



9-2012

## July to September 2012

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# Organized Crime in Canada: A Quarterly Summary (July to September 2012)

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## ENFORCEMENT

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### Organized Crime Activities

#### Bookmaking/Match-Fixing

In September, CBC News ran a story alleging that a “crime syndicate” in Europe paid bribes to selected players on teams in the Canadian Soccer League, a semi-professional league operating in Ontario and Quebec. According to the CBC, the game was “part of an international match-fixing scheme to make money from online bets.”

Evidence for these allegations came from police wiretaps that had been made public as part of a German court case concerning one of the largest sports-fixing scandals to hit Europe. The wiretaps indicate the crime syndicate targeted a game in Trois-Rivières between its home team, and the Toronto Croatia football club, which was played on September 12, 2009. Court documents show that 15,000 Euros (CDN \$18,000) in bribes were paid to several players on the Toronto team. One player on the Trois-Rivières team told CBC News that he was not aware of any bribes to players to fix the game, but did remember scoring an easy goal.

“I remember my goal, it was the free kick for us,” he said. “One of our players took the free kick, and then the goalie, he didn’t punch it away, he punched it in front of the net, and then I took the rebound.”

According to the CBC, the German court found that the crime syndicate had also fixed soccer games in other countries, including Germany, Switzerland, Austria, Belgium, Turkey, Hungary, Slovenia and Croatia. At least six people have been convicted for their role in the match-fixing. No charges have been laid in Canada. One Canadian Soccer League player, who spoke to CBC News on the condition of anonymity, described how he was approached to fix a game outside a team dressing room.

Stefan Conen, a lawyer representing one of those convicted in Germany suggested that the criminal syndicate targeted the Canadian soccer league in hopes that the lower-level games were far enough out of the spotlight that officials wouldn’t suspect tampering.

“It’s easier to fix a game in the lower leagues, there’s less control, less attention to those games, plus the players earn less so they’re easier to compromise for money,” Conen said.

Another reason the European crime syndicate targeted the Canadian Soccer League may be because its games are broadcast on dozens of online gambling sites, which allow wagers of up to 150,000 Euros (CDN \$180,000) on a single game.

**Source:** *CBC News*, Sept. 12 2012, Canadian soccer match fixed by global crime syndicate: Toronto semi-pro players bribed to lose against Quebec team; *CBC News*, September 12, 2012, Canadian soccer an easy target for match-fixing: Online betting drives global interest in domestic games

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## Contraband Tobacco

In August, the RCMP announced it had seized 14,288 kilograms of contraband tobacco in Southwestern Ontario. The tractor trailer that was hauling the cargo was also seized. “If produced into contraband cigarettes this would have represented several million dollars in evaded duties and taxes to the Federal and Provincial Government,” according to a RCMP new release. The seizure followed a routine inspection by Ontario Ministry of Transportation officials who encountered a transport truck that did not have the proper paperwork to carry tobacco.

The National Coalition Against Contraband Tobacco estimates that the sale of contraband cigarettes cost the Canadian government \$2.1 billion in lost tax revenue in 2011. This is substantially more than the \$60.5 million estimate calculated by the federal government, which is based on seizures of illegal cigarettes made by the RCMP. According to the RCMP's web site, in 2011, it seized "approximately 598,000 cartons/unmarked bags of contraband cigarettes, 2,200 kg of raw leaf tobacco and 38,000 kg of fine cut tobacco." The same web site asserts "The illicit tobacco trade is a global phenomenon that contributes to the growth of transnational organized crime and undermines public health objectives."

**Source:** *Canada Newswire*, August 16, 2012, 14,288 Kilograms of contraband tobacco seized in southwestern Ontario; *CBC News*, September 13, 2012, Illegal cigarettes cost Ottawa millions in lost tax; *National Coalition Against Contraband Tobacco*, September 27 2012, Coalition calls for government action on illegal cigarettes; RCMP web site, "Illicit Tobacco," <http://www.rcmp-grc.gc.ca/ce-da/tobac-tabac/index-eng.htm> (retrieved October 1 2012).

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## Corruption

At the end of September, the Quebec commission investigating corruption in the construction industry and public works sector heard explosive testimony of graft among construction companies, civil servants, organized crime, and even political parties and politicians.

As Sidhartha Banerjee of the *Canadian Press* succinctly writes in a September 25 article, "Ties between well-known construction entrepreneurs and the highest figures in the Italian Mafia have been laid out before Quebec's corruption inquiry, where, after months of anticipation, the witnesses are starting to name names."

On September 25, RCMP Corporal Vinicio Sebastiano provided testimony and also showed police surveillance video of owners of Quebec construction companies bringing cash to senior members of the Montreal mafia. The main recipients of the cash were either Nicolo Rizzuto, the acting head of the Rizzuto mafia family while his son Vito was in jail, Paolo Renda, the reputed consigliere of the family who disappeared two years ago, and Rocco Sollecito, who may have been the person overseeing the Rizzuto family's corrupt involvement in Quebec's construction industry.

The surveillance was taken as part of Operation Colisée, a police investigation targeting drug trafficking and other criminal activities by the Montreal mafia. As part of the investigation, the RCMP arrested 90 people in 2006, including Nicolo Rizzuto.

More than 35,000 hours of video surveillance recordings was taken between 2002 and 2006 at the now-closed Cosenza Café, which was located in an east-end Montreal strip mall and served as a meeting place and informal headquarters of the Rizzuto mafia family. It was also here that cash was delivered to senior Rizzuto family members. The cash came from illegal activities, tribute paid to Rizzuto from members of his criminal group, as well as graft skimmed from construction contracts. Based on the surveillance video, police documented 192 separate

“transactions,” in which money was being collected and then divided among heads of the Rizzuto clan in the back room of the café.

Under questioning, Cpl. Sebastiano, who worked on Operation Colisée, told the Charbonneau Commission that the visits by the construction magnates to the café were common while the RCMP surveillance operation was underway.

Among those who were captured on video at the Café were Lino Zambito, president of Infrabec; Accursio Sciascia, owner of Pavage ATG, which specialized in concrete finishing; Frank Enrico Andreoli of Canbec; and Domenico Acuri of Mirabeau. Francesco (Frank) Catania, owner and president of Catcan Inc., was seen at the club 19 times. Records show that the Catcan received 80 per cent of all the paving contracts in Verdun, a borough of Montreal, between 2006 and 2009. In May of 2011, Frank Catania’s nephew, Paolo Catania, was arrested and charged with fraud and other criminal counts in connection with a \$300-million construction contract with the City of Montreal. Frank Catania appeared to be particular close to the Rizzuto family. A photo of Catania having lunch with business associates in a boardroom was entered as evidence at the commission. At the head of the conference table sits a smiling Nicolo Rizzuto. Mounted on easels behind him appears to be a rendition of construction plans for Highway 30 in Quebec, with the Catania logo.

Nicola Milioto, who runs Mivela Construction Inc., was listed as having visited the club 236 times over two years. Mivela had received dozens of contracts from the City of Montreal in 2004 and 2005 worth tens of millions of dollars. Some of the most damning video showed Milioto exchanging tens of thousands of dollars with Nicolo Rizzuto. The frequency with which Milioto visited the café has led some to believe he served as a bagman for payments from construction companies to the Rizzuto clan. The videos show him arriving with money on different occasions, with as much as \$20,000 at a time being provided to members of the mafia family. The cash was often divided into five parts, presumably to be split among the five most senior members of the crime family: Nicolo Rizzuto, Paolo Renda, Rocco Sollecito, Francesco Arcadi, and Vito Rizzuto.

The RCMP videos also captured scenes from a Christmas party at the café attended by several members of the construction industry and four senior members of the Rizzuto family. In the video some of the businessmen and Rizzuto family members exchange salutary kisses as they mill about a snack table. At one point a high-level mafia captain is seen giving a gentle tap on the face to a man who received contract from the City of Montreal for snow removal.

Also taking the stand at the commission was Lt. Det. Éric Vecchio, an investigator working for the commission who had reviewed the RCMP surveillance videos. He provided the Commission with a list of 74 construction firms whose vehicles were videotaped parked outside the Consenza café. While he acknowledged there were other businesses in the strip mall where the café was located, Vecchio said most vehicles were parked close to the café. In addition, he testified that “the majority of the companies who have business with the City of Montreal in the realm of excavation, sewers, who receive public contracts, out of about 10 there are at least six if not more who show up at the Consenza.”

What the commission heard from Vecchio and other witnesses was that the RCMP surveillance video was capturing the payment of a “tax” levied by the Rizzuto family on construction firms who were successful in capturing municipal government contracts. As Vecchio put it, “It was effectively a tax — a cut that was given to make sure things went well.” In essence, the Rizzuto family were operating a traditional protection racket, in which companies pay a fee to receive protection or to ensure peace (for example with unions or supply companies).

Vecchio went on to estimate that the Rizzuto family received a cut of between two and five percent from many municipal construction contracts. He also testified that the Rizzuto family is still charging this protection fee, although they have reduced it by as much as half, which in itself may indicate a decrease in the power and influence of the Rizzuto crime family. This decrease in the power of the Montreal mafia is the result of the jailing of Vito Rizzuto, who was the major force behind this protection racket, the damage inflicted on the family by Operation Colisée, the 2010 murder of Nicolo Rizzuto, as well as increased competition from other criminal groups in Montreal.

This tax was, in part, responsible for increasing the costs of municipal construction projects. (The high cost of public sector construction in Quebec began to attract intense controversy around 2010 when the media raised alarm bells about possible price-fixing. This reports and pressure from opposition parties and other critics eventually forced the hand of the provincial government to call the inquiry.)

By the end of a construction project, Vecchio said, the average cost of a contract would have been driven up by about 30 percent. In other words, construction firms involved in the collusion typically inflated bids by at least 30 percent. “The system that was in place allowed the lowest bid to be about 30 percent above the real cost” for the construction work required, Vecchio said.

Vecchio’s testimony was corroborated by an industry insider, someone who claimed to have first hand experience with the price-fixing. Lino Zambito testified at the commission that many sectors of the construction industry in Montreal and surrounding regions were controlled by a small group of contractors who took turns “winning” bids, and then paid a percentage of the value of the contract to the Rizzuto family. Vito Rizzuto himself would sometimes choose which construction firm would be the winning bidder on a particular contract.

Based on Lambito’s accusations, René Bruemmer of the *Montreal Gazette* writes, “The cash to pay the Mafia was raised through false billing submitted to companies, both real and fake. Payments were expected regularly while work was being done. And any contractor who tried to break into the system quickly learned that the Montreal market was hermetically sealed, and that it was best to go elsewhere.”

Zambito is the former president and co-owner of the now-defunct construction firm Infrabec. When he took the stand he talked about how he became part of a cartel of roughly 10 to 12 businesses that controlled the market on water and sewage pipe repairs on the island of Montreal. When he got into the business in 1998, the system of controlling the construction business was already well established, he said.

“On most contracts for public tenders in Montreal, there was a lot of backroom dealing that went on,” according to Zambito. “There were contractors that were assigned to Montreal — that was their territory.”

Zambito was one of the construction bosses caught on the RCMP surveillance video. At one point he is seen handing over bundles of cash to suspected middleman Nicola Milioto during the 2005 Christmas party at the Consenza café. Zambito was arrested in 2011 and is currently facing fraud and other charges in connection with the awarding of a municipal contract for a \$28-million water-purification plant in Boisbriand, a suburb of Montreal. Infrabec went bankrupt in 2011. He said he is now in the restaurant business.

At its peak, in 2007 and 2008, Infrabec was earning between \$25 million and \$35 million a year and employing 130 people, specializing in work on underground water and sewage pipes. When the company was first starting out, Zambito said he bid very low on municipal contracts in order to “get his foot in the door.” However, he testified that while on one job site, an inspector from the city of Montreal informed Zambito that he had been sent over by other construction companies (and possibly by the Rizzuto family) “to make his life difficult.” In his own words, Zambito said that he was told “People are unhappy that you are here in Montreal.” He told the commission that these people included the Mafia. “I faced up to the music when it was time to face the music,” Zambito said.

He then became part of the cartel made up of other construction firms, including those owned by Domenico Acuri, Francesco Catania, and Nicola Milioto, all of whom were caught on video at the Consenza café. Each company in the cartel colluded with one another to ensure just one would win a government contract that had been tendered.

According to the *Montreal Gazette*’s reporting of Zambito’s testimony, “Whoever’s turn it was to win the contract would call the other companies to say how much he was bidding, so the others would know to bid higher, guaranteeing the work ... Companies not in the loop would have to bid low to get the jobs, ensuring they could not survive in the market. The practice extended beyond the city, he noted.”

“Montreal is a closed market,” Zambito testified. “I submitted bids in Laval, and that was a closed market, too. The North Shore of Montreal — closed market, too.” He added that the same cartel system existed wherever people bid on public contracts — whether at the municipal or provincial level.

Zambito said that he could not speak for other companies, but as far as his own company was concerned, the fee he paid to the Rizzuto family was 2.5 per cent of the value of any construction project he won. Following a question by one of the commission’s lawyers, he refused to admit that he was paying protection money to the mob. “I saw it as more of a business. Entrepreneurs made money and there was a certain amount owed to people of ... the Mafia.” While he gave much of the cash to a middleman, Zambito made it clear he knew exactly where it ultimately was going.

Based on Zambito's testimony, the *Montreal Gazette* described the corrupt cartel arrangement and its relationship with the Rizzuto family as follows:

“Each company would have to pay the Mafia 2.5 per cent of the total value of a contract, minus taxes and the 10 per cent surcharge added to contracts to cover unforeseen expenses. So on a contract worth \$2.5 million, the payment expected was \$62,500. The money would be delivered in packages of cash throughout the contract. Often, Zambito would give it to Nicola Milioto, a construction firm owner identified as a middleman who was seen more than 200 times at the Consenza Café, and recorded handing over cash to mob leaders. To get the cash, construction firms would submit false bills to legitimate companies on the take. For instance, Zambito said he would send a cheque to the Gilles Transport trucking firm in Laval, paying them \$50,000 for the use of 50 trucks used on a certain day. Except Zambito only used 30 trucks, so the company would take a cut for itself, and hand the extra cash back to the construction firm, which would use it to pay the Mafia. There were no threats, Zambito said. These were 'just the rules of the game.'”

Zambito even testified that Rizzuto became directly involved in a dispute over who should win a bid for renovating Montreal's Acadie Circle. When he went to the restaurant owned by a competitor to discuss the dispute he was surprised to see Vito Rizzuto. It soon became apparent to Zambito that Rizzuto was there to mediate the dispute. According to Zambito, Rizzuto suggested to him that perhaps his young company didn't have the expertise required for such a large contract. It was clear to Zambito that he was being told in no certain terms not to bid on the contract. Zambito never bid on the contract. The rival businessman denies the meeting ever took place.

**Source:** *The Canadian Press*, Sep. 25 2012, Construction bosses were regulars at Montreal Mafia hangout, Quebec inquiry hears; *Canadian Press*, September 26, 2012, Mafia 'tax' on construction projects hit 30% at height of Rizzutos' power, Quebec inquiry hears; *Montreal Gazette*, September 27, 2012, Charbonneau Commission: Detective lists construction firms linked to Mafia; *Montreal Gazette*, September 27, 2012, Construction bosses caught on tape; *Canadian Press*, September 27, 2012, Construction boss: We rigged contracts and paid a 2.5 per cent cut to the Mafia; *Montreal Gazette*, September 28, 2012, Charbonneau Commission: 'Montreal is a closed market,' Lino Zambito says; *The Spec.com*, October 2, 2012, Inquiry offers insight into power Montreal crime boss held.

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## The 10 Mafia Rules

While testifying at the Quebec's corruption inquiry, Mafia expert Valentina Tenti shared a document Italian police recovered that purports to hold the "Ten Commandments" of the Sicilian Mafia, known as the "Cosa Nostra" (Our Thing).

1. No one can present himself directly to one of our friends ("amico nostro"). There must be a third party to do it.
2. Never look at the wives of friends.



3. Never be seen with cops.
4. Don't go to pubs and clubs.
5. Always being available for Cosa Nostra is a duty — even if your wife is about to give birth.
6. Appointments must absolutely be respected.
7. Wives must be treated with respect.
8. When asked for any information, the answer must be the truth.
9. Money cannot be taken if it belongs to others or to other families.
10. People who can't be part of Cosa Nostra: Anyone who has a close relative in the police, anyone with a traitor for a relative, anyone who behaves badly and doesn't hold to moral values.

**Source:** *Canadian Press*, Sep 26, 2012, Mafia 'tax' on construction projects hit 30% at height of Rizzutos' power, Quebec inquiry hears

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## Counterfeiting: Art and Antiquities

The *Canadian Press* has reported on a “flood of fake Chinese art” in Canada in recent years that have left many private buyers angry and seeking recourse in the courts. In August of this year, According to CP, a “mob of angry purchasers held a protest on the front lawn of a Vancouver man they say sold them famous artworks he claimed were original but later turned out to be fakes.” (A piece only becomes fake when someone knowingly tries to sell it as an original). The problem is also significant in Toronto, according to some experts, and isn't limited to paintings: vases, porcelain and other fake artifacts are being sold to unsuspecting victims by questionable sellers. The economic boom in China has helped bolster the counterfeit industry as demand for Chinese artwork and antiquities has exploded. A spokesman for Maynards auctions and appraisals in Vancouver told the *Canadian Press* that approximately 30 percent of all Chinese artwork brought to the firm is fake and that the problem has become worse in recent years.

**Source:** *Canadian Press*, September 2, 2012, Counterfeit Chinese art on display all over Canada: experts

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## Drug Trafficking

### Poly Drug Trafficking

The *Canadian Press* reported on a 14-month drug trafficking investigation in Terrace, B.C., which culminated in raids on three marijuana grow-ops and the seizure of than 500 plants, a kilogram-and-a-half of cocaine, as well as ecstasy, hashish, magic mushrooms and prescription drugs. They also found 110 guns, including some that were loaded and readily accessible to the occupants.

**Source:** *Canadian Press*, September 24, 2012, Mounties seize drugs, 100-plus guns in northern B.C. organized crime bust

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At the end of August, the Combined Forces Special Enforcement Unit of British Columbia (CFSEU-BC) announced it had laid charges against six men involved in the importation of multiple kilos of cocaine into Canada, while exporting ecstasy to the United States.

The charges follow a CFSEU-BC investigation that spanned British Columbia, California, Mexico and Peru. It was initiated in 2008 on the basis of information from the U.S. Drug Enforcement Administration that Canadian and American citizens were using a sophisticated system of encrypted smart phones to organize drug transactions on an international scale.

The investigation, code named E-Pistology, revealed that the accused travelled extensively throughout North and South America, conspiring to buy cocaine and importing it into Canada and then exporting ecstasy into the U.S. A number of drug seizures took place over the course of the investigation beginning on August 21, 2008 when 117,000 ecstasy pills were seized in Princeton, B.C. On December 20, 2008, 121 kilograms of cocaine was seized at the Pacific Border Crossing. A few days later, on December 24, another 97 kilograms of cocaine hidden inside a commercial transport truck carrying bananas was seized at the Pacific Border Crossing. In May 2009, a further 10 kilos of cocaine was seized in Burnaby.

Seven warrants were executed in June 2009 at residences in Chilliwack, Burnaby, Surrey, Langley, Abbotsford, and the Lake Country (between Kelowna and Vernon). Those searches resulted in the seizure of four firearms including a restricted 44 Magnum pistol, and a number of prohibited firearms including a 357 Magnum revolver, a 38 calibre semi-automatic pistol and a 40 calibre semi-automatic pistol.

**Source:** Combined Forces Special Enforcement Unit of British Columbia, August 31, 2012, Several charged in international [multi-kilo cocaine and ecstasy investigation](http://www.cfseu.bc.ca/cms/E-Pistology), <http://www.cfseu.bc.ca/cms/E-Pistology>; Langley Advance, August 31, 2012, Langley link to drug gang

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U.S. Attorney for Montana, Michael Cotter, announced the dismantling of a smuggling ring that used remote parts of the border to smuggle more than 1,000 kilograms of cocaine into Canada and 1.3 million ecstasy pills into the United States. He said the international investigation, which involved the RCMP, the Department of Homeland Security, the Drug Enforcement Agency and the U.S. Border Patrol, resulted in the seizure of 414 kilograms of cocaine and 29 kilograms of ecstasy. Police estimated the street value of drugs at (US)\$17.5 million. In total, 17 people were arrested in the U.S. and Canada.

“This is certainly the largest seizure both here in Montana and Saskatchewan,” Cotter said in a news conference. Cotter described how from 2009 until the fall of 2011, the drug traffickers used

rental vehicles to transport cocaine from southern California to small border outposts in Montana. The cocaine was smuggled across the border and taken to B.C. for distribution. The accused also smuggled ecstasy and marijuana produced in B.C into the U.S. via Montana for distribution.

**Source:** *Associated Press*, July 31, 2012, Remote Montana border crossings at centre of sweeping drug bust

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## **Cocaine**

A former police officer with the RCMP, Rapinder (Rob) Sidhu, was arrested in Montreal in late August on charges that he conspired to smuggle hundreds of kilograms of cocaine from B.C. to Washington State.

Sidhu had moved from B.C. to Montreal, despite being on trial for allegedly misusing a police computer. Specifically, he was charged in B.C. with posing as a member of the Integrated Homicide Investigation Team on July 31, 2007, in an attempt to obtain the address of the Bacon brothers, who are the founders of the Red Scorpion gang.

Sidhu, a former undercover police officer who quit the RCMP in 2003 in the middle of an internal investigation, reportedly has links to several offenders involved in organized crime. In August of 2011, he was charged with drug trafficking by American authorities in Seattle, who alleged he orchestrated the smuggling of \$19 million worth of cocaine and marijuana from B.C. to Washington State on behalf of the Hells Angels.

“On a regular basis during this time period, the B.C. cocaine organization exported, and attempted to export, loads of cocaine from the United States to Canada,” the American indictment reads. “The cocaine was concealed in vans and recreational vehicles.” Sidhu is also accused of “recruiting an employee of the Canada Border Services Agency, who agreed to allow and did allow vehicles containing cocaine to pass through his lane at the Lynden/Aldergrove Port of Entry.”

**Source:** *Vancouver Sun*, September 13, 2012, Former B.C. Mountie faces extradition over drug charges

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On July 26, 2012, Canada Border Services Agency officers at the Trudeau International Airport in Montreal seized approximately 7.9 kilos of cocaine. The coke was found in the false bottoms of two suitcases of a female traveller arriving from Haiti. CBSA officers arrested the traveller, who was turned over to the RCMP. According to a CBSA press release, “from January 1 to July 31, 2012, CBSA officers at Montréal-Trudeau International Airport made 156 drug seizures. For the same period, the border services officers have made 1,018 seizures in the Quebec Region.”

**Source:** *Canada Border Services Agency Press Release*, August 2, 2012, CBSA officers at the Montréal-Trudeau Airport make a major cocaine seizure

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At the end of July, Calgary police announced they have arrested four people belonging to a sophisticated drug trafficking ring. The investigation began with a tip from the public in February and resulted in numerous searches of homes, vehicles and businesses. As a result, police discovered 10.7 kilograms of cocaine, \$126,119 in cash, body armour, drug paraphernalia for cocaine production and six vehicles.

**Source:** *Calgary Herald*, July 25 2012, Over \$1M worth of cocaine, cash, body armour seized by police in trafficking ring bust

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## **Ecstasy**

A tip from U.S. border officials has helped lead Langley RCMP to a major drug bust in September. U.S. border patrol officers called the RCMP Mounties shortly before 9 p.m. on September 18 to report a suspicious man hiding in a ditch just north of the border. The RCMP then flushed out the suspect in the 27200 block of 0 Avenue in Surrey. Two large duffle bags, with more than 20 kilograms of ecstasy was seized. Police estimate the street value of the drugs at more than \$1-million. A Mexican national was arrested and charged.

**Source:** *The Canadian Press*, Sep. 19 2012, Tip from U.S. border guards leads to ecstasy bust

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## **Marijuana (See Enforcement below)**

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## **Identity Theft/Fraud**

In September, Halton Regional Police laid more than 300 criminal charges after dismantling an alleged identity theft ring in Ontario. According to the *Canadian Press*, “Officers arrested five people following the execution of search warrants at homes in Milton, Mississauga, Brampton and Toronto. The searches resulted in the discovery of two high-tech identity labs in Toronto and Mississauga that were being used to make counterfeit driver’s licences and credit cards. Police also seized thumb drives and computer hard drives that contained forged cheques and images that could have been used to make thousands of fake credit cards. So far, Halton police have identified 100 victims in the Greater Toronto Area — many of whom did not know that their information had been stolen. Investigators also found nearly \$68,000 in cash and \$354,000 of counterfeit U.S. currency, which police say was likely produced in Nigeria.”

In an unrelated case, Canadian Border Service Agency officials discovered hundreds of counterfeit pieces of government identification hidden in packages purported to contain crafts or in small boxes filled with jewellery and trinkets. The counterfeit identification, likely ordered online, was believed to be destined for underage youth in Calgary. The fake IDs can be used to gain entry into bars or to drive vehicles, but they can have more nefarious purposes, such as identification to rent, and then steal, vehicles or to commit other forms of theft or fraud.

The first shipment of counterfeit ID was intercepted on April 30, 2012. Since then, hundreds of fake driver's licences destined for Calgary have been intercepted by CBSA officials.

"I don't have numbers, but we are intercepting (shipments) on a daily basis," Celine Bourgoin, CBSA chief of commercial operations, told the media.

According to a story in the *Calgary Sun*, "Shipments intercepted in recent months include driver's licenses from B.C. and U.S. states, as well as some credit cards and equipment used to create fake IDs, such as holograms and blank cards. Police said intended recipients may have paid as little as \$20 or several hundred dollars for fake IDs." No charges have been laid at the time this story was reported.

**Sources:** *The Canadian Press*, September 19 2012, Five people arrested after identity labs discovered in Toronto, Mississauga; *Calgary Sun*, July 26 2012, Seizure of cache of fake IDs prompts warning from border officials

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## Money Laundering

In June, the RCMP arrested 71-year-old lawyer Kenneth James of Etobicoke, Ontario and charged him with money laundering, fraud and possession of the proceeds of crime. The criminal charges stem from a drug investigation launched by the RCMP in May 2010, which resulted in arrests and the freezing of more than \$7 million in assets. The RCMP alleges that drug money was laundered through companies believed to be under James's control. James has a history of troubles, including a 2006 bankruptcy filing, past allegations of fraud and ongoing professional misconduct hearings. One of the civil cases involves a 1990 lawsuit where he and several other defendants were accused of fraud and conspiracy by trustees of the Church of Jesus Christ of Latter-Day Saints.

**Source:** *Toronto Star*, June 8, 2012, Money-laundering charges laid against GTA lawyer Kenneth James

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## Organized Crime Genres

### Eastern European

For more than a year and a half, three people accused of being members of a [Hungarian crime family](#) and charged with running a major human trafficking ring in Canada had eluded police. In July, Gizella Domotor, her husband, Gyozo Papai, and Anna Lukacs, were captured by police in Toronto.

The three are alleged to be part of what police are calling the Domotor criminal organization, a gang that originated in western Hungary. Starting in the late 1990s, some of its members moved to Hamilton, where they were convicted of running a human trafficking operation as well as a cheque fraud scheme. As part of the human trafficking ring, unemployed Hungarians were lured to Canada with the prospects of gainful employment and upon arrival were intimidated into working long hours on construction sites with no pay.

According to the *Globe and Mail*, Crown prosecutors described the Domotor organization as a pyramid. At the top was 50-year-old Ferenc Domotor. The second-in-command was his younger brother, Gyula Domotor. “Mid-level positions were made up of various members of their extended family, including siblings, cousins and in-laws. At the bottom of the organization were enforcers and other “foot soldiers” – mostly young Hungarian men.”

Based on court documents, the *Globe and Mail* describes the organization, its tactics and victims in more detail:

Court documents filed earlier this year allege that Gizella Domotor initially recruited Tibor Csuti, now 58, on the street in Hungary to fix a door at her house. By the prosecution’s account, she then brought him to Canada in April 2008 with the promise of a job, regular pay, his own home and a better life. Instead, he was used as a household servant by Gyula Domotor, confined to a basement and not paid. On one occasion, court filings said, Gyula Domotor threatened to “smash Mr. Csuti’s head.” The family referred to him as its csicskas – a slave. Gizella Domotor was also accused of providing documentation to bring another trafficking victim, 22-year-old Sandor German, to Canada.

In 2010, Ferenc Domotor and many of his criminal associates were arrested in late 2010. Ferenc Domotor was sentenced to nine years in prison for human trafficking while several of his criminal associates were convicted of conspiracy to traffic in persons and more were found guilty of participating in a criminal organization.

**Sources:** *The Globe and Mail*, July 13 2012, More arrests made in massive human-trafficking ring

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Police believe a Romanian crime ring is behind a string of “distraction thefts” that targeted victims across Ontario. Many of the robberies were carried out by people the ring had “recruited” into Canada. Once they arrived, police allege, they claimed refugee status and social assistance. They were then brought into the fraud ring. “Over 400 persons were associated with the ring,” Durham Regional Police Service chief Mike Ewles said at a news conference. It was allegedly led by four main individuals, two of whom have since fled to Europe. A Durham police investigation, dubbed Project Mansfield, was launched in March and by the beginning of September, 28 people were arrested and a total of 263 charges were laid.

Durham police say members of the group approached people on the street, in parking lots, in vehicles and in malls. According to City TV News, in a video shown at the news conference, “several women wearing layers of clothes and baggy skirts entered a convenience store. One or two members spoke to the cashier, who was working alone, while others walked around the store. Another person then broke into the storage room. While that person was in the storage room, the other people in the group distracted the employee with questions. One of them carried a baby. Police said the women then left the store with hundreds of items from the storage room hidden in their clothes.”

This type of theft appears to have spread to other parts of the province. By the end of September, police in Ottawa were linking dozens of distraction thefts to a multimillion-dollar international Romanian organized crime ring that targeted seniors. According to the *Ottawa Sun*, “Jewelry, debit and credit cards have been targeted in 60 thefts throughout the city since July, where parking lots, shopping centres and convenience stores have been common areas to swoop in on vulnerable victims.”

Ottawa police are being supported in their investigation by the Durham Regional Police Service, which believe the cases in that city may be linked to one organized theft ring, with hundreds of identified associates that are responsible for the thefts in Sudbury, Windsor, London and Montreal. Police believe the group is highly mobile and has been moving from city-to-city.

According to the *Ottawa Sun*, police say suspects use four main tactics to rip off victims:

1. Street distraction — A suspect (often female) approaches a victim and offers them gold jewelry in memory of a dead relative, or as a gift. The suspect places the necklace on the victim, while removing the victim’s own gold necklace. This type of theft is common in shopping areas.
2. Family in need distraction — One or more suspects approach a victim with some type of sob story about a relative in need, and offer expensive-looking jewelry in exchange for money to help. The victim later discovers the jewelry is worthless.
3. Follow the Shopper Distraction — While a victim uses their debit card at a shopping check-out, suspects behind the victim will memorize the PIN number. Once outside, the victim is deliberately distracted while another suspect steals their wallet.
4. Store Distraction — While a store employee is distracted by a suspect, another female suspect will hide items under a long, flowing skirt before exiting the store.

**Sources:** *CityNews.ca*, September 5, 2012, Organized crime ring behind distraction thefts, Durham police allege; *Ottawa Sun*, September 29, 2012, Police are warning Ottawans to be on the alert for a gang of thieves that distract

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In August, a random x-ray of train car at the CN rail yard at the international train tunnel in Windsor identified an image of a person inside one of them. Police were called and subsequently tracked down five men wanted across Canada. Police said the five men, allegedly arrested with debit and credit card skimming devices, are also likely part of a larger Romanian organized criminal enterprise. All five men are originally from Romania but police said they had been living in Canada.

This larger enterprise involves the widespread use of counterfeit debit and credit cards. According to Windsor police, fake debit and credit cards with data and the PIN from legitimate cards are produced and then hundreds of people with dozens of cards withdraw cash from ATMs.

According to the *Windsor Star*,

After the arrests, Windsor police did a “fraud fan out,” and sent emails including the suspect’s photos to banks and other police agencies. It didn’t take long for a response. Viorel Bratuva, 30, from Toronto, was already wanted on Canada-wide warrants for fraud and immigration violations. “He’s got similar charges in B.C. which I understand amounted to about half a million in skimming,” a Windsor police spokesperson told the media. The other four were from Quebec. Marian Stanica, 37, is also wanted in Quebec on 32 charges including fraud for stealing from the elderly. Costinel Catalin Mirea, police said, was in Canada illegally. The other two men arrested are Liviu Godin, 37, and Nicolae Arganisciuk, 27. Those two were released on \$5,000 bail. The others remain behind bars.

“In Montreal, they were able to identify two of the pictures as fraud suspects, particularly fraud suspects that were ripping off the elderly,” a Windsor police spokesperson told the media. “They have multiple, multiple charges.”

There is also a human smuggling aspect to this case. Some of the men arrested had family members waiting for them in the U.S. after an illegally entry from Mexico. The plan was to smuggle them into Windsor.

**Source:** *Windsor Star*, August 9, 2012, Windsor police foil plans for human smuggling, fraud, escape to Mexico

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## Italian

Recent testimony before the [Quebec commission examining corruption in the construction industry](#) shone a light on Italian organized crime in Ontario. Detective Constable Mike Amato of



the organized crime section of York Regional Police told the commissioners that in Ontario, and the greater Toronto area in particular, 'Ndrangheta crime families, which originate in Italy's Calabria province, are the dominant Italian organized criminal groups. In contrast, ethnic Italian crime groups in Quebec, and Montreal in particular, have been dominated over the last decades by those from Sicily or with a Sicilian heritage. In Montreal, the Sicilian mafia, often referred to as "Cosa Nostra", centred around the Rizzuto family. (It was Nicolo Rizzuto who overthrew the Calabrian leadership of the Montreal mafia in the early 1980s and then turned the reins of power to his son, Vito.)

Amato's allegations of the dominance of the 'Ndrangheta in Ontario has been confirmed by other police sources. The 'Ndrangheta has risen to a "Tier 1" national threat, according to Supt. Kevin Harrison of the RCMP. This conclusion is based on a RCMP risk assessment, which uses on such criteria as "corruption, scope, violence, infiltration, sophistication, expertise, subversion, strategy, discipline, insulation, multiple enterprises, group cohesiveness, (and) monopoly."

As part of a sweeping investigation into the 'Ndrangheta in Italy, prosecutors stated publicly a few years ago that there are seven dominant Calabrian mafia families in Ontario, each with a boss who sits on an influential board of control. These public statements were based on information obtained from investigations conducted in Italy. According to the *Toronto Star*, "Italian and Canadian authorities have identified seven to nine "locali" in Ontario, close-knit 'Ndrangheta cells grouped around families and intermarriage and tied to their brethren in Italy." Writing in the *National Post*, Adrian Humphreys states that these prosecutors identified "about 40 men linked to the 'Canadian cell' of the mighty crime network; many with 'operational links' to Italy and some suspected in an array of crimes there, including murder, electoral fraud, corruption, extortion, theft, money laundering and aiding fugitives." The Canadian cells climbed "to the top of the criminal world," Italian prosecutors say, by becoming masters of the global drug trade and by establishing a "continuous flow of cocaine" from Argentina.

"Canada is a virgin land for the 'Ndrangheta," Roberto DiPalma, a senior prosecutor for Italy's Direzione distrettuale antimafia (Anti-Mafia Directorate) said in a media interview. "It's a strategic place because it's very close to the U.S. and it has been chosen by the 'Ndrangheta as a very important point for the international affairs. It's a very good place for laundering money and a very good place for re-investing the money in the legal economy."

DiPalma said Italian authorities have "passed important information to Canadian police" about what he calls "one of the most powerful organized crime groups in the world." In Italy, the 'Ndrangheta has also surpassed the Sicilian mafia in terms of scope, wealth and power and is considered the largest importer of cocaine in all of Europe.

Both the Calabrian 'Ndrangheta and the Sicilian Cosa Nostra appear to coexist amicably in Canada, Amato said, and even assist each other when it is advantageous to both parties. He went on to cite certain Internet gambling operations as one example of this cooperation. He also noted that there has been violence between the two factions, but much of this strife has gone undetected by law enforcement agencies because the Ontario criminal groups tend to be "under the radar."

In Ontario, the 'Ndrangheta has been able to avoid police attention through a minimal use of the violence, in contrast to Montreal where there has been a number of recent shootings and murders, including the assassination of Nicolo Rizzuto in 2010.

“If there is numerous murders, if there’s a lot of violence, if there is a lot of bombings, it attracts attention. It attracts attention from politicians, it attracts attention from the community, it attracts attention from the police,” Det. Amato said. “You cannot build a successful criminal enterprise if you are continually being investigated and monitored by the police. If you stay under the radar, you are going to expand.”

According to a story in the *Toronto Star*,

The close ties between the Sicilian and Calabrian mob families were in evidence at a 50th wedding anniversary in Vaughan in February 2011 attended by so many figures of “traditional organized crime” — the polite police term for the Mafia — that the Toronto Police conducted extensive video surveillance. The surveillance report on the event concluded that, “the mix of both Sicilian and Calabrian guests at this event would appear to show there is no animosity between the two groups in the GTA. ... It would be more plausible to believe the two factions are working together in the GTA to possibly share control of Montreal...”

(Despite the purported amicable relationship between the Montreal-based Rizzuto family and the Toronto-based Calabrian mafia, some have speculated that Canada’s ‘Ndrangheta clans are behind the murders and other attacks on Rizzuto family in Montreal. This has been done to take over their rackets in that city and, as importantly, to being able to have some influence at the Port of Montreal, which is major gateway for the importation of illegal drugs.)

Amato’s statements echoed somewhat that of Italian scholar Valentina Tenti, who also testified to the commission providing an overview of Italian organized crime in Italy and around the world. One of her points was that the ‘Ndrangheta is adept at effectively hiding its presence in the countries where it exists through infiltration of business, community and politics. She said that some of the mobsters are youth soccer coaches and active philanthropists in political campaigns, hospital fundraising and other charities, which allows them to hide their true nature. As Adrian Humphreys of the *National Post* writes, “While Canada’s mob clans often co-operate to maximize profit, the most successful mobsters nurture a relationship with polite society as much as with underworld conspirators.”

According to Monique Muse of the *Montreal Gazette*, “Amato confirmed Tenti’s assertion that over the years, Mafia organizations around the globe have become increasingly adept at infiltrating the legitimate business market, using restaurants, trucking companies, construction firms and other businesses as fronts for criminal activities behind the scenes.”

“A lot of persons who we have identified, who we suspect are part of the ‘Ndrangheta or part of the Cosa Nostra, do operate legitimate businesses,” Amato testified to the Quebec commission on corruption in construction industry.

Many of those involved in these criminal groups also work in the legitimate business world, while money laundering represents another way that these groups use legal sectors such as banking or real estate.

“Part of the reason that [the ’Ndrangheta] are [so powerful] is because of the influence that they have economically,” Supt. Harrison told the media. “And that’s not something that hits you in the face like a body bleeding on the sidewalk like you have in Montreal. They are very savvy, they run under the radar in terms of public notoriety but yet they are so pervasive in the economy.”

Amato also adroitly tied this stealth character of the mafia to public corruption. “They don’t want us to know about their legitimate businesses; they don’t want us to know about their wealth; they don’t want us to know about interaction in public life,” he said. “If you accept that [the Mafia] exists, you have to accept that public corruption exists, because organized crime would not survive without it.”

Supt Harrison cautioned that he has seen no evidence of political corruption by the ’Ndrangheta in Ontario, unlike the widespread corruption scandals that have been uncovered in Italy. “That doesn’t mean they don’t have influence in the municipalities because of the economic wealth they have in smaller areas,” Harrison said. “They are into lots of legitimate business.” Harrison says he now has 50 officers, with 40 in the GTA and another 10 in the Golden Horseshoe, targeting Mafia activity full time.

**Sources:** *National Post*, September 20, 2012, Canada’s mafiosi hide in plain sight, detective tells Quebec corruption inquiry; *TheSpec.com*, September 19, 2012, Mafia group is the top crime threat in GTA: RCMP; *Montreal Gazette*, September 24, 2012, Ontario detective says Mafia groups are good at staying ‘under the radar’; *Toronto Star*, September 22, 2012, Is Montreal mobster Vito Rizzuto coming to town?; *Toronto Star*, October 03, 2012, Mafia figures find refuge in Ontario, Italian police warn

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The reputed head of Montreal’s Rizzuto crime family, Vito Rizzuto will be deported to Canada from the U.S. in October of this year after serving six years in a high-security prison for participating in the murder of three made members of the Bonanno mafia family in New York City in 1981. Rizzuto was extradited to the U.S. in 2004 and in 2006 he was sentenced to a 10-year jail term. He is expected to be deported from the U.S. after his October 6 release. He is being released early due to good behaviour.

Some have speculated that his return to Montreal will rekindle a feud between the Rizzuto family and its rivals. Since he has been in jail, his son Nick was murdered (in 2009) while his father was Nicolo, was killed in 2010. Others associated with the Rizzuto family have also been murdered or have disappeared.

The media has reported rumours that he may settle in the Toronto area rather than in Montreal, where he has been living since his family arrived in Canada from Italy in 1954 at the age of

eight. According to Adrian Humphreys of the *National Post*, “Such a move might suggest he wants to flee the turmoil in Quebec that claimed his eldest son, his father and his brother-in-law to high-profile gangland violence. Living in Toronto, however, could be an even bolder move, since investigators believe some of the attacks against Rizzuto’s family stem from Ontario mobsters in a 30-year-old internecine feud.”

This feud is a veiled reference to violence that was directed at the Calabrian leadership of the Montreal Mafia in the late 1970s and early 1980s by the Sicilian wing, led by Vito’s father Nicolò Rizzuto. Some believe the Toronto-based ‘Ndrangheta is behind the murders of Nicolò Rizzuto and other senior members of the Rizzuto family.

Media reports in the late 1990s and early 2000s revealed that Rizzuto had invested in several companies in the Toronto area, including a restaurant and nightclub, and a garbage disposal firm. He also visited Ontario frequently, playing golf at a course in the Vaughan area. His wife’s family also lives in the region. Rizzuto’s \$1.5-million home in a northeast Montreal suburb is up for sale, which is fueling speculation that he is leaving the city.

As the *Toronto Star* opines, “Regardless of where he eventually settles, Rizzuto will have the tough task of restoring order to his operations in Montreal,” which has been targeted in recent years by rival criminals, police investigations, the current commission into mafia-related corruption in the construction industry, and an arrest warrant issued by the Italian government for money laundering. “Within months, the empire he left behind suffered its first major setback when the RCMP and other police agencies arrested more than 90 people” in Operation Colisée. “Vito father’s and his brother-in-law were among the many who by 2008 pleaded guilty to gangsterism charges, including possession of the proceeds of crime. The arrests, jailings and the embarrassing revelations through wiretaps and surveillance of the inner workings of the Mafia seriously weakened the Rizzutos in the eyes of the criminal world in Canada and the U.S.”

Then, in 2009, his son 42-year-old son Nick, was gunned down in Montreal. Police sources say the younger Rizzuto was trying to extort a local businessman involved in construction. The next year Paulo Renda, a senior figure in the Montreal mafia and Vito Rizzuto’s brother-in-law, disappeared in an apparent abduction. In November, Vito’s father Nicolò was killed with a single bullet fired through the patio window of his Montreal home.

Some have speculated that the ‘Ndrangheta cells in Canada have made a move to Montreal, in part to have influence at the commercial marine ports in the city which is a significant conduit for the importation of cocaine, hashish and heroin into North America.

“The Ontario ‘Ndrangheta is looking for control of the Montreal port,” mafia expert Antonio Nicaso told the media. “They don’t care who is controlling the streets. What they want is the port.”

**Sources:** *Toronto Sun*, August 5 2012, Mob chieftain’s return sparks concerns; *Toronto Star*, September 22, 2012, Is Montreal mobster Vito Rizzuto coming to town?; *Toronto Sun*, September 30, 2012, Mob boss to be deported to Canada; *National Post*, September 27, 2012, Montreal mob boss’s prison release in jeopardy due to failure to rub out \$250K fine

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# Outlaw Motorcycle Gangs

## Bacchus Motorcycle Club

Fifty-year-old Matthew Thomas Foley pleaded guilty to manslaughter in July in connection with the shooting death of a man outside of the Bacchus Motorcycle Club headquarters in Saint John, New Brunswick earlier that month. Foley, who was the president of the Saint John chapter of the Bacchus club at the time of the shooting, was originally charged with the second-degree murder of 31-year-old Michael Thomas Schimpf. Police provided evidence that Foley had fired several rounds from a handgun at Schimpf.

Ironically, it was the Bacchus clubhouse security cameras that sealed Foley's fate; the video shows Foley, wearing his Bacchus vest, partying with others outside of the clubhouse around 8 pm. According to the CBC's Matt McCann, "the legs of the victim walk into view on the street, then the video shows Foley turn, hand his drink to another person, pull a gun from his vest and follow Schimpf off screen. The others then jump up and look down the street. Foley then returns, reloads the gun and leaves again. The Crown then read from a written statement Foley gave police after turning himself in. The letter says the victim threw bricks through the window of Foley's tattoo shop earlier in July."

Police do not believe Schimpf's death was connected to Foley's position as president of the Saint John Bacchus chapter. "There is absolutely no evidence thus far to include organized crime, motorcycle gangs, or an affiliation to motorcycle gangs at this time. It just happens to be where it took place and who's [allegedly] involved," Saint John Police Chief Bill Reid told the media.

Bacchus club members have long maintained they are not involved in organized crime. However, the Criminal Intelligence Service Canada considers Bacchus an outlaw motorcycle gang. Police have asserted that while the Bacchus club is independent it is "friendly" with the Hells Angels.

Like the Hells Angels, Bacchus Motorcycle Club members wear a 1% patch on their club "colours."

Over the past few years, the Bacchus MC have expanded across the Atlantic region, with new chapters in Nova Scotia, Prince Edward Island and Newfoundland and Labrador. This is in addition to long-standing presence in New Brunswick. Police estimate the Bacchus has about 70 members spread out among three chapters in New Brunswick, two in Newfoundland and Labrador, one in Nova Scotia and the latest addition in P.E.I., which was formed in January of this year. This is an increase from two chapters in 2009.

The Bacchus club is the second largest outlaw motorcycle gang in Canada behind the Hell's Angels and the largest motorcycle club in Atlantic Canada. Police believe the Bacchus club is increasingly asserting its power in Atlantic Canada due to the void left after the Halifax chapter of the Hells Angels was dismantled by police enforcement in 2001. This ongoing expansion is an

purportedly an attempt by the Bacchus to establish its dominance (and the dominance of the Hells Angels) and to block a move by rivals of the Hells Angels looking to establish a foothold on the east coast of Canada, which is important to criminal groups because commercial ports in cities like Halifax and Saint John are gateways for the importation of illegal drugs into Canada.

Despite police accusations, there have been few serious criminal charges laid against Bacchus club members before the murder in Saint John. In 2011, police raided the Bacchus clubhouse in Saint John, but only because of allegations it housed an illegal bar. Alcohol, cash and other related items were seized, but police did not find any weapons, drugs or anything else illegal.

In September of this year, however, three members of the Bacchus motorcycle group were charged criminally with uttering threats and using intimidation in Nova Scotia. The charges were laid after the RCMP searched four locations, including the Bacchus clubhouse in Nine Mile River, which is a 25 minute drive from Halifax. Small quantities of marijuana, steroids, magic mushrooms, a number of computers and cell phones were seized. Police also confiscated Bacchus club vests displaying the “1%” patch.

**Sources:** *CBC News*, July 16 2012, Biker club president charged with murder in shooting; *CBC News*, July 17 2012, Murder not related to organized crime, says chief; *CBC News*, July 26 2012, Biker club president pleads guilty to manslaughter; *The Charlottetown Guardian*, August 2, 2012, Outlaw biker gang now on Island; *CBC News*, September 21, 2012, 3 biker gang members charged with threats, intimidation

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## **Hells Angels**

In August, 13 members of Hells Angels chapters in Quebec pleaded guilty to charges of murder and conspiracy to commit murder in a courtroom Montreal. Ten of the accused are full-patch members of the Hells Angels' chapter in Sherbrooke, while two others are probationary members of the Montreal chapter and one is from the South chapter. All of the defendants were arrested in April of 2009 as part of Operation Sharqc, a major investigation into the Hells Angels that centred upon their drug trafficking, but also focused on their violent war with rivals that claimed more than 150 lives in the mid to late 1990s. In all, Operation Sharqc resulted in charges being laid against 130 reputed Hells Angels members and associates. The sentences handed out ranged from six to 11 years in prison.

Several other members of the Hells Angels Sherbrooke chapter are scheduled to be tried en masse this fall. One of those charged as a result of Operation Sharqc, but who is still on the lam, is Guy Rodrigue, a founding member of the Hells Angels Sherbrooke chapter. In 1987, he was convicted for his role in the murders of five members of the North (Laval) Chapter of the Hells Angels. Rodrigue was sentenced to four years in prison. According to Police in Quebec, from 1994 to 2002, Rodrigue was involved in 22 different murder plots.

**Source:** *CBC News*, Aug 27, 2012, 13 Hells Angels plead guilty to murder; *QMI Agency*, August 28, 2012, 13 Hells Angels plead guilty to murder, conspiracy

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Seven full-patch members of the Hells Angels were arrested in B.C. following a series of police raids, including one at their Kelowna clubhouse. The raids and arrests helped the RCMP dismantle an alleged international drug ring that police claim trafficked in large quantities of marijuana and cocaine. As part of the raids, police seized \$4 million in alleged drug money, along with several handguns and assault weapons.

Among those arrested was David Giles, vice-president of the Kelowna Hells Angels chapter. Police allege that Giles, four other Hells Angels members, and four other associates, conspired to import and traffic 500 kilos of cocaine from September of 2011 to August of this year. Giles was charged with conspiracy to import a controlled substance and conspiracy to traffic a controlled substance. Brian Oldham, the sergeant at arms of the Kelowna Hells Angels, also faces charges of possession for the purpose of trafficking a controlled substance, but at this time had not yet been arrested. A Canada-wide warrant has been issued for his arrest.

The raid followed a 21-month investigation by the RCMP, dubbed E-Predicate, which began in B.C.'s Okanagan and stretched to the U.S. to Mexico and Panama. The investigation focused on allegations that marijuana was being produced in B.C.'s Okanagan region and then trafficked in B.C. and elsewhere to fund the importation of cocaine to Canada. At the time of their arrests, police allege the accused were preparing to buy 500 kilograms of cocaine from crime groups south of the border.

Supt. Brian Cantera of the RCMP told the media they used a "full arsenal of police techniques," including undercover officers in Panama, Mexico, the U.S. and other parts of Canada, interception of phone calls, and the use of video surveillance to collect evidence. The effort, he said, "exceeded every layer of sophistication the accused attempted to employ to escape prosecution." Cantera emphasized how this case is a "stark reminder of what marijuana plays in the international drug trade and the influx of drugs like cocaine in B.C."

Kelly Sinoski and Mike Hager of *Vancouver Sun* report that,

Giles, who had been a senior member of the East End chapter of the Hells Angels, was acquitted of possessing cocaine for the purpose of trafficking in 2008 after the judge found evidence against the biker was "weak" and intercepted communications were "unreliable" because they were difficult to hear. The acquittal also meant the end of the first test case, arising from \$10-million police investigation code-named Project E-Pandora, in which police and prosecutors sought to have East End Hells Angels labelled a criminal organization. The Hells Angels have always maintained it is just a motorcycle club. At the time, police said Giles was a "high priority" for the RCMP and remains a suspect in the 2001 seizure of a two-tonne shipment of cocaine headed to B.C. aboard a vessel named the *Western Wind*, which was intercepted by authorities in Washington state. No one was ever charged.

As Don Plant writes in the *Kelowna Daily Courier*, the investigation also shines a spotlight on Kelowna as a hub for organized crime. "The Central Okanagan's large population and proximity to the U.S. border, the Lower Mainland and Calgary have made it a popular headquarters for

motorcycle gangs like the Angels. Two others co-operate with the HA — the Kingpin Crew, led by Dale Habib, and the Throttle Lockers. Two of the Lockers face murder charges in the beating death of Dain Phillips. ... five more have a presence here — the UN Gang, Independent Soldiers, the Veterans Motorcycle Club, and two new gangs that popped up from Winnipeg.”

**Sources:** *Vancouver Province*, August 27, 2012, B.C. RCMP arrest several Hells Angels in international drug ring bust; *Vancouver Sun*, August 28 2012, Hells Angels Kelowna clubhouse raided, seven arrested on drug offences; *Kelowna Daily Courier*, August 29, 2012, Arrests of top Hells Angels leaves rival gangs vying for a bigger cut of the drug trade

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The Hells Angels in B.C. are opening a new chapter in Surrey. The new chapter is a breakaway from the existing White Rock chapter and is calling itself “West Point,” according to Sgt. Bill Whalen of the Combined Forces Special Enforcement Unit of British Columbia.

“I can tell you that we are aware of a split going on in the White Rock chapter and that some of them were looking at going off and forming a new chapter,” Sgt. Whalen told the media. “We can safely say it is over internal disagreements, but over what we can’t say.” Whalen speculated that the move seemed to be more about personality conflicts than purely a drive for expansion of territory. “We don’t see it as any attempt at expansion of the Hells Angels, we just see them as going different ways,” he said.

Some of the members of the new chapter were seen wearing the new West Point logo on their breast patch in July as they made their way to Saskatoon for a national “Canada Run” rally, Whalen said.

Currently, the West Point chapter appears to have seven members. Most of them are younger full-patch members of White Rock group, which is one of the original Hells Angels chapters founded in B.C. in 1983 and, up to this point, had 14 patch-wearing members. The new group is said to be looking for a clubhouse in Surrey.

The split appears to be connected to the [recent turmoil](#) that has surrounded the White Rock chapter in recent months.

Whalen said the Hells Angels leadership internationally would have approved the new Surrey-based chapter. “You can’t just decide, ‘Hey, I am going to form my own chapter and get my patches printed.’ That’s not a go, according to Whalen. “The indication from this – that a split has occurred and that patches are being worn – is that somewhere somebody has authorized this. So it is very structured in that sense.”

Writing in the *Vancouver Sun*, Kim Bolan provides some history of and context for this new chapter:

West Point is the ninth Hells Angels chapter to form in B.C. since the White Rock, Vancouver and Nanaimo chapters opened on July 23, 1983. The biker gang has expanded to include East



End, Kelowna, Mission, Haney and the Nomads, based out of Burnaby. Whalen, of the Combined Forces, said there are usually 10 to 15 members per chapter, although the overall membership in B.C. has fallen slightly over the past decade. Across Canada, there are 29 active Hells Angels chapters and six “frozen” ones, Det.-Sgt. Len Isnor of the Ontario Provincial Police biker enforcement unit said. “What I mean by frozen is they have fallen below the allowable number of six members. They have to have at least six members to have a chapter. Because of all the arrests in Quebec and the clampdown in Ontario, six chapters have reached that frozen status,” said Isnor, an expert on biker gangs in Canada. Isnor said new Angels chapters can open in one of two ways: A group of probationary members can be given conditional status for a year before being confirmed as Hells Angels, or – as in the White Rock case – “they can move six members from another chapter.”

**Sources:** *Vancouver Sun*, July 20, 2012, New Hells Angels chapter rolls into Surrey; Vancouver Province, July 20, 2012, Internal disagreements’ lead to split of White Rock Hells Angels, Surrey chapter starting up

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The Supreme Court of Canada has denied an appeal of two B.C. Hells Angels members who argued that they should not be tried on Criminal Code charges of [“participation in activities of a criminal organization.”](#) Lawyers for John Punko and Randy Potts had argued before the Supreme Court in March that the B.C. Court of Appeal was wrong when it overturned a decision by B.C. Supreme Court Justice Peter Leask, who ruled prosecutors could not proceed with criminal organization charges against the two.

Both Punko and Potts were members of the East End chapter of the Hells Angels when they were charged in 2005, along with several other members and associates, as part of an undercover drug trafficking investigation called E-Pandora. Potts has since left the motorcycle club.

In July 2009, following a nine-month jury trial on the first set of charges stemming from E-Pandora, Potts was convicted of four firearms and explosives counts and Punko was convicted of counselling a police agent to commit a crime and possession of a loaded pistol. Both, however, were acquitted on the charge of participating in a criminal organization (the two were accused of acting for the benefit of, at the direction of, or in association with the Hells Angels.)

In November of 2009, as their second trial on drug trafficking and another criminal organization charge was set to begin in a B.C. court, Justice Peter Leask ruled that the Crown could not try them again on the criminal organization count because of the earlier acquittal by the jury. The Crown appealed this decision. This appeal went all the way to the Supreme Court, which ruled there was nothing preventing the Crown from proceeding with the criminal organization charges because it would be impossible to determine why the jury acquitted the pair at the earlier trial. Writing on behalf of the majority, Supreme Court Justice summarized their decisions as such: “Where, in light of the record and the parties’ allegations, there is more than one logical explanation for the jury’s verdict, and if one of these explanations does not depend on the jury’s resolving the relevant issue in favour of the accused, the verdict cannot successfully be relied on in support of issue estoppel.”

**Sources:** *Vancouver Sun*, July 20, 2012, Supreme Court of Canada denies appeal of two B.C. Hells Angels; Judgments of the Supreme Court of Canada, web page, <http://scc.lexum.org/en/2012/2012scc39/2012scc39.html>, retrieved October 1 2012

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Court documents relating to [Project Flatlined](#), a covert police sting investigating the activities of the Manitoba Hells Angels and their affiliate group, Redlined, which took place between May 2011 and February 2012 in Winnipeg, revealed that two cell phones used in a dial-a-dealer cocaine network run by the two groups rang an average of 530 times a day over a 10 month period. The phones were being secretly monitored by police as part of the investigation. Winnipeg police allege the phone calls helped generate more than \$1.5-million in drug sales.

According to the *Winnipeg Sun*, “the sales total is a conservative estimate based on halving the total number of calls traced to the phones over the life of the investigation (159,154) and assumes only a single \$20 rock of crack was sold as a result, police say. Police say the cocaine sales netted a minimum of \$150,000 a month. Officers also made a total 41 separate undercover buys from dealers using traceable cash.”

The investigation resulted in the arrests of 16 suspects who face an array of drug trafficking and criminal organization-related charges.

Among these arrested and charged is full-patch HA member Dale Sweeney and two high-ranking Redlined members, Brendin Wall and Thomas Barnecki. According to the *Winnipeg Sun*, in the document filed in court by police “Sweeney was at the pinnacle of the drug network and supplied cocaine to underlings for the purpose of the drug being cut and broken down into .17 gram rocks for sale on the street. Barnecki acted as the ‘reloader and street boss’ for the dial-a-dealer operation who would take instructions from Wall on how many rocks should be portioned out, police allege.”

Det. Sgt. Michelle Bacik of the Winnipeg Police Service is quoted in the *Sun* as saying that the street-level dealers primarily used two mobile phones in the operation. Wall and Barnecki constantly communicated with the dealers “to check up on drug sales, ensure they had adequate cocaine ... shift schedules, staffing and answering the phone calls from customers requesting cocaine.” Aside from simply selling drugs, seven street dealers also helped out by collecting money, scouting competition and marketing the drug trafficking enterprise.

**Source:** *Winnipeg Sun*, July 25, 2012, Hells probe was off the hook

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# Organized “Street” Gangs

## Bo-Gars

In August of 2012, the *QMI news* agency reported that a long-time Montreal gang leader murdered that month had “violently rejected a partnership offer from the Hells Angels prior to his murder.”

Thirty-seven-year-old Chénier Dupuy was thought to be the head of the Bo-Gars gang, which, according to police, is a dominant player in drug trafficking and prostitution in north-end Montreal.

According to *QMI*, he “had slapped a rival gang leader in the face [in July] during a Hells-sponsored summit north of Montreal aimed at uniting several street gangs under the Hells banner.” He then “reportedly stormed out of the meeting” and vowed “never to work with the Hells.” As a result, Dupuy was “immediately marked for death, *QMI* learned from police sources and gang associates.”

The alleged summit was organized by Gregory Wooley, the reputed leader of the Syndicate, a street gang formed by the Hells Angels at the height of its biker war with the Rock Machine and its allies in the 1990s.

Dupuy was on parole at the time of his murder, having only recently left prison. He was sentenced in February 2011 to six-and-a-half years’ for possessing marijuana and cocaine for the purposes of trafficking. The sentence was reduced to 20 months to take into consideration time his pre-trial jail time.

Seven hours after Dupuy’s death, another reputed member of the Bo-Gar gang was shot in his car in the parking lot of his Laval apartment building. The victim was 42-year-old Lamartine Sévère Paul, who had also just been released from prison a few months before his death.

**Sources:** *Montreal Gazette*, Aug 11, 2012, Slayings ‘could be the beginning of the revenge; *Toronto Star*, August 13, 2012, More Mob violence coming to Montreal: Experts; *CBC News*, August 13 2012, Gang links examined in trio of Montreal slayings; *QMI Agency*, August 16, 2012, Dead gang leader rebuffed top biker prior to assassination

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## Galloway Boys

Toronto police have arrested an alleged member of the Galloway Boys gang in that city, which has been linked to recent shootings and murders.

Nineteen-year-old Ad-Ham Khamis was charged with four counts of attempted murder as well as numerous gun offences, including trafficking in firearms. According to the *Globe and Mail*, “He is accused of being involved in a series of shootings that occurred in the east-end neighbourhood

of Scarborough between September, 2011, and January, 2012. In one of the shootings, three people were wounded at a Domino's Pizza shop on Sept. 4, 2011. Another person was injured in a shooting that took place on Northfield Drive on Nov. 4, 2011. Police allege Mr. Khamis is a known member of Galloway Boys gang."

Toronto police believe that the Galloway Boys were responsible for the shootings that took place at a community barbecue on Danzig Street in Scarborough during the summer. Two people were killed and others were injured. Two people have so far been charged in connection with this shooting.

Renata D'Aliesio describes in a *Globe and Mail* story the circumstance that led to the shootings:

Members of the Galloway Boys invited themselves to the event, with one, 19-year-old Nahom Tsegazab, even going on Twitter to entice others with the promise of free Hennessy cognac, Detective Sergeant Peter Trimble told reporters. In the evening, the Galloway Boys began doing "G checks" – verifying where partygoers came from. This led to a confrontation with a group who came from the Malvern neighbourhood, a historic enemy turf of the Galloway Boys ... The Malvern visitors were ordered to leave but they later returned with reinforcement, sparking a shootout between up to six gunmen in a crowded courtyard jammed with more than 100 revellers. Police later recovered five guns and 25 shell casings at the scene...

Tsegazab, who goes by the street name "Gifted," was wounded in the shooting and later charged with reckless discharge of a firearm. Another partygoer, Shaquan Mesquito, an 18-year-old from the Malvern area also known as "Bam Bam," was charged with uttering threats. At the time of the arrest, he had a loaded firearm.

Police have linked a number of shootings and homicides in recent years in Toronto to gang activity generally and the Galloway boys specifically. According to *The Globe and Mail*, these incidents include the following:

A shooting on Sept. 4, 2011, where three men standing outside a nearby Domino's Pizza parlour were shot by a gunman who came out of a laneway.

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- A Nov. 4, 2011, drug deal where a man was shot in the neck and upper body on Northfield Drive. A man associated with the Galloway Boys, Ramon Williams, nicknamed Angel, was arrested in connection with the shooting and charged with attempted murder.
- A drive-by shooting on Dec. 28, 2011, in the Galloway Boys' turf, at 4315 Kingston Road, which police believe sparked the retaliatory ambush against Mr. Barnaby two days later.
- An incident last month where one of the emerging leaders of the Galloway Boys was chased through the Lawrence LRT-TTC station and shot against a fence.
- A Sept. 2 incident at the Chester Le townhouse complex where a young man, one of the victims wounded at the Danzig shooting, was shot again.

The Galloway Boys are believed to be one of Toronto's larger and better-organized gangs. Police say their territory is centred in the Scarborough intersection of Kingston and Galloway Roads, a neighbourhood of low-rent apartment buildings and social housing. The gang is allegedly involved in drug and gun trafficking and prostitution.

According to the *Globe and Mail*, the recent shootings and murders are being committed by a "new generation of Galloway Boys." Journalists Tu Thanh Ha and Kim Mackrael write, "Tutored by older criminals released from jail, a new core of street criminals are vying for leadership of the Galloway Boys gang in Scarborough, resulting in some of the worst violence ever seen in Toronto..." Detective Sergeant Brett Nicol of the Toronto Police told the reporters, "We have some information that the shooters in these incidents are vying for leadership within the Galloway Boys group. Specifically, he said the shootings involved a group of four or five people counselled by older members who had been convicted during a 2004 crackdown."

Disputes over turf are believed to be behind the latest wave of violence. "The conflict between the Galloway Boys and other neighbourhoods in Scarborough area, in particular the Orton Park, is being fuelled by the Galloway Boys' propensity for violence, their ability to obtain guns and their willingness to seek revenge," Det. Sgt. Nichol told the media. They are known to have been in a particularly violent turf war with another gang, the Malvern Crew.

The Galloway Boys began to gain a public profile in the late 1990s and early 2000s, in part due to the growing violence with the Malvern Crew and both made headlines. According to the *Globe and Mail*,

... after a string of shootings in the early 2000s, police laid hundreds of charges on suspected Scarborough gang members, ranging from robbery to first-degree murder. And in 2009, Tyshan Riley, Phillip Atkins and Jason Wisdom, all members of the Galloway Boys, were convicted of first-degree murder, attempted murder and committing murder for the benefit of a criminal organization. A jury concluded they were responsible for the drive-by shooting death of Brenton (Junior) Charlton, whose SUV they mistakenly thought belonged to the Malvern gang. ... since those convictions, community workers in the Kingston-Galloway neighbourhood say they no longer consider the Galloway Boys to be a serious threat... Police say the new generation of Galloway Boys has a core group of just four or five people. But police also say they believe older gang members have been "mentoring" younger ones, a suggestion community workers dispute.

**Sources:** *The Globe and Mail*, September 11, 2012, Leadership fight, revenge behind gang-related violence in Toronto: police; *The Globe and Mail*, September 11, 2012, Galloway Boys, then and now; *The Globe and Mail*, September 20 2012, Alleged Galloway Boys gang member arrested

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## Manitoba Warriors

Two men with links to the Manitoba Warriors were arrested following a drug raid by police in Winnipeg. Three other suspects were arrested inside a nearby vehicle, which also contained 21 ounces of cocaine, along with a cutting agent and other drug paraphernalia. Police caught another suspect with a hydraulic pill press, packaging material, a large quantity of cash and a Cobra .38-calibre handgun. The gun is a prohibited weapon and its magazine was loaded at the time, a police spokesperson told the media. Little other information was released by police, although they did emphasize the gang connection of at least two of the men. “We have information to support that two of the individuals have ties to gangs in our city,” a police spokesperson said. Both face drug and weapons charges.

**Source:** *Winnipeg Sun*, June 8, 2012, Warriors collared in \$32K coke bust 50

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## United Nations Crime Group

Douglas Edward Vanalstine, 52, and Daryl Robert Johnson, 33, two prominent members of the United Nations gang caught in a 2009 undercover sting, pleaded guilty in a Vancouver courtroom in July to conspiracy to traffic cocaine as a result of an undercover investigation by the Combined Forces Special Enforcement Unit of British Columbia.

Vanalstine co-founded the U.N. gang along with Clay Roueche, who is currently serving a 30-year sentence in the U.S. after pleading guilty to drug smuggling and money laundering. Roueche was arrested in the U.S. in 2008.

The UN gang was, at one time, engaged in large-scale international drug trafficking and was also at the centre of significant gang violence in B.C. in 2008 and 2009. The CFSEU-BC targeted members of the UN and other gangs believed to be responsible for the violence. In February 2009, Project E-PINTLE was initiated as part of an extensive undercover investigation that targeted the drug trafficking activities and violence of the UN Gang and its rivals. During the course of CFSEU’s investigation, Vanalstine met with a police agent on a number of occasions to discuss the purchase of 100 kilos of cocaine. The pair provided a \$100,000 down payment and then took delivery of 100 kilos of what they thought was cocaine (but was a legal substitute put together by police as part of their sting operation). Vanalstine and Johnson were arrested in November 2009.

Several other members and associates of the UN gang have been charged in a murder conspiracy case that has yet to go to trial.

**Sources:** *Kelowna Capital News*, July 18, 2012, Drug sting snares UN gang co-founder; *Vancouver Sun*, July 18, 2012, Two UN gang members plead guilty to conspiracy to traffic cocaine

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## ENFORCEMENT

Police in Canada are increasingly taking to the sky to detect large outdoor marijuana grow operations. This includes the use of helicopters and even unmanned drones. Air surveillance is particularly useful in remote areas that are difficult to detect and access by police on foot or by car. The locations police choose to fly over are often based on intelligence information or tips they receive about illegal outdoor crops. The late summer and early fall is prime outdoor aerial pot hunting season for police, because it is harvest season and the mature plants can be two to two-and-a-half metres tall and have a distinct colour and appearance.

In Northern Alberta and Saskatchewan in August, four outdoor marijuana grow operations were spotted by air using military helicopters, provided by the Department of National Defence, resulting in the seizure of more than 6,300 pot plants.

In Quebec, the Sûreté du Québec seized 15,700 marijuana plants, and arrested two suspects in early September. More than 35 sites were raided by police, some of which identified as grow-ops through aerial surveillance.

In Ontario, around the middle of September, an unmanned aerial drone – called the Aeryon Scout – located 744 marijuana plants in a field in the north end of Milton. “It’s pretty easy to spot.” according a police spokesperson told the media. “A lot of the spots these growers pick are in farm fields.” The dark green marijuana plants stand out against the other plants, typically corn.

The Aeryon Scout, manufactured by Aeryon Labs of Waterloo has been used by the Halton police since 2009, and serves multiple purposes, including monitoring crime scenes, crash investigations and search and rescue. It is a small lightweight, battery-operated mini-helicopter that is remote controlled from the ground using a touch screen control pad. The drone allows police to watch video in real time.

“A helicopter would have been used in these operations, but due to budget cuts, the Scout would be used instead,” says Ian McDonald, VP of marketing at Aeryon. “Traditionally, we’re replacing the role of a helicopter.”

**Sources:** *Edmonton Journal*, September 5, 2012, Police seize marijuana plants spotted from military helicopters; *Canadian Press*, September 6, 2012, Sûreté du Québec seizes 15,700 marijuana plants, two suspects arrested; *National Post*, September 13, 2012, Halton police find \$744K worth of drugs using high-tech pot-spotting drones

### Supreme Court Ruling

In a case testing the [criminal organization section of the Criminal Code](#), the Supreme Court clarified Section 467.13 of the Criminal Code (“instructing commission of offence for criminal organization”) and, in their written decision, the justices even provided some guidance on how lower courts should define a criminal organization and membership therein .

The constitutional case revolved around a Quebec man, named Carmelo Venneri who was one of dozens of people arrested during Operation Piranha, a nine-month police investigation. As a result of this investigation, in 2006 police seized 52 kilos of hashish, 49 kilos of cocaine, 725 marijuana plants, 136,000 Viagra pills, contraband cigarettes, and \$35,000 in cash.

At the centre of the drug network was Louis-Alain Dauphin. Following the seizures, Dauphin sought assistance from Venneri when his existing source refused to supply him with additional cocaine. It was then that Venneri, who previously had purchased drugs from Dauphin, began to supply Dauphin. This arrangement ended in March of 2006 when Venneri was arrested following a search of his home, where the police seized, among other things, nine grams of cocaine, a firearm, and a large sum of cash.

Venneri was originally convicted on eight counts related to his role in supplying the so-called drug kingpin, Dauphin. The trial judge convicted Venneri of eight offences, including the [commission of an offence for a criminal organization](#) (count 3), [instructing the commission of an offence for a criminal organization](#) (count 5), and possession of cocaine for the purpose of trafficking (count 4).

The case then went to the Appeals Court, which acquitted Venneri for both criminal organization offences (counts 3 and 5), finding that he was not a member of a criminal organization and had not trafficked in cocaine “for the benefit of” or “in association with” a criminal organization. As a result, the Appeals court also quashed Venneri’s conviction for possession of cocaine for the purpose of trafficking.

The Supreme Court upheld Venneri’s acquittal on the charge of committing an offence for a criminal organization because, in the words of Justice Fish, who wrote the decision on behalf of the Supreme Court, “the Crown failed to prove that the drugs seized bore any relation to the conspiracy of which [Venneri] was a part. Absent that evidence, Venneri’s conviction on the count of possession of cocaine for the purpose of trafficking amounts to an unreasonable verdict.” Moreover, the Justice argued that in this case, Venneri was an associate of Dauphin “rather than a member of his criminal organization.” Venneri “operated with a high degree of independence and showed little or no apparent loyalty” to Dauphin and his associates. “They did not share mutual clients.” Nor did Venneri have any real stake or financial interest in Dauphin’s criminal organization. The dealings between the two “were autonomous transactions between like-minded criminals, each guided by their own self-interest.” Venneri “was only a client or supplier of the organization — an independent opportunist. He played no role within the organization.”

However, the Supreme Court did restore the conviction for count 3 (the commission of an offence for a criminal organization), as there was “ample evidence” that Venneri knew Dauphin “was operating a large drug-trafficking organization — or made himself wilfully blind to that obvious fact.” In substantiating this decision, Fish cited evidence from Venneri’s trial showing that he had bought cocaine from Dauphin in the past and later became “an important pillar” of his supply network. According to Fish, the fact that Venneri was not a member of Dauphin’s organization “does not preclude a finding that [Venneri] operated ’in association with the



organization when he acted as its client and its supplier contrary to s. 467.12 of the *Criminal Code*.”

The Supreme Court decision in the Venneri case is intended to clear some of the ambiguities arising from the question of what constitutes a criminal organization. Yet, Fish argues the justice system needs to stay flexible when dealing with the underworld, rather than having a “checklist that needs to be satisfied in every case.”

The court cautioned against law enforcement officials applying Section 467.13 too loosely. “Structure and continuity are still important features that differentiate criminal organizations from other groups of offenders that sometimes act in concert.” Besides, Fish, wrote, there are existing *Criminal Code* offences that can be laid in respect of criminal conspiracies that don’t qualify as organized crime.

On the other hand, Fish says the law must not be interpreted so rigidly that it only covers “the stereotypical model of organized crime – that is, to the highly sophisticated, hierarchical and monopolistic model. Some criminal entities that do not fit the conventional paradigm of organized crime may nonetheless, on account of their cohesiveness and endurance, pose the type of heightened threat contemplated by the legislative scheme.”

Groups like the Hells Angels or the Mafia are easily identified. But using the “criminal organization” designation of the Code to prosecute more informal gangs is trickier, especially since “criminal organizations have no incentive to conform to any formal structure recognized in law,” Fish noted in the Supreme Court’s decision.

“Groups of individuals that operate on an ad hoc basis with little or no organization cannot be said to pose the type of increased risk contemplated by the regime,” Mr. Justice Morris Fish wrote. While some gangs are not sophisticated, hierarchical or monopolistic organizations, they nonetheless need “cohesiveness and endurance” to create the threat that required Parliament to pass special legislation, Judge Fish wrote. “Stripped of the features of continuity and structure, ‘organized crime’ simply becomes all serious crime committed by a group of three or more persons for a material benefit.”

The legal definition of membership in a criminal organization being a recent one, court interpretations have varied. “Some trial courts have found that very little or no organization is required before a group of individuals are potentially captured by the regime,” Judge Fish wrote. Other courts, he wrote, “properly in my view, have held that while the definition must be applied ‘flexibly’, structure and continuity are still important features that differentiate criminal organizations from other groups of offenders who sometimes act in concert.”

**Sources:** Judgements of the Supreme Court of Canada web site, <http://scc.lexum.org/en/2012/2012scc33/2012scc33.html>; *Globe and Mail*, July 6 2012, Canada’s top court shapes definition of organized crime with Montreal case; *Montreal Gazette*, July 7 2012, Landmark decision: Guilt-by-association gets vital nod

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At the end of September, the federal government announced it is banning a key ingredient found in the illegal drug known as bath salts. Bath salts are synthetic stimulants that mimic the effects of traditional drugs like cocaine or speed, are highly addictive and can cause chaotic, violent reactions in those who use it.

According to the Canadian Press, “The compound, called MDPV, will now be treated the same as cocaine or heroin. Health Minister Leona Aglukkaq says the new rules make it illegal to possess, traffic, import or export the substance, although the compound can be used in legitimate research if authorized by regulation. The minister says the decision to ban MDPV follows concerns expressed by health officials about the health and safety risks associated with its use. Two other drugs sometimes used to make bath salts — mephedrone and methylene — are already banned in Canada.

Authorities in Atlantic Canada and Ontario have seen an increase in the popularity of the drug in the past year.

The Canadian Association of Chiefs of Police welcomed the ban, calling it “an important step in stopping organized criminal groups from acquiring and profiting from this illegal substance.”

**Sources:** *Canadian Press*, September 26, 2012, Key ingredient in “bath salts” to be treated like cocaine, heroin