

Alternative Approaches to Combating Transnational Crime

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Chaired by Solicitor General Canada, the TCWG includes the following federal departments:

- **Canada Customs and Revenue Agency (CCRA);**
- **Canadian Centre for Justice Statistics (CCJS);**
- **Canadian Heritage;**
- **Canadian Security Intelligence Service (CSIS);**
- **Citizenship and Immigration Canada (CIC);**
- **Correctional Service Canada (CSC);**
- **Department of Finance Canada;**
- **Department of Foreign Affairs and International Trade (DFAIT);**
- **Department of Justice Canada;**
- **Department of National Defence (DND);**
- **Environment Canada;**
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- **Transport Canada; and the**
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TABLE OF CONTENTS

1. EXECUTIVE SUMMARY.....	1
2. INTRODUCTION.....	5
2.1 Background.....	5
2.2 Objectives.....	5
2.3 Research Priorities.....	6
2.4 Format.....	7
2.5 Scope and Limitations	8
3. RESEARCH FINDINGS.....	9
5.1 Assisting Law Enforcement Through Non-Traditional Agencies and Approaches	9
3.1.1 <i>Regulations of Private Sector Industries Vulnerable to Transnational Crime</i>	9
3.1.2 <i>Currency and Suspicious Transaction Reporting</i>	23
3.1.3 <i>Taxation Policy and Programs</i>	32
3.1.4 <i>Civil Sanctions</i>	38
3.1.5 <i>Foreign Policy and Programs</i>	43
3.1.6 <i>Security and Foreign Intelligence Agencies</i>	50
5.2 Enhancing Traditional Law Enforcement Through Multi-Agency Cooperation.....	57
3.2.1 <i>Domestic Police Partnerships</i>	57
3.2.2 <i>International Enforcement Partnerships</i>	84
3.2.3 <i>Multi-Jurisdictional Training and Education</i>	94
3.2.4 <i>Sharing of Information and Criminal Intelligence</i>	101
5.1.1.1 <i>Domestic Sharing and Coordination of Information and Intelligence</i>	101
5.1.1.2 <i>International Sharing of Information and Criminal Intelligence</i>	112
3.2.5 <i>International Government Organizations</i>	116
3.2.6 <i>Multi-Sectoral Approaches and Linkages</i>	124
3.3 Combating Emergent Transnational Crime Trends	137
3.3.1 <i>Migrant Smuggling: Immigration Policy and Programs</i>	137
3.3.2 <i>Environmental Crimes</i>	151

3.3.3	<i>Internet-Based Transnational Crime</i>	158
4.	DISCUSSION AND ANALYSIS	164
5.1	Assisting Law Enforcement Through Non-Traditional Agencies and Approaches	164
4.1.1	<i>Regulations of Vulnerable Industries: Financial Services Sector</i> .	164
4.1.2	<i>Currency and Suspicious Transaction Reporting</i>	166
4.1.3	<i>Regulation of Vulnerable Industries: Marine Ports</i>	167
4.1.4	<i>Taxation Policies and Programs</i>	169
4.1.5	<i>Civil Sanctions</i>	170
4.1.6	<i>Foreign Policy and Programs: Trade and Aid</i>	171
4.1.7	<i>National Security and Foreign Intelligence Agencies</i>	172
5.2	Enhancing Traditional Law Enforcement Through Multi-Agency Cooperation.....	173
4.2.1	<i>Domestic Police Partnerships</i>	174
4.2.2	<i>International Enforcement Partnerships</i>	176
4.2.3	<i>The Intelligence Function: Strategic and Inter-Agency Sharing</i>	177
4.2.4	<i>Multi-Sectoral Approaches</i>	180
4.3	Combating Transnational Crime Emergent Trends	181
4.3.1	<i>Migrant Smuggling: Immigration Policy and Programs</i>	181
4.3.2	<i>Environmental Crimes</i>	183
4.3.3	<i>Internet-Based Transnational Crime</i>	184
5.	CONCLUSION	185
5.1	Principles of Innovative and Effective Transnational and Organized Crime Enforcement.....	185
5.2	Strengths and Weaknesses in Canadian Approaches to Organized Crime	187
5.2.1	<i>Strengths</i>	187
5.2.2	<i>Weaknesses</i>	188
6.	POLICY IMPACT ANALYSIS	189
6.1	Future Policy Research Considerations	192

1 EXECUTIVE SUMMARY

Given the inherent challenges posed by the complex nature and scope of transnational organized crime (TOC), there is a need to explore innovative and effective alternatives to traditional law enforcement approaches. The objective of this project is to undertake exploratory research on alternative approaches to combating transnational crime.

The focus of this research is on alternative and innovative approaches that build upon or deviate from the traditional enforcement model. The research findings can be demarcated into two broad categories:

- (1) assisting law enforcement through non-traditional agencies and approaches, and
- (2) enhancing traditional law enforcement approaches through multi-jurisdictional and multi-sectoral cooperation.

Assisting law enforcement through non-traditional agencies and approaches

Regulatory policies and programs - In the United States, a range of federal and state agencies responsible for regulating sectors vulnerable to transnational and organized crime - such as the financial services sector, marine ports, and the construction industry - have incorporated into their mandate, the powers and resources to address organized crime activities. In Canada, few regulatory agencies have addressed the spectre of TOC within the sectors they regulate. The one exception is the Federal Office of the Superintendent of Financial Institutions, which has developed guidelines for federally-regulated banks on the development of internal money laundering control programs.

Financial transaction reporting - A financial transaction monitoring and reporting system, which is part of a series of public policies that mandate the private sector to detect money laundering, has been adopted by an increasing number of governments around the world. At the time of this report, the Canadian Government is currently developing its own mandatory system of currency and suspicious transaction reporting.

Taxation policies and programs - The objective of a tax inquiry into organized crime figures and criminally-controlled entities is to ensure that they pay the proper amount of taxes and to investigate and prosecute when there is an indication of tax fraud. Due to the use of civil proceedings, which can be an efficient and effective means of depriving criminal figures of their unreported illicit wealth, tax enforcement has increasingly been used in lieu of, or a complement to, proceeds of crime enforcement. The Canada Customs and Revenue Agency (CCRA) Special Enforcement Program targets under-reported and unreported illicit wealth of individuals involved in organized crime activities.

Civil sanctions - A select few governments have enacted legislation that provide the state and citizens

with the tools to undertake civil action (including injunctions, treble damage penalties, and the “forfeiture” of assets) against individuals or entities involved in organized criminal activity. *The Racketeer Influenced Corrupted Organization (RICO) Act* represents one of the most far-reaching organized crime enforcement tools in the United States. In contrast to criminal prosecutions, where the burden of proof is beyond a reasonable doubt, only the lesser standard of proof (balance of probabilities) is required under the civil provisions of RICO. Many have argued that the law has overstepped its original purpose and has been abused by justice officials and private citizens.

Within Canada, it has long been argued that the use of civil sanctions to target criminal activities or assets would never survive a Charter challenge. However, amendments to the RICO statutes and a new South African law that provides for the civil forfeiture of criminal proceeds have both incorporated provisions to guard against infringements on civil rights and due process. These legislative initiatives may have implications for the adoption of similar laws in Canada.

Foreign policy approaches – Some national governments have used foreign policies, such as aid, trade, military support and law enforcement support, to address organized criminal activities in source countries. The primary focus of the foreign policy tools addressing TOC has been on controlling the supply of drugs at the source through crop eradication or substitution. Canada’s Minister of Foreign Affairs has cited foreign aid as one policy tool that can encourage development of legal alternatives to illicit drug crops and enhancing the market for those crops. However, Canada has yet to develop specific aid or trade policies and programs that address organized crime in source countries.

Security intelligence agencies - Based on the perceived national security threats posed by TOC, national security intelligence services have increasingly been involved in combating this problem. In countries such as the United States, Canada, and the United Kingdom, security intelligence agencies have been given a mandate to gather information on crime groups and activities that may threaten national security. Within each of these countries, national security agencies have created sections to deal specifically with transnational crime issues.

Enhancing law enforcement approaches through multi-jurisdictional cooperation

It has been universally recognized that combating TOC demands a coordinated effort among a number of different agencies, both within and outside of the criminal justice sector. Throughout the world, there have been decisive efforts to promote greater cooperation and coordination among enforcement and intelligence agencies that transcend domestic and international jurisdictions. This includes partnerships between:

- sections or agencies within a government (enforcement) organization;
- domestic law enforcement agencies;
- law enforcement agencies from different countries;
- domestic and foreign criminal intelligence agencies and units;
- law enforcement and national security or foreign intelligence agencies;

- police and other enforcement, regulatory, and government policy bodies; and
- enforcement agencies and private sector companies and associations.

Canadian enforcement agencies have increasingly addressed organized crime through domestic and international partnerships. While, the federal government has used special program funding to create and promote inter-agency partnerships, most enforcement agencies have taken the initiative to coordinate resources on their own. This includes a recent effort by the RCMP to coordinate internal federal enforcement resources across functional and geographic lines to more strategically address high-risk crime groups in Canada.

Principles of innovative and effective TOC enforcement

This research has identified a number of principles of innovative and effective approaches to combating transnational crime, including:

- inter-agency cooperation and coordination (national/international, multi-sectoral)
- a strategic, comprehensive, and national approach
- strong strategic and tactical intelligence function
- use of different foci and (targeting) approaches
- complementing criminal enforcement with regulatory, civil, and administrative sanctions
- a mix of prevention, deterrence, and enforcement

Strengths and weaknesses in Canadian approaches to combating TOC

Strengths

- Increased national strategic planning and coordination by Federal Government
- Increased cooperation and coordination among enforcement agencies
- Increased use of strategic intelligence and planning
- Special federal program funding to promote enforcement priorities
- The existence of infrastructure, resources, powers and committed personnel

Weaknesses

- Key partners other than law enforcement agencies are under-utilized
- Insufficient emphasis on the use of regulatory, civil, and administrative sanctions
- Insufficient emphasis on initiatives that serve to prevent and/or deter TOC activity
- Under-utilization of different disciplines to research and examine TOC in Canada
- Canadian disclosure requirements in criminal cases may obstruct flow of enforcement and intelligence information from other countries

Canadian Policy Impact Assessment

The research findings suggest the following implications for Canadian TOC policy and programs:

- Promote coordinated, integrated approach through special federal funding
- Increase the role of relevant regulatory bodies in combating TOC
- Increase an emphasis on :
 - proactive, preventative approaches
 - varied and complementary targeting by enforcement agencies
 - a strategic (intelligence) approach
 - comprehensive national strategic planning
 - overseas presence of Canadian enforcement personnel
- Explore innovative legislative approaches

2 INTRODUCTION

2.1 Background

Given the inherent challenges posed by the complex nature and escalating scope of transnational organized crime (TOC), there is a strong need to explore innovative and effective alternatives to the traditional law enforcement approach.

In particular, the Federal Transnational Crime Working Group (TCWG) seeks information and direction on how it can complement, reinforce, or otherwise assist traditional law enforcement in combating transnational crime. The objective of this project is to undertake exploratory research on alternative approaches to combating transnational crime.

This research project has been developed through the Federal Government's Global Challenges Opportunities Network (GCON), which is an interdepartmental research network of the Policy Research Initiative (PRI) exclusively dedicated to addressing the international dimensions of Canadian public policy. The objective of the PRI is to strengthen the Federal Government's policy capacity by drawing on a solid foundation of research. The TCWG, which is chaired by Solicitor General Canada, is one of five interdepartmental working groups of the Government's Policy Research Initiative.

The research project is managed by Solicitor General Canada, which also chairs an interdepartmental project steering group that includes Canada Customs and Revenue Agency, the Canadian Security Intelligence Service, Foreign Affairs and International Trade, the RCMP, Justice Canada, Environment Canada, Citizenship and Immigration Canada, the Canadian Centre for Justice Statistics, and the Policy Research Secretariat.

2.2 Objectives

The objective of this project is to design and undertake exploratory research on alternative and innovative approaches to combating transnational crime. Specifically, the objectives of the research are to:

- 1) Identify new or innovative approaches for potential application in Canada;
- 2) Identify more cost-effective and efficient means to combat or prevent transnational crime;
- 3) Determine ways to build on existing relationships among law enforcement agencies, as well as among law enforcement and non-law enforcement agencies, by identifying potential linkages across government agencies, sectors, approaches, and jurisdictions;
- 4) Increase knowledge and awareness of other countries' practices across departments to support initiatives at the national, bilateral, and multilateral levels; and
- 5) Provide a federal policy impact analysis based on the research findings and recommend directions for future research.

2.3 Research Priorities

Through a case study approach, this report provides research findings from both secondary (literature

and Internet review) and primary sources (interviews with and documents provided by relevant agencies).

For the sake of this research, “alternative approaches” is defined as any approach that deviates from traditional criminal justice policies and practices used to combat transnational organized crime in Canada. This traditional enforcement approach is characterized by:

- the primacy of state-sanctioned enforcement carried out by criminal justice policies, programs and agencies, in particular law enforcement and prosecutorial agencies;
- a largely reactive, situational, and tactical enforcement approach;
- the confinement of unilateral operations within the specified jurisdictional boundaries of the enforcement agency;
- the use of traditional investigative and prosecution techniques, including, interdiction, tactical intelligence, undercover operations, informants, agents, asset forfeiture, etc., and
- a reliance on a retributive model of criminal sanctions, which stresses punishment and imprisonment.

In contrast, the focus of this research is on alternative and innovative approaches that build upon or deviate from the traditional enforcement model. The research findings are demarcated into three broad categories, which cater to the priorities of this project:

<p>Assisting law enforcement through non-traditional agencies and approaches</p> <ul style="list-style-type: none">▪ Regulatory enforcement▪ Taxation▪ Civil sanctions▪ Foreign policy approaches▪ National security intelligence agencies <p>Enhancing traditional law enforcement approaches through multi-jurisdictional cooperation</p> <ul style="list-style-type: none">▪ Multi-jurisdictional partnerships between enforcement agencies▪ Multi-sectoral partnerships between government agencies and the private sector▪ International partnerships in training and education▪ Multi-jurisdictional sharing and coordination of information and intelligence▪ International governmental organizations <p>Combating emergent trends in transnational crime</p> <ul style="list-style-type: none">▪ Migrant smuggling▪ Environmental crimes

Case studies have been selected by weighing a combination of the following factors:

- 1) the extent to which the approach can be considered innovative and unique within the Canadian

context;

- 2) approaches that have been under-explored in Canada (e.g., civil injunctive remedies, preventative methods, etc.);
- 3) proven approaches and best practices (e.g., inter-agency and multi-sectoral partnerships);
- 4) approaches that address salient characteristics of organized crime and transnational crime, including
 - transnational structure of and international cooperation between crime groups;
 - international cooperation between crime groups;
 - high-risk groups (for Canada): Russian, Chinese, Outlaw Motorcycle Gangs; and
 - current and future trends in transborder crime: cross-border smuggling (drugs, contraband, arms, migrants), environmental crimes, Internet-based crimes.
- 5) approaches that address high-risk areas in Canada (e.g., financial services sector, maritime ports); and
- 6) methods that explicitly attempt to address transnational organized crime and transborder crime (e.g., international cooperation, port of entry enforcement, etc.).

2.4 *Format*

The research findings are presented through a case study format. Each case includes the following information:

- the name of the agency(ies);
- a title or brief description of the program or project;
- a summary of the chief innovations;
- a description of the agency, program, or project;
- information sources; and
- contact names for further information.

The description of each agency, program, or project begins with a brief historical overview of how and why it came into being. This is followed by its mandate, objectives, strategies, structure, and innovations. Finally, information that provides some assessment of the innovative approach is provided.

2.5 *Scope and Limitations*

While this report strives to detail all of the above information for each case, there was often insufficient data available during the research period. This is particularly true of evaluation data, which is generally rare for organized crime enforcement programs. The “assessments” provided for most cases are based

largely on information and statistics provided by the relevant agency, and as such should not be considered as the findings of a rigorous, independent evaluation.

While one objective of this is to identify best practices, the lack of evaluation data makes this objective difficult to achieve. As such, for the sake of this report, best practices are largely determined through innovations in the conceptual design and approach of the agency, practice, or program.

The cases and the conceptual categories of alternative approaches presented in this report should not be seen as exhaustive. Indeed, various categories of alternative approaches, such as citizen participation, community crime prevention, community policing, military involvement, and private sector initiatives, to name just a few, have not been included due to priorities set by the Federal project working group.

Finally, while attempts were made to identify cases from throughout the world, the majority of *foreign* cases have been selected from the United States, Europe, and Australia. This is not only due to greater availability of data, but also because the majority of (innovative) enforcement efforts have taken place in these countries and regions. Regardless, cases have been included from the following countries:

Australia	Italy
Bulgaria	Netherlands
Canada	South Africa
China (Hong Kong)	United Kingdom
Colombia	United States
Hungary	

In addition, innovative programs undertaken by international government organizations, including the United Nations, the European Union, the Financial Action Task Force, and the World Customs Organization, are examined.

3 RESEARCH FINDINGS

3.1 Assisting Law Enforcement through Non-Traditional Agencies and Approaches

3.1.1 Regulation of Private Sector Industries Vulnerable to Transnational Crime

While the mandate to combat organized crime has traditionally been restricted to law enforcement

agencies (and more specifically police forces), regulatory agencies have played an increasingly important role in some countries. In particular, in the United States a range of federal and state agencies responsible for regulating private sector industries vulnerable to transnational and organized crime - such as the financial services sector, marine ports, and the construction industry - have incorporated into their mission a mandate to support law enforcement by addressing crime and organized crime specifically.

This section examines the role of regulatory agencies in combating organized crime. Emphasis is placed on cases involving agencies that regulate sectors highly vulnerable to transnational and organized crime, in particular, the financial services sector.

In addressing organized crime, agencies regulating the financial services sector have focused their attention on stemming the flow of criminal proceeds into legitimate financial service companies. This is particularly relevant for transnational crime as the cross-border nature of money laundering has increased through the globalization of commerce and advanced telecommunications systems (including the Internet).

Canada

Agency	Office of the Superintendent of Financial Institutions
Title	Policies and procedures (guidelines and best practices) to prevent and deter money laundering through banks in Canada
Innovations	First regulatory agency in Canada to use its mandate to address money laundering through prevention, detection, and enforcement support
Description	The Office of the Superintendent of Financial Institutions (OSFI) is the primary regulator of federally incorporated financial institutions and pension plans in Canada. The mission of this agency is to safeguard policy holders, depositors, and pension plan members from undue loss and administer a regulatory framework that contributes to public confidence in a competitive financial system.

In 1990, OSFI issued a *Best Practices* document that was intended to guide the financial community in policies that would serve to identify suspicious transactions. During the same year, a federal study of money laundering control in Canada (Beare and Schneider, 1990) stated that while the OSFI has yet to develop formal policies in the area of money laundering, it has taken concrete steps to address the problem.

The initial focus of OSFI in this area was on encouraging financial institutions under its supervision to “maintain and strengthen internal rules and procedures to detect money laundering and to urge full cooperation with law enforcement agencies investigating money laundering activities” (Mitchell 1989: 2). To this end, OSFI adopted standards set by the Bank for International Settlements. These standards, adjusted for Canada, are contained in an OSFI document entitled *The Prevention of Criminal Use of the Banking System for the Purpose of Money Laundering*, which was circulated to all financial institutions regulated by OSFI.

Beginning in the early 1990s, the Deposit-Taking Institutions Division of OSFI has undertaken initiatives to encourage the development of policies and programs within chartered banks to address money laundering.

Since the late 1980s, the OSFI has played a supporting role (when necessary) on RCMP proceeds of crime enforcement. The role of OSFI in a money laundering investigation is to ensure that there is no threat to an institution's solvency and that consumer confidence remains strong.

The 1990 federal money laundering study (Beare and Schneider, 1990) acknowledged that despite its logistical and legislative strengths, OSFI's powers are confined mainly to a reactive role. The OSFI acknowledged that it “is not geared to detect such activities as money laundering by clients or non-clients” of banking institutions (Mitchell 1989: 2). It has few mechanisms to detect and deter money laundering before it occurs. This weakness derives from its limited mandate and a regulatory approach that concentrates mainly on analyzing aggregate data.

Since the 1990 study, OSFI has developed more formal policies and directives for the prevention and detection of money laundering through regulated companies. Most significantly, in 1996 a document entitled *Guideline: Deterring and Detecting Money Laundering* was issued by OSFI. This document outlines guidelines that all federally regulated deposit-taking institutions are expected to implement, although these measures are not mandated by law.

The 34-page document includes:

- Definition of money laundering;
- An outline of relevant Canadian legislation;
- Guidelines specifying that a formal statement of policy from each financial institution's Board of Directors or senior management should enunciate the institution's commitment to combat the abuse of its facilities for the purpose of money laundering;
- Confirmation that adherence to the 'Know Your Customer' policy remains the best measurement of the strength of internal controls against money laundering;
- The requirement that each financial institution must designate a senior officer to be responsible for anti-money laundering processes;
- A description of the retention of transaction records;
- Instructions for drawing up a list of customers who regularly deal in large amounts of cash and who could be exempted from the reporting requirements;
- Instructions for the maintenance of a central record keeping system that would allow OSFI to carry out an efficient review of the records and allow the banks to report on their money laundering deterrence and detection procedures;
- A requirement that each financial institution develop a process to disclose suspicious transactions promptly both internally to senior management and externally to the RCMP;
- A requirement that all financial institutions provide appropriate training for personnel handling transactions and that all employees be made aware that they have a statutory obligation to cooperate;
- A requirement that when dealing with wire transfers, information on the identities of the individuals ordering, receiving, or benefiting from the transfer should be completed;
- A warning against 'tipping off' a customer about police investigation; and
- A warning against 'pass through' accounts that would allow clients of foreign banks to conduct financial transactions in Canada.

For emphasis, the guidelines add: "It is imperative that when a financial institution has an absence of factual information to negate any suspicion, the suspicious transaction should be reported to the local Proceeds of Crime Section of the RCMP without delay."

The document also states that regulated institutions should be prepared to provide information or material on money laundering deterrence and detection procedures to OSFI examiners at their yearly examination and upon request during the year.

Since 1996, OSFI has not undertaken any additional measures to address the problem of money laundering. Any future role of OFSI in combating money laundering will be contingent upon the new suspicious transaction reporting legislation (Bill C-22). This role will most likely be ensuring that its regulated institutions comply with the new legislation. However, the specific role of OSFI in relation to the new legislation has yet to be defined.

Sources Personal communication, Compliance Division, OSFI; OSFI Internet web site www.osfi-bsif.gc.ca; OSFI (1996) *Deterring and Detecting Money Laundering. Reference: Guidelines for Banks, Trust and Loan Companies and Cooperative Credit Associations*. Ottawa: OSFI, September; Beare, Margaret and Stephen Schneider (1990) *Tracing of Illicit Funds: Money laundering in Canada*. Ottawa: Solicitor General of Canada; Mitchell, Robert (1989). *Money Laundering and the Law*. Presentation to Schedule "B" Banks. Canadian Bankers Association Conference: January.

United States

Agency **Federal Reserve Board**
Title **Anti-money laundering program: guidance for and compliance examinations of banks**
Innovations Lead federal regulatory agency in combating money laundering; one of the few national monetary authorities to incorporate money laundering issues into its mandate.
Description The Federal Reserve Bank (FRB) was founded by Congress in 1913 to safeguard a secure monetary and financial system in the US. The four main tasks of the Federal Reserve System are to:

- conduct the nation's monetary policy;
- supervise and regulate banking institutions and to protect the credit rights of consumers;
- maintain the stability of the system; and
- provide certain financial services to the U.S. government, the public and foreign official institutions.

As part of its mandate, the FRB has initiated a number of anti-money laundering

initiatives and is considered one of the lead federal regulators in the U.S. in combating this problem.

Among the anti-money laundering activities of the Federal Reserve Board are:

- the development of anti-money laundering guidance provisions for regulated banks;
- examination of institutions for compliance with the *Bank Secrecy Act (BSA)*¹;
- conducting money laundering investigations;
- providing advice to U.S. law enforcement agencies for investigations and training; and
- providing training to foreign central banks and government agencies.

One of the principal activities of the Federal Reserve is to ensure its regulated banks comply with *BSA* requirements. Compliance audits are conducted by over 700 bank examiners, who are responsible for reviewing the operations of some 1,300 financial institutions in the U.S.. In addition, FRB regulations require financial institutions to provide for independent testing of *BSA* compliance by bank personnel or an outside party.

The principal objective of the Federal Reserve Board *BSA* examination is to determine whether banks have established and maintain adequate compliance programs and management information systems to detect the possibility of money laundering. Specifically, the Federal Reserve conducts examinations to evaluate whether banks have adequate systems in place to:

- detect and report suspicious activity;
- comply with *BSA* requirements;
- establish account opening and monitoring standards;
- understand the source of funds for customers opening accounts;
- verify the legal status of customers; and
- identify beneficial owners of accounts.

In its *BSA* compliance examination, the Federal Reserve begins with a review of policies, procedures and internal controls, which may be followed by more in-depth procedures in areas of higher risk. This review helps determine whether a bank should implement additional policies, procedures, systems or controls to comply with the *BSA*, and to prevent, detect and report money laundering. If the Federal Reserve identifies significant weaknesses in the bank's internal controls,

¹ The *Bank Secrecy Act* is the popular name for federal legislation that mandates financial service providers and other businesses to identify and report certain currency and suspicious transactions. This *Act* is detailed in Section 2.1.2.

they will use their supervisory authority to ensure that the bank takes appropriate corrective measures. Similarly, if the Federal Reserve uncovers significant risks, it will take steps to ensure that the bank is properly managing those risks.

At the next scheduled exam, or sooner, compliance examiners will evaluate the adequacy of the corrective action of the bank.

The Federal Reserve is one of many federal banking regulators that can revoke the licence of a domestic or foreign bank if it is convicted of money laundering.

On July 12, 1999, the Federal Reserve Board issued the first guidance ever dispensed by an U.S. regulatory agency on how the *private* banking sector can deter and prevent money laundering. The guidelines emanated from a special examination by the New York Federal Reserve Bank of some 40 New York City banks that offer private banking services. In a one-year period, examiners reviewed a cross-section of commercial banks, U.S. branches of foreign banks, and trust companies. From that work flowed a set of “sound practices” that “reflect the type of . . . controls essential to minimize reputational and legal risks and deter money laundering.” The sound practices are outline in a 16-page document entitled *Guidance on Sound Risk Management Practices Governing Private Banking Activities*.

Sources	Interview, Richard A. Small; Federal Reserve Board Internet web site www.bog.frb.fed.us ; Board of Governors, Federal Reserve Board. (1997) <i>Bank Secrecy Act Examination Manual</i> , Washington, DC.; Small, Richard (1999) <i>Vulnerability of Private Banking to Money Laundering Activities</i> . Testimony before the Permanent Subcommittee on Investigations, Committee on Governmental Affairs, U.S. Senate. November; “Fed gives first guidance to private bankers to deter laundering.” <i>Money Laundering Alert</i> 8(11):1 August, 1997; “Bank of New York, regulators form compliance plan on money laundering.” <i>Dow Jones</i> . February 9, 2000.
Agency	New York State Department of Banking
Title	Anti-money laundering programs by state banking regulator
Innovations	Significant proactive and reactive measures to address money laundering in regulated institutions; criminal investigations by a regulatory agency; involvement in money laundering joint force operations with law enforcement agencies
Description	The New York State Banking Department is the primary regulator for state-licensed and state-chartered financial entities, including domestic banks, foreign bank branches, savings institutions and trust companies and other financial institutions operating in New York including mortgage bankers and brokers, check

cashers, money transmitters, and licensed lenders, among others.

The Department's legislative mandate is to insure the safe and sound conduct of these businesses, to conserve assets, to prevent unsound and destructive competition, to maintain public confidence in the banking system, and to protect the public interest and the interests of depositors, creditors and shareholders. Almost 73 percent of the agency's 534 full-time employees are bank examiners.

The Banking Department has incorporated into its mandate and operations a focus on money laundering. The operational activities can be demarcated into three categories:

- ensuring state-chartered institutions have anti-money laundering prevention and *Bank Secrecy Act (BSA)* compliance programs in place;
- conducting criminal investigations into money laundering at state-chartered institutions; and
- levying administrative and criminal sanctions, including suspending and revoking licenses.

The Banking Department's proactive role involves ensuring its regulated members have programs in place to combat money laundering and comply with federal and state currency and suspicious transaction reporting regulations. In particular, through its periodic external examinations it ensures that regulated institutions comply with *Bank Secrecy Act* provisions. This function is carried out by the Examinations Bureau and the Criminal Investigations Bureau.

Through the Criminal Investigations Bureau (CIB), the Department conducts investigations into criminal activity involving state-chartered institutions and licensed entities. Through this mandate, it interacts with other regulatory, law enforcement and prosecution agencies. In this context, the CIB has become involved in joint force operations with law enforcement agencies. The most notable is the El Dorado Money Laundering Task Force, which is comprised of personnel from the United States Customs Service, the Internal Revenue Service, the New York City Police Department, and the New York State Banking Department. The Task Force has enjoyed recent success in identifying and prosecuting money laundering through money transmitters. The CIB also conducts background investigations on applicants for charters and licenses.

The Department uses its considerable regulatory power to evoke penalties against

regulated institutions, including suspending and revoking state licenses to conduct banking and other financial intermediary services. It also has the power to force state-chartered institutions to adopt or modify security and compliance programs to adhere to relevant federal and state regulations. These powers were most recently applied to the Bank of New York (BONY) in reaction to the discovery of an extensive money laundering operation at the BONY. In a written agreement with the Banking Department and the Federal Reserve, the BONY agreed to a number of enhancements to its money laundering prevention and compliance program (summarized below):

- To submit to the Department and the Federal Reserve an acceptable enhanced customer due diligence program, which shall be designed to reasonably ensure the identification and the timely, accurate, and complete reporting of known or suspected criminal activity against or involving BONY to law enforcement and supervisory authorities as required by suspicious activity reporting regulations;
- Within 10 days after the end of each calendar quarter, BONY shall provide to the Reserve Bank and the Department updates regarding their Anti-Money Laundering Oversight Committee, which shall include information concerning customer accounts selected for review and the subsequent actions taken with regard to the reviewed accounts;
- Within 60 days of this agreement, BONY shall submit to the Reserve Bank and the Department an acceptable plan describing the steps that BONY will continue to take to strengthen compliance with regard to anti-money laundering procedures and suspicious activity reporting within BONY; and
- Within 45 days of this agreement, BONY shall submit to the Reserve Bank and the Department an acceptable plan outlining the steps that BONY will continue to take to strengthen its risk management environment pertaining to funds transfer and cash management products.

Sources New York State Department of Banking, web site, www.banking.state.ny.us; “Banking Department Suspends License Of Money Transmitter.” *NY State Banking Department Press Release*, October 31, 1997; *Written Agreement By and Among Bank Of New York, Federal Reserve Bank Of New York and New York State Banking Department*, February 8, 2000.

Hong Kong

Agency	Securities and Futures Commission
Title	Guidelines issued by Hong Kong securities regulators to industry participants to detect and prevent money laundering
Innovations	Focus on organized criminal activity (money laundering) by securities regulatory body; awareness-raising and education of industry on money laundering
Description	In 1997, the Securities and Futures Commission of Hong Kong issued guidance notes for industry participants which provide a general background on the subject of money laundering, summarizes the main provisions of applicable anti-money-laundering legislation in Hong Kong, and provides guidance on the practical implications of that legislation for the securities industry.

This Guidance Note is intended for use by securities dealers, investment advisers, commodity trading advisers, and foreign exchange traders.

The comprehensive document is divided into four sections:

- 1) *Background* (the nature of money laundering, stages in the money laundering process, potential uses of the securities, futures and leveraged foreign exchange business in the money laundering process and recent international initiatives);
- 2) *Legislation covering money laundering in Hong Kong*;
- 3) *Policies and procedures expected of registered persons and licensed traders in Hong Kong* (including client identification, record keeping, retention of records, recognition and reporting of suspicious transactions, procedures for disclosure, and education and training); and
- 4) *Appendices* (including examples of suspicious transactions in the securities market, sample letter acknowledging disclosure of money laundering, and a sample status report from Police Department disclosing a person investigated for money laundering).

Sources Securities and Futures Commission of Hong Kong (1997) *Money Laundering. Revised Guidance Notes Issued By The Securities And Futures Commission*, July.

In addition to financial regulatory bodies, there are a number of agencies that regulate other economic sectors highly susceptible to transnational crime. Below are examples of innovative regulatory agencies that have addressed the problem of organized and serious crime in such high-risk areas as maritime

ports and the construction industry.

United States

Agency	The Waterfront Commission of New York Harbor
Innovations	Comprehensive approach to TOC in a high-risk sector; centralization of regulatory and enforcement powers in one agency
Description	Control of maritime ports has long been a goal of organized crime groups. A presence on the waterfront allows criminal organizations to facilitate the movement of contraband into and out of ports and divert legitimate products into the black market. This is no different in Canada; a recent report by the Criminal Intelligence Service Canada (1999) states that “criminal organizations are entrenched with the infrastructure of Canada’s maritime ports.”

The Waterfront Commission of New York Harbor, created in 1953 as a result of pervasive corruption in the Port of New York-New Jersey, is a unique law enforcement and regulatory agency with jurisdiction over the piers in both New York and New Jersey. The Commission not only guards against criminal infiltration of the piers, but also regulates the hiring and registration of dock workers in the port to prevent corruptive practices. The statutory mandate of the Commission is to investigate, deter, combat, and remedy criminal activity and influence in the Port of New York-New Jersey and to ensure fair hiring and employment practices.

Responsibility for the everyday operations of the Commission lies with the Executive Director who supervises six divisions, each of which is identified below.

Executive - This Division’s responsibilities include developing and overseeing the implementation of agency policy, legislation and regulations; preparation of annual and special reports; public relations; conducting labor relations with agency unions; formulation of the annual budget; maintaining records and administration of group insurance plans; providing legal advice to the Commissioners; undertaking agency litigation; conducting investigations; and ordering hearings.

Law - Legal counsel in this Division conduct investigations of applicants for licensing and registration to determine if they meet the appropriate legal standards. These attorneys also investigate persons and companies already licensed to ascertain if they have engaged in any violations of law. Hearings are conducted by the Assistant Counsel to determine whether applications should be granted or denied and whether registrations or licenses should be revoked or suspended. Counsel also conducts investigations into waterfront practices at the Port.

Police - This Division is staffed by a Chief, supervising officers, detectives and detective-investigators, all of whom possess full police powers in New York and New Jersey. These officers investigate criminal activity in the Port, analyze organized crime data, perform background checks of individuals and companies that have applied for registrations and licenses, review pier and waterfront terminal cargo protection and security procedures, and maintain the Commission's licensing and investigative files. The Division also participates in investigations with federal, state, and local agencies.

Licensing and Employment Information Centers - This Division processes applications filed by individuals and firms required to be registered or licensed, supervises the hiring of longshore workers, checkers and pier guards in the Port, and makes employment information available to these dock workers.

Audit and Control - Investigative accountants routinely audit the books and records of licensed firms to guard against violations of federal or state laws, and to ensure that the Commission's bookkeeping requirements are followed and that assessment reports are correct. The books and records of potential licensees and other individuals and firms under Commission investigation are also examined by these accountants.

Management Information Systems and Administration - This Division provides the agency with important computer, clerical, stenographic, court reporting, messenger and other support services and maintains personnel and attendance records. The proper functioning of the Commission's computer networks and data bases is entrusted to this Division.

The 1997/98 annual report of the Commission cites specific areas of success, including a "sharp" reduction in individual and organized cargo theft. "When theft has occurred, the Commission's Police Division has had solid success in apprehending thieves and in recovering valuable stolen shipments." The Commission has also successfully been able to remove dock workers and union officials with ties to organized crime (*The New York Times*, October 29, 1998).

Sources

Criminal Intelligence Service Canada (1999). *CISC Annual Report on Organized Crime in Canada*. Ottawa: CISC; The Waterfront Commission of New York Harbor (1998). *Annual Report 1997/98*. New York: The Commission; "Report Ties Union Official to the Gambino Crime Family." *The New York Times*, October 29, 1998.

Agency	New York City School Construction Authority
Title	Office of the Inspector General
Innovations	A regulatory body created specifically to prevent and deter corruption, fraud, waste and racketeering within the New York school construction industry
Description	<p>When the New York City School Construction Authority (SCA) was created in the late 1980s, it was mandated to improve the physical conditions of schools in the city. Billions of dollars were needed to be spent immediately in the construction and repair of public schools in New York. The challenge was to ensure that the money intended for school construction was not diverted by unscrupulous contractors or organized crime groups, which have long had a presence in this industry. This needed to be accomplished without crippling the building program or slowing the construction process (Thacher,1991).</p> <p>Traditional law enforcement approaches had not reduced corruption in the New York City construction industry to an acceptable level. As such, the decision was made to create a new kind of office with powers, resources, and roles never before consolidated in or made available to a stand alone crime-control office in the United States. This office is known as the Office of Inspector General (OIG) and it has been given the mandate to protect the multi-billion dollar New York City school construction program from victimization by organized crime groups, fraud, corruption, extortion, wasteful practices and all manner of crimes perpetrated by those doing business with, as well as those employed by the SCA. By reducing corruption, fraud, and wasteful practices, and by supporting civil suits for the recovery of monies that have been lost, the OIG also strives to save the SCA money.</p> <p>The underlying philosophy of the OIG's approach to corruption and racketeering in New York City school construction was prevention and deterrence.</p> <p>Specifically, in pursuing its unique mandate, this new office was built on several principles, which are summarized below.</p> <ul style="list-style-type: none"> • One of the OIG's principal goals would be to prevent and deter corrupt activity. Its operations would have to generate a perception and a reality that wrong-doing would be detected and would result in significant punishment; • An equally important goal is to block opportunities and reduce incentives to act corruptly;

- Detection and punishment must be creative and multi-faceted:
 - Investigations will employ a range of sophisticated auditing, surveillance, undercover operations and stings as well as traditional law enforcement techniques.
 - Investigations must not be merely reactive to complaints; rather they must pro-actively scrutinize areas of operations previously identified as prone to corruption or criminal exploitation. In order to be proactive, investigative initiatives must be informed by a comprehensive intelligence base and guided by sophisticated analysis of corruption and crime problems affecting the SCA.
 - The OIG relies on a range of sanctions, including criminal prosecutions, civil law suits, civil remedies (forfeiture, treble damages, restitution and injunctive relief) and administrative sanctions (ranging from the withholding of construction progress payments to debarment from future work).

- The OIG has developed its own intelligence operation, including a network of source intelligence (both in the construction industry and within the SCA itself) which will provide information to the Inspector General about criminality affecting the SCA. This information will be maintained and analyzed for both tactical and strategic purposes;

- The OIG is positioned within the SCA so that it could play a major policy role in shaping the SCA organizational structure, as well as in the daily construction operations themselves; and

- While not a statutory law enforcement agency, the OIG works closely with law enforcement agencies, including participation in joint investigations and intelligence projects with relevant local, state, and federal enforcement and prosecution agencies.

The OIG has three parts: an operations division, a counsel's office, and an administrative support team.

Operations - The Operations Division is comprised of an Investigations Bureau and a Police and Analysis Bureau. These two units combine the tools and expertise of five disciplines: legal, investigative, analytic, accounting, and engineering. The Investigations Bureau is comprised of the Field Investigations Unit and the Criminal Investigations and Prosecution Unit. The Field Investigations Unit is staffed by attorneys, investigators, accountants, and

engineering/design audit experts, assisted by tactical analysts from the Research and Analysis Unit. The unit investigates complaints that come to the SCA, as well as initiate its own audits and investigations based upon reports from the Intelligence Unit. The Criminal Investigations and Prosecutions Unit is comprised of personnel from three law enforcement agencies - the New York State Organized Crime Task Force, the New York County District Attorney's Office, and the New York State Police.

Intelligence - The Intelligence Unit has three responsibilities: (1) to obtain information from a wide array of sources both within and outside of the OIG's office, (2) to oversee an aggressive field associate program, and (3) to manage the storage and retrieval of intelligence information.

Research and Analysis - This unit utilizes information generated by the Intelligence Unit and by the Field Investigations and Criminal Investigations and Prosecutions Units to prepare two types of (strategic) analytic reports: (1) strategic assessments of patterns of criminal activity that impinge upon the operations of SCA, and (2) systems analyses that identify practices and procedures within SCA operations that create incentives and opportunities for corruption.

The strategic assessments are used by field operations in planning and implementing investigations; the systems analyses will be used to design more effective regulations, practices, and procedures for SCA.

Sources

New York City School Construction Authority web site
www.ci.nyc.ny.us/html/sca/ome.html Thacher, Thomas (1991) "Institutional Innovation in Controlling Organized Crime. Reflections on the Recent Integration of Law Enforcement Personnel with Industry Policy Makers in New York City School Construction." in Cyrille Fijnaut and James Jacobs (eds.) *Organized Crime and its Containment: A Transatlantic Initiative*. Boston: Kluwer Law and Taxation Publishers: 169-182.

3.1.2 Currency and Suspicious Transaction Reporting

A financial transaction monitoring and reporting system is part of a series of public policies that mandate the private sector, and financial services sector specifically, to detect and report suspected money laundering to government agencies. Due in part to pressure from such multinational bodies as the Financial Action Task Force, transaction reporting has been adopted by an increasing number of countries to combat money laundering.

Currency and financial transaction reporting is designed to expose the money laundering process at its most vulnerable 'choke' points, that is, when cash enters the financial system, when it is transferred between financial intermediaries, or when it is transported across national borders. By imposing an obligation to report transactions, as well as provide financial information that may be related to profit-oriented criminal activity, a transaction reporting regime may potentially serve a number of important policing and regulatory functions. It provides government agencies with a greater capacity to uncover evidence of wrongdoing by creating a central repository of financial information that can identify proceeds of crime and their sources. It also ensures proper records are in place to facilitate a subsequent criminal investigation. Theoretically, transaction reporting is also meant to serve as a deterrent to criminal behaviour for both the original perpetrator of the criminal offence and any financial intermediaries who would capitalize on their position to help launder illicit profits.

Transaction reporting can be demarcated into two general categories: currency transaction reporting (CTR) and suspicious activity reporting (SAR). A CTR system requires that specified financial intermediaries report any currency transaction over a specified threshold (generally 10,000 in the currency of the country implementing the reporting regime). A second type of currency monitoring is that which requires the reporting of currency or monetary instrument above a certain threshold amount when it crosses national borders.

SAR systems require financial intermediaries to report transactions that appear to be suspicious, regardless of the amount. This model provides more discriminate reporting of financial transactions compared to the CTR system. The philosophy behind SAR is that while there are millions of transactions that pass through financial institutions, a certain percentage are irregular in some aspect and warrant greater scrutiny. The most often cited reason for the implementation of a SAR system is that it is explicitly geared towards identifying transactions that may reveal money laundering, unlike the CTR system.

Canada

Agency	Department of Finance
Title	Bill C-22: Currency and Suspicious Activity Reporting

Innovations	First piece of legislation in Canada to require mandatory reporting of currency and suspicious transactions; a non-traditional regulatory tool that can be used to track proceeds of crime
Description	In December 1999, proposed legislation to combat money laundering was introduced in the House of Commons. This legislation creates a mandatory reporting system for large volume cash and suspicious transactions as well as the cross-boarder movement of currency and monetary instruments. This legislation amends and expands upon the <i>Proceeds of Crime (Money Laundering) Act</i> , which is largely restricted to specifying record-keeping requirements of regulated financial institutions.

The Bill was developed after consultations with the provinces, territories, and stakeholders throughout Canada.

According to Federal Government consultation documents, the principal objectives of the legislation are to help law enforcement officials deter and detect the cross-border movement of proceeds of crime by giving them the tools that they need to investigate these activities, and to enhance Canada's contribution to international efforts to deter and detect money laundering in conjunction with the standards set by the FATF.

Under the proposed legislation, regulated financial institutions, casinos, currency exchange businesses, as well as other entities and individuals acting as financial intermediaries will be required to report large volume cash transactions and any financial transactions that they have reasonable grounds to suspect are related to a money laundering offence. As well, individuals and businesses that move large amounts of cash across the border will be required to declare such movements to Canada Customs (now the Canada Customs and Revenue Agency (CCRA)).

As the legislation has yet to be finalized, the types of transactions that must be reported are still unclear. Even after the legislation receives Royal Assent, the type of transactions to be reported will continue to change as the relevant Federal regulations are modified and schedules are continuously issued. Definitions and indicators of "suspicious transaction" specific to different industry sectors will be set out in a series of schedules issued by the Financial Transactions and Reports Analysis Centre of Canada (see below).

The legislation as passed by the House of Commons on May 4, 2000 will include both large volume currency transaction reporting (the threshold amount to be determined in future regulations) and suspicious transaction reporting, whereby institutions and individuals will have to report financial transactions where there are reasonable grounds to suspect it is related to money laundering.

The maximum penalties for failing to report designated transactions under the Bill include fines of up to (CDN)\$2 million and imprisonment for up to five years.

In addition, individuals and entities that import, export, or transport currency or monetary instruments with a value above a prescribed amounts (to be set by future regulations) across the Canadian border will be required to report such activities to CCRA. Failure to report may result in the seizure of the cash or monetary instruments being transported.

The proposed legislation also establishes an independent government body to receive and analyze reported information about regulated transactions and cross-border currency movements. This new body, to be known as the Financial Transactions and Reports Analysis Centre of Canada (FinTRAC) will be a central repository for information about money laundering activities across Canada. FinTRAC will also have primary responsibility for monitoring the compliance of financial intermediaries with the legislation. It is proposed that this will be conducted through random audits conducted by FinTRAC.

In order to facilitate organized crime enforcement, FinTRAC will have the authority to disclose information related to suspicious financial transactions in limited circumstances to:

- Canadian law enforcement agencies investigating a crime involving money laundering;
- CCRA taxation officials, if the information also relates to a taxation matter²;

² See s. 55(3) of Bill C-22, *An Act to Facilitate Combating the Laundering of Proceeds of Crime, to establish the Financial Transactions and Reports Analysis Centre of Canada and to Amend and Repeal Certain Acts in Consequence*.

- Citizenship and Immigration Canada (CIC), if the information also relates to immigration offences³;
- Canadian Security Intelligence Service (CSIS), if the information also relates to a suspected threat to national security; and
- foreign law enforcement agencies, if FinTRAC or the Minister of Finance has entered into an agreement with a foreign state or international organization regarding the exchange of such information⁴.

The legislation has met with criticism and opposition. The Canadian Bar Association’s Criminal Justice Section has challenged the federal government on a number of aspects of the legislation, particularly those sections dealing with the disclosure of information (especially as it impacts on attorney-client confidentiality) and the proposed notion of a “suspicious transaction.”

Sources Bill C-22. *An Act to facilitate combating the laundering of proceeds of crime, to establish the Financial Transactions and Reports Analysis Centre of Canada and to amend and repeal certain Acts in consequence*. Second Session, Thirty-Sixth Parliament, 48 Elizabeth II, 1999. First reading, December 15, 1999.

United States

Agency	United States Treasury Department
Title	Transaction Reporting Legislation, Regulations, and Agencies
Innovations	First transaction based, regulatory approach to combating money laundering in the world; expansion to businesses outside of the financial services sector
Description	On October 26, 1970, the U.S. Congress passed the <i>Financial Recordkeeping and Reporting of Currency and Foreign Transaction Reporting Act</i> , commonly referred to as the <i>Bank Secrecy Act (BSA)</i> . This legislation represents the world’s first currency and transaction reporting regime as a policy to combat money laundering.

The *BSA* requires reporting and recording of certain transactions and the retention of specified reports and records. Broadly speaking, the *BSA* provides four basic tools to identify those who attempt to conceal their participation in crimes where substantial amounts of currency are generated:

³ *Ibid.*

⁴ See s. 55(4) and s. 56.

- A Currency Transaction Report (CTR) must be filed by banks and other financial institutions whenever a currency transaction over (US)\$10,000 occurs. CTRs are filed with Treasury Department agencies and all criminal violations of the CTR reporting requirement are investigated by the Internal Revenue Service (IRS) Criminal Investigation Section.
- A Currency of Monetary Instruments Report (CMIR) must be filed with U.S. Customs Service whenever the value of currency or monetary instruments over (US)\$10,000 are transported across U.S. national borders.
- Foreign Bank Accounts Reports (FBAR) must be filed by persons subject to U.S. jurisdiction who have a financial interest in, or signature authority over, a foreign financial account in excess of (US)\$10,000.
- Individuals as well as financial institutions may be required to keep certain records up to five years. The purpose of the record retention provision is to ensure a paper trail exists to facilitate money laundering investigations. These records include copies of cheques, drafts, money orders, and customer identification, among others.

Much of the responsibility for administering and enforcing transaction reporting in the United States falls under the Treasury Department, and more specifically the Internal Revenue Service and the Financial Crimes Enforcement Network (FinCEN).

In 1984, the IRS was given direct authority to ensure that the receipt of currency over (US)\$10,000 by constituent businesses was reported. In response to these responsibilities, the IRS has developed a Anti-Money Laundering Compliance Program which guides examiners in evaluating compliance with the reporting and record keeping requirements of the *Bank Secrecy Act* and other relevant Internal Revenue Code sections.

According to the *IRS Manual Handbook*, the Anti-Money Laundering Compliance Program is designed to assist entities in understanding reporting and record keeping requirements and maximize the filing of timely, complete and accurate reports. The three aspects of the program are to:

- ascertain entities required to report and/or record under the *Bank Secrecy Act* or relevant sections of the *Internal Revenue Code*;
- notify entities of their reporting and record-keeping obligations; and
- conduct compliance reviews and examinations and assess civil and criminal

penalties for noncompliance.

In October 1994, the Treasury Department's Office of Financial Enforcement was merged with FinCEN to create a single agency for *BSA* reporting requirements. This includes responsibility for issuing regulations and imposing penalties for a failure to comply. Since 1996, FinCEN has been the sole location for financial institutions to submit Suspicious Activity Reports.

Congress gave the Secretary of the Treasury (sometimes jointly with the Federal Reserve Board) broad discretion to define the entities subject to the law and detail the reports and records to be made and retained.

Since the *BSA* was enacted, a rash of legislation, regulations, and directives has been introduced, elaborating on and/or broadening the mandatory reporting and record-keeping requirements. In 1986 *The Money Laundering Control Act* increased penalties for violations of the *BSA* and added a specific prohibition against structuring transactions to avoid reporting. The U.S. government also broadened the coverage of mandatory reporting to non-bank financial institutions as well as businesses outside of the financial services sector (such as automobile dealerships, casinos, and jewelry stores). The types of transactions covered by CTRs and SARs were also expanded.

Beginning in 1990, financial institutions were required to record the sale or issuance of certain monetary instruments of (US)\$3,000 or more.

Electronic wire transfers, a popular tool to move criminal proceeds internationally, is now subject to a number of regulations regarding identification, record-keeping, and reporting. Beginning in 1997, financial institutions and money remitters were required to maintain records and verify the identity of those sending wire transfers of (US)\$3,000 or more.

The focus of new regulations in the 1990s also signaled a move away from currency reporting to suspicious activity reports. In 1996, federal regulations took effect that required banking institutions to report suspicious transactions. The SAR regulations require U.S. banks and other depository institutions to report a transaction that the institution "knows, suspects, or has reason to suspect":

- "involves funds derived from illegal activities or is intended . . . to hide or disguise funds or assets derived from illegal activities . . . as part of a plan to violate or evade federal law or regulation or to avoid any (federal) transaction reporting requirement;"

- is designed to evade any BSA requirement (e.g., “structuring” any financial transaction, such as two deposits of \$5,000, to avoid reporting requirements); and
- “has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and (the institution) knows of no reasonable explanation for the transaction after examining the available facts” (as cited in *Money Laundering Alert*, February 1996).

In December 1998, the Federal Deposit Insurance Corporation (FDIC) posted for comment a notice of a proposed federal banking regulation - the “Know Your Customer” (KYC) rule - that would increase the record-keeping, reporting and due diligence requirements of the private sector in relation to its customers. The regulations would require relevant companies and individuals to develop customer profiles and determine the source of funds on deposits not matching the customer's typical banking activity.

Specifically, the proposed regulations would have required financial institution to create customer profiles which:

- establishes the identity of the customer;
- details the sources of funds;
- determines the customer's normal banking patterns;
- monitors the customers transactions in order to identify inconsistent transactions; and
- determines when the ‘inconsistencies’ constitute a ‘suspicious’ transaction.

However, it was apparent that many viewed these latest regulations as far too intrusive. In less than three months after the proposals were circulated for comment, more than 225,000 letters and e-mails were received by federal agencies. Nearly all opposed the rules, citing an unprecedented invasion of privacy (*St. Petersburg Times*, June 16, 1999). Based upon this widespread opposition, Congress urged that the regulations be withdrawn and the federal regulatory agencies acquiesced.

Despite the victory of critics of transaction reporting, President Clinton has recently proposed a strategy to fight money laundering that many view as intrusive as the KYC regime. These regulations, which resulted from the recent discovery of massive money laundering in large U.S. banks, impose tighter regulations on

financial institutions and includes a requirement that storefront check cashiers, brokerage firms and casinos notify authorities of suspicious activities (*The Tampa Tribune*, October 3, 1999). These proposals took a step closer to fruition on March 9, 2000, when the Treasury and Justice Departments, announced that by the end of the year, new regulations requiring securities firms to file suspicious activity reports will be introduced (*Wall Street Journal*, March 9, 2000).

Sources

Langone, Anthony. (1988) "IRS Criminal Investigation Tackles Money Laundering." *Police Chief*. 55(1): January: 52-54; Internal Revenue Service. (1998) *Internal Revenue Service Manual Handbook*. HB 9.5. July 30, www.irs.treas.gov/prod/bus_info/tax_pro/irm-part/; "The Final Rule. Suspicious Activity Reporting: U.S. Suspicion Reporting System Gets Major Transformation." *Money Laundering Alert* 7(5) February, 1996: 5; "U.S. agencies clash with privacy groups over suspicion reporting." *Money Laundering Alert*, June 1999, 10(8): 8; "Invading Our Financial Privacy (Editorial)." *St. Petersburg Times*, June 16, 1999: 16A; "Bankers Can't Be Police Officers." *The Tampa Tribune*, October 3, 1999; "Administration wants securities firms to help it detect money laundering." *Wall Street Journal*, March 9, 2000.

Australia

Agency

Australian Transaction Reports and Analysis Centre

Title

Cash and suspicious transaction reporting system

Innovations

Electronic reporting of cash and suspicious transactions; equal emphasis on reporting of both proceeds of crime and tax evasion

Description

Like the United States, the Australian government has also predicated its regulatory enforcement of money laundering through cash and suspicious transaction reporting. Those obligations are contained in the *Financial Transaction Reports Act 1988* (FTR) which requires "cash dealers" to report:

- cash transactions of (AUS)\$10,000 or more or the foreign currency equivalent;
- cash transfers or international wire transfers into and out of Australia of (AUS)\$10,000 or more; and
- suspicious transactions that the cash dealer has reasonable grounds to believe are relevant to evasion of a tax law, investigation, or enforcement of crime.

The legislation also sets standards that must be met by cash dealers, including records that must be completed and maintained, client identification procedures, and verification of the identity of persons who are signatories to accounts. Failure to meet these standards may result in criminal and civil penalties, including

imprisonment.

The legislation also stipulates penalties for avoiding the reporting requirements or for providing false or incomplete information by individuals or entities who are transferring or facilitating the transfer of funds. The penalties for non-compliance include both criminal and civil sanctions, including court-ordered injunctive remedies to secure compliance with the requirements.

The Australian Transaction Reports and Analysis Centre (AUSTRAC) is the agency charged to oversee compliance with the legislative requirements of the FTR. The functions of this agency include the collection, retention, compilation, analysis, and dissemination of FTR information and the provision of advice and assistance to the Commissioner of Taxation in relation to FTR information. AUSTRAC is also responsible for issuing guidelines and circulars to cash dealers about minimum standards and their obligations under the FTR.

AUSTRAC also acts as a source of financial information and financial intelligence, which it disseminates to the Australian Taxation Office (ATO) and law enforcement agencies.

AUSTRAC provides the ATO and specified law enforcement agencies with both general and specific access to the financial information it collects. The general access, governed by memorandums of understanding, is by way of controlled on-line (computer) access to the data and, where appropriate, by extracts of parts of the data holdings. AUSTRAC also provides training to authorized officers from other agencies.

One of the unique features of the Australian FTR system, when compared to that in the United States, is that in addition to identifying the proceeds of crime, it is also geared toward identifying tax evasion.

Sources

Australian Transaction Reports and Analysis Centre
www.austrac.gov.au/contents.html; AUSTRAC (1999) *1998/99 Annual Report*. Sydney: AUSTRAC; John Walker Consulting Services (1999) *Estimates of the Extent of Money Laundering in and through Australia*. Sydney: AUSTRAC. September.

3.1.3 Taxation Policy and Programs

The objective of a tax inquiry into organized crime figures and criminally-controlled entities is to ensure that they pay the proper amount of taxes and to investigate and prosecute when there is an indication of

tax fraud. An effective tax inquiry should identify as accurately as possible the amount of tax the suspected evader should pay and how this capital was acquired.

Tax enforcement has often been used in lieu of or in addition to proceeds of crime enforcement due to the use of civil proceedings, which can be more efficient and effective in depriving criminal figures of their unreported illicit wealth. In Canada, in order to forfeit assets through criminal proceedings, there must be a conviction of a substantive offence and proof beyond a reasonable doubt that the seized assets stem from a specified criminal offence. In many instances, either a conviction cannot be obtained or no assets can be tied to illegal activities. Under the *Income Tax Act* or *Excise Tax Act*, the Crown only has to prove that the funds are taxable to raise a civil assessment and subsequent “forfeiture.”

Canada

Agency	Canada Customs and Revenue Agency (CCRA)
Innovations	Use of statutory powers and enforcement units to target illegally obtained (and non-reported) revenue in Canada
Description	The Canada Customs and Revenue Agency (CCRA) uses the taxation legislation and regulations it administers to facilitate law enforcement efforts to combat organized crime. By far the <i>Income Tax Act</i> is the most often used of these legislative tools and provides CCRA with both civil and criminal powers to remove the unreported wealth of criminals in Canada.

In 1972, the federal government directed that Revenue Canada (now CCRA), with the assistance and support of the Solicitor General Canada, represented by the RCMP, to conduct a continuing program of tax audits and investigations into the members of organized crime. The objective is to minimize the accumulation of unreported illicit wealth amassed by persons engaged in these illegal activities and to prosecute significant cases of willful non-compliance.

This initiative evolved into what is now known as the Special Enforcement Program (SEP). As a functional responsibility of the CCRA Investigations Directorate, the SEP performs two functions: (1) help maintain the integrity of the Canadian tax system, ensuring that all tax payers pay their fair share of taxes and are listed on the tax rolls, and (2) target the accumulation of under-reported and unreported illicit wealth attributable to income earned through known or suspected illegal activity by enforcing the *Income Tax Act*.

With respect to the latter, the SEP’s objective is to investigate people engaged in all types of illegal activities and stop them from accumulating unreported illicit income. The program focuses on income from such profit-oriented criminal activities as drug

trafficking, theft, extortion, fraud, bookmaking, prostitution, gambling, and the smuggling of contraband and firearms. The SEP accomplishes this mandate by one or more of the following:

- Locating and identifying an individual and gathering information on illegal activity through close liaison with the RCMP and other police and enforcement agencies;
- Taking enforcement action to ensure individuals file income tax returns and statements of assets and liabilities. People involved in illegal activities often do not file tax returns, and do not pay taxes on their illegal income. They can be prosecuted for these offences. Penalties include fines ranging from (CDN)\$1,000 to \$25,000 and jail terms to a maximum of 12 months. In addition, CCRA can issue assessments for the taxable income, including penalties and interest;
- Conducting audits if there are signs that taxes can be recovered. In addition to the taxes and interest, CCRA may charge penalties of up to 50 percent of the unpaid taxes for people who knowingly make misrepresentations or omissions on their tax returns; and
- Conducting investigations if there are signs of significant tax fraud. Cases in which there is evidence of offences under the *Income Tax Act* are referred to the Department of Justice, which may lay criminal charges. Persons or corporations found guilty of an offence on summary conviction are liable for a fine of between 50 and 200 percent of the tax evaded, and imprisonment for a maximum of two years. Persons or corporations found guilty of an offence on indictment are liable to a fine of between 100 and 200 percent of the tax evaded, and imprisonment for a maximum of 5 years.

Currently, the SEP is the main body within CCRA to administer civil and criminal powers that investigate and remove unreported illicit wealth of persons involved in criminal activities. The SEP is primarily an administrative compliance program with most cases being concluded civilly with assessment or reassessments of tax, penalties, and interest.

According to a CCRA official interviewed for this research, 95 percent of charges for tax evasion are successfully prosecuted by the Crown. In 1998, the program raised (CDN) \$42 million in taxes and 13 cases were convicted criminally with fines totaling (CDN) \$900,000 and 45 months of jail time.

The Investigations Directorate of the CCRA administers the SEP and has investigators located in 29 of the 32 tax services offices across Canada. Through these offices investigators work with RCMP and other police forces to target persons and entities profiting from crime primarily through the enforcement of the *Income Tax Act*. Potential cases of tax evasion stemming from unreported criminal revenue are often referred to the SEP by police agencies in Canada. According to a CCRA official, a survey of CCRA Tax Service Offices demonstrated that referrals from police are running at approximately 140 percent of current program capacity.

Beginning in 1998, CCRA special investigators have been seconded to the Integrated Proceeds of Crime (IPOC) Units, which is the result of a MOU between the CCRA Investigations Directorate and the RCMP. Sixteen CCRA investigators have now been seconded to IPOC Units throughout the country.

One of the main roles of CCRA investigators on the IPOC units is to identify cases offering tax re-assessment potential for timely referral to the SEP units. (The relationship and information exchange between CCRA and police investigators must comply with the confidentiality provisions of Section 241 of the *Income Tax Act*.) Another principal role is to provide forensic accounting expertise to the IPOC units.

According to CCRA statistics, six months following the start of this partnership, over (CDN)\$35 million in potential tax recoveries had been identified by CCRA personnel on the IPOC Units. Furthermore, tax charges had been laid against five individuals for unreported income of (CDN)\$1.5 million.

CCRA taxation enforcement also contributes to money laundering enforcement through its participation in amending the *Proceeds of Crime (Money Laundering) Act*. The impact of this amendment for CCRA taxation enforcement is that this agency will receive tombstone information from the proposed federal Financial Transaction Reporting and Analysis Centre when a combination of money laundering and tax evasion is suspected.

Finally, the Anti-Evasion Division was established recently within the Investigations Directorate to coordinate and facilitate CCRA's strategies to counter evasion issues. According to a CCRA official, this coordinated approach, although aimed at all evasion situations, will have an impact on the unreported profits of organized crime.

Sources

Interview and personal communications, CCRA; Solicitor General Canada (1977) *Press Release: Minister of National Revenue and Solicitor General of Canada*

Release Text of 1972 Agreement to Combat Organized Crime: September 29.

Agency	Canada Customs and Revenue Agency (Excise Duties and Taxes)
Title	Enforcement of excise policies to combat contraband and black markets
Innovations	Use of excise policies and special proactive programs to target contraband smuggling and diversion of in-bond products to domestic black markets
Description	Canada Customs and Revenue Agency (CCRA) is responsible for the development and enforcement of federal excise policies and programs aimed at the manufacture and distribution of controlled goods, in particular tobacco and alcohol products.

Specific responsibilities include:

- Performing audit and surveillance activities at distilleries, breweries and tobacco manufacturers and tobacco packers as well as other manufacturers;
- Performing excise licensee searches;
- preparing affidavits and information statements to support prosecutions;
- providing expert witness court testimony under the *Excise Act*;
- providing guidance on interpretations and audit verification programs; and
- disposing of assets and goods seized under the *Excise Act*.

In pursuing its mandate, CCRA has undertaken a number of proactive initiatives addressing the illegal diversion of imported or domestically produced alcohol or tobacco to the black market.

In particular, CCRA operates the following programs:

Tobacco Product Tracking Program—This program collects data on the sale and delivery of tobacco products outside of Canada. The objective of the program is to provide enforcement agencies with sufficient detail to enhance their efforts in reducing the diversion of tobacco into the Canadian black market.

Tobacco Export Verification Program—This program tracks the movement of legal tobacco products and verifies that they are exported. This program was initiated to ensure that exports of tobacco products destined to the United States from licensed Canadian tobacco manufacturers are not diverted to the Canadian black market.

Alcohol Revenue Protection Program—This program tracks and verifies alcohol shipments from domestic distillers to both the domestic and export market. As with tobacco, this program was initiated in response to the diversion to the domestic black market of in-bond alcohol. Current responsibilities of CCRA

Officers under this program include conducting surveillance of in-bond alcohol movements, regularly visiting distilleries, monitoring the shipping activities of distilleries, and preparing and reviewing reports.

No empirical data is available that assesses the impact of these special programs on the diversion of in-bond liquor or tobacco to the domestic black market. However, CCRA officials have indicated that the proactive monitoring has enjoyed some success. In one distillery, where an Excise Office had been assigned, the officer noticed a new product that he had never seen before. The distillery stated that this product was for export only. However, this product later turned up in Toronto bars and the appropriate enforcement action was taken.

Source Personal Interview, Excise Duties and Taxes Directorate, CCRA

United States

Agency **United States Internal Revenue Service**

Title **Organized Crime Unit**

Innovations Resources and unit within taxation agency dedicated specifically to organized crime

Description The involvement of the Internal Revenue Service (IRS) in addressing organized crime began during the era of prohibition, where it was recruited to add another element to combating the highly-profitable underground liquor trade by targeting accumulated wealth through tax enforcement.

Today, the involvement of the IRS in this enforcement area is carried out primarily through the Criminal Investigations Division, and more specifically a special Organized Crime Unit. This unit participates extensively in multi-agency Organized Crime Strike Forces. According to the *Internal Revenue Service Manual Handbook*, the Strike Forces are directed toward the identification and investigation of taxpayers who derive substantial income from organized criminal activities. Unlike CCRA investigators in Canada, IRS special agents have full peace officer status in the United States.

As a participant in the Strike Force, the IRS has two objectives:

- (1) To enforce criminal sanctions against Strike Force targets for violations of the *Internal Revenue Code* or other related statutes when committed in contravention of Internal Revenue laws, and
- (2) To assess and collect the proper taxes due and to enforce civil sanctions

by assessing and collecting applicable penalties.

In general, the Strike Force will designate and investigate case subjects who are:

- engaged in organized criminal activities, with particular emphasis on the principal figures involved in organized crime groups;
- receiving substantial income from illegal activities;
- infiltrating legitimate businesses through illegal means; and
- believed to be receiving substantial income from an illegal activity that is separate and apart from the alleged tax violations, such as corruption in government, welfare fraud, or commercial bribery.

Investigations undertaken by the IRS in the context of a Strike Force are solely IRS operations. At all times, control of the investigation is under the authority of the Commissioner of Internal Revenue or delegate. Upon initiation of an IRS investigation, the IRS advises the Department of Justice attorney in charge of the Strike Force that the IRS will be conducting an investigation believed to qualify for inclusion in the Strike Force. The IRS will then request from the Strike Force any information within its files which may have tax administration consequences or will in any way assist in the investigation.

In addition to its work in targeting organized crime figures through a tax investigation, one of the primary enforcement and regulatory functions of the IRS concerns money laundering. To this end, a function of the IRS is to enforce the *Bank Secrecy Act*, as detailed earlier in this report.

The IRS pursues its enforcement mandate on an international basis. In 1994, The Criminal Investigative Division developed and implemented a strategy to address international law enforcement objectives.

The strategy calls for the assignment of special IRS agents to strategic foreign posts for the purpose of:

- facilitating the development and utilization of information obtained in host foreign countries to support investigations over which IRS Criminal Investigations has law enforcement responsibility;
- providing assistance to foreign governments in establishing or enhancing money laundering, criminal tax, and asset forfeiture statutes;
- assisting foreign governments in developing and improving exchange of information agreements;
- conducting tax, money laundering and financial investigative techniques training courses for host governments; and

- establishing contacts with foreign law enforcement officials in the regions where they are assigned.

During fiscal year 1998, IRS Criminal Investigations had special agents or attachés assigned to permanent positions in Colombia, Mexico, Germany, Canada, and Hong Kong. These agents are working closely with investigators responsible for investigating similar crimes throughout the world.

Sources Internal Revenue Service Internet web site www.irs.Treas.gov; Internal Revenue Service (n.d.) *Internal Revenue Service Manual Handbook Hb 9.5 07/30/98*; IRS Criminal Investigation Division. *1998 Annual Report*. Washington, DC: 1998; James Calder. (1992) “Al Capone and the IRS: State Sanctioned Criminology of Organized Crime.” *Crime, Law and Social Justice* 17(1): 1-23

3.1.4 Civil Sanctions

For criminal convictions, countries using common law systems mandate proof beyond a reasonable doubt. Add to this a nearly universal requirement for unanimous verdicts by juries, and the heavy burden for prosecutors in criminal trials becomes very evident. This burden of proof is especially onerous in relation to the prosecution of high-level organized crime figures, many of whom have successfully escaped criminal convictions by insulating themselves from the criminal operations of their organizations. In response to this dilemma, a select few governments have enacted legislation and provided enforcement agencies and even private citizens with the tools to undertake civil action, including the forfeiture of assets, against individuals involved in organized criminal activity.

Asset forfeiture is a legal process by which the ownership of property is transferred to the government without the consent of the owner. The transfer without consent is based upon the notion that the property itself has in some way transgressed, that is the property itself has been tainted with the crime rather than the owner or in addition to the owner. On this basis, the government authorizes itself to forfeit the property.

Civil forfeiture has its origins in medieval English law and ancient Roman law, both of which made objects used to contravene the law subject to forfeiture. Animals and objects involved in wrongdoing could be sacrificed or forfeited to the Crown. Later, civil forfeiture was used to avoid the jurisdictional problems of England’s maritime trade. It was used in the 17th century to punish foreign owners of pirate and smuggling ships.

The application of civil forfeiture to organized and serious crimes has been most vigorously (and

controversially) applied in the United States. In particular, civil forfeiture has become a favored method for imposing significant economic sanctions against narcotics traffickers.

United States

Agency	Department of Justice
Title	<i>Racketeering Influence and Corrupt Organization Act</i>
Innovations	Treatment of criminal enterprise as a prohibited commercial activity; civil forfeiture of assets used in criminal circumstances
Description	The United States has taken the most aggressive steps in applying civil sanctions against individuals involved in organized crime. At the federal level, the <i>Racketeer Influenced Corrupted Organization (RICO) Act</i> represents one of the most far-reaching tools in organized crime enforcement in the United States.

RICO was developed in response to the deficiencies of the 19th century criminal trial model that was geared to deal with street crimes, but not sophisticated organizations. RICO addressed those crimes in which large numbers of criminals were involved and where crime group leaders are insulated by an echelon of low level members.

RICO makes it unlawful to acquire, operate, or receive income from an enterprise through a pattern of racketeering activity. Civil RICO injunctions can, for example, prohibit individuals from owning or becoming involved in businesses or certain activities, thereby providing civil injunctive barriers to the involvement of organized crime figures in legitimate or illegitimate organizations.

Under RICO, district courts have the power to:

- order any person to divest himself of any interest, direct or indirect, in any enterprise;
- impose reasonable restrictions on the future activities of investments of any person; or
- order dissolution or reorganization of any enterprise, making due provision for the rights of innocent persons.

One of the most far-reaching and controversial provisions of RICO allows the government or a private citizen to file a civil suite requesting the court to order

sanctions or to provide injunctive relief against an individual or corporation involved in racketeering. This provision allows for the government or private citizens victimized by a defendant to sue civilly to recoup treble damages. These enhanced criminal remedies and treble damage civil recovery are applicable when an “enterprise” is involved in a “pattern of racketeering activity.” This means that any individual or group who commits two or more indictable offenses within a 10-year period is subject to 20 years imprisonment, fines up to (US)\$25,000, forfeiture of any interest in the enterprise, as well as dissolution of the enterprise itself.

In contrast to criminal prosecutions, where the burden of proof is beyond a reasonable doubt, only the lesser standard of proof - a preponderance of evidence - is required under RICO. Moreover, a criminal conviction is not a prerequisite for injunctive relief under the civil RICO statute (Guiliani, 1986). Officials can also seize property without notice, upon an *ex parte* application (without hearing the defendant's case) of probable cause that the property has been involved in a crime. No person need be charged.

One of the central civil sanctions of the RICO statute is asset forfeiture, which has increasingly become a critical weapon in the fight against organized crime and narcotics trafficking in particular. *The Comprehensive Drug Abuse Prevention and Control Act* of 1970, strengthened civil forfeiture as a means of confiscating illegal substances and the means by which they are manufactured and distributed. In 1978, the United States Congress amended the statute to authorize seizure and forfeiture of the proceeds from narcotics trafficking in violation of federal law. The statute provides for the forfeiture of “all moneys, negotiable instruments, securities, or other things of value furnished or intended to be furnished by any person in exchange for a controlled substance [as well as] all proceeds traceable to such an exchange.” By expanding the type of property subject to seizure, 21 U.S.C. Section 881(6) gave prosecutors their first effective civil mechanism for striking at the profits of narcotics trafficking. Through this law, Congress sought to provide law enforcement with a way to disgorge criminal enterprises of their profits. Significantly, by authorizing forfeiture through civil proceedings against contraband or property used during the commission of a crime, RICO went well beyond traditional forfeiture statutes that apply criminal sanction against the perpetrator.

There are several circumstances where civil asset forfeiture is the most effective method of removing the instrumentalities and profits from narcotics trafficking. Since criminal forfeiture requires the conviction of the violator, it is not available in cases where the drug trafficker is a fugitive, deceased, or resides outside the reach of U.S. extradition laws or when assets are in the possession of a third party or entity which may in fact be unaware of criminal activity. However, civil forfeiture can be

successful after proving, by a preponderance of the evidence, that the asset either represents the proceeds of criminal activity or was intended as a payment for narcotics (Fiano, 1999).

The enactment of the RICO statute has resulted in the successful prosecution of many high level organized crime figures over the years. Beginning in 1980, use of civil RICO mushroomed in the U.S.; the inclusion in the statute of mail, wire, and securities fraud as predicate acts afforded plaintiffs the opportunity to use the statute's civil provisions in contexts its drafters had probably never contemplated.

In response to these alleged abuses, defendants and judges sought ways to limit civil RICO by limiting the definition of an enterprise that is critical to establishing "racketeering" activities of defendants (Gardiner, 1988). In June 1999, the US House of Representatives passed the *Civil Asset Forfeiture Reform Bill* was backed by both Republican and Democratic leaders of the House and Senate Judiciary committees and backed by such diverse groups as the U.S. Chamber of Commerce and the American Civil Liberties Union. The Senate has subsequently passed the Bill, and the president is expected to sign it. The Bill shifts the burden onto the government, which must prove, by clear and convincing evidence, that property seized was derived from crime. In addition, if it is alleged that property is an instrument of crime, all federal forfeiture statutes would have to incorporate a defence for innocent owners. The Bill also allows federal judges to release property to the owner if continued government possession causes substantial hardship to the owner. It extends the time a property owner has to challenge a seizure in court and ends the requirement that a person seeking to recover property post a bond with the court worth 10 percent of the property value.

Sources

18 U.S.C. Section 1961 et seq. (1976); 21 U.S.C. Section 848 (1983); *Russello v. United States*, 464 U.S. 16, 27-28 (1983); S. Rep. No. 617, 91st Cong., 1st Sess. 78 (1969); Flittie, William J. (1975) "Civil Restraints: Another Weapon for the Battle with Organized Crime." *Police Chief*. 42(2): February: 66-70; North, Donald V. (1988) "RICO: A Theory of Investigation." *The Police Chief*. 55(1): January: 44-47; Giuliani, Rudolph. (1986) "Legal Remedies for Attacking Organized Crime." in Herbert Edelhertz. (ed.) *Major Issues in Organized Crime Control*. Washington: U.S. Department of Justice; Gardiner, Michael A. (1998) "The Enterprise Requirement: Getting To The Heart Of Civil Rico." *Wisconsin Law Review* 1988 *Wis. L. Rev.* 663 (July/August); Clark, (1976) "Civil and Criminal Penalties and Forfeitures: A Framework for Constitutional Analysis." *60 Minn. L. Rev.* 379; Maxeiner (1977) "Bane of American Forfeiture Law Q Banished At Last?" *62 Cornell L. Rev.* 768 ; The National Governors' Association, et. al. (1999) "State Laws And Procedures Affecting Drug Trafficking

Control: A National Overview.” *GAO Report HR-99-1* January: 73-77; Fiano, Righard (1999) “Statement by Richard Fiano, Chief of Operations Drug Enforcement Administration United States Department of Justice at the Senate Judiciary Committee, Subcommittee on Criminal Justice Oversight.” July 21, 1999; "Asset Forfeiture Bill Approved." *Associated Press*. April 12, 2000.

South Africa

Agency	South Africa Department of Justice
Title	Civil forfeiture provisions of the <i>Prevention of Organised Crime Act</i>
Innovations	Codification of civil forfeiture provisions in criminal legislation that attempt to minimize the abuses that have emerged in the U.S. RICO laws
Description	As part of sweeping new legislation entitled <i>Prevention of Organised Crime Act</i> , the South African government has codified into law the concept of civil forfeiture of assets suspected of being derived from criminal activities.

The legislation provides for the seizure of property by the state where a “reasonable suspicion” exists that it constitutes the proceeds of crime and the owner is unable to provide a satisfactory explanation of its origin. According to Chapter Six of the legislation “The rules of evidence applicable in civil proceedings apply to proceedings under this chapter,” meaning that forfeiture is a civil action by the state, and not a criminal one, and so reduced standards of evidence apply.

While largely based on the RICO statute, the civil asset forfeiture provisions of the South African law also incorporates some of the recent reforms proposed in the U.S. Although no person need be found guilty of a criminal offence, this legislation places the onus on the state to prove on a balance of probabilities that the property is an instrumentality of an offence or the proceeds of unlawful activities.

In one recent case, a civil forfeiture was unsuccessful in part because the court determined that the state failed to show, on a balance of probabilities, that a house in which it was alleged drug transactions took place was an instrumentality of an offence. However, in a successful drug money forfeiture case, the state provided evidence that the R140,000 was physically tainted with drugs, which satisfied the burden of proof.

The South Africa Act requires the state to give notice to all persons who may have an interest in the property. Anyone applying for an exclusion of his/her interest in the property may show (if the state has satisfied its burden of proof) on a balance of probabilities that he/she acquired the interest legally and neither knew nor had

reasonable grounds to suspect the property was proceeds or an instrumentality. South Africa's act further provides for appeals.

Although the South African law has racketeering provisions that are similar to the United States, the legislation does not provide for treble damages claims by the state or private citizens.

Sources "New crime bill a powerful weapon." *Weekly Mail & Guardian* (South Africa), February 12, 1999; Redpath, Jean. (2000) "Are we dealing with Robin Hood or Captain Hook? Asset forfeiture should not be abused." *Business Day* (South Africa). March 17, 2000.

3.1.5 Foreign Policy and Programs

Some national governments have used foreign policies to address organized criminal activities. These policies include aid, trade, military support and law enforcement support. The primary focus of the foreign policy tools addressing TOC has been on international narcotics trafficking, and more specifically controlling the supply of drugs at the source through crop eradication or substitution. Foreign aid has been directed at building institutions in source countries to address the growing problem of drug trafficking and abuse, including strengthening criminal justice polices and programs. International development aid has also been dispensed with the purpose of ameliorating poverty, which is viewed as a root cause of criminality.

Canada

Agency	Department of Foreign Affairs and International Trade
Innovations	Viewing and approaching transnational crime as a human security problem
Description	Canada's recent White Paper on foreign policy identifies international crime as a notable "non-traditional" threat to security. The White paper affirms the will of the Federal Government to use its foreign policy to protect Canadians from transnational crime.

Describing illicit drugs as the "quintessential" human-security challenge, in 1999 Foreign Affairs Minister Lloyd Axworthy launched a new strategy that will focus on the human security side of illegal drugs and drug trafficking, instead of the more traditional policing and interdiction emphasis.

In particular, the Minister has asked other foreign ministers from the Americas to focus on human security perspectives including:

Governance - How police and judicial bodies' ability to enforce drug laws can be enhanced while protecting human rights and what can be taken to stop corruption and the political influence of drug-related criminal organizations.

Small arms and firearms - Cooperative efforts to promote ratification of the Inter-American Firearms Convention, the development of complementary global instruments and strengthening domestic institutions responsible for implementing them.

Development and trade – Methods to support development of legal alternatives to illicit drug crops and enhancing the market for those crops.

While Canada's Minister of Foreign Affairs has identified foreign aid policies as an option to encourage development of legal alternatives to illicit drug crops and enhancing the market for those crops, at this time Canada does not have formal policies or programs in this area.

Canada does contribute indirectly to alternative development through our contributions to the multilateral drug control bodies (CICAD and UNDCP). The Canadian International Development Agency (CIDA) is engaged in some activities which fall under the rubric of alternative development although the primary objective is not to eliminate illicit drug crops.

During his trip to Colombia, the Minister signed an agreement on drug demand reduction with the Colombian Government in Bogotá. Under the agreement the two countries will exchange experiences and practices to deal with drug trafficking, the diversion of chemicals used to produce illicit drugs, money laundering, preventing drug abuse, promoting drug treatment and rehabilitation, and prosecuting drug and related offences. In addition to the demand reduction work, the RCMP will be providing training in drug enforcement and money laundering investigations to Colombian law enforcement officials.

Sources Personal communications, Department of Foreign Affairs and International Trade; DFAIT (1995) *Canada in the World: Government Statement* Ottawa: DFAIT, February; "Axworthy Travels to Jamaica to Launch New Anti-Drug Strategy." *Ottawa Citizen*, January 7, 1999; "Axworthy signs agreement on drug demand reduction with Colombia." *Department of Foreign Affairs and International Trade Press Release*, January 14, 2000.

Agency **Department of Foreign Affairs and International Trade**
Title **International Crime Division**

Innovations Foreign Affairs section dedicated to international crime issues

Description Issues addressed by the International Crime Division include:

- organized crime
- illicit drugs
- international terrorism
- high tech or “cyber- crime”
- corruption
- economic and financial crime, especially money laundering
- criminal aspects of firearms movements, and
- trafficking in and smuggling of people.

The Division is responsible for the management of the Department’s role in multilateral and bilateral initiatives related to the above issues. Multilaterally, this includes work within the:

- G-8 (representing Canada on the G-8 Group of Experts on International Organized Crime as well as the Experts Group on Counter-terrorism),
- United Nations fora (e.g. Commission on Narcotic Drugs, the Crime Commission),
- the OAS (e.g. the Inter-American Drug Abuse Control Commission), and
- other multilateral fora (e.g. the Dublin Group of countries involved in drug control assistance).

Bilaterally, the Division is involved in initiatives related to the United States (e.g. the Cross Border Crime Forum and the Bilateral Consultative Group on Counter-Terrorism).

The Division also manages the Government’s contributions to multilateral drug control organizations (UN International Drug Control Program and the Inter-American Drug Abuse Commission of the OAS). A program of activities is being developed as part of the “Public Safety” component of the Department’s Human Security Program. One project the Division is currently managing is the “Connectivity and Substance Abuse” project that will use information technology as a means for people and organizations involved in the prevention, treatment and rehabilitation of drug use to have access to information and best practice.

The majority of the Division's work is done in cooperation with other federal government departments and agencies, including Solicitor General Canada, Department of Justice, the Department of Finance, the RCMP, CSIS, Health Canada and the Canada Customs and Revenue Agency.

The Division's complement consists of a Director, Deputy Director, four officers and two support staff. Staffing certain positions is underway.

Sources Personal communications, Department of Foreign Affairs and International Trade

United States

Agency U.S. Department of State

Title United States Foreign Policy: Controlling Drugs at their Source

Innovations The U.S. has used a varied number of trade and aid policies to influence TOC activities and enforcement in source countries.

Description The Department of State is the lead federal agency for international narcotics control. Under the Assistant Secretary for the Bureau for Narcotics and Law Enforcement (INL), the State Department coordinates the international narcotics control and anti-crime assistance activities of all U.S. Government agencies operating overseas.

Using a number of foreign policy tools, including aid, trade, enforcement support, and military support, the United States government has dedicated considerable resources toward controlling illegal drugs at their source. This foreign enforcement policy umbrella typically centres on a combination of financial aid and incentives to source countries to eradicate and/or substitute illicit crops.

This federal policy, while global in nature, has focused on the supply of cocaine from the Andean Region and is exemplified by the *Andean Trade Preference Act (ATPA)* which became law on December 4, 1991. According to Magill (1992) the passage of ATPA signaled a major shift in the U.S. economic development and international narcotics trafficking strategy toward Peru, Colombia, Ecuador and Bolivia. "For the first time, the United States has formulated a holistic approach to the problems facing this troubled region."

ATPA has several components. First, the Act reduces tariffs on products originating in Andean nations with the view to create viable alternative outlets for resources currently involved in the illegal drug economy. Second, ATPA fosters the expansion of lawful industries in the Andean region in order to broaden local

tax revenues and to increase the resources available for drug interdiction efforts. Third, ATPA strengthens U.S. commitment to the long-term economic development of the Andean nations and improves cooperation with Andean governments that is essential to U.S. counter-narcotics policies. Fourth, ATPA indirectly contributes to the U.S. economy through increased exports to the Andean nations.

As part of the international narcotics control efforts, the United States Agency for International Development (USAID) is responsible for the design and implementation of programs to assist farmers in diversifying their crops from coca or heroin as well as more macro-level programs that encourage countries to change the focus of their economies away from the production of illicit drugs. In the short term it is USAID's responsibility to alleviate the negative economic and social dislocation that may result from the crop substitution programs. In the longer run USAID's mandate includes ameliorating severe poverty, achieving lasting growth, sharing the benefits of growth more broadly, and strengthening democratic institutions and respect for human rights. USAID also sponsors anti-drug education programs that are designed to build institutions in developing countries to address the growing problem of drug abuse. USAID is responsible for funding Administration of Justice programs to strengthen host nation capability to prosecute criminal cases in court and to develop and implement laws to deter criminal elements.

A 1998 U.S. Department of State report on U.S. global drug enforcement efforts states that its foreign trade and aid policies directed at crop substitution and eradication have met with some success in the Andean Region, including "the continuing downward trend in illicit coca cultivation" (United States Department of State, 1998).

Critics of the program are less enthusiastic. According to Abadinsky (1994), "as part of our effort to control drugs at their source, crop substitution programs have met with only limited success." As long as demand remains high, the price offered for poppy or coca will be many times that received for conventional cultivation. If coca crops were eradicated in the Andean region, the continuing demand for cocaine would simply result in a shift or an increase in production in other countries. The successful effort to get Turkey to curtail its production of opium in the 1970s resulted in a concomitant rise in production in Mexico and Southeast Asia. U.S. crop eradication efforts have also included the use of aerial herbicides that are either sprayed or dropped as pellets that melt into the soil when it rains. However, a major difficulty is finding environmentally safe herbicides. Critics charge that some herbicides used inflict irreparable harm on the delicate ecological

balance in the region.

In Peru's Upper Huallaga Valley, where 250,000 acres of coca are planted, an estimated sixty thousand families are dependent on coca as a cash crop. Large-scale eradication, notes Alan Riding (1988: 6), could "provoke a social convulsion, forcing thousands of families to leave the area." Aid to source countries may also create a dependency on the donor; if funding is cut off, there is a danger that the influence of the rich drug trafficking cartels over these governments may increase.

Despite these critiques, in July of 1999, the federal "Drug Czar" Barry McCaffrey proposed another (US)\$1 billion in emergency counter-drug aid that will focus on Andean countries, saying that Colombia faces a "near-crisis" situation. Republican leaders in Congress also are readying their own emergency aid package for counter-drug efforts in the region. On March 30 2000, the U.S. House of Representatives approved (US) \$13 billion to help Colombia fight cocaine trafficking (Reuters, March 30, 2000).

Sources Magill, R.T. (1992). "Andean Trade Preference Act: A Step In The Right Direction?" *Law & Policy in International Business*, 23 (4); United States. Department of State. The Bureau for International Narcotics and Law Enforcement Affairs. (1999). *International Narcotics Control Strategy Report, 1998*. Washington, DC: U.S. Department of States; United States Agency for International Development. (1994) *USAID Strategic Plan, U.S. Goal: Broad Based Economic Growth and Agricultural Development Encouraged*. Washington: USAID, March; "1\$Billion in Anti-Drug Aid Proposed." *The Dallas Morning News*, July 17, 1999; "The Narco Guerilla War" *Newsweek*. August 6, 1999; "U.S. House approves Colombia aid." *Reuters*. March 30, 2000.

Colombia

Agency **Federal Government of Colombia**
Title **National strategic response to combat organized crime to comply with American aid**
Innovations Development of a comprehensive strategy to address both the causes and symptoms of organized illegal narcotics supply by a source country
Description In response to the aid package pledged by the United States, the Colombian government has developed a comprehensive and far-ranging strategy to comply with the terms of the foreign aid package, while concurrently attempting to address the problem of narcotics supply in that country.

The recently-announced measures, which have yet to be articulated through formal policy and programs, is significant because it represents an attempt to forge a national strategic and comprehensive plan to address organized crime and narcotics supply in a source country.

According to a Colombian press report, the Colombian government has developed the following objectives in order to comply with foreign aid provided by the United States:

1) ***Economic strategy*** - Job creation, strengthening the state's capacity to collect taxes, expansion of international trade and access to foreign markets, free trade agreements, attracting foreign investment to the country;

2) ***Fiscal and financial strategy*** - Austerity and belt-tightening measures to promote economic activity and regain international prestige on the world's financial markets;

3) ***Peace strategy*** - Agreements negotiated with rebel forces that include territorial integrity, democracy, respect for human rights, strengthening the state, and fighting the drug trade;

4) ***Defence strategy*** - Modernization of the armed forces and the police aimed at counteracting the activities of organized crime and armed groups;

5) ***Judicial and human rights strategy*** - Ensure egalitarian and impartial justice and promote reform in the armed forces in order to protect human rights and international humanitarian law;

6) ***Anti-drug strategy*** - Coordinate with the other countries involved in drug enforcement; attack production, distribution, sales and consumption, asset laundering and sale of precursors, consumables, and arms;

7) ***Alternative development*** – Profitable agricultural systems for peasants and their families, economically viable environmental protection activities, conserving jungle areas and stopping the spread of illicit crops throughout the Amazon basin by sustainable, productive, integrated and participatory projects, special attention to the regions that have a combination of high levels of conflict and a low state presence;

8) ***Social participation strategy*** – Programs to develop greater responsibilities within local governments, anticorruption plans, fighting kidnapping, violence and the internal displacement of individuals and communities, strengthening of

agricultural communities, formal institutions that promote structural change of cultural patterns that generate violence, program that teach tolerance, peaceful coexistence, participation in public issues and conflict resolution;

9) **Human development strategy** - Guarantee adequate health and education services; and

10) **International orientation strategy** - Foster international cooperation in anti-drug activities and the peace process.

Sources “Government accepts 10 goals to comply with US plan Colombia aid.” *El Colombiano*. March 3, 2000.

3.1.6 Security and Foreign Intelligence Agencies

Containing organized crime has traditionally been the domain of law enforcement agencies, while addressing national security concerns has been primarily the field of security intelligence agencies. Transnational organized crime blurs the line between “crime” and “national security” because criminal organizations are now perceived as posing a national security threat to some countries as well as the international community.

Security threats that have been proposed as emanating from transnational organized crime groups include:

Threats to the global economy – TOC groups pose a threat to international financial markets through large scale government and corporate fraud activities as well as money laundering, which can serve to destabilize financial markets and worsen national debt problems due to lost tax revenue. While these threats are most pronounced in (developing) smaller economies, a ripple effect can occur internationally due to the inter-dependence of the world economy.

Political impact – TOC can have a damaging effect on political structures, in particular fragile new democratic systems found in former communist or totalitarian regimes. Organized crime groups throughout the world have used their financial power to corrupt public officials. In South American and Asia drug cartels have a destabilizing effect on governments through their financial support of local anti-government rebel forces.

Arms smuggling/Nuclear threat – TOC has become increasingly involved in the transfer of arms internationally. The global network of criminals, terrorists, and corrupt government officials and their complex methods of smuggling contraband could easily be transferred to the smuggling of nuclear materials on a massive scale.

According to the Canadian Security Intelligence Service, international crime is a threat to Canada when it impacts upon:

- law and order to the extent of affecting the fabric of Canadian society;
- Canada's economic security through such things as large-scale money laundering;
- government programs such as immigration and refugee processes;
- the government's negotiating position with foreign countries;
- Canada's foreign policy interests; and
- government institutions through such activities as the corruption of public officials (as cited in Security Intelligence Review Committee, 1999).

Based on the perceived national security threats posed by TOC, security and foreign intelligence services have increasingly been involved in combating TOC. This escalating role has also resulted from the limitations of traditional law enforcement agencies.

Canada

Agency	Canadian Security Intelligence Service
Title	Transnational Criminal Activity Section
Innovations	Involvement of national security intelligence agency in facilitating TOC enforcement through a strategic intelligence role
Description	Following a 1993 Department of Justice legal opinion that affirmed the view that certain TOC activity could represent a threat to the security of Canada, a role was identified within the mandate of the Canadian Security Intelligence Service (CSIS) to assist domestic law enforcement agencies. This new role for CSIS represented a significant departure from the Service's traditional area of responsibility "in which criminal activities were generally investigated only in the context of espionage and serious politically-motivated violence (Security Intelligence Review Committee, 1999).

Commencing in 1995, CSIS initiated a number of investigations into transnational criminal activity using targeted authorities. From the outset, the role of CSIS was limited to the collection of strategic intelligence and involvement in criminal enforcement of a tactical nature was avoided. The Service's regions were provided with a set of key objectives for the investigation of issue-based targets - objectives that reflect the strategic thrust of the Service's program (Security Intelligence Review Committee, 1999).

It is through the collection and subsequent analysis of strategic intelligence that the Service fulfills its mandate to address threats to Canada's national security that

stem from transnational crime. The Service's collection of strategic intelligence can also have an important benefit for law enforcement agencies, as CSIS is often able to provide them with timely tactical information.

The Service created the Transnational Criminal Activity (TCA) Section in January 1996, as part of a government-wide effort to combat this threat. This unit draws on the Service's operational and strategic analysis resources in order to collect intelligence related to transnational crime (Canadian Security Intelligence Service, 1998).

The first task CSIS set for itself was to establish an empirical basis for all manifestations of transnational crime. Investigators were authorized to interview persons who may have relevant information. The Service also made use of its extensive liaison arrangements, both domestically and internationally, to solicit information on TOC generally, and on individuals suspected of being involved. In its ongoing operations, CSIS cooperates with other governments, which have mandated their intelligence services to help combat transnational crime and exchanges information with allied intelligence agencies.

When individuals of security intelligence concern do manage to allude the system and arrive in Canada, their threat-related activities, as defined by Section 2 of the *CSIS Act*, may be monitored by the Service.

The 1998/99 audit report of SIRC examined the Service's activities in the area of transnational crime. The study, conducted in 1997, was carried out in order to ensure that CSIS investigative activities in relation to transnational crime were consistent with its mandate under the law, its operational policies, and Ministerial Direction.

The Committee acknowledged an important role for CSIS in addressing the scope and nature of transnational crime. The review identified several instances where the collection of strategic information (and its subsequent dissemination to the appropriate government agencies) by CSIS played a crucial role in government decision making. In addition, the Service's strategic data base on transnational crime aided Citizenship and Immigration Canada in preventing the entry into Canada of foreign organized crime figures. During the period reported, the Committee found that for the most part, all tactical or other criminal information that was collected in the course of its strategic investigations was passed promptly to the RCMP or to the police force having jurisdiction.

The Committee also identified problems that arose early in the Service's program.

First, it was evident that CSIS investigators lacked the training and experience to recognize the types of financial and corporate crimes that were supposed to be the object of concern.

The Committee also expressed concern that a number of CSIS investigations and inquiries resulted in the collection, retention, and reporting of information on tactical, street-level criminal activities that were clearly not within the scope of the Service's strategic objectives. This stemmed from a lack of an adequate delineation of strategic from tactical intelligence. The Committee argued that that where CSIS is unable to bring a unique perspective to a specific area involving transnational crime, it should leave the matter in the hands of the appropriate law enforcement agencies.

The Committee's third general concern touches on the Service's international contacts. Its focus on strategic intelligence had an unanticipated impact on relationships with collaborating foreign security and intelligence agencies. CSIS learned over time that these agencies were interested in tactical intelligence on transnational crime in support of law enforcement organizations in their own countries. The result was that CSIS was to some extent left out of the intelligence information exchange.

The Committee concluded that the problems encountered by CSIS in this area can be attributed, at least in part, to the lack of familiarity and experience that naturally accompanies venturing into a new field.

The SIRC study was conducted in 1997, a year after CSIS created its TCA section. According to CSIS officials, there has been considerable refinement

to its program and an integration of CSIS's program with the broader Government effort against organized crime since that time.

Sources CSIS (1998) *Transnational Criminal Activity*. Ottawa: CSIS; CSIS (1999) *1998 Public Report*. Ottawa: CSIS; Security Intelligence Review Committee. (1999).

United States

Agency Central Intelligence Agency
Title Counternarcotics and Crime Center

Innovations Involvement of national security intelligence agency in facilitating TOC enforcement through strategic intelligence role

Description Presidential Decision Directive 42 created by the Clinton Administration contends that TOC is a threat to national security. The directive orders government agencies to “use creatively and aggressively all legal means to combat international organized crime.”

Even before this Directive, the United States redirected significant resources toward assisting law enforcement in identifying, targeting and apprehending TOC groups and their principal figures. This was carried out primarily through the Central Intelligence Agency (CIA).

In 1989, the Director of the CIA established the Counternarcotics Center (CNC). In 1994, the CNC's mandate broadened to include all international crime issues. Its name was changed to the Counternarcotics and Crime Center to reflect its expanded mission. The objective of the Center is to bring together source intelligence, and the analytical and technical elements of the CIA to focus on international crime. The Center also functions as a coordination center by bringing together representatives from the law enforcement and national security agencies to address intelligence problems of common concern.

The Center endeavours to create ways to provide more information of direct use to law enforcement agencies, while at the same time providing improved and timelier strategic assessments to policy makers. In support of the President's national drug control policies, the Center has drafted a classified counter-narcotics strategy (and is working on an international crime strategy) for the intelligence community.

The new center has attempted to provide greater opportunities for law enforcement agencies to gain “actionable intelligence” on specific global crime groups. Intelligence collection has been primarily directed at the structure of international crime networks and political and economic impact of the threat.

Although the *National Security Act* of 1947 prohibits the CIA from having domestic law enforcement powers, the CIA continues to be involved in TOC cases that have domestic elements. President Reagan's Executive order 12333 clarifies CIA statutory authority in this area by authorizing the CIA to “participate in law enforcement activities to investigate or prevent clandestine intelligence activities by foreign powers or international terrorist or narcotics activity.”

Sources Executive Order 12333, at 46 FR 59941, 3 CFR, 1981 Comp, p. 200.

United Kingdom

Agency	United Kingdom Security Service (MI5)
Innovations	Involvement of national security intelligence agency in facilitating TOC enforcement through strategic intelligence role
Description	Traditionally, the main focus of the U.K. Security Service, or MI5, was to carry out security intelligence work aimed at combating threats to the United Kingdom such as espionage and terrorism.

In November 1995, the *Security Services Bill* was introduced to “enable the Security Service to assist law enforcement agencies in their work against organized crime.” This legislation, which was passed in 1996, states that the role of MI5 is to collect information and produce intelligence in support of police investigations and to counter covertly organized threats, including terrorism, espionage, and the proliferation of weapons of mass destruction.

Further legislation was introduced in 1996, which allows MI5 to monitor telephones, intercept mail, and enter the homes and offices of individuals suspected of involvement in serious and organized crime. The Bill was later amended by the Home Office at the suggestion of the police to state that MI5 will work in a support capacity to the police in its fight against serious crime. MI5 has sought powers of arrest for its agents, but these have not been granted.

The 1996 legislation, which makes it clear that the primary responsibility for work against serious and organized crime remains with law enforcement agencies, specifies arrangements governing how MI5 fulfils its role in serious and organized crime enforcement. Under these arrangements, MI5 is tasked to take on investigations on a case-by-case basis, where it is agreed that its particular skills, knowledge, or capabilities are likely to help a law enforcement investigation. The Service will then bring to bear its investigative capabilities as required with a view to assisting a law enforcement agency to collect the necessary intelligence.

Specifically, MI5 provides information and assessments to enforcement agencies on current serious crime threats, and collaborates with them in investigations that may result in criminal proceedings. MI5 provides support to the police in two main areas: in the field of serious crime, it works exclusively in support of the police and other law enforcement agencies; and in Northern Ireland MI5 provides support to the Royal Ulster Constabulary, which has the lead role for intelligence work on terrorism in Northern Ireland. The Service has also been directed to work closely

with other law enforcement agencies, such as HM Customs and Excise and Britain's municipal police forces.

One current example of the role of MI5 in combating TOC is their participation in a special unit of police and immigration officials targeting organized groups smuggling illegal immigrants into Britain. MI5's intelligence work focuses on identifying principal figures behind the smuggling rings and is coordinated through the NCIS Specialist Crime Unit, which is investigating organized illegal immigration. MI5 uses its links with overseas agencies. Its efforts will be supplemented by embassy and immigration staff overseas who gathers intelligence. Meanwhile, at home the security service's role in clandestine surveillance is meant to track the groups running the British end of smuggling operations.

According to the MI5, its support of serious crime enforcement has proved effective in many of the cases in which it has been involved. It has helped achieve a number of convictions, including that of Paul Ferris in July 1998. Ferris was a major criminal in Scotland, who was sentenced to ten years' imprisonment for conspiracy to sell illegal firearms.

Sources

MI5 Internet web site. www.mi5.gov.uk/; "MI5 'turf war' threatens IRA hunt." *The Sunday Times*. May 5, 1996; "Police concern at MI5's adoption of drugs role" *Electronic Telegraph*. January 20, 1995; "Let MI5 join fight against crime, says Rimington." *Electronic Telegraph*. October 5, 1999. "MI5 to fight fraud gangs." *The Daily Telegraph*, February 4, 1998; "Migrant busters to take on the godfathers." *Daily Mail*, November 27, 1997; "British spies take fight to the mafia." *Times Newspapers Limited*, November 17, 1996; "MI5 to join fight against illegal immigration rackets."

3.2 Enhancing Traditional Law Enforcement through Multi-Agency Cooperation

As organized crime increasingly spans jurisdictional boundaries, cooperation and coordination among agencies (enforcement, policy, and regulatory) has become essential.

Efforts to combat TOC have traditionally been characterized by unilateral efforts by law enforcement agencies within their respective jurisdictions. Increasingly TOC enforcement, on both a tactical and strategic level, has involved a coordinated effort between two or more law enforcement agencies. This partnership approach has been expanded beyond law enforcement agencies and also include criminal and security intelligence agencies, regulatory bodies, private sector organizations and non-governmental groups. Finally, multi-jurisdictional partnerships have increasingly taken place between enforcement agencies from different countries. In short, in the fight against organized and transnational crime,

partnerships have been formed between:

- sections or agencies within a government (enforcement) organization;
- domestic law enforcement agencies;
- law enforcement agencies from different countries;
- domestic and foreign criminal intelligence services;
- law enforcement, criminal intelligence and national security intelligence agencies;
- police and other enforcement, regulatory, and policy organizations; and
- enforcement and private sector organizations.

This section examines a range of innovative partnerships among a host of public and private sector organizations. Particular emphasis is placed on partnerships between domestic agencies (including partnerships between sections of a single agency), partnerships between law enforcement agencies from different countries, multi-jurisdictional training and education, multi-jurisdictional sharing of criminal intelligence, and multi-sectoral partnerships (i.e., between public and private sector organizations).

3.2.1 Domestic Police Partnerships

Canada

Agency	Royal Canadian Mounted Police
Title	RCMP Organized Crime Enforcement Program
Innovations	Coordination across various RCMP federal enforcement programs; emphasis on strategic planning and intelligence; prioritization based on threat and risk assessments; focus on organized crime groups, and not “commodities”
Description	In 1999, the Commissioner of the RCMP designated a Deputy Commissioner to be responsible for coordinating organized crime enforcement for the Force.

This initiative was taken due to the increased scope and threat organized crime presented to Canada and the limitations of the RCMP’s traditional commodity-based federal enforcement approach in addressing organized crime groups, whose activities increasingly cut across various products, services, and jurisdictions.

The over-arching objective of this new program is to develop a strategic and coordinated enforcement approach to the dominant organized crime groups in Canada by the RCMP. The strategic approach can be broken down into four components:

- 1) Using a risk-based approach, assess the threats posed to Canada by organized crime groups through information gathering and strategic

intelligence;

- 2) Prioritize criminal groups for targeting based upon the extent of the threat they pose to Canada;
- 3) Target organized crime groups based upon this prioritization; and
- 4) Mobilize, coordinate, and strategically place resources throughout the country for enforcement purposes.

Reporting to the new Deputy Commissioner are five National Organized Crime Officers (NOCO) who have been appointed for each region: Central Canada, Atlantic Canada, British Columbia, and the Prairies.

The main responsibilities of the Regional Officers is to work with the Criminal Operations Officers and Commanding Officers of each RCMP Division to identify priorities, develop strategies, and coordinate resources on a Divisional and national basis. According to the Deputy Commissioner responsible for this program, "The NOCOs were created to add value and help the regions and Divisions deliver the Force's strategy on organized crime in a co-ordinated and seamless fashion" (*Pony Express*, 2000: 17).

Due to its strategic focus, there is a significant role for intelligence in this initiative, including conducting the threat assessment, prioritization, and targeting. Intelligence will also play a key role in the coordinated enforcement operations that will be undertaken.

Once the priorities have been identified, attempts will be made to coordinate resources within and outside the RCMP. According to the newly appointed Deputy Commissioner: "Because of globalization it is imperative that we respond to this threat in a coordinated and seamless way, first among law enforcement agencies in Canada and with our international partners" (*Pony Express*, 2000: 16). The new strategic approach also encompasses an awareness-raising and education component for both police officers and the public.

Sources Interviews, RCMP Criminal Intelligence Directorate; RCMP NOCO Central Canada Region; "Shattering the perverse mirror of society. An interview with the Deputy of Organized Crime." *Pony Express*, January, 2000: 16-17; Kerr, Joanne (2000) "Are we losing the battle." *Pony Express*. January: 18-19.

Agencies **Federal, provincial and municipal police, enforcement and intelligence forces**

Title	Combined Forces Special Enforcement Unit
Innovations	Integrated, multi-agency task force focusing on high-risk organized crime groups
Description	<p>The Combined Forces Special Enforcement Unit (CFSEU) is an integrated Joint Forces Operation comprising members of the Toronto Police Service, Ontario Provincial Police, York Regional Police, Peel Regional Police Service, Royal Canadian Mounted Police, Citizenship and Immigration Canada, and the Criminal Intelligence Service Ontario.</p> <p>Located in the Newmarket Detachment of the RCMP, the unit is administered and funded by the RCMP. CFSEU is mandated to undertake project style, investigations that target organized crime groups that present a high-risk to Canada. The current emphasis of the CFSEU is on Italian, Eastern European, and Asian organized crime groups.</p> <p>Specifically, the primary mandate of the CFSEU is to investigate, prosecute, expose, and dismantle organized criminal enterprises. The secondary mandate is to share intelligence with key enforcement partners and to cooperate with, and assist other organized crime enforcement units at the national and international levels.</p> <p>The CFSEU is both a strategic and tactical operation and by virtue of the large, sophisticated groups it targets, undertakes long-term intelligence and investigative projects. CFSEU surfaces criminal intelligence by virtue of its own investigations and from other RCMP units, police forces, and government agencies (both foreign and domestic).</p> <p>The unit consists of teams of investigators responsible for project-level organized crime investigations within the Greater Toronto Area. There are currently 60 investigators in the Toronto CFSEU and four project teams. Three of the project teams focus on Italian, Eastern European and Asian organized crime respectively. The project teams are supported by a Criminal Visa Screening and Immigration Team, a General Investigation Team for non-project investigations and a Support Services Team for technical, analytical, and administrative support.</p> <p>Investigators assigned to the CFSEU have extensive experience in criminal and drug investigations, intelligence, or surveillance. Competency in any of the languages used by the ethnic-based groups targeted by the CFSEU is also a consideration in selecting those who are assigned to the Unit.</p> <p>The CFSEU is managed by a Superintendent of the RCMP who is responsible for coordinating the investigations of the CFSEU, carrying out its priorities,</p>

deploying personnel and utilizing resources under his command.

The CFSEU is governed by an Executive Committee, which is comprised of the Chiefs of Police from Toronto, York and Peel; the Commissioner of the Ontario Provincial Police and the Commanding Officer of RCMP "O" Division. This committee is responsible for the review of policy and goals for the unit.

A Joint Management Steering Committee composed of the Officers in Charge of the Intelligence Branch from each of the partner police services, as well as an observer from the Criminal Intelligence Service Ontario, is responsible for investigative project direction.

The CFSEU has enjoyed success recently in relation to Italian and Eastern European crime groups operating in Canada and internationally. Project Omerta targeted the Cuntrera-Caruana Sicilian crime family, considered one of the most established and largest drug smuggling and money laundering criminal organizations in the world. The group, which reportedly has operated worldwide for over 30 years, was disrupted by the arrest of the major leaders of the organization. The project took more than three and a half years, spanned five countries, consumed more than (CDN) \$8 million in resources, and involved more than 25 difference agencies from various countries. In February 2000, key members of Cuntrera-Caruana group pled guilty in Superior Court and received lengthy jail terms.

Project Osada II was a two-year investigation targeting Eastern European organized crime operating in Canada and the United States. The project culminated with the arrest of 50 suspects, and the laying of more than 100 charges including conspiracy to traffic in cocaine, heroin and cannabis, conspiracy to commit fraud and commit robbery, and immigration offences.

Seventeen members of this group who were arrested have also been charged with participation in a criminal organization.

Sources

Personal Interview, Officer in Charge, CFSEU, RCMP Newmarket; "Major Mafia Figures Arrested In Cocaine Conspiracy." *Canada News Wire*, July 15, 1998; "Key Figures In International Organized Crime group plead guilty." *Canadian News Wire*. February 25, 2000; "Police arrest 37 in Eastern European Crime Crackdown. *Reuters*, December 9, 1999; "Anatomy of a raid: Canada's new anti-mafia law used in war against gangs." *Toronto Sun*, December 10, 1999.

Agencies	RCMP and various enforcement agencies
Title	Integrated Proceeds of Crime Units
Innovations	Integrated, multi-agency, multi-disciplinary task force approach to proceeds of crime enforcement
Description	The Integrated Proceeds of Crime (IPOC) program is a federal government strategy with a current life span of five years (1996/1997 to 2000/2001). The mandate of the IPOC Units is to intensify and make more efficient and effective the investigation and prosecution of major organized criminals and crime groups operating in Canada, primary through proceeds of crime seizures, forfeitures, and associated penalties.

Investigations of organized criminal enterprises and money laundering are lengthy, complex and often have an international dimension. As such, it was recognized that in order to conduct investigations in the most efficient and effective manner, a multi-agency, inter-disciplinary approach was required. The result was the formation of 13 units across Canada that are staffed with a mix of federal, provincial and municipal police, Department of Justice Crown counsel, Canada Customs and Revenue Agency (CCRA) (customs and taxation) personnel, forensic accountants, and support staff.

The multi-disciplinary approach is also reflected in the presence of Department of Justice Crown Counsel on the units. The role of these DOJ representatives is not to undertake prosecutions, but to provide legal advice and support to investigators, including helping to prepare affidavits and warrants, and providing pre- and post-charge legal guidance. The physical presence of the DOJ counsel also creates efficiencies in that investigators do not have to travel to DOJ offices for these services.

In short, the multi-disciplinary and multi-jurisdictional nature of the IPOC units has expedited the complex and resource-intensive nature of proceeds of crime investigations and prosecutions. The integrated nature of the IPOC units pools investigative knowledge and expertise, increases the efficiency of investigations, and prosecutions, and improves the quality of evidence and court presentations.

Since their introduction in fiscal year 1996/97, IPOC investigations have resulted in (CDN)\$53 million in seizures and almost \$60 million in forfeitures. In a two-year period (1997-1999), for every dollar spent by the units, 87 cents was generated in seizures and \$1.07 in forfeitures (based on a modified accrual accounting analysis). Evaluations have also show that high profile IPOC investigations have had an impact on the way certain targets are accumulating their wealth (i.e., attempting to

hide their association with criminal assets).

IPOC units have been established, in Vancouver, Toronto, Montreal, Edmonton, Calgary, Ottawa, London, Halifax, Fredericton, Winnipeg, Regina, Quebec City, and St. John's.

The IPOC initiative is unique in Canada in that it is subject to an annual evaluation, managed by Solicitor General Canada, which has been ongoing since the creation of its predecessor, the Integrated Anti-Drug Profiteering Units, in 1993.

Sources	Personal communication RCMP Proceeds of Crime Branch and Ministry of the Solicitor General of Canada
Agencies	RCMP, Canada Customs and Revenue Agency (Customs) and other agencies
Title	Cornwall Regional Task Force (Ontario) / Tobacco and Contraband Smuggling Joint Forces Operations (British Columbia)
Innovations	Multi-agency partnerships to combat contraband smuggling
Description	The smuggling of tobacco products into Canada rose dramatically in the early 1990s, with evidence that criminal organizations were well established in the transportation, storage, and distribution of this contraband product throughout the country.

In the face of the escalating problem, as well as the expanding complexity and flexibility of the smuggling operations, the RCMP and Canada Customs (now Canada Customs and Revenue Agency (CCRA)), the two agencies with primary enforcement responsibility for smuggling and contraband enforcement, recognized the need to strengthen their partnership and combine resources to more effectively and efficiently meet their common goal to disrupt or dismantle these criminal smuggling organizations. The partnerships between the two agencies quickly expanded to other enforcement agencies throughout the country.

A number of initiatives have been implemented to enhance inter-agency coordination in contraband enforcement, including:

- temporary and permanent JFOs between law enforcement agencies;
- multi-agency "border blitzes;"
- highway targeting;
- intelligence JFOs and working groups;
- strategic policy and legislative committees;

- community outreach committees;
- MOUs and informal partnerships with the private sector;
- formal and informal JFOs between enforcement agencies and provincial and federal taxation agencies; and
- JFOs with American law enforcement.

Two contraband enforcement task forces stand out in the scope of their inter-agency cooperation and coordination: the Cornwall Regional Task Force (Ontario) and the Contraband Smuggling Joint Forces Operation (British Columbia).

The Cornwall Regional Task Force (RTF) involves the RCMP, OPP, Cornwall Police, Akwesasne Police, and CCRA. The RTF was assembled based upon the extensive nature of tobacco smuggling through the Akwesasne/Cornwall area. Of particular significance to this Task Force is the number of MOUs that have been signed between the RCMP and the Akwesasne Mohawk Police, which involve the secondment of members to each police force.

Special federal program funding has created two liaison positions that have increased RCMP coordination with Cornwall and Mohawk police forces. One member from the Cornwall Police Service and Mohawk police respectively are stationed on the RTF while a RCMP member is seconded to the Mohawk Akwesasne Police to provide drug education to the local community.

This coordinated approach has been instrumental in facilitating inter-agency communications and information sharing, while the combined resources has allowed enforcement agencies to collectively target larger smuggling groups. The task force approach also provides each agency a joint “ownership” over the problem and forges strong personal contacts among police forces.

Another significant JFO approach began with the Tobacco Smuggling Joint Forces Operation (TSJFO), which has been implemented in British Columbia in 1993. The TSJFO is the result of a MOU between CCRA Customs Intelligence Services and the Vancouver RCMP Customs and Excise (C&E) Section. The mandate of the TSJFO is to target criminal smuggling organizations involved in the transportation, storage, and distribution of contraband tobacco products within the province.

Five years following the signing of this MOU, the TSJFO expanded their enforcement links to other contraband commodities besides tobacco products, such as spirits, firearms, jewelry, and pornography. This expansion was reflected

in a 1998 Letter of Agreement that created the Contraband Smuggling Joint Forces Operation (CSJFO) which more strategically targeted the broader contraband problem. The objectives of the CSJFO are to:

- jointly enhance the enforcement and intelligence gathering efforts of both agencies by gathering intelligence and ensuring documented action or dissemination of the information to both agencies or to other accredited law enforcement agencies as the need arose;
- liaise with other interested agencies to solicit their cooperation in accordance with their respective policies;
- identify and develop intelligence sources; and
- issue media releases that have the joint agreement by both agencies as to their content and timing.

The 1998 letter of agreement created three structures through which the agencies would coordinate activities:

- a Senior Joint Management Group, consisting of the Manager of CCRA Interdiction and Intelligence Division and the Officer in Charge of the RCMP Vancouver C&E Section;
- a Working Joint Management Group, made up of the CCRA Chief of Interdiction for the Pacific Region and the RCMP NCO in charge of the C&E Section; and
- the Contraband Smuggling Joint Forces Operation, consisting of three RCC members and six RCMP members (as well as additional staff where needed).

According to a RCMP Internet web site there are several benefits of having members from each agency working in the same office.

This includes:

“...joint surveillance and debriefings; full access is available to each agency's databases in accordance with their respective policies; full use of vehicles from each agency that are assigned to the JFO; joint operational plans are drafted with expertise provided from both agencies. The approval or “selling” of these plans is much easier when submitted by members of each respective agency; direct and often transparent lines of communication to the POE or RCMP detachments, as well as specialized sections within each agency; information independently gathered by each agency is openly shared;

informants are handled jointly by one handler from each agency in compliance with their respective policies; press releases are completed on JFO letterhead with a contact listed for each agency; members of the JFO are included in specialized training offered by each agency and results are shared by each agency and are noted as a JFO.”

The web site also states that this six-year partnership has achieved significant results in addressing the ever-changing contraband threat:

“The CSJFO created a highly skilled and dedicated intelligence and enforcement team. It successfully directs its combined efforts toward disrupting or dismantling criminal smuggling organizations operating in both agencies’ areas of responsibility. Nationally and within each respective agency, the JFO is a leader in forming joint investigative and intelligence initiatives”.

Sources Interviews, RCMP and Canada Customs and Revenue Agency, RCMP web site: www.rcmp-learning.org/bestdocs/english/fsd/customs/contrbnd.html

Agency Innovations Description **The Organized Crime Agency of British Columbia (B.C.)**
Creation of a new agency to address changing nature of organized crime
In October, 1998, the Attorney General of British Columbia announced the establishment of the Organized Crime Agency following the report of an Independent Review Committee on Organized Crime chaired by Stephen Owen. The Owen Report found that the existing Coordinated Law Enforcement Unit (CLEU) was too narrowly focused on the Lower Mainland of the province and was not mandated or structured to effectively deal with the growing sophistication and diversity of contemporary organized crime.

Designated as a policing/law enforcement unit under the *British Columbia Police Act*, the mandate of the Organized Crime Agency of B.C. is to facilitate the disruption and suppression of organized crime that impact British Columbia. It will be responsible for both gathering intelligence on organized crime and for active enforcement with the goal of significantly impacting the size and scope of organized crime activity in this province and beyond our borders.

The agency will set enforcement priorities targeting organized crime. The agency's priorities for the year 2000 include firearms trafficking, proceeds of crime and

Internet pornography. The agency's main operation in the Lower Mainland is fully staffed with police officers with expertise and experience in specific areas of organized crime, such as outlaw motorcycle gangs, Asian-based organized crime, Internet crime, drug trafficking and pornography. The agency has also established its own proceeds of crime unit.

The agency has placed particular emphasis on conducting joint force operations with local police and has established partnerships with other police organizations on several high-profile projects. Experts from other police departments are working out of the agency to coordinate specialized operations. For example, a Vancouver Island officer who has worked for three years on a national project to combat the illegal movement of firearms will be working out of the Organized Crime Agency of B.C. to develop the "Gunrunner" program to target specific organized crime groups trafficking in firearms. Criminal Intelligence Service British Columbia (CISBC) will partner with the Agency and provide link to the national Criminal Intelligence Service Canada database.

A senior officer in charge will direct the day-to-day activities of the police. Policing operations will take place under the general direction of a joint management team made up of senior police executives. A Board of Governors will also be appointed by the Attorney General, based on recommendations from the police community. This Board has representatives from the RCMP and municipal police forces as well as community members. The chief officer of the Agency is responsible to the governance board for the overall leadership and management of the agency.

Sources

Notes of a speech by Beverley Busson, Chief Officer, Organized Crime Agency Of B.C. to the Federal-Provincial-Territorial Meeting of the Ministers Responsible for Justice, Vancouver, B.C., December 2, 1999; "Organized Crime Agency Gets New Chief." *Ministry of Attorney General Press Release*. March 17, 2000; "Organized Crime Agency Gets Increased Provincial Funding." *Ministry of Attorney General Press Release*. April 7, 2000; "Attorney General Establishes Agency To Fight Organized Crime. Chief Officer Named." *Ministry of Attorney General Press Release*. March 23, 1999; "Organized Crime Agency gets increased funding." *Ministry of Attorney General Press Release*. April 7, 2000; "New Policing Agency to Fight Organized Crime in BC." *Ministry of Attorney General Press Release*. October 1, 1998.

United States

Agencies **U.S. Department of Justice in cooperation with federal, state and municipal**

	enforcement agencies
Title	United States Organized Crime Drug Enforcement Task Force
Innovations	One of the first and most comprehensive U.S. federal programs promoting multi-agency coordination targeting organized crime, including senior level coordination and mechanisms to ensure equal partnership among agencies
Description	The Organized Crime Narcotics (OCN) Trafficking Enforcement Program was developed in 1986 by the U.S. Department of Justice, as a discretionary grant program to assist law enforcement agencies in effectively responding to multi-jurisdictional narcotics trafficking activities. The goal of the OCN Program is to enhance, through the shared management of resources and joint operational decision-making, the ability of local, state, and federal law enforcement agencies to remove specifically targeted major narcotics trafficking conspiracies and offenders through investigation, arrest, prosecution, and conviction.

The strategy of the OCN Program is two-fold:

- (1) to promote a multi-agency enforcement response—including one or more prosecution authorities—targeting major narcotics trafficking conspiracies operating across multiple jurisdictions, and
- (2) to establish a formal project mechanism whereby investigative and prosecution resources could be allocated, focused, and managed on a shared basis against targeted offences and offenders.

The OCN project locations include sites in 22 states across the continental United States. Some projects concentrated efforts on larger areas, such as an entire state or several counties, while other projects concentrated mainly in a specific metropolitan area.

Central to the OCN Program is the project Control Group, an oversight body incorporating a shared management system to direct and administer project resources. The Control Group serves as a policy-making board, selects cases to be investigated and prosecuted, determines project goals and objectives, allocates project resources, and provides oversight of all project investigations.

The Control Group is the mechanism within the OCN Program intended to prevent any single agency's enforcement goals from controlling or dominating project operations. Control Group member agencies are required to execute a written Inter-agency Agreement, setting forth the desire of the participants to work together on common problems and to contribute resources to the joint effort. The majority of Control Groups comprised senior operations managers of agencies

expected to be most actively involved in cases conducted by the project. (Because the U.S. Drug Enforcement Administration's designation as lead federal drug enforcement agency, the inclusion of DEA in the Control Group was initially mandatory for all OCN projects.) Recognizing the need for early prosecution involvement and planning in the OCN project cases, membership in the Control Group also mandates the participating of at least one prosecutor drawn from the federal, state, or local level.

Each case presented for consideration to the Control Group is required to be incorporated into a written case plan with a budget. Each member of the Control Group has an equal vote on all decisions, and the decisions of the Control Group were required to be unanimous.

Between 1986 and 1994 the Organized Crime Narcotics (OCN) Trafficking Enforcement projects have made more than 15,530 arrests and seized drugs, cash, and property worth an estimated \$1.1 billion. This includes 943 arrests and \$34.6 million in seized drugs, cash, and property for 1994 (United States Department of Justice, 1995).

Sources Bureau of Justice Assistance (1998) *Lessons Learned From the Organized Crime Narcotics (OCN) Trafficking Enforcement Program*. Washington: Bureau of Justice Assistance; United States Department of Justice. (1995) *1994 Annual Report of the Attorney General of the United States*. Washington, D.C.: U.S. Printing Office.

Agencies **Various federal, state and municipal enforcement agencies**
Title **High Intensity Drug Trafficking Areas (HIDTA)**
Innovations Multi-agency coordinated enforcement activities targeting geographic areas at high risk of drug production, manufacturing, importation, or distribution
Description The *Anti-Drug Abuse Act* of 1988 authorized the Director of The Office of National Drug Control Policy (ONDCP) to designate areas within the United States that exhibit serious drug trafficking problems, and harmfully impact other areas of the country, as High Intensity Drug Trafficking Areas (HIDTA).

The HIDTA program provides supplemental federal funds to enforcement efforts in those areas to help reduce drug trafficking and its harmful consequences. Law enforcement organizations participating in HIDTAs assess drug trafficking problems and design specific initiatives to reduce or eliminate the production, manufacture, transportation, distribution, and chronic use of illegal drugs and money laundering.

The HIDTA program is intended to improve the effectiveness and efficiency of drug control efforts by facilitating cooperation between drug control organizations through resource and information sharing, pooling resources, coordinating and focusing efforts, and implementing joint initiatives. HIDTA funding is intended to assist federal, state and local law enforcement agencies invest in infrastructure and joint initiatives to confront drug-trafficking organizations. Funds are also used for demand reduction and drug treatment initiatives. Resources provided by the program have grown from \$25 million in fiscal year 1990 to over \$190 million in fiscal year 2000.

The key priorities of the program are to:

- assess regional drug threats;
- design strategies to focus efforts that combat drug trafficking threats;
- develop and fund initiatives to implement strategies;
- facilitate coordination between federal, state and local agencies and initiatives; and
- improve the effectiveness and efficiency of drug control efforts to reduce or eliminate the harmful impact of drug trafficking.

Each HIDTA is governed by its own Executive Committee comprised of approximately 16 members—eight federal members and eight state or local members. These Committees help provide focused drug control efforts to eliminate or reduce drug threats. The Executive Committees ensure threat specific strategies and initiatives are developed, employed, supported and evaluated.

In designating a new HIDTA, the Director of ONDCP consults with the Attorney General, Secretary of the Treasury, heads of national drug control agencies, and relevant state governments and considers the following criteria required by statute:

- the extent to which the area is a center of illegal drug production, manufacturing, importation, or distribution;
- the extent to which state and local law enforcement agencies have committed resources to respond to the drug trafficking problem in the area, thereby indicating a determination to respond aggressively to the problem;
- the extent to which drug-related activities in the area are having a harmful impact in other areas of the country; and
- the extent to which a significant increase in the allocation of Federal resources is necessary to respond adequately to drug-related activities in the area.

At present, the HIDTA Program is comprised of 31 regional offices that operate

within 40 states. The following list identifies areas designated as HIDTAs and the year of the designation:

1990: Houston, Los Angeles, New York/New Jersey, South Florida and Southwest Border;

1994: Washington/Baltimore (Maryland, Virginia and District of Columbia) and Puerto Rico/U.S. Virgin Islands;

1995: Atlanta, Chicago and Philadelphia/Camden;

1996: Rocky Mountain (Colorado, Utah and Wyoming), Gulf Coast (Alabama, Louisiana and Mississippi), Lake County (Indiana), Midwest (Iowa, Kansas, Missouri, Nebraska, North Dakota and South Dakota) and Northwest (Washington State);

1997: Southeastern Michigan and Northern California;

1998: Appalachia (Kentucky, Tennessee and West Virginia), Central Florida, Milwaukee and North Texas; and

1999: Central Valley California, Hawaii, New England (Connecticut, New Hampshire, Maine, Massachusetts, Rhode Island and Vermont), Ohio and Oregon.

It was recently announced that this high-risk geographical targeting approach will also be applied to other organized criminal activity, in particular money laundering. In March 2000, the Clinton Administration announced that it is designating the New York/Northern New Jersey area, the Los Angeles metropolitan area, and San Juan (Puerto Rico) as High Intensity Money Laundering and Related Financial Crime Areas (HIFCAs). The designation means task forces comprising federal, state and local law enforcement will be formed to focus resources on prosecuting money laundering cases, although no significant new money will be budgeted to the effort. Police forces and local prosecutors will also be trained in detecting money laundering.

Sources

The Office of National Drug Control Policy. web site www.whitehousedrugpolicy.gov/enforce/hidta/overview.html; "Administration wants securities firms to help it detect money laundering." *Wall Street Journal*. March 9, 2000.

Agencies	United States Secret Service and Department of Justice
Title	Nigerian Task Force
Innovations	This multi-agency task force was assembled to focus on one criminal enterprise “genre” whose activities transcended a number of geographical and “commodity” jurisdictions of U.S. law enforcement agencies. This focus on one type of crime network contrasts with the traditional law enforcement focus on commodities.
Description	<p>Nigerian crime groups have been recognized internationally as one of the fastest growing enterprise crime networks in the world. In 1986, the Senate Permanent Subcommittee on Investigations determined that a formidable criminal network was forming within the large community of Nigerian nationals living in the United States. Nigerian crime groups are best known for their widely diverging array of criminal activities, including credit card fraud, bank fraud, check kiting, insurance fraud, entitlement fraud, passport and visa counterfeiting, vehicle theft, and the counterfeiting of currency and corporate checks. Nigerian organized criminals are also recognized as one of the top importers of heroin into the United States.</p> <p>In fiscal year 1992, the U.S. Congress appropriated funds to the Secret Service, which were ear-marked for a Nigerian task force initiative. In turn, the Secret Service established task forces in 13 cities across the United States. Membership in these task forces includes representatives from the U.S. Customs Service, U.S. Immigration and Naturalization Service, U.S. Postal Inspection Service, U.S. Drug Enforcement Administration, Internal Revenue Service, Department of State, Bureau of Diplomatic Service, banking regulators, as well as numerous local, county, and state police agencies. This diverse membership was meant to reflect the multitude of criminal activities perpetrated by Nigerian organized criminals.</p> <p>The main focus of each Task Force is the investigation of financial frauds committed by Nigerian nationals and their accomplices. The Task Forces emphasize a number of traditional and non-traditional strategies including investigation, interdiction, intelligence, overseas enforcement, public education, and intensive training to combat the problem.</p> <p>A unique feature of these Task Forces has been a strong emphasis on an aggressive public education campaign. The purpose of this proactive strategy is to inform citizens, especially business owners and financial intermediaries, about specific Nigerian fraud schemes in order to raise awareness and vigilance, educate potential victims, prevent victimization, produce source intelligence, and encourage reporting to police.</p> <p>Information sharing and case coordination among agencies is one of the principal</p>

goals of the task force, especially on investigations with overlapping jurisdictions. The task forces are expected to pool intelligence from confidential sources, as well as data gleaned from agency records. Intelligence gathering and sharing among all enforcement agencies is meant to document the activities, structures, characteristics, financial dealings, communications, and travel activities of Nigerian criminals.

Because Nigerian fraud scams are so widespread in the U.S. and globally, the Secret Service began a program that tracks specific schemes and their victims. This information is used for both strategic and tactical purposes. According to the Secret Service, approximately 100 telephone calls and 300 to 500 pieces of related correspondence are provided by victims and intended victims daily. This information is complemented by a database containing information obtained from over 25,000 Nigerian scam letters. A link analysis of the data serves to reveal the suspected locations of the top advance fee fraudsters in Lagos, Nigeria. Each Task Force coordinates training for state attorneys general, local prosecutors and police agencies in the most efficient detection and enforcement strategies.

The Task Force has also added an international dimension to their work. Secret Service agents have been periodically assigned on a temporary basis to the U.S. Embassy in Lagos, where they have worked closely with the Department of State Office of Diplomatic Security and Department of Commerce Commercial Attaché. Agents have also established a working relationship with the Nigerian National Police. The Secret Service has provided intelligence to the National Police and then has accompanied them, in an observer capacity, in the execution of search warrants. These search warrants have resulted in the arrests of a number of Nigerian nationals. Evidence seized has included telephones and facsimile machines, forged Government and Central Bank of Nigeria letterhead, international business directories, scam letters and envelopes, as well as files containing correspondence from victims throughout the world.

During fiscal year 1996/97, the Task Forces undertook 400 investigative cases into Nigerian organized crime arresting 545 Nigerian criminals, and seizing assets of approximately \$60 million. In addition to the arrests, the Secret Service has furnished intelligence and investigative leads to other state and federal agencies that have resulted in numerous arrests and seizures. The U.S. Embassy in Lagos has reported a dramatic drop in the numbers of U.S. victims that come to their attention on a monthly basis due to the public awareness campaign initiated by the Secret Service (Brugger, 1997).

Sources Personal Interview, U.S. Secret Service; Senate Banking, Housing and Urban

Affairs Committee. Hearing on Financial Instruments Fraud. *Prepared testimony of Mr. Dana Brown. Deputy Special Agent-in-Charge, Financial Crimes Division.* United States Secret Service, September 16, 1997. "Hearings Reveals Multi-agency U.S. Effort to Combat Nigerian Crime." *International Enforcement Law Reporter* October, 1996; John C. Brugger, (1997) "Law Enforcement Weighs In Against Nigerian Criminal Gangs," www.bosbbb.org/warning/advnig3.html, Spring.

Agencies	U.S. Customs Service and the Immigration and Naturalization Service
Title	The Border Coordination Initiative
Innovations	Inter-agency coordination between the two main border enforcement agencies in the U.S.
Description	The Border Coordination Initiative (BCI) was developed by the U.S. Customs Service and the Immigration and Naturalization Service (INS) to enhance cooperation between the two agencies in the interdiction of drugs, illegal aliens, and other contraband along the Southwest border of the United States. It was established in part to ease the long-running turf war between the U.S. Customs Service and INS along this border.

The purpose of the BCI was to create a seamless process at and between land border ports of entry, by building a comprehensive, integrated border management system that effectively achieves the mission of each agency. Stemming from this overall objective, eight core initiatives form the framework for BCI:

Port Management - streamline enforcement, traffic flow, and community partnership at each Southwest border port of entry;

Investigations - provide a unified strategy for Southwest border seizures that capitalizes on enforcement operations at and between port of entries;

Intelligence - coordinate multi-agency teams to gather national and local intelligence and produce informational and actionable reports on narcotics and alien smuggling, money laundering and other border crimes;

Technology - develop and implement border enforcement technology and ensure inter-agency coordination and sharing of available technology;

Communications - develop an inter-agency, mutually supportive, wireless communications through joint user training, compatible systems and shared frequencies;

Aviation/Marine - coordinate joint air/marine operations;

Integrity – identify joint training initiatives and policy development aimed at producing uniform guidelines amongst Southwest border law enforcement personnel; and

Performance Measurement – conduct systematic, scheduled and agreed upon evaluations of BCI’s effectiveness.

Other federal agencies have also become involved in the BCI, including the Department of Agriculture and the Department of Transportation (U.S. Coast Guard), and the Department of the Interior (Fish and Wildlife Service). State and local police departments are involved on an *ad hoc* basis at the present time and their role is intended to become more clearly defined as BCI moves into Phase II.

Indeed, Phase II tasks all 24 BCI field locations with establishing formal cooperative relationships with state and local agencies as part of their “action plans”. These agreements will include proposals to conduct joint training sessions, intelligence sharing, and joint operations, and respective responsibilities of participating agencies.

According to U.S. Customs, since its inception on September 29, 1998, BCI’s scope has grown to the point where it is “the most effective mechanism for coordinating the law enforcement activities of agencies operating along the Southwest Border of the United States.”

According to the U.S. Customs Service, this joint initiative has felled some of the formidable obstacles to cooperation between federal agencies:

“ . . . what began, as a planned 5-year project between USCS and I&NS is now a model of cooperation not only between those two agencies, but also amongst virtually all federal inspection services along the SWB . . . By endeavoring to understand each other’s mission, the BCI participants are announcing joint successes, versus individual agency credit. They are openly and honestly communicating with each other and including stakeholders in appropriate areas. Community and business leaders are part of the coordination process and their input has proven invaluable as demonstrated by the reduced ‘wait times’ at the border, while narcotics seizures have increased . . . Enforcement operations, which traditionally have been treated as proprietary and private actions by the initiating agency, are now developed and carried out with input from all stakeholders. Officers on our front lines are

aware of their counterparts' missions and seek to support those goals, as well as their own, without fear of reprisal. Communication has never been more open and honest between our border law enforcement agencies. 'Turf wars' are becoming a thing of the past as employee morale and trust rises each day" (U.S. Customs, www.customs.gov/enforcem/bord.html).

This coordinated approach has been credited with an increase in drug seizures. The amount of cocaine intercepted rose 49 percent between fiscal years 1998 and 1999, according to U.S. Customs data. James Johnson, Treasury undersecretary for enforcement, credited the rising narcotics haul to the BCI (*Reuters*, July 15, 1999).

Sources United States Customs Service web site www.customs.gov/enforcem/bord.html; "U.S. Boosts Border Drug Hauls By Pooling Information." *Reuters*, July 15, 1999; "Turf squabble hindering drug war, czar says." *San Diego Union-Tribune*, November 6, 1999.

Agencies **United States Navy and Coast Guard**

Title **Law Enforcement Detachments (LEDET's)**

Innovations Use of U.S. Navy advanced technology to assist the Coast Guard for domestic coastal policing

Description United States maritime law enforcement, including narcotics and immigrant smuggling enforcement, entails a close working relationship between the U.S. Navy and the U.S. Coast Guard. Technically, due to the *Posse Comitatus Act* passed after the U.S. Civil War, the Navy (and other Federal Armed Services) is prohibited from being used for civilian law enforcement purposes. As part of the Department of Transportation, a civilian agency, the U.S. Coast Guard is the only U.S. Armed Service agency with law enforcement authority.

Within the context of drug enforcement operations, the U.S. Navy supports the Coast Guard, which is the lead agency for maritime law enforcement, including detection, monitoring, interdiction, seizure and arrest.

Although the U.S. Navy does not have law enforcement authority, Navy vessels support U.S. Coast law enforcement through Law Enforcement Detachments (LEDET's). LEDETs involve the deployment of U.S. Coast Guard personnel on Navy vessels for six to seven week periods. The U.S. Navy currently provides a continuous presence of two vessels in high risk maritime smuggling routes in the Caribbean and Eastern Pacific Ocean. This LEDET program allows the Navy to support maritime law enforcement, primary through their advanced radar and communications systems, while not violating laws restricting their civilian law enforcement powers. LEDETs from U.S. Navy platforms average 100 boardings of suspect vessels a year.

Sources Dr. Stanley Weeks. Naval Support for Law Enforcement. Presentation at the joint meeting of the CSCAP Working Group on Maritime Cooperation and Transnational Crime, Wollongong, Australia. November, 1999.

United Kingdom

Agencies Various police agencies in England and Wales
Title Regional Crime Squads/ National Crime Squad
Innovations Early regional coordination among municipal law enforcement agencies that led to creation of national law enforcement agency to address crime that transcended jurisdictions.
Description The Regional Crime Squads were first established in the United Kingdom (U.K.) in 1964 as a result of concern about offenders committing crimes across police force borders and because local officers were ill-equipped to deal effectively with them. Originally, located in nine regions in England and Wales, they comprised detective officers seconded from police forces within the region for up to five years. They were commanded by a Detective Chief Superintendent selected by and accountable to, a committee of the constituent forces' Chief Constables.

In 1994, the Regional Crime Squads were amalgamated into six areas covering England and Wales, including offices in 44 locations throughout the country deemed to have significant criminality. Due to their nature, their priorities reflected a regional rather than a national agenda.

In January of 1998, the U.K. Home Secretary announced the creation of the

National Crime Squad, which replaced the Regional Crime Squads. Like the Regional Crime Squads, its mandate is to prevent and detect organized and serious crime occurring across police jurisdictional and national boundaries and to support police forces with their investigation of serious crime. The National Crime Squad is the first nationally directed enforcement agency in the U.K. that targets top level criminals whose activities are regional, national, or international in scope.

The National Crime Squad, which was created by the *Police Act (1997)*, was formed following a July, 1995 report by the U.K. Parliament's Home Affairs Select Committee, which documented the threat of organized crime and its impact on the United Kingdom. The report stated: "If the response to serious and organized crime is to be sharpened and made more effective, the present structure of separate Regional Crime Squad ... needs to be replaced by a more nationally co-ordinated structure".

The National Crime Squad has three strategic aims:

1. to concentrate on successfully bringing to justice and/or disrupting those responsible for serious and organized crime;
2. to provide appropriate support to police forces and other law enforcement agencies in relation to serious and organized crime; and
3. to create and maintain a recognized, robust, professional and ethical national organization staffed by people of integrity, ability and commitment.

The illegal activity the National Crime Squad targets include drug trafficking, money laundering, illegal immigration, counterfeiting, and arms trafficking.

In addressing organized crime groups and activities, the National Crime Squad is expected to work in close cooperation with the National Criminal Intelligence Service and other agencies including the National Investigation Service of HM Customs and Excise.

The National Crime Squad is currently staffed by more than 1,400 detective officers and 260 civilian support staff. The staff is made up of experienced detectives with skills including physical and technical surveillance, financial investigation, undercover work and witness protection, in addition to conventional police and investigative experience.

The National Crime Squad is headed by a Director General, appointed by and accountable to a new service authority, which consists of 17 members including representatives of local police authorities, representatives of the Association of

Chief Police Officers and Home Office, as well as three independent members, including the chairman Sir John Wheeler.

Funding for the National Crime Squad is raised in the form of levies on all police authorities in England and Wales. On average, forces will contribute about 1.75% of their budgets to fund the two bodies.

The National Crime Squad is divided into three geographical areas, each under the command of an Assistant Chief Constable. Within these regions, the National Squad operates from 42 sites throughout the country, with its headquarters in London.

Recently, a government assessment of Britain's ability to fight organized crime suggested that a "cross-cutting review", headed by a senior Home Office official, may result in the amalgamation of the National Crime Squad with the National Criminal Intelligence Service (*The Times*, February 26, 2000).

Sources

Adamoli, Sabrina et. al (1998) *Organized Crime Around the World*. Helsinki: European Institute for Crime Prevention and Control Affiliated with the United Nations (HEUNI); "Police chiefs warned of threat from MI6; Intelligence services 'could step in' to tackle organized crime." *The Independent (London)*, March 18, 1994; "Home Secretary approves GBP 125 million for new national crime bodies." *M2 Presswire*. January 12, 1998; "Customs and police to join forces on crime." *The Times (London)*. February 26, 2000.

Italy

Agencies	Italian National Police, Carabinieri and Guardia di Finanza
Title	Direzione Investigativa Antimafia and Direzioni Distrettuali Antimafia
Innovations	Creation of national police force dedicated to organized crime enforcement, coordination of enforcement among different police forces; creation of national prosecution agency dedicated to organized crime; emphasis on strategic intelligence, targeting and international investigations
Description	As a response to the growing threat of organized crime activities and violence in the 1980s and 1990s, the Italian government began a major restructuring of its organized crime enforcement.

The need to create new organizational models gave rise to law 410/91, which allocated the functions previously performed by the High Commissioner for the Fight Against Mafia (Alto Commissario Antimafia) among various bodies: co-

ordination was assigned to the General Council for the Fight Against Organized Crime (Consiglio Generale per la lotta alla criminalità organizzata); information gathering to the security services; and preventative policing as well as judicial investigation to the Antimafia Investigating office (Direzione Investigativa Antimafia). The General Council for the Fight Against Organized Crime, presided over by the Minister of the Interior and consisting of the heads of the police forces and the information services, is responsible for developing an overall enforcement and prosecution strategy.

The legislation concentrates certain powers and functions within various police forces, allocating responsibility, and specific tasks to each of them and creating an integrated investigative system in which specialized agencies interact with the supervisory investigative structures (Adamoli et. al, 1998: 161).

The integrated system was entrusted to the DIA, which was formally established in December 1991 as a highly specialized national agency dedicated to combating organized crime groups in Italy. The DIA is entrusted with both intelligence gathering and investigations connected with organized crime. It is a multi-agency police agency that includes personnel from the three Italian police forces (Italian National Police, Carabinieri, and Guardia di Finanza). It has been given the means to carry out nationwide operations and while its main work lies in Sicily, Calabria, and Campania, it has outposts in other areas of the country where Italian organized crime groups operate.

The structure of the DIA includes the following major sections:

- ***Cabinet Office***, which is responsible for broad policy, program and planning;
- ***Intelligence Branch***, which has the task of processing and analyzing intelligence, selecting targets and determining the modus operandi of criminal organizations. One of the main goals of this Branch is to continuously update intelligence and analysis to allow the DIA to strategically focus on social and geographical areas especially threatened by organized crime;
- ***Investigations Branch***, which has the task of identifying targets, planning investigations, as well as directing and co-ordinating operations; and
- ***International Investigations Branch***, which has the task of establishing the developing contacts with international law enforcement agencies to co-ordinate joint efforts against transnational criminal organizations and networks.

Joining the DIA is the Direzione Distrettuali Antimafia (DDA), a national prosecutorial agency dedicated to organized crime. It is headed by a national anti-mafia prosecutor. The job was to be that of Judge Falcone, who was assassinated by organized crime groups, before he could assume the position. According to news reports, Falcone believed that “if the mafia was a single, widespread organization, its antagonist equally must be able to rise above a district prosecutor’s normal area of jurisdiction. This national prosecutor oversees and coordinates the work of 26 local anti-mafia prosecutors’ offices (*The Economist*, April 24, 1993).

Sources

DIA web site: www.mininterno.it/dip_ps/dia; Adamoli, Sabrina et. al (1998) *Organized Crime Around the World*. Helsinki: European Institute for Crime Prevention and Control Affiliated with the United Nations (HEUNI); Salese, Giovanna (1993) Italian Organized Crime. Paper presented at the National Crime Intelligence Service Organized Crime Conference, A Threat Assessment, May 24-26, 1993. “The Sicilian mafia. A state within a state.” *The Economist*. April 24, 1993: 21-24.

Australia

Agency

National Crime Authority

Innovations

Creation of national police force dedicated to organized crime enforcement, coordination of enforcement among different police forces; adoption of powers exceeding those of existing police forces

Description

The National Crime Authority (NCA) was established in 1984 specifically to address organized crime in Australia. The emergence of NCA was premised on the perception that existing police efforts were under-funded; that a specialized agency was necessary because the everyday demands upon traditional police forces divert their attention away from this specialized area that requires a proactive, strategic focus and that the powers necessary to combat organized crime (such areas as surveillance, undercover operations, evidence collection etc.) were seen to be too coercive to grant to any existing police department.

The NCA is a statutory body, created through the *National Crime Authority Act*. This legislation assigns a number of coercive powers to the NCA, including the ability to compel people to produce documents and to give sworn evidence

before the NCA. These powers are not available to traditional police forces.

The mission of the NCA is to counteract organized criminal activity and reduce its impact on the Australian community, working in cooperation and partnership with other agencies, in particular the Australian Federal Police, which is the primary investigative arm of the NCA.

The NCA is tasked with targeting what are called 'referenced' organized crime groups. The Police Ministers of every State sit on a Board of National Crime Authority and determine what groups to target for a specific period of time. South East Asian, outlaw motorcycle gangs, Anglo-Celtic crime networks, and money laundering operations are the current priorities for the NCA.

The NCA conducts both criminal intelligence and enforcement operations through the use of multi-disciplinary teams of police, financial investigators, and lawyers, intelligence analysts and support staff, all of which are seconded from existing police forces.

The NCA was not designed to take over from any of the existing law enforcement agencies. Instead, it was designed to complement and coordinate. Indeed, a principal mandate of the NCA is to coordinate organized crime enforcement among all police agencies in Australia, ensuring that criminal intelligence and information is shared by all the relevant agencies. This includes sharing both strategic intelligence about national trends and patterns in organized crime and tactical intelligence about specific investigations. The NCA is also expected to maintain important links with the international law enforcement community. The NCA is the only law enforcement agency to have under-pinning legislation in every State and Territory as well as the Commonwealth, giving the NCA a national scope. The NCA has regional offices in Adelaide, Brisbane, Melbourne, Perth, and Sydney.

A review of the NCA by the Parliamentary Joint Committee (PJC) reported that:

“Changes in the criminal environment have in fact made even more necessary a national collaborative effort, especially in the context of the globalization of organized crime.... The PJC noted the weight of evidence that the NCA was effective in its role of counteracting organized crime ... is continuing to undertake significant work against a range of criminal groups. It is convinced that the Authority's success in a range of areas is sufficient to mark it as a valuable contributor to law enforcement in Australia” (Parliament of Australia, 1998).

One specific example of the multi-agency coordination (including law enforcement, taxation, and regulatory agencies) that has been emphasized in the NCA is Operation Swordfish, which targets the profits of organized crime groups. According to a report by the NCA, "A fundamental premise of Operation Swordfish is that a cooperative and strategic approach will be taken by the NCA, Australian Taxation Office, Australian Federal Police, Australian transaction and Reports and Analysis Centre, Australian Customs Service and other law enforcement agencies (National Crime Authority, 2000).

The NCA has been credited with improving the relationships across jurisdictions, facilitating the coordination of task forces at a national level and invaluable for the strategic assessments and distribution of this information.

Detractors of the NCA argue that the responsibilities of this agency overlap and are in competition with the traditional police forces, is unaccountable for its activities, is used for political purposes, and represents a threat to civil liberties.

Sources

Parliament of Australia, Parliamentary Joint Committee on the NCA, March 1998, Chapter 1, www.aph.gov.au/senate/committee/nca; National Crime Authority (2000) *Operation Swordfish: An Overview*. Sydney: NCA, January; "Fighting crime with crime." *Courier Mail (Brisbane)*, December 13, 1999; "Police regularly break the law to catch crooks, minister." *Australian Associated Press*, May 4, 2000.

Bulgaria

Agency

Central Service for Organized Crime Control

Innovations

Centralized statutory agency created specifically to combat organized crime

Description

In 1991, the Bulgarian parliament passed a law that established the Central Service for Organized Crime Control (CSOCC), a specialized body set up within the Interior Ministry to combat organized crime in the country.

The new law covers anti-terrorism investigations and intelligence, and the fight against trafficking in drugs, arms, and cultural artifacts. The CSOCC (alone or in cooperation with other specialized bodies) carries out investigative, tracing, intelligence-gathering, and other operations targeting acts of terrorism against government institutions, as well as against the representatives and institutions of other countries and international organizations. The responsibilities of the service

include the prevention and control of the illegal production of, trade in, and trafficking of drugs, illegal dealing and trafficking in arms, automobiles, cultural and historical valuables, blackmail, kidnapping and hostage-taking.

A special provision in Bulgarian law addresses corruption in government and organized crime infiltration of the commercial and financial sectors.

The legislation further authorizes the CSOCC to maintain surveillance, along the country's borders, and on individuals suspected of involvement in criminal activity.

The various agencies belonging to this service have the power to demand information pertaining to organized crime from traders, banks, and government bodies. The act makes provision for co-operation with the services of other countries and international organizations on the basis of effective accords.

Sources Adamoli, Sabrina et. al (1998) *Organized Crime Around the World*. Helsinki: European Institute for Crime Prevention and Control Affiliated with the United Nations (HEUNI).

3.2.2 International Enforcement Partnerships

There is an almost universal agreement that the increased globalization, inter-group coordination, and sophistication of organized crime demands international cooperation among governments and criminal justice agencies. This section identifies and describes some of the partnerships that transcend national borders.

United States and Canada

Agencies	RCMP Customs and Excise Section; Drug Enforcement; Immigration and Passport; Canada Customs and Revenue Agency (CCRA); U.S. Border Patrol and U.S. Customs Service
Title	Integrated Border Enforcement Team
Innovations	Multi-agency international task force focusing on a high-risk, unmanned, geographic border area
Description	On both sides of the international border in southwest British Columbia there are over 50 federal, provincial, state, county, and municipal agencies with enforcement interest in the international border area between the San Juan Islands and the Cascade mountains near Manning Park. Along these 150 miles of unguarded border, there is evidence of the growth of contraband, drug, and migrant smuggling.

In response to the escalating smuggling problem, and the limitations of traditional, reactive case-by-case interdictions by individual agencies, the Vancouver RCMP Customs and Excise (C&E) Section embarked on a number of joint partnerships and proactive enforcement opportunities along this border area. This section has taken the lead in coordinating other Canadian and American enforcement agencies that share a common interest related to cross border smuggling regardless of the commodity. By meeting with various agencies through bimonthly “working group” meetings, the need for a coordinated and proactive border enforcement strategy emerged along the geographical areas that are known to have high smuggling activity.

One important partnership program that involves a number of Canadian and U.S. enforcement agencies is the Integrated Border Enforcement Team (IBET). This coordinated enforcement approach focuses on a specific geographic location, rather than commodity or criminal group. By using problem-oriented policing and other proactive strategies, the objective of IBET is to enable partnerships and working relationships to more effectively target organized smuggling along the unmanned border.

The success of the coordinated effort is reflected in the IBET’s growth. What started as a four person C&E detail has evolved into a 22-person enforcement unit. Participation on IBET includes members from RCMP sections such as Drug Enforcement and Immigration and Passport. In addition, a CCRA Customs Inspector has joined the IBET Team. The eight- person proactive enforcement unit partners daily with its U.S. counterparts from U.S. Border Patrol (USBP) at Lynden Station as well as Blaine Station. Both USBP offices have dedicated four patrol agents and an intelligence officer to work joint operations with the RCMP. The U.S. Customs Service has also dedicated seven agents. Additional support is also present when border jurisdiction detachment offers personnel for specific operations. For example, the Officer in Charge of a large municipal RCMP Detachment offered his entire “bike squad” to the C&E Section for a thirty-day period to combat smuggling in the detachment area.

The IBET is coordinated through a working group and a management group. The working group, made up of operational personnel from participating agencies, meets weekly to plan operations, discuss operations, and share intelligence and resources on a tactical basis. The management group meets every second month and consists of senior managers from the participating agencies and RCMP sections, to ensure each department's mandate and area of responsibility is examined by the IBET working group. This group addresses such issues and concerns as allocation of resources, sovereignty issues, use of force etc..

The coordinated effort allows the participating agencies to gather and share intelligence and jointly focus on targets, whether it is a geographical location, a particular commodity or a specific smuggling group. Rapid response has been enhanced through improved tactical communications. IBET members use the same radio frequency to a single radio channel (encrypted). Shared intelligence and analytical support increases the operational effectiveness by indicating “peak” periods to facilitate surveillance of known smuggling points. The coordination also results in pooled resources that allow the units to target larger smuggling operations and conduct essential operations, including long-term surveillance and undercover operations. By creating a “corridor of enforcement,” officials from both sides of the border can work side-by-side while respecting sovereignty.

RCMP members cited several examples of the success of these joint projects. In 1997, Project Eventual, which involved 15 days of joint enforcement operations resulted in 32 arrests and contraband seizures worth (CDN) \$749,539. In 1998, Project Eh QuoVadis, a 30-day joint enforcement operation resulted in 18 arrests and contraband seizures worth \$3,639,587. In 1999, dozens of people were charged after a 30-day police joint surveillance operation targeting the cross-border barter of British Columbia-grown marijuana for cocaine. A team of Canadian and U.S. police officers seized nearly 350 pounds of 37 pounds of cocaine, \$29,453 in cash and 17 vehicles during the operation along the border from Langley to Chilliwack. The IBET also charged 39 people with smuggling drugs, alcohol, weapons and people over the border.

Contraband seizures for the U.S. Border Patrol (Blaine sector) for fiscal year 1998/1999 has increased over 600 percent over the previous (pre-IBET) fiscal year. Capture of Illegal aliens entering the United States from Canada is up over 250 percent. Contraband seizures for U.S. Customs (Blaine) from fiscal year 1998/1999 has increased 835 percent at points of entry and up over 400 percent in between the ports of entry.

Sources Personal Interviews, RCMP Customs and Excise Section; RCMP web site: www.rcmp-learning.org/bestdocs/english/fsd/customs/border.html; “Dozens charged in B.C. pot, coke busts.” *Associated Press*, June 12, 1999

Agencies **Solicitor General of Canada and the Attorney General of the United States**
Title **The Canada-U.S. Cross-Border Crime Forum**
Innovations Senior level strategic coordination on a number of enforcement issues addressing transnational crime across the U.S.-Canada border

Description In April 1997, Prime Minister Jean Chrétien and President Bill Clinton agreed to establish a bilateral consultative mechanism to address cross-border crime issues. The Cross-Border Crime Forum, led by Solicitor General Canada and the Attorney General of the United States, has held its first meeting in September 1997 in Ottawa. Since then, the Forum held two other meetings in Washington (1998) and Charlottetown (1999).

The Forum brings together senior law enforcement and justice officials from both countries, including provincial and state representatives to examine such issues as the impact of cross-border crimes, telemarketing fraud, money laundering, missing and abducted children, high-tech crime and other emerging issues. Participants include Solicitor General Canada, RCMP, Criminal Intelligence Service Canada, Citizenship and Immigration, Justice Canada, Canada Customs and Revenue Agency, provincial and local police, and their counterpart agencies from the U.S..

The Forum was originally created to tackle smuggling across the eastern regions of both countries through improved cooperation and information sharing. Based on its past success and the increasingly transnational nature of crimes, the Forum was expanded in 1999 to include the entire Canada-U.S. border and include the participation of western region officials.

The Cross-Border Crime Forum consists of four Working Groups:

Joint Intelligence - The mandate of Joint Intelligence Working Group is to ensure better sharing of strategic information and intelligence among partners and to develop a joint threat assessment to the benefit of both countries. The purpose of this assessment is to examine the current situation with respect to cross-border smuggling between Canada and the United States and to determine what sharing of intelligence is taking place. The five main objectives of the assessment are to:

- assess the illegal activity between Canada and the United States;
- determine the level of organized crime involvement;
- examine the modus operandi currently being used;
- determine the most important commodities being smuggled; and,
- identify recent and emerging trends.

Coordinated Targeting of Criminals Group - The mandate of this Group is to develop a process to facilitate the joint Canada-U.S. targeting of criminal groups and activities to better utilize limited resources. The Group also works at the identification of obstacles that could impede the realization of its mandate.

Joint Prosecutions - The mandate of this working group is to identify issues that could hamper or pose problems during the prosecution of cross-border cases and to find solutions to those problems. The Working Group also provides the necessary support to the other two working groups, when required.

Telemarketing Fraud - The Binational Group on Cross Border Telemarketing Fraud was formed as a result of the Prime Minister's Summit with President Clinton in April 1997. Comprised of officials from federal and provincial agencies and their U.S. counterparts, its mandate is to consider measures (legislative, prosecutorial, and operational) to address cross-border telemarketing fraud issues. In November 1997, a joint report of the Working Group was provided to Prime Minister Chrétien and President Clinton outlining a series of recommendations, including one that the binational group continue to serve as a coordinator and deal with cross border telemarketing fraud issues as they arise.

United States and Colombia

Agency	United States Customs Service and Colombian Counterpart
Title	International counter narcotics enforcement
Innovations	International MOUs to create more efficient international information sharing among countries for the purposes of organized crime enforcement.
Description	<p>In September 1999, the U.S. Customs Service and its counterpart in Colombia signed an agreement that Customs officials say will help the two countries investigate drug smuggling and money laundering.</p> <p>Under the agreement, both countries can obtain evidence and assistance in building cases directly from their customs counterparts, rather than through slower, diplomatic channels.</p> <p>In particular, they said, it would help both countries in investigations into the "black market peso exchange," which funnels some (US) \$5 billion in drug profits into Colombia every year.</p> <p>With the signing of the agreement, customs officials in both countries will be able to exchange information on products and producers often used in the laundering scheme. In the past, such information was gained only informally, or through diplomatic exchanges.</p>
Sources	"U.S., Colombia to cooperate on investigations." <i>New York Times News Service</i> . September 20, 1999.

Europe

Agency **Europol**
Innovations **Multinational enforcement coordination and information sharing to facilitate more effective and efficient enforcement support to national police agencies in transnational crime enforcement**

Description Based on growing concerns that criminal and terrorist organizations would take advantage of the elimination of borders between European countries with the advent of the common market, the Maastricht Treaty on European Union on February 7, 1992 mandated the creation of a centralized agency that would improve the exchange of information and enforcement co-operation between Member States of the EU in the areas of drug trafficking and other serious forms of organized crime.⁵ On July 26, 1995, the *Convention on Establishing A European Police Office* (Europol Convention) was drawn up by the European Council. At the Dublin European Council held in December 1996, the Council expedited this ratification by establishing a High Level Group to draw up an action plan with specific recommendations covering all the aspects of organized crime enforcement through a central agency.

This action plan was adopted by the Council in April, 1997 and represents one of the most concerted joint planning efforts of European countries to combat organized crime. In particular, the action plan is characterized by a wide-ranging, yet detailed range of proposals along with the articulation of a long-term action program. In general, in the field of police cooperation, the action plan states that each Member State should ensure a high level of coordination among all its law enforcement agencies, providing a single central contact agency to exchange information and maintain contact with the authorities of other Member States. The action plan also stressed that Europol should:

- (a) be enabled to facilitate and support the preparation, co-ordination and carrying out of specific investigative actions by the competent authorities of the Member States;
- (b) be allowed to ask Member States to conduct investigations in specific cases;
- (c) develop specific expertise which may be put at the disposal of Member States to assist them in investigating cases of organized cross-border crime;
- (d) make full use of existing operational techniques and support, analysis and data files;

⁵ The precursor to Europol was the European Drug Unit, which was created by a ministerial agreement in June, 1993. The initial task of this unit was to facilitate the exchange of information on narcotics and money laundering.

(e) access the Schengen Information System or its European successor”
(Adamoli, 1998).

Following a number of legal acts, Europol took up its full activities on July 1, 1999. Europol headquarters is located in The Hague and is made up of Liaison Officers from the current 15 member states. While sitting at Europol in the Hague, these liaison officers have access to their country’s criminal data banks. In each member state, a national unit has been established which serves as a liaison body between Europol and the respective national authorities.

The overall objectives of Europol are to improve the effectiveness of the competent authorities in the Member states in respect of the exchange and analysis of information and intelligence relating to transnational crime affecting the European Union and to and enhance cooperation among member states in preventing and combating terrorism, unlawful drug trafficking, and all other forms of serious transnational crime. Specifically, Europol has been tasked with:

- facilitating the exchange of information among member states;
- obtaining, collating, and analyzing information;
- notifying competent authorities of Member States of any information and connections detected among criminal offences;
- aiding investigations within the member states;
- providing operational analysis, strategic reports and crime analysis;
- providing expertise and technical support, under the supervision of the Member States concerned; and
- maintaining a common, computerized system for collecting information.

Europol was founded on a number of principles that endeavored to overcome many of the multi-jurisdictional obstacles that plague international enforcement in Europe. For example, to overcome language barriers, Europol has adopted one official working language (English) and all member states have liaison officers who speak this language. Europol member nations are also exploring the idea of establishing *Eurojust*, which would involve assigning lawyers, including judges and prosecutors, from member European countries to overcome delays caused by multiple

⁶ Previous attempts at strengthening legal cooperation among EU member states includes facilitating and simplifying the extradition procedures for criminals accused of particular offences. Emphasis has been placed on accelerating the prosecution of persons involved in organized criminal groups operating internationally. The Convention on Simplifying Extradition Procedures between the Member States of the European Union, adopted by the European Council in 1995, aims to abolish a number of bureaucratic formalities when the person in question agrees to extradition. A subsequent convention ratified in 1996 seeks to facilitate extraditing by compelling member states to extradite suspected offenders even if the offence is not a crime in the requested state.

jurisdictions. Specifically its main function would be to facilitate and accelerate the transmission of judicial official requests (e.g., extradition, laying charges, asset forfeiture, etc.) between member states.⁶

Sources	Europol Internet web site, www.europol.eu.int/home.html ; Europol Work Programme (1998) <i>Report submitted to the Council of European Union</i> . December 3; "More EU Cooperation To Fight Russia's Organized Crime." <i>European Report</i> February 9, 2000; Adamoli, Sabrina et. al (1998) <i>Organized Crime Around the World</i> . Helsinki: European Institute for Crime Prevention and Control Affiliated with the United Nations (HEUNI).
Agency	European Union
Title	European Anti-Fraud Office
Innovations	Multinational approach to strategically address (organized) fraud against the European Community.
Description	<p>In order to address fraud against the European Union's financial interests, in 1994, the European Commission laid the foundation for the European Anti-Fraud Office (EAFU), a special unit responsible for the prevention of fraud affecting the budget of the Union. In particular, the EAFU focuses on organized and sophisticated types of fraud that is meant to seriously damage, not only the proper functioning of the Community, but also the interests of all member states.</p> <p>The EAFU was formally established in April 1999 and became operational in June 1999, where it officially took over all the tasks handled by the European Commission's former Task Force for Coordination of the Fight against Fraud originally created in 1988.</p> <p>The EAFU has both legislative and operational functions, being responsible not only for devising measures to protect EU funds, but also for developing a strategy against economic and financial crime against the European Community and developing operational countermeasures against counterfeiting.</p> <p>The EAFU supports Member States in the fight against fraud, primarily by coordinating across jurisdictions the anti-fraud services of member states. It also</p>

carries out its own external and internal investigations into suspected fraud cases. It prepares cases suitable for submission to public prosecutors in the Member States and establishes any relevant facts to be presented to the disciplinary authorities of the European institutions.

The agency has no independent power of criminal investigation or prosecution. This remains the domain of the Member States, which are obliged to take the same measures to counter fraud affecting EU financial interests as they do for their own national budgets.

Currently, some 130 officials and national experts are working in the eight units in EAFU. The EAFU is expected to work closely with the competent authorities of each member state.

One example involves a joint investigation between the EAFU and Andorran police authorities regarding organized cigarette smuggling from Andorra to Spain, France, and the U.K. In February 1999, the National Anti-Mafia Prosecutor in Italy and the Director of the European Anti-Fraud Office signed a Cooperation Protocol that establishes regular cooperation between Italy and the EAFU aimed at more effective action against illegal activities on the economic and financial fronts. The protocol focuses on the prevention and suppression of fraud committed by organized crime in all its forms, with emphasis on those that harm the European Communities' financial interests.

According to its 1998 Annual Report, together with the Member States, EAFU investigated over 5,000 cases of suspicion of irregularities and fraud in 1998. About 20 percent of them proved to be fraud.

Other initiatives taken by the European Union to suppress fraud includes the *Convention on the Protection of the European Communities' Financial Interests* (adopted by the Council on July 26, 1995), which provides a common definition of fraud and binds the member-states to punishment of such behaviour (and its instigation or abetting) as a criminal offence in their national penal systems. However, most Member States have not ratified these instruments, which were adopted in 1995. In 1998, only two Member States (Germany and Finland) had ratified the Convention, and the first Protocol (on corruption).

The European Commission is also developing a pre-accession strategy to help applicant countries prepare for Union membership with a system of protection geared to safeguarding Community financial interests. It is supporting the establishment of reliable audit systems with trained staff to protect the Communities'

economic and financial interests. Poland, for example, is working with EAFU on a specific administrative structure that will specialize in combating fraud that is detrimental to the Community budget.

Sources European Anti-Fraud Office web site: www.europa.eu.int/comm/off/rep/olaf/1998/index.html; Commission of the European Communities. *Press Release*. "Commission nominates Franz-Hermann Bruener as Director of OLAF." December 22, 1999; Commission of the European Communities. *Press Release*. "Fight against fraud 1998 annual report." November 19, 1999; Commission of the European Communities." *Press Release* . "Principality of Andorra takes effective measures against cigarette smuggling." August 1999.

Eastern Europe

Agencies Various Eastern European countries
Title **Regional Centre for the Combating of Trans Border Crime and other multi-jurisdictional initiatives in the region**
Innovations Regional cooperation in Eastern Europe, supported by other countries and institutions external to the region
Description In the past year, organizations have been founded in Hungary, Romania, and Bulgaria to serve as regional hubs in cracking down on crime. Funding has come from a wide range of international institutions and individual nations.

One of the most significant developments is the inauguration of a Regional Centre for the Combating of Trans Border Crime in Bucharest in November, 1999 by law enforcement and intelligence agencies from eight East European nations (Albania, Bulgaria, Bosnia, Croatia, Macedonia, Hungary, Moldavia and Romania) with the support of and participation by Greece and Turkey.

Headquartered in Bucharest, the Centre will function as a regional intelligence agency to centralize and process anti-crime data sent by the 10 member states. Liaison officers from all member states will be posted to Bucharest and exchange information in a bid to curb cross-border crime and rampant corruption in the region. "The goal of this institution is not only to fight crime, but also to create an adequate climate for business and foreign investors," the Romanian Interior Minister told participants at the launch ceremony (*MTI News Agency*, January 20, 2000).

The prime mover in this venture is the U.S. State Department, with much of the modest budget of \$350,000, provided by Turkey and Greece. The Centre's work will rely on advice from the FBI, with assistance from Interpol.

Other relevant multi-jurisdictional initiatives in Eastern Europe include:

- a meeting by intelligence officials in Sofia, Bulgaria in December to discuss enforcing tighter controls on arms smuggling and trafficking in Eastern Europe. Officials from Albania, Bosnia, Bulgaria, Croatia, the Czech Republic, Macedonia, Poland, Hungary and Romania agreed to write common legislation to govern the activities of companies and arms dealers;
- the founding of an international centre for anti-crime operations in Sofia which is to focus on eradicating the smuggling of heroin through the "Balkans Route" (much of which passes through Eastern Europe). This initiative is financed mainly through the European Union, Europol, and the Union's anti-drug programme. This centre will work in tandem with Regional Centre for the Combating of Trans Border Crime;
- the creation of a joint unit by American and Hungarian investigators to combat organized gangs in Hungary. The FBI has announced that it will also open a permanent office in Budapest, the first foreign office established in which FBI agents will serve as full-time investigators. "This will be truly a working squad," according to Thomas Fuentes, chief of the FBI's organized crime division. "They will develop and operate criminal informants. They will gather intelligence. There is no precedent for that" (*The Guardian*, February 22, 2000). Although FBI agents will not have law enforcement powers, they do have the right to carry weapons and, in conjunction with their Hungarian counterparts, to make arrests. The FBI will also have the final say in the hiring and firing of the 10 Hungarian agents who will work in the office alongside five U.S. agents. The FBI has long had agents posted in U.S. embassies and has sent agents abroad temporarily to help foreign governments with major criminal investigations.

Sources

"War On Crime In Eastern Europe - A Framework Is Being Created For Joint Anti-Crime Operations." *Jane's Information Group. Foreign Report*, February 10, 2000; "Hungarian, Yugoslav, Romanian police cooperate to fight organized crime." *MTI News Agency* (Budapest), January 20, 2000; "Ten Balkan Nations Launch Office To Fight Crime." November 16, 1999. "FBI To fight Russian mob in Hungary." *Guardian*. February 22, 2000.

3.2.3 Multi-Jurisdictional Training and Education

Canada

Agency	RCMP International Training and Peacekeeping Program
Title	Police Training Assistance Program/RCMP Peacekeeping
Innovations	Training and education, preventative (developmental) approaches, multi-jurisdictional cooperation; international coordination; international intelligence gathering; multi-sectoral partnerships (RCMP and the Canadian International Development Agency (CIDA), RCMP and private sector)
Description	The RCMP provides police training to foreign countries under the authority of the Solicitor General Canada Ministerial Directive D-81-1. The RCMP is designated as the executing agency for this mandate and administers a Police Training Assistance Program (PTAP) through its International Training and Peacekeeping Branch (IT&PB).

The aim of the PTAP is “to provide learning opportunities to personnel in the international police community to increase their productivity and effectiveness. The training provided is designed to increase skills and knowledge in operational and administration matters and to benefit police personnel and police trainers from client countries to ensure the skills, knowledge, and attitudes acquired have long-term and sustaining effects” (RCMP, *International Police Training* pamphlet).

The RCMP’s international training philosophy is pedagogical in nature; it strives to ensure that trainers in client countries become competent, self-sufficient and eventually capable of designing, delivering, and evaluating their own training courses.

All requests for police training assistance are processed through diplomatic channels from the Canadian Embassy or High Commission to the Department of Foreign Affairs and International Trade. Some countries have RCMP Liaison Officers that will facilitate the request for training needs. Requests for police training assistance are reviewed according to six selection criteria, taking into consideration:

- political and legal considerations;
- international events and emerging crime trends;
- potential benefits of the training;
- financial considerations;
- on-site conditions and support from the client country; and

- RCMP capacity.

One of the specific criteria considered which is of most relevance to this research, is whether the “country has organized criminal operations influencing Canadian cities” (RCMP, 1997).

While no specific police training program has been developed around TOC enforcement, advanced and specialized courses are offered on such relevant topics as proceeds of crime, commercial crime, witness protection, criminal intelligence, and police standards and ethics. According to the 1997 Annual Report of the IT&PB, examples of client countries and training programs that have or will have a TOC enforcement component include:

- Kuwait (protection of international borders);
- Caribbean (white collar crime);
- Colombia (criminal intelligence analysis, money laundering, criminal investigations);
- Czech Republic (interviewing techniques, criminal intelligence, drug investigations);
- India (police delegate to be attached to “E” Division IPOC Unit);
- Jamaica (fraud investigations);
- Slovak Republic (criminal intelligence); and
- Thailand (forensic investigations).

In the development and delivery of training programs, the role of the RCMP International Training and Peacekeeping Branch is largely one of coordination. They are responsible for identifying police specialists who can travel overseas to deliver the training. To this end, the IT&PB works closely with relevant branches of the RCMP that are responsible for organized crime enforcement, including proceeds of crime, commercial crime, criminal intelligence, and witness protection. International drug enforcement training is coordinated exclusively out of the RCMP Drug Enforcement Branch. Subject matter experts are also routinely borrowed from “Depot” Division, the Canadian Police College, RCMP Divisions across Canada, and other Canadian police forces.

The delivery of the training programs is coordinated through a number of public sector, private sector, and non governmental organizations. Among federal agencies, international police training is implemented through a partnership between the RCMP and the Canadian International Development Agency (CIDA) (the latter providing approximately 60 percent of the international training budget). This partnership is carried out under the auspices of a MOU between the RCMP,

CIDA, Solicitor General, and the Department of Foreign Affairs and International Trade (DFAIT).

International police training by the RCMP is also undertaken in concert with NGOs, including the Canadian Association of Universities and Colleges and the Canadian Foundation for International Training. The RCMP has also partnered with the private sector. For example, police training in Colombia was partially funded by Canadian oil companies while Air Canada has provided travel for Jamaican police officers travelling to Canada for training at the Canadian Police College. Finally, training in client countries has been coordinated with third party countries. Most recently, policing training in Turkey was delivered in partnership with police agencies from Norway. The RCMP is also exploring partnerships with other countries in delivering training in the Baltic region.

These joint programs have partially been the result of resource shortages within the RCMP that has forced them to seek innovative funding programs by establishing partnerships with a variety of interested parties.

International police training by the RCMP is also conducted in the context of peacekeeping missions. The most significant role for the RCMP in peacekeeping operations is to train domestic police agencies: “The Canadian civilian police (CIVPOL) contingents’ dual role as peacekeepers and trainers make the RCMP a peace-builder through its support of stable, democratic government, and its efforts in establishing, within the developing country, an effective security force, respectful of law and human rights. The peace-building takes the form of training in skills such as investigations, first aid, management as well as monitoring and monitoring the individual officer in the field” (RCMP, 1997).

The relevance for TOC enforcement is that conflict environments often produce black markets and provide fertile breeding grounds for organized crime activities. In addition, existing crime groups will exploit conflict situations to introduce or expand both their predatory activities and consensual services. This is no more apparent in such Eastern European regions as the Baltic states and Kosovo where war and ongoing conflict have produced significant black markets and promoted the proliferation of organized crime groups and activities. The RCMP took part in peacekeeping in both of these areas.

Sources

Interviews, RCMP International Training and Peacekeeping Branch; RCMP, (n.d.) *International Police Training. Police Training Assistance Program* (brochure); RCMP International Training and Peacekeeping Branch (1997) *Annual Report, 1997*. Ottawa: RCMP.

Agency	RCMP Drug Enforcement Branch
Title	International training and education by RCMP Drug Enforcement Branch
Innovations	International drug enforcement training to foreign law enforcement agencies
Description	The Drug Enforcement Branch (DEB) at RCMP Headquarters provides a direct line of communication between divisional drug enforcement units and the members of the international drug enforcement community. It is within the international context that the Branch provides training to law enforcement personnel from foreign countries. The international education and training programs offered by the RCMP Drug Enforcement Branch are summarized below.

International Observer Attachment Program (IOAP) - This program involves training foreign drug enforcement officers through workshops and direct observation of RCMP drug enforcement in Canada. This session occurs twice a year. The DEB funds 14 to 18 candidates for two weeks in Canada. The first week consists of a workshop on drug and proceeds of crime investigative techniques. In the second week, the students are attached to a Drug Enforcement or Proceeds of Crime Section in Canada. Lecturers and resources are drawn from the DEB, the Proceeds of Crime Branch, and the Criminal Intelligence Directorate. In 1999, the DEB sponsored two attachment programs in Vancouver and Toronto with students from South American and Eastern European law enforcement agencies respectively.

CICAD Workshop - In conjunction with Organization of American States, Inter American Drug Abuse Control Commission (CICAD) the DEB holds two-week workshops on drug and proceeds of crime investigative techniques at the Canadian Police College for one candidate from each of the 34 countries of the Americas. The lecturers are split evenly between the RCMP and foreign law enforcement agencies. CICAD funds the travel of candidates and external lecturers while the RCMP funds the remainder of this workshop.

The International Observer Attachment Program and the CICAD Workshop are both designed for supervisory level drug enforcement and proceeds of crime investigators. In the case of the IOAP, emphasis is placed on candidates from source and transit countries where RCMP Liaison Officers have either identified a large case load or identified need to advance RCMP links with that country. In both of these programs, basic and advanced investigative techniques and methodologies are discussed, including conducting undercover operations, reverse stings, controlled deliveries, source and witness protection, conducting net-worth analysis

for asset forfeiture, evidence requirements, etc.

Executive Study Tours - The RCMP DEB funds the travel of senior police personnel to Canada for 7 to 10 days to observe all facets of drug & proceeds of crime investigations. In 1999, the study tours have sponsored two personnel from Russia and two from Jamaica. For the current fiscal year, the program intends to host law enforcement personnel from China.

Foreign/Out of Country Workshops - The RCMP DEB also conducts drug and proceeds of crime enforcement training in host countries. In 1999, this included workshops in Bahamas, Mexico, Cuba, and Columbia. In the current fiscal year, workshops are planned for Jamaica, Dominican Republic, China, and Cuba. These workshops are funded entirely by the RCMP or in collaboration with the host country.

Sources Personal interview, RCMP Drug Enforcement Branch; RCMP web site www.rcmp-grc.gc.ca/frames/rcmp-grc1.html

United States and Canada

Agency	Drug Enforcement Administration and the Royal Canadian Mounted Police
Title	Operation Pipeline/Convoy/Jetway
Innovations	Training and enforcement operations for highway patrol officers to detect (organized) criminal activity
Description	Operation Pipeline began in 1983 as a joint effort between the New Mexico State Police and the New Jersey State Police. In 1990, Operation Convoy, Pipeline's sister operation, was created in the U.S. to target the commercial operations of drug transportation organizations.

Operation Pipeline/Convoy encourages a coordinated response from law enforcement agencies at all levels to deter the flow of drugs within the continental United States. Specifically, this program provides training to state/provincial and local law enforcement, primarily through the DEA and RCMP in the two respective countries. Highway patrol officers are trained to use traffic violation stops to detect verbal, physical or behavioural signs that may indicate the involvement of the vehicle and/or its passenger in drug or contraband trafficking or transport. Operation Jetway concentrates on the movement of contraband by air, buses, trains and freight forwarding companies.

Within Canada, the program has been implemented primarily through the leadership of the RCMP. In May 1997, the first International Pipeline/Convoy Instructor

training was conducted in Winnipeg. Fifteen representatives from law enforcement agencies throughout Canada and 12 from the United States were trained as instructors to further train other law enforcement personnel in both Canada and the U.S.. Since then, training has been conducted in all provinces and territories.

According to police officials, the program has met with great success. In the United States, the following seizures were made on the nation's highways between 1986 and 1999:

- \$510,000,000 in U.S. currency;
 - 872,777 kilograms of marijuana;
 - 116,188 kilograms of cocaine;
 - 748 kilograms of crack;
 - 369 kilograms of heroin, and
 - 3,274 kilograms of methamphetamine.
- (www.usdoj.gov/dea/pubs/cngrtest/ct990303.html)

According to RCMP officials, between September 1995 and September 1999, this program was responsible for the following seizures in Canada:

- more than (CDN) \$33 million worth of drugs;
- (CDN)\$15 million in cash
- 46,000 cartons of cigarettes;
- 4000 tins of tobacco;
- 2000 bags of tobacco;
- 4000 litres of liquor;
- over 230 various weapons; and
- 40 stolen vehicles and many other stolen items.

In addition, the program has resulted in identifying dozens of arrest warrants, missing persons, escaped persons, and illegal aliens. RCMP officials also report that it was instrumental in solving a murder.

The program is not without controversy. Critics charge that it involves racial profiling, which police in Canada and the United States vehemently deny. Other critics charge that the program violate people's constitutional rights through unreasonable detention and unlawful search and seizure. RCMP officials argue that the program in no way encourages police to violate people's charter rights; in Canada federal justice officials have been privy to the methodology of Pipeline Convoy and have found nothing legally wrong with it.

Sources Personal correspondence, RCMP; Bureau of transportation Statistics, www.bts.gov/smart/cat/deskbk.html; DEA Congressional Testimony; Marshall, Donnie (1999) Deputy Administrator, Drug Enforcement Administration, *Statement before the Subcommittee on the Western Hemisphere, House Committee on International Relations*. March 3.

United States

Agency United States Customs Service
Title International narcotics enforcement training
Innovations Extensive training world wide on border enforcement and narcotics interdiction
Sources Department of State. The Bureau for International Narcotics and Law Enforcement Affairs. (1999). *International Narcotics Control Strategy Report, 1998*. Washington, DC: U.S. Department of State.

3.2.4 Sharing of Information and Criminal Intelligence

While accurate, comprehensive, and timely intelligence has been a staple of law enforcement for years, within the context of transnational organized crime, it has long suffered from a lack of sharing of information among enforcement and intelligence agencies at the domestic and international level as well as a relatively weak strategic intelligence component.

Like law enforcement as a whole, the criminal intelligence community has also traditionally been restricted by geographic and other jurisdictional boundaries that have served to hamper national and international efforts to combat TOC.

Law enforcement agencies has increasingly recognized the fundamental importance of the need for both in developing a proactive, long-term enforcement effort against sophisticated crime groups. This section examines innovative programs involving the intelligence function, with particular emphasis on:

- joint intelligence programs and the sharing of intelligence between enforcement agencies (at the domestic and international level), and
- developing and applying a strategic intelligence function.

3.2.4.1 *Domestic Sharing and Coordination of Information and Intelligence*

Canada

Agency	RCMP
Title	Criminal Intelligence Directorate
Innovations	Coordination of intelligence analysis and dissemination within the RCMP
Description	The Criminal Intelligence Directorate was formed in 1991 to centralize and coordinate the RCMP's criminal intelligence function. According to the RCMP <i>Criminal Intelligence Program Guide</i> , "The mission of the Criminal Intelligence Directorate is to provide a national program for the management of criminal information and intelligence which will permit the RCMP to detect and prevent crime having an organized, serious or national security dimension in Canada, or internationally as it affects Canada" (RCMP, 1998: 11).

Prior to the formation of CID, intelligence analysis was largely conducted by analysts employed within individual enforcement sections of the RCMP. There was often little coordination, which contributed to a fragmented approach among and overlap between different federal enforcement programs.

The CID brings together pockets of expertise and source information from all relevant federal enforcement programs, including Immigration and Passport, Drug Enforcement, Proceeds of Crime, Customs and Excise, Commercial Crime, and National Security. Indeed, one of the eight principles of CID is centralization: "The intelligence process must be centrally managed at both Headquarters and in the Divisions to avoid unwarranted duplication, provide mutual support and ensure the most effective and efficient use of all resources" (RCMP, 1998: 9).

The National Criminal Intelligence System (NCIS) symbolizes the move to the centralization and coordination of intelligence information. The NCIS is a centralized automated system that incorporates the Police Information Retrieval System (PIRS) as its operational file indexing base and the National Criminal Data Bank (NCDB) as its unlimited searchable data bank. The primary purpose of the NCIS is to facilitate the sharing of criminal information and intelligence within the RCMP (RCMP, 1998: 7).

The centralization of the intelligence function within CID is also embodied in the Criminal Organizations Branch, which is responsible for the coordination, monitoring, and assessment of all criminal investigations relative to organized crime or serious criminal activity as undertaken by the Division Criminal Intelligence

Services.

The Criminal Organizations Branch has the responsibility of proactively researching and developing program enhancements, including new information acquisition techniques (RCMP, 1998: 12). This Branch facilitates the coordination of different areas of organized crime intelligence and specializes in different organized crime groups, which complements the commodity-based focus of the RCMP's Federal Enforcement Directorate.

Sources RCMP Criminal Intelligence Directorate (1998) *Criminal Intelligence Program: Roles and Functions*. Ottawa: RCMP (March).

Agency **Criminal Intelligence Service Canada**
Innovations **National organization coordinating the sharing of information and criminal intelligence among Canadian law enforcement agencies**

Description A growing concern over organized crime in Canada prompted the Federal Government to call a Federal-Provincial Conference of Attorneys General in January 1966 to determine what measures could be taken to combat the problem on a national basis.

Coordination of police efforts was considered of primary importance. To this end, it was recommended that:

- 1) all police forces in areas with an organized crime problem establish Criminal Intelligence Units; and
- 2) a central intelligence bureau be created for the use of all Canadian police forces. The result of the second recommendation was the establishment of Criminal Intelligence Service Canada (CISC).

CISC is an organization of Canadian law enforcement agencies whose primary purpose is to facilitate the exchange of criminal intelligence between enforcement units, intelligence units, and the CISC Provincial Bureaux. Ostensibly, CISC exists to unite the criminal intelligence units of Canadian law enforcement agencies in the fight against organized crime in Canada.

Any Canadian police agency that has a full time criminal intelligence unit can apply for regular membership. Associate membership is extended to police agencies without a full time intelligence unit and affiliate membership to non-police agencies. Its regular membership is nationwide and includes the RCMP, the Ontario Provincial Police, the Quebec Police Force, the Royal Newfoundland

Constabulary and more than 120 municipal and regional police departments. 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).

CISC is comprised of a Central Bureau located in Ottawa and a system of nine Provincial Bureaux that are located in each province (with the exception of Prince Edward Island, whose interests are served by the Nova Scotia Bureau). The Central Bureau functions on a national scale and the Provincial Bureaux operate within provincial boundaries.

The intelligence and specialized units of member law enforcement agencies supply their Provincial Bureaux with intelligence and raw data for further analysis and dissemination. The criminal intelligence shared is primarily related to organized crime and any other major criminal phenomenon in Canada.

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. 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 of CISC to discuss organized crime issues and forward recommendations to the Executive Committee.

The staff of the Central Bureau consists of civilian members, regular members, public servants, and secondments from other police departments and government agencies, currently Ontario Provincial Police, Montreal Urban Community Police, Canada Customs and Revenue Agency, Ottawa-Carleton Regional Police Service, Vancouver Police Department, Department of National Defence Military Police, Correctional Service Canada and the Canadian Security Intelligence Service.

CISC's principal mechanism for facilitating information sharing on a national basis is the Automated Criminal Intelligence Information System (ACIIS). ACIIS is an on-line system that includes criminal information on all major organized crime subjects and their activities. In addition to ACIIS, CISC has a national repository for the storage, analysis and retrieval of criminal information relevant to Outlaw Motorcycle Gangs.

This information base is extensive, with over 150 Canadian police departments - as well as numerous American law enforcement agencies contributing information.

Sources Interviews, Richard Phillippe, J.E.M. Milner and Susan Kavanagh, Criminal Intelligence Service Canada; CISC web site <http://www.cisc.gc.ca/index.html>; R.R. Schramm (1988) Organized Crime: A Canadian Approach. The Police Chief. January: 32-34.

United States

Agency	Drug Enforcement Administration
Title	DEA Intelligence Program
Innovations	Comprehensive and sophisticated national and international intelligence unit; elevation of Intelligence function to the same level as enforcement operations
Description	DEA's Intelligence program is comprised of four components: financial, operational, strategic, and the El Paso Intelligence Center (EPIC). The Intelligence Program also provides leadership in the National Drug Intelligence Center (NDIC).

The Financial Intelligence program focuses on fiscal aspects of the drug trade by identifying the development of financial conspiracies. DEA's Operational Intelligence program gathers, organizes, and analyzes information to support active drug investigations. The Strategic Intelligence program produces comprehensive assessments and reports of drug trafficking patterns, availability levels, and consumption rates and averages.

The El Paso Intelligence Center, is an inter-agency center that serves as a clearinghouse for the collection, analysis, and dissemination of information related to worldwide drug and currency movement, alien smuggling, weapons trafficking and related activity (see following case study). The National Drug Intelligence Center is a DOJ multi-agency facility that produces analyses of drug trafficking organizations. Since its establishment in 1973, DEA, in coordination with other federal, state, local and foreign law enforcement organizations, has been responsible for the collection, analysis, and dissemination of drug-related intelligence.

In 1992, DEA elevated the intelligence function to divisional level in its

Headquarters to emphasize the importance of intelligence in drug enforcement and to strengthen DEA's ability to coordinate drug intelligence worldwide. The Division strives to ensure a more active DEA leadership in interagency drug intelligence programs, to facilitate information sharing, and to provide direction to DEA's worldwide intelligence efforts. The Division is directly responsible for the formulation and management of DEA's worldwide intelligence programs.

The DEA intelligence program is supported by several organizational elements. Within the Intelligence Division in DEA Headquarters, the Office of Major Investigative Intelligence Support provides intelligence analytical support to major DEA investigations that are focused on the most significant drug organizations operating domestically and around the world.

The Office of Intelligence Policy and Liaison is responsible for providing strategic intelligence on drug cultivation, production, emerging trends, and price/purity; managing DEA's statistical program; and coordinating and addressing interagency drug intelligence issues; as well as enhancing intelligence management, policy, and liaison functions. The Office of Intelligence Research provides support to both headquarters and field priority enforcement efforts by managing and analyzing data to assist in identifying the infrastructure and operations of drug trafficking organizations.

The Intelligence Units are located in 29 domestic offices and 22 foreign offices (including source countries). The foreign units provide direct analytical support to drug investigations, as well as produce strategic analyses of current drug situations in the geographic areas of responsibility.

Sources

Drug Enforcement Administration web site:
www.fas.org/irp/agency/doj/dea/org.html; Personal Interview, Drug Enforcement Administration, Washington, D.C.

Agencies

U.S. Drug Enforcement Administration and other enforcement agencies

Title

The El Paso Intelligence Center

Innovations

Extensive multi-agency intelligence coordination and sharing focusing primarily on a high-risk geographical region for drug smuggling in the United States

Description

The El Paso Intelligence Center (EPIC), is an inter-agency center that serves as a clearinghouse for tactical intelligence and the collection, analysis, and dissemination of information related to worldwide drug and currency movement, alien smuggling, weapons trafficking and related activity. Eleven federal agencies participate at EPIC in the coordination of intelligence programs related to interdiction efforts. These agencies include the DEA, Immigration and Naturalization Service, U.S. Customs, Coast Guard, Bureau of Alcohol and Firearms, the Federal Aviation

Administration, FBI, IRS, Secret Service, Department of State, Department of the Interior, Central Intelligence Agency, Defense Intelligence Agency, and Department of Defense. In 1998, EPIC signed a letter of agreement with the RCMP to share intelligence information.

EPIC was established in 1994 in response to a Department of Justice study, which proposed the establishment and direction of a Southwest Border Intelligence Service Center to be staffed by representatives from the Immigration and Naturalization Service (INS), the U.S. Customs Service, and the DEA. As a result, EPIC was created with a representative of the DEA selected to be the director and a representative of the INS selected to be the deputy director. Staffed by personnel from 15 federal agencies, the primary functions of EPIC are to:

- (1) disrupt the flow of illicit drugs at the highest trafficking level through the exchange of time-sensitive, tactical intelligence dealing principally with drug movement, and
- (2) support, through the intelligence process, and other programs of interest to EPIC's participating agencies, such as alien smuggling and weapons trafficking.

Initially, EPIC focused on the U.S.-Mexico border, with emphasis on heroin traffickers and illegal alien smugglers from Mexico. However, with the increased use of aircraft, seagoing vessels, and global networks to facilitate drug trafficking, EPIC now collects and analyzes tactical drug intelligence from other areas, including foreign countries, whose drug activities impact on the United States.

EPIC is mandated to support local law enforcement entities with drug intelligence in all 50 states as well as U.S. protectorates and other agencies, including the U.S. Forest Service, National Marine Fisheries, Bureau of Prisons, Amtrak, and the Department of Defense.

Member agencies have direct access to all EPIC information, with appropriate safeguards to provide for the protection and/or secure communication of highly sensitive or classified information. State and local law enforcement entities have access to EPIC data through a designated group within the respective organization or through a member agency.

EPIC provides intelligence support to High Intensity Drug Trafficking Area law enforcement agencies, coordinates with field offices to facilitate intelligence exchange, and provides support for developing threat assessments.

The EPIC Operational Intelligence Unit prepares organization profiles of major drug-trafficking organizations and trafficking along the Southwest Border and elsewhere as well as periodic threat assessments of drug-trafficking organizations worldwide. In addition, a number of EPIC programs are dedicated to post-seizure analysis and the establishment of links between recent enforcement actions and ongoing investigations.

EPIC also coordinates training in the methods of highway drug and drug currency interdiction through its Operation Pipeline program. This includes coordinating and conduct training seminars throughout the United States.

Sources

Drug Enforcement Administration web sites:

www.fas.org/irp/agency/doj/dea/epic/index.html

www.usdoj.gov/dea/programs/epic.html

Agency

Financial Crimes Enforcement Network

Innovations

Centralized information coordination, intelligence, and mandated reporting repository dedicated to money laundering

Description

The Financial Crimes Enforcement Network (FinCEN) was created in 1990 and is one of the U.S. Department of Treasury's lead agencies in combating money laundering. FinCEN serves as a link among the law enforcement, financial, and regulatory communities, with emphasis on maximizing the sharing of information among domestic and international agencies through strategic analysis and intelligence concerning financial crimes in general and money laundering in particular.

Headquartered in Vienna, Virginia, FinCEN employs over 200 people organized in 12 offices, as well as analysts and agents from 14 other federal law enforcement and regulatory agencies.

The mission of FinCEN is to support and strengthen domestic and international anti-money laundering efforts and to foster inter-agency and global cooperation through information collection, analysis and sharing, technological assistance, and innovative and cost-effective implementation of initiatives addressing money laundering.

In October 1994, the Treasury Department's office of Financial Enforcement was merged with FinCEN to create a single agency for BSA reporting requirements. This includes responsibility for issuing regulations and imposing penalties for a failure to comply. Since 1996, FinCEN has been the sole location for financial

institutions to submit Suspicious Activity Reports.⁷ This information is housed in a database known as the Financial Institution and Regulatory Agencies Criminal Referral Enforcement System (FIRACRES). Along with the IRS and U.S. Customs, FinCEN analyzes mandatory reports from the banks and other financial institutions on unusual or suspicious transactions.

A major initiative of FinCEN has been Project Gateway, which allows state law enforcement direct, on-line access to FinCEN's databases. These databases include the 100 million BSA reports in the Treasury database, a database of known non-bank financial institutions, a database which shows who has made queries on the same suspects, and various commercial databases. The Project is now active in 48 states. From October 1996 to March 1997, there were 27,560 queries made by various state and local enforcement agencies.

Since 1996, FinCEN has published *Advisories*, which sets out current issues of concern. FinCEN also publishes a quarterly newsletter, *Trends*, which is targeted at bankers and others who are required to submit reports under the BSA. FinCEN is also working with a system to promote proactive investigations of money laundering through its artificial intelligence computer system.

Sources FinCEN web site: www.treas.gov/fincen/

United Kingdom

Agency	National Criminal Intelligence Service
Innovations	National coordination of intelligence information
Description	The National Criminal Intelligence Service (NCIS) is a national agency providing criminal intelligence support services to the National Crime Squad and numerous other police agencies in the United Kingdom (U.K.). Its mandate is to "provide leadership and excellence in criminal intelligence to combat serious and organized crime."

Based on this mission statement, the four strategic aims of the NCIS is to provide:

⁷ Before 1996, financial institutions filed CTRs to the IRS in Detroit. If the financial institution noted that the subject of the CTR was suspicious, Criminal Referral Reports were filed with seven different federal agencies, including FinCEN, the IRS, and the FBI (each of which had their own form). Through lobbying efforts of the American Bankers Association, regulations were passed in 1996 so that banks could file Suspicious Activity Reports with one agency: FinCEN.

- strategic assessments on serious and organized crime affecting the interests of the U.K.;
- quality criminal intelligence on major criminals and their organizations;
- criminal intelligence on agreed specialist areas of crime; and
- services to enhance the coordination and development of criminal intelligence to combat serious and organized crime.

More specifically, there are five main tasks which underpin the intelligence work of the NCIS:

- the provision of tactical intelligence for external law enforcement that has not previously been available in the U.K.;
- the enhancement of intelligence for U.K. law enforcement agencies and NCIS, and coordination of operational support overseas for U.K. related investigations;
- the provision of strategic information and intelligence from overseas on serious crime abroad by acting as a focal point for its collection, evaluation, exchange and development;
- the provision of the efficient international exchange of criminal information and intelligence to aid the prevention or investigation of ordinary law crimes on behalf of U.K. law enforcement; and
- advice to U.K. police forces and HMCE on operations overseas.

In addition to providing intelligence assistance to law enforcement agencies, the NCIS also produces national threat assessments which form the basis upon which national priorities for organized and serious crime enforcement are set.

The NCIS is also presently responsible for processing all suspicious transaction reports filed under mandatory money laundering reporting legislation.

NCIS does not undertake enforcement operations, but currently only collects and processes information. Moreover, NCIS exists to serve operational units of law enforcement agencies by providing a range of intelligence products and services to aid in organized and serious crime enforcement.

The NCIS promotes and facilitates a multi-agency team approach to tackling organized and serious criminality. A typical NCIS project team focusing on a target group consists of police, HM Customs and Excise, Inland Revenue, British Telecom, and any other relevant agency. The project teams are strategic in nature and should the project require police action or other tactical intervention, the police force having jurisdiction or the National Crime Squad are called upon to

render assistance. Depending on the team leader (which can be a seconded employee from any of the contributing agencies), partner agencies will be approached to second an employee having the required expertise or corporate memory.

The NCIS incorporates the resources to combat transnational crime through its International Division. This Division incorporates the U.K. National Central Bureau of Interpol, the U.K. Europol National Unit, and the U.K. European Drug Liaison Officer network. By collating intelligence gathered from a range of sources and analyzing it, the Division produces strategic and tactical intelligence for use by all NCIS partners.

The NCIS also negotiates MOUs with foreign countries, with particular emphasis on countries from Eastern Europe. One example involves an MOU with Russia providing for the exchange of data relative to suspicious financial transactions. A secure link has been established between NCIS and its Russian counterpart whereby they can receive and dispatch pertinent information for verification and intelligence purposes.

The headquarters of the NCIS is in London. Regionally, the NCIS has six offices in London, Birmingham, Wakefield, Glasgow, Manchester, and Bristol, with a liaison unit in Belfast. The purpose of the regional units is to coordinate intelligence gathering and development with the operational units of other law enforcement agencies.

Source "National Criminal Intelligence Service" (Pamphlet, no date). NCIS (no date) *NCIS and the National Intelligence Model*. NCIS web site: www.ncis.co.uk/ "Police determined to lead FBI-style force." *The Independent (London)*, October 14, 1995: 5.

Australia

Agency **Australian Bureau of Criminal Intelligence**
Innovations **National centralization and coordination of the intelligence function**
Description The Australian Bureau of Criminal Intelligence (ABCI) was established in Canberra in 1981 in response to a number of Royal Commissions on law enforcement that criticized the lack of information sharing between various police forces and law enforcement agencies in Australia and suggested some form of central repository for criminal intelligence be formed.

The Bureau was established to facilitate the exchange of information and criminal intelligence between Australian law enforcement agencies. In particular, the objective of the ABCI is to provide a cooperative national criminal intelligence service through liaison and Memoranda of Understanding with other law enforcement agencies in Australia and overseas, participate in activities such as joint task forces, and by developing procedures and standards to allow better integration of intelligence related activities.

The ABCI does not have an operational arm, but rather is a service agency for Australian police forces and other law enforcement agencies. The ABCI relies on client agencies for collection of information in the field. The ABCI then collates, evaluates, analyzes, and disseminates criminal intelligence, with particular emphasis on national and strategic intelligence projects. To this end, the ABCI serves as a central repository for criminal intelligence in relation to illicit drug trafficking, illicit gambling, national and international movement of the proceeds of crime, and corruption. The ABCI works in partnership with law enforcement agencies to develop and enhance the Australia Criminal Intelligence Database and Australian Law Enforcement Intelligence Net for use as a secure computerized intelligence facility.

The ABCI is one of six common police services in Australia, which are to meant to contribute to closer working relationships and a greater communication, consultation, cooperation and coordination between police forces and other law enforcement agencies (Horman, 1993).

The ABCI is comprised of sworn and unsworn members seconded from all Australian police services. A Board of Control, consisting of all Australian Police Commissioners oversees the general administration and performance of the ABCI and determines appropriate policies, procedures, and methods for governing the ABCI's activities.

Sources Horman, William (1993) Countering organized crime through strategic planning and effective coordination. Paper presented at *Criminal Justice Planning and Coordination held in* Canberra, Australia. Australian Institute of Criminology; ABCI web site: www.missingpersons.info.au/abci.html.

3.2.4.2 International Sharing of Information and (Criminal) Intelligence

One of the most significant obstacles to TOC enforcement is the jurisdictional barriers that inhibit the international sharing of intelligence information between police forces and countries.

Domestic police agencies are very protective of their sources and intelligence. Most countries with a number of police forces have at one time or another encountered resistance to the sharing of intelligence information. This is exacerbated on the international stage where sharing and overall coordination is inhibited by linguistic and cultural differences, legal and legislative barriers, the lack of mechanisms for sharing, a lack of trust, and perceptions of corruption.

These intelligence sharing problems are indicative of the larger problem of barriers to greater cooperation and coordination among police forces around the world. This section provides some innovative examples of initiatives and agencies to facilitate the sharing of intelligence information internationally.

North America

Agencies **Various U.S., Canadian, and Australian law enforcement agencies**
Title **The Regional Information Sharing Systems/ Middle Atlantic-Great Lakes
Organized Crime Law Enforcement Network**

Innovations National and International network to promote multi-jurisdictional intelligence sharing and operational support to enforcement agencies combating targeting serious and organized crime

Description The Regional Information Sharing Systems (RISS) is a U.S. federally-funded program administered by the U.S. Department of Justice, Bureau of Justice Assistance. The RISS Program is composed of six regional centers that share intelligence and coordinate efforts against criminal networks that operate in many locations across jurisdictional lines.

RISS serves more than 4,900 member law enforcement agencies in 50 states, two Canadian provinces, the District of Columbia, Australia, and Guam. Each RISS center has from 450 to over 1,000 member agencies. The vast majority of member agencies are at the municipal and county levels, but more than 250 state agencies and 600 federal agencies are also members. Among the federal agencies participating in the RISS Program are the Drug Enforcement Administration, Federal Bureau of Investigation, Internal Revenue Service, Secret Service, Customs, and the Bureau of Alcohol, Tobacco, and Firearms.

Typical targets of RISS activities are drug trafficking, violent crime and gang activity, and organized criminal activities. Each of the centers, however, selects its own target crimes and the range of services provided to member agencies.

RISS services available to member law enforcement and criminal justice agencies can be grouped under five categories.

Information sharing and communication network

- Access to timely computerized information on criminal suspects and activities
- Secure Intranet for electronic networking of member law enforcement agencies
- Electronic linking of the six RISS center criminal intelligence databases via the RISS wide area network (RISSNET)
- Electronic linking to other systems such as the Southwest Border States Anti-Drug Information System Network

Analysis of multi-jurisdictional crime

- Analysis of complex case data connecting subjects and criminal events
- Analysis of linked RISS databases to identify major criminal conspiracies
- Information surveys and analysis of gangs, firearms trafficking, and violent crime activities to assist member law enforcement agencies in anti-violence initiatives

Information sharing conferences with specialized training

- Conferences to exchange information on multi-jurisdictional criminal activities, including a national conference on serial murder, regional conferences on gang activity, firearms trafficking, violent crime activity, and methamphetamine labs, and
- Training to build member agency expertise in investigative techniques, violent crime initiatives, and emerging crime problems

Loan of sophisticated investigative equipment

Funds for purchase of evidence, information, or other investigative expenses to support multi-jurisdictional investigations

One example of a regional centre that includes both Canada and the United States is the Middle Atlantic-Great Lakes Organized Crime Law Enforcement Network (MAGLOCLLEN), which is headquartered in Southeastern Pennsylvania.

MAGLOCLLEN membership consists of more than 470 agencies with over 162,761 sworn officers in federal, state, and local law enforcement. The region spans Delaware, District of Columbia, Indiana, Maryland, Michigan, New Jersey, New York, Ohio, Pennsylvania, Ontario, and Quebec.

Law enforcement agencies with staff assigned to the investigation of organized crime, major conspiracy, and/or intelligence gathering and dissemination, are eligible

for membership. The applying agency must be sponsored by a Policy Board member and pass a background investigation.

The services offered by MAGLOCLLEN include the following:

Criminal Information Systems – RISSNET II is a centralized, secure, database containing information concerning known or suspected criminals, businesses, organizations. Member agencies may submit information and make queries to the database through MAGLOCLLEN.

Intelligence information from additional sources may also be accessed through Intelligence Technicians.

Analytical Department – MAGLOCLLEN has a permanent complement of criminal justice analysts who collect intelligence on specific topic areas, issue topical reports and assessments, and provide tactical analytical support. Analytical projects include link association analysis, telephone record analysis, financial analysis, and case analysis. A monthly law enforcement publication called, NETWORK, is also mailed out monthly to members.

Computer Forensics - MAGLOCLLEN offers training in the seizure of computers and forensic support for member agencies that have seized computers related to criminal activity.

Information Sharing and Training - MAGLOCLLEN's training department is responsible for hosting conferences and seminars on various law enforcement topics.

Equipment and Technical Support - Investigative equipment, training, and support are available on a variety of electronic and surveillance devices. Equipment is loaned following a formal request of a member agency.

Confidential Funds - MAGLOCLLEN maintains financial resources that can be distributed to member agencies for the purchase of evidence and services to support specific investigations.

Sources

The Institute for Intergovernmental Research web site: www.iir.com/riss/
www.iir.com/riss/magloclen/index.html.

3.2.5 International Government Organizations

Juxtaposed against traditional local, regional, and national jurisdictions of law enforcement, the transborder activities and increased globalization of crime groups exposes a critical role for international governmental and enforcement organizations.

This section explores the work of selected international governmental organizations in the area of organized and transnational crime enforcement.

Agency	Interpol
Innovations	International agency coordinating multi-lateral sharing of information and intelligence

Description	Interpol is an international organization that has facilitated international police cooperation between member states, primarily by facilitating the sharing of information and intelligence, since 1923. Each member state establishes a National Central Bureau (NCB) staffed by its own police force and communicates with other forces via an independent computerized electronic mail network which covers the globe.
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Of particular relevance to this research is the Organized Crime Branch which addresses identified criminal organizations. It centralizes, evaluates and analyses information on internationally operating criminal organizations and their activities and conducts projects of special interest. The objectives of the OC branch are to:

- establish and continuously update a computerized file of information on individuals, associations and groups with international ramifications which engage in continuous criminal activities;
- cross check and analyze all information on organized crime supplied by

member countries;

- pass all relevant information by way of circular letters, bulletins, reports; and
- plans coordinated action, list resources, and organize conferences, symposia, and working groups on particular topics.

Current projects of the OC Branch have been arranged around organized crime groups of Eastern European origin, the Italian Mafia, Asian criminal organizations, South American cartels, outlaw motorcycle gangs, and illegal immigration.

Interpol also incorporates a Drug Subdirector, the mandate of which is to enhance cooperation between member states and stimulate the exchange of information between all national and international enforcement bodies concerned with countering the illicit production, traffic, and use of narcotic drugs and psychotropic substances.

The Sub-Directorate serves Member States through

- information collection;
- responding to international drug investigation inquiries;
- collection and analysis of data obtained from Member States for strategic and tactical intelligence reports;
- the dissemination of intelligence reports to relevant Member States;
- identification of international drug trafficking organizations;
- coordination of international drug investigations where at least two Member States are involved;
- holding working meetings involving two or more Member States where the Drugs Sub-Directorate has identified common links in cases being investigated in those States in order to exchange information and establish future strategy; and
- organization of either regional or worldwide meetings on specific drug topics, to assess the extent of particular drug problems, exchange information on the latest investigative techniques, and strengthen cooperation within the law enforcement community.

The Sub-Directorate prepares a variety of reports for circulation to member states, mainly using information contained in the Interpol database on worldwide drug seizures. These highlight the current drug situation and trafficking trends. The *Weekly Intelligence Message*, for example, describes significant seizures and identifies emerging travel routes, modus operandi, traffickers, and organizations.

Other documents include annual drug situation reports, the *Drugs Intelligence Gazette*, analytical studies on trafficking trends and conference reports.

A number of projects have been established under the auspices of the Sub-Directorate to address topics that are particularly serious and widespread. Recently these have included:

- Operation “Hostal,” which investigated the activities of West African criminal groups who are smuggling cocaine by post from South America to the African continent;
- Operation “Show Me How,” which investigated the activities of West African criminal groups who are smuggling heroin from Thailand and Pakistan by post to destinations around the world; and
- Operation “Black Powder,” which investigated a Colombian trafficking organization which has smuggled cocaine to Europe uniquely mixed with industrial pigments to disguise its narcotic content.

Sources Interpol, <http://193.123.144.14/interpol.com/index2.html>; Interpol (1999). *Cooperation in Combating International Crime Guide*, Lyons, France: Interpol.

Agency **United Nations**
Innovations Global programs strategically aimed at developing international and national policies and programs to combat transnational crime

Description The United Nations has several agencies and programs that are relevant to combating organized crime on a global scale. These are summarized below.

Economic and Social Council - The Economic and Social Council formulates UN policies in the field of drug control, coordinating activities with the full range of UN economic and social programs and making recommendations to governments worldwide.

Commission on Narcotic Drugs (CND) - The CND is the central policy-making body in the UN related to drug abuse control. It supervises the application of international conventions and agreements dealing with narcotic drugs and psychotropic substances.

International Narcotics Control Board (INCB) - The INCB is the independent and quasi-judicial control organ for the implementation and monitoring of the UN Drug Conventions. It promotes and assists with government

compliance with the treaties. The INCB aims to ensure that legal drugs used for medical and scientific uses are not diverted to the black market.

The United Nations Office for Drug Control and Crime Prevention, which consists of the United Nations International Drug Control Programme and the United Nations Centre for International Crime Prevention, is established to enable the Organization to focus and enhance its capacity to address the interrelated issues of drug control, crime prevention and international terrorism in all its forms.

United Nations International Drug Control Programme (UNDCP) – The UNDCP is a Vienna-based agency that initiates and coordinates national efforts against illicit drug supply and demand. The main objectives of the UNDCP are to:

- Provide effective leadership for all UN drug control initiatives;
- Anticipate and help to prevent developments that could aggravate illicit drug production, trafficking and abuse;
- be a world wide centre of expertise and repository of information in all fields of drug control;
- assist CND and INCB in implementing their treaty functions; and
- provide technical assistance to help governments to establish adequate drug control structures and strategies, as well as technical cooperation in the different fields of drug control.

Centre for International Crime Prevention (CICP) - The CICP is the United Nations office responsible for crime prevention, criminal justice, and criminal law reform. The Centre cooperates with a network of international and regional institutions to facilitate an exchange of expertise on such issues as organized crime, money laundering, and drug control.

A major United Nations priority that falls within the scope of CICP activities relates to improving the set of instruments available to the international community to combat transnational crime. Particular emphasis has been placed on combating and preventing migrant smuggling, trafficking in women and children, the smuggling and illicit manufacturing of firearms, and corruption. The Centre, jointly with its research arm and the United Nations Interregional Criminal Justice and Research Institute in Rome, has prepared proposals for three global programs to address topical concerns of the international law enforcement and justice community. As of the time of this report, each of these programs is in the planning stage.

The Global Programme against Corruption will provide technical cooperation to a selection of developing and transitional countries. In these countries, an analysis will be made of current problems and policies. Assistance will include the introduction of mechanisms for greater transparency of public sector tendering and the promotion of anti-corruption measures.

The Global Programme against the Trafficking in Human Beings addresses smuggling of migrants and trafficking in women and children. Field research projects will be carried out in selective countries to test promising strategies, such as new structures for collaboration between police, immigration, victim's support and the judiciary, both within countries and internationally (linking countries of origin to destination countries).

The Global Studies on Organized Crime program will assess the threats and trends of organized crime groups across the world, focusing on forecasting future developments and strategies in order to facilitate the formulation of preemptive responses.

The International Convention Against Transnational Organized Crime, 1998 – In 1998 the General Assembly established an Ad Hoc Committee for the purpose of developing a comprehensive international convention against TOC. The objective of the Convention is to promote greater cooperation and harmonization of laws between states to “prevent and combat transnational organized crime more effectively.” The Convention will set out agreed-upon legislative and legal tools to combat TOC, including provisions on mutual legal assistance and extradition, measures to prevent and trace money laundering, and optional provisions on improved law enforcement cooperation.

United Nations Drug Summit - Stating that “a grand alliance of nations can and will conquer the global plague of drugs,” United Nations Under-secretary General Pino Arlacchi convened a General Assembly Special Session from June 8 to 10, 1998 which involved 186 UN member states. Dubbed the “Drug Summit,” the event was the largest multilateral gathering ever held on combating illegal drug trafficking and abuse. National leaders from throughout the world gathered together to develop a global strategy to control drugs, including an international agreement on demand reduction, illicit crop substitution and eradication programs, solutions to the increase in amphetamines and “designer” drugs, and specific timetables to strengthen and harmonize member states' laws on money laundering, extradition of drug traffickers, and sharing information on drug cartels.

Global Programme Against Money Laundering (GPML) - The GPML is a three-year research and technical assistance programme (1997 to 1999) implemented by the Office for Drug Control and Crime Prevention. Its aim is to increase the effectiveness of international action against money laundering through comprehensive technical cooperation services offered to Governments. The Programme encompasses three main pillars of activity, each of which provides various means for States and institutions in their efforts to effectively combat the money laundering phenomenon. These components include:

Technical cooperation, which encompasses awareness-raising, policy and program development, institution building and training at a technical level for public officials, judicial officers, and financial sector representatives.
Research and analysis, which offers member states key information to better understand the phenomenon of money laundering and to enable the international community to elaborate more efficient countermeasure strategies.

A newly created International Money Laundering Information Network (ImoLIN), an Internet-based information network, offers to states and institutions a secure news forum, an electronic library, a database on laws and regulations and a calendar of events in the anti-money laundering field.

Sources United Nations Drug Control Programme, www.undcp.org/; United Nations Centre for International Crime Prevention www.odccp.org/crime_prevention.html; "United Nations to Host Global 'Drug Summit'." *PR News Wire*. May 11, 1998; United Nations Global Programme Against Money Laundering, www.imolin.org/gpmleng.html; International Money Laundering Information Network; <http://www.imolin.org/>.

Agency G-7/G-8

Innovations Promotion of innovative international initiatives to increase the effectiveness and efficiency of TOC enforcement and prosecution

Description The G-7 and G-8 Forum have also addressed the threat of transnational crime.

In 1989, the G-7 Summit laid the foundation for the Financial Action Task Force, which was mandated to address international money laundering (see below).

At the Halifax Summit in 1995, a group of experts (commonly known as the "Lyon group") was formed to examine more effective ways to combat international crime. In 1996, this group produced 40 recommendations to this

end.

At the 1997 Summit in Washington, D.C., G-8 Ministers tasked the “G-8 Experts on Organized Crime” (the Lyon Group) with two projects: (1) enhancing abilities to investigate and prosecute high-tech crimes; and (2) strengthening extradition and mutual legal assistance regimes to ensure that no criminal can find a safe haven anywhere in the world.

At the 1998 G-8 Summit held in Birmingham, U.K., the G-8 leaders endorsed measures aimed at jurisdictional cooperation in detecting and prosecuting organized criminal activity. This included setting up a worldwide network of anti-money laundering agencies and ensuring more effective disclosure of suspicious financial transactions. Also under discussion was a more effective extradition procedure and improved access to cross-border evidence, including the ability to take court testimony by satellite links.

The G-8 Lyon Group also agreed to take forward a project to share information and experience targeting organized traffickers in illegal environmental goods.

At a special video conference held in 1999, G-8 Ministers pointed to the following progress made on projects announced during the Birmingham Summit, including:

High-tech crime – One of the 40 recommendations made by the Lyon Group was for member countries to combat abuses of modern technologies. In this context, the "Subgroup on High Tech Crime" was created in 1997. In December of that year, the United-States organized the first ministerial meeting around the issue of “cybercrime”. Following this meeting, the G-8 Ministers adopted a 10-point action plan to combat high tech crime. At the Birmingham Summit in 1998, the Heads of States endorsed this action plan and mandated its rapid implementation. As part of the action plan, the G-8 countries established a 24-hour network of law enforcement experts capable of responding swiftly to requests for help with investigations that cross international borders, including computer hacking cases. At the Moscow ministerial conference in October 1999, the Interior and Justice Ministers of the G-8 committed their experts to organize a dialogue between industry and governments in order to identify and locate “cybercriminals”. In particular, the Lyon Group is pursuing consultations with industry, including Internet service providers, on preventing criminal use of networks and ensuring their communications can be traced by law enforcement agencies. It is also developing proposals for a legal framework for retrieving electronic evidence swiftly in cases that cut across international borders.

Judicial co-operation - Experts are studying intensified use of video links for criminal trials when witnesses are located abroad. Experts are also examining how to make extradition and mutual legal assistance regimes more effective and efficient.

Money laundering and confiscation of criminal assets - The Birmingham Summit endorsed asset confiscation principles committing the G-8 to take effective powers for confiscating criminal proceeds both domestically and at the request of partner countries. A G-8 confiscation manual was circulated to practitioners. Experts from the United States, United Kingdom, and Canada are drafting a model agreement for sharing confiscated assets. G-8 experts are coordinating their work with initiatives in other fora on how to deal with jurisdictions that do not comply with recommended standards against money laundering, and on strengthening collaboration between law enforcement agencies and financial regulators.

Smuggling of illegal migrants and trafficking in human beings – A strategy is currently being developed, including principles and an action plan, to more effectively address immigrant smuggling and trafficking in humans.

Sources “G-8 leaders stand together against international crime.” *The Financial Post*. May 19, 1999; “U.K. moves to tackle international environmental crimes.” M2 Communications Ltd. November 9, 1999; United States Department of Justice *Joint Press Release By G-8 Justice And Interior Ministers Virtual Ministerial Meeting On Organized Crime And Terrorist Funding*, December 15, 1998.

Agency **The Financial Action Task Force on Money Laundering**
Innovations **First International body dedicated to promoting international standards for national money laundering enforcement**
Description The Financial Action Task Force (FATF) on Money Laundering was established by the G-7 Summit in Paris in 1989 to develop a coordinated international response to money laundering. Twenty-six countries and jurisdictions, including the major financial centres of Europe, North America, and Asia as well as the European Commission and the Gulf Cooperation Council are currently members.

The FATF concentrates on three main tasks:

- promoting the adoption and implementation of the FATF recommendations by non-member countries;

- monitoring members' progress in implementing measures to counter money laundering through a two-fold process of annual self-assessment and a more detailed mutual evaluation; and
- reviewing money laundering trends, techniques and counter-measures and their implications for legislation, regulations, and enforcement.

The strategy employed by the FATF to combat money laundering involves a mix of encouragement and pressure. Its most significant achievement to date has been the development of 40 recommendations on enforcement and regulatory measures that should be adopted by member countries, which was drafted in 1990 and revised in 1996. The 40 recommendations, which have come to be seen as the international standard for anti-money laundering programs, are designed to provide a blueprint for action against money laundering for the criminal justice system and law enforcement, the financial system and its regulation, and international cooperation.

The recommendations are not a binding international convention, but each of the FATF members has made a political commitment to adhere to them. The strategy used by FATF to encourage adoption of its 40 recommendations began as a model of consensus building but has increasingly relied on pressure tactics, including the black listing of countries that fail to meet FATF standards. A recent and notable example involved threats by the FATF to suspend Austria's membership unless it outlawed secret bank accounts (*Reuters*, February 25, 2000). This current strategy has caused considerable debate within and outside of FATF member countries.

The Presidency of the FATF is a one-year position held by a high level government official appointed from amongst the members of the group. A small specialized Secretariat unit services the Task Force and assists the President, and is located at the Organization for Economic Cooperation and Development (OECD).

Sources FATF www.oecd.org/fatf/; FATF (1999). *Policy Brief: FATF – OECD Money Laundering*: Paris: OECD; "Austrians to lose right to secret bank accounts." *Reuters*. February 25, 2000.

3.2.6 Multi-Sectoral Approaches and Linkages

David Hicks (1998) points out that the state, and its criminal justice agencies in particular, has

traditionally avoided coordinating efforts to combat organized crime with other social actors, such as NGOs, social agencies, the private sector, or the general public. This lack of coordination “appears to have resulted from a general failure to explore the contributions agencies other than law enforcement could provide and the subsequent formulation of a more comprehensive intervention strategy.”⁸

In some countries however, there have been an increasing number of joint initiatives among agencies from private, public and NGO sectors that address transnational crime. This section explores multi-sectoral approaches to combating organized and transnational crime. Particular emphasis is placed on partnerships between state agencies (and police agencies specifically) and the private sector.

Canada

Agency	Deceptive Telemarketing Prevention Forum
Innovations	Multi-sectoral approach to significant economic and organized crime problem
Description	In May 1996, the Competition Bureau, which is responsible for enforcement of deceptive telemarketing crimes through the <i>Competition Act</i> , joined forces with other public and private sector organizations interested in preventing and combating telephone fraud. The result was the creation of the Deceptive Telemarketing Prevention Forum.

The Forum consists of members from government, the private sector and non-profit organizations, including: Visa Canada, MasterCard, Bell Canada, Stentor, the Canadian Association of Retired Persons, the Canadian Marketing Association, the Ontario Provincial Police, the RCMP, the Canadian Bankers’ Association, Canada Post, the Solicitor General Canada, the National Consumer Measures Committee, the Better Business Bureau. The Competition Bureau serves as the Forum Chair.

Since being instituted in May, 1996, the Deceptive Telemarketing Prevention Forum has undertaken a number of prevention activities aimed at reducing the number of potential victims of telemarketing fraud. These initiatives have included:

- a poster/pamphlet campaign in November, 1998;
- the launch of an upgraded PhoneBusters website in May, 1999; and
- ongoing community outreach on how to detect and report fraud.

In addition to this Forum, a National Telemarketing Fraud Strategy Group was created in 1998 to consider national strategies for coordinating the work of law

⁸ David Hicks. (1998) "Thinking About Organized Crime Prevention." *Journal of Contemporary Criminal Justice* 14(4) November: 334.

enforcement, crime prevention, and public education. This group is also intended to be used as a fora to share information on combating telemarketing fraud, including “best practices”. The Group is currently co-chaired by the Solicitor General Canada and Industry Canada.

The National Telemarketing Fraud Strategy Group’s Terms of Reference lists the following objectives:

- 1) To serve as an information-sharing mechanism to:
 - more effectively coordinate activities (law enforcement, prosecutorial, legislative) in the area of telemarketing fraud in Canada;
 - minimize overlap and duplication of telemarketing fraud initiatives;
 - provide information and advice on telemarketing fraud issues, including the level and extent of the problem in Canada;
 - identify major issues and emerging trends related to telemarketing fraud (i.e. Internet fraud, cross border money laundering, etc.);
 - consider conferences, workshops and seminars on telemarketing fraud issues; and
 - identify major areas of concerns requiring funding consideration on a priority basis.

- 2) To function as a national coordinating body for major telemarketing fraud developments instituted in Canada, including identifying and developing:
 - best practices in combating telemarketing fraud in Canada, including bilateral and international cooperative approaches;
 - existing and new law enforcement initiatives;
 - notable telemarketing fraud-related legislation and areas where legislative reform might be considered;
 - achievements and problems experienced by Canadian prosecutors; and
 - appropriate monitoring mechanisms to assist in the enhancement of telemarketing fraud activities among law enforcement personnel, government officials, prosecutors, and others.

- 3) To follow-up on recommendations made in the 1997 Report of the Canada/U.S. Working Group including:
 - annual updates on telemarketing fraud achievements at the Canada/U.S. Cross Border Crime Forum;
 - periodic meetings and information exchange between Canadian and U.S. officials;
 - prepare briefing materials and advice to senior government officials on telemarketing fraud.

Sources	Personal communications and internal documents, Solicitor General Canada
Agency	RCMP Customs and Excise Sections
Title	Proactive work with the private sector regarding contraband smuggling and trafficking
Innovations	Proactive and preventative outreach to and formal partnerships with the private sector
Description	RCMP Customs and Excise (C&E) Sections throughout the country have undertaken a number of initiatives to work with the private sector to address the smuggling and distribution of contraband products, in particular cigarettes, liquor, and jewelry. Initiatives from some provinces are provided below.

Québec – The Montreal and Joliette C&E Sections have used problem-oriented policing principles to work in partnership with local retailers to raise awareness of contraband smuggling and black markets in tobacco, liquor and jewelry. In the past, there was little dialogue between police and local merchants (including those who sold contraband products) despite the explosion of contraband cigarettes and alcohol on the Canadian market beginning in the early 1990s. In order to open the lines of dialogue with local merchants, C&E Section members began to meet with store owners to explain the mandate of the C&E program and the effect of contraband cigarettes on Canadian society. Emphasis was placed on soliciting the help of store owners who did not sell contraband, but instead were hurt by the lower-priced contraband. RCMP members would leave a contact name and number for questions or reports of illegal contraband activities. Names and telephone numbers of merchants were also collected and were contacted six months following their initial meeting. According to the RCMP, following the initiation of these contacts, the Joliette Section experienced a rise in calls from local merchants reporting people selling contraband in their areas. In one case, a store owner in a small village reported a suspect that led to an arrest. As a result, the local store’s sales increased by \$500 per week.

Alberta – Members of the RCMP C&E Section in Edmonton sit on a Community Advisory Committee, which also includes U.S. Customs, RCMP Airport Security, Canada Customs and Revenue Agency, Alberta Government agencies, and representatives from the liquor industry. The mandate of this committee is to take a proactive approach to the problem of contraband liquor through increased information dissemination and education. Particular emphasis is placed on making presentations to the primary clients of organized liquor smuggling rings: hotels, restaurants, and bars. Efforts have also been made to reach out to American and Canadian wholesalers and retailers that deal in liquor, tobacco, vehicles, guns, and

jewelry.

British Columbia – The B.C. Illicit Alcohol Initiative (BCIAI) is made up of representatives from agencies enforcing contraband liquor in B.C., including the Canada Customs and Revenue Agency, Provincial Liquor Distribution, Control, Licensing Branches, the Provincial Consumer Taxation Branch, the RCMP, and the Vancouver Police Department. According to its terms of reference, the purpose of the BCIAI is to undertake a proactive, multi-faceted approach to address contraband alcohol in B.C. The BCIAI is mandated to identify, develop, and implement initiatives that are strategic (e.g., legislative amendments); operational (e.g., cooperation with agencies in coordinated joint operations); and intelligence-oriented (e.g., identifying essential players involved in illicit alcohol activities).

Ontario – Along with local police, the provincial police and the provincial liquor control board officials, the Kingston RCMP C&E Section visited local bars to raise awareness of the contraband liquor problem, alert them to the penalties for non-compliance, and provide law enforcement contact information in the event of suspicious events. Following these visits, liquor sales to these bars were tracked by the Liquor Control Board of Ontario and there was a marked increase in legitimate purchases of liquor by these bars.

Source Personal Interview, RCMP C&E Sections

Agencies **RCMP and Canadian Bankers Association**
Title **Operational Guidelines for Proceeds of Crime Investigations between the Canadian Bankers Association and the Royal Canadian Mounted Police**
Innovations Official MOU between police and private sector association addressing money laundering enforcement
Description In 1994, The Canadian Bankers' Association and the RCMP signed a Memorandum of Understanding regarding cooperation during money laundering investigations. This MOU, entitled *Operational Guidelines for Proceeds of Crime Investigations between the Canadian Bankers Association and the Royal Canadian Mounted Police* was the first of its kind to be signed between the RCMP and private industry in the area of money laundering. It concentrates on such vital areas as disclosure of banking information, civil proceedings, and retention of banking records by banks.

The main objective of the MOU is to set out the criteria and procedures to be followed by a bank when disclosing information regarding a transaction that may

involve money laundering. The MOU covers such areas as the type of information to be disclosed by chartered banks to the RCMP, when information should be disclosed, and procedures to be followed by a bank when disclosing information. As part of the MOU the RCMP and CBA developed and circulated a standard suspicious transaction reporting form to be completed by banks and submitted to the RCMP.

A similar MOU is in place between the RCMP and the Credit Unions, which was signed in 1996. As with the banks, a RCMP/Credit Union Suspicious Transaction referral form is used by the Credit unions to pass the suspicious transactions information to the police.

Sources Personal Interview, RCMP Proceeds of Crime Branch; *Operational Guidelines for Proceeds of Crime Investigations between the Canadian Bankers Association and the Royal Canadian Mounted Police* Memorandum of Understanding between the RCMP and the Canadian Bankers Association.

Agency **The European Commission/Europol**

Title **Forum on organized crime prevention, The Hague, November 4-5, 1999**

Innovations Multi-sectoral approach to exploring a wide range of “alternative” approaches to organized crime prevention

Description In November 1999, the European Commission and Europol cosponsored a forum, the purpose of which was to develop a unique European preventative strategy addressing organized crime. This Forum brought together around 120 officials and experts from the law enforcement sector, the criminal justice system, academia, public administration, and the business sector. The Forum is seen as the first of many steps in preparing the establishment of a proposal for a crime prevention strategy in Europe, called for by a 1998 resolution of the European Council.

This Forum is relevant for this research project, not only because of its multi-sectoral composition, but also because of its mandate is to explore alternative approaches to transnational organized crime enforcement, with emphasis on proactive, preventative strategies.

The “alternative” approach underlying the Forum was based on the acknowledgment that the traditional enforcement approach that concentrated solely on repressive measures against organized crime can no longer be regarded as sufficient to prevent or reduce the scope of the problem. This goal could better be achieved by using targeted and coordinated strategies encompassing prevention, reduction, and traditional enforcement and interdiction measures.

Seven workshops were held, each exploring fundamental themes and specific innovative initiatives essential to developing a comprehensive “preventative” strategy to combating transnational crime. These workshops are as follows:

- crime prevention as a common concern to civil society and public policy makers;
- integrating crime prevention in the legislative process;
- good governance and transparency in public affairs;
- reducing the vulnerability of legitimate industries and services to the penetration of crime;
- the specific role of criminal justice and the public administration in organized crime prevention;
- identification, evaluation, collection and dissemination of best practices in reducing organized crime; and
- organized crime prevention centres of excellence.

The participants had detailed discussions on the possible scope of a future comprehensive organized crime prevention policy. As a result of the discussions held in seven workshops, the Forum reached consensus on the following issues:

- the scope of a comprehensive crime prevention policy should include the various forms of organized crime as well as serious economic and financial crime;
- a comprehensive strategy must recognize that there is a close link between prevention against organized crime and prevention against (urban) crime in general. Crime prevention initiatives have already been taken in different areas, but without a comprehensive and coordinated approach;
- a global policy to counter organized crime must encompass preventive and repressive measures. Whereas repressive measures are of a reactive nature, preventive measures can anticipate new risks;
- a prevention policy must be based on a multi-disciplinary approach associating all public and private players able to contribute to reduce organized crime activities;
- partnerships between public authorities and the private sector must be seen as a priority in order to ensure the effectiveness of the implementation of preventive measures. These measures can take the form of legislative/ administrative rules, memorandums of understanding, self-regulating tools, such as codes of conduct, etc.;
- a comprehensive preventive policy must develop coherent measures at local, national and European levels based on their respective responsibilities and competencies. Transparency and mutual information between these three

levels are crucial;

- within the definition of this global strategy, Member States are encouraged to look at public and private networks already in place, with a view to extending their area of responsibility to incorporate prevention elements; and
- initiatives to raise awareness on the damages of organized crime are needed in order to get the active support of the public opinion towards prevention policies are critical. Both public authorities and business have a major role to play in this respect.

At the EU level, a general system of policy and legislation assessment should be developed with a close view on the approach already taken in some Member States.

Evaluation of success and failure both in preventive and repressive measures is a key factor in identifying generic principles in order to develop future activities within the framework of a global strategy for organized crime prevention. This needs to be based on mutual trust, accurate methodologies, partnerships, specialized resources, and highlighting public awareness of organized crime.

Finally, the Forum insisted on the importance of developing effective organized crime prevention tools that respect civil liberties.

The future Portuguese Presidency of the EC announced its intention to host a follow up meeting in May/June 2000 in Lisbon.

Sources

“The Commission And Europol Launch A New Approach In Fighting Organized Crime.” *Europol Press Release*: Netherlands, The Hague, November 10, 1999.

**Agency
Title**

**World Customs Organization
WCO Action/Defis Bulletin (MOU program between customs agencies
and carriers)**

Innovations

Private sector/public sector partnership to address international smuggling

Description

The World Customs Organization (WCO) is an international association of national customs agencies from throughout the world.

The WCO was given a mandate by the 1991 G-7 Summit to develop an action plan encouraging enforcement authorities to set up their own MOU programs with domestic carriers and other relevant private sector organizations. In response, the WCO introduced its Action/Defis MOU programme to help national customs administrations form partnerships with trade associations to combat the international trade in illicit drugs.

The MOU programme promoted by the WCO involves an agreement negotiated between a national Customs agency and relevant trade associations and companies, primarily from the transport industry. It sets guidelines for the parties concerned to work together to combat the illicit drug trade. In general, the MOU focuses on three areas of cooperation:

- Intelligence and the exchange of information – Developing information sources within the private sector;
- Security – Enhancing security measures among carriers and other relevant companies; and
- Joint training initiatives – providing training to relevant employees of carriers.

The MOU is not a contract that is legally binding or enforceable. Instead, it represents a voluntary commitment to cooperation by both parties to work against illegal imports and activities.

The WCO itself has signed MOUs with 18 world trade associations. These international MOUs provide a framework for activity to be carried forward at the national level with appropriate trade partners. Some examples of MOUs signed between the WCO and the trade and carrier industries (including individual companies and associations) are summarized below.

The Baltic & International Maritime Council (BIMCO) is the world's largest private shipping organization. BIMCO signed an MOU with the WCO in 1992, and today more than 500 of their members are participants in MOU programme world-wide. In March 1999, a survey of BIMCO members indicated that a greater awareness among ships' crews has enabled them to detect drug smuggling.

The International Air Transport Association (IATA) is the trade association of more than 263 airlines world-wide. IATA entered into an MOU with the WCO in 1986 aimed at preventing drug smuggling. Since then, more than 100 airlines have signed individual agreements with various Customs administrations around the world.

The International Federation of Freight Forwarders Association signed an MOU on drug smuggling with the WCO in 1987, and has recently entered into a new MOU covering other areas of customs fraud. Forwarders are in a unique position because they organize the transport of freight around the world and provide an interface between buyers, sellers, and carriers. They have access to

documentation and goods and are often in an excellent position to examine these for irregularities. Timely advice and intelligence from forwarders have resulted in a number of significant drug seizures in different countries.

According to the WCO, 35 countries have introduced their own national MOU programs and nearly 5,000 MOUs have been signed by various national Customs agencies, covering nearly all aspects of Customs controls (see following cases).

Source Personal communications, World Customs Organization, WCO web site:
www.wcoomd.org/ENF/ACTDIF/Wco1.html

Canada

Agency **Canada Customs and Revenue Agency (CCRA)**
Title **Carrier MOU Program**
Innovations Private sector/public sector partnership addressing international smuggling
Description Canada Customs (now CCRA) has implemented the Carrier MOU Program with carriers and associations involved in the international movement of persons and goods in an effort to provide mutual assistance in fighting the movement of illicit goods and contraband into Canada.

Development of this program began in 1994 in response to priorities set by the World Customs Organization (WCO).

For CCRA, the goal of the carrier MOU program is to formalize partnerships with the transportation industry to suppress smuggling while easing the movement of legitimate trade. According to CCRA Officials, the anticipated benefits for Canada Customs and Revenue Agency and carriers from signing a MOU include increases in:

- the flow of information regarding high-risk shipments and travelers through greater primary access to transportation information systems;
- cooperation by transportation industry participants in customs inspection and enforcement activities, including an increase in assistance from trained personnel in identifying possible methods of concealment;
- drug and contraband seizures;
- voluntary compliance by the transportation industry; and
- the ability to process passenger and cargo more quickly and efficiently through selective targeting by CCRA.

The Canada Customs and Revenue Agency is in the process of developing a new framework for the program. This framework includes processes for negotiating

and signing MOUs with carriers, a training package consisting of four information sessions for the various participants in the MOU process, a communications strategy for publicizing and promoting the program, and an evaluation and monitoring system to report on the effectiveness of the program.

Regional MOU Liaison Officers from CCRA have been appointed in all of the regions across the country.

In addition to developing MOUs with carriers, CCRA has also developed MOUs with such organizations as the Shipping Federation of Canada and the Vancouver Port Authority. The purpose of the MOU with the Vancouver Port Authority, which was signed and became effective June 1998, is to enhance efforts to suppress the smuggling of contraband through the Port of Vancouver.

According to the MOU, this will be achieved by:

- promoting increased cooperation between CCRA (Customs) and the Port Authority and to heighten awareness of the problems related to the smuggling of drugs and other contraband;
- CCRA working with the Authority to promote increased security at locations within its jurisdiction where there are identified risks; and
- The Authority assisting CCRA in detecting and investigating suspected smuggling operations.

These objectives are to be reached by:

- Examining and developing ways to enhance mutual understanding and cooperation with a view to combating smuggling;
- facilitating cooperation by devising practical ways in which the Authority might further assist in the prevention of drug smuggling;
- adopting specific undertakings aimed at detecting or preventing the smuggling of drugs and other contraband through the port of Vancouver;
- increasing the likelihood of detecting contraband, particularly drugs, at the first available opportunity;
- assisting CCRA to identify individuals involved in contraband smuggling, particularly drug smuggling;
- improving security at Authority locations where both parties agree that an identified risk warrants such improvement;
- promoting awareness of security measures and customs enforcement efforts to the public;
- minimizing interference with vessel schedules and the efficient and timely

- movement of goods and passengers; and
- promoting and enhancing the efficiency and effectiveness of the movement of goods and passengers at Port Vancouver.

The MOU also details a number of specific measures that are to be undertaken by the partners. For example, CCRA will perform a security evaluation of non-leased areas within the Vancouver Port Authority’s jurisdiction that may result in the Authority increasing security fencing and security patrols. The Canada Customs and Revenue Agency will also endeavour to increase staff presence on Port terminal piers and target and profile high risk containers and vessels. The Vancouver Port Authority will provide CCRA with available marine information, fund the acquisition of suitable container cargo examination equipment for use by CCRA in the Port and provide equipment and vessels for use by CCRA.

CCRA reports that it is also working toward using similar MOUs to address smuggling that is the result of the infiltration of organized crime into Canadian ports.

Source *Memorandum of Understanding on the Suppression of Contraband Smuggling Between the Government of Canada as represented by the Minister of National Revenue (hereinafter referred to as “Revenue Canada (Customs)”) and the Vancouver Port Authority, as represented by the President and Chief Executive Officer for and on behalf of the Vancouver Port Authority; Menu of Deliverables for Revenue Canada (Customs) and the Vancouver Port Authority.*

United States

Agency **United States (U.S.) Customs Service**
Title **Various U.S. Customs Service-private sector partnerships**
Innovations Private sector/public sector partnership in addressing international smuggling
Description U.S. Customs has become involved in various initiatives to forge a closer partnership with relevant private sector companies and associations in combating transnational crime.

Much of this work is coordinated through the Commercial Operations Advisory Committee (COAC), which was established to provide the U.S. Treasury and Customs Service with the perspectives and advice of private sector groups affected by Customs' operations. Committee members have assisted U.S. Customs in organizing efforts within the trade community to prohibit narcotics from commercial shipments. Committee members were instrumental in creating the Business Anti-

Smuggling Coalition and the Carrier Initiative Program (see below). Additionally, U.S. Customs has sought to leverage private sector resources to assist the agency in meeting their collective goals. For example, at the Federal Express hub in Memphis, Tennessee, Customs is able to use on-site resources to assist in clearing packages entering and leaving the United States (Johnson, 1999).

U.S. Customs set up its Carrier Initiative Programme (CIP) in 1984 to prevent drug traffickers from using air and sea communications links. Through their MOUs with U.S. Customs, the carriers agree to step up security systems and advise Customs of suspicious activities. At present, 2,900 sea carriers, 925 land border carriers, and 160 airlines participate in the Carrier Initiative Program, for a total of 3,985 signatories (95 percent of international carriers). In fiscal year 1998, CIP signatories participated in 136 interceptions and seizures, preventing 63,882 pounds of illegal drugs from entering the United States. Over 200 foreign manufacturers and exporters have begun participation in the BASC since its inception in 1996 (Johnson, 1999).

In addition, the Business Anti-Smuggling Coalition (BASC) was started in 1996. The BASC is an alliance (initiated by the private sector) between businesses and U.S. Customs that was created to combat narcotic smuggling via commercial trade. As a voluntary program for businesses, corporate participants are expected to set self-imposed business standards that will deter narcotics traffickers. The BASC program examines the entire process of manufacturing and shipping of merchandise from foreign countries to the United States, emphasizing the creation of a more security-conscious environment at foreign manufacturing plants to eliminate, or at least reduce, product vulnerability to narcotics smuggling. By examining packing and shipping practices and identifying and correcting deficiencies along the spectrum of the import process, businesses are expected to reduce their exposure to the use of their shipments as narcotics smuggling vehicles.

By the end of 1997, 160 businesses and companies had signed up for this initiative. The International Chamber of Commerce has endorsed BASC and hopes to work with the WCO in expanding BASC around the world.

Finally, the Americas Counter Smuggling Initiative (ACSI) is a priority undertaking established by U.S. Customs to build upon the success of the CIP and BASC, by strengthening and expanding U.S. Customs anti-narcotics security programs throughout Central and South America. Under the auspices of ACSI, U.S. Customs officials are sent to certain Central and South American countries to assist businesses and host governments in developing security programs to safeguard legitimate shipments from being used to smuggle narcotics. A parallel track of the

ACSI includes the training of customs officers and other appropriate foreign government anti-drug forces in the Central and South American countries. During 1998, U.S. Customs introduced ACSI in Colombia, Panama, Peru, and Venezuela.

Sources United States. Department of State. The Bureau for International Narcotics and Law Enforcement Affairs. (1999). *International Narcotics Control Strategy Report, 1998*. Washington, DC: Department of State; World Customs Organization, www.wcoomd.org/ENF/ACTDIF/wco2.html; Johnson, James E. (1999) *Testimony of James Johnson, Treasury Under Secretary (Enforcement) to the Senate Committee On Finance*, May 13, <http://finance.senate.gov/5-13john.html>

3.3 Combating Emergent Transnational Crime Trends

Transnational and organized crime have popularly been associated with such traditional crimes as extortion, drug trafficking, and illegal gambling. However, increasingly transnational criminal groups have become involved in a wide range of criminal activities.

This section focuses on innovative policy and enforcement approaches to three types of proliferating transnational criminal activity that have been recognized as particular threats to the international community: migrant smuggling, environmental crimes, and Internet-based fraud.

3.3.1 Migrant Smuggling (Immigration Policy and Programs)

It has become generally accepted that transnational organized crime groups are behind the recent escalation of migrant smuggling to western nations, including Canada. Migrant smuggling, which is closely tied to the trafficking in humans for sex and other enforced labour, parallels organized crime activity, such as drug trafficking, in that it is an inherently transnational crime that has become highly organized, realizing extremely lucrative profits for its organizers. One RCMP official estimates that migrants can be charged up to \$70,000 each for illegal transport to this country (*The Ottawa Citizen*, August 13, 1999).

This section examines innovative and non-traditional approaches to combating migrant smuggling. Secondary emphasis has been placed on examining immigration enforcement policies and programs that attempt to prevent members of organized crime groups from entering, acquiring citizenship in, or leaving a country.

Canada

Agency	Citizenship and Immigration Canada
Title	Immigration Enforcement
Innovations	Multi-faceted and internationally-emulated interdiction program emphasizing overseas presence of CIC officers for preventative and cost-effective screening
Description	Citizenship and Immigration Canada (CIC) addresses transnational and organized crime through two general functions: combating migrant smuggling through interdiction and ensuring that organized crime figures do not enter Canada.

The CIC migrant smuggling interdiction strategy is multifaceted and based on four fundamentals: the Immigration Control Officer Network, a unique intelligence database, the Canadian Visitor Visa, and Memoranda of Understanding with airlines. This analysis focuses primarily on the Immigration Control Officer Network.

Interdiction by CIC is directed toward preventing the illegal movement of people to Canada and was adopted as a departmental priority in 1989 following an increase in the illegal movement of migrants by air into Canada.

Since 1989, CIC has deployed specially-dedicated control and liaison officers, now known as Immigration Control Officers (ICOs), to key points abroad. The ICO is responsible for gathering and analyzing intelligence on and interdicting the movement of improperly documented passengers to Canada. Specifically the interdiction role played by the ICO centres on preventing inappropriately documented passengers (INADPAX) from proceeding to Canada by:

- monitoring passenger check-in and boarding at airports;
- monitoring airlines' compliance with MOUs;
- providing training for airline and host-government personnel on document examination and verification of Canadian travel documents and visas;
- collecting, analyzing and disseminating information on INADPAX profiles including documents of choice, preferred carriers and routings, etc.; and
- collecting, analyzing and disseminating information on INADPAX smugglers' methods and routes.

The intelligence and reporting function of the ICOs are to gather, analyze and disseminate information to headquarters, regional officers, law-enforcement agencies, and diplomatic and government officials. The ICO is also responsible for establishing and maintaining a network of contacts among host country officials as well as officials from other governments, airline personnel, and law-enforcement agents.

Through the ICO program, Canada has established a formal working relationship

with the United Kingdom Immigration Service and the United Kingdom Airline Liaison Officers. Discussions are under way with the Netherlands, Australia, the US and New Zealand regarding similar agreements. There are presently 40 CIC officers who are considered ICOs or de facto ICOs. CIC has pledged to continue to develop control partnerships with other countries in an effort to extend the reach of the Immigration Control Officer network.

The interdiction work of CIC is supported by an intelligence data system - the Support System for Intelligence (SSI) – which is used to target smugglers and identify vulnerabilities in the system. The SSI continues to be developed and expanded internationally. Discussions have been held with the Netherlands, the United Kingdom, Australia, and the U.S. to share the SSI software.

CIC reports that since 1990, due to their enhanced interdiction efforts, there has been a 40 percent reduction in the number of improperly documented arrivals at Canadian airports, which was a primary focus of their interdiction program in the 1990s. Over 60 percent of those seeking to fly into Canada without proper documentation are currently intercepted abroad. There has also been a 30 percent decline in the number of in-Canada refugee claimants since 1990.

The success of the airport interdiction program has resulted in improperly documented claimants increasingly seeking to enter Canada by other means. The number of claimants entering claims inside Canada and at the land border from the U.S. now both greatly exceed the number of improperly documented persons arriving at Canada's airports from abroad.

According to CIC officials, several other countries (among them the United Kingdom, the Netherlands and the United States) have established, or are in process of establishing, immigration control networks similar to Canada's.

In addition to its interdiction of illegal migrants, CIC is also mandated to “deny the use of the Canadian territory to persons who are likely to engage in criminal activity” (*Immigration Act*, Subsection 3j). The first measure that CIC took to address this issue was to request that Parliament adopt new provisions in the *Immigration Act*. In February 1993, the Act was amended through Bill C-86 and paragraph 19(1)(c.2) was added to ensure that, when there are reasonable grounds to believe someone is or was a member of an organized crime group, that person would not be issued a visa, admitted to Canada, or allowed to remain in the country.

In addition, in July 1994, the Organized Crime Division (OCD) was created within

CIC. OCD's major role is that of an operational unit that provides support to field officers in Canada and overseas and monitors high profile cases of organized crime members and associates. Specifically, the mandate of the OCD is to collect information and produce intelligence on organized crime groups and members, prevent the entry of members of such groups into Canada as either visitors or immigrants, and ensure they are removed if found in Canada.

The functional objectives of the OCD include:

- coordination of a national strategy on Immigration and organized crime;
- analysis of background and of trends related to organized crime groups;
- development of intelligence sources on organized crime groups and individuals;
- collection and analysis of intelligence to support decision making in the field;
- and
- provide advice to senior management on organized crime issues/cases.

In carrying out its objective, OCD works closely with federal, provincial, and municipal Police forces inside Canada. Major partners include the RCMP, Solicitor General Canada, CSIS, the OPP, and the Montreal and Toronto police. Links are also maintained with other security and intelligence agencies.

In order to detect and deny entry to organized crime figures, this Division has become involved in Canada's immigrant and visitor screening process. As part of this process, CIC works in close cooperation with CSIS and the RCMP to develop profiles designed to deny entry to or remove known or suspected members of organized crime groups.

The immigrant and visitor screening process has become an essential aspect of the federal government's organized crime enforcement efforts. Each year, approximately 1,000,000 visas are issued to visitors as well as immigrants who wish to come to Canada. All applicants for such visas are subjected to a screening process overseas or at a Port of Entry. Within CIC, immigrant and visitor screening is undertaken by ICOs and the Organized Crime Division. While CIC is the lead federal agency in the screening process, it works in close cooperation with CSIC and the RCMP.

CSIS is mandated under Section 14 of the *Canadian Security and Intelligence Service Act* to provide CIC with information and advice on prospective immigrants that relates directly to the security inadmissibility criteria contained with Section 19(1) of the *Immigration Act*.

The RCMP is a key partner for CIC in developing and maintaining up-to-date profiles of persons who should be denied entry into Canada or be removed from our country. The primary role of the RCMP in the screening process is to conduct background checks (including criminal records and source intelligence) on potential immigrants and visitors to Canada. The results of these criminal background checks are then used by CIC as part of the immigrant and visitor screening process. Over the last few years, an average of 75 to 100 cases, where links to Russian organized crime were suspected, were referred by visa officers to the OCD and the RCMP for screening.

Since the adoption of *Immigration Act* Subsection A19(1)(c.2), more than 6,167 individuals with known or suspected organized crime links have come to the attention of OCD and its partners. To date, it is estimated that over 1,000 of the above have either been refused visitor or immigrant visa overseas; been intercepted and denied entry at the Canadian border; been removed from Canada, denied refugee status, refused permanent residence.

Sources Citizenship and Immigration Canada documents and personal communication

Agency **RCMP Immigration and Passport Program**

Innovations **Cost-effective, proactive enforcement programs to prevent illegal migrants from reaching Canadian shores**

Description The RCMP Immigration and Passport (I&P) Program is responsible for investigating violations of the *Immigration Act*, *Citizenship Act* and the *Criminal Code of Canada* in relation to citizenship offences, Canadian passport offences, frauds, forgeries, and conspiracies.

The primary focus of immigration and passport enforcement is the detection and prevention of organized illegal migrant smuggling into Canada. Specifically, the national priorities of the I&P program are to:

- combat and eradicate criminal organizations involved in facilitating the illegal entry of migrants into Canada;
- investigate unscrupulous professional immigration facilitators who aid and abet the illegal entry of migrants into Canada; and
- acquire and share information and intelligence pertaining to the enhancement of the national program strategy.

The I&P Program has undertaken a number of strategic and tactical enforcement programs that are proactive, preventative, and cost-effective in nature. Of particular note are programs aimed at preventing the departure of illegal migrants

from source or transit countries, and hence preventing the manifestation of the problem in Canada.

Most of these programs involve travel by RCMP members to source or transit countries where they attempt to identify and prevent suspected migrant smuggling operations (or individual illegal migrants) from leaving these countries for Canada. These operations are heavily dependent upon intelligence information collected by or supplied to the RCMP I&P members (including information provided by CIC control officers stationed overseas).

The preventative approach also places emphasis on targeting the smugglers and their operations, as opposed to the migrants. This is in line with the I&P Program's proactive focus on organized crime groups. Many of the programs require extensive coordination and cooperation with other Canadian agencies, in particular Citizenship and Immigration Canada, as well as agencies from foreign governments.

Some examples of these proactive, overseas enforcement projects are summarized below.

Large Scale Shipboard Landings - In 1996, as a result of intelligence received from national and international sources, it was determined that 200 illegal migrants from various African countries were gathering in West Africa and were to be transported to the East Coast of Canada via an old fishing boat. In response, a coordinated enforcement initiative was undertaken between Citizenship and Immigration Canada and the RCMP I&P Section. This enforcement effort also included cooperation with the United States Immigration and Naturalization Service; the Canadian Ambassador to Senegal; Senegalese National Police; Armed Forces of Senegal; Gambian National Intelligence Agency; the Gambian Director of Immigration; the Indian Ambassador to Senegal and the Canadian Armed Forces (which had activated aerial and sea surveillance). RCMP investigators from the RCMP Halifax I&P Section and CIC Immigration Control Officers from London and Paris traveled to Africa and as a result of this investigation, the illegal migrants were repatriated back to their own country at no cost to Canada. The direct cost to the RCMP for this initiative is estimated to be approximately \$60,000. Based on an average cost of \$50,000 per migrant (CSIS, 1999), the total estimated cost to the Canadian government for processing the 200 migrants (if the ship was detected in Canadian waters) would have been approximately \$10,000,000.

Stowaways - In 1995 and 1996, intelligence sources indicated that a large

number of illegal migrants were entering Canada at Halifax as shipboard stowaways. Information suggested that the bulk were hiding in containers after embarking from LaHavre, France. The RCMP I&P Section in Halifax developed a proactive approach to this problem in combination with local shipping agents, the Shipping Federation of Canada, the Canadian Embassy in Paris and local police officials in LaHavre. Emphasis was placed on preventing the boarding of illegal migrants, by increased gang way watch, dog patrol and CO2 detectors. As a result of this investigation, two stevedores who had conspired with smugglers in LaHavre were charged and fired. The result of this operation was that no stowaways from LaHavre arrived in Halifax in 1997.

Prevention of Illegal Migration to Canada, via Kuala Lumpur, Malaysia

- During the latter part of 1997, various intelligence sources provided indications that the airport in Kuala Lumpur was being used by smuggling organizations as a primary point of embarkation for illegal migrants entering North America through Vancouver. As a result of this information, the Vancouver I&P Section formed an partnership with Citizenship and Immigration Canada as well as enforcement officials from Australia, Britain, Malaysia, and New Zealand. The objective of the exercise was to suppress the efforts of organized criminal group members from attempting to establish themselves in North America. Using intelligence information, the project identified a number of improperly documented passengers and removed fraudulent travel or identity documents from criminal organizations. The CIC Manager at the Vancouver Airport reported that the number of improperly documented arrivals discovered at the airport declined to 55 for the month the project was in operation from 110 recorded for the same period in the previous year. Once the project was terminated the number of fraudulent travel documents returned to the annual average. The direct cost to the RCMP for their part of this project has been estimated at \$4,257 and is estimated to have saved Canada several million dollars over the course of one year.

Supporting these operational programs is the Program Analysis Section of the I&P Branch, which gathers information on active alien smugglers, travel document counterfeiters, document vendors and alien couriers/escorts. This information is indexed on the RCMP information retrieval system (PIRS) and narrative reports are preserved on the national criminal data bank (NCDB). This intelligence is shared with RCMP field sections, Citizenship and Immigration Canada, Canadian police departments, and foreign police departments and government agencies.

In addition, a data bank known as "Project Vender," is used for both tactical

and strategic intelligence purposes. This data bank contains information on known and suspected migrant smugglers. This data bank, which contains approximately 40,000 separate entries, is designed to provide investigative support to RCMP investigators and other law enforcement agencies in their efforts to enforce immigration laws. This data bank is capable of providing analytical overviews of a smuggler's activities, both inside and outside of Canada. Information on Project Vender originates primarily from Canadian Immigration Control Officers overseas. This information is a culmination of intelligence and first hand knowledge from refugee claimants and other individuals who were intercepted overseas while attempting to smuggle persons into Canada. Information is presently being extracted from the Vender data bank for placement on the Interpol network in order to share this information with foreign counterparts.

Source Personal interview, RCMP I&P Branch; Documents, including case studies, supplied by RCMP I&P Branch; RCMP "Project Vender" pamphlet. Miscellaneous RCMP documents. CSIS (1999) *Exploitation of Canada's Immigration System: An Overview of Security Intelligence Concerns*. CSIS Study #99-0/05. July 15; "Chinese get chilly welcome: Message to smugglers: Don't come to Canada." *The Ottawa Citizen*, August 13, 1999.

United States

Agency **United States Department of State, United States Coast Guard**
Title **Marine Interdiction Program**
Innovations Cost-effective interception of suspected smuggling ships in international waters to avoid processing on American soil
Description The United States Coast Guard is the nation's lead maritime law enforcement agency and has broad, multi-faceted jurisdictional authority. Coast Guard personnel are authorized to enforce federal law on waters subject to U.S. jurisdiction and in international waters, as well as on all vessels subject to U.S. jurisdiction (including U.S., foreign and stateless vessels).

While Coast Guard law enforcement responsibilities encompass all federal laws and regulations applicable in the maritime realm, their duties are directed primarily at protecting fisheries and other marine resources, combating illicit drug trafficking, interdicting illegal migrants at sea, ensuring compliance with recreational and other vessel safety laws, enforcing of environmental protection statutes and responding to vessel incidents involving violent acts or other criminal activity.

The United States Coast Guard has the lead responsibility for at-sea enforcement of U.S. immigration law and related international agreements. In 1992, President Bush issued Executive Order 12807, which mandated the Coast Guard to detect and deny entry of undocumented aliens into the U.S. by sea and to interdict the vessels carrying them. In 1993, President Clinton issued Presidential Directive 9, directing the Coast Guard and other federal law enforcement agencies to cooperate in the suppression of alien smuggling. This includes interdicting illegal migrants at sea and responding to new illegal migration threats.

In their interdiction of ocean-going migrant smuggling, the Coast Guard strives to intercept ships in international waters before they reach U.S. shores. While in international waters, Coast Guard agents, as well as other Federal enforcement agents, boards ships suspected of smuggling migrants and determines the eligibility of migrants for refugee status on board. The disposition of migrants and suspected migrant smugglers is determined in cooperation with other federal agencies, including the Department of State, Department of Justice, Immigration and Naturalization Service, and the Department of Defense. Once the disposition process is complete, the U.S. Coast Guard tows the ship to a U.S. protectorate where the migrants are either sent back to the source country or taken to American soil for refugee processing.

Throughout the initial process, migrants do not land on U.S. soil and hence avoid lengthy and costly refugee processing. This policy represents a cost-effective approach to migrant smuggling, especially when compared to the current policy of the Federal Government to tow ships to shore in order to process migrants in Canada.

Repatriating interdicted illegal migrants to the country from which they originally departed is facilitated in part by agreements between the United States and source countries. For example, there is a U.S.–Cuban Repatriation Accord (of May 2, 1995) that allows the Coast Guard to repatriate most interdicted Cubans directly to Cuba.

Source

Personal communications, U.S. Department of State, Marine Interdiction Program; United States Coast Guard web site. www.uscg.mil/hq/g-o/g-opl/mle/AMIO.html; *Statement of Captain Anthony S. Tangeman on Coast Guard Migrant Interdiction Operations before the Subcommittee on Immigration and Claims Committee of the Judiciary, U.S. House of Representatives*, May 18, 1999. www.uscg.mil/hq/g-o/g-opl/mle/testimony1.html

Australia

Agencies	Department of Immigration and Multicultural Affairs and other federal agencies
Title	Expanded migrant smuggling enforcement program
Innovations	Multi-agency, strategic enforcement program, including combination of traditional (interdiction) and non-traditional (preventative) elements
Description	<p>In 1999, Australia launched a comprehensive initiative to strengthen the country's capacity to detect and deter unauthorized arrivals and migrant smuggling operations specifically. This strategy includes both traditional reactive and non-traditional preventive approaches, including:</p> <ul style="list-style-type: none">• improving Customs and Navy capabilities to deter, pursue, intercept and search boats carrying unauthorized arrivals, including commissioning additional aircraft for increased surveillance;• prosecuting smugglers under an increased penalties regime and seizing and selling or destroying their boats;• deploying additional Australian Immigration Department resources overseas to work with airlines and transit countries to detect and deter unauthorized travelers heading to Australia;• conducting an international information strategy directed at both the smugglers and those they seek to exploit; and• addressing factors that encourage migrants and smuggling organizers who select Australia as a destination.

Australia has placed an emphasis on the transnational aspects of the migrant smuggling market and the need to work in collaboration with regional neighbours and source countries. Twelve Liaison Positions, staffed by Department of Immigration and Multicultural Affairs officers, were created and located in cities such as Kuala Lumpur, Bangkok, Singapore, Denpasar, Kupang, Dubai. Additional compliance officers have posted to Guangzhou, Shanghai, New Delhi, Ankara, Nairobi, Colombo, and Pretoria to increase the ability of official to detect illegal travel from source countries.

Priority is currently being given to the negotiation of bilateral agreement with source and transit countries. In the past, these countries have been reluctant to coordinate enforcement activity since it means dedicating resources toward another country's problems. To counter this thinking, Australia has pledged to provide technical assistance to source and transit countries, in the form of training, equipment, and funding. For example, the Australian Government is currently negotiating a formal agreement with Indonesia to provide funding to this country

to help them meet the detention and air fare costs of illegal migrants who are caught before they try to enter Australia. According to news reports, the Australian Immigration Minister described the impending agreement as a “good deal for Australia because it is cheaper for the government to supplement Indonesia than keep illegal immigrants in our detention centres” (*The Australian*, March 6, 2000).

Legislation introduced in 1999 entitled the *Border Protection Legislation Amendment Bill* provides Immigration and Customs officers the power to enforce Australia’s border strategy in international waters, including the power to board, search, and detain vessels in international waters that they suspect are involved in people smuggling. Under this new legislation, Customs officials will be entitled to carry and use firearms.

One other initiative recently introduced by Australia is to limit the protection it provides to successful asylum seekers. The purpose of this initiative is to make Australia a less attractive destination for those seeking asylum. Persons who arrive illegally by boat and then are successful in their refugee applications are now initially granted only three years stay. At the end of the three-year period, their circumstances are reassessed to determine if they continue to need the protection of Australia. Within the initial three year period, refugees are not able to sponsor family to Australia and if they leave Australia in this period they are not entitled to return (because by virtue of leaving they have demonstrated that they no longer need Australia's protection). Before this policy, successful refugee applicants were granted immediate permanent residence and could begin sponsoring family.

Sources Personal Communications, Australian High Commission; Australia, Department of Immigration and Multicultural Affairs. (1999) *Protecting the Border: Immigration Compliance, Commonwealth of Australia*; “Jakarta close to deal on boat people.” *The Australian*. March 6, 2000.

The Netherlands

Agencies Netherlands Ministry of Justice
Title National Prosecutor for Migrant Smuggling
Innovations Appointment of national prosecutor dedicated to coordinating migrant smuggling prosecutions
Description In the Netherlands, a National Prosecutor, appointed by the Minister of Justice has been dedicated to obtaining information on migrant smugglers operating in The Netherlands and recommending prosecution in the Courts to the one of five regional prosecution offices. Once a case is documented, the National Prosecutor

presents it to the relevant regional prosecutor's offices for further investigation and the laying of charges, if appropriate.

While the National Prosecutor has no legal power to compel regional colleagues to proceed with the investigation of migrant smuggling cases or to ensure that these cases even receive high priority (and hence resources) for further investigation, the National Prosecutor has had success in obtaining the agreement of colleagues to pursue those cases referred to them, in the face of competing priorities and lack of resources. This is most likely because of the strong interest that the Minister has in this file, naming it one of his key priorities. The resulting high profile for the issue has given the National Prosecutor considerable leverage in convincing colleagues to pursue the cases she recommends to them for follow-up in spite of competing priorities on their side.

As well, the National Prosecutor chairs an inter-departmental working group on alien smuggling, that now includes a very wide membership of control-oriented government departments and ministries; this group meets regularly and its membership has grown significantly since its inception, ensuring greater co-ordination of effort and resources amongst the various agencies participating.

From its initial small staff complement, the office now comprises a series of five teams spread throughout the Netherlands, a specialized analytical unit, and a headquarters policy group. In their first years, the National Prosecutor's office focused attention on revisions to the existing laws regarding alien smuggling and were responsible for the changes to the Dutch Criminal Code that increased penalties imposed on persons convicted for migrant smuggling.

Source Adamoli, Sabrina et. al (1998) *Organized Crime Around the World*. Helsinki: European Institute for Crime Prevention and Control Affiliated with the United Nations (HEUNI); Personal communications, Immigration Control Office Citizenship and Immigration Canada.

United Nations

Agency **United Nations Office for Drug Control and Crime Prevention**
Title **Global Programme Against Trafficking in Human Beings**
Innovations Integrated package of strategic, policy-oriented research, knowledge-sharing, and cooperation that can be used to support migrant smuggling enforcement globally
Description In order to better enable governments and the international community to respond to the growing problem of migrant smuggling, the United Nations Office for Drug Control and Crime Prevention (ODCCP) has proposed a global program that

attempts to bring to the foreground the involvement of organized crime groups in smuggling and human trafficking and promote the development of effective criminal justice responses.

The program consists of an integrated package of policy-oriented research and targeted technical cooperation to be carried out by the ODCCP and the United Nations Interregional Crime and Justice Research Institute (UNICRI). At various stages of the program, cooperation will be sought from other United Nations entities, member states, inter-governmental organizations the academic community, non-governmental organizations, and other organizations involved in addressing human trafficking and related phenomena.

The program involves assessing regional and interregional trends, taking stock of best practices world wide, carrying out demonstration projects in selected countries or regions and evaluating projects based on standardized criteria. The end products of the program will be an overview of some of the most serious manifestations of migrant smuggling, a database of best practices, (accessible through the Internet), and a global strategy, which will be presented at a high-level conference.

In the first phase, data will be collected that examines different routes for smuggling human beings and the structures and modalities used for transportation. The studies will be carried out through reviews of literature, interviews with key officials of criminal justice, immigration, and social agencies and an in-depth analysis of the files of completed criminal cases in selected countries in different regions. The analysis of data will be used to identify the extent and nature of migrant smuggling and the role played by criminal organizations in different regions. In addition, a global inventory of best practices in addressing organized crime involvement in smuggling and trafficking will be compiled. An Internet web site will be set up to invite input from non-governmental organizations. In the second phase, a series of demonstration projects will be launched in selected countries. Particular attention will be given to countries with economies in transition and developing countries. The demonstration projects will seek to implement the best practices that appear to be most suitable for the problems at hand. They will include a wide range of different approaches. The demonstration projects will endeavour to assist governments in:

- (a) counteracting groups involved in smuggling and trafficking,
- (b) strengthening crime prevention strategies, and
- (c) improving victim and witness protection and assistance.

Technical cooperation will include the training of professional groups, such as law enforcement, customs, the judiciary, and social service agencies. Another component will be the promotion of national or local coalitions of relevant agencies in countries where such coordination mechanisms do not exist. Some of the demonstration projects will establish organizational structures for collaboration between law enforcement officers, immigration officers, and the judiciary of different countries. Where possible, the projects will build upon existing initiatives in the country supported by national and/or other international entities and non-governmental organizations.

During the third phase, the processes, impacts, and possible side effects of the demonstration projects will be evaluated. The evaluation results will be entered in the database on best practices and provide guidance for the global strategy.

In the last phase, a global strategy against smuggling and trafficking in human beings will be formulated in close consultation with relevant national and international organizations. It will be presented for adoption by the international community at a global forum that will be organized in 2002. After its adoption, it will be disseminated through the Internet. The results of the evaluation of the demonstration projects will also be available through the Internet.

The projected duration of the programme is 36 months. After the first 10 months, the global reports and the inventory of best practices will be completed. The design, implementation, and evaluation of the demonstration projects in selected countries will require a minimum period of 20 months. Four months are reserved for the formulation of the global strategy. The programme will have an estimated budget of (US) \$6.5 million.

Source

United Nations Office for Drug Control and Crime Prevention (1999) *Global Programme Against Trafficking in Human Beings. An Outline for Action*. Vienna: UN ODCCP. February.
[/www.unicri.it/html/traffickinginhumanbeings.html](http://www.unicri.it/html/traffickinginhumanbeings.html).

3.3.2 Environmental Crimes

Crimes that endanger wildlife and damage the environment are becoming increasingly transnational and organized in nature. At a recent conference of G-8 nations, delegates spoke of an “eco Mafia” which is making handsome profits from illegal dumping of industrial waste and trading in endangered species, both of which involve illegal international smuggling by organized crime groups.⁹ The illegal trade in

⁹ "G-8 nations agree to combat illegal waste dumping." *Japan Economic Newswire*. February 5, 2000.

endangered wildlife is estimated to generate annual profits of (US)\$6 billion.¹⁰ Established criminal groups, including the Italian Mafia and Chinese Triads, are said to be behind much of the highly organized environmental crimes.

The following cases illustrate efforts that have been undertaken at a national and international level to reduce infractions to environmental protection statutes and regulations, and more specifically transnational environment crimes that have been carried out by organized groups.

Canada

Agency	Environment Canada
Title	Compliance and Enforcement
Innovations	Use of peace officer powers, including inspections, investigations, and intelligence gathering, to combat environmental crimes.
Description	Environment Canada (EC) enforcement targets environmental offences related to both wildlife and pollution. Wildlife officers have been peace officers since 1935, which include powers of arrest. Pollution officers are expected to receive similar powers. This case focuses specifically on wildlife enforcement by Environment Canada.

There are 43 Wildlife enforcement officers situated in five regions across Canada: Atlantic, Quebec, Ontario, Prairie and Northern, and Pacific and Yukon. The Wildlife Division works with other agencies that assist environmental enforcement efforts, including Canada Customs and Revenue Agency, Agriculture Canada, RCMP, Parks Canada, and provincial conservation and/or natural resource departments.

Compliance and enforcement activities are an integral part of wildlife and habitat conservation and protection programs by ensuring that wild life legislation and regulations for which EC is responsible are implemented.

In particular, the goal of Environment Canada's Wildlife Compliance and Enforcement Policy is to apply the provisions of the *Migratory Birds Convention Act* (1994), the *Canada Wildlife Act*; and the *Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act*. To this end, EC carries out compliance and enforcement activities and coordinates activities with other enforcement partners. The principal enforcement functions of EC include inspections, investigations, and intelligence gathering.

¹⁰ "U.K. moves to tackle international environmental crimes." *M2 Communications*. November 9, 1999.

Inspections - The role of Inspections is to verify compliance with wildlife acts and regulations.

Shipments entering Canada are inspected at airports, marine ports, border points, and postal services by Customs Officers. Inspectors identify imported specimens, check for valid permits, and detain illegal shipments. During an inspection, officers may inspect wildlife, their parts, or products. They may also open and examine receptacles, containers or packages, take samples, and examine and copy records. The priority of inspections for goods entering Canada is to ensure compliance with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

Investigations - Officers will conduct investigations when they have reasonable grounds to believe that an offence has been, is being, or is about to be committed under the legislation. Investigations will involve gathering evidence and information relevant to a suspected violation. Searches require warrants in all but the most urgent circumstances (that is, when the delay for obtaining a warrant could risk the introduction of species potentially harmful to Canadian ecosystems or cause loss or destruction of evidence). During a search, officers may seize and detain any item that they reasonably believe may have been used to commit an offence under the legislation, is related to the commission of, or will provide evidence of an offence.

Intelligence - Environment Canada's wildlife intelligence officers collect information on a global scale to fight the ever increasing international illegal trade in endangered species and wildlife crime. The intelligence component of Environment Canada, Wildlife Division, is a support service to investigators and inspectors responsible for collecting, evaluating, collating, analyzing and disseminating intelligence on current, suspected, and potential wildlife violations. These include commercial fraud, smuggling, and a multitude of other violations of concern to Environment Canada. The intelligence Unit of Environment Canada is currently developing a national database for all provinces to share.

In addition to investigation and enforcement, Environment Canada carries out activities in such fields as public education and awareness, compliance monitoring, and prevention of illegal activities.

Sources

Environment Canada web site: www.ec.gc.ca/enforce/wildpol; Personal communications, Environment Canada; Zanin, Brenda (2000) "The nature of the business: Looking for new ways to prevention environmental crimes." *Pony Express*, January: 26: 29.

Agencies	Federal, Provincial and Territorial Environmental Law Enforcement Agencies
Title	Canadian Environmental Enforcement Association
Innovations	Multi-agency cooperation in environmental protection enforcement through a national association of federal, provincial and territorial agencies
Description	The Canadian Environmental Enforcement Association (CEEA) originated as an informal group of federal, provincial and territorial environmental law enforcement professionals. In that context, meetings were held annually throughout the 1990s to exchange information on topics of mutual interest. At its tenth meeting, in June 1999, the membership approved the CEEA's name and by-laws.

Full membership is open to all federal, provincial, and territorial environmental law enforcement agencies. Each member agency appoints its representative to the CEEA.

The CEEA's purpose and goals are:

- 1) To assist member agencies in enforcement activities through information sharing.
- 2) To promote compliance with environmental protection statutes and regulations by:
 - establishing effective lines of communication among all member agencies;
 - promoting and facilitating training in detection, investigation and prosecution of violations of environmental protection statutes and regulations; and
 - promoting and administering a program to collect, store and disseminate diverse environmental enforcement information through a computerized system available to member agencies.
- 3) To support the development of sound and enforceable environmental protection legislation and promote sound principles of environmental law enforcement across all jurisdictions of Canada.

Currently, the CEEC has not undertaken any initiatives other than establishing the network of enforcement partners. Environment Canada is working closely with the CEEA to develop an information and intelligence sharing infrastructure to handle environmental crimes including, but not limited to specific organized environmental crimes.

The Association is administered by an Executive Committee which consists of:

- a Chair, who represents the member agency hosting the upcoming annual

- general meeting (AGM)
- one representative of the Federal Government
- three representatives who are chosen at the AGM among the representatives of other Provincial or Territorial agencies.

Source Environment Canada, personal communications

Agency **Transport Canada**

Title *Transportation of Dangerous Goods Act, 1992*

Innovations The use of sanctions under existing dangerous goods legislation to prosecute individuals and organizations involved in the illegal transport and dumping of hazardous waste.

Description Products defined as dangerous goods are often shipped from one point to another within Canada. Because of the potential for endangering human life and damaging the environment through mishaps in the course of transportation, the federal, provincial and territorial governments have developed statutes and regulations that apply to all stages of dangerous goods movement and inspection and enforcement programs to achieve compliance with the legislation.

While the jurisdictional coverage of these pieces of legislation varies, the intent is consistent and, to that end, each piece of legislation adopts the *Transportation of Dangerous Goods Regulations* made under the federal statute.

The transportation of dangerous goods in Canada, other than in accordance with the regulations is illegal. The statute makes all those involved with the transport of those dangerous goods in the entire commercial chain liable in the event that there is an accident involving the dangerous goods, including the transporter, the owner of the dangerous goods, the owner of the container in which the goods are transported and the registered agent of the company that imported the goods.

Prosecutions are undertaken for violations of specific sections of the *Act*. The penalty provisions provide for fines up to \$50,000 for first offences and \$100,000 for subsequent offences in summary conviction proceedings, and up to two years imprisonment for indictable offences. The Act also contains some special provisions with respect to orders that may be made by the convicting court. The orders may be made in addition to any other penalty imposed and they cover such matters as prohibiting a person from engaging in an activity regulated by the Act, requiring a person to compensate others, repair damage to the environment or, contribute to research in respect of the transportation of dangerous goods.

Sources Transport Canada web site: www.tc.gc.ca

North America

Agencies Environment Canada, U.S. Fish and Wildlife Service and Profepa (Mexico)
Title North American Wildlife Enforcement Group

Innovations Multi-country wildlife enforcement coordination body

Description The North American Wildlife Enforcement Group (NAWEG) was created in 1994, when representatives of Canadian, American, and Mexican federal wildlife regulatory and enforcement agencies agreed to formalize their exchange of intelligence information and training related to wildlife enforcement.

NAWEG coordinates wildlife enforcement activities to address illegal environmental activities. It focuses on building regional capacity and expertise, enforcement training, exchange of information and coordination of activities throughout North America, and fostering a regional approach to common enforcement obligations and priorities.

Though the development of these administrative and operational structures, NAWEG strives to enhance regional capabilities to enforce national laws and implement international wildlife obligations, particularly CITES.

According to Environment Canada officials, some training and coordination initiatives have targeted organized wildlife smuggling rings. One coordinated operation targeted an organized group of parrot smugglers operating between Mexico and Canada, using the U.S. as a transit route.

NAWEG has fostered partnerships with members of the Commission for Environmental Cooperation (CEC), other government agencies, universities, scientific and non-government organizations and the private sector. These partnerships vary from sharing expertise to financial and administrative support.

NAWEG also acts as a North American representative to Interpol on wildlife issues and is recognized as the enforcement contact by the Trilateral Committee for Wildlife and Ecosystems Management and Conservation. In Canada NAWEG is the link between the foreign agencies and the Federal and Provincial Chiefs responsible for natural resources law enforcement.

Source Environment Canada, personal communications

Global

Agency United Nations Interregional Crime and Justice Research Institute

Title	Criminal organizations and crimes against the environment research project
Innovations	An exploratory study into the nature and extent of the involvement of criminal organizations in crimes against the environment
Description	The United Nations Interregional Crime and Justice Research Institute (UNICRI) is currently undertaking an ambitious research project to explore the scope and nature of organized crime's involvement in environmental crimes.

The project aims to explore the scope and nature of the illegal transport, storage, dumping, and transborder trafficking in domestic waste, toxic waste, nuclear materials and ozone depleting substances, as well as the illegal traffic in endangered animals, plants and their products. These areas will be studied with a specific focus on the involvement of criminal organizations. The project will identify the modalities of infiltration of organized crime into legitimate trade, as well as the techniques and routes used for illegal trafficking. The existing data will be critically reviewed in order to form a reliable platform for new initiatives and for the revision of existing laws or enforcement strategies to specifically counteract the involvement of criminal organizations in crimes against the environment. The envisaged duration of the project is two years.

The objectives of the project are to:

- foster greater interest in, and understanding of, the involvement of organized crime in crimes against the environment;
- make suggestions for national enforcement models and international co-operation; and
- explore models for cooperation among national, international and non-governmental entities to control and reduce crimes against the environment committed by criminal organizations.

The areas that the project hopes to cover include the following:

- details on acts of environmental crime (dumping, storage, reprocessing, illicit trafficking);
- level of damage to the environment and type of waste released;
- characteristics of the offenders (structure and countries of origin);
- countries affected by crime (import, transit and export);
- modus operandi of criminal groups (falsification, infiltration, corruption, etc.);
- causes generating the opportunity to commit the crime;
- sources of information and critical assessment of their reliability;
- investigation methods and techniques used (at the national and international levels);

- relevant legislation (international, regional and domestic laws/conventions);
- strengths and weaknesses of existing domestic laws and regulations, including proposals for reform;
- prosecution outcome and sanctions imposed, including an assessment of deterrent effects; and
- assessment of the seriousness and effectiveness of sanctions as held by public opinion.

An “Expert Think-Tank” will be convened to discuss the project methodology and select the case studies to be prepared. Once these have been submitted and analyzed, a Research Colloquium will be held to identify the future research agenda, legislative and enforcement strategies, and potential technical assistance projects.

Case study questionnaires will be accompanied by a commentary describing the estimated overall occurrence of crimes against the environment and the extent of involvement of organized crime in the country under observation.

The purpose of the Expert Think-Tank is to discuss the project methodology and to share information, including on completed and ongoing research in this area. The attendees will be researchers, enforcement officers, and representatives from relevant United Nations entities, intergovernmental organizations and NGOs. The Expert Think-Tank will focus on criminal organizations and their involvement crimes against the environment, primarily through the discussion of case studies.

A five-day Research Colloquium will discuss the completed case studies, make recommendations for development strategy, technical cooperation, and work in the areas of legislation and enforcement, and provide suggestions for future research.

A final report containing an overview of the case studies and an analysis of typical modalities in the commission of crimes and the best practices in tackling each crime phenomenon, will be prepared and published. The report will assist in elaborating guidelines to improve international co-operation including technical assistance. The project will identify possible follow-up activities that may be undertaken in co-operation with the Centre for International Crime Prevention in Vienna, as well as other relevant agencies.

Source UNCIRI web site www.unicri.it/html/bodycocae.html

3.3.3 Internet-Based Transnational Crime

The Internet is quickly becoming a significant tool to conduct commerce and financial transactions. The Internet is also increasingly used as a venue to further (organized) criminal activities. Police cases indicate that fraud, stock market manipulation, identity theft, copyright infringement, economic espionage, fraudulent prime bank note schemes, corrupt exchanges for currency trading, and money laundering, to name just a few, have all been facilitated by the advent of the Internet.

As fraud becomes more organized, sophisticated, and transnational, criminal organizations have increasingly taken advantage of the Internet. For example, the Internet has been used by:

- New York based traditional organized crime groups to manipulate stock prices through “pump and dump” schemes;
- Nigerian crime groups to further their advance fee fraud schemes; and
- Sicilian crime groups to launder profits from drug trafficking through on-line banking services.

The use of the Internet to facilitate fraud has become a particular area of concern for a number of regulatory and enforcement agencies throughout the world. The Internet is revolutionizing opportunities for serial fraud criminals because it provides them with the ability to reach tens of millions of potential victims, while shielding their identity and location. Moreover, the global reach of the Internet provides a conduit to perpetrate or facilitate truly transnational fraud activities. Indeed, the Internet is simply one prevalent example of how telecommunications technology has helped the illegal movement of money, information and even goods, across national boundaries.

The rapidly escalating nature of the problem has prompted some countries and agencies to deal dedicate resources and develop appropriate measures. This section provides some examples of efforts to combat (organized) crime facilitated through the Internet.

Canada

Agency	Industry Canada with other Federal Departments and Agencies
Title	Combating illegal and offensive material on the Internet
Innovations	Inter-departmental, multi-sectoral, multi-pronged approach that distinguishes between illegal and offensive content on the Internet.
Description	As with most other countries, the Canadian Government has attempted to address the problem of illegal and offensive material on the Internet. In order to develop policy and program options in relation to this serious and complex problem, Industry Canada formed an interdepartmental committee which includes the Ministries of Justice, Canadian Heritage, Solicitor General, as well as the Canada Customs and Revenue Agency, the RCMP and the Criminal Intelligence Service of Canada.

While recognizing the serious nature of illegal content on the Internet, the interdepartmental committee acknowledged that efforts to control this problem is restricted by the inherent difficulties of trying to enforce Canadian law in cyberspace.

The Federal Government's approach is premised on the fact that the control of *illegal* content is fundamentally an issue of law enforcement while the control and management of *offensive* content (which may not necessarily be illegal in Canada) is fundamentally an issue of user empowerment, consumer choice, and responsible industry practices.

The Federal Government recognized that the distinct characteristics of any legal issues involved in offensive content and illegal content respectively dictated the need for two different approaches. As such, the committee developed an interdepartmental, multi-sectoral approach that can be demarcated into two categories:

- a law enforcement stream to address illegal Internet content, and
- an education/user empowerment stream to address offensive, but otherwise legal, content.

Industry Canada prepared a discussion paper that explored existing and possible approaches to address illegal and offensive Internet content. This paper was vetted by the members of the interdepartmental committee.

Based upon this discussion paper, the committee agreed to move forward on a set of practical initiatives that could be acted upon quickly and that would not require new legislation.

A work plan is currently being developed to pull together existing public and private sector initiatives, identify gaps in existing efforts, and to propose new measures to address the identified problems.

The interdepartmental committee established four streams of work that are structured along the lines of the primary policy responses that will be undertaken to address illegal and offensive content on the Internet, including:

- Self-regulation
- Education and User Empowerment
- Internet Content Hotlines, and
- Law Enforcement.

Source Personal Communication, Industry Canada

United States

Agency **United States Securities and Exchange Commission**

Title **Internet fraud enforcement**

Innovations Resources dedicated to proactive surveillance and enforcement of Internet based securities fraud

Description The U.S. Securities and Exchange Commission (SEC) is a quasi-judicial regulatory agency with responsibility for administering federal securities laws.

The SEC has increasingly dedicated resources to addressing Internet-based securities fraud. The newly-created Office of Internet Enforcement (OIE) administers the Enforcement Division's Internet program.

The OIE is located within the SEC Division of Enforcement, which conducts investigations into possible violations of the federal securities laws, and prosecutes the Commission's civil suits in the federal courts as well as its administrative proceedings. The Enforcement Division has a staff of over 800 and is made up primarily of lawyers and analysts.

To combat online fraud, the OIE:

- conducts on-line "surveillance;"
- formulates investigative procedures;
- provides strategic and legal guidance to enforcement staff nationwide;
- conducts Internet investigations and prosecutions;
- performs training for Commission staff and outside agencies;
- manages the on-line complaint center;
- serves as a resource on Internet matters for the entire Commission; and
- serves as a liaison on Internet matters with other regulatory and enforcement agencies.

One of the most significant initiatives undertaken by the OIE is to coordinate the activities of the "CyberForce" – a group of over 200 Commission attorneys, accountants and investigators nationwide – whose purpose is to surf the web looking for fraud. As part of these enforcement efforts, the SEC is developing an automated surveillance system to scour the Internet for people who violate securities law. The mechanism would monitor public web sites, message boards, and chat groups. Anything deemed suspicious - like the phrase "get rich quick" - would be copied into a database, analyzed and then indexed for use by SEC investigators in bringing civil

proceedings against people suspected of wrongdoing. The SEC also wants to identify e-mail addresses and other identifying information that would help unmask message writers and Web-site owners who try to remain anonymous. As part of a similar global initiative coordinated by the International Organization of Securities Commissions (IOSCO), between March 28 and May 16, 2000, 78 Web sites were identified by the SEC for further scrutiny.

However, before it has even been implemented, the multimillion-dollar automated system project has been criticized on privacy grounds. After reviewing the documents and holding discussions with SEC officials, one consultant, advised the agency that it would not participate because the endeavor might impinge on constitutional protections against unlawful search and seizure. Its chief concern was that innocent people would end up in the database (*Wall Street Journal*, March 28, 2000).

Sources Securities and Exchange Commission (1999). *1998 Annual Report*. Washington: SEC; SEC Division of Enforcement web site, www.sec.gov/enforce.html; "Reputed Capo Sentenced To 57 Months In Mob-On-Wall-St Case." *Dow Jones News Service*. July 7, 1999; "Murders Highlight Violence In World Of Stock Fraud." *New York Times*. November 2, 1999; "SEC Hiring Cybercops To Police Internet." *Newsbytes*, February 18, 2000; "SEC's plan to snoop for crime on web sparks a debate over privacy." *Wall Street Journal*, March 28, 2000; "SEC Turns Up 78 Web Sites In International Anti-Fraud Effort." *Dow Jones News Service*. May 16, 2000.

Agency	United States Federal Trade Commission
Title	Internet fraud detection and enforcement
Innovations	Coordinated action with other domestic and foreign agencies to combat Internet fraud
Description	The Federal Trade Commission (FTC) has undertaken a number of initiatives to address Internet-based fraud. It recently announced the creation of a three tiered federal-state, public-private initiative to crack down on fraudulent Internet auction sites. The commission's task force members include representatives from the FTC's Bureau of Consumer Protection; U.S. Department of Justice, U.S. Postal Inspection Service, and the National Consumers League.

In addition, the FTC recently sponsored the week-long "GetRichQuick.con" project that involved approximately 2,000 law enforcement agencies, including 34 state attorneys general, seven federal agencies and 49 state consumer protection agencies. More than 150 organizations from 28 countries also participated in the

effort in the past month. As the project name suggests, the operation targeting fraudulent get-rich-quick schemes on the Internet.

As part of this project, the FTC developed a data base and then, via e-mail, recruited partners on a national and international basis to search the Internet for suspicious web sites. They sent these partners a step-by-step manual for conducting the surf and collecting evidence, which was also posted on a password-protected web site. From February 28 to March 10, 2000, the participating organizations surfed the Internet looking for sites promoting what appeared to be get-rich-quick schemes, focusing on those that made specific earnings claims. The suspicious sites were then inputted into the database administered by the FTC. Warning e-mails were sent to the targeted sites, with hyperlinks to the partners' consumer and business education materials at www.consumer.gov (a U.S. government web site developed and hosted by the FTC that contains information for consumers from 140 Federal government web sites). According to Jodie Bernstein, Director of the FTC's Bureau of Consumer Protection. "Fraud fighters from the U.K. to Uruguay, from Korea to Kansas, have collected and forwarded info to the FTC on more than 1,600 suspect sites" (*Federal Trade Commission Press Release*, March 23, 2000).

No one was arrested during the project. However, the FTC and its partners in this initiative continue to monitor the sites to see if they have changed their claims in response to the e-mail messages. Agencies will also undertake a coordinated law enforcement effort to shut down sites that refuse to comply with state and federal law.

Canadian organizations participating in this operation included the Better Business Bureau of Mainland British Columbia (B.C.), the Consumer and Commercial Relations, Government of Ontario and the Fair Business Practices Branch, Competition Bureau, Industry Canada, and the B.C. Ministry of Attorney General Criminal Justice Branch (Consumer Services).

Sources "Fed Agencies Target Internet Fraud." *Associated Press Online*, March 23, 2000; "FTC To Launch Net Auction Fraud Task Force." *Newsbytes News Network*. February 11, 2000. "150 Organizations in 28 Countries Tackle Internet Fraud." *Federal Trade Commission Press Release*. March 23, 2000.

Agency **The Australian Bureau of Criminal Intelligence**
Title **National Fraud Desk**
Innovations Development of a secure, Internet web site for national police use
Description The Australian Bureau of Criminal Intelligence, in league with Australia's eight

police commissioners, has developed a web site - known as the National Fraud Desk.

Tactically, the purpose of the project is to connect fraud investigators around Australia. From a strategic perspective, it will identify and provide instant access to emerging trends, new fraud techniques, and will provide investigators with up-to-date information on the latest crime-fighting techniques. Key areas targeted on the web site include plastic card fraud, money laundering, tax evasion, e-commerce and banking.

Through this web site, Australian police forces would have access to the latest information about fraud alerts, new fraud legislation, intelligence circulars and to experts in the field, in Australia and overseas. The fraud desk would operate in unison with other ABCI web site services, including a criminal intelligence database, violent crime links, and an Olympic security service.

A second stage, due to begin later in the year, involves the development of a database that will integrate fraud intelligence from all jurisdictions into a central national information-gathering database. This would allow Australia-wide searches for fraud offenders, addresses or other information, vital to state or federal investigations. The database would enable investigators to integrate crime intelligence from all jurisdictions into a single, central base for collection, collation, analysis, and dissemination. Information from the site will be available to private-sector agencies with a fraud investigation role.

4 DISCUSSION AND ANALYSIS

This section provides an analysis of the research findings and is demarcated by the three broad categories of alternative approaches examined: assisting law enforcement, enhancing law enforcement, and addressing emergent transnational crime trends. Within each of these categories, a discussion and analysis of specific alternative approaches is presented, including best practices and the strengths and weaknesses of the approaches in general and individual case studies, specifically. Innovative approaches are then juxtaposed against current practices in Canada in order to identify strengths and weaknesses in Canadian approaches as well as the applicability of alternative practices to this country.

4.1 Assisting Law Enforcement through Non-Traditional Agencies & Approaches

4.1.1 Regulation of Vulnerable Industries: Financial Services Sector

It is the regulatory system of government that largely carries the burden for monitoring legitimate industries and transactions that are vulnerable to criminal activity. As such, regulatory agencies have a

potentially significant role to play in combating TOC activity in specific sectors of the economy. In some countries, such as the United States, regulatory agencies have emerged as significant actors in addressing certain organized crime activities as a complement to or substitution for traditional law enforcement approaches.

Within the U.S., there have been notable efforts to adapt the power and resources of federal and state regulatory agencies to address organized crime activities within their respective sectors. This is especially apparent with respect to money laundering, where regulators of financial service providers have played both a preventative and reactive role. The preventative role generally involves ensuring that regulated institutions comply with transaction reporting regulations and have in place internal control programs to detect money laundering. Regulatory agencies, such as the Federal Reserve Board and the New York Banking Department have used their mandate and powers to ensure prevention and compliance programs are in place within financial institutions. At the reactive level, these agencies have entered into formal and informal partnerships with law enforcement agencies and have used their considerable powers, including far-reaching administrative sanctions, to combat money laundering. The threat or actual use of these administrative sanctions can also be seen as integral to ensuring compliance by those in the private sector.

In contrast, few Canadian regulatory agencies have addressed the impact of organized and transnational crime on the sectors they regulate. One early study examining the role of regulatory agencies in combating money laundering (Beare and Schneider, 1990) found that most provincial and federal government regulatory bodies have undertaken few, if any initiatives to address the problem of money laundering. Despite the enactment of the *Proceeds of Crime (Money Laundering) Act* in 1993, which mandated the retention of certain records by financial institutions for enforcement purposes, no federal or provincial regulatory agency was officially mandated to ensure compliance. Moreover, there has been no evidence of cases where financial institutions have been penalized for non-compliance with the Act (although non-compliance was most likely widespread, due in part to the lack of awareness of the legislation in the financial services sector). A current study undertaken by the authors of this report indicates that more than ten years later, little has changed: agencies responsible for regulating the financial services sector have done little to address money laundering such as ensuring compliance with existing legislation.

The one exception is the Federal Office of the Superintendent of Financial Institutions, which has developed guidelines for federally-incorporated banks on the development of internal money laundering control programs. While OSFI is not mandated to ensure compliance with *Proceeds of Crime (Money Laundering) Act*, it has periodically reviewed the policies and procedures of federally-regulated institutions to ensure that they follow money laundering prevention guidelines.

Given the lack of involvement of regulatory agencies in money laundering enforcement, the recommendations made in the 1990 report are still relevant today. The report encourages federal and provincial regulatory bodies to undertake a more active role in combating money laundering through: (1)

educating companies on money laundering and how to prevent it; (2) requiring that all regulated companies comply with transaction reporting legislation and have appropriate policies and internal control procedures in place; and (3) incorporating into compliance examinations and external audits a mechanism to ensure that the above components are in place. In a reactive sense, regulatory bodies can employ administrative sanctions, including revoking licences, as a complement to the enforcement of federal money laundering laws. They can also serve as an important specialist resource for law enforcement agencies.

Summary: Regulation of Financial Services Sector

Pros	Regulatory approaches complements (reactive) criminal enforcement through proactive measures and considerable statutory powers, including civil and administrative sanctions
Cons	Potential privacy concerns due to sensitive private information held by regulatory agencies.
Best Practices	United States: Federal Reserve Board; New York State Banking Department Canada: Office of the Superintendent of Financial Institutions
Canadian Assessment	Little action undertaken by regulators to address organized crime and money laundering. Despite efforts by OSFI, no measures to ensure money laundering and fraud preventative programs are in place within regulated institutions. There is a need to explore the potential for an increased role of federal and provincial regulatory agencies in assisting law enforcement in combating organized crime in vulnerable sectors (banking, securities, insurance, etc.).

4.1.2 Currency and Suspicious Transaction Reporting

Transaction reporting is currently being acclaimed globally as one of the essential tools to combat money laundering. Countries throughout the world are busy implementing transaction reporting systems, in part due to intense pressure from the United States and the Financial Action Task Force.

The U.S. *Bank Secrecy Act* has been dogged by a number of problems and critiques throughout its history. It has also suffered from unrealistic expectations and to date, the system has not achieved the level of success in detecting and preventing money laundering that was originally anticipated.

Taking lessons from the American experience, the Australian system has been adapted accordingly. It has utilized electronic-based reporting, it targets both money laundering and tax evasion, has centralized reporting in one agency, and has factored in measures to ensure compliance with the appropriate regulations. Australia also benefits from the fact that its economy is much smaller than that of the United States, which makes for a much more manageable reporting system.

In the development of its transaction reporting legislation, the Canadian government has learned from the lessons of the American, Australian and other models in so far as it has focused on suspicious transactions, has centralized reporting within one agency (FinTRAC), and has indicated it will develop an electronic reporting system. Given the fundamental importance placed on the role of the private sector in detecting and reporting suspicious transactions, one of the most significant weaknesses of the proposed Canadian legislation is the lack of mechanisms to ensure compliance. The American experience suggests that many regulated institutions will fail to comply with transaction reporting in the absence of mandatory compliance measures. The proposed legislation stipulates that FinTRAC will carry out random audits of entities covered by Bill C-22. However, random audits to be undertaken by one agency with limited resources may be insufficient to ensure widespread compliance. A more prudent approach may be to follow the American model and empower existing regulatory bodies to integrate compliance measures in their examinations and external audits. The Federal Government should also ensure that an intensive awareness-raising and education campaign is undertaken around Bill C-22 when it comes into force.

Summary: Transaction Reporting System

Pros	Regulatory tool to address money laundering; provides both proactive (deterrence, detection) and reactive (paper trail) measures; complements traditional enforcement approaches
Cons	Often difficult to ensure compliance; raises a number of privacy concerns; a mandatory system may simply increase the quantity of referrals and not the quality; little hard evidence that the system contributes significantly to organized crime enforcement; this system may increase corruption within the financial services sector as offenders will attempt to bribe employees to circumvent reporting requirements
Best Practices	Australia: AUSTRAC
Canadian Assessment	While the proposed Canadian approach has learned from American and Australian models, the limited measures to ensure compliance with legislation may result in widespread non-compliance. Significant focus should be placed on ensuring adherence to the provisions of Bill C-22, including delegating compliance responsibilities to relevant federal and provincial regulatory agencies. FinTrac should also dedicate considerable resources to raising awareness and educating affected businesses and the public on the new money laundering legislation.

4.1.3 Regulation of Vulnerable Industries: Marine Ports

The role of official marine ports of entry in transnational crime activities is undisputed. Within Canada, marine ports are a principal conduit for the in-bound smuggling of drugs, contraband, illegal weapons,

and undocumented migrants, among others. They are also used for the out-bound smuggling of contraband, in particular stolen cars. Police investigations and intelligence indicate that smuggling is increasingly organized and controlled by criminal groups, which also rely on corruption and infiltration at Canada's marine ports.

One of the more innovative approaches to addressing this problem is the Waterfront Commission of the New York Harbor. The organized crime and corruption problems at the New York and New Jersey harbours were considered so endemic that a new institution was created. This agency is unique due to the centralization of regulatory and enforcement powers within one agency, an emphasis on measures that are both proactive (screening, licencing, audits, compliance examinations) and reactive (investigations, civil and criminal injunctions and sanctions) as well as a multi-disciplinary approach (e.g., police investigators, legal counsel, labour specialists, forensic accountants, etc.).

The Waterfront Commission of the New York Harbor is one example of an innovative effort to address a significant criminal problem by integrating and centralizing regulatory, administrative, and criminal enforcement tools within one comprehensive, strategic, and multi-disciplinary agency.

Within Canada, the regulation and policing of marine ports is shared by a number of public and private sector organizations, including municipal police forces, the RCMP, Canada Customs and Revenue Agency (CCRA), Citizenship and Immigration Canada, Transport Canada and port corporations. With respect to enforcement of organized crime activities, the primary agencies are the RCMP, CCRA,, and to a lesser extent, municipal police forces. Given increased evidence of smuggling and internal conspiracies at Canada's maritime ports, the RCMP and CCRA have stepped up reactive enforcement, while pursuing more proactive measures, including increased intelligence gathering and partnerships with the private sector (port corporations, carriers, importers/exporters). However, these increased efforts are still largely *ad hoc*, reactive, and decentralized among a number of different agencies. The scope and nature of the organized crime at Canada's marine ports may require a more long term strategic and comprehensive response similar to that implemented at the New York Harbor. One of the key questions to be addressed by policy makers is whether the problem of smuggling, organized crime, and internal conspiracies at maritime ports can best be addressed through one agency with centralized regulatory and enforcement powers or the current decentralized approach that currently exists within Canada.

Summary: Regulation and Enforcement of Marine Ports

Pros	Addresses significant conduits and entry points in transnational criminal pipelines
Cons	Difficult to flush out smuggling, internal conspiracy and corruption problems due to its entrenchment at marine ports
Best Practices	United States: The Waterfront Commission of New York Harbor Internationally: WCO and various national customs agencies through the implementation of formal partnerships with private carriers and port authorities

Canadian Assessment

Canada: CCRA partnerships with carriers and Vancouver Port Authority
Despite increased proactive and reactive measures by the RCMP and the Canada Customs and Revenue Agency, there may be a need to explore the potential for a more strategic, centralized and comprehensive approach to organized crime and corruption at marine ports of entry, especially in Montreal, Halifax, and Vancouver. This may be accomplished through a formal multi-agency task force approach (including criminal justice and regulatory agencies) or through the creation of a new agency similar to that of the Waterfront Commission of the New York Harbor.

4.1.4 Taxation Policies and Programs

The powerful administrative and criminal sanctions at the disposal of tax authorities represent a potent complement to the arsenal of law enforcement in combating organized crime. These powers are especially significant given the current importance that has been placed on strategies that seek to deprive criminal groups and individuals of their assets. While taxation inquiries are not deliberately geared toward the forfeiture of proceeds of crime, they nonetheless can indirectly contribute to this goal. Moreover, the use of taxation assessments against organized crime figures may represent a more efficient and cost-effective approach relative to the forfeiture of assets through criminal proceedings.

In both the United States and Canada, there have been increased efforts to use taxation policies and programs to help combat organized crime. In the United States, the IRS has formed a specific unit dedicated to targeting organized crime figures for tax avoidance and participates in multi-agency strike forces. While CCRA investigators do not have peace officer status as do IRS agents, the Special Enforcement Program does focus on targeting under-reported and unreported illicit wealth of organized criminals. The participation of CCRA investigators on the IPOC units also represent a significant step forward in Canada’s attempt to comprehensively target the profits and assets of criminal groups and its members. There may also be a role for SEP investigators on other organized crime task forces, such as the Combined Forces Special Enforcement Unit.

Summary: Taxation Policies and Programs

Pros	Cost-effective approach to depriving criminal groups of illicit assets; complements criminal forfeiture of assets
Cons	The significant powers of taxation authorities may be abused, including potential abuse of confidential taxation information for law enforcement purposes
Best Practices	United States: Internal Revenue Service Canada: CCRA Special Enforcement Program
Canadian Assessment	CCRA has taken significant steps to target the unreported illicit profits of organized crime through the Special Enforcement Program and participation on IPOC units.

There may be utility in examining the role of CCRA investigators on other multi-agency task forces, such as the Combined Forces Special Enforcement Unit.

4.1.5 Civil Sanctions

The use of civil sanctions to combat organized crime represents an exceptionally powerful tool to fight organized crime. In the United States, the use of civil injunctions, treble damages, and civil asset forfeiture against criminal organizations and offenders under the RICO statute have proven highly successful in relation to a wide array of criminal groups.

However, many have argued that RICO has over-stepped its original purpose and has been abused by both justice officials and private citizens. As a result, federal and state officials have taken steps to curtail the far-reaching civil asset forfeiture powers of RICO, including shifting the burden of proof back to the prosecutor and ensuring due process is preserved for defendants.

South Africa has also recognized the power of civil sanctions against professional criminals and has prudently incorporated provisions to guard against infringements on due process. In addition, other countries have enacted legislation that has adopted the spirit of RICO, including increasing the power of the state to seize and forfeit the proceeds of crime without a criminal conviction. Most recently, legislation has been proposed in Australia that will enable the Director of Public Prosecutions to freeze and then seize assets obtained through illegal activity without first convicting or charging the suspect. Prosecutors would only have to prove it was likely on the balance of probabilities that assets were obtained through crime.¹¹

It has long been argued that RICO, as it has been used and interpreted by the courts in the United States, could never survive a Charter challenge in Canada due to the application of civil sanctions and processes in criminal cases. However, the efforts undertaken in the United States, South Africa, and Australia represent the type of measures that could potentially pave the way for adaptation in Canada that may be legally and constitutionally acceptable.

Summary: Civil Sanctions

¹¹ At the time of this report, this legislation has not been presented to the Australian Parliament. ("Australia to boost powers to seize criminal assets." *Reuters*, April 19, 2000; "Canberra targets crime assets." *West Australian*. April 19, 2000)

Pros	Powerful and cost-effective approach to organized crime enforcement; the use of civil injunctions, treble damages, and civil asset forfeiture powers provides significant tools to combat criminal organizations by prohibiting their involvement in the legitimate and underground economy and by confiscating their assets.
Cons	Significant potential for abuse of due process in criminal cases
Best Practices	United States, South Africa and Australia, for their attempts to utilize civil asset forfeiture, while minimizing potential abuse of due process.
Canadian Assessment	At present there is no application of civil sanctions in Canadian (proceeds of crime) criminal cases and it has long been the opinion of the Department of Justice that a RICO-type statute would not survive a Charter challenge in Canada. However, recent amendments to RICO statute in the U.S. and less draconian civil sanctions in South Africa and Australia may represent prototypes of legislation that would survive a Charter challenge in Canada.

4.1.6 Foreign Policy and Programs: Trade and Aid

The use of foreign aid and trade to assist source and transit countries combat the production of illicit narcotics or stem the flow of illegal migrants is a highly attractive supply-side complement to traditional enforcement efforts because it potentially represents both a preventative and cost-effective approach. It is preventative because in theory it could address a significant problem before it arrives on Canadian shores. It can also be cost-effective if the funds needed to eradicate or replace illicit crops are less costly when compared to interdicting shipments en route to or drug enforcement in Canada.

In practice, however, the use of extensive foreign aid and trade programs by the United States to eradicate or replace cocaine crops - exemplified by the comprehensive *Andean Trade Preference Act* - have met with mixed results. While cocaine production has been reduced in some regions, there is also evidence that production has escalated in other regions to offset the decrease in supply and to meet ongoing demand. Indeed, the most significant problem with this supply-side approach is as long as demand for illegal commodities exists, there will be considerable incentive for the production of illicit crops, especially when their value greatly exceed that of legitimate crops.

Canada's recent White Paper on foreign policy identifies international crime as a notable "non-traditional" threat to security and affirms the will of the Federal Government to use its foreign policy to protect Canadians from transnational crime. To this end, the Department of Foreign Affairs and International Trade established the International Crime Division to manage the Federal Government's role in multilateral and bilateral initiatives related to international and transnational crime issues. While Canada's Minister of Foreign Affairs has identified foreign aid policies as an option to encourage development of legal alternatives to illicit drug crops and enhancing the market for those crops, Canada has not established formal policies and programs in this area. Canada does contribute indirectly to

alternative development through its contributions to the multilateral drug control bodies (CICAD and UNDCP). CIDA is also engaged in some activities that fall under the rubric of "alternative development," although the primary objective is not to eliminate illicit drug crops.

One recent innovative Canadian foreign policy proposal is the focus on the human security side of illegal drugs and drug trafficking, including how drug enforcement can be enhanced while protecting human rights. This proposed focus is significant in light of traditional interdiction and non-traditional crop substitution or eradication approaches that may not take into consideration human rights abuses or damage to communities in source countries. Indeed, this new perspective forces policy makers and enforcement agencies to evaluate organized crime strategies from the perspective of human rights abuses and harm to communities, taking into consideration that some strategies may hurt more than help. This initiative contributes to the debate on how far criminal justice policies can go and serves as a counter-weight to the arguments that criminal justice policies and enforcement strategies might have to impinge on personal privacy and human rights if they are to be successful in combating transnational organized crime.

Summary: Foreign Policy

Pros	Complements traditional reactive supply-side enforcement; potentially preventative and cost-effective approach to organized crime enforcement through crop eradication and substitution; may contribute to legitimate economic development of source country; may impact on production, but only if multilateral resources are provided by advanced nations
Cons	Little evidence that this approach significantly reduces global supply; difficult to convince local populations to switch to different crops; crop eradication or substitution may have negative impact on local populations and environment
Best Practices	United States <i>Andean Trade Preference Act</i> , for its comprehensive approach utilizing both trade and aid incentives
Canadian Assessment	At present Canada has no specific trade or aid policies or programs in the area of crop eradication or substitution. A unilateral effort by Canada would have little impact on global production given limited available aid resources. There may be some potential to explore Canada's participation in a multilateral effort to provide trade and aid incentives to source countries for crop eradication and substitution. Recent foreign policy proposals addressing human security in the context of drug use and enforcement is a significant contribution to the enforcement debate. The creation of the International Crimes Division is an important step in coordinating and managing Canada's foreign policies and programs on transnational crime.

4.1.7 National Security and Foreign Intelligence Agencies

Various countries have expanded the mandate of their foreign and national security intelligence agencies to address serious, transnational, and organized crime. The role of national security and foreign intelligence agencies would appear to be increasingly important given the transnational nature of and potential security threats posed by sophisticated organized crime groups and activities. Moreover, there is a demonstrated need for a comprehensive, multi-agency approach within which these agencies can fill a very specific niche, while complimenting traditional law enforcement efforts. Finally, there is a continued need for a greater quantity and quality of strategic intelligence on transnational crime groups that may potentially be addressed by these agencies.

In countries such as the United States, Canada, and the United Kingdom, security and foreign intelligence agencies have been given a mandate to gather information on crime groups and activities that may threaten national security. Some obstacles and growing pains have been experienced by these agencies, including CSIS which, according to the Security Intelligence Review Committee, has still not added value to organized crime intelligence gathering for either criminal enforcement or national security purposes. One of the most common problems is that information collected by security and foreign intelligence agencies may not be used for tactical law enforcement operations, due to the risk of disclosing sources in a court of law.

Given these initial growing pains, the challenge for these agencies is to find a role that adds value within a strategic, coordinated multi-agency approach, including contributing to national security goals and benefiting law enforcement, while protecting source intelligence.

Summary: National Security and Foreign Intelligence Agencies

Pros	Provides strategic intelligence, often from foreign sources, which is critical to combating transnational crime; can detect potential national security threats; contributes to much needed multi-agency approach; complements traditional (tactical) law enforcement operations
Cons	Inexperience of security agencies in addressing crime issues; need to protect source intelligence may limit utility for enforcement agencies; turf wars have emerged between law enforcement and security intelligence agencies, especially given differences in law enforcement and national security mandates relative to the use of intelligence information
Best Practices	United States (CIA), Great Britain (MI5), and Canada (CSIS)
Canadian Assessment	CSIS has played an increasing role in gathering intelligence on security threats from transnational organized crime groups, which has been passed along to law enforcement; SIRC reviews of CSIS involvement in transnational crime intelligence

question whether the agency contributes any additional value.

4.2 Enhancing Traditional Law Enforcement through Multi-Agency Cooperation

One of the most significant and common weaknesses in traditional enforcement of TOC is the historical lack of coordination and cooperation among enforcement agencies, which has been fostered by a number of factors, including jurisdictional boundaries, differing mandates, rivalries, and statistics-driven enforcement.

In all the countries studied, there have been decisive efforts to promote a coordinated enforcement and intelligence approach across jurisdictions. During the course of the research, it was universally agreed that combating transnational organized crime demands a coordinated effort among a number of different agencies, both within and outside of the criminal justice sector.

The most prevalent of the current partnerships are between law enforcement agencies located in one country. International partnerships have also been forged, however these are fewer in number due to an even greater number of obstacles that restrict effective transnational enforcement coordination.

4.2.1 Domestic Police Partnerships

Coordination among domestic agencies is essential given the inherently multi-jurisdictional nature of TOC as well as the need to pool limited law enforcement resources. Cases identified in this research included dozens of examples in numerous countries of initiatives undertaken to promote (and even compel) a greater coordination and cooperation among different agencies.

The United Kingdom was one of the first countries to recognize the need for inter-agency cooperation through the creation of the Regional Crime Squads in the early 1960s. The United States Government began to fund and promote inter-agency partnerships in the early 1970s following Commissions that criticized the parochial nature of law enforcement in addressing organized crime. Indeed, the United States Government has used a number of policy tools, in particular special program funding, as an incentive for the various federal, state, and municipal agencies to coordinate enforcement. Today, the United States boasts a number of formal and informal task forces that focus on specific commodities (drugs, fraud, migrant smuggling, etc.), criminal organizations (Eastern European, Italian, Nigerian, etc.), and high-risk areas (cities, border regions, marine ports). In addition, in some countries law enforcement agencies have benefited from the advanced technology of military agencies for interdiction purposes. Countries such as Australia, Italy, and the United Kingdom have taken extraordinary steps to coordinate enforcement efforts by creating new national institutions. In Great Britain, the scope of organized crime necessitated the expansion of regional crime squads into one National Crime Squad with regional operations. In Italy, a new national authority was created from existing police agencies and

provided specialized powers and resources. In addition, a national prosecution office was created that is specifically dedicated to organized crime.

In Australia, not only was a new national agency created to target organized crime, it was given powers that exceed those of existing federal and state law enforcement agencies.

In Canada, there has also been a great increase in inter-agency coordination in recent years. In particular, there has been a greater reliance on a multi-agency task force approach to organized crime enforcement, including the Combined Forces Special Enforcement Units in Greater Toronto, the Integrated Proceeds of Crime Units, the Integrated Border Enforcement Teams, and the Cornwall Regional Task Force, to name just a few. Like the United States, the Canadian Government has used special program funding to promote inter-agency partnerships.

The province of British Columbia has taken the unprecedented steps of dismantling its existing inter-agency organized crime task force (the Coordinated Law Enforcement Unit) to be replaced by a new agency - the Organized Crime Agency - that will attempt to avoid the weaknesses identified within its predecessor. At the federal level, there has been little impetus for the creation of a new national agency to combat organized crime. It is generally accepted that the RCMP operates as the country's lead national organized crime enforcement agency (with support and participation from other federal, provincial, and municipal agencies).

However, in order to develop a more strategic and comprehensive response to organized crime, the RCMP has recognized the need for greater cooperation and coordination across enforcement sections and regions. Historically, most RCMP resources targeting organized crime have been dedicated to a commodity-based approach. Through its newly created Organized Crime Enforcement Program, the RCMP has recognized the need to coordinate internal federal enforcement resources in order to target crime groups whose activities cut across different commodities, services and regions. The challenge for this initiative will be to manage the linkages between a strategic enforcement approach that targets organized crime *groups* with RCMP federal enforcement sections that targets *commodities or services*.

All of these initiatives are important examples of inter-agency coordination that stresses a strategic, risk-grade approach to organized crime. This approach is particularly important given the threats posed by large, sophisticated TOC groups, which transcend jurisdictions and product lines. This new strategy addresses the barriers to effective coordination among the relevant RCMP federal enforcement sections mandated to combat organized crime.

Summary: Domestic Police Partnerships

Pros	The pooling of resources and specialist expertise; cost-effective; access to different information sources; the ability to blanket multiple jurisdictions; joint strategic planning; overcoming inter-agency rivalries
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Cons	Any negatives are minor and are greatly over-shadowed by the positives of coordination
Best Practices	United States - United States Organized Crime Drug Enforcement Task Force, High Intensity Drug Trafficking Areas, Nigerian Task Force, Border Coordination Initiative Canada - CFSEU, Smuggling Task Forces, IPOC, RCMP Organized Crime Program Australia - National Crime Authority United Kingdom - National Crime Squad Italy - Direzione Investigativa Antimafia
Canadian Assessment	Canada has witnessed numerous initiatives that are aimed at promoting cooperation and coordination among law enforcement agencies; special program funding has promoted cooperation; the RCMP has recognized the need to coordinate internal resources that cut across traditional commodity-based enforcement approaches.

4.2.2 International Enforcement Partnerships

One of the most significant problems facing the international enforcement community is the growing transnational character of organized crime. This problem is especially profound given the significant barriers that still obstruct a truly transnational enforcement approach. The international nature of organized crime has prompted numerous efforts by governments and their criminal justice agencies to promote partnerships that cross national borders.

The international partnerships that have been forged are most often between countries sharing a border, as well as cultural, language, and legal characteristics. The many partnerships between Canadian and American enforcement agencies is greatly facilitated by the shared traits of the two countries, as well as crime problems that span the border. One of the most successful partnerships has been the Integrated Border Enforcement Team (IBET) operating along the U.S.-Canada border that straddles Washington State and British Columbia. The Cross-Border Crime Forum and the Binational Group on Cross Border Telemarketing Fraud represent important joint initiatives at the strategic and policy level.

U.S. enforcement agencies, such as the FBI, DEA, and U.S. Customs also have dedicated a considerable amount of resources to international enforcement, including partnerships with foreign agencies. Perhaps the most remarkable development that has occurred only recently is the opening of a permanent FBI office in Budapest. National governments from around the world have relied on help from foreign law enforcement agencies. However, by allowing the FBI to open a fully functioning office, Hungary may have ceded more sovereignty than many other nations (the U.S. included) would ever consider.

The most ambitious attempts at multinational enforcement has been undertaken in Europe through the creation of Europol, an agency dedicated to increasing transborder enforcement and intelligence partnerships. Europol has also attempted to implement measures to expedite more efficient and effective multilateral organized crime enforcement across numerous countries with differing languages, legal systems, cultures, and crime problems.

The United Nations, as well as other international government organizations, such as the FATF, have also undertaken sustained efforts at developing international legal and operational mechanisms to overcome the differences in national legal systems and facilitate greater and more efficient partnerships in the sharing of information, extradition, and joint investigations. Indeed, arguably the greatest challenge for TOC enforcement in the future will be forging and sustaining a greater international cooperation and coordination among foreign law enforcement and intelligence agencies. However, this goal will remain elusive, given the many barriers that continue to obstruct international cooperation and coordination in organized crime enforcement.

Summary: International Enforcement Partnerships

Pros	Essential to combating transnational crime; pooling of resources, expertise
Cons	Numerous obstacles to international cooperation, including national sovereignty concerns, differences in language, culture, and legal systems, and suspicions of corruption in other countries; current level of transnational cooperation among enforcement agencies pales in comparison to cooperation among transnational crime groups
Best Practices	Europol: Multilateral efforts among a number of countries, including efforts to overcome traditional obstacles to efficient and effective transnational enforcement United States/Hungary: Establishment of official FBI offices in Budapest Canada/United States: Integrated Border Enforcement Team
Canadian Assessment	Canadian enforcement agencies have entered into a number of temporary and long-term partnerships with foreign enforcement agencies, in particular those in the United States. There is a continual need to expand on the partnerships with the United States as well as source and transit countries (for drugs, illegal migrants, money laundering). There also appears to be an increased need for multi-lateral partnerships, especially in pursuing mechanisms to overcome legal and cultural barriers to expedite more efficient and effective international cooperation.

4.2.3 The Intelligence Function: Strategic and Inter-Agency Sharing

Law enforcement seeks to reduce global crime through arrests and successful prosecutions of TOC leaders. Criminal intelligence is essential to this effort because it provides both a strategic and tactical

base for the targeting, interdiction, and prosecution of crime figures and the disruption of continuing criminal enterprises.

While accurate, comprehensive, and timely intelligence has been a staple of law enforcement for years, within the context of transnational organized crime, it has suffered from two significant weaknesses: the lack of inter-jurisdictional sharing of information among enforcement agencies (especially at the international level) and a relatively weak strategic intelligence component.

In Canada, strategic intelligence has often been forsaken for tactical intelligence. This has partially been due to the emphasis on tactical operations and the lack of emphasis on long-term strategic planning in organized crime enforcement. The sophisticated, continuing nature of TOC groups has meant that enforcement operations must often be approached as a long-term affair, which involves strategic planning and resource allocation based upon risk assessments. Strategic intelligence is particularly important because it embodies many of the principles essential to innovative and effective TOC enforcement, including a proactive, preventative, coordinated, strategic, national and international focus.

Throughout the world, governments have created bodies through which national and regional strategic intelligence is developed. Agencies such as the United Kingdom's National Criminal Intelligence Service, the Australian Bureau of Criminal Intelligence and the United States Drug Enforcement Administration Intelligence Program have placed a premium on strategic intelligence. Efforts by United Nations' agencies to conduct global research projects on significant and emerging organized crime problems can also potentially make significant contributions to strategic enforcement efforts.

What these agencies also represent is an effort to collect, share, and pool information and intelligence among various domestic law enforcement organizations. This is significant because TOC enforcement has also suffered from a lack of inter-agency intelligence sharing. This problem is especially pronounced in relation to the sharing of information among agencies from different countries.

In addition to the United Kingdom and Australia, federal enforcement agencies in the United States have coordinated domestic intelligence gathering and sharing through such inter-agency intelligence cooperatives as the El Paso Intelligence Center and the Financial Crimes Enforcement Network.

As with law enforcement in general, one of the greatest obstacles to be overcome is the sharing of information and intelligence among agencies on an international level. The challenge for TOC enforcement is how to share intelligence information among different agencies and across borders, while ensuring that the information and its source are adequately protected. Interpol has long been a victim of the perception that information provided to this organization is shared too widely and may compromise sources. Europol has perhaps emerged as a prototype for future intelligence sharing: a regional body with strict rules regarding the dissemination of source intelligence by member agencies.

Any future enhancements to Canada's effort to combat TOC must place an increased emphasis on the strategic intelligence function and the secure sharing of intelligence information domestically and internationally. This has already been recognized. The RCMP Criminal Intelligence Directorate, CFSEU, the newly-created RCMP Organized Crime Program, and the Criminal Intelligence Service of Canada all incorporate a strategic intelligence function and place a premium on the coordination and sharing of information and intelligence among different sections or agencies.

Canadian enforcement and intelligence agencies also actively share and receive intelligence information from foreign counterparts, in particular American enforcement agencies. This has been buttressed by the overseas presence of the RCMP, CIC, and CSIS intelligence specialists. The nature of transnational crime, and the need for a more strategic, coordinated, preventative, and cost-effective approach demands that Canadian enforcement agencies continue to nurture foreign source intelligence and emphasize the stationing of analysts overseas.

A perceived obstacle to the sharing of intelligence by foreign enforcement agencies (and those in the United States specifically) with their Canadian counterparts is the disclosure requirements dictated by Canadian courts in criminal trials. Interviews with law enforcement officials from both Canada and the United States revealed a great reluctance on the part of U.S. enforcement agencies to share intelligence with Canadian agencies for the fear that their sources will be revealed in Canadian courts. One of the most significant challenges facing Canada in the international sharing of intelligence is how to address perceived concerns that foreign intelligence sources will not be disclosed in Canadian courts.

Finally, there is a continual need for research to be conducted outside of law enforcement agencies, using varied disciplines that may provide differing and insightful perspectives on the scope and nature of organized crime and how it should be addressed. The use of such academic disciplines as economics, sociology, systems theory, or political science may help provide a better understanding of this complex phenomenon.

Summary: The Intelligence Function

Pros	Strategic intelligence and the sharing of information is the foundation for a coordinated and long-term effort to combat TOC
Cons	Significant obstacles exist to the sharing of intelligence, especially at the international level; Intelligence can easily fall into the wrong hands if disseminated too widely; TOC groups have developed sophisticated counter-intelligence
Best Practices	United Kingdom: National Criminal Intelligence Service Australian Bureau of Criminal Intelligence Canada: RCMP Criminal Intelligence Directorate, Criminal Intelligence Service Canada United States: DEA El Paso Intelligence Center; Financial Crimes Enforcement Network

**Canadian
Assessment**

United Nations: Global strategic research on significant transnational crime trends
Due to disclosure practices in Canadian courts, foreign enforcement agencies are reluctant to provide information for fear of identifying sources in Canadian courts. As such, there is a need to explore how concerns over Canada's disclosure requirements can be addressed to facilitate increased international sharing of source intelligence. There also appears to be a need to utilize intelligence for more a preventative focus and to expand TOC research beyond law enforcement to different academic disciplines, approaches, and methods.

4.2.4 Multi-Sectoral Approaches

A comprehensive and strategic approach to combating transnational crime must extend beyond law enforcement and include other key partners in society. Indeed, despite the central role that will always be played by criminal justice agencies, they represent simply one level within society directly implicated in the effort to combat transnational organized crime.

One of the essential partners that can contribute to combating organized crime is the private sector, which is often on the "front line" in the fight against a number of transnational criminal activities, including money laundering, fraud, extortion, and smuggling. Currency and suspicious transaction reporting, which places an unprecedented onus on the financial services sector to detect and prevent money laundering, is an explicit recognition of the important role the private sector can play in assisting efforts to address transnational criminal activities.

The pivotal role of the private sector is increasingly being recognized through the growing number of partnerships between government and law enforcement agencies, on the one hand, and private sector companies and associations, on the other. Within Canada, a number of public-private sector partnerships have been pursued, including MOUs between the RCMP and the banking industry, MOUs between Canada Customs and Revenue Agency and private carriers and the Vancouver Port Authority, and working groups between RCMP Customs and Excise Sections and the liquor industry, to name just a few.

At the international level, the World Customs Organization has been at the forefront of efforts to address smuggling through greater partnerships between national customs agencies and private carriers. At the regional level, the European Commission and Europol have undertaken one of the most ambitious attempts to forge a comprehensive strategy to combat transnational crime through a coordinated, multi-sectoral forum involving the law enforcement sector, the criminal justice system, regulatory agencies, the private sector, academia, and public administration.

In addition to these partnerships, many countries are beginning to become more aggressive in forcing the private sector to assume greater internal controls to guard against their use by criminal organizations.

For example, legislation has been introduced in many countries to mandate banking institutions to detect money laundering, while governments have penalized private carriers for their role in smuggling operations. These initiatives can be seen as complementary to the more cooperative approaches.

Indeed, it is imperative that within Canada, there be continued emphasis placed on recruiting the private sector and other key partners in combating organized crime. This must be placed in the context of developing a truly national strategy with input from all relevant sectors of Canadian society.

Summary: Multi-Sectoral Approaches

Pros	Law enforcement efforts greatly benefit from the private sector, which fills an important prevention and detection niche that can't always be addressed by law enforcement.
Cons	There is often a reluctance by the private sector to dedicate appropriate resources; violent nature of organized crime may pose risks in such a partnership; organized crime may use internal conspiracies in private sector to capitalize on partnerships with law enforcement.
Best Practices	Canada - RCMP MOUs with Canadian Bankers Association, Canada Customs and Revenue Agency (CCRA) MOU with private carriers and Vancouver Port Authority; Industry Canada partnership with internet service providers. Internationally - World Customs Association MOU framework with private carriers, European Commission/Europol Forum on organized crime prevention
Canadian Assessment	Federal agencies have undertaken a number of partnerships with key actors. However, outside of the 1996 multi-sectoral forum sponsored by the Federal Government, these partnerships have largely been <i>ad hoc</i> , with no underlying strategy on the optimal role to be played by private sector. There is a need to continue to form partnerships between criminal justice agencies and private sector, including identifying relevant private sector industries that should be involved and exploring their optimal role.

4.3 Combating Transnational Crime Emergent Trends

4.3.1 Migrant Smuggling: Immigration Policy and Programs

In many respects, migrant smuggling has emerged as a microcosm for transnational organized crime: TOC groups have capitalized on profitable illicit services that are inherently transnational in nature, while using existing smuggling “pipelines” and resources to facilitate the transport of and trafficking in people.

Some enforcement responses to migrant smuggling have also come to symbolize the principles of innovative transnational enforcement approaches. One Canadian case study that exemplifies best

practices in combating, not only in migrant smuggling but transnational crime in general, is the overseas enforcement work carried out by the RCMP Immigration and Passport Section and Citizenship and Immigration Canada.

RCMP and CIC-led enforcement operations that stem the flow of illegal migrants from source or transit countries embody a number of the principles of innovative enforcement approaches. These operations are proactive, in that they are based on intelligence information that allows enforcement to anticipate a problem, as opposed to react to it. It is preventative in that it stops the problem before it reaches Canadian shores. It also involves multi-agency cooperation among various countries. Finally, it is cost-effective, in that the proactive, preventative enforcement approach is far less costly than interdicting migrant smuggling ships in Canadian waters. The strategy of heading illegal migrants off at their point of departure is cost-effective because it reduces the legal, medical, social, and administrative costs of illegal migrants to Canadians. For example, it is estimated that the lengthy processing of an illegal migrant in Canada (including the refugee claimant process, enforcement, social services, etc.) costs an estimated \$50,000 annually. On average, it takes 20 months to process a claim, which brings the total to approximately \$91,500. Between 1996 and 1998, the RCMP estimates that their proactive overseas efforts resulted in excess of 1,000 inadmissible migrants from entering Canada, saving taxpayers in excess of \$60 million (less the enforcement costs, which is a fraction of this total).

The United States policy of boarding suspected smuggling ships in international waters also represents a cost-effective approach within the context of reactive interdiction efforts. Attempts by Australia to develop a long-term, comprehensive plan on migrant smuggling, which includes preventative and reactive measures, increased powers to law enforcement officials, multi-agency coordination, treaties with source countries, legislative and operational enhancements, and partnerships with the private sector represents an important example of the development of a national strategy to deal with a significant transnational crime problem. This important strategic approach is also exemplified by the efforts of the United Nations, which is ambitiously attempting to empirically document the scope and nature of the migrant smuggling problem, while testing and developing effective enforcement projects.

Summary: Migrant Smuggling Policies and Programs

Pros	Specific resources dedicated to combating escalating transnational crime problem, use of proactive, preventative, intelligence-based, multi-agency efforts.
Cons	Limited resources restricts overseas stationing of Canadian enforcement officers
Best Practices	Canada – RCMP I&P Program; Citizenship and Immigration Canada ICOs United States - Policy of boarding suspected smuggling ships in international waters Australia – National, comprehensive strategy to address escalating problem United Nations - Strategic, empirical research and testing of effective enforcement approaches
Canadian Assessment	The RCMP and CIC have implemented innovative and effective migrant enforcement smuggling strategies. U.S. policy of boarding suspected smuggling ships

in international waters has been considered in Canada, but has been rejected due to concerns about legality.

4.3.2 *Environmental Crimes*

Environmental crimes undertaken by transnational organized groups represent an increased international threat due to the environmental degradation that results from illegal and widespread dumping of waste and the trade in endangered and protected species.

One of the most ambitious efforts to document and address this problem is being undertaken by the United Nations through their exploratory study into the nature and extent of organized crime's involvement in crimes against the environment. This effort is significant given the lack of information on and understanding of the nature and scope of criminal organizations in environmental crimes.

In Canada, efforts to address environmental crimes have largely focused on wildlife smuggling through inter-agency and multinational efforts. Based on the evidence collected for this study, fewer efforts seem to have been undertaken to address illegal dumping by criminal organizations. Given that illegal dumping by criminal organizations will escalate in the future, as environmental controls are tightened, it is important that Canadian authorities begin to address the problem more intensely.

Summary: Combating Organized Environmental Crimes

Pros	Dedicated resources and powers to deal with environmental crime, especially in the area of wildlife smuggling; strong inter-agency coordination in North America
Cons	Little is known about the scope of the involvement of organized crime in environmental crimes, which makes it difficult to develop appropriate enforcement response.
Best Practices	United Nations - Exploratory study to empirically document scope and nature of problem North America - Multilateral efforts to address wildlife smuggling and trafficking
Canadian Assessment	Little is known about the scope of the involvement of organized crime in environmental crimes in Canada. Important action has been undertaken by Environment Canada to address wildlife smuggling. Transport Canada currently has significant administrative powers to potentially deal with organized smuggling of waste. However, in general there is minimal dedicated resources to organized environmental crimes. There is a need for increase knowledge of the involvement of criminal organizations in environmental crimes, in particular illegal waste disposal.

4.3.3 Internet-Based Transnational Crime

As the sophistication and international reach of the Internet grows, its use as a conduit for criminal activities, including organized and transnational criminal activities such as fraud and money laundering will also grow. Given that the Internet is largely unregulated and uncontrolled, combined with rapid technological advances and the legal and sovereignty implications of its global reach, enforcement of Internet-related crimes will represent a significant challenge to policy makers and criminal justice agencies.

Within the United States, important efforts have been undertaken by relevant federal agencies, such as the FBI and the Securities and Exchange Commission. These agencies have created specialized units and resources, including proactive work at identifying potential fraud before they result in widespread victimization.

The most significant undertaking by the Federal Government in this area has been led by Industry Canada, in concert with other federal agencies. The inter-department committee and proposed strategies is prudent as they recognize the need for a multi-disciplinary and multi-sectoral approach to combat the dual (yet often distinct) problems of illegal content and offensive content. It also recognizes the importance of a comprehensive and varied approach that avoids reliance on the almost impractical task of government regulation of the Internet.

Summary: Combating Transnational Crime through the Internet

Pros	Increased resources, expertise, and coordinated action undertaken to address Internet fraud and money laundering
Cons	Internet provides numerous shields to fraudsters and hackers, fraud through the Internet has escalated so rapidly that enforcement may not be able to catch-up; initial enforcement efforts have been criticized as invading individuals privacy rights
Best Practices	United States: Securities and Exchange Commission Canada: Industry Canada
Canadian Assessment	While still only in the formative stage, the multi-sectoral, multi-pronged initiatives proposed by the interdepartmental committee chaired by Industry Canada reflect realistic and practical strategies in addressing the complexities of controlling Internet content.

5 *Conclusion*

This research has identified a number of alternative and innovative approaches to combating transnational crime. Many of these approaches fall outside of the traditional enforcement efforts, while others are geared toward enhancing traditional enforcement efforts.

5.1 *Principles of Innovative and Effective Transnational and Organized Crime Enforcement*

While this research is only exploratory in nature, a number of principles underlying innovative and effective approaches to combating TOC can be gleaned from the case studies. It is important to note that due to the paucity of rigorous evaluations, these principles are based largely on best practices in conceptual design or on self-reported evaluations by participating agencies. Some of the most important principles of innovative and effective approaches to combating transnational crime are summarized below.

- 1) **Inter-agency cooperation and coordination** – Inter-agency cooperation and coordination has emerged as the most important development in combating TOC in recent years. While most coordination occurs between domestic law enforcement agencies, some of the more innovative and effective partnerships have included partnerships between criminal justice agencies and other public sector bodies (regulatory, policy, security intelligence, military, etc.) as well as multi-sectoral partnerships involving public, private, and NGO sectors. Some of the most innovative and effective approaches involve the creation of new agencies that bring together personnel from existing criminal justice agencies. To maximize the effectiveness of these partnerships, a multi-disciplinary approach involving a wide array of complementary professions and skills has been stressed.
- 2) **Strategic approach, including a strong (strategic) intelligence function** - The sophisticated, complex, and transnational nature of organized crime groups and activities demands that a long-term policy and enforcement approach be undertaken. Traditional emphasis on “quick hits” of lower echelon members or seizures of illegal commodities have been replaced by sophisticated techniques, such as undercover operations or financial investigations that target upper-echelon members and seek to fully dismantle criminal organizations and operations. Law enforcement agencies that have patiently nurtured source intelligence, collected information, developed long-term plans, coordinated with other agencies and then conducted simultaneous operations have been the most successful in targeting large, transnational crime groups. In addition, many countries are increasingly developing national and holistic strategic plans to address the problem of transnational organized crime. National strategic planning is an essential component of a comprehensive approach that relies on the use of different targeting foci (contraband, groups, routes, etc.), approaches (prevention, deterrence, enforcement), sanctions (criminal, regulatory, civil), and key partners (public, private, and NGO sectors). A strategic and comprehensive approach is an essential response to a complex problem that is national and international in scope. Examples of countries and regions that have

formulated comprehensive national plans include the United States (e.g. national and international narcotics strategy; national and international money laundering enforcement strategy) Colombia (in response to significant foreign aid and trade policies of the U.S.) the European Commission (which is highly innovative given the wide range of participants who have input into the plan and its emphasis on prevention as well as enforcement) and Canada (including a national forum, workshops on organized crime, and the creation of a National Coordinating Committee).

- 3) **Use of different (targeting) foci** - Traditionally Canadian law enforcement has attacked organized crime through a commodity-based focus. This is exemplified by the RCMP's Federal Enforcement Directorate, which includes such autonomous programs as Drug Enforcement, Customs and Excise, Immigration and Passport, Proceeds of Crime, Commercial Crime, etc. The multi-faceted nature of the products and services offered by many of the dominant transnational organized crime groups operating in Canada have forced the RCMP to complement this commodity-based targeting with a focus on groups and networks that pose the greatest threat to Canadians. This approach demonstrates the importance of the need for a diverse range of targeting. Innovative and effective enforcement approaches should integrate a number of different, yet complementary targeting foci, all of which are prioritized by risk and threat assessment and which become part of a strategic and comprehensive approach to attacking transnational crime. Specifically, a normative, comprehensive approach to organized crime should include the targeting of:

- commodities (including contraband, services and illegal product markets);
- organized crime "genres" (e.g., Asian, Russian, biker gangs, etc.) and individual groups or networks;
- domestic geographic regions (e.g., cities, highways, border regions, etc.)
- international geographic targeting (e.g., source and transit countries, smuggling routes); and
- vulnerable sectors of the economy (financial services sector, marine ports, construction industry, tobacco and liquor industries, etc.).

- 2) **Complement criminal enforcement with regulatory, civil, and administrative sanctions**
Effective containment efforts have relied on the implementation and use of a variety of criminal, civil, regulatory, and administrative sanctions. Some of the most innovative approaches to organized crime enforcement have taken place outside of the realm of policing. Regulatory enforcement in particular has become an important component in some countries and has complemented law enforcement through a strong proactive, preventative, and educational role. Moreover, regulatory sanctions can often be used in addition to or in lieu of criminal penalties. Complementing both criminal and regulatory approaches are civil sanctions. Despite the controversy that has dogged it, the RICO statute has enjoyed success in dismantling pervasive criminal organizations through civil sanctions. Like regulatory enforcement, civil sanctions can be used to complement criminal sanctions.

- 3) **Combination of prevention, deterrence, and enforcement** - Increasingly, reactive law enforcement approaches have been complemented with measures that are preventative in nature. For the sake of this research, prevention in the context of combating transnational crime has often meant impeding organized crime groups, members, or activities from reaching Canadian shores. With respect to money laundering, currency and suspicious transaction reporting is meant to be preventative and to serve as a deterrent to money launderers (in addition to facilitating investigations through the creation of paper trails). The role of regulatory agencies and private sector organizations is largely one of prevention and deterrence. While not addressed by this research, there is also an increased emphasis being placed on how crime prevention concepts and approaches (including community-based, situational, and social development approaches) can be applied to organized crime. In short, a comprehensive, strategic response to TOC involves complementing traditional enforcement approaches with prevention and deterrence.

- 6) **Fully resourced** - It is a truism that agencies with an ample supply of resources will generally be more successful than those with a limited supply. Innovations in enforcement efforts are often determined by the level of available resources. Within Canada, the IPOC units would not have materialized across the country without special federal program funding. Innovative smuggling enforcement programs undertaken by the RCMP Customs and Excise program or Canada Customs and Revenue Agency are contingent upon special program funding provided through the Anti-Smuggling Initiative. During the course of this research, participants from a number of Canadian enforcement agencies lamented the resource shortages that curtailed their ability to offer more innovative approaches.

- 7) **Cost-effective** - While fully resourced units are bound to be more successful, another important characteristic of innovative and successful enforcement programs is that they pursue cost-effective approaches. As a benchmark for innovation and success, cost-effectiveness is not simply a function of limited resources, but rather it reflects the fact that innovative approaches to combating organized crime are often the most cost-effective. Regulatory approaches that ensure preventative measures are in place in the private sector are often much more cost-effective than reactive investigative approaches. Joint agency partnerships can be an extremely cost-effective approach to organized crime enforcement through the pooling of resources. Migrant smuggling enforcement that shifts resources to source countries has shown to be effective in interdicting illegal migrants and far less costly than processing illegal migrants once they have landed on Canadian soil.

5.2 Strengths and Weaknesses in Canadian Approaches to Organized Crime

5.2.1 Strengths

There are a number of strengths, including innovative enforcement approaches, underlying recent Canadian efforts to combat transnational crime, including:

- increased inter-agency coordination among law enforcement agencies, as well as between enforcement agencies and private sector organizations;
- increased use of strategic intelligence, especially in the operational planning of police when addressing sophisticated crime groups in Canada;
- the recent introduction of new legislation, including anti-gang laws, corruption of foreign officials laws, and suspicious transaction reporting laws;
- increased national strategic planning and coordination by the Federal Government and individual agencies, including:
 - the 1996 National Forum on organized crime, hosted by Solicitor General Canada and Justice Canada, which brought together police, federal and provincial governments, the private sector, the legal community, and academics to explore future Canadian enforcement;
 - the national Anti-Smuggling Initiative;
 - RCMP National Organized Crime Enforcement Program;
 - National Telemarketing Fraud Strategy Group;
 - 1997 Regional and National Coordinating Committees on organized crime, made up of senior members of police and provincial and federal governments;
 - National strategy on immigration and organized crime (coordinated through CIC); and
 - the 1998 Joint Statement on Organized Crime between federal, provincial, and territorial governments which underscores the need for partnerships.
- increased strategic planning and coordination at the provincial level, such as the creation of the new Organized Crime Agency in B.C. and the newly-created position of director of organized-crime strategy in Alberta;
- special federal program funding to address enforcement priorities, such as proceeds of crime enforcement and contraband smuggling; and
- the existence of infrastructure, resources, powers and committed personnel within a number of enforcement, regulatory, policy, and administrative agencies to address the problem of organized and transnational crime

5.2.2 Weaknesses

While Canadian approaches have increasingly incorporated many innovative principles, there still exist a number of significant gaps in organized and transnational crime enforcement. These are summarized below.

- There is insufficient emphasis on the use of regulatory, civil, and administrative sanctions to combat TOC in Canada;
- There is insufficient emphasis placed on initiatives that serve to prevent and/or deter TOC activity in Canada;
- In many areas, law enforcement and regulatory agencies do not have sufficient resources to address TOC, let alone undertake innovative initiatives that fall outside traditional enforcement approaches;
- Within the context of a comprehensive national strategy, key partners other than law enforcement agencies - such as regulatory agencies, the private sector, and academia - are under-utilized;
- There is an over-reliance on criminal justice research and definitions of transnational organized crime in Canada, while the utility of other relevant academic disciplines, such as economics, sociology, systems theory, or political science, are under-utilized;
- There has often been an inability by federal agencies to anticipate emerging trends and developments in organized and transnational crime. This particularly seems to be the case with respect to tobacco smuggling, migrant smuggling, environmental crimes, and Internet-based fraud. This weakness in part stems from past under-utilization of strategic intelligence in this country.

6 POLICY IMPACT ANALYSIS

This section considers the impact of the research findings and analysis on future transnational crime enforcement policies and programs of the Federal Government. This includes policy, program, and research options that attempt to address the afore-mentioned gaps and weaknesses, while building upon the strengths, innovations and effectiveness of current Canadian enforcement efforts. This section begins by outlining some general policy direction for the federal government, with some examples of specific policy tools and programs. This is followed by recommendations for future policy research.

This list is not meant to be exhaustive. Moreover, these recommendations must be seen in light of the fact that the research upon which they are based is exploratory in nature. Indeed, it is essential that continued policy research be undertaken in order to better inform policy and program recommendations.

- 1) **Continued Emphasis on a National Organized Crime Strategy** - There is need for the federal government to continue to develop and articulate a coherent, comprehensive, and inclusive national strategy on (transnational) organized crime. This strategy should continue the important national planning initiatives already undertaken. Specifically, a national strategy plan should continue to:

- assess the nature and scope, as well as current and future risks and threats, posed by organized crime to Canada through strategic intelligence and empirical research;
 - take stock of and evaluate existing enforcement efforts as well as evolving policies and programs in the public, private, and NGO sectors;
 - examine the current and future capacity of all key partners in combating organized crime;
 - develop a long-term, comprehensive plan, including measurable objectives and performance indicators;
 - develop appropriate strategies that are comprehensive in nature (proactive/reactive, prevention/enforcement, civil/regulatory/criminal sanctions, local/regional/national, etc.);
 - develop mechanisms to promote innovation and encourage participation by and partnerships among all key players;
 - target high-risks groups, geographic areas, emerging crime trends, and vulnerable sectors of the economy; and
 - provide appropriate resources for both the strategic planning and operations
- 2) **Increased emphasis on coordinated, integrated approach** - Federal enforcement agencies should continue to pursue formal and informal partnerships, not only among federal enforcement agencies but also with federal and provincial regulatory bodies. Moreover, federal agencies, such as the RCMP and CCRA, should also pursue partnerships with relevant private sector organizations, especially in areas relevant to transnational crime, such as financial service intermediaries, carriers and (marine) transport companies, port corporations, importers/exporters, and immigration lawyers, to name just a few. Innovative multi-agency and multi-disciplinary task force approaches, such as the IPOC Units, the Cornwall Smuggling Task Force, and the Combined Forces Special Enforcement Units, should be viewed as templates for future TOC enforcement efforts. At a higher level, the Canadian government should continue to fortify partnerships on the international level with other governments, in particular, the U.S. Government. Federal officials, including those from Justice, Solicitor General, and CCRA, and Finance should approach relevant provincial ministries about increased coordination and cooperation.
- 3) **Increased role for regulatory bodies** - An expanded role for regulatory bodies in transnational and organized crime enforcement should be pursued. Emphasis should be placed on a proactive, preventative approach that includes increased due diligence for business licences in this country, factoring money laundering prevention into compliance examinations, raising awareness, and providing education and training to regulated industries. Particular emphasis should be placed on a greater role of regulatory agencies responsible for the financial services sector, particularly those at the provincial level.
- 4) **Mandate/encourage federal/provincial regulatory bodies to ensure compliance with new transaction reporting requirements** - OSFI should be mandated with the responsibility to ensure federally-regulated companies comply with the reporting provisions in Bill C-22. These provisions should be factored into all compliance examinations administered by the OSFI. The OSFI should

also require regulated institutions to have sufficient policies and programs in place to address money laundering. The federal government should encourage provincial regulators of financial institutions to adopt similar measures.

- 5) **Increased emphasis on proactive, preventative approaches** - Policy, enforcement, and regulatory agencies must explore approaches that place greater emphasis on prevention. A preventative approach is central to other recommended approaches, including multi-agency partnerships, strategic research and planning, a greater focus for regulatory agencies, and an expanded overseas presence.
- 6) **Increased emphasis on varied and complementary targeting** - The adoption by Federal enforcement agencies of a more holistic approach to targeting organized crime groups through risk assessments, strategic intelligence and planning, and project-style task forces should continue and be encouraged. This approach should complement the traditional commodity-based focus. In addition, equal emphasis must be placed on targeting other high-risk and vulnerable areas including specific markets (financial services sector, marine ports), domestic geographic regions (e.g. cities, border regions, etc.), and international geographic targeting (e.g. source and transit countries, smuggling routes).
- 7) **Increased emphasis on strategic (intelligence)** - Given the focus on sophisticated organized crime groups, there is an increased need to intensify the strategic intelligence function of both law enforcement and national security agencies. This intelligence should be complemented by empirical research conducted by individuals and agencies outside the criminal justice sector.
- 8) **Provide incentives for innovation and inter-agency coordination** - As a part of, or in lieu of, a national strategy on organized crime, the federal government should establish special program funding to encourage innovative approaches to organized crime enforcement. Police forces could apply for special program funding to undertake innovative projects or to target high-priority organized crime groups. Receipt of funding would be contingent upon satisfying certain criteria, such as the promotion of inter-agency partnerships. Alternatively, program funding could be specifically geared toward specific problem areas, such as the case with the Organized Crime Drug Enforcement Task Forces or HIDTA program in the United States.
- 9) **Explore the creation of new, specialized institutions for vulnerable sectors** - The conception of FinTRAC to contribute to the fight against money laundering signals that the Federal Government is not adverse to creating new and specialized institutions to address significant TOC activities. Similar initiatives should be explored for other vulnerable sectors of the economy, in particular official marine ports of entry and the Internet.
- 10) **Explore innovative legislative approaches** - Existing and new institutions should be provided with legislative tools that provides the most effective and cost-effective tools to combat TOC.

Emphasis should be placed on how civil sanctions can be applied to criminal offenders, while respecting due process and the Charter of Rights.

- 11) **Increased emphasis on corruption issues within public and private sectors** – Increased law enforcement and regulatory measures inevitably force organized crime to resort to internal conspiracies and corruption of public and private sector officials. For example, the creation of mandatory reporting requirements will lead to more intensive efforts by crime groups to corrupt officials in the financial services sector in order to avoid reporting requirements. The Federal Government must anticipate and minimize the corruption issues that will inevitably result from intensified enforcement efforts in Canada.

- 12) **Increased emphasis on overseas presence (in source and transit countries)** - Federal enforcement agencies should increase their international presence, especially in source and transit countries. This should not only include the expansion of RCMP Liaison Officers and CIC Immigration Control Officers, but the intelligence, operations, and international training functions should also be expanded. Other principles of innovative enforcement, such as multi-agency partnerships, a focus on high-risk crime groups, strategic planning, diverse targeting, and preventative approaches, should be emphasized when stationing federal enforcement personnel overseas. Many of the principles of innovative and effective TOC enforcement can be integrated into specialized task force enforcement units - Combined Overseas Forces Special Enforcement Unit (COFSEU) - that can be located overseas, particularly in source and transit countries. These proposed overseas task force units continue the current momentum of stationing Canadian enforcement officials overseas and build upon many of the principles of the CFSEU and the RCMP I&P and CIC overseas operational and intelligence activities. Some of the proposed tenets of these proposed units include:
 - **Overseas presence** - The units would be located in source and transit countries and would work in close collaboration with local and national police agencies. Canadian officers would not have full police powers in the country but would rely on a close working relationship with domestic police.

 - **Coordinated and integrated inter-agency, multi-disciplinary approach** – These units would embody a truly coordinated approach among all relevant Canadian and foreign intelligence, enforcement, and regulatory agencies, including: RCMP (Criminal Intelligence Directorate, Immigration and Passport, Customs and Excise, Drugs, Integrated Proceeds of Crime, and Commercial Crime); large municipal forces (Toronto, Vancouver, Montreal), Citizenship and Immigration Canada, Canada Customs and Revenue Agency, Criminal Intelligence Service Canada, Canadian Security Intelligence Service. Enforcement personnel from the source country would also be part of the integrated team.

 - **Preventative** – The units would place particular emphasis on preventing criminal figures,

activities, or commodities from reaching Canada by obstructing their departure from source or transit countries or while in transit.

- **Intelligence** - The units would have a strong intelligence function that involves nurturing indigenous source intelligence and gathering information in tandem with the domestic law enforcement community of the host country. The physical presence of Canadian enforcement and analytical personnel in the source and transit countries will facilitate the ability of Canadian agencies to screen information for reliability, validity, and accuracy.
- **Varied targeting** - Emphasis would be placed on targeting criminal groups that pose a particular threat to Canada, such as Eastern European, Asian, Nigerian, or Italian crime groups. Secondary emphasis would be placed on targeting contraband, and smuggling and transport pipelines between the source or transit country and Canada.
- **Cost-effective** – The greatest potential benefit to be delivered by this unit is that it can potentially be the most cost effective approach to combating TOC for the federal government. The costs of enforcing, processing, prosecuting and then jailing criminals in Canada greatly exceed the (preventative) operational and intelligence expenses that would be incurred by the units in the host countries.

6.1 Future Policy Research Considerations

Future policy research is encouraged in the following areas:

Innovative legislative approaches

- conduct further research into innovative legislative approaches worldwide (civil, criminal, and regulatory)
- monitor U.S. RICO amendments and the application of the *Organized Crime Prevention Act* in South Africa
- explore the possible replication of the civil forfeiture provisions in the context of criminal proceedings in Canada
- research how existing federal, provincial and municipal civil and administrative laws and regulations can be used to combat TOC in Canada

Conduct formal evaluations of TOC enforcement in Canada

- develop rigorous evaluation models for application to transnational organized crime enforcement in Canada
- monitor and evaluate traditional and innovative approaches to TOC enforcement in Canada

Conduct primary research into innovative approaches

- build upon this exploratory research by conducting intensive primary research of a select few case studies that can be realistically implemented in this country
- integrate this research with formal enforcement evaluations conducted in Canada.

Coordination and Cooperation

- place emphasis on conducting (evaluation) research of multi-agency partnerships in Canada, with comparisons to traditional unilateral enforcement efforts
- conduct research that addresses such questions as what can be done to increase cooperation between: police agencies; police and regulatory/policy/administrative agencies; the public and private sectors; and internationally

Regulatory agencies

- conduct research to identify the optimal role to be played by regulatory agencies in combating TOC
- address such key questions as: Which agencies should be involved? What role should they play? What incentives are needed to increase efforts by provincial regulatory agencies in this area?

Preventative Approaches

- better define what constitutes ‘prevention’ in the context of containing organized and transnational crime
- conduct research into the application of preventative approaches to combating TOC

Vulnerable Sectors

- conduct policy research examining the most appropriate approaches to highly vulnerable sectors of the economy, such on marine ports and the Internet

New Institutions

- Explore the need to create new institutions, including:
 - Combined regulatory/enforcement agency for vulnerable sectors
 - National organized crime enforcement agency
 - National organized crime prosecution agency
 - National Anti-Corruption Commission