



## **CISC 2006 Annual Report on Organized Crime in Canada Report Highlights**

### **Introduction**

The *CISC 2006 Annual Report on Organized Crime in Canada* reflects the collective efforts of the entire criminal intelligence community in Canada. It is intended to inform the public about the threat of organized and serious crime and highlight the numerous ways that organized crime can negatively affect our daily lives.

In this year's annual report, CISC continues the approach it began last year of examining organized crime through the framework of the criminal marketplace. This report identifies and highlights a variety of criminal markets and the threats they pose to communities across Canada.

The Feature Focus section is intended to highlight a particular aspect of organized crime. This year's topic is street gangs; an organized crime threat currently generating significant concern in the public forum.

### **Dynamics of Organized Crime Groups**

The Canadian criminal intelligence community has identified nearly 800 organized crime groups operating in Canada. While many of these groups remain concentrated in and around major urban centres, a significant number operate from smaller communities across the country. There is no dominant structure for organized crime groups in Canada. There are varying levels of criminal capabilities amongst organized crime groups across Canada.

### **Characteristics and Methods**

#### **Violence and Intimidation**

Most criminal groups use violence and intimidation as a means to accomplish various criminal objectives such as: advancing multiple criminal activities; retaliating against other crime groups; defending the group's share of a criminal market; and corrupting legitimate businesses as well as legal and government systems.

#### **Technology and Crime**

Criminal groups are increasingly targeting communication devices to obtain sensitive personal and financial information in order to undertake theft and fraud.

### **Money Laundering**

According to the International Monetary Fund, an estimated CDN\$22 to \$55 billion is laundered annually in Canada. Criminal groups typically seek to insulate themselves from the laundering process through the use of third parties, financial professionals and other financial intermediaries, such as online payment systems, currency exchanges and shell companies.

### **Criminal Exploitation of International Borders**

Criminal organizations remain involved in smuggling contraband across the Canada/U.S. border. As well, marine and air ports are exploited by organized crime to smuggle contraband, in some instances aided by port employees.

### **Criminal Exploitation of the Legitimate Economy**

Criminal exploitation of the legitimate economy continues to represent substantial short- and long-term financial threats to the legitimate business community and the domestic economic infrastructure. As well, some organized crime groups hide cross-border smuggling within the trade of legitimate goods through import-export flows or through companies involved in the transportation industry.

### **Criminal Markets**

The numerous criminal actors within criminal markets move in and out of roles, expand or contract their criminal activities in response to law enforcement or competitive pressures, and form short and long-term criminal alliances of mutual benefit.

Criminal markets are dynamic and evolve over time as they react to market forces, such as supply and demand, competition from other organized crime groups, technological developments and disruption by law enforcement.

### **Illicit Drugs**

Approximately 80% of crime groups identified in Canada are involved in the illicit drug market, particularly as street-level traffickers.

Marihuana is both the most consumed and most produced illicit drug in Canada.

Cocaine also continues to be in high demand in most areas of the country, particularly major urban centres. The use of crack cocaine and methamphetamine varies across Canada but both appear to occupy only “niche” markets with a limited consumer base.

An emerging trend has been observed involving significant quantities of ecstasy produced in Canada that are smuggled to the United States and, to a lesser extent, Pacific Rim countries such as Japan and Australia.

### **Firearms**

Illicit firearms are used by most criminal organizations. The main sources of illicit firearms are domestic thefts or those smuggled into Canada from the U.S.

### **Financial Crime**

According to the Canadian Bankers Association, credit card fraud in Canada resulted in losses of \$201 million to major credit card companies in 2005.

Numerous criminal groups across Canada are involved in a wide range of financial frauds.

### **Intellectual Property Theft**

Across the country, multiple criminal groups are involved in the manufacturing, importation and distribution of counterfeit products. The intermingling of counterfeit goods with legitimate ones lessens the risk of detection, widens the scope of distribution and increases the likelihood that consumers will unwittingly receive unsafe counterfeit goods.

### **Human Smuggling and Trafficking**

Canada continues to be a destination and transit country for smuggled and trafficked individuals, with some people forced into labour or sexually exploited in environments such as private clubs and massage parlours. However, the scope of these criminal activities in Canada is a small percentage of this international (or even the North American) criminal market.

### **Vehicle Theft**

Approximately 170,000 vehicles are stolen each year in Canada, with Toronto and Montreal being major source locations. Newer luxury models are typically smuggled by criminal groups to foreign markets through the marine ports of Vancouver, Montreal and Halifax.

## **Looking to the Future**

### **Criminal Markets**

The illicit drug trade in Canada is fed by a consumer demand that will not diminish in the near future; providing organized crime groups with their largest source of illicit earnings. The much larger neighbouring U.S. consumer market will continue to encourage an increasing domestic production of marijuana, ecstasy and methamphetamine.

Financial institutions will remain vulnerable as criminal groups continue to exploit the legitimate business community by laundering illicit proceeds, reinvesting criminal proceeds and undertaking activities like the illicit manipulation of stock markets. Organized crime in Canada will continue to pose serious safety threats to the public through their involvement in criminal activities.

## **Feature Focus: Street Gangs in Canada**

### **Introduction**

The majority of street gangs across Canada still operate at a lower level of criminality. Street gangs are primarily local in scope, with only a limited number having inter-provincial and international criminal links.

### **Number of Street Gangs**

Over 300 street gangs have been identified in Canada, with an estimated 11,000 gang members and associates operating across the country.

### **Demographics**

Street gangs are primarily comprised of male adults between the ages of 20 and 30 years, though some do have members under 18.

Cells within existing street gangs as well as emerging street gangs are now affecting many smaller urban centres, rural areas and Aboriginal reserves.

### **Violence**

Gang violence is often spontaneous and opportunistic resulting in intentional or unintentional harm to the general public from drive-by-shootings, street gang cross-fire and mistaken identities.

### **Intimidation**

Instances of murder, attempted murder, assaults, property damage and threats against law enforcement, corrections staff, justice personnel and crime witnesses continue to be reported across Canada.

### **Weapons**

Street gangs use a wide variety of weapons across Canada including hand guns that are usually acquired through a firearms trafficker.

### **Range of Criminal Activities**

Street gangs are primarily involved in illicit drug distribution and the street-level sex trade. Street gangs are also active in robberies, home invasions and to a lesser extent, fraud.

### **Illicit Drug Distribution**

Street gangs are predominantly active as street-level traffickers of crack cocaine, cocaine, marihuana and synthetic drugs which are often supplied by outlaw motorcycle gangs, Italian and Asian organized crime groups.

Drug distribution methods and practices vary among street gangs. In Western Canada, street gangs operate mobile, street-level distribution networks commonly known as “dial-a-dope” operations whereas street gangs in Ontario, Quebec and the Atlantic provinces tend to use specific locations that are informally designated by the gangs as trafficking zones.

### **Looking to the Future**

#### **Street Gangs**

Canadian street gangs will continue to pose a lower-level criminal threat and will remain involved in the illicit drug trade and street-level prostitution as their primary criminal activities.

The complete 2006 *CISC Annual Report on Organized Crime in Canada* is available at [www.cisc.gc.ca](http://www.cisc.gc.ca).