



Criminal Intelligence Service Canada

Highlights of the 2003 Annual Report on Organized Crime in Canada

INTRODUCTION:

The intent of the *Criminal Intelligence Service Canada (CISC) Annual Report on Organized Crime in Canada* is to present to the Canadian public a current comprehensive overview of key organized crime groups and their activities, along with information on specifically selected organized and serious crime issues across the country.

Communities across Canada continue to be negatively affected socially and economically by the subtle effects of organized crime.

Over the past year, CISC monitored and reported on its mandated national intelligence priorities: Aboriginal-based, Asian-based, Eastern European-based and Traditional (Italian-based) organized crime groups, outlaw motorcycle gangs as well as organized crime at marine ports.

In addition to reporting on national intelligence priorities CISC reported on its national monitored issues which this year include: contraband tobacco and alcohol, organized crime and the diamond industry, the illicit movement of firearms, technology and crime, the sexual exploitation of children, and street gangs.

This document aims to highlight the key issues from the 2003 report pertaining to CISC's national intelligence priorities and national monitored issues.

HIGHLIGHTS - NATIONAL INTELLIGENCE PRIORITIES

ABORIGINAL-BASED ORGANIZED CRIME (ABOC)

- ★ Aboriginal-based gangs are assessed by law enforcement as a low-level organized criminal threat. The gangs are generally involved in street-level trafficking of marijuana, cocaine, crack cocaine and methamphetamine as well as other criminal activities.
- ★ In addition to being affiliated with other Aboriginal-based gangs, there are associations between Aboriginal-based gangs and other organized crime groups, particularly the HELLS ANGELS and Asian-based organized crime groups.
- ★ Aboriginal-based gang activity will increase nationally in cities, reserves, and even in smaller more remote areas.

ASIAN-BASED ORGANIZED CRIME (AOC)

- ★ Asian-based organized crime (AOC) in Canada is composed of entrepreneurial, loosely-knit networks of individuals who are highly mobile, culturally and linguistically diverse with numerous criminal associates nationally and internationally, particularly in the United States and Southeast Asia.

- ★ Nationally, Vietnamese-based criminal groups will remain active in large-scale marihuana cultivation in order to take advantage of the high profits, low risk and relatively lenient sentences.
- ★ Some profits generated by Vietnamese-based criminal groups through the cultivation and trafficking of marihuana are reinvested to finance other illicit activities such as the importation of ecstasy. *Ex. In 2003, a Vietnamese-based criminal group was involved in storing large amounts of precursor drugs for the production of ecstasy in two Ottawa-area warehouses that could have produced an estimated 200,000 to 300,000 pills.*
- ★ AOC will continue to be a major criminal threat in Canada because of the wide scope and range of their criminal activities and their demonstrated expertise in establishing and maintaining criminal monopolies.

EASTERN EUROPEAN-BASED ORGANIZED CRIME (EEOC)

- ★ While Eastern European-based organized crime (EEOC) groups participate in most types of criminal activity, they are notable for their ability to plan and carry out sophisticated fraud schemes. *Ex. An elaborate debit card fraud carried out by an EEOC group in 2002, netted \$1.2 million before being disrupted in December 2002.*
- ★ EEOC groups based in Canada have extensive transnational connections to counterparts around the globe.
- ★ The capability of EEOC to orchestrate sophisticated fraud schemes and manipulate financial opportunities to their best advantage, coupled with their extensive legitimate and illegitimate international links, will allow them to continue their attempts to infiltrate lucrative market sectors and expand their criminal market share.
- ★ EEOC groups will continue to appear in regions of Canada, including those areas that have not previously experienced their presence. EEOC groups will continue to seek new opportunities and avenues to exploit technology to their criminal advantage.

ORGANIZED CRIME AT MARINE PORTS

- ★ While many major organized crime groups have some links to Canada's marine ports, the most significant criminal influences are linked to outlaw motorcycle gangs, Traditional (Italian-based) crime groups and local domestic crime groups.
- ★ Enforcement successes against criminal elements at major marine ports could encourage future organized crime attempts to infiltrate and exploit opportunities at smaller ports. *Ex. The Port of Saint John in New Brunswick was the site of a seizure by law enforcement of 1433 kilograms of marihuana and 72 kilograms of hashish oil in July 2002.*
- ★ Heightened security awareness has led to additional concerns over the potential of a marine port as a conduit into North America of illegal individuals or material that could contribute to acts of terrorism. To enhance marine port security, a five year additional federal funding plan of \$172.5 million was announced in January 2003.

OUTLAW MOTORCYCLE GANGS (OMGs)

- ★ Outlaw motorcycle gangs (OMGs) remain a serious criminal threat in Canada. They are involved in an array of criminal activities such as murder, drug trafficking, prostitution, illegal gambling, extortion, intimidation, fraud and theft.
- ★ OMGs will continue to be involved in criminal activity ranging from street-level drug trafficking and prostitution to higher level activities such as large-scale importation, exportation and distribution of illicit drugs, as well as money laundering and fraud.
- ★ OMGs will continue to increase their use of technology, as well as the Internet, to promote gang interests, sanitize their outlaw biker image and facilitate communications between chapters across the country in order to further their criminal activities.
- ★ Despite organizational difficulties, OMGs, particularly the HELLS ANGELS, will continue their attempts to expand their influence in Canada through violence and intimidation of lower level criminals.
- ★ Successful law enforcement actions within the last two years have reduced the degree of criminal influence of OMGs in Central and Atlantic Canada. *Ex. In Ontario, Project RETIRE a three-year joint forces police operation targeting the OUTLAWS motorcycle gang concluded in September 2002 with the arrests of approximately 60 individuals, including 40 full-patch members as well as two U.S. based members, the OUTLAWS' U.S. national vice-president and the international president. The OUTLAWS in Ontario are currently in disarray and their criminal influence is diminished.*

TRADITIONAL (Italian-based) ORGANIZED CRIME (TOC)

- ★ Generally, the capacities of Traditional organized crime (TOC) in Canada are highly sophisticated. TOC groups continue to increase their wealth and influence through criminal activities, such as illicit drug importation/distribution, money laundering, illegal gaming/bookmaking, as well as through investment in legitimate businesses.
- ★ The longstanding presence of TOC is a result of their organizational strength and connections with other organized crime groups and associates. The most powerful TOC groups continue to be based in Ontario and Quebec; however, TOC groups also exert influence to varying degrees in other provinces across the country.
- ★ TOC will remain at the upper echelon of illicit drug importation and distribution, frequently entering into joint ventures with other organized crime groups.
- ★ TOC will continue to have significant influence within organized crime circles in Canada. Further expansion into legitimate businesses and the development of new criminal opportunities, such as Internet gambling, will facilitate and enhance their criminal operations and wealth.
- ★ Project RIP: An Ontario-based TOC investigation resulted in the arrest of 32 people in September 2002. A criminal network was involved in the distribution of marihuana, ecstasy, gamma hydroxybutyrate (GHB), anabolic steroids, psilocybin (magic mushrooms), credit card fraud and stolen goods.

HIGHLIGHTS - NATIONAL MONITORED ISSUES

CONTRABAND TOBACCO AND ALCOHOL

- ★ Currently, smuggled tobacco consists mostly of illicit Aboriginal manufactured products, discount U.S. brands, or other foreign products from South America, Asia and the Middle East.
- ★ The long-term effects of the current high level of tobacco taxes is unclear; however, the potential exists for a gradual increase in illicit activities.
- ★ The illicit alcohol market will continue to exist including: cross-border movement, illicit manufacture and retail/wholesale thefts.

ILLCIT MOVEMENT OF FIREARMS

- ★ The illicit firearms market is supplied primarily by firearms smuggled from the United States or firearms that have been stolen from domestic businesses and residences. The illicit market provides organized crime groups and criminals with weapons that assist in the furtherance of criminal activity.
- ★ The illicit firearms market will continue to exist in Canada due to the continuous needs of individual criminals and organized crime groups.

ORGANIZED CRIME AND THE DIAMOND INDUSTRY

- ★ The Canadian diamond industry is continuing to expand. There are now two diamond mines in operation in the Northwest Territories.
- ★ Law enforcement is continuing to proactively monitor this industry to safeguard against infiltration by organized crime.
- ★ As the diamond industry is continuing to emerge and expand, so are the opportunities for criminal exploitation. Organized crime may seek avenues for infiltration in this industry as a source of illegal profits.
- ★ The RCMP's Diamond Protection Service, other law enforcement agencies, Criminal Intelligence Service Canada and the diamond industry, are actively monitoring the industry to detect and prevent illegal activities of organized crime that could have a negative impact on the new diamond industry in Canada.

SEXUAL EXPLOITATION OF CHILDREN (SEOC)

- ★ The sexual exploitation of children (SEOC) is a global issue that victimizes a vulnerable sector of society. Each image of child pornography represents an instance of sexual or physical abuse against a child.
- ★ The most frequently investigated SEOC offences by Canadian law enforcement relate to on-line child exploitation, particularly the possession of child pornography distributed via the Internet.
- ★ In response to the global demand for child pornography, the number of Internet sites offering child pornography for a fee will increase.
- ★ Street gangs, some with affiliations to organized crime groups, will continue to be involved in and profit from child prostitution.

- ★ Increasingly, law enforcement will work collaboratively, nationally and internationally, to combat the sexual exploitation of children, particularly with respect to investigations involving on-line child exploitation.

STREET GANGS

- ★ Some street gangs will have the ability to adapt to more sophisticated criminal activities.
- ★ Gang members and associates will remain violently protective of their territory and markets. This could lead to a source of conflict over the control of local and even interprovincial criminal markets.
- ★ Although street gangs were not perceived as a significant threat when they first emerged, law enforcement has increasingly become aware of the threat they pose. Recently formed joint-forces operations, specifically targeting street gangs, are underway in Alberta, Ontario and Quebec.
- ★ Street gangs will remain an area of growing concern to law enforcement due to the combination of recruitment, number of participants and their violent actions. Street gangs across the country will continue to increase recruitment among vulnerable youth.

TECHNOLOGY AND CRIME

- ★ Technologies that provide benefits to society also provide opportunities for organized crime. Emerging technology offers new potential media to commit old crimes such as money laundering and fraud.
- ★ The increasing ease with which sophisticated technological tools can be used allows any person with basic computer knowledge to use them to facilitate criminal activities.
- ★ As technology evolves, law enforcement, government and private sectors will continue to work together to establish strategies and best practices to reduce the risk posed by organized crime's use of technology.
- ★ Law enforcement will continue its efforts to remain in step with current technologies to combat increasingly sophisticated and elaborate crimes facilitated by emerging technologies.
Ex. Canadian law enforcement is participating in the Federal-Provincial-Territorial Working Group on Cybercrime to examine issues concerning the illegal use of technology.

CONCLUSION:

In conclusion, Criminal Intelligence Service Canada is committed to providing the Canadian public and the law enforcement community with a comprehensive and strategic overview of organized and serious crime issues affecting Canada as demonstrated in this year's report.

Strategic co-ordination, commitment to intelligence and timely communication are all integral to the collective fight against organized crime. CISC acknowledges the public as an important and valued partner in the effort to detect, reduce and prevent organized crime and encourages cooperation with law enforcement in the effort to combat organized crime.

A complete version of the 2003 CISC Annual Report on Organized Crime in Canada is available on-line at <http://www.cisc.gc.ca>