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# October to December 2014

## Organized Crime in Canada: A Quarterly Summary

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## ORGANIZED CRIME ACTIVITIES

### **Auto Theft**

In mid-December, following months of investigative work, police in Toronto announced seven people had been arrested and more than \$1 million in stolen automobiles have been recovered after a joint forces project into an auto theft ring operating in the GTA.

The vehicles were stolen from the GTA, sealed in marine containers, and then shipped to Africa via the Ports of Halifax and Montreal. According to an Insurance Bureau of Canada news release In 2014, IBC and CBSA seized over \$8 million in stolen vehicles intended for export, most of which were discovered in containers at the ports of Montreal and Halifax.

Police told the media that the alleged theft ring included an “informal collection” of thieves who stole the cars, a licensed car dealer who fraudulently obtained Ministry of Transportation documents, a person who changed the Vehicle Information Number (VIN) on the vehicles and an exporter who shipped the stolen vehicles from Canada to be sold in West Africa.

In total, 29 stolen vehicles and one motorcycle were recovered by police, with a value of about \$1,119,000. Police also seized one gram of cocaine, 15 grams of heroin, \$11,000 in cash, and numerous fake personal identification documents and vehicle identification number plates.

The seven people arrested were charged with a total of 46 offences. There were also several suspects outstanding who played secondary roles in support of the theft ring, which police said they were planning to arrest over the subsequent weeks.

The investigation began in October of 2013 when police in Durham began noticing an increase in vehicle thefts in the region. “Detectives soon found a connection between stolen vehicles in Durham Region and a person of interest in a York Regional Police investigation,” Insp. Townley of the Durham Regional Police told the media. “Teams from police services began working together and over the following months discovered a criminal organization.”

According to KPMG estimates for the Ontario anti-fraud task force, the amount of insurance fraud in Ontario is as much as \$1.6 billion a year.

**Sources:** [Canada NewsWire \[Insurance Bureau of Canada\], December 16, 2014, Joint Police Forces Investigation Nabs Alleged International Car Theft Ring](#); [CBC News, December 16 2014, Auto theft ring sends GTA cars to Africa, police say](#); [The Peterborough Examiner, December 17, 2014, Seven charged after \\$1.1M stolen vehicle ring busted](#); [The Record.com, December 16, 2014, Durham and York police unite to break up large GTA car theft ring Cars stolen from across GTA were shipped to Africa](#)

## Cybercrime

In 2014, the RCMP published the first of what is expected to be an annual report on cybercrime. The report – entitled *Cybercrime: An Overview of Incidents and Issues in Canada* – “focuses on aspects of the cybercrime environment that affect Canada’s public organizations, businesses and citizens in real and harmful ways.” The executive summary of the report is reproduced below.

This report covers a broad range of criminal offences where the Internet and information technologies are used to carry out illegal activities. It describes select crimes in Canada’s digital landscape to show the rising technical complexity, sophistication and expansion of cybercrime.

While difficult to measure, these crimes show no sign of slowing in Canada.

The RCMP breaks cybercrime into two categories:

- technology-as-target – criminal offences targeting computers and other information technologies, such as those involving the unauthorized use of computers or mischief in relation to data, and;
- technology-as-instrument – criminal offences where the Internet and information technologies are instrumental in the commission of a crime, such as those involving fraud, identity theft, intellectual property infringements, money laundering, drug trafficking, human trafficking, organized crime activities, child sexual exploitation or cyber bullying.

These categories are examined in this report through examples and law enforcement case studies involving recent cybercrime threats. The report concludes with three key observations:

Technology creates new opportunities for criminals. Online markets and Internet-facing devices provide the same opportunities and benefits for serious and organized criminal networks as they do for legitimate businesses.

Cybercrime is expanding. Once considered the domain of criminals with specialized skills, cybercrime activities have expanded to other offenders as the requisite know-how becomes more accessible.

Cybercrime requires new ways of policing. The criminal exploitation of new and emerging technologies – such as cloud computing and social media platforms, anonymous online networks and virtual currency schemes – requires new policing measures to keep pace in a digital era.

This report and future versions will inform Canadians of criminal threats and trends in cyberspace, and law enforcement efforts to combat them.

In a section entitled, “Organized Crime and the Internet,” the report provides the following information:

The Internet and related technologies have created new opportunities, new markets and new delivery methods for criminal transactions that are not possible in the ‘real’ world. For drugs, contrabands and other types of criminal trafficking, these technologies have created a virtual storefront presence where criminal networks can efficiently and anonymously buy, sell and exchange criminal products and services on an unprecedented scale.

In some cases, these cybercrime threats are also associated with money laundering and organized criminal activity. Through the Internet and online currency schemes, criminal money transfers originating from Canada can be electronically routed through foreign jurisdictions with weaker safeguards to more effectively conceal illicit proceeds and simplify offshore banking.

Money launderers can also collude and exploit legitimate online services, such as auctions or online gambling, to hide criminal proceeds by buying and selling fictitious items or by masking such proceeds as legitimate gambling profits.

**Source:** [RCMP. 2014. Cybercrime: An Overview of Incidents and Issues in Canada. Ottawa: RCMP](#)

## **Contraband Tobacco Smuggling**

In November, Canada Border Services Agency (CBSA) officers at the Lansdowne port of entry (Thousand Island Bridge, Ontario) seized more than 13,000 kilos of contraband tobacco from a commercial driver. When it stopped at the border crossing, the truck was referred for a secondary examination and during the search officers noticed a strong tobacco odour. Further examination of the goods revealed 13,265 kilos of undeclared tobacco.

A 40-year-old resident of Lorraine, Quebec has been charged with failing to report goods, evading compliance, making false statements and smuggling under the Customs Act, as well as possession of unstamped tobacco under the Excise Act, 2001.

That same month, legislation aimed to combat the contraband tobacco trade in Canada was passed. Bill C-10, the Tackling Contraband Tobacco Act, makes the smuggling of large volumes of illegal cigarettes a criminal offence.

The Tackling Contraband Tobacco Act creates new penalties for tobacco smuggling, including mandatory minimums for repeat offenders. The federal government has also committed to establishing a 50 officer RCMP anti-contraband task force.

In an editorial piece published in December in the Toronto Star, Christian Leuprecht, the Associate Dean, Faculty of Arts, Royal Military College of Canada wrote that contraband makes up an estimated 10.7 to 11.6 per cent of cigarettes consumed worldwide. In contrast, “Canada’s contraband cigarette problem is outsized and disproportionate by comparison: our illicit tobacco market is estimated at 15 to 33 per cent of all cigarettes consumed.”

He notes that the Government of Ontario is planning to make up some of the province’s now notorious budget shortfall through “further measures” to address the problem of contraband tobacco and the resulting loss in tobacco tax revenues. This is to be accomplished through increased fines and vehicle seizure of those caught moving large amounts of illegal cigarettes and through more monitoring of raw leaf tobacco.

In 2011 the Canadian Taxpayers Federation estimated lost revenue for the Ontario government from contraband tobacco is more than \$1 billion annually.

**Source:** [Canadian Government News, November 22, 2014, CBSA officers seize 13,265 kg of contraband tobacco at Lansdowne Port of Entry](#); [Canada Newswire \[National Coalition Against Contraband Tobacco\], November 6, 2014, Coalition Welcomes Final Passage of Anti-Contraband Tobacco Legislation](#); [Toronto Star, December 10, 2014, Canada’s contraband problem is about much more than lost revenue](#); [Toronto Sun, November 17, 2014, Ontario short \\$509M in revenue](#)

## Corruption

In November, the Quebec corruption inquiry that vividly exposed corruption in the province's construction industry and its ties to organized crime and political parties has come to an end.

The mandate of the inquiry – otherwise known as the The Charbonneau Commission after its chair Justice France Charbonneau – was threefold, according to the Montreal Gazette. The first was to examine the awarding of public construction contracts by a wide variety of public and para-public entities in Quebec during the last 15 years. The commission's second goal was to identify the specific techniques used by organized crime groups (including the Mafia and outlaw motorcycle gangs) to infiltrate the province's construction industry. The third objective was to “find routes toward solutions.”

Justice France Charbonneau gave her closing statement on November 14 and is expected to table her final report by April 2015. The Charbonneau Commission was created in late 2011 by then-premier Jean Charest following intense pressure.

The inquiry heard startling testimony from bureaucrats, engineering executives and construction company owners and managers about widespread collusion that ostensibly hiked the price of government construction contracts. Various witnesses revealed that companies, the Mafia, political parties and corrupt municipal and provincial bureaucrats all benefited from the proceeds.

Allegations heard during commission hearings also ended the careers of many engineers and city employees. It also ended the career of Montreal's mayor Gerald Tremblay, who was forced to resign in 2012 amid allegations he turned a blind eye to the financing of his municipal party through kickbacks from construction companies.

One of the first bombshells was dropped by Lino Zambito, a former construction boss who testified before the inquiry and who also faces corruption-related charges. In October of 2012, Zambito testified for days about his personal involvement with a bid-rigging cartel made up of construction companies and the cut that went to the Rizzuto crime family.

Vito Rizzuto, Montreal's reputed Mafia boss who died in December 2013, became a central figure in the inquiry. The commission heard how Rizzuto once helped decide who should win a certain bid for a road project in Quebec. Zambito testified he was invited to a restaurant owned by his competitor and, sitting there as a mediator, was Rizzuto himself. The Mafia don suggested Zambito didn't have the expertise for the job; Zambito got the hint and never bid on the contract.

Police surveillance video of Mafia backroom dealings was also played at the inquiry, including unforgettable footage of Nicolo Rizzuto Sr., Vito's father, at meetings with construction-industry players receiving wads of cash which he stuffed into his socks.

Others denied allegations that they had ties to mafia figures, including former construction mogul Antonio Accurso who testified that he did not cater to organized crime figures on his yacht.

The Quebec Federation of Labour's construction wing was the subject of weeks of testimony at the Commission with high-ranking executives alleged to have ignored warnings that certain union leaders were colluding with members of the Rizzuto crime family. One of the final witnesses appearing before the commission was Robert Laurin, a lawyer for the "FTQ-Construction" who said in his closing remarks that "organized crime has not infiltrated FTQ-Construction, and it does not control FTQ-Construction."

**Sources:** [Canadian Press, November 14, 2014, Quebec corruption inquiry ends after 30 months of public hearings](#); [Montreal Gazette, November 14, 2014, Last day of public hearings at the Charbonneau Commission](#); [Montreal Gazette, November 11, 2014, No organized crime within FTQ-Construction, lawyer tells Charbonneau Commission](#); [Montreal Gazette, December 18, 2014, The Charbonneau blame game](#)

## **Drug Trafficking**

### **Poly-Drug Trafficking**

In November, two individuals belonging to what police in Alberta called an organized crime group, have been arrested and charged following a two-month drug trafficking investigation by Alberta Law Enforcement Response Teams (ALERT). Twenty-six-year old Corey Huff and 24-year-old Jordan Murray are alleged to be members of an organized crime group that figures prominently in the metro Edmonton cocaine trade and has ties to British Columbia.

Following a two-month investigation, officers with ALERT raided two Edmonton-area homes on November 6, where they seized one kilogram of cocaine, 500 grams of Ketamine, 450 grams of hash oil, 56 grams of heroin and eight kilograms of a cutting agent. A cocaine press, other drug trafficking paraphernalia and \$114,000 cash was also seized.

ALERT linked both men to past gang-related violence. "There has been violence that's occurred both in Edmonton and B.C. as a result of this group's operation," said ALERT spokesperson Mike Tucker, adding officers are happy with the amount of cash that was seized. Tucker said the men were part of a group of individuals working together to distribute the drugs, but didn't necessarily have their own gang name.

**Source:** [ALERT News Release, November 13, 2014, Alberta Law Enforcement Response Team bust organized crime members](#)

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In December, the Manitoba Integrated Organized Crime Task Force charged 14 people for drug trafficking following an investigation that involved more than 200 police officers in Manitoba, Ontario, Alberta, Saskatchewan and British Columbia. The 15-month investigation, called Project Distress, targeted high-level drug trafficking and organized crime activities in Manitoba, with connections to Ontario, Alberta and B.C.

Six residences in Manitoba, including five in Winnipeg, were raided by police. During the raids police seized six kilograms of cocaine, eight kilograms of methamphetamine and smaller quantities of other drugs. Officers also seized 17 long-barrelled guns, three handguns, ammunition and \$70,000.

RCMP Supt. Len DelPino said even though officers with the Manitoba Integrated Organized Crime Task Force raided and searched several residences on Wednesday, the drugs and weapons seized weren't the focus of the investigation.

"We were targeting high-level crime, not street-level," he said. "For example we were targeting the vice-presidents and presidents of the company and not the people working the stores. "Our goal is to disrupt and dismantle organized crime in Manitoba..."

Winnipeg police Supt. Danny Smyth agreed, saying the goal of Project Distress wasn't so much seizing drugs but "catching and preventing organized crime from becoming established."

Fourteen people were charged with a variety of offences associated with drug trafficking, proceeds of crime and weapons offences. Ten of the people charged were from Winnipeg, including 50-year-old Ray Ulasz, a city council candidate who unsuccessfully ran in the last civic election and who now faces two charges of firearms trafficking.

One of the men that police were still looking for in December was 31-year-old Sean Frederick Demchuk, of Winnipeg. Police have described him as a Hells Angels associate and member of the Zig Zag street gang that works for the Angels.

Police said the investigation included the court-ordered interception of 80,000 communications including phone calls and emails.

**Sources:** [Brandon Sun, December 11, 2014, Massive drug investigation across five provinces results in charges;](#) [Winnipeg Free Press, December 12 2014, Drug arrests target higher echelons;](#) [The Carillon, December 12, 2014, Drug arrests target higher echelons](#)

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On November 6, 2014 a Joint Forces Operation in Regina targeting what police were calling high-level drug traffickers in two organized crime groups led to 12 arrests, 61 charges, and the seizure of thousands of dollars of drugs. The arrests and seizures were the culmination of an eight month investigation into groups believed to be involved in the trafficking of cocaine and marijuana.

Charges laid include conspiracy, trafficking, possession of property obtained by crime, trafficking in property obtained by crime, drug possession, as well as weapons and organized crime charges. The seizures included 43.8 kilograms of marijuana, 1,683 grams of cocaine, 881 grams of hash, seven grams of magic mushrooms, \$73,200 in cash, and 11 vehicles.



A police spokesperson said the investigation was aimed at two wholesale groups that were involved in moving drugs into the city.

The organized crime allegations don't relate to an "identifiable group," such as a street gang or outlaw motorcycle gang, the spokesperson said.

**Sources:** [Regina Police Service News Release, November 6, 2014, Investigation into Drug Trafficking Results in Arrests](#); [Regina Leader-Post, November 7, 2014, Regina drug bust nets 12 arrests, 61 charges](#)

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In mid-December, police in Quebec searched seven homes in the Longueuil area where they found a hydroponic marijuana grow operation with 415 live plants. In addition, officers found 433 grams of cocaine, 4.8 kilograms of dried marijuana, 26 steroid pills, eight firearms (including a sawed-off-shotgun), a loaded handgun and one stolen weapon, four vehicles, scales for measuring drugs and cellphones. Fourteen people were arrested on a variety of charges related to drug trafficking, weapons offences and proceeds of crime offences. The raids were the result of an investigation that began in May of 2014 with a tip from the public. A police spokesperson said the group of individuals arrested appears to be an independent distribution network that purchased drugs from a motorcycle gang. "They are not members of the gang, but 'linked' to a gang."

**Source:** [Montreal Gazette, December 17, 2014, Drug busts net more than police had expected](#)

## **Cocaine**

In November, the CBSA announced a "massive" seizure of more than 459 kilos of cocaine found hidden in a commercial cargo shipment at the Port of Halifax. The seizure took place on October 29, when border services officers discovered the drugs while searching a container ship from Argentina that arrived via Panama.

The shipping documents described the contents as 1,216 cases of alcohol. CBSA officers used a large scale imaging device to X-ray the container and its contents. After noting inconsistencies in the X-ray image, officers opened the container door and discovered eight large duffle bags. The container was immediately referred to the CBSA's Container Examination Facility to be fully offloaded. Upon examination, officers discovered 400 bricks of suspected cocaine within the eight duffle bags. Each brick weighed approximately 1 kilo and was wrapped with plastic carrying a Louis Vuitton logo.

Sgt. Keith MacKinnon, with the RCMP's serious and organized crime unit, said the shipment amounts to about 18 million hits of nearly pure cocaine, which would be diluted four times before being sold on the street.

He said it's not uncommon for those selling drugs to brand their product, referring to the Louis Vuitton logo found on the packaging.

“Sometimes organized crime groups will mark their specific loads, per se, with packaging that’s very recognizable to that organization. We’ve seen that very frequently in the past,” said MacKinnon.

This case marks the second significant seizure of cocaine at the port of Halifax this year. In May, CBSA officers intercepted 46 kilograms of cocaine hidden in a commercial cargo shipment

**Source:** [Canadian Government News, November 5, 2014, CBSA makes massive suspected cocaine seizure at Port of Halifax](#); [CBC News, November 3, 2014, Cocaine wrapped in Louis Vuitton logos seized at Halifax port](#)

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On September 25, CBSA officers at Toronto’s Pearson Airport were monitoring the offload of baggage arriving on a flight from Port of Spain, Trinidad and Tobago, when they observed anomalies with one of the bags. Upon further inspection, they discovered 12 bricks concealed under clothing containing a substance that later tested positive for cocaine.

Almost a month later, on October 19, CBSA officers at Pearson were monitoring the offload of baggage arriving on a flight from Cancun, Mexico. Officers observed a shrink-wrapped suitcase and upon further inspection discovered 25 bricks of cocaine.

**Sources:** [Canadian Government News, October 9, 2014, CBSA officers seize 14 kg of suspected cocaine at Pearson International Airport](#); [Canadian Government News, October 25, 2014, CBSA officers seize 28 kg of suspected cocaine at Toronto Pearson International Airport](#)

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On October 8, a transport truck was referred for a secondary inspection by CBSA officers at the Queenston Commercial Operation border crossing in Ontario. While conducting the examination, officers discovered two duffel bags and two boxes of duct taped packages with more than \$1.3 million of undeclared American cash in the vehicle. The men were arrested and the currency was seized as suspected proceed of crime. Currency or other monetary instruments valued at (Cdn) \$10,000 or more that is being imported or exported must be reported to the CBSA.

In November, the CBSA and the RCMP announced the arrest of two Quebec residents after they attempted to smuggle 39 kilos of cocaine into Canada at the Blue Water Bridge in Point Edward, Ontario. The seizure took place on November 19, when CBSA officers at the Blue Water Bridge border crossing intercepted a commercial vehicle returning to Canada from the United States. The vehicle and its two occupants were referred for a secondary inspection. Upon examination of the truck and flat deck trailer, CBSA officers discovered two large duffel bags containing bricks of suspected cocaine in a modified compartment under the trailer. The CBSA seized the suspected cocaine and arrested the individuals for smuggling a prohibited substance under Section 159 of the Customs Act.

**Sources:** [Canadian Government News, November 8, 2014, The CBSA Southern Ontario Region seizes guns, cocaine and \\$1.3 million in undeclared currency](#); [Royal Canadian Mounted Police News Release, November 25, 2014, Seizure of 39 kg of suspected cocaine leads to two arrests](#)

## **Hashish**

On the first of October, members of the Alberta Law Enforcement Response Team (ALERT) made what they are calling the largest hashish seizure in Alberta history. Thirty kilos of hashish, which police valued at \$600,000, was seized in Edmonton. The hashish, packaged and pressed in 30 one-kilogram bricks, was located in a west Edmonton storage locker. ALERT also seized six pounds of marijuana and \$5,000 in cash.

The investigation was initiated thanks to a Crime Stoppers tip from the public. Craig Bendt Matthiessen, a 49-year-old Edmonton man, was at the location of the storage locker. He has been charged with possession for the purpose of trafficking, possession of a controlled substance, and possession of proceeds of crime.

According to an ALERT press release police in Edmonton have experienced an increase in hashish seizures, which is mainly attributable to the proliferation of e-cigarettes, which can be used to vapourize and inhale the fumes from the vapourized hash.

**Sources:** [ALERT News Release, October 15, 2014, Record Hashish Seizure by ALERT](#); [CBC Edmonton, October 15, 2014, Hashish worth \\$600,000 seized from Edmonton](#)

## **Heroin**

Between October 17 and 28, 2014, border services officers at the Léo Blanchette Mail Processing Centre in Quebec made five similar seizures totalling approximately 2.6 kilos of heroin. All of the five packages originated in Tanzania.

On October 17, border services officers X-rayed a postal shipment containing bags, clothing and frames which showed irregularities. A total of 500 grams of heroin was hidden in the lining of the cardboard box. Later that day, the same officers intercepted a second box similar to the first. X-rays revealed the presence of narcotics. The heroin was hidden in the inner lining of the cardboard box, which contained handbags, frames and cups.

On October 24, CBSA officers noticed a shipment similar to the boxes found on October 17 and sure enough X-rays confirmed the presence of drugs in the packaging. A total of 430 grams of suspected heroin was found amongst a shipment of craft jewelry and belts. That same day, the same CBSA officers intercepted a second shipment and X-rayed it, revealing 625 grams of suspected heroin. The drugs were hidden in the lining of the package, which contained jewelry, table cloths and pictures.

Lastly, on October 28, a fifth postal shipment from Tanzania was intercepted and an X-ray examination revealed the presence of 580 grams of heroin. Once again the drugs were hidden in the cardboard packaging.

From January 1 to September 30, 2014, CBSA made a total of 6,528 drug seizures Canada-wide, including 1,437 in Quebec. Seizures in postal shipments were the most common: from January 1 to September 30, 2014, CBSA made 3,572 narcotics intercepts in postal shipments across Canada, including 960 at the Léo Blanchette Mail Processing Centre.

**Source:** [Canadian Government News, November 12, 2014, CBSA makes five suspected heroin seizures in postal packages](#)

## **Marijuana**

A regional integrated squad in the Laurentians, led by the Sûreté du Québec, arrested nine people in November as part of an investigation into a marijuana trafficking ring that provincial police allege was run by a man with ties to the Hells Angels. According to the Montreal Gazette, those arrested were suspected of growing pot in various parts of the Laurentians and then selling it. The police seized more than 6,300 marijuana plants, 219 grow lamps and 25 pounds of dried and packaged marijuana. Police also seized three vehicles and uncovered equipment at two locations that was used to camouflage the high consumption of electricity necessary for the large-scale marijuana grow-operation. The Sûreté du Québec identified one of the people arrested as 32-year-old Martin Carrière, from St-Jérôme “who has ties to the Hells Angels.” The Le Mirabel web site asserted that Carrière was the “mastermind” behind the marijuana trafficking operation

**Sources:** [Montreal Gazette, November 19, 2014, Nine arrested in Laurentians as police bust alleged drug ring with ties to Hells Angels](#); [Le Mirabel, November 19, 2014, Les policiers frappent un grand coup](#)

## **Fraud**

Millions of dollars have been stolen as part of a mortgage fraud scheme perpetuated by a Calgary-based organized crime group, according to the Alberta Law Enforcement Response Team.

ALERT Calgary uncovered the complex mortgage fraud in a lengthy investigation that was initiated in October of 2013. ALERT alleges that an organized crime group aided and abetted a cross-section of Calgary’s underworld with fraudulent mortgages, potentially costing taxpayers and banks millions.

Four people were arrested on December 10 and a total of 29 criminal charges were laid. The charges include fraud, money laundering, conspiracy to obstruct justice, administering a noxious substance, sexual assault, participating in a criminal organization and instructing a criminal organization.

The alleged criminal group used fictitious companies to falsify documents related to employment records, bank statements, credit information, and tax assessments, which were then used to fraudulently obtain mortgages.

More than 20 homes located in Calgary, Fort McMurray, and British Columbia were purchased with fraudulent mortgages. These homes ranged in price from \$300,000 to well over \$1 million.

“This group would utilize straw buyers to purchase homes using falsified documents. They would profit from exorbitant service fees, inflated values of the mortgages, and borrowing against the mortgages. The crime would then be continued by fraudulently purchasing additional homes,” Inspector Gerry Francois, the Commander of the Calgary ALERT told the media.

Four shell companies were established by the group in order to obtain mortgages: Apex Medical Services Ltd., Petro-Alta Resources Corp., Harmony Skin Clinic Ltd., and Nucity Homes Inc. The shell companies were formed specifically to further the fraud; financial statements related to those companies allowed them to mislead financial institutions by creating the fiction of solvency. In addition, the fake companies posed as employers of those individuals applying for the mortgages. Those behind the frauds were also “fraudulently manufacturing tax assessments, employment records, letters of employment, income verifications, documents of that nature,” said S/Sgt Martin Schiavetta from the Calgary ALERT.

“Through obtaining these mortgages fraudulently, this group was receiving service fees from some of the other people that were involved. They were relying on increased values of the property and also withdrawing second mortgages, third mortgages etc. etc. on each property and pulling out the equity. This would allow them to perpetuate further purchases of property and continue the cycle,” according to Schiavetta.

The group allegedly directed mortgage brokers, individuals in the banking industry, realtors, and lawyers to facilitate the frauds.

In a news release ALERT warned members of the public who may have been in contact with these individuals or these companies to review their mortgage with their lending institution and to monitor their credit rating.

**Sources:** [ALERT, December 18, 2014, Calgary Crime Group Implicated in Multi-Million Dollar Mortgage Frauds](#); [CBC Calgary, December 18, 2014, ‘Complex’ mortgage fraud scheme uncovered, Alberta police say ALERT says organized crime group helped ‘Calgary’s underworld’ use fake companies to commit fraud](#); [CTV Calgary News, December 18, 2014, Police cripple organized crime group involved in massive mortgage frauds](#)

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The Saskatoon Star Phoenix reported in October that Joshua Johnston, who was on trial for defrauding Saskatchewan investors and funnelling the money to Alberta Hells Angels, has pleaded guilty to four counts: fraud over \$5,000, fraud under \$5,000, possession of the proceeds of crime and laundering the proceeds of crime. Johnston entered the guilty pleas in a Saskatoon provincial court on the second day of what was supposed to be a three-week trial. Johnston admitted to defrauding the victims and giving some of the proceeds to the Hells Angels. He said that he undertook the fraud because members of the outlaw motorcycle gang were extorting him.

Between June 2008 and the fall of 2010, Johnston defrauded 15 Saskatchewan victims of a total of \$1.2 million. The victims thought they were investing in various real estate ventures and were promised high rates of return by Johnston; instead he spent the money on himself or transferred it to other individuals, some of them high ranking Hells Angels members in Calgary.

Most of the investors were introduced to Johnston's fictitious real estate ventures through people they trusted, so they didn't look into things as closely as they would have otherwise, according to RCMP investigators.

Johnston is also accused of defrauding people in Alberta of \$1.5 million, but his trial in Saskatoon involves only the Saskatchewan investors.

**Source:** [Saskatoon Star Phoenix, October 7, 2014, Man pleads guilty to defrauding investors, funneling money to Hells Angels](#); [Saskatoon Star Phoenix, October 7, 2014, Man accused of fraud, funnelling money from Sask. to Hells Angels](#)

## **Human Trafficking**

A months-long investigation into an Ontario-based human trafficking operation has led to the rescue of 18 women who were forced to work in the sex trade against their will, according to a Canadian Press report in October.

Nine people are facing 33 charges, including forcible confinement, making and distributing child pornography, assault, trafficking in persons, withholding or destroying documents, living off the avails, uttering threats, obstructing police and failing to comply with court orders and conditions of bail and probation.

Ontario Provincial Police Sgt. Peter Leone said vulnerable groups, like newcomers to Canada, are often the targets of exploitation.

"These (18 victims) are individuals who were preyed upon, that were very vulnerable and certainly exploited," he said. "A lot of promises can be made to people if they come along, and they don't realize until they go with them, what they've gotten themselves unfortunately into."

Twenty-six police forces were involved in the operation on Oct. 1 and 2, including those in Edmonton, Calgary, Regina, Saskatoon, Winnipeg, Halifax, Quebec City, Toronto and other parts of Ontario.

They interviewed hundreds of women some as young as 15 since January, focusing on hotels, motels and massage parlours along major thoroughfares in 30 cities and towns across the country, police said. Many of the women had been threatened with violence, extortion and drug dependency, among other forms of coercion by men.

According to Ontario's Durham Regional Police Service, some of the women were being forced to perform sexual acts multiple times a day for paying male customers.

It said it interviewed 31 sex trade workers, with an average age of 26, and investigators believe nine were under some level of control.

“Although the Criminal Code section refers to this activity as ‘Human Trafficking,’ the public may better understand this issue as ‘sex slavery,’” the police force said in a release.

“Although many of the women appear to be making their own decisions to participate for financial gain, investigators found several teenagers and young women were being forced to perform through threats of violence, physical intimidation, drug dependency and other forms of coercion.”

**Source:** [Cambridge Times / The Canadian Press, October 7, 2014, 18 women rescued in human-trafficking sting.. November 30, 2014,](#)

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In October, CBC News described another major human trafficking ring that is based out of Nova Scotia but is now active in other Canadian provinces. Susan Allen and Angela MacIvor report.

Police in Ontario say the gang known as North Preston’s Finest is actively recruiting girls and women from the Maritimes, forcing them into a life of prostitution in cities across Canada.

The notorious gang, with roots in the small Nova Scotia community of North Preston, northeast of Halifax, was first identified by police in Toronto in the early 1990s.

Det. Thai Truong of York Regional Police, north of Toronto, said it’s common to run into pimps who say they’re from North Preston or have ties to North Preston, and women who’ve been moved from the Maritimes to regions around Toronto.

“We’re seeing a lot of girls, and we have seen a lot of victims that are from the East Coast and the pimps that are controlling them are from the East Coast,” Truong said.

The women are recruited in the Maritimes and then quickly moved, he said.

“Once the girls are recruited, the Scotian or the pimp is generally, or typically, not going to be pimping her out from where she’s from,” Truong said.

“He’s going to be taking her out of her own jurisdiction, out of her comfort zone, where her family is, her friends are. Any social supports she may have. He’s going to move her west and essentially they find their way... a lot of the time in Ontario and” the Greater Toronto Area, he said.

The detective said that makes it especially difficult for police in Nova Scotia and other Maritime provinces to address the problem.

“Their hands are sort of tied,” he said, because while the women and girls are recruited in the Maritimes, they are being moved and the offences are compounding in other jurisdictions.

Gina, whose real name CBC News agreed to withhold for her safety, said she was lured into prostitution by a member of North Preston’s Finest when she was 15 years old.

She was living on the streets of Toronto when, she said, a man from North Preston offered her a better life.

“He painted me a picture of what I can have, like freedom of money and financial freedom and I would have everything I needed and wanted,” she said. “And it all sounded really good to me because that’s why I came to Toronto, because I wanted to succeed in doing something.”

‘First they treat you nice’ For the next six years, Gina said, she was frequently beaten and forced to sell her body for sex.

“First, they treat you nice and everything, but then it happens with just a slap in the face,” she said.

“A simple slap in the face, to using objects, to dragging you and degrading you and saying ‘get naked, you stink.’ Mental abuse, physical abuse, verbal abuse, lots of different types of abuses happen, but it starts small and it escalates.”

She said she was just one in what she calls a “stable” of women.

“It was normal. I even brought women home myself. If he couldn’t get them, I would bring them home or get their numbers, either way. Yeah, I was totally involved in him bringing women home.”

Gina said she eventually managed to leave her pimp, but only after paying a \$15,000 “leaving fee.”

Truong said police don’t for sure how many people are involved with North Preston’s Finest. He said it’s one of a number of groups trafficking women in the Toronto area and across the country.

He said prostitution is a lucrative business and pimps can make more money from trafficking women than selling cocaine or guns.

**Source:** [CBC News, October 8, 2014, North Preston’s Finest gang funnels girls to Ontario for prostitution: police](#)

## **Retail Theft and Fraud**

The Christmas season (and the post-Christmas present return time of year) are the times when organized retail theft and fraud in Canada and the U.S. flourish, according to various police forces and media outlets.



In early January, the Toronto Star reported that “shoplifting is big business in the criminal underworld, with organized gangs systematically stripping stores.” The article cites the images of surveillance video of a backroom at a convenience store in Parry Sound Ontario in which “a woman in a head scarf, sweater and floor-length skirt” sneaks into the backroom of the store and then steals more than 30,000 of tobacco products in under five minutes.

The store’s walk-in safe is open and the woman heads straight for it. She stuffs merchandise into laundry-sized bags concealed beneath her skirt. The bags are latched onto a belt around her waist. There is a name for her garment: It’s called a booster skirt. After stuffing the bags to capacity, she hobbles out of the backroom. She is no longer slim. Her skirt has ballooned out and she knocks merchandise onto the floor in her wake. Stepping out of the back room, she is engulfed by accomplices who shield her from view of the lone clerk as they exit. At the counter, the clerk is distracted by two more gang members asking about products hanging on the wall behind her. They make a small purchase and leave.

Sean Sportun, manager of security and loss prevention for the convenience store chain for central Canada, said that the gang was at work the next day in the GTA this time at a Winners store in Thornhill, where they were arrested by police.

“They work off the highways. They’re very transient. They will jump from place to place, from province to province, wherever they feel they can get the biggest bang for their buck,” says Sportun. “For the most part, these folks are really good at what they do. They train for it.”

The incident at Mac’s was an example of sophisticated, organized retail crime, which is estimated to costing Canadian retailers some \$4.67 billion a year.

“Things have changed immensely. The organized piece wasn’t as big ten years ago. It was prevalent in the U.S., but it was not as big an issue for us. We would have opportunistic theft, now we’re dealing with very organized gangs. These guys steal \$10,000 to \$20,000 a day or more,” says Don Berezowski, divisional vice-president, loss prevention and safety for Sears Canada.

Simply put, says Toronto Police Services Superintendent Douglas Quan, “What we are seeing is more sophistication, more organization,”

Organized thieves use a variety of methods, but most of them involve the element of distraction. They also use specially lined bags to defeat store security alarms. They use props, including wheelchairs and even costumes, like a nun’s habit. The thieves at the Mac’s store in Parry Sound had two fake babies with them, echoing an incident in Barrie this month. A man and a woman are being sought after they looted an electronics store, stuffing merchandise into a fake pregnancy belly.

They may also rely on ruses, like walking through the store’s exit beside another customer not involved in the theft ring. When the alarm goes off, the honest customer often will stop and look around. The thief, meanwhile, keeps moving forward, into a waiting car or busy crowd.

According to the National Retail Federation's 2014 Return Fraud Survey, organized retail crime groups cost the retail sector in the United States \$3.8 billion in fraudulent returns this Christmas season and \$10.9 billion for all of 2014. The survey among retailers indicated that 78.2 percent experienced return fraud through organized retail crime groups, up from 60.3 percent in 2013.

"Return fraud has become an unfortunate trend in retail thanks to thieves taking advantage of retailers' return policies to benefit from the cash or store credit they don't deserve, said NRF's vice president of loss prevention, Bob Moraca was quoting as saying in an article on the web site Diamonds.net. "Additionally, many of these return fraud instances are a direct result of larger, more experienced crime rings that continue to pose serious threats to retailers' operations and their bottom lines."

Meanwhile, the Chicago Tribune reported that retail stores in that city and other parts of the U.S. selling high-end products, such as jewelry or pricey women's fashions, are experiencing a more violent "crash and grab" form of retail crime.

Thieves have been exploiting that fine line between security and accessibility, slamming vehicles into high-end stores and making off with luxury loot with surprising frequency of late. What might stop burglars like the ones who drove through the windows of a Louis Vuitton in Northbrook last month or the Michigan Avenue Neiman Marcus this week, said experts, is just what might drive away customers — barriers that are less than shopper friendly.

The wave of showy break-ins — nearly a dozen in the city and suburbs since fall — have been carried out by seemingly fearless crews, and perhaps some copycats. All of them leave broken glass and considerable losses behind them.

Crash-and-grabs, also known as "ram-raids," have occurred across the country. In the St. Louis area, thieves have driven vehicles into jewelry stores as well as beauty supply stores that sell pricey and popular hair extensions. Gun stores in Indianapolis and a string of businesses around Jacksonville, Fla., also have been hit recently in similar style.

Cook County Assistant State's Attorney David Williams, executive director of the Cook County Regional Organized Crime Task Force, said he believes the crash-and-grab burglaries are the work of organized groups, including thieves and gangs that operate across state lines and even internationally.

**Sources:** [Toronto Star, January 5, 2015, Organized retail crime taking off in Canada;](#)  
[Diamonds.net, October 8 2014, Organized Retail Crime Drives Up Instances of Return Fraud;](#)  
[Chicago Tribune, December 12, 2014, Chicago-area crash-and-grabs confound retailers, experts](#)

## **Violence**

In its latest annual report on homicides in Canada (covering 2013), Statistics Canada noted that "gang-related" murders decreased in 2013 over 2012. This was the first annual decline in three years; during the three previous years murders that can be traced to criminal organizations and gangs were unchanged.

In 2013, there were 85 homicides classified as gang-related by police, which is 11 fewer than reported in 2012. As a result of the decrease, the gang-related homicide rate for 2013 was at 0.24 per 100,000 population, which is the lowest it has been since 2004.

Statistics Canada noted that gang-related homicides decreased across most regions in Canada in 2013 compared to 2012. The two exceptions were British Columbia (which had 7 more gang-related homicides) and Manitoba (which had three additional gang-related homicides). These two provinces also reported the highest rates of gang-related homicide in the country: 0.63 per 100,000 population in Manitoba and 0.59 in British Columbia. Quebec reported the largest decrease in gang-related homicides (down by 8 over 2012) followed by Ontario (a decrease of 7 over 2012).

As far as Canadian cities are concerned, the largest declines were reported in Saskatoon (3 fewer victims in 2012), followed by Halifax, Québec, Montréal, Ottawa, Thunder Bay, and Calgary (each with 2 fewer). In contrast, Kelowna and Vancouver each reported two more victims of gang-related homicide in 2013 compared to 2012.

Twelve of Canada's 34 "Census Metropolitan Areas" reported at least one gang-related homicide in 2013. At 1.08 per 100,000 people, Kelowna reported the highest rate among CMAs.

The Statistics Canada report noted that gang-related homicides tend to involve firearms more frequently than non-gang-related homicides. In 2013, 71% of gang-related homicides were committed with a firearm, compared with 15% of those that were not related to gangs or criminal organizations. In total, there were 60 gang-related homicides committed with a firearm in 2013, 83% of which were committed with a handgun.

The report also indicated that gang-related homicides were less likely to be solved by police compared with non-gang related homicides (32% compared to 89%). Those homicides related to the illegal drug trade were also less frequently solved than those that were not related to drug trafficking (55% compared to 85%).

The decline in gang-related homicides reflects the decrease in the overall homicide rate for Canada in 2013. Police reported 505 homicides in Canada that year, 38 fewer than the previous year. Compared to 2012, the homicide rate decreased 8% to 1.44 victims per 100,000 people, the lowest rate since 1966. According to Statistics Canada, "the decline in Canada's homicide rate was due to considerably fewer homicides in Quebec. There were 68 homicides in Quebec in 2013, 40 fewer than in 2012, resulting in the lowest rate ever recorded in that province (0.83 per 100,000 population)."

**Source:** [Cotter, Adam. \(2014\). \*Homicide in Canada, 2013\*. Ottawa: Statistics Canada, Canadian Centre for Justice Statistics.](#)

## ORGANIZED CRIME GENRES

### Italian

Despite the decline in murders in Quebec in 2013, high-profile gang-related killings in Montreal continued to plague the city in 2014.

The latest victim of Montreal's gang violence was Antonino Callocchia, who was shot dead by masked gunmen on December 1 at a restaurant on Henri-Bourassa Blvd. in Rivière-des-Prairies. The gunmen quickly fled the scene and, to date, have not been captured.

The National Parole board described Callocchia as “an active member of the Italian Mafia.” Adrian Humphreys of the National Post provided a more complete picture of Callocchia and where he fit in the Montreal mafia and the ongoing violence that has engulfed it in recent years.

[Callocchia] was recently named in court in Italy as a member of the rebellious faction of mobsters fighting to overthrow Montreal Mafia boss Vito Rizzuto.

It was the second attempt on Mr. Callocchia's life; on Feb. 1, 2013, he was seriously injured in a similar ambush in a restaurant in Laval.

Born Nov. 6, 1961, his ties to the Mafia in Montreal have been documented for decades. Part of his underworld strength came through his link by marriage to the Armeni clan of well-known mob-linked drug traffickers. One of his first arrests, according to Quebec court records, was in 1985 alongside four members of the clan, although he was acquitted.

In 1994, Mr. Callocchia was arrested along with 56 other people as part of a major RCMP drug trafficking and money laundering investigation against the Rizzuto organization. Following a lengthy trial Mr. Callocchia was found guilty of acting as an intermediary for Vincenzo Di Maulo (brother of Joseph), who was laundering drug money through various businesses.

Mr. Callocchia received a four-year sentence but authorities then moved against him on a second case, dating to 1994, where the RCMP had evidence he tried to smuggle more than 160 kilograms of cocaine into Canada through a Toronto airport.

He pleaded guilty to drug smuggling-related charges in 1998. With everything combined, he ended up having to serve an aggregate sentence of 21 years in all.

But before his death, the enigmatic man was moving from the criminal sidelines and becoming more central to the city's underworld.

The move brought increased scrutiny over his standing and allegiance in the Mafia war that has rocked Montreal — a sweeping power struggle between Mr. Rizzuto and rebels trying to oust him when he was imprisoned in the United States in 2006. The war went badly against the Rizzutos until the boss returned to Canada in October 2012 and fought to reclaim his position of power.

Some saw Mr. Callocchia as a Rizzuto loyalist and even a possible successor to Vito Rizzuto — who died of natural causes in December 2013. His involvement in a case of extortion against a woman with ties to Raynald Desjardins, a gangster named in Italian court as the leader of the rebellious faction, furthered that view.

Others saw his closeness to Calabrian dissidents unfriendly towards the Sicilian-born Rizzuto as well as to Joseph Di Maulo, an influential Mafia boss killed in 2012, likely for not remaining loyal to Mr. Rizzuto, as a sign he too had strayed.

In a December 2<sup>nd</sup> article, the Montreal Gazette opined that “Callocchia’s slaying seems to have ended a period of relative calm that has reigned locally in the realm of organized crime since the death reputed mob boss Vito Rizzuto 12 months ago.”

**Sources:** [National Post, December 2, 2014, Mobster gunned down in Montreal was part of a ‘dissident faction’ trying to overthrow Rizzuto: documents](#); [Montreal Gazette, December 2, 2014, The murder of a made man — revenge or rebellion?](#);

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In December, police in the GTA say they dismantled an organized crime cell linked to the Rizzuto mafia family of Montreal.

Numerous warrants were executed across the GTA, as part of Project Forza, which led to the arrests of individuals associated with what the police were calling the Ranieri organized crime group. Charges laid against five men include extortion, fraud, obstruction of justice, parole violations, drug trafficking and firearms offences. Project Forza resulted in the seizure of \$20,000 in cash, an undisclosed quantity of drugs, firearms and vehicles, as well as financial documents, computers and electronic devices.

York Regional Police Insp. Michael Slack said the group was led by Daniele Carlo Ranieri from Bolton, Ontario. Police allege that Ranieri is the “successor” to Juan Fernandez who controlled a “street crew” linked to the Rizzuto family that operated in the Greater Toronto Area.

Fernandez along with Fernando Pimental was killed in an “ambush-style attack” in Italy in 2013.

Prior to his death, Fernandez was “a prominent traditional organized crime figure operating in the Greater Toronto Area,” Slack said.

According to Adrian Humphreys of the National Post, “Fernandez’s murder prompted police in Canada to re-evaluate their investigation of the crew. It was always an important link because Fernandez was a key representative for Montreal Mafia boss Vito Rizzuto in Ontario.” Rizzuto frequently visited the GTA, where he had relatives, friends and business associates.

Police allege that the 30-year- Ranieri had acted as “an enforcer” for Fernandez and succeeded him by “maintaining control over his once-prominent street crew.”

Ranieri has “an extensive criminal history” that includes time in federal prison, police say.

“Through his criminal endeavours and his time spent in federal prison, Ranieri has associated himself with members of traditional organized crime groups, street-gang members all with extensive criminal records for firearms, drugs and violent criminal offences,” Slack said. “Many of Ranieri’s crime-group associates have a high propensity to commit violent crimes and have served time in prison for aggravated assault, forcible confinement and murder.”

While numerous men were arrested in December, Ranieri and another suspect, 41-year-old Lucas Day, of Toronto, were not. Arrests warrants were issued for both men, who police characterized as armed and dangerous. Ranieri had left for Cuba two weeks before and is believed to still be there when the arrest warrants were issued.

Adrian Humphreys writes in the National Post that, “The deadly path to leadership of a mob-backed crew hardly deters men like Ranieri, who was so enamoured of the underworld he had ‘Cosa Nostra’ tattooed on his chest.”

It was his visit to Sicily on July 6, 2012, that inadvertently revealed Juan Ramon Fernandez, allegedly Ranieri’s boss, had moved there from Canada, sparking a large anti-Mafia probe. Ranieri was under surveillance the moment he got off the plane in Palermo, with an officer in Sicily saying he stood out: “Typical of American gangsters — big muscles and tattoos.” Police say Ranieri took over leadership of the crew from Fernandez, after he was ambushed and his body burned outside Palermo in April 2013. Fernandez, in turn, had seized control from Gaetano “Guy” Panepinto, a mobster who ran a discount coffin business before his own murder in 2000. Ranieri was Fernandez’s favourite, acting as his eyes and ears in Ontario after Fernandez was deported from Canada and settled in Sicily. Fernandez even said he was trying to have Ranieri officially inducted into the Mafia, according to wiretaps recorded by police in Italy and obtained by the Post.

**Sources:** [Canadian Press, December 17, 2014, Project Forza investigation dismantled organized crime group in GTA, police say](#); [CBC News, December 17, 2014, Project Forza targets alleged GTA organized crime group](#); [CP24.com, December 17, 2014, Organized crime group dismantled by York Regional Police, RCMP and OPP](#); [Toronto Sun, December 17, 2014, York cops bust ‘significant’ organized crime group](#); [National Post, December 17, 2014, Climbing the Mafia ladder: Accused Ontario mobster named a wanted fugitive after boss murdered in Sicily](#)

## **Mexican Drug Cartels**

According to an Alberta Law Enforcement Response Team news release, members of the La Familia gang have been arrested in Edmonton following an ALERT investigation. [La Familia](#), or the The Family, is described as a Mexican drug cartel and an organized crime syndicate based in the Mexican state of Michoacán and formerly allied to the Gulf Cartel—as part of Los Zetas — until it split off in 2006.

The Alberta president of La Familia, 33-year-old Jose Antonio Monterrey, was arrested on December 11 while attempting to board a flight at Edmonton International Airport. Three

associates of Monterrey were also arrested: Peter Alan Griffon, 34, Cody Sterling Tremblett, 28, and Penny Sue Fleming, 34. They are facing a combined 40 drug and weapons related charges.

The arrests coincided with search warrants being executed at three Edmonton homes. As part of these searches ALERT seized five kilos of cocaine, 2.7 kilos of MDMA (ecstasy), and Oxycodone pills. In addition, police found 2 kilograms of a buffing agent; a cocaine press, and \$45,000 in cash. A variety of firearms and weapons were also seized.

ALERT's investigation began in August of 2014 police when intelligence identified La Familia as an emerging public safety threat to Albertans. It was believed that the group was in the process of aggressively recruiting new members and pursuing new markets for drug distribution.

According to ALERT, the group was attempting to gain control of drug distribution channels in Alberta and were supplying drug trafficking networks in Edmonton, Fort McMurray, Drayton Valley, Lloydminster, and Red Deer. As Reid Southwick of the Postmedia put it, "Mexican drug cartels are slowly making their way into Calgary as they attempt to secure a foothold in what they see as a wealthy city where users are willing to shell out loads of cash to get high..."

The Alberta chapter La Familia wore a three-piece patch, similar to that worn by outlaw motorcycle gang members, and had an established rank structure and club rules.

In an interview with the Calgary Herald, Deputy Commissioner Marianne Ryan, who is the commanding officer of the RCMP in Alberta, said that Mexican cartels have long played a role in exporting narcotics directly or indirectly to Canada, but they are now basing people here to import and distribute cocaine and other drugs.

"That's a very interesting development because they've essentially eliminated the middlemen. Those people are directly from Mexico, they're key players in a Mexican cartel who have established themselves in Alberta, and that's a concern," she said.

There has been an increased connection between the Canadian and Mexican drug traffickers and organized crime groups in recent years as Mexican-based cartels quickly supplanted the Colombian cartels and as Canada became more prominent as a supplier and transshipment point for cocaine, marijuana and synthetic drugs.

The web site Insight.com, which reports on "organized crime in the Americas," noted in a September 2014 article that "Canadian criminal groups were increasing their direct connections in Mexico in order to cut the middlemen out of the cocaine trafficking chain." Canadian drug smugglers and traffickers were now travelling to Mexico to cut deals, which in turn resulted in a "spate of killings targeting Canadian drug traffickers in Mexico"... For a few years, Mexico was a deadly place for Canadian drug traffickers. At least ten Canadians with alleged criminal ties were shot or killed in Mexico between 2008 and 2012. "The victims included three members of the United Nations gang — a criminal organization based in the province of British Columbia — and two men who were allegedly affiliated with the Hells Angels motorcycle gang."

Since this time, “there have been several indications that some of Canada’s criminal groups have now stabilized their drug supply chain and expanded operations, even increasing cocaine exports to Australia.” One indication that Canadian drug traffickers had solidified their connections with Mexican suppliers is that Canada “has reportedly increased its role as a transshipment point for European and Australia-bound cocaine shipments. The Australian Crime Commission has reported that Canada brings the second highest amount of cocaine into the country after Chile, which serves as the main transit point for cocaine headed to Australia. Canada has climbed up three spots on the list since 2010.”

**Sources:** [ALERT News Release, December 17, 2014, La Familia Gang Members Arrested in Edmonton](#); [Postmedia News, November 20, 2014, Mexican drug cartels trickling into Calgary](#); [Calgary Herald, January 5, 2015, The face of organized crime in Alberta is changing, says RCMP commander](#); [Insight.com, September 12, 2014, Canada Drug Trafficking Groups Expanding Mexico Ties](#)

## **Outlaw Motorcycle Gangs**

Atlantic Canada’s largest outlaw motorcycle gang – The Bacchus Motorcycle Club – expanded into Ontario in November adding three new chapters in Hamilton, Chatham and Sudbury. Their expansion was made possible by “patching over” (taking over) the last three remaining chapters of the Red Devils MC in Ontario. The expansion marks the first time the Bacchus MC has had chapters west of New Brunswick.

As the Chronicle Herald reports, “The 31 new Ontario-based Bacchus members used to ride together as the Red Devils but changed colours to join the New Brunswick-headquartered gang. Bacchus now has 10 chapters. There are two in Nova Scotia (Halifax and nearby McGraths Cove), three in New Brunswick and one each in Prince Edward Island and Newfoundland and Labrador.” There are approximately 80 Bacchus members in Atlantic Canada.

Suddenly, the Bacchus MC is Canada’s second largest outlaw motorcycle club, after the Hells Angels, which has around 440 members across Canada.

The two clubs had long been closely aligned but observers were still surprised by the move.

“It’s a surprise, basically to everyone,” Det.-Insp. Len Isnor of the Ontario Provincial Police said in a Toronto Star article.

The Chronicle Herald quoted RCMP Cpl. Dave Astephen of the combined forces intelligence unit in Halifax who said “The Bacchus have traditionally been an Atlantic Canada club. They had no chapters elsewhere, and the Red Devils were an already established club. They’d been in existence for a long time ... “This, I guess, confirms their solidarity.”

In Nova Scotia, the Bacchus club is currently facing a legal attempt by the Crown to have them declared a criminal organization, after charges were laid in an extortion case in Halifax. Also in October, 32-year-old David James Bishop, an alleged member of the Bacchus MC was arrested and charged with drug trafficking after Halifax police seized what they say is a large amount of



cocaine. In April 2013, Bishop was given a two-year sentence in connection with charges that he orchestrated the smuggling of drugs into the Central Nova Scotia Correctional Facility in Dartmouth. The court was told that Bishop wore Bacchus colours when he provided cocaine and steroids to an undercover agent.

As Peter Edwards of the Toronto Star noted, the Red Devils had been Canada's oldest outlaw biker club, tracing their roots back to 1949, "more a quarter century before the arrival of the Hells Angels in Canada."

Edwards also reported that the American-based Vagos club have moved into Ontario by establishing chapters in Peterborough and Port Dover. "There haven't been major tensions between the Vagos and Hells Angels in Ontario, although the two clubs have fought in the U.S."

The Red Devils of Ontario are not to be confused with another one percenter motorcycle club of the same name which is a support club for the Hells Angels has chapters worldwide, including one in Ottawa and a new one in Montreal.

While the motive for the patch over is not completely clear, Isnor believes that the original Red Devils MC agreed to join the Bacchus to avoid confusion with Hells Angels puppet club.

According to La Presse newspaper, the emergence of this Red Devils MC in Canada is an attempt by the Hells Angels to rebuild in Quebec after major law enforcement operations decimated them in that province. The Montreal chapter was the second to be founded; the Red Devils already had a chapter in Ottawa to support the Ontario Nomads chapter which is also headquartered in that city.

The [official web site of the Red Devils](#) notes that the club was founded in 2001 and claims to be the "sole official support group of the Hells Angels worldwide." The web site notes that the Red Devils have more than 130 chapters all over the world. As with their mentors, the Hells Angels, the Red Devils official colours are red and white.

**Sources:** [The Chronicle Herald, November 11, 2014, Bacchus motorcycle gang expands into Ontario](#); [Toronto Star, November 10, 2014, Red Devils of Canada, country's oldest outlaw biker club, gives up ghost](#); [Hamilton Spectator, November 10, 2014, Hamilton-based Red Devils biker gang no more](#); [The Chronicle Herald, October 20, 2014, Alleged Bacchus member charged in Halifax drug raid](#); [Le Press, July 21 2014, Une nouvelle garde rapprochée pour les Hells Angels de Montréal](#)

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Robert Barletta, owner of Famous Flesh Gordon's bar in London, Ontario was denied a hearing before the Supreme Court of Canada to appeal the decision by the provincial Liquor License Tribunal to revoke the bar's liquor licence. The decision by the Supreme Court upholds a decision last year by the Ontario Court of Appeal.

Barletta argued he was unfairly stripped of his licence because of his membership in the Hells Angels Motorcycle Club. Barletta, who helped found the London charter of the Hells Angels in 2003, has run the strip club since 2001. He argued it was unfair of the province to revoke his liquor licence since he wasn't engaged in any criminal activities or regulatory breaches at his club.

The province has argued that the Hells Angels are a criminal organization and that granting a liquor license to a member of a criminal group is incompatible with the goals of the Liquor License Act.

The case will now be adjudicated by the Licence Appeal Tribunal. No date has been set for that hearing.

As Barletta fought to win back his liquor licence, his club was firebombed in 2012.

One of the unintended consequences of Barletta's legal battles is that the written reasons behind the decision by the Ontario Liquor Licence Tribunal, which were released in October, reveal some unsavory facts about the Hells Angels and its associates. These revelations are consistent with the argument by the provincial government and courts that the Hells Angels are a criminal organization.

The written ruling contains an agreed statement of facts that includes a look at the London Hells Angels as of July 21, 2014, with initials instead of full names, outstanding charges and convictions. The document shows that a dozen full-patch Hells Angels and three "hangarounds" have 105 criminal convictions between them. Three of the 12 full-patch members and one of the three hangarounds have outstanding charges. In addition, members of the Gate Keepers, a Hells Angels puppet club has at least four members, with 17 convictions between them.

Source: [Toronto Star, October 16, 2014, Hells Angels' strip club still stripped of liquor licence](#); [QMI Agency, October 22, 2014, Hells Angels club's criminal records detailed in documents](#)

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Whether his initials were included in the agreed statement of fact or not, Frank Strauss is yet another Ontario-based member of the Hells Angels with a criminal record. In November, the Waterloo Region Record reported that the Kitchener-raised Hells Angel was sentenced to 11 years in prison on drug trafficking charges. Strauss was convicted of 17 offences — most involving gun and drug trafficking — in the Superior Court of Justice in Kitchener.

"I think you're a career criminal," the judge told Strauss.

Referring to the "toxic combination" of drugs and guns, the judge said the sentence had to emphasize denunciation and deterrence. The quantity and variety of drugs — including more than eight kilograms of cocaine — was an aggravating factor, the judge said. Stolen guns were found near the drugs and the judge concluded the guns would be used to protect the drugs.

Waterloo Regional Police had conducted two searches at a barn Strauss occasionally lived in near Amulree, in Perth County, about 25 kilometres west of Kitchener. The first turned up 17 guns — handguns, rifles and shotguns — 4,500 rounds of ammunition, drug debt lists, marijuana and traces of cocaine.

Following a second search, police found five handguns, three rifles, one shotgun, 9,873 rounds of ammo, gun scopes and tripods, 8.2 kilograms of cocaine, 53 kilograms of marijuana, 160 immature pot plants under grow lights, 106 grams of crystal meth, some meth pills and \$30,000 in cash.

The drugs were worth more than \$500,000. All 26 guns found in the two searches were stolen from a Cambridge home. Strauss bought them from two Cambridge men who had stolen them. Three weren't recovered.

At the time of the searches, Strauss was on bail on drug trafficking charges in London.

**Source:** [Waterloo Region Record, November 26, 2014, Kitchener-raised Hells Angels gun and drug dealer gets 11 years in prison](#)

## ORGANIZED CRIME ENFORCEMENT

In November, Steven Blaney, Canada's Minister of Public Safety and Emergency Preparedness, announced the coming-into-force of the Safer Witnesses Act, which amends the federal Witness Protection Program Act.

The legislation is meant to improve the federal Witness Protection Program by enhancing its interaction with provincial, territorial and municipal witness protection programs. It also aims to better protect those who require and provide protection through:

- improved access to federal identity documents;
- broadened prohibitions against the disclosure of information;
- expanded admissions for national security, national defence and public safety sources; and
- the extension of time emergency protection may be provided.

The Safer Witnesses Act was introduced in the House on December 11, 2012. After passing unanimously through the House and the Senate without amendment, it received Royal Assent in June 2013.

**Source:** [Public Safety Canada News Release, November 1, 2014, Minister Blaney Highlights Coming-Into-Force of the Safer Witnesses Act](#)

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The Government of British Columbia announced in October that the Civil Forfeiture Office (CFO) pilot program in which forfeited vehicles previously used in gang or drug activities are provided to police is now being made permanent.

The CFO is inviting B.C.'s law enforcement agencies to submit their applications for a forfeited vehicle. Proposals for the two-year use agreement must ensure that the vehicles are used for public education and awareness, focusing particularly on youth outreach. Police departments are expected to pay for operational costs of the vehicles, such as insurance and maintenance. They can opt to purchase the vehicle at the end of the term or return it to the CFO for liquidation or use by another department.

To date, three forfeited vehicles have been provided by the CFO to aid in anti-gang public engagement campaigns. In the summer of 2014, the Kelowna RCMP received a Nissan 350Z sports car while earlier in the year a forfeited BMW SUV was made available to the Combined Forces Special Enforcement Unit-British Columbia. In 2011, a forfeited Hummer was provided to the Abbotsford Police Department, which it then purchased at the end of the term.

According to B.C. Attorney General and Minister of Justice Suzanne Anton "This program highlights how the Civil Forfeiture Office gives back to communities throughout the province in significant ways. These vehicles give law enforcement departments a chance to reach vulnerable youth through a unique approach, transforming the tools of unlawful activity into rolling billboards. Now, with this ongoing commitment to the program, we will give B.C.'s police agencies even more opportunities to encourage young British Columbians to say no to a life of crime."

Access to these vehicles is made possible through provincial government's civil forfeiture program which aims to undermine the profit motive behind unlawful activity by taking away the tools and proceeds of crime.

Now eight years old, B.C.'s civil forfeiture program has obtained forfeiture of approximately 250 vehicles – most with links to drug, gang or organized crime.

**Source:** [Government of British Columbia News Release, October 17, 2014, More forfeited vehicles to get new lease on life](#)