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January to March 2015

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January to March 2015

Organized Crime in Canada: A Quarterly Summary

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Enforcement

Organized Crime Activities

Drug Trafficking

Poly Drug Trafficking and the Rise of Fentanyl

In recent years, a drug trafficking trend has emerged in Canada in which both established criminal groups as well as independent wholesalers and retailers are dealing in multiple varieties of illegal drugs. Historically, this is not atypical; while the Italian mafia primarily focused on heroin in the post-war years, it increasingly became involved in cocaine and hashish importation and trafficking. The same can be said of outlaw motorcycle gangs (in the late 1960s and early 1970s, they made most of their money from synthetic drugs but by the 1980s relied more heavily on cocaine) as well as Chinese crime groups (heroin from south-east Asia was their main commodity, but they branched out into cocaine, marijuana, and synthetic drugs and today they are the biggest producers of MDMA and crystal meth in Canada). Notwithstanding these historical precedents, in recent years there has been a significant uptick in police raids that have resulted in the simultaneous seizure of multiple varieties of illegal drugs. This is illustrated by the numerous cases described below.

A second trend that emerged in the first quarter of 2015 is the popularity of the drug fentanyl, a potent, synthetic opioid analgesic that is said to be 80 times more potent than morphine and 15 to 20 times more potent than heroin. The opiate is normally prescribed to treat terminal illnesses or severe pain following surgery. However, like many prescription drugs it has made its way to the

underground economy and is consumed as a recreational drug. The increased trafficking of fentanyl is a result of its growing popularity as a (highly addictive) recreational drug. As detailed below, fentanyl has been seized in numerous police drug busts in recent months, often as part of a larger cache of different illegal drugs.

In many of the cases, the fentanyl was manufactured to resemble oxycontin pills and sold as such. Yet, while the fentanyl pills are disguised to look like OxyContin, they are much more powerful; this is one of the reasons why the drug has been linked to hundreds of overdose deaths in B.C, Alberta and Saskatchewan since 2014. The overdoses have also occurred because other types of drugs, such as heroin and marijuana, have been laced with fentanyl.

The distribution of fentanyl appears to be particularly widespread in Northern B.C., Alberta and Saskatchewan. This may be because while one pill is sold for a mere \$10 on the streets in Vancouver, it can be sold for much higher profit margins in northern parts of the province or outside of B.C. (as high as \$150 per pill).

Police say the fentanyl is coming from China or perhaps Mexico in powdered or liquid form. Much of it enters the country through the Port of Vancouver or B.C. land border crossings. Traffickers then transport the drug to Northern B.C., Alberta and/or Saskatchewan using hidden compartments in vehicles. It is pressed into pills in clandestine labs in this country, although they also made be pressed into pills in the source countries.

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In mid-January, charges were laid by Saskatoon police against 14 individuals who were trafficking in cocaine, heroin, methamphetamine and fentanyl. Nearly 3,360 fentanyl pills, which were produced to resemble oxycontin, were seized. The drug bust is linked to pill making equipment for ecstasy and counterfeit oxycontin that was seized in Burnaby, B.C.

The arrests were part of Project Forseti, which was initiated in November 2013 and targeted the Hells Angels and its puppet club, the Fallen Saints in Alberta and Saskatchewan. Police raids were carried out at the Saskatoon clubhouse of the Hells Angels, as well as several private homes. Police said the investigation resulted in the seizure of the following: 5.4 kilograms of methamphetamine, 2.6 kilograms of cocaine, 3,358 fentanyl pills, 107 grams of heroin, 145 pounds of marijuana, 456 dilaudid pills, and 454 grams of hash. In total, the drugs were valued at over \$8 million. In addition, police confiscated approximately 200 firearms, including prohibited and restricted firearms, tens of thousands of rounds of ammunition, and four ballistic vests. Approximately \$100,000 in cash and seven vehicles were seized as proceeds of crime.

The investigation, which originated in Saskatchewan following the deaths of three teenagers who overdosed on fentanyl in September 2014, stretched all the way to Burnaby, B.C. where police seized two pill presses and mixtures used for manufacturing the pills. Police say the pills that killed the Saskatoon teenagers had the same chemical composition as those seized in the drug raid targeting the two Saskatoon biker gangs. However, police would not say if the pills that killed the teens came from the gangs. “We cannot say at this time that they came from the batch as those taken by the three young men who recently died, but we are comfortable in saying the

characteristics are very similar,” Det. Insp. Jerome Engele of the Saskatoon Police Service said at press conference.

Among those arrested and charged were Rob Allen, who police say is a full-patch member of the Hells Angels in Saskatoon, Mark Michael Nowakowski, who police say is the local president of the Fallen Saints MC, Terry Eide, who police say is a full-patch member of the Hells Angels in Calgary, and Justin Smith, who police say is part of the Fallen Saints MC in Saskatoon.

Engele told the media that outlaw biker clubs and other criminal groups are situating themselves in Saskatoon because of the booming local economy, which translates into a lucrative market for drugs.

Sources: [CBC News, January 15, 2015, Hells Angels targeted in organized crime busts in Saskatchewan, Alberta Police seize fake oxycontin, guns in raids that also focused on Fallen Saints gang](#); [The StarPhoenix, January 15, 2015, Project Forseti: Who Was Charged?](#); [The StarPhoenix, January 15, 2015, Bust will impact fentanyl trade: expert](#); [The StarPhoenix, January 16, 2015, Biker gangs busted: Police raids link arrests to deadly fentanyl](#); [The StarPhoenix, January 16, 2015, Police mull organized crime charges against bikers](#); [Globalnews.ca, January 26, 2015, Sask. RCMP say danger still exists after ‘Project Forseti’ drug bust](#)

In February, the Alberta Law Enforcement Response Team (ALERT) in Calgary seized what they estimated to be \$5 million worth of cocaine, fentanyl, and other drugs. The seizures followed a year-long investigation into a Calgary-based organized crime group that allegedly supplied drugs throughout the province.

The drugs seized by police were as follows: 40 kilograms of cocaine, 11,597 fentanyl pills, 1.2 kilograms of methamphetamine, 545 grams of heroin, 182 grams of MDMA, 450 grams of marijuana, and 60 kilograms of Phenacetin. The cocaine and fentanyl seizures are the largest of their kind by ALERT. A variety of weapons were also seized, including a Glock handgun that had been previously reported stolen and a TEC-9 handgun. In addition, \$600,000 in cash along with five high-end luxury vehicles were seized as the proceeds of crime.

Twelve people are facing 66 charges, including conspiracy, participation in a criminal organization, drug trafficking, weapons offences, and proceeds of crime. Of the dozen people arrested, ALERT said their alleged roles in the operation varied and included suppliers, manufacturers, and street-level traffickers. The group allegedly operated under the leadership of co-accused Donna Thanh Phoung Tran, 33, and Ronald Gene Wan Wong, 35, both of whom were arrested.

Sources: [ALERT News Release, February 12, 2015, Calgary crime group hit with \\$5 million drug seizure](#); [CTV News, February 12, 2015, ALERT seizes millions in drugs from Calgary crime group](#); [Calgary Sun, February 12, 2015, Alberta cops seize \\$5 million in drugs, cash and high-end cars](#)

At the end of February, ALERT in Lethbridge made two separate fentanyl seizures. On February 20, they seized 88 fentanyl pills from a Lethbridge apartment and then on February 26, more than 300 pills, which were labelled as oxycontin, were found in a North Lethbridge home. In the latter case, police seized a variety of illegal drugs from this one home, including 301 fentanyl pills, 14 grams of “magic mushrooms”, 136 grams of marijuana, and 90 illicit prescription pills. In addition, police found three long barrel firearms, a replica handgun as well as ammunition.

Source: [ALERT News Release, March 4, 2015, More Fentanyl Seized in Lethbridge](#)

In early March, Calgary police arrested and charged six people in connection with the seizure of \$270,000 worth of drugs and several weapons. During the execution of search warrants on March 4, police found drugs, cash, multiple rounds of ammunition, and a weapon. Police also found a key to a storage unit, which contained several more weapons and additional ammunition. Specifically, police made the following seizures: 309 grams of cocaine, 45.7 grams of heroin, 578.1 grams of methamphetamine, 27.1 grams of MDMA, 110 OxyContin pills, 2,551 fentanyl pills, 16.9 grams of marijuana, 150.4 grams of cannabis oil, and 320 grams of cannabis resin. Several firearms were also found, including three semi-automatic rifles, two handguns, one pump-action shotgun, multiple rounds of ammunition for all six firearms. \$16,000 in Canadian currency and \$1,800 in counterfeit U.S. currency was also confiscated by police.

When commenting on this case, Sgt. Jason Walker of the Calgary Police Service told the media, “When you talk about the nature of drug trafficking in Calgary, there’s a variety of criminal groups and networks out there and I never cease to be amazed by the inner connectivity amongst them all. Everybody seems to know everybody else out there and there’s always one more person tied to an organization, whether it’s up the chain or down the chain.”

Source: [CTV News, March 9, 2015, Six people arrested and charged in March bust](#)

At the end of March, the ALERT in Edmonton announced that five people were arrested who were accused of transporting illegal drugs between different provinces. The estimated street value of the drugs seized is \$545,000 and includes 2.6 kilos of cocaine, 1,841 fentanyl pills, 1 kilogram of methamphetamine, and 468 grams of MDMA. In addition, two firearms and \$91,000 in cash was seized. The fentanyl, which was manufactured to resemble oxycontin, was valued at \$147,280 by police. This case marks the first time ALERT has seized fentanyl in Edmonton.

Source: [ALERT News Release, March 25, 2015, Fentanyl Seized in ALERT Edmonton Bust](#); [The Canadian Press, March 26, 2015, Alberta police say fentanyl sent to provinces hidden in SUVs](#)

Also in March, seizures were made and charges were laid as part of Project Dare in Winnipeg. Among the drugs seized were 1.5 kilos of cocaine, 760 grams of methamphetamine, 900 grams of MDMA and 1 kilo of marijuana. Six guns were also seized, including three handguns, an assault rifle, two long-barrelled guns, two prohibited magazines, and ammunition. In addition, police confiscated \$100,000 in cash and a 2006 Lexus as the proceeds of crime. RCMP Superintendent Len Delpino says the seizure of large quantities of drugs and guns dealt the alleged crime ring a major blow. "We did hit one of the organized crime groups in the province and we removed a lot of their product and weapons off the streets." Two 23-year-old Winnipeg men were arrested while a 32-year-old suspect remained at large.

Sources: [680 CJOB, March 13, 2015, RCMP/Winnipeg Police Make Drug And Weapons Bust; CBC News, March 13, 2015, Drugs, guns and cash seized in Manitoba trafficking probe](#)

Police in B.C. were also busy in March seizing fentanyl pills. At a news conference in early March, Police said a joint forces investigation resulted in the seizure of 500,000 pills that were being sold as OxyContin but actually contained fentanyl. Police also seized heroin, crack cocaine, heroin, hashish, crystal meth, three guns and seven vehicles. The total value of the seized drugs was more than \$1 million, according to police. In total, 12 people were arrested following searches in Vancouver, Burnaby, Richmond and North Vancouver. One of those arrested has also been charged with attempted murder related to a recent shooting in a South Burnaby home. The investigation, which began in October of 2014 was initiated following a steep rise in the number of overdose deaths from fentanyl in B.C. "We found during the course of this investigation that these drugs were being distributed throughout the province," a police spokesperson told the media.

Source: [MetroNews, March 3, 2015, Vancouver police bust illicit fentanyl distributors, seize \\$1 mil drugs](#)

In mid-March, the Combined Forces Special Enforcement Unit in B.C. announced that a seven-month long investigation into an alleged Chilliwack-based drug distribution network resulted in the seizure of more than \$5 million in drugs, while seven people were arrested during raids in November 2014 and February 2015. While the group was based out of the Fraser Valley, it operated primarily in northern B.C. On November 26, 2014, police executed a search warrant on an apartment in Chilliwack. A search of the apartment resulted in officers seizing 10 kilos of cocaine and 28 kilos of phenacetin and caffeine (used as a cocaine buffing/cutting agent). A cocaine press and a large amount of drug-related packaging material was also found. On the morning of February 26, search warrants were executed at another apartment in Chilliwack as well as a storage locker. As a result of these searches, the following was seized by police: 4.6 kilos of marijuana, 1.7 kilos of crystal methamphetamine, 709 grams of MDMA, 324 grams of crack cocaine, 2.6 kilos of powdered cocaine, 2 kilos of Fentanyl powder, approximately 43,000 fentanyl pills, 56.8 kilos of phenacetin and 54 tubs of Methylsulfonylmethane (also used as a cocaine cutting/buffing agent). Police estimated the total street value of the drugs seized from the

November and February searches to be \$5,155,000. In addition, numerous firearms were confiscated, including semi-automatic rifles and handguns as well as sub-machine guns equipped with sound suppressors.

Sources: [CFSEU-BC News Release, March 18, 2015, Investigation into alleged drug distribution network nets over \\$5 Million in drugs and several arrests](#); [CBC News, March 18, 2015, \\$5M in drugs seized in Chilliwack bust](#); [The Chilliwack Progress, March 18, 2015, Police seize millions in drugs during Chilliwack bust](#)

In late March, the RCMP in Surrey charged 13 residents from the Lower Mainland with a total of 66 drug- and firearm-related offences after a 21-month investigation into drug trafficking in that city. In June 2013, the RCMP began an investigation into what Insp. Wade Lymburner called a “loosely associated trafficking group based out of Surrey.” While the group’s drug trafficking operation was concentrated in Surrey, it stretched throughout the Lower Mainland and even to Vancouver Island and the B.C. Interior. According to Lymburner, the activities of the group involved low-to mid-level drug trafficking, but dealt in numerous drugs, much of it synthetic and much of it counterfeit. Undercover evidence purchases from the suspects took place between December 2013 and the fall of 2014. On September 5, 2014, Surrey RCMP executed eight search warrants, four of them in Surrey. As part of the investigation the RCMP seized large amounts of counterfeit oxycodone, MDMA, fentanyl, heroin, methamphetamine and cocaine, as well as more than \$66,000 in cash. In addition two automatic submachine guns and a handgun, as well as five loaded high capacity magazines and a box of ammunition were apprehended. Among those arrested was Sophon Sek, who was charged in 2009 for manslaughter in the so-called Surrey Six murders. He now has 20 new charges against him stemming from this drug investigation. Lymburner characterized Sek as “one of several people up at the top.”

Source: [MetroNews, March 3, 2015, Vancouver police bust illicit fentanyl distributors, seize \\$1 mil drugs](#); [PeaceArch News, March 27, 2015, RCMP seize large amount of drugs, cash and weapons](#)

Cocaine and Heroin

A number of drug seizures were made by the Canada Border Services Agency at Toronto’s Pearson Airport during the first quarter of 2015. According to the CBSA, in 2014 the agency made 180 cocaine seizures totaling over 954 kilos and 62 heroin seizures totaling 149 kilos in the GTA.

On January 16, during a routine inspection at Pearson Airport, CBSA officers monitored a baggage offload on a flight from Pakistan. Officers noticed one backpack that was heavy. During further examination officers discovered six wrapped bricks inside the backpack, which contained a substance that later tested positive for suspected heroin. The packages of suspected heroin weighed 17 kilos in total.

On January 30, CBSA officers monitored the offload of baggage arriving on a flight from Curacao. After a detector dog was deployed, two suitcases were set aside. Upon further inspection of the suitcases, officers discovered 11 bricks, each weighing one kilo, containing a substance that tested positive for suspected cocaine.

On February 8, CBSA officers monitored the offload of baggage arriving on a flight from Saint Maarten and aside one suspicious backpack. Upon further inspection of the backpack, officers discovered four bricks, weighing five kilos in total, containing a substance that tested positive for suspected cocaine.

On February 12, CBSA officers monitored the offload of baggage arriving on a flight from Buenos Aires. One of the last bags off the flight was a large duffel bag that raised the suspicions of the officers. Upon further inspection, six bricks containing a substance that field tested positive for suspected cocaine was discovered in the duffel bag.

On March 16, the RCMP Toronto Airport Detachment arrested two GTA residents for illegally importing approximately 20 kilograms of suspected cocaine. The investigation began on March 5, when CBSA officers at the airport intercepted a large quantity of suspected cocaine concealed in a shipment of plastic pieces, originating from Trinidad and Tobago. CBSA officers contacted the RCMP about the shipment which led to a local investigation to identify those responsible for importing the suspected cocaine. On March 10, RCMP investigators arrested two men in Brampton. Subsequent to the arrests, the RCMP executed search warrants where additional materials were seized to support the charges.

Sources: [Government of Canada News Release, February 6, 2015, CBSA officers seize over 11 kg of suspected cocaine at Toronto Pearson International Airport](#); [Government of Canada News Release, January 23, 2015, CBSA officers seize 17 kilos of suspected heroin at Toronto Pearson International Airport](#); [Government of Canada News Release, February 11, 2015, CBSA officers seize close to 5 kilos of suspected cocaine at Toronto Pearson International Airport](#); [Government of Canada News Release, February 13, 2015, CBSA officers seize over 6 kg of suspected cocaine at Toronto Pearson International Airport](#); [RCMP News Release, March 16, 2015, CBSA seizure of 20 kg of suspected cocaine leads to arrests](#)

In February, following a seven-month investigation, the CBSA released information on what it was calling the single largest cocaine bust in B.C.'s Kootenays region. On July 26, 2014 Caitlin Christine Gladdish, of Kelowna, was arrested, but only recently charged, for importing more than 35 kilograms of cocaine into the country. The drugs were discovered during a routine vehicle inspection while she was attempting to get into Canada at the Waneta border crossing in Trail, B.C. "During the primary inspection, the officer conducted routine checks in the vehicle and noticed irregularities when inspecting the traveller's trunk," said CBSA area chief, Lorne Black. "The narcotics were concealed in an after-market compartment, a void created below the trunk area."

Sources: [*Government of Canada News Release, February 23, 2015, Significant cocaine seizure leads to charges in Kelowna*](#); [*Trail Daily Times, February 25, 2015, Largest cocaine bust in Kootenays*](#)

Marijuana

In late January, ALERT's Green Team seized approximately 900 marijuana plants, worth an estimated \$1 million, from a home in North East Calgary. A few weeks later, on February 12, three men and two women from Calgary were charged in connection with a separate multi-million dollar grow operation discovered in that city. Police seized 2,137 marijuana plants, which police estimated is worth \$2.5 million on the street. It was one of the largest grow-ops ever found in Alberta (the largest was discovered in High Prairie in August 2010 with 6,500 plants). Police also seized \$40,000 in cash deemed the proceeds of crime. The home was an authorized medicinal grow-op site, but police say the terms and conditions of the licence were violated as the number of plants grossly exceeded the number permitted by law. The home has subsequently been deemed uninhabitable by Alberta Health Inspectors. In mid-March, Alberta Law Enforcement Response Teams charged two people allegedly responsible for another marijuana grow-op in South Calgary. The arrests were connected to a 400-plant grow-op which police raided on January 29. Two suspects were subsequently identified and arrested on March 11.

Sources: [*ALERT News Release, February 26, 2015, Behind the Scenes of a Million-Dollar Marijuana Grow-Op*](#); [*ALERT News Release, February 17, 2015, Multi-Million Dollar Grow-Op Discovered in Olds*](#); [*Red Deer Advocate, February 24, 2015, Five face charges in connection with grow-op*](#); [*ALERT News Release, March 12, 2015, Two People Charged after Calgary Grow-op Dismantled*](#)

A 40-year-old man and 33-year-old woman are facing drug-related charges after police busted a marijuana grow operation in Winnipeg's North End. The search of the home resulted in the seizure of 508 marijuana plants with an estimated street value of \$568,960.

Source: [*CBC News, January 23, 2015, Winnipeg police bust half-million-dollar marijuana grow op*](#)

In late March, two people were arrested after a police raid on a home in Nova Scotia that turned up a grow operation. More than 400 marijuana plants were seized, along with grow-op equipment and a firearm. Two men were arrested at the scene.

Source: *The Chronicle Herald*, March 30, 2015, Drug raids lead to four arrests

Fraud

Almost a third (32 per cent) of those participating in a national survey conducted on behalf of the Chartered Professional Accountants of Canada (CPA Canada) have been a victim of financial fraud at some point in their life. According to a report released in February by the CPA, credit

card fraud and debit card fraud are the two types of fraud most frequently encountered by survey respondents. Among those who stated they were fraud victims, 67 per cent said they were victims of credit card fraud while 29 percent said they were victims of debit card fraud.

Another notable finding of the report is the increase in the number of people who said they were victims of online fraud: 16 per cent of the victims claimed to have been victimized online compared with just six per cent who said so in a similar 2014 survey.

According to the Canadian Anti-Fraud Centre, 11 of the top 20 kinds of fraud involve the Internet while industry experts expect the scale and complexity of digitally-based scams will continue to rise in 2015. The most prevalent fraud is the so-called “Microsoft virus scan” scam. In this fraud, computer owners are called by someone claiming to be from a computer company, such as Microsoft. The computer owner is then told his or her personal computer is in need to repair, which can only be done by providing the caller access to that computer. Once the fraudster has access to the computer, he/she can access valuable personal information or even lock the computer forcing the owner to pay a ransom to have it unlocked.

Sources: [Chartered Professional Accountants of Canada, 2015, 2015 Fraud Survey](#); [Toronto Star, January 12, 2015, ID fraud expected to rise in 2015](#)

In February, a Peel Regional Police officer was found guilty by a Superior court judge on more than 40 charges of fraud, breach of trust and obstructing justice. The convictions were based on his role in a fraudulent insurance claims operation dating back to 2010 that defrauded insurance companies out of more than \$1 million. As the *Mississauga News* reported, “The fraud involved the staging of motor vehicle collisions followed by insurance claims for damaged vehicles and injuries sustained during the impact. Several different insurance companies were defrauded.”

Fifty-year-old Cst. Carlton Watson, a 23-year veteran of the force, was paid in cash by two men, including a tow truck driver and supervisor, to provide accident reports that passed off staged or bogus car crashes as legitimate ones.

“Const. Watson was a public officer. The fraud was clearly in the course of his public duty and he intended to commit fraud in the course of his public duty,” Justice John Sproat said in his ruling. Watson admitted in court that he prepared the accident reports without attending the scene of any of the accidents and, in most cases, didn’t even speak to any of the drivers and passengers claiming to be involved in the crashes.

“I am satisfied beyond a reasonable doubt that Const. Watson was a knowing participant in the insurance fraud, and was paid for providing the (accident reports),” Sproat said in his ruling. “The Crown alleges that Const. Watson was paid cash, typically \$6,000 per (accident report) and well understood the (reports) were for fake accidents and to be used to defraud insurers.”

Several people claiming to be involved in staged the crashes, many of which occurred in Brampton, pursued claims for accident benefits, including property damage claims, vehicle loss,

physiotherapy and child care claims. Insurance companies paid out more than \$915,000 in claims related to the fake car crashes and incurred an additional \$271,931 in expenses for items such as independent medical exams, collision reconstruction costs and legal expenses.

Watson was suspended with pay from the Peel Regional Police Force since he was arrested in the spring of 2011 following an investigation by the force's Internal Affairs Bureau.

Source: *The Mississauga News*, February 14, 2015, Peel cop guilty of more than 40 criminal charges in large-scale insurance scam

Gambling/Bookmaking

In January, a major investigation into illegal bookmaking in Quebec resulted in the arrests of 12 people in Montreal, Laval and Quebec City. Montreal police Const. Raphaël Bergeron said the bookmaking operations are linked to "Italian organized crime." The arrests followed a two-year investigation into a bookmaking ring that ran from August 28, 2012 to January 2, 2015. Police say it was connected to members of the Rizzuto mafia family in Montreal and took sports bets and accepted wagers at times of more than \$100,000.

Among those arrested was Montreal police Sgt. André Thibodeau on charges that he was giving orders in the illegal bookmaking ring. The 49-year-old supervising patrol officer entered a not-guilty plea to some of the 11 charges, while his defence lawyer asked that the other charges not be read into the court record. This allows Thibodeau the option to enter a plea at a later date. Among the 15 charges that Thibodeau faces are conspiracy, breach of trust, obstruction of justice, possession of the proceeds of crime, and committing a crime in association with or under the direction of a criminal organization.

Police alleged that Thibodeau organized the bookmaking operation along with 60-year-old Natalino (Lino) Paccione of Laval. Paccione pleaded guilty in 2011 to taking part in a sophisticated bookmaking ring that was run and financed by members of the Rizzuto crime family. He ended up being sentenced to pay a \$20,000 fine. Paccione pleaded "not guilty" to the current charges leveled against him.

Sources: [CBC News, January 15, 2015, Montreal police internal affairs leading illegal bookmaking investigation](#); [Montreal Gazette, January 16, 2015, Indictment alleges Montreal cop gave orders in illegal bookmaking ring](#); [Radio-Canada, January 16, 2015, Un sergent du SPVM risque la prison à vie](#); [Global News, January 16, 2015, Montreal police officer faces 15 charges in illegal bookkeeping bust](#)

In January, CBC News reported that 81-year-old Michael G. DeGroot, one of Canada's wealthiest men and a recipient of the Order of Canada, invested (US)\$112 million into a chain of gambling facilities in Jamaica and the Dominican Republic headed by three businessmen from Toronto with ties to organized crime. As a result, according to CBC News, he "is now locked in an international fight over Caribbean casinos with links to one of Canada's most feared Mafia

clans.” There is no evidence that at the time DeGroot knew of their underworld connections, the CBC reports.

In 2010, DeGroot, who built Hamilton-based Laidlaw Transport into one of North America’s biggest waste-haulage firms before selling his stake in 1988, ran into an old friend, a businessman named Andrew Pajak. At the time, he DeGroot he was working with two brothers, Antonio and Francesco Carbone of Vaughan, Ontario, on a company manufacturing slot machines and they had plans to install the machines at a casino in Jamaica.

In December of 2010, DeGroot agreed to invest (US)\$5 million in the venture and following positive early returns on his investment, he agreed to become the sole investor in the company’s acquisition of sports betting outlets, lottery kiosks and a dozen casinos in the Dominican Republic. By May 2012, his total underwriting of the Caribbean operations was (US)\$111.9 million. By May 2012, payments to DeGroot by the Carbone brothers stopped and DeGroot eventually sued to get to get his money back. He alleged that the Carbone brothers and Pajak had misappropriated some of the funds. One judge ruled in November 2013 that DeGroot had established “a strong case” for fraud.

As the CBC notes, the Carbone brothers had a long history of accumulating and being sued over large debts. Among their creditors were banks and the Ontario government, which accused the brothers of not paying tobacco taxes from a cigar business. When police raided this business they found two handguns — one in Antonio Carbone’s filing cabinet, the other under Francesco Carbone’s desk, loaded and with the serial number filed off. The brothers pleaded guilty in July 2011 to illegal possession of firearms and were sentenced to 60 days in jail.

The CBC also alleges the brothers were behind an online gambling website that was affiliated with a wider bookmaking network called Platinum Sportsbook. This bookmaking operation was shut down by police in a series of raids in southern Ontario in February of 2013. Investigators alleged Platinum Sportsbook was as a joint venture undertaken by members and associates of the Hells Angels and Italian Mafia.

As a year-long joint investigation by the CBC and the Globe and Mail found, DeGroot’s “story descends into a bitter conflict of alleged murder plots, threats, armed robbery and bribery allegations, featuring an underworld roster right up to the late Montreal godfather Vito Rizzuto.”

For more details on this story, see [CBC News, January 23, 2015, Billionaire Michael DeGroot’s casino dream turns into organized crime nightmare](#); [The Fifth Estate, January 23, 2015, The Mob and Michael DeGroot](#); [National Post, January 23, 2015, Canadian billionaire at centre of bizarre Mafia and fraud accusations after failed Caribbean casino deal](#)

Violence

Rabih Alkhalil, who has a long criminal record and is alleged to have strong ties to the Hells Angels, appeared in a Toronto court in February charged with the June 2012 shooting death of Johnnie Raposo. Police allege that on the afternoon of June 18, Raposo was sitting on the patio of Toronto’s Sicilian Sidewalk Cafe when a man dressed as a construction worker walked up to

him and shot him in the head with a .45-calibre handgun. Three other men have also been charged in connection with Raposo's murder. Police believe Alkhalil and two others hired a hit man to carry out the assassination.

Alkhalil has also been charged in Vancouver with the murder of Sandip (Dip) Duhre, who was shot to death at the Sheraton Wall Centre in Vancouver in January 2012. In addition, Alkhalil is wanted by Quebec provincial police, who say he was one of the leaders of a B.C.-based drug trafficking ring that transported and sold millions of dollars worth of drugs in that province. Also allegedly involved in that drug ring was full-patch Hells Angel member Larry Amero.

The Gangsters Out Blog reported that Rabih and his brother Nabil (who was caught with 11 kilograms of cocaine in Ottawa back in 2008 and served a seven year sentence), have ties to the Hells angels that "go back to the Loft Six shooting where Rabih's other brother Mahmoud Alkhalil was shot dead by Hells Angels rivals." The man Rabih Alkhalil's shot at Vancouver's Wall Centre was reportedly a rival of the Hells Angels.

Among Alkhalil's co-accused in the Raposo murder is Nic Nero, who was convicted of cocaine trafficking offences in 2014 and who also allegedly has ties to the Hells Angels. Nero reportedly was importing a tonne of cocaine a month while on parole for previous drug and other crimes, including theft of \$2.7 million from an armoured car. In one raid in February of 2012, police seized 110 kilograms of cocaine from a St. Catharines warehouse that was connected to Nero's wholesaling operation.

According to the Gangsters Out Blog, "Police claimed Raposo was the leader of the McCormick Boys, a small west-end Portugese gang that bought drugs from Italian organized crime." The blog goes on to say that "drugs and drug ripoffs may have prompted the alleged hit on the 35-year-old."

Sources: [The Province, February 25, 2015, Man charged in Vancouver gangster's death on trial for another murder in Toronto](#); [Toronto Sun, October 17, 2015, Crown asks for life sentence for cocaine dealer](#); [Canoe.ca, October 25 2014, Cocaine boss drove Maserati, Ferrari while living in halfway house](#); [Gangsters Out Blog, April 13, 2013, Nic Nero and the murder of Johnnie Raposo](#); [Gangsters Out Blog, February 26, 2015, Hells Angels associate in court for Toronto](#)

CBC News reported in January that Ottawa police investigated a record 49 shootings in 2014, much of which is gang-related, "with rival groups targeting one other in conflicts over territory, the drug trade or various petty disputes ... Among those incidents was a targeted Boxing Day shooting that wounded one man during what investigators called 'infighting' between members of the Crips gang."

Ottawa Police Chief Charles Bordeleau said that while the city saw a spike in shootings in 2014, he doesn't see it as a trend. Ottawa Mayor Jim Watson said that "the overall crime rate in the city is going down," and called Ottawa "one of the safest cities in the entire country."

Authorities in the national capital have pledged a multi-pronged approach to try to stem the violence, including assigning more officers to their Guns and Gangs Unit. City officials are also looking to improve programs to try to steer young people away from a life of crime.

Source: [CBC News, January 13, 2015, Ottawa confronts spate of gang-related shootings](#); [CBC News, January 19, 2015, Canada's gang hotspots — are you in one?](#)

Organized Crime Genres

Italian

In February, the RCMP charged 17 people in and around Montreal in connection with a “sophisticated importation scheme” linked to the Italian mafia in Montreal that saw cocaine smuggled into Canada concealed in asphalt powder. A release issued by the RCMP states “This highly technical and sophisticated process consists of concealing the drugs using molecular docking” and one of the accused is “the chemist of the group [who] was responsible for extracting the cocaine from the legitimate substance.”

The drug trafficking conspiracy reportedly stretched throughout Eastern Canada from Ontario to Nova Scotia. In its statement, the RCMP said the goal of the network “was to control drug trafficking in the greater Montreal area as well as the Atlantic provinces.”

The RCMP say the importing operation was linked to a “major traditional organized crime cell.” Specifically, five of the people arrested this year were previously charged in June of 2014 in Project Clemenza, a major police operation that resulted in the arrest of 33 people connected to a drug trafficking conspiracy that involved what police called “two major Italian-based organized crime cells.” Among those arrested in the 2015 investigation were 52-year-old Antonio Bastone and his younger brother 42-year-old Roberto, the alleged leaders of one of the two cells targeted by Project Clemeza.

A few of those charged in the 2015 investigation were already behind bars. This includes 30-year-old Steven Fracas, who is in custody awaiting his trial, along with seven other men, in the murder of Salvatore Montagna, a one-time member of New York’s Bonnano mafia family who was gunned down near Montreal in November 2011 after trying to take over Montreal’s mafia syndicate. Also charged was 47-year-old Stéphane Parent, who is serving a five-year prison term after pleading guilty to a series of charges in 2012 in connection with a drug and contraband tobacco ring tied to the Hells Angels in the Quebec City region.

Sources: [CBC News, February 4, 2015, Cocaine-hidden-in-asphalt operation leads to arrests in Montreal](#) [Police say distribution operation was linked to a major organized crime outfit](#); [Montreal Gazette, February 4, 2015, 15 arrested in RCMP-led investigation into Mafia-linked drug-trafficking ring](#)

In what the *Montreal Gazette* called “a surprise development” the Crown decided to drop 10 firearms-related charges against alleged mafia leader Antonio (Tony) Mucci and three other people. The case dates to 2010, when Mucci was arrested by Montreal police for illegal possession of bear repellent, a Taser-like weapon and a sawed-off shotgun. At the time, Montreal police were attempting to arrest and disarm people they believed were involved in violence that was flaring between rival mafia factions in Montreal. The two other men whose charges were dropped were 25-year-old Jesse Petrocco and 46-year-old Carmine Serino, who were arrested along with Mucci. The two men were described as Mucci’s bodyguards. The Crown will also not proceed with charges against 33-year-old Tania Melissa Di Luigi, who was arrested at the same residence as Serino and was accused of possessing a Colt firearm.

Prosecutor Véronique Beauchamp did not say why the Crown has decided not to proceed with the trial. There is some speculation that a Montreal police officer who is a key witness in the case no longer has credibility due to an internal investigation launched against that officer. According to the *Gazette*, “She said the Crown won’t file an official indictment, which is required at the start of any trial. The decision means Mucci and the others aren’t acquitted and can be charged at a later date.”

Source: [Montreal Gazette, January 14, 2015, Alleged Mafia leader Mucci, 3 others see firearms cases dropped](#)

Outlaw Motorcycle Gangs

In March, 18 men, including full-patch members of Hells Angels chapters in Quebec, pleaded guilty to taking part in a general conspiracy to commit murder. The guilty pleas were entered as part of Operation SharQc, a major police operation launched against the Hells Angels and its associates that resulted in charges of first-degree murder, conspiracy to commit murder and drug trafficking against 156 people in 2009. Almost every member of the Hells Angels in Quebec were arrested as a result of Operation SharQc.

Nine of those who pleaded guilty in March are full-patch members of the Hells Angels. They were sentenced to serve nine months on top of the time they had already served. Included in this group are 68-year-old Michel (Sky) Langlois and 59-year-old Normand (Billy) Labelle, two of the original members of the first Hells Angels chapter in Canada, which was established in Sorel (the Montreal chapter) in 1977. According to the *Montreal Gazette*, Langlois and Labelle “admitted they had a role in the gang’s most violent period in Quebec, between 1994 and 2002, when the Hells Angels sought to kill the members of rival gangs who opposed their monopolistic attitude toward the sale of drugs like cocaine, hashish and marijuana. The conflict resulted in the deaths of more than 160 people, including several innocent victims.”

Despite the impact of Operation SharQc on the Hells Angels in Quebec, “The gang appears to have regrouped since then and recently assembled enough members to allow the Montreal

chapter to restart, based on the Hells Angels' international rules requiring that a certain amount of members be able to attend monthly meetings.”

The Sorel clubhouse has been since been officially confiscated by the Quebec government and at one point, all of the Hells Angels' clubhouses in Quebec were shut down. However, a recent story in the *Toronto Star* notes that the Quebec Hells Angels chapters were sustained following the massive arrests of Operation SharQc “because Ontario members of the outlaw biker gang have held down the fort in Quebec ... The transplanted Ontario members belong to the Nomads chapter of the Hells Angels, based in Carlsbad Springs, outside Ottawa, Det.-Sgt. Len Isnor of the provincial Biker Enforcement Unit said in an interview.”

Sources: [Montreal Gazette, March 16, 2015, Operation SharQc: Eighteen Hells Angels plead guilty to taking part in general conspiracy to commit murder](#); [Montreal Gazette, March 16, 2015, Operation SharQc: Freedom on the horizon for Hells Angels even as guilty pleas entered](#); [CJAD News, April 1 2015, Hells Angels give up claim on Sorel bunker](#); [Toronto Star, March 5, 2015, Ontario Hells Angels keep riding in Quebec, say police](#)

In the past few months, a number of new motorcycle clubs affiliated with the Hells Angels have been founded in Canada. In Ontario, the Red Devils MC, which has existed in the U.S. for some time, set up three chapters in Hamilton, Chatham and Sudbury, Ontario (As a result, the chapters of the existing Red Devils chapters in the province, which were largely independent, were absorbed by the Bacchus motorcycle club).

In February, the *Stratford Beacon Herald* reported that the Gate Keepers, a Hells Angels support club, had been in Stratford, Ontario “for months,” according to police Chief John Bates. The Gate Keepers already have four chapters in Nova Scotia as well as chapters in Elgin and Middlesex counties in Ontario. “They do as directed by the Hells Angels,” Det. Staff Sgt. Len Isnor of the OPP's biker enforcement unit was quoted as saying. “Hells Angels insulate themselves from criminal activity, so they utilize support clubs to conduct that insulation and to basically do the dirty work for them.”

The Fallen Saints is another support club that has been in the news as of late. Members of the club were arrested along with full path members of the Hells Angels earlier this year as part of Project Forseti. With chapters in Alberta and Saskatchewan, the Fallen Saints was formed in 2010 by a group of soldiers serving in Afghanistan, as reported by *The StarPhoenix* newspaper. The original chapter was located in Kentucky, according to the group's website. Police say the Fallen Saints started a chapter in Saskatoon last summer, but would not confirm whether they are associated with the American chapters.

Also in February, 29 people from across Ontario were arrested and charged by the Ontario Provincial Police as a result of a 16-month-long investigation called Project Batlow. The investigation began in October 2013 and focused on the alleged trafficking of cocaine and marijuana by the Ontario Hells Angels Motorcycle Club and its support club the “13 Crew.”

The suspects were charged with more than 150 Criminal Code and Controlled Drug and Substances Act offences by police across Ontario. Among those arrested was 30-year-old Blake Cook of Smiths Falls, who the OPP allege is a member of the “13 Crew.” Cook was charged with possession of cocaine for the purpose of trafficking, possession of steroids for the purpose of trafficking, and two counts of possession of proceeds of crime over \$5,000. Also charged with drug possession and trafficking offences were two Correctional Service Canada employees in Kingston.

The investigation culminated in 23 raids in a single day in February by the OPP’s Organized Crime Enforcement Bureau and Biker Enforcement Unit with assistance from Ottawa police and other police services. Search warrants were executed by police in numerous locales in Ontario: Ottawa, Kingston, Carleton Place, Toronto, Georgetown, Kitchener, Cambridge, Montague Township, Wellington County and Bailieboro. Police seized approximately \$100,000 worth of cocaine, \$20,000 worth of hashish, \$9,000 worth of marijuana, oxycodone/percocet pills, gamma-hydroxybutyric (GHB) acid, 10 motor vehicles, two Harley Davidson motorcycles and \$300,000 in cash. Police also seized five hydraulic cocaine presses with one-kilogram pressing plates, a Diamond engagement ring (valued at \$14,000) and a men’s watch (valued at \$65,000). Numerous weapons were also seized, including brass knuckles, flip/butterfly knives, two firearms, ammunition, three pipe bomb containers, and one crossbow.

The Hells Angels are not the only one percenter biker gang that relies on support or “puppet clubs.” In January, the *St. Catharines Standard* reported that 27-year-old Justin Keniry was sentenced to four years on drug trafficking charges. He had been arrested as part of Project Resurgence, an investigation into the activities of the Black Pistons motorcycle club, which is a puppet club of the Outlaws, the Hells Angels long-time rivals. As the *Standard* reports,

The influence of the Outlaws [in Ontario] waned through the late 1990s and the early 2000s due to a string of successful police investigations and the arrival of the Niagara chapter of the rival Hells Angels biker gang in Welland. In 2002, Niagara police finally shut down the Outlaws clubhouse on Oakdale Ave. in St. Catharines, crushing whatever influence the gang had left. The desolation of the Outlaws left the Hells Angels, led by Gerald Ward in Welland, effectively unchallenged. But in 2006, the joint forces police investigation Project Tandem resulted in the arrest and conviction of most of the Niagara Hells Angels. Ward was convicted in 2009 and sentenced to 14 years in prison for drug trafficking. He is eligible for parole this year [according to Staff Sgt. Shawn Clarkson, head of the Niagara Regional Police intelligence unit]. “There are still a few Hells Angels around Niagara, but they aren’t formed into a chapter. They are associated now with the chapter in Kitchener,” he said. “They don’t have the influence they used to.” Project Tandem left a vacuum in the local drug trade, one Clarkson said the Black Pistons attempted to take advantage of. The club set up the clubhouse in St. Catharines, he said, and started selling drugs including cocaine and heroin. The Pistons’ long-term aim, Clarkson said, was to eventually graduate and become a new chapter of the Outlaws. Project Resurgence, launched in spring 2013, resulted in 31 arrests, including Outlaws member Mario Macedo.

Sources: [Toronto Star, March 5, 2015, Ontario Hells Angels keep riding in Quebec, say police](#); [Stratford Beacon Herald, February 6, 2015, Hells Angels affiliate in Stratford](#); [The StarPhoenix, January 15, 2015, Who are the Fallen Saints?](#); [Kingston Whig-Standard, February](#)

[27, 2015, Second CSC worker busted in OPP drug raids; *Ottawa Sun*, March 25, 2015, Accused in OPP biker raids appear in court; *The Standard*, January 16, 2015, Biker associate jailed four years on drug charges](#)

In January, Halifax police announced they arrested 49-year-old Derreck Dean Huggan, who they say is the president of the Bacchus motorcycle club's Halifax chapter. Halifax Regional Police's emergency response team were called to the clubhouse of the Bacchus MC in response following a report about a possible assault in progress. Huggan was arrested and police said they seized marijuana, cocaine and ecstasy from his vehicle. A subsequent search at another property turned up some ammunition. Huggan was charged with assault, uttering threats, theft, possession of stolen property, drug possession and possession of ammunition contrary to a parole-related prohibition order.

This is not the first time Huggan has been in trouble with the law. In April 2000, the RCMP in Nova Scotia charged him in connection to the seizure of 3.5 kilograms of hashish, 659 grams of marijuana, a small amount of crack cocaine and a handgun. He was also one of 18 people arrested in a 2006 drug trafficking investigation in Prince Edward Island.

Huggan was charged with even more offences in February of this year, along with two other people, following a two-month police investigation. His charges included possession of drugs for the purpose of trafficking, possession of property obtained by crime, and breach of recognizance. Police reported that as part of the investigation, they seized 4.5 ounces of cocaine, 90 OxyContin tablets, 350 meth tablets, seven hydromorphone pills, a small amount of marijuana, drug trafficking paraphernalia, a handgun, brass knuckles, and a "significant" amount of cash.

Source: [The Chronicle Herald, January 21, 2015, Police say they arrested president of Bacchus gang's Halifax chapter; The Chronicle Herald, February 20, 2015, Bacchus members face drug charges](#)

Enforcement

The *Postmedia News* is reporting that concerns are being raised that important federal enforcement cases focusing on organized crime are having to be put aside as more and more RCMP investigators are assigned to tackle domestic terrorism plots.

Last October, RCMP Commissioner Bob Paulson told a Senate committee that 300 investigators had been pulled from organized crime and financial crime cases to help support 170 members dedicated to RCMP-led Integrated National Security Enforcement Teams across the country.

The number of re-assigned investigators is closer to 500 now, a senior law enforcement source told *Postmedia News* this week, adding that the number fluctuates daily.

If this trend continues, there is a legitimate concern that organized crime — which takes the form of drug trafficking, human smuggling, identity theft, money laundering and fraud — could “flourish,” Pierre-Yves Bourduas, a retired RCMP deputy commissioner, said Wednesday.

In Bourduas’ opinion, the No. 1 threat remains organized crime and the No. 1 “weapon of mass destruction” is drugs. If these are allowed to go unchecked or are given less attention, “then there might be consequences for Canadian society writ large.”

“It’s a delicate balance,” he said.

The federal government has a decision to make, said Garry Clement, a retired superintendent who was in charge of the RCMP’s proceeds of crime program. Does the RCMP focus on one area? Or does it get additional resources to continue with other parts of its mandate?

For now, he said, “it’s a great day for organized crime.”

Sources: [Postmedia News, February 5, 2015, AS RCMP focuses on terrorism, it’s a ‘great day’ to be in organized crime](#)