



6-2016

April to June 2016

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#### Recommended Citation

"April to June 2016" (2016). *All Summaries*. 4.  
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# April to June, 2016

## Organized Crime in Canada: A Quarterly Summary

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### Enforcement

## ORGANIZED CRIME ACTIVITIES

### Auto Theft

The Canada Border Services Agency (CBSA) announced on June 21 that they had seized 12 stolen vehicles on three separate occasions at the Port of Halifax within the last month.

On May 26, CBSA officers searched a marine container at the port where they found two vehicles destined for export. After running checks on the vehicles, they were determined to be stolen. On June 1, CBSA officers examined two more marine containers at the port and found six more stolen vehicles. Following searches of two containers on June 10, the CBSA seized four more stolen vehicles. All of the seized vehicles were transferred to Halifax Regional Police for further investigation.

Dominic Mallette, a spokesperson with CBSA, said the seizures did not appear to be connected.

“In some of these events we had information to suggest we should look at this container specifically and then in the other two we may have had no information, but it is a responsibility to review export cargo,” said Mallette.

The makes and models of the cars in the recent CBSA seizure were not released, but cars being exported internationally are often higher-end models, such as Lexus or Mercedes.

In 2015, CBSA and the Insurance Bureau of Canada recovered \$10 million in stolen vehicles at various ports in Canada. There has been a steady increase in the theft of high-end cars and trucks over the years, which is attributed to the work of well-organized groups that arrange for their theft and subsequent export for sale in other countries. Stolen cars that are never recovered in Canada are thought to be the work of criminal gangs that either dismantle them for parts or export them abroad.

“More of these vehicles and vehicle parts are showing up in cargo containers in Montreal and Halifax,” according to a story in the Chronicle Herald.

In June, an article in Canadian Underwriter magazine suggested that Quebec has the highest rate of organized auto theft in the country. The “number of stolen cars that are not found is higher in Quebec than anywhere else in the country,” according to the article. “Only 20 per cent of vehicles stolen in Quebec are found, versus 75 per cent in Ontario. In fact, a car is stolen in Quebec once every 14 minutes or so, according to data from the vehicle protection device company Tag. This crime has become so common – and costly – there that insurance companies now see auto theft resulting in about 1 in every 10 claims made to them, making up half of the claims dollars they pay out, about \$400 million each year.”

The same article states, “statistics show about 70 percent of all auto theft is carried out by organized crime” while “another 25 percent of stolen vehicles are for auto insurance fraud, and the final 5 percent are miscellaneous crimes such as kids going joyriding.”

**Sources:** [Canada Border Services Agency News Release, June 21, 2016, “CBSA seizes 12 stolen vehicles in two weeks”](#) // [Chronicle Herald, June 21, 2016, Police warn drivers after 12 stolen cars found at Halifax port](#) // [Canadian Underwriter, June 23, 2016, Quebec facing high rates of auto theft](#)

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The RCMP announced in June that it participated in Operation Pangea, a global campaign coordinated by INTERPOL to combat the online sale of counterfeit and unlicensed pharmaceutical products and medical devices.

This year, Operation Pangea had the participation of 103 countries and 193 police, customs, and health regulatory agencies to protect the public from potentially dangerous or lethal pharmaceuticals or medical devices. This is the ninth year that Canadian authorities participated in Operation Pangea.

According to INTERPOL, this year's operation, which took place between May 30 and June 7, resulted in 393 arrests worldwide and 12.4 million seizures of various types of suspected counterfeit and unlicensed pharmaceutical products, worth more than (US) \$53 million. In total, an estimated 334,000 packages were inspected and 170,340 seized by customs and regulatory authorities during the international week of action.

Among the 12.2 million fake and illicit medicines seized were slimming pills, anti-malarial and cholesterol medication, erectile dysfunction pills, hair loss treatments and nutritional products.

More than 270,000 medical devices worth an estimated (US)\$ 1.1 million were also recovered, according to Interpol.

In Canada, according to an RCMP news release, 4,227 packages were inspected at mail processing centres and border crossings. Of those inspected, 91 percent were either refused entry into Canada or seized, because they contained counterfeit and/or unlicensed prescription drugs. The street value of the total amount seized is estimated to be \$2.51 million.

At an international level, Operation Pangea also resulted in shutting down 4,932 websites selling illicit pharmaceuticals. Canadian authorities reported that they had identified and shut down 46 websites.

**Sources:** [RCMP News Release, June 10, 2016, Operation Pangea: Targeting Counterfeit and Unlicensed Pharmaceuticals and Medical Devices](#) // [INTERPOL News Release, June 9, 2016, Online sale of fake medicines and products targeted in INTERPOL operation](#)

## **Cyber-Crime**

In an interview with Vancouver's 24hrs.ca Dale Jackaman, president of cyber security company Amuleta, says cyber attacks, including cyber extortion, is happening "constantly" in Canada, which he characterizes as a "complete and utter barrage of attacks."

Jackaman estimates the rate of cybercrime has doubled since 2012.

One type of cyber-crime that has increased significantly in recent years, according to Jackaman, is cyber-extortion in which hackers take control of an individual's computer – and even an entire organization's computer network – and then demand a ransom to relinquish control. If the ransom is not paid, the extortionists threaten to erase all of the data or publicly release sensitive information.

The hacker extortionists often target smaller companies without specialized IT departments — what Jackaman calls "low-hanging fruit."

Companies are also vulnerable to cyber-fraud and theft. Jackaman described one company that had an \$800,000 payment for services intercepted by an organized crime group.

Jackaman says that the extent of the victimization of companies is largely unknown. This is because firms in Canada do not have to disclose to police that they have been a victim of cyber-crime, unlike many states in the U.S. that have reporting requirements. Moreover, some companies may be reluctant to disclose that they have been victimized as it may have a negative impact on their reputation.

According to the 24hrs.ca article, “Jackaman said his business has doubled in the last couple of years, and he can’t keep up with demand. It’s a challenge finding enough people to do the specialized work necessary to track down those responsible, he said.”

One of the reasons victimized companies turn to private IT security firms is twofold. First, they can better guarantee the privacy of the firm. Second, public police, such as the RCMP do not have the resources to deal with the volume of cyber-crime.

“They don’t have the resources or the manpower to chase down any but a small number of the bigger (cases),” he said. “They can’t do it for all the cases.”

**Source:** [24hrs.ca, March 28, 2016, Cyber extortion going unreported: expert](#)

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Gangs and organized crime groups in Toronto are using social media to conduct criminal activity that used to happen only on the street, according to Peter Sloly, a former deputy chief in the Toronto Police Service.

“There’s a greater percentage of time being spent online by both street gangs and traditional organized crime,” Sloly told CBC Radio in Toronto. “It’s not a gang-specific thing. It’s a millennial approach to using digital platforms to transact things that normally would get done on a street corner.”

As the CBC reports, Sloly “said gangs use the Internet to intimidate each other, send messages, share information, plan operations, carry out credit-card fraud and provoke violent incidents that occur on the street later. They also may trade intelligence about how to commit crimes. Gangs are behind malicious bots and phishing schemes, he said. They sometimes attempt to take over people’s identities to use them for financial transactions. The digital world gives them privacy, Sloly said.”

According to Sloly, in 2012 Toronto police began noticing an increase in online activity among gangs that preceded shootings. That activity, especially on YouTube, include disrespect and intimidation. He said one gang would disrespect another by filming a YouTube video in rival territory and then posting it.

Sloly, who is now with the private consulting firm Deloitte where he specializes in preventing cybercrime, said criminal groups across North America have an online presence because it’s harder for police to track their communication and other activities on the Internet.

“It’s a very safe space in terms of there’s limited police ability and regulatory ability to get in there. If there is an investigation that is successful, people tend to see the crime as less prominent than if it happened in the real world,” according to Sloly. “Any threat that happens in the real world can happen in the virtual world on a digital platform. There needs to be a level of concern, not panic. The Internet is a good space. Great things happen there. But dangerous things can happen, as well.”

A July 5 article on ZDnet.com appears to corroborate Sloly’s underlying message that cybercrime is becoming more organized, which increases the threat to companies and governments.

“The cliché of the hacker-in-a-hoodie lone wolf is out of date,” according to the article. “Cybercrime gangs are now almost as sophisticated as the big businesses they are trying to steal from, leading to a new security arms race that companies are losing. The increasing threat from organized cybercriminals and state-sponsored cyber espionage means companies need to forget about the idea of a lone hacker, think through the credible threats to their systems, and deal with them in order to disrupt their attackers’ business models.”

The article goes on to quote David Ferbrache, director of cybersecurity at the consulting firm KPMG, who says, corporations and other viable targets are “up against quite sophisticated organized criminality. Well-structured, real businesses, very efficient, very effective.”

Ferbrache adds that organized cyber-criminals are targeting executives of companies in an effort to lure them into transferring information and even funds.

“CEO frauds now have become a massive issue across many of our clients,” he said. “Organized crime is spending more time looking at targeting information available on social media. The phishing lures are much better crafted and tailored now, and they can pretend to be senior officers of the company when they know the chief executive is overseas at a conference.”

**Sources:** [CBC News, June 1, 2016, Gangs in Toronto increasingly using cyberspace to carry out crime: former deputy chief](#) // [ZDNet.com, July 5, 2016, Cybercrime kingpins are winning the online security arms race](#)

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In May, the Canadian Press reported that IBM is helping its Watson computer system to learn how to fight cyber crime and is asking eight leading universities, including three in Canada, for help.

Watson was originally designed to answer questions on the television quiz show Jeopardy, but the technology has evolved and has been used in other problem-solving endeavours.

Now IBM is launching Watson for Cyber Security, a cloud-based version of their technology that will be trained over the next year to identify and assess cybercrime threats.

Caleb Barlow, vice-president of IBM Security, said human experts may be doing a good job assessing cyber threats, but their work often ends up in various forms such as reports, blogs, and presentations and in numbers too large for others to read and remember.

Students at the eight universities, including the University of New Brunswick, University of Ottawa and the University of Waterloo, will input information in a form the computer system can understand and help train it to use that information to predict, identify, and assess cyber threats.

The students will input about 15,000 security documents per month during the year-long project, starting this fall.

“The more information that Watson has, the better reasoning it can provide and therefore in some cases the better prediction it can provide,” said Ali Ghorbani, dean of the faculty of computer science at the University of New Brunswick in Fredericton.

He said IBM is hoping that not only will Watson be able to provide early warnings of potential attacks, it will also do it fast.

Barlow said IBM opened its entire threat intelligence database to the world a year ago and invited people to develop applications to work with their QRadar software. That software was developed by Q1 Labs, developed in turn at the University of New Brunswick, and purchased by IBM.

By getting information out to security staff around the world, cyber crime may become less lucrative for organized crime.

“We start changing the dynamic for the bad guys because it’s not worth investing \$100,000 or more in that new attack you’ve got if it’s only going to be viable for a few minutes before we find it and tell the rest of the world,” Barlow said.

**Source:** [Canadian Press, May 10, 2016, IBM and Canadian universities to teach Watson computer to fight cyber crime](#)

## **Drug Trafficking**

Sergio Piccirilli – referred to by the Montreal Gazette as “one of Quebec’s more well-connected organized crime figures” – was handed a 15-year prison sentence in early May in a drug trafficking and firearms case that dates back a decade. Piccirilli’s actual prison sentence will be just under 10 years given the time he has already served.

According to the Gazette, the 56-year-old Piccirilli was arrested along with dozens of other people in Project Cleopatre in June 2006. The investigation originally focused on the drug trafficking activities of Piccirilli’s girlfriend at the time. The investigation expanded when police uncovered Piccirilli’s own drug trafficking activities (which included methamphetamine production and cocaine trafficking) and evidence he was attempted to acquire high-powered weapons.

Evidence gathered in Project Cleopatre showed that Piccirilli appeared to side with a criminal group located in Granby, Quebec in a dispute over a multi-million dollar marijuana deal with Montreal's Rizzuto mafia family. Piccirilli was even warned by police that a contract had been put out on his head. This prompted Piccirilli to acquire the prohibited weapons.

It took ten years for Piccirilli's case to be closed because in 2008 he was successful in his request to have his charges stayed when a Quebec Court judge determined that a prosecutor acted inappropriately while pressuring him to take a guilty plea. The case was then successfully appealed by the Crown and a new trial was ordered.

Paul Cherry notes in the Gazette that Piccirilli was well connected in the criminal underworld. "Besides having known ties to some Mafia figures, Piccirilli is also a long-time friend of Salvatore Cazzeta, a very influential member of the Hells Angels in Quebec." The two men knew each as youths and during Project Cleopatre the RCMP found evidence that Piccirilli sought Cazzeta's help because another Hells Angel named Claude Pepin felt Piccirilli was encroaching on his drug trafficking turf."

**Sources:** [Montreal Gazette, May 2, 2016, Organized crime figure arrested in 2006 sentenced to 15 years in prison](#) // [La Presse, May 2, 2016, Sergio Piccirilli condamné à 15 ans de prison](#)

## **Cocaine**

In February, CBSA officers at the Toronto Pearson Airport seized more than 90.45 kilograms of cocaine from three suitcases. According to a CBSA news release, on February 29, officers were monitoring the airside offload of luggage on a flight from Panama City when they observed three unclaimed suitcases in the baggage hall, each affixed with recycled bag tags. After the suitcases were opened, CBSA officers found two small backpacks in each one that contained multiple brick-shaped bundles. In total, 90 bundles were found in multiple backpacks, the contents of which tested positive for cocaine. The cocaine was turned over to the RCMP, which launched its own investigation into those responsible for the illegal shipment.

**Sources:** [Government of Canada News Release, April 12, 2016, Over 90 kg of suspected cocaine found in unclaimed luggage at Pearson](#) // [Mississauga News, April 12, 2016, Massive cocaine seizure at Pearson prompts hunt for drug trafficker](#)

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On April 25, CBSA officers assigned to the inspection of international mail at the Léo-Blanchette Mail Processing Centre in Montréal intercepted nine kilograms of cocaine concealed in two packages. The contents of the packages were declared as carbon filters from Peru. Upon opening the filters, officers discovered black powder, which subsequently tested positive for cocaine. The drugs were handed to the Royal Canadian Mounted Police in Toronto, the intended destination of the packages.

The CBSA reported that in 2015, it made 2,622 seizures at the Léo-Blanchette Mail Processing Centre in Montréal. During the first four months of 2016, 409 postal seizures were made.



**Source:** [Canada Border Services Agency News Release, May 13, 2016, The CBSA seizes over 9 kg of cocaine in a mail package in Montréal](#)

## **Fentanyl**

In May, police in Delta, B.C. unveiled the results of an eight-month investigation that led to a fentanyl drug lab in a Burnaby condo, as well as the seizure of more than \$1 million in cash, numerous firearms, and more than 16 kilograms of cocaine and heroin worth about \$900,000.

Police arrested four men linked to a March 18 raid on a drug lab at a Burnaby home where they say fentanyl was being cut with heroin and other fillers. The raid and arrests were part of an eight-month drug trafficking investigation in Delta dubbed “Project Starboard.” Photos of the lab released by the RCMP show a filthy kitchen cluttered with drugs, chemicals, scales, blenders, and mixing instructions written on post-it notes affixed to cupboard doors.

“They would have recipes on their cupboards in yellow sticky memos, just like you would with baked bread or muffins,” said Chief Constable Neil Dubord of the Delta Police. “They would add recipes together and mix it in bullet blenders.”

Police say the following drugs and cash were seized as part of the investigation: over 4,500 oxycodone/Oxycontin pills, 1 kg of methamphetamine, 125 grams of fentanyl, 4.5 kg heroin, 12 kg cocaine, over 100 kilograms of cutting agents, nine firearms, and 2 silencers. In addition, police said they seized \$1.5 million in cash.

Dubord told reporters that the “business model” the drug lab operators were using involved taking fentanyl and then selling it as heroin on the street.

“It’s very profitable to take a cheap, strong drug like fentanyl and be able to use it in a method that (would make it look) like counterfeit heroin,” he said. “They would add the recipes together, in bullet blenders, and they would begin to blend it and they would...wash it with acetone, so it would smell like vinegar, like heroin.”

Food colouring would then be added to make the product look like heroin.

“As a result, they would have a product that they could sell as heroin. So take a cheap fentanyl drug and turn it into something that’s extremely expensive. It’s a great business model when you think about it.”

In April, the provincial government in B.C. declared a public health emergency because of drug-related deaths. Over 200 overdose deaths in B.C. have been traced to fentanyl so far this year while there were more than 470 fentanyl-related deaths in 2015.

The overdoses are occurring because users believe they are injecting heroin when, in fact, they are injecting fentanyl, which is much more potent.

**Sources:** [CBC News, May 19, 2016, Filthy fentanyl lab bust in Burnaby yields more arrests](#) // [Surrey Leader, May 19, 2016, Delta Police bust Burnaby fentanyl lab, seize \\$1.5 million in cash, weapons, drugs](#)

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The Alberta Law Enforcement Responses Teams (ALERT) announced in June that they had seized fentanyl and other drugs from suppliers in Chestermere, just outside of Calgary, following a joint investigation with the RCMP.

ALERT Edmonton's organized crime and gang team made the seizure on May 27 following a traffic stop in Edmonton. Two men from Chestermere were jointly charged with possession for the purpose of trafficking and drug possession.

Among the drugs seized as part of the investigation were 1,000 fentanyl pills, 100 grams of cocaine, and a small amount of marijuana. The street value of the drugs is estimated at \$50,000. This was the largest seizure of fentanyl in Edmonton to date.

The investigation was a spin-off of one initially carried out by Lloydminster RCMP on May 25 that resulted in the arrest of one man, who was in possession of cocaine and the cash proceeds of crime. The man agreed to provide information that led to the arrest of his supplier.

A week later, in an unrelated investigation, ALERT made an even larger seizure in Edmonton when it found another 2,000 fentanyl pills. This investigation began in late May when ALERT received information that a vehicle was returning to the Edmonton area from the Lower Mainland of B.C. with a cache of illegal drugs. The vehicle was located on June 3 and subsequently three Edmonton homes were searched.

This fentanyl seizure now became the largest of its kind by the Edmonton team and is ALERT's third largest fentanyl seizure overall. As part of this investigation police also 62 kilos of marijuana, five grams of cocaine, body armour, a taser, 650 rounds of ammunition, and \$26,000 in cash. In addition two vehicles, worth an estimated \$35,000 were seized as offence related property. One of the vehicles was equipped with a hidden compartment used for transporting drugs.

Two Edmonton residents were arrested. ALERT believes the accused were bringing drugs in from B.C. and distributing in the Edmonton area.

**Sources:** [ALERT News Release, June 7, 2016, ALERT Edmonton: Fentanyl Supplier Busted](#); [ALERT News Release, June 14, 2016, ALERT Edmonton: B.C. Drug Shipment Seized](#)

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In May, Saskatoon's police chief said the city is witnessing a surge in the amount of synthetic drugs like fentanyl on the street. Clive Weighill told Global News, "It's almost unparalleled, the amounts of drugs we're seeing coming around our communities."

The demand for highly addicted synthetic drugs like fentanyl is also leading to a steep rise in crimes like robbery and burglaries.

“We’re seeing a big increase in theft of vehicles, theft from vehicles, break and enters, and then the robberies that we’ve been seeing,” he said. “We’ve seen crime increasing through the end of 2014, through 2015, and now 2016 again, and it’s not just in Saskatoon ... I just had a meeting with the western Canadian chiefs, and it’s happening in Edmonton, Calgary, Regina, Prince Albert, Yorkton ... its mainly attributable to methamphetamine, fentanyl type drugs, synthetic drugs where people are getting highly addicted very quickly, and they need money.”

He added it’s frustrating because crime rates in Saskatoon had dropped roughly 40 percent in the last decade.

**Source:** [Global News, May 2, 2016, Amount of synthetic drugs in Saskatoon ‘almost unparalleled’: Weighill](#)

## **Methamphetamine**

The Canada Border Services Agency announced on June 20 that officers in the Pacific Region seized over a large quantity of methamphetamine. The drugs were seized on May 26 when CBSA officers at the Pacific Highway port of entry in B.C. discovered approximately 32 kilograms of methamphetamine in a truckload from the United States. In addition, one kilogram of heroin and one kilogram of cocaine was seized. The CBSA arrested the driver of the truck, a B.C. resident, and turned the drugs and driver over to the Royal Canadian Mounted Police.

The CBSA noted that this was the single largest seizure of methamphetamine in British Columbia in the past five years. The last time officers found a comparable quantity of methamphetamine was in March 2015 when officers at the Douglas port of entry seized over 20 kilograms of the illegal drug.

**Source:** [Government of Canada News Release, June 20, 2016, CBSA intercepts major shipment of methamphetamine](#)

## **Fraud**

In April, York Regional Police in Ontario laid fraud charges against four suspects accused of staging a collision in the Township of King in January.

Police say they were called to a hit-and-run at an intersection that month where injuries were reported. When police arrived at the scene they found a damaged Volvo station wagon with two female victims inside complaining of injuries. The occupants of the vehicle were removed by firefighters and were taken to hospital.

The Volvo’s driver told police they had been hit by a pick-up truck in the intersection, which then fled the scene.

Police investigators said that once they obtained video surveillance of the intersection from a nearby business, they were able to determine that the collision was staged and that a hit-and-run did not take place.

“The accused in this case also went so far as to contact their insurance company, make false claims and try to get money from their insurance company for this collision,” a police spokesperson told the media.

Investigators said four suspects from Toronto have been arrested in connection with the alleged offence. Each were charged with fraud over \$5,000, conspiracy to commit an indictable offence, false pretence, uttering forged documents, public mischief, and obstruction of police.

Sources: [CTV Toronto, April 6, 2016, Four charged for staging hit-and-run in the Township of King](#); [Canadian Underwriter, April 7, 2016, IBC congratulates police for laying charges in staged collision investigation in Ontario township](#)

## Money Laundering

In April, the RCMP’s Anti-Money Laundering Team in the Greater Toronto Area began a proceeds of crime investigation after approximately \$325,000 in bulk Canadian currency was seized at the Toronto International Airport.

The investigation began on April 4 when Peel Regional Police officers at the Airport located a suspicious unclaimed bag on the baggage carousel from a Halifax flight. Upon further examination of the bag, the officers discovered several plastic bags containing cash. The bag itself tested positive for drug residue. The RCMP was advised and a proceeds of crime investigation was launched. A Halifax was arrested at the Vancouver International Airport relating to this seizure.

In a separate incident on May 21, the CBSA seized approximately \$129,000 in undeclared U.S. currency from two Canadian residents attempting to enter Canada at the Cornwall port of entry in Ontario. The individuals were referred to a secondary examination to assess the legitimacy of one of their travel documents. At the same time, officers searched their vehicle and discovered a grocery bag containing 13 shrink-wrapped bags filled with American currency. The two men were detained and subsequently released after being informed that the money was being seized under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

Under this legislation, currency or monetary instruments valued at (CDN) \$10,000 or more must be reported to the CBSA when brought in or taken out of Canada. Failure to do so can result in seizure or the assessment of a civil penalty ranging from \$200 to \$5,000.

Sources: [RCMP News Release, April 12, 2016, Halifax man is arrested for possession of the proceeds of crime – \\$325,000 in bulk cash](#) // [Government of Canada News Release, June 7, 2016, Large currency seizure at the Cornwall port of entry – Canada News Centre](#)

## **(Contraband) Tobacco**

New Brunswick's inaugural Contraband Tobacco Enforcement Unit realized its first major success in May when it confiscated almost 169,000 cigarettes in Fredericton following a two-week investigation. A 62-year-old man was arrested.

The provincial Contraband Enforcement Unit, which became operational in April, was praised by the National Coalition Against Contraband Tobacco as a successful model in combating the illicit smokes trade in Canada.

“This bust reinforces that dedicated enforcement teams produce results,” a spokesperson for NCACT said in a news release.

According to the NCACT news release, “contraband tobacco is a growing problem in New Brunswick, and the province estimates it loses \$13 million annually in lost tax revenues to the trade. The RCMP has indicated that smugglers have shifted to smaller shipments to avoid large busts, like that in late November where more than 1.5 million cigarettes were seized near Val-Doucet, along with guns and illicit alcohol ... Tobacco smuggled into New Brunswick is largely produced at one of the 50 illegal factories that operate in Canada, each of which is able to produce as many as 10,000 cigarettes a minute.”

“The danger of illegal cigarettes is more than lost revenue. Contraband tobacco is big business for organized crime. The RCMP have identified 175 criminal gangs are involved in the illegal cigarette trade. They use contraband tobacco as a cash cow to finance their other illegal activities, including guns drugs and human smuggling,” according to the spokesperson.

**Sources:** [Government of New Brunswick News Release, May 19, 2016, Contraband Enforcement Unit seizes more than 169,000 illegal cigarettes](#) // [The National Coalition Against Contraband Tobacco News Release, May 25, 2016, Coalition Congratulates Anti-Contraband Enforcement Unit on First Major Bust](#)

## **Violence**

A number of cities and suburbs across Canada have seen a spike in gun violence in recent months, much of which is related to the drug trade, gangs, and criminal groups.

In April, the CBC reported that Surrey, B.C. has had 32 shootings since the beginning of 2016.

At the beginning of June, the Globe and Mail claimed Toronto is “facing its worst bout of shooting violence in years.” Since January, there have been 21 fatal shootings in the city, an increase of 137.5 percent over the same period last year, the newspaper reported.

Moreover, according to Global News, there were 30 homicides in total for Toronto thus far in 2016, which is double the number for the same period a year ago.

Some have already compared the recent increase in gun violence in Toronto to the summer of 2005 – the so-called “Summer of the Gun.” From June to September of that year, there were 25 gun-related homicides in Toronto, which made it one of the city’s deadliest summers.

But Jooyoung Lee, assistant professor at the University of Toronto, says the spike in shooting-homicides could be related to localized conflicts between gangs.

“We know that in cities there are years where violent crime rates escalate because there feuds between different gangs.”

But Lee also cautioned those who predict an increase in crime in the city based on past statistics. He said crime statistics are not always a good predictor of what’s to come. “Year to date statistics are difficult to interpret because we know that in some years – for whatever reason – crime rates spike up during the first half of the year,” Lee said.

Gun violence is also up in Calgary in the last few years. In May, Calgary police arrested and charged eight men in connection with a string of high-profile shootings linked to organized crime in 2015. Some were charged with multiple counts of attempted murder. City police say the men also face charges of carrying out the shootings and selling drugs for the benefit of a criminal organization, a separate Criminal Code offence.

According to the Calgary Herald, “between January 2015 and May 2016, police in Calgary investigated dozens of shootings between two groups of men linked to organized crime and the drug trade. In 2015, the city saw 95 shootings, double the number seen in 2014. More than half of the 2015 shootings were related to organized crime and police say 15 cases resulted in homicides. Most of these incidents took place in northeast Calgary and were linked to drug disputes that parties attempted to resolve with the use of guns. Following a lengthy investigation and suppression efforts, police were able to make arrests and bring some of these incidents to an end.”

**Sources:** [CBC News, April 11, 2016, Surrey crime: feds tout new money, collaboration with community](#) // [Globe and Mail, June 3, 2016, Toronto Police target Heart of a King gang with Project Sizzle raid](#) // [Global News, June 8, 2016, Too soon to tell if this year will repeat 2005 ‘Summer of the Gun’: expert](#) // [Calgary Herald, May 10, 2016, Eight men charged in connection with 2015 shootings linked to organized crime](#)

## **ORGANIZED CRIME GENRES**

### **Italian Organized Crime**

In May, the RCMP arrested a number of suspects in the Montreal, which they say is the result of the third and final part of Project Clemenza, an investigation into the drug trafficking activities of the Rizzuto mafia family and its associates. Numerous others have already been arrested, charged, convicted and sentenced as a result of Project Clemenza.

An RCMP spokesperson told the media that the investigation targeted a network of 15 people that imported “large quantities of cocaine” into Canada through the United States between September 28 and October 6, 2011. The spokesperson added that American and Canadian authorities seized more than 220 kilos of cocaine and \$2 million in cash as part of its investigation.

Among those charged was 47-year-old Liborio (Pancho) Cuntrera, who has been described as one of the current leaders of what is left of the Rizzuto crime family.

Liborio Cuntrera is the son of Agostino Cuntrera, who was murdered in St-Leonard in 2010. The elder Cuntrera was a senior member of the Rizzuto family and was one of many members and associates who have died at the hands of rivals in recent years. The Montreal Gazette claims Liborio Cuntrera is part of “a second generation” of the Cuntrera-Caruana international drug trafficking arm of the Rizzuto family.

Another man named as a principal target in the investigation is 42-year-old Martino Caputo, who is currently serving a 12-year prison term for his role in a previous conspiracy to smuggle cocaine into Canada. Caputo also currently faces charges in Ontario related to a murder carried out there in 2012.

Others arrested as part of Project Clemenza include 36-year-old Erasmo Crivello, whom the Gazette calls “a drug trafficker with known ties to the Rizzuto organization” and 48-year-old Frank Iaconetti, who in 1999 pleaded guilty in a U.S. District court in Massachusetts to being part of a conspiracy to distribute cocaine.

Another of the men arrested was 36-year-old Hansley Joseph. According to the Montreal Gazette, Hansley is a

“well-known member of a Montreal street gang who was often seen interacting with Mafia-tied drug traffickers during Project Colisee, a major investigation into the Mafia that had a huge impact on the Rizzuto organization a decade ago. In 2007, Joseph received a two-year prison term for his role in a drug trafficking network that operated in northern Montreal. The case brought against Joseph and about two dozen other men in 2005, was significant because it represented one of the first times in Canada that gangsterism charges were brought against street gang members. According to a decision made in the case in 2007, Joseph was part of a group known as the “Dope Squad” and frequently supplied cocaine to a group known as the Pelletier St. gang that sold crack on Pelletier St., near the corner of Henri Bourassa Blvd.”

**Sources:** [Montreal Gazette, May 11, 2016, Organized crime bust targets Montreal Mafia](#) // [La Presse, May 17, 2016, Clemenza: Liborio Cuntrera accusé](#)

## **Organized Street Gangs**

In early June, Toronto police Chief Mark Saunders told the media that his force has “eradicated” a street gang called Heart of a King, which he says has links to a larger Nova Scotia-based gang.

Following a series of raids involving 600 police officers, 53 people were arrested as part of a police investigation code-named Project Sizzle. In total, 250 charges were laid. The raids were conducted, not only in Toronto, but also in Peel, Halton, Durham, and Montreal. Four of those arrested were in Montreal where police seized \$45,000 in cash, \$300,000 in property-related proceeds, 17 firearms, two sets of body armour, jewelry and an undisclosed amount of drugs.

The Heart of a King group is involved in weapons and gun trafficking, prostitution, and murder Saunders said.

The group originated in the greater Halifax area and grew out of the gang called North Preston's Finest, which for years has operated a sex trafficking between Nova Scotia and Ontario, Saunders noted. Police say the gang recruits girls and young women from the Maritimes and forces them into a life of prostitution in cities across Eastern and Central Canada. The group has operated in Toronto's downtown core for at least six years and are particularly criminally active around strip clubs and bars, according to Toronto Police Inspector Brian Bott.

"The gang has been in Toronto since 2010. The connection to NPF is that most of the main players in the HOK originate from Halifax," according to Bott. "A lot of these people have family ties to the NPF."

Project Sizzle was launched on January 31 following a shooting outside a Chinatown restaurant in downtown Toronto that killed two people and injured three bystanders. One 26-year-old man who is a member of the gang was charged with the murder. In May, police charged the same man with a second murder – the shooting of 25-year-old Charles Shillingford, who was killed in Toronto on October 31, 2015. Three other men were also charged in this murder. Inspector Bott linked all four men to the HOK gang. At least three of these men were from Nova Scotia, according to Bott.

As a result of the raids, police seized 19 handguns, a rifle, jewellery, and bags containing \$45,000 in cash.

"What's important here is that we've been able to eradicate an organization that uses this as their tools for doing business," Chief Saunders said during his press conference while pointing to Ziploc baggies of cocaine, more than a dozen guns, jewellery and other assorted items seized during project Sizzle.

According to the Chronicle Herald newspaper, one of the men arrested in connection with Project Sizzle was shot in the face in a metro Halifax barbershop in 2009.

**Sources:** [Toronto Star, June 3, 2016, Street gang 'eradicated' in raids, Toronto police chief says](#) // [Globe and Mail, June 3, 2016, Toronto Police target Heart of a King gang with Project Sizzle raid](#) // [Chronicle Herald, June 7, 2016, Shooting victim caught in raids; Man wounded in Dartmouth barber shop facing 12 charges after Toronto stings](#) // [CBC News, June 3, 2016, Dismantled Toronto gang Heart of a King evolved from North Preston's Finest 4 men with Nova Scotia connections charged in large-scale police bust](#)



# Outlaw Motorcycle Gangs

## Atlantic Canada

On June 11, members of the Hells Angels MC gathered in Musquodoboit Harbour, 45 kilometres east of Halifax on the Eastern Shore. Some have called this a welcome back party with speculation rampant that the Hells Angels are planning to re-open a chapter in Halifax.

“This weekend certainly marks the arrival and opening of the Hells Angels chapter for Nova Scotia,” said Cpl. Mike Kerr of Nova Scotia RCMP before the event took place.

The party, which was held at the club house of the Gate Keepers, MC, was advertised with posters with tell-tale HA symbols, including a skeleton riding a motorcycle and the phrase “Support 81”. The Gate Keepers are considered an affiliate club of the HA.

Since the party, however, no signs of a new HA chapter in Nova Scotia has emerged.

The Hells Angels lost their only chapter in Atlantic Canada in the early 2000s after a police operation put most of its members behind bars. As a result, HA fell below the requisite number of members required to maintain a chapter, according to its charter.

Since then, the HA has maintained a presence in Nova Scotia through such proxy groups, as the Gate Keepers, which opened its first chapter in the province in 2013.

“A number of identified Gate Keepers have been wearing a patch-on vest that indicates they are official ‘hang-arounds’ for the Hells Angels,” said Cpl. Kerr. Police believe the Gate Keepers MC in Nova Scotia are affiliated with the London, Ontario chapter of the HA, which also has a Gate Keepers affiliate in that city.

Staff Sgt. Len Isnor of the Ontario Provincial Police said he has no concrete information the patch-over is going to happen, but says it could be a possibility.

“I know they want back into Halifax. I’d be surprised if they became Hells Angels right away though,” he said. “There’s an elaborate recruiting process and this wouldn’t be an overnight thing. These affiliates may become hangarounds or prospects, but I can’t see the gang moving away from a process they’ve always had.”

In addition to the Gate Keepers, police also believe another motorcycle club in Nova Scotia, the Darksiders, are also a so-called puppet club of the HA. The Darksiders have a clubhouse in Dartmouth.

Some have speculated that the Hells Angels are desirous of re-establishing a chapter in Nova Scotia for a number of reasons: to maintain a presence at the Halifax docks (which is frequently used to import drugs and export stolen vehicles), to ensure it has a truly national presence for a cross-country pipeline, and to discourage other one-percenter biker clubs from establishing a dominant presence in Nova Scotia and Atlantic Canada as a whole.

In particular, the Bacchus MC has chapters throughout Nova Scotia and other provinces in the region.

“At some point, there was a strong necessity for the Hells Angels to come back here, and maintain direct control over their affiliates,” said Stephen Schneider, researcher and professor at Saint Mary’s University in Halifax. “Every province has puppet clubs, but there was always a chapter around to control them. That hasn’t been the case in Halifax.”

While police did not report any incidents at the party in Musquodoboit on Saturday night, another Gate Keepers clubhouse in Nova Scotia, this one located in New Glasgow, was raided by police around 6:30 Sunday morning. A police spokesperson said a search warrant was executed there as part of an “ongoing investigation.” No arrests were made and police did not disclose the nature of the investigation. The New Glasgow chapter of the Gate Keepers was founded in 2014, according to the Chronicle Herald newspaper.

**Sources:** [CTV Atlantic, June 11, 2016, Hells Angels members gathering in Musquodoboit Harbour](#) // [Chronicle Herald, June 11, 2016, Hells Angels may boost N.S. presence](#) // [CBC News, June 12, 2016, Gate Keepers clubhouse raided hours after Hells Angels party](#) // [Metro News, June 13, 2016, ‘Rumours flying:’ police remain on scene after searching motorcycle gang clubhouse](#)

## **Central Canada**

The Sûreté du Québec has launched an investigation after someone tried to murder Philippe Boudreau, the vice-president of the Hells Angels’ Nomads chapter in eastern Ontario. A shot was fired at Boudreau while he was riding a motorcycle in Lachute, Quebec in April.

Boudreau was injured in the shooting and taken to a local hospital to be treated for injuries that were not life threatening.

The Postmedia Network reported that the 41-year-old Boudreau suffered a punctured lung in the attack. He reportedly shielded his girlfriend, who was riding on the back of his motorcycle, from the gunfire.

SQ spokesperson Sgt. Daniel Thibodeau said, “We were called for possible gunshots on Béthany (Road) in Lachute. Upon arrival, we found a man in a ditch. He apparently went off the road while on his motorcycle. Further examinations revealed he had been struck by at least one projectile that was shot in his direction from the suspect vehicle (an old sport utility vehicle).”

Thibodeau added the shooting “is related to outlaw biker gang activities” and that the SQ is “still looking for the two suspects who were possibly aboard a greyish blue SUV.”

Thibodeau’s membership in the Nomads chapter makes him an elite member of the HA in Canada. According to the Montreal Gazette, Nomads chapters are considered as “elite” among the Hells Angels. Police experts have testified in past court cases that the Nomads designation

means the chapter's members can operate without the territorial limitations other chapters are generally expected to respect when it comes to activities like drug trafficking.”

The Gazette article also noted, “While the Nomads chapter is based in Ontario, its membership consists of many former Quebecers who have criminal records for drug trafficking in this province ...”

The Postmedia network added that Boudreault represented Canada in the light welterweight division at the 1996 Summer Olympics. He made it to the second round where he was beaten by Eduard Zakharov of Russia.

“Since then, Boudreault has spent much of his time getting in trouble with the law, including a brutal attack on a father and son in March 2004. One of the victims suffered a broken jaw in three places, the loss of some teeth and part of his jawbone, and bruised ribs. Boudreault was declared a long-term offender in August 2005 for the assault and served two years in prison.”

**Sources:** [Montreal Gazette, April 18, 2016, High-ranking Hells Angels member shot in Lachute](#) // [Postmedia Network, April 18, 2016, High-ranking Hells Angel found shot in a ditch](#)

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In early July, a jury in Quebec found five men guilty of various charges related to corruption and racketeering in Quebec's construction industry.

Operation Diligence was launched in 2007 to investigate the infiltration of Quebec's masonry industry by Casper Normand Ouimet, a senior member of the Hells Angels in Quebec. Ouimet's goal, according to La Presse newspaper, was to take control over masonry firms in Montreal.

A chief witness for the Crown, Paul Sauvé, accused Ouimet and others of trying to take over his masonry company, LM Sauvé.

Guy Drouin and Roberto Amato were found guilty of conspiracy to launder the proceeds of a crime and participation in a criminal organization.

Daniel Lafond was found guilty of conspiracy to launder the proceeds of a crime and participation in a criminal organization. He was found not guilty of conspiracy to commit extortion and extortion.

Louis-Pierre Lafortune, a former vice-president of LM Sauvé, was found guilty of conspiracy to launder the proceeds of a crime.

Jerry Purdy was found guilty of conspiracy to launder the proceeds of a crime. He was declared not guilty of conspiracy to commit extortion and extortion.

Ouimet, who is a member of the Trois-Rivières chapter of the Hells Angels, pleaded guilty to various charges before the trial began. He is currently serving a sentence of 27 years in a federal correctional institution, which includes convictions for attempted murder that resulted from his role in the so-called biker wars of the 1990s.

**Sources:** [La Presse, July 2, 2016, Diligence: les cinq accusés déclarés coupables](#) // [La Presse, June 27, 2016, Procès Diligence: jour 5 des délibérations](#) // [La Press, September 13, 2014, Opération Diligence: le juge se retire à quelques jours du procès](#) // [CBC News, July 3, 2016, Guilty verdicts in Operation Diligence case](#)

## **Western Canada**

Two members of the Edmonton chapter of the Hells Angels have been arrested and charged following an investigation that led to the recovery of \$1 million in stolen property, the seizure of 21 firearms and eight other arrests.

The investigation, code-named dubbed Project Al-Wheels, began in October 2015, after police received a tip through Crime Stoppers.

Led by the Alberta Law Enforcement Response Teams, the investigation uncovered a scheme involving members of the Hells Angels, their support clubs and associates in Alberta that allegedly involved the theft and re-sale of vehicles. Police also said the thefts involved a pattern of fraudulently registering trailers and recreational vehicles.

“This was a sophisticated and wide-reaching fraud, which required complex and co-ordinated response,” Staff Sgt. Dave Knibbs told the media.

As part of the investigation, search warrants were carried out in May in 11 cities and towns across Alberta, including Edmonton, Grande Prairie, Red Deer. Search warrants were also served in Langley, B.C.

The search warrants resulted in the seizure of more than \$1 million in stolen property, according to ALERT. Among the alleged stolen items recovered were 17 travel trailers, three pickup trucks, six all-terrain vehicles, one snowmobile, two dirt bikes, 18 rifles, two shotguns and one handgun. ALERT said none of the firearms seized were owned legally.

“ALERT believes that the vehicles were being stolen from area residences and businesses, and then fraudulently registered,” a news release from the law enforcement agency read. “Once registered, the vehicles would then be sold amongst Hells Angels members and associates at steep discounts. In some cases, it is also believed insurance fraud was being committed. Project Al-Wheels identified a number of stolen vehicles and suspects using a variety of specialized techniques.”

In total, 10 people were arrested and are now facing more than 300 criminal charges relating to stolen property and illegal firearms possession. Knibbs said two of the people arrested are full patch members of the Hells Angels.

The Hells Angels have five chapters in Alberta, including two in Edmonton, two in Calgary and one Nomads chapter. The Hells Angels also oversee a number of support clubs across the province.

**Sources:** [ALERT News Release, June 8, 2016, UPDATE: Hells Angels Implicated in Million Dollar Seizure](#) // [Edmonton Journal, June 8, 2016, Hells Angels Edmonton sting nets 10 arrests, 21 guns, \\$1 million in stolen property](#) // [Metro News, June 8, 2016, Police allege Hells Angels stole RVs and sold them to other members of the gang](#) // [CTV Edmonton, June 8, 2016, Ten facing hundreds of charges after ALERT organized crime bust](#)

## ENFORCEMENT

CBC News reported in June that a woman in the federal witness protection program is suing the RCMP for negligence.

The details of her case are contained in a judgment by Ontario Superior Court Justice Patrick Smith, who granted an injunction forcing the RCMP to continue financially supporting the woman, known as Jane Doe, as well as allowing her to expand the scope of her lawsuit against the Mounties.

The document tells the story of a woman who did the right thing, only to lose it all — family, friends, a good job and her mental health.

The heavily redacted court ruling summarizes the woman's claims, which included that after tipping off police about a drug crime, the RCMP compromised her identity and refused to own up to it.

The court ruling states that after happening upon intelligence related to a crime syndicate, she shared what she knew with her municipal police force.

The RCMP then used that information to investigate and prosecute several members of a criminal syndicate on drug-related charges.

It wasn't long though, before the RCMP perceived a threat to her safety and moved Jane Doe to a new location.

Even though she had not officially entered the witness protection program, Doe had to leave her old life behind. The RCMP gave her a one-time payment of \$150,000 as well as a \$25,000 reward for her assistance in the case.

But when Doe received something from the "threat zone" where she had once lived, the Mounties recommended she formally enter the federal witness protection program.

Doing so meant she had to sign an agreement promising not make any claims against the RCMP for any damages caused by her participation in the program.

Doe agreed to assume a new identity, leaving her friends and family behind, and the Mounties moved her to a new location.

After she signed the protection agreement, the document alleges, “an RCMP officer informed her that the reason she was put at risk and required the protection offered by the WPP was because of the RCMP’s inadvertent disclosure of her identity and personal information [redacted].”

A year later, Doe launched a lawsuit.

In discovery, she says her lawyer heard audio recordings where members of the RCMP admitted the force had made ill-advised decisions in her case, along with revealing her identity.

**Source:** [CBC News, June 13, 2016, Woman in witness protection program sues RCMP for negligence](#)