



CISC 2008 Report on Organized Crime Report Highlights

As the only comprehensive overview of organized crime in Canada available to the public, this report aims to provide an overall strategic picture of organized crime and the threats posed to communities across the country.

The Canadian criminal intelligence community has identified approximately 900 organized crime groups in Canada, which is consistent with numbers from 2007.

FOUNDATIONS of the organized crime marketplace

The British Columbia Lower Mainland, southern Ontario and greater Montreal regions are the primary criminal hubs, with both the largest concentrations of criminal groups as well as the most active and dynamic criminal markets.

The illicit drug market remains the largest criminal market in terms of extent, scope, and the degree of involvement by the majority of organized crime groups.

Many organized crime groups have the capability to exploit international borders. International linkages maintained by several groups ensure that supply and distribution chains for several commodities remain strong.

Exploitation and infiltration of legitimate business by organized crime groups play a critical role in undermining public confidence in some legitimate markets while contributing to the resilience of many organized crime groups.

METHODS of organized crime operation

Violence and Intimidation

Many organized crime groups use violence and intimidation either as part of their long-term strategic plans or in spontaneous acts of aggression. It is usually directed either externally against criminal rivals or internally to maintain discipline.

Critical Skills

As methods of operation change and criminal activities become more complex, organized crime groups exploit and manipulate individuals or organizations with the critical skills necessary to facilitate certain crimes such as securities fraud, counterfeiting, and mortgage fraud.

Money Laundering

Organized crime groups use methods ranging from the simple techniques requiring minimal expertise to more complex methods requiring additional coordination. Lower-level criminal groups conduct simpler laundering methods including the use of cash-intensive businesses. Higher-level criminal groups use more complex methods such as real estate ventures and off-shore investment opportunities.

GLOBAL TRENDS

Economic Crime

Electronic Money

The expanding availability and use of electronic money systems facilitates money laundering as well as the sale of illicit goods. E-currency has reportedly been used to facilitate illegal activities ranging from credit card fraud to the exchange of child pornography.

The US Dollar

The weakened US dollar has diminished its dominance as the currency of choice for international remittances and payments. This could drive an increase in bulk-cash transfers in denominations other than Canadian and US dollars.

Environmental Crime

Electronic and Electrical Waste

The illicit trafficking and disposal of 'e-waste' – computers, televisions, cell phones –

is driving a burgeoning environmental and human health crisis in several developing nations.

Natural Resources

Canada's marine resources, freshwater and forests are vulnerable to exploitation by organized crime due to their relative abundance, isolation, and accessibility.

Illicit Drugs

Precursors

Asia continues to be a hub for production and diversion of chemical precursors for making illicit synthetic drugs. Insufficient monitoring resources can lead to many of the precursors being diverted to illicit drug markets worldwide, including Canada.

Cocaine Transit via West Africa

In the past few years, strong growth in the European cocaine market has helped transform West Africa into a drug transit zone. Profits from trafficking cocaine to Europe threatens the political and economic integrity of West African nations and threatens to turn them into narco-states.

Humans as a Commodity

Organ Trafficking

Throughout the West, the demand for transplantable human tissue and organs far exceeds available legitimate and regulated supply. Opportunities for involvement by Canadian-based organized crime groups range from importing illegally harvested organs to arranging for Canadians to travel abroad to receive them.

CRIMINAL MARKETS

Illicit Drugs

Cocaine

Cocaine remains one of the most significant illicit drug markets as indicated by global production levels and Canadian seizure statistics. Inter-provincial distribution of cocaine is coordinated from B.C., Ontario, and Quebec.

Crack Cocaine

Crack cocaine tends to be concentrated in urban centres across Canada. Due to its addictive nature and short-lived effects users frequently engage in property crimes, robbery and crimes against persons to finance their addiction, often creating pockets of cyclical crime.

Ecstasy

Canada, the Netherlands and Belgium are the primary source countries of ecstasy to the global illicit drug trade. Canada continues to be a major producer for both domestic and international markets.

Heroin

In Canada, consumer demand for heroin remains comparatively low, and only a limited number of organized crime groups are involved in this market.

Marihuana

Marihuana remains one of the most trafficked illicit drugs in Canada, with extensive organized crime involvement at all levels of production, distribution and exportation. Canada continues to be a source country, meeting a significant amount of domestic and US demand.

Methamphetamine

Methamphetamine production in Canada has risen to meet expanding international demand. The number of super labs (able to produce 5 kg or more) in Canada indicates the capacity to produce significant quantities for foreign distribution.

Opium

Due to record high opium production in Afghanistan, opium seizures in Canada have increased significantly in the past year. However, total seizures remain relatively low in comparison with other illicit drugs.

Pharmaceutical Opiates

The abuse of prescription drugs is expected to exceed consumption of illicit narcotics worldwide. Canadians are among the heaviest consumers of pharmaceutical opiates. Several organized crime groups are involved in the distribution of illicit prescription opiates.

Financial Crime

Mortgage Fraud

Mortgage fraud in Canada results in estimated losses in the hundreds of millions of dollars annually. Schemes often involve fraudulent mortgage applications, which contain fabricated information about the prospective buyer or property.

Mass Marketing Fraud

Canadian-based mass marketing fraud operations gross over \$500 million per year, according to the Canadian Anti-Fraud Call Centre (CAFCC). Counterfeit or altered cheques or money orders are increasingly being used by organized crime to commit mass marketing fraud.

Payment Card Fraud

Payment card fraud has a global impact on consumers, as well as financial and retail industries. The availability of wireless technology, such as Bluetooth, is enabling the extraction and transmission of payment card information in real time. As information is relayed from point-of-sale terminals to vehicles positioned in close proximity, it is transferred almost instantly to 'card factories' which can be located worldwide.

Securities Fraud

Securities fraud is a complex criminal activity that requires financial knowledge and expertise. Technology has facilitated organized crime's involvement and has increased their operational reach. The use of electronic money transfers has also resulted in the blurring of geographical borders.

Contraband Tobacco

Contraband tobacco is primarily supplied by organized crime groups in Ontario and Quebec. An estimated 22% of cigarettes smoked in Canada are illegal.

Human Smuggling

Organized crime groups are actively involved in human smuggling operations in Canada, facilitating the movement of illegal migrants from several transit points domestically and internationally. There has been a significant increase in illegal north-bound migration from the US into Canada.

Trafficking in Persons (TIP)

A small number of organized crime groups are involved in international TIP. Conversely, several street gangs are active within the domestic TIP market for the sex trade.

Illicit Firearms

The US remains the primary foreign supplier of firearms smuggled into Canada. The Internet is expected to become increasingly appealing to criminals as an alternate means of obtaining illicit firearms to avoid law enforcement and Canada - US border controls.

Intellectual Property Rights Crime

Organized crime groups are active in the importing of counterfeit goods, primarily from China, into Canada. The ability of counterfeit products to pass for authentic goods will increase as counterfeiting techniques improve, making detection increasingly difficult.

Vehicle-Related Crime

According to Statistics Canada, the number of vehicles stolen annually in Canada remains stable at approximately 160,000. Organized crime groups involved in vehicle-related crime operate primarily out of Montreal and Toronto.

FEATURE FOCUS: IDENTITY THEFT AND IDENTITY FRAUD IN CANADA

- **Identity theft** refers to the collection, possession, and trafficking in personal information.
- **Identity fraud** refers to the use of personal information, without the person's knowledge or consent, to commit crimes under that person's name.

How Personal Information Can Be Stolen

- Mail theft and 'dumpster diving' are two common techniques for identity theft. Once stolen, a fraudulent change of address can redirect mail to another location, facilitating identity theft.
- Criminals sometimes pose as someone else in person, on the telephone or online to mislead legitimate businesses and organizations into providing desired information.
- Information can be extracted from lost or stolen personal electronic devices, through information shared online, and through the use of spyware, malware and viruses.
- 'Brand spoofing' is a technique wherein fraudulent websites imitate those of legitimate businesses, enticing people to provide personal information. 'Phishing' is an e-mail scam and 'voice phishing' prompts people to call a telephone number set up with a message system that sounds legitimate.
- Other sophisticated techniques involve the modification of automated banking machines or point-of-sale terminals to record the debit or credit card information by 'skimming' account and password information as it is entered by the cardholder.

Organized Crime Involvement in Identity Theft and Identify Fraud

- Identity theft and identity fraud represent high profit potential for organized crime groups, with a relatively low risk of detection.
- Criminal groups involved in identity theft and identity fraud often reside in one province and operate across a number of different provinces, as well as in the US and abroad.

- Stolen personal information can be stored for long periods of time before being shared, exchanged or sold to other groups.

Who Is Affected

The Canadian Anti-fraud Call Centre (CAFCC) reported some 10,000 complaints of identity theft and identity fraud with losses totaling more than \$6 million in 2007 and more than \$1 million in the first quarter of 2008. CAFCC estimates the numbers represent a very small percentage of the actual figures.