who wreaked chaos for Yahoo and E-Bay, is 'still trying to justify what he did'," *The Edmonton Journal*, 20 June 2001, A3.

¹¹¹ Privacy Commissioner of Canada, "Identity Theft: What it is and what you can do about it," (n.d.). <www.privcom.gc.ca/fs-fi/02_05_d_10_e.asp>[28 June 2001].

¹¹² Privacy Commissioner of Canada, "An Overview of the Personal Information Protection and Electronic Documents Act," (n.d.). <www.privcom.gc.ca/legislation/02_06_07_e.asp>[28 June 2001].

**CISC 2001 Annual Report on Organized Crime
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Criminal Intelligence Service Canada would like to receive feedback on its *Annual Report on Organized Crime in Canada* in order to improve the quality of the report and its value to Canadian society. CISC invites you to complete and return this evaluation form. Your comments and suggestions will ensure a better report.

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National Overview	No use	1	2	3	4	Most useful
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