



3-2016

January to March 2016

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Recommended Citation

"January to March 2016" (2016). *All Summaries*. 3.
<http://digitalcommons.osgoode.yorku.ca/summaries/3>

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January to March 2016

Organized Crime in Canada: A Quarterly Summary

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Organized Crime Enforcement

ORGANIZED CRIME ACTIVITIES

Cyber Crime

At the end of February, Equifax and the public research company, Leger released the results of a financial fraud survey conducted with Canadians earlier that month.

Some of the key findings are summarized below.

Fifty-three percent of those survey said they had been the victim of some kind of financial fraud.

Among those who said they were victimized, 34 percent were victims of unauthorized use of their credit card, 24 percent were victimized by a phishing e-mail, 12 percent said they were the victim of a telephone scam, 4 percent said they were the victim of identity theft, while 2 percent said they were the victims of a loan or mortgage fraud.

According to the report containing the survey results, “Canadians feel vulnerable to financial fraud in a variety of situations. Those who have previously been a victim are more likely to feel vulnerable to a number of situations.” Survey respondents said they felt most vulnerable in the following situations: “Paying with my credit card online, using an ATM bank machine from an independent supplier, using public Wi-Fi on my personal devices, completing and sending an

application with personal information, paying with my debit card online, and sharing on social media.”

The survey results indicate that approximately half of all fraud was perpetrated against those between 18 and 34 (the so-called “millennials” or “Generation Y”), John Russo, the Chief Privacy Officer at Equifax Canada, was quoted as saying on the website of Vancouver’s News 1130.

“Across the different age groups in the country, it seems that Generation Y is singled out largely due to a significantly higher reported fraud volume than any other generation across all provinces,” Russo, said in an Equifax Press release.

“Millennials rely heavily on technology for most of their day-to-day activities, which exposes them to more risk,” he explains. Even more disconcerting is that millennials “are significantly less likely than Canadians 35+ to feel vulnerable to paying with their debit card online (25%), sharing on social media (26%), and paying with a debit card in person (10%),” according to the published survey report.

As Russo puts it, “They’re what we call the ‘sharing but not caring’ generation. They are sharing way too much information online and they think it’s without repercussion. They are at an age where they should be growing their credit history and protecting their identity, but instead, they are opening themselves up for identity theft.”

Russo concluded that while millennials may be very savvy when it comes to technology, they don’t care as much about protecting their privacy as other age groups. As a result, they are at a particularly high risk of exposing themselves to phishing scams.

Phishing is any electronic communication, such as an e-mail, text message, or website that attempts to collect customer information for the purpose of committing identity theft and fraud. The communication falsely claims to be from an established, legitimate organization such as a financial institution, business or government agency.

Russo contends that members of Generation “Y” are “ordering cheap, untrustworthy apps and they think it’s low risk, but criminals are setting up and trolling these sites to get information. All their online traffic creates more of a personal profile that criminals are able to take and build upon.”

According to an Ontario Provincial Police press release, across Canada phishing scams were used by criminal offenders to commit identity theft and other crimes 1,702 times in 2015. During that period, in Ontario alone there were 510 victims who were defrauded out of more than \$93,000.

The results of another fraud survey, sponsored by the Chartered Professional Accountants of Canada, released in March found even higher rates of financial fraud victimization among Canadians. According to a news release issued by the CPA, “In terms of experiencing financial fraud, 33 percent of the respondents reported they had been a victim at some point in their lives,

basically unchanged from 2015. Among victims of fraud, credit card fraud had the highest incidence rate (65 percent) followed by debit card fraud (31 percent). They were the top two forms of fraud cited in 2015 as well.”

Thirty-five percent of survey respondents said they feared that someone has personal information about them that they should not be in possession of. In addition, among those who have access to the Internet:

- Seventeen percent say they had corresponded, through either social media or email, with someone who had misrepresented their true identity.
- Fourteen percent stated that someone had gained access to one of their email accounts without permission.
- Eight percent said someone had gained access to one of their social media accounts without permission.

The 2016 CPA Canada Fraud Survey was conducted by Harris Poll via telephone between January 28 and February 11 with a national random sample of 1,005 adult Canadians aged 18 years and over.

Sources: [Leger / Select PR, Equifax, 2016, Financial Fraud Survey. News 1130, March 8, 2016, ‘Sharing but not caring’ generation is a top target for organized crime syndicates; Equifax Press Release, March 7, 2016, “New Equifax Survey Highlights That More Than Half of Canadians Have Been Identity Theft and Financial Fraud Victims; Chartered Professional Accountants of Canada Press Release, March 1, 2016, “Canadians concerned about protection of personal information: CPA Canada fraud survey”;](#) [Ontario Provincial Police Press Release, March 31, 2016, Phishing Hooks Personal Information From 510 Ontario Victims](#)

Drug Trafficking

Poly-Drug Trafficking

In January, the Alberta Law Enforcement Response Teams announced that four people they say are associated with a criminal group known as the ‘Surrey Boys’ were recently arrested in Grande Prairie, Alberta.

ALERT said they seized nearly \$250,000 worth of drugs and cash proceeds of crime in searches of three Grande Prairie residences on January 21, following a three-month investigation. Among the cache seized by police: 1.4 kilos of cocaine, 1.5 kilos of marijuana, 59 grams of heroin, 35 grams of MDMA, 20 fentanyl pills, two handguns, 3 vehicles, and \$55,415 in cash.

One of the guns was a loaded, prohibited revolver. ALERT said the other handgun was reported stolen from Burnaby in 2004. ALERT estimated that the drugs seized have a street value of \$183,290.

ALERT Insp. Chad Coles said the four people, who are facing a total of 73 charges, were supplied with the drugs in B.C. “We believe these four individuals were part of an organized

crime group operating in Grand Prairie with ties and connections to organized crime and individuals of the Lower Mainland in British Columbia,” Coles was quoted as saying

Const. Jordan McLellan, of B.C.’s Combined Forces Special Enforcement Unit, commented that police in B.C. began hearing references to the “Surrey Boys” in 2015. “They are a typical drug line style of gang that move into territory and set up shop to sell,” he said. “In B.C., they have been operating in Kamloops, Merritt, and within the Lower Mainland.”

Sources: [Global News, January 27, 2016, Members of organized crime group ‘Surrey Boys’ arrested in Alberta](#); [Vancouver Sun, January 27, 2016, Metro Vancouver gang busted in Alberta](#)

Cocaine

In early March, the Canada Border Services Agency (CBSA) announced they had seized 100 bricks of suspected cocaine at the Toronto Pearson International Airport. During a routine cargo examination of an aircraft arriving from Mexico on January 17, 2016, CBSA officers identified a shipment for further inspection. The shipment was transported to CBSA offices where it was found to contain two large wooden crates, with individual cardboard boxes inside. Upon opening one cardboard box officers discovered a brick-shaped bundle which, when cut into, revealed a white powder. A full inspection of both crates was completed and a total of 100 brick-shaped bundles of suspected cocaine, weighing close to 118 kilos. This was one of the larger seizures of cocaine at the airport. In 2015, the CBSA in the Greater Toronto Area seized approximately 700 kilos of cocaine in total.

Source: [Canada Border Services Agency Press Release, March 2, 2016, CBSA officers seize suspected cocaine at the Toronto Pearson International Airport](#)

Heroin

On January 7, the CBSA announced that on December 22, 2015, officers assigned to the Léo Blanchette international mail processing centre in Montréal intercepted 500 grams of heroin concealed in a package containing ribbons from Central Africa. When border services officers examined the goods they discovered the drug in a clear plastic bag hidden in the sides of the packaging. The package, destined for Ontario, was turned over to the Ontario Provincial Police for the investigation, which led to an arrest and criminal charges.

On January 28, CBSA officers at the same mail processing centre intercepted a package containing nearly 500 grams of suspected heroin concealed in coloured wooden statuettes from Kenya. When examining the package with an X-ray machine, the officers noticed dense masses inside the objects. They opened the package, which contained five African art statuettes, as described on the exporter’s declaration. Once the statuettes were opened at the base, black bags filled with suspected heroin were discovered in each statuette.

The package was to be delivered to an address in Ontario.

According to the CBSA, in 2015 it made a total of 2,771 seizures of drugs in Quebec. Of this number, 2,107 took place at the Mail Processing Centre in Montréal.

The CBSA has offices in one of the three large international mail processing centres in Canada. Every year, the officers who work at the Léo-Blanchette MPC inspect over 12 million packages from abroad, primarily the United States, Europe and Africa.

Western and Central Africa have long been transshipment points for the global distribution of heroin.

Sources: [Canada Border Services Press Release, January 7, 2016, Ribbons hiding 500 grams of heroin](#); [Canada Border Services Agency Press Release, February 19, 2016, Statuettes filled with suspected heroin](#)

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On February 14, the CBSA seized 4.8 kilos of suspected heroin at Halifax Stanfield International Airport. During a routine secondary examination of a male traveller that day, CBSA officers discovered inconsistencies in the individual's suitcase. Upon dismantling it, they uncovered a large package concealed within the suitcase liner. Tests identified the package as suspected heroin. CBSA officers arrested the man and turned him and the narcotics over to the Royal Canadian Mounted Police. He has been charged under the Controlled Drugs and Substances Act.

Source: [Canada Border Services Agency Press Release, February 19, 2016, Suspected heroin seized at Halifax Stanfield International Airport](#)

On February 16, CBSA officers at the Toronto Pearson International Airport were conducting a routine examination of cargo shipments arriving off a flight from Lahore, Pakistan. The officers discovered suspected heroin concealed within the cargo shipment. Deep within one large shipment of frozen fish, officers found two small packages that were similarly wrapped and loosely placed inside the contents. The packages were cut open revealing four kilos of heroin.

According to the CBSA, in 2015, officers in the Greater Toronto Area made 72 heroin seizures totaling close to 115 kilograms.

Source: [Canada Border Services Agency Press Release, February 19, 2016, Something's fishy! Suspected heroin found at the Toronto Pearson International Airport](#)

Firearms Smuggling and Trafficking

The Ontario Provincial Police announced in March that 10 people were facing numerous criminal charges following an investigation into the importation and distribution of illegal guns into Ontario from the United States.

Project Kirby began in March 2015 when members of the OPP's, Provincial Weapons Enforcement Unit initiated an investigation, code-named Project Kirby, into the criminal activities involving several residents of Windsor and Essex County, specifically the importation and sale of illegal firearms between Michigan and Ontario.

Most of the arrests were made in February, when eight search warrants were executed at locations in Essex County, Windsor, and London. Police seized eight prohibited weapons (seven handguns and one Tech-9 machine gun), two kilograms of cocaine, various drug trafficking packaging and paraphernalia, three vehicles, \$67,000 in Canadian currency, and \$10,500 in American currency.

As a result of the investigation, police charged 10 people with 111 offences including charges relating to arms smuggling, drug trafficking, and proceeds of crime. Those charged range in age from 23 to 51. Seven are from the Windsor-Essex area, one is from London, one is from Detroit, and the last person has no fixed address. At the time of the OPP announcement, one person remained at large in Canada while a second accused person, a United States citizen residing in Detroit, is also wanted.

Project Kirby began in March 2015 when the OPP began investigating several residents of Windsor and Essex County who they suspected were involved in the importation and sale of illegal guns between Michigan and Ontario.

Undercover officers purchased guns from people, mostly operating near the Windsor region, Det. Insp. Jim Smyth of the OPP told the media.

All of the alleged illegal gun transactions occurred in the city of Windsor after the firearms were smuggled into the country from Michigan. The weapons were typically transported across the border one or two at a time and then sold in Ontario.

"They were orchestrating sales, once they got into the country, to various organized crime groups to help them run their businesses," Smyth said.

Investigators said the guns coming across the border were ultimately destined for criminal groups operating in the Toronto area as well as in southwestern Ontario.

"Based on our intelligence and past information, they end up going up the highway," Supt. Edward Hickey of the Windsor police told the media.

In addition to the OPP, several other law enforcement agencies were involved in Project Kirby, including the Windsor and London municipal police forces, Canada Border Services Agency, U.S. Immigration and Customs as well as U.S. Homeland Security.

Sources: [OPP Press Release, March 10, 2016, Joint Investigation Halts Crime Gun Smuggling and Distribution](#); [CBC News, March 10 2016, Police arrest 10, lay 111 charges in alleged Ont. guns, drugs operation](#); [CTV London, March 10, 2016, Londoner among ten people charged, eight firearms seized after gun smuggling investigation](#)

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In January, Marianne Ryan, the commanding officer of the RCMP in Alberta, publicly expressed her concerns over stolen guns after learning that the number of firearm thefts reported to RCMP in the province increased by more than 20 percent in 2015 over 2014. Moreover, the number of firearms stolen has more than doubled since 2012 and there are an estimated 10,000 guns listed as either stolen or missing in Alberta jurisdictions policed by the RCMP.

According to an Edmonton Journal article,

Guns are stolen in residential break-ins and in targeted retail heists. Around 40 percent of the guns stolen in RCMP jurisdictions in 2015 were taken from vehicles. Others are stolen from garages, barns, sheds and houses. From there, they are sold and traded, stashed, hidden. They turn up in different provinces and different cities, different crimes, often many years later. In one case this year, RCMP found 92 stolen guns hidden in the walls of a tool shed.

Of the 52 guns stolen during a break-in at the Wholesale Sports store in Regina in Dec. 11, 2011, five turned up in a drug bust in Calgary in 2013, and another was found abandoned in a Calgary basement by a landlord cleaning a property. Two more were picked up by police during a traffic stop in Winnipeg in 2014, and another turned up in Calgary later that year. The latest was found in Toronto in January 2015. The other 42 are still missing.

There were 1,300 guns reported stolen in RCMP jurisdictions in Alberta in 2015 not including those reported stolen in Calgary and Edmonton (which have their own municipal police forces). “Those cities are also seeing more guns, and more gun crime,” Jana Pruden writes in the Edmonton Journal article. “There were 94 shootings in Calgary in 2015, nearly a 100-per-cent increase from the year before.”

Pruden says while Edmonton police do not keep statistics on gun thefts, “a spokesman says 1,804 guns came into police possession last year, including firearms used in crimes, found, or voluntarily surrendered. That number — an increase of nearly 30 percent since the previous year — includes 130 guns seized from one man alleged to be part of the anti-government Freeman on the Land movement.”

Speaking to media in December 2015, Edmonton police Staff Sgt. Shawna Grimes said guns were used in nearly half of Edmonton’s homicides that year while officers are encountering more firearms in other investigations.

“For our front-line patrol guys, they are seeing a lot more guns coming off the street,” she said. “They are dealing with them much more frequently than I did when I first started my career 20 years ago... They are a lot more common for us to be pulling over vehicles or doing search warrants and finding them in houses.”

Calgary police Staff Sgt. Quinn Jacques said that some crimes, such as a domestic homicide, may be carried out with a legally-owned firearm, but it’s rare. Instead, most guns used in

offences are “crime guns,” obtained through theft or smuggled into the country. In many cases, the guns have their serial numbers filed off, making their provenance a mystery.

“Nearly all gun crime involves stolen or illicitly-obtained guns,” Jacques says. “I don’t think a day goes by that we don’t come into contact with firearms. We’re not bluffing by saying we are concerned.”

Jacques said the rise in stolen guns appears to mirror an increased demand for weapons on the street, where firearms have become basic equipment for those involved in criminal activity.

While organized crime may be driving some of the action, Jacques says guns are a prime target for drug addicts and others looking to profit from illegal enterprises, a commodity easily converted to cash.

“Where’s there’s money to be made, people will make the money,” he says. “As fast as we can seize guns, these guys are re-arming themselves fairly easily, and they are willing to pay the price for the firearms to keep up with their rival gangs or the rival drug groups. As one of my colleagues said, ‘No self-respecting gangster is going to be rolling around without a gun.’”

The Edmonton Journal article notes how stolen guns have been used in a number of high-profile murders in Alberta in recent years.

After escaping from Drumheller Correctional Institution in 2011, inmate William Bicknell drove to an Edmonton storage locker where he had stashed a shotgun, seven rifles, and ammunition. “By the time Bicknell was recaptured nine days later, the escaped convict had held the guard and two seniors captive at gunpoint in three separate incidents, run cars off the road in a police chase and engaged in a dramatic two-hour shootout with RCMP, during which he fired 50 shots at officers and into police vehicles; they fired about 80 times back at him. Bicknell was shot in the head and face when he called his parents to say he wanted to surrender.”

RCMP Const. David Wynn and auxiliary Const. Derek Bond were both shot at close range with a stolen gun while investigating a stolen truck at a St. Albert casino in January 2015.

The handgun Phu Lam used to kill six adults and two children in Edmonton in December 2014 had been stolen in Surrey, B.C. eight years earlier. The shooting remains Edmonton’s deadliest mass murder.

Source: [Edmonton Journal, January 4, 2016, 1,300 guns were reported stolen in 2015 in Alberta — double the amount stolen in 2012](#)

Money Laundering

According to the B.C. Lottery Corporation, 105 people with suspected ties to organized crime have been banned from casinos in that province.

One of the main links between organized crime and casinos in British Columbia is money laundering.

The suspected use of casinos to launder the proceeds of crime was made very public in October of 2015 when the RCMP pulled over a suspected impaired driver in a Chilliwack casino parking lot. The man had just arrived in the casino parking lot and when police confronted him, he was walking away from the car toward the casino with \$3,775 in cash. The man also produced a cheque for \$13,250 from the Lake City Casino in Kelowna.

Citing court documents, Michael Smythe of the Province newspaper described what happened next.

“Police searched the car and found \$10,535 in cash in the centre console, two more cheques on the floor from the Lake City Casino in the amounts of \$9,005 and \$6,830, and a roll of 100 \$20 bills bundled together with a rubber band in the trunk. Police later executed a search warrant on the vehicle and found \$24,405 in cash under a stereo amplifier in the trunk, several large rocks of crack cocaine and a bottle of 40-50 pills hidden under the driver’s console, a flap containing 19 yellow pills under the driver’s carpet and illegal radar-detection equipment. A narcotics-sniffing dog found drug residue on the money...”

Police say the driver claimed that the money was part of more than \$300,000 he had won playing slot machines at various B.C. casinos. Upon further investigation, police learned that the man had reportedly been paid out more than \$2 million by B.C. casinos between November 2014 and October 2015.

Government officials immediately accused the man of being part of a massive drug money laundering operation and the provincial Civil Forfeiture Office has launched a lawsuit to force him to forfeit the money.

The Salmon Arm resident, who operates a small landscaping business, denies the money is the proceeds of drug trafficking and says he is just lucky when playing the slot machines.

This case has also triggered a review of money laundering safeguards in all B.C. casinos by its industry regulator, the B.C. Lottery Corporation. The provincial government’s Gaming Policy and Enforcement Branch has launched a separate investigation into the case and said it is reviewing “whether any standards or controls of slot-machine play need to be enhanced.”

The government said it implemented enhanced measures to combat money laundering through casinos five years ago. According to Smyth, “these measures included closer tracking of casino chips, tighter restrictions on large cash transactions, improved technology and staff training and increased co-operation among casinos, police and FINTRAC, the federal anti-money-laundering agency.”

In addition to these existing measures, the B.C. government announced in April it is establishing a 22-member police group targeting money laundering and other organized crime activity in B.C.

casinos. The enforcement unit will include dedicated inspectors from the Gaming Policy Enforcement Branch and will have a budget of \$4.3 million a year.

The new unit will be administered by B.C.'s Combined Forces Special Enforcement Unit, which targets organized crime.

Sources: [The Province, April 2, 2016, Smyth: He was paid out more than \\$2 million by B.C. casinos last year, and insists he's just 'lucky'](#); [The Province, April 4, 2016, Smyth: Does the B.C. gov't care more about casino cash than casino crime?](#); [The Province, April 7, 2016, Smyth: Is B.C. a laundromat for criminals' dirty money?](#); [Maple Ridge and Pitt Meadows Times, April 11, 2016, B.C. launches casino gambling crime team](#)

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While on patrol during the late evening hours of March 31, 2016, law enforcement officials with the Cornwall Regional Task Force (CRTF) observed a vessel with two occupants heading northbound on the St. Lawrence River to a shoreline dock in the city's east end. Upon arrival at the dock, the CRTF members observed a male passenger disembark the vessel, walk up to the roadway and proceed eastbound carrying a black sports bag. They stopped to question the individual under the provisions of the Customs Act. They also searched the bag revealing a large sum of US currency. The 23-year-old male, from Akwesasne, NY, was then placed under arrest for being in possession of property obtained by crime. While this was occurring, the vessel and its operator had departed the dock, heading southbound on the St. Lawrence River.

The male was brought to the Cornwall RCMP Detachment for processing and was later released from custody pending further investigation.

In total, approximately \$200,000.00 in US currency was seized from the man.

“Given the circumstances surrounding this shoreline interception, we believe that the monies seized were obtained through illicit activities,” said Inspector Steve Ethier, Officer in charge of the Cornwall Regional Task Force, “Although it is unclear at this point where the cash was destined, it is highly probable that organized crime is involved. Seizing such a large sum of cash along the shores of the St. Lawrence River, under any circumstance, is not common place. By seizing this cash, we are disrupting organized crime activities.”

The CRTF is a joint forces partnership that includes the Royal Canadian Mounted Police, Ontario Provincial Police, Canada Border Services Agency, and the Ontario Ministry of Finance.

Source: [Cornwall Regional Task Force, April 7, 2016, Shoreline Stop Results in \\$200,000 US Currency Seizure: CRTF](#)

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In January, a proceeds of crime investigation into what Ottawa police call the “Alkhalil Organization,” resulted in the seizure of two commercial properties in the National Capital

Region. The properties are reportedly owned by alleged drug trafficker Hisham (Terry) Alkhalil. One of the properties, which includes a restaurant, is located in Ottawa while the other, a nightclub, is located in Gatineau, Quebec.

“The properties are on hold, which means the assets are frozen,” said RCMP Sgt. Penny Hermann. “After the court proceedings, we will be seeking forfeiture.”

Together, the two properties are worth \$ 1.4 million. Police had already seized Alkhalil’s home, worth \$1.1-million, in 2014.

The proceeds of crime investigation, code-named Project Attar, is an offshoot of Project Anarchy, an investigation into Alkhalil’s alleged drug trafficking network between 2012 and 2014. This investigation resulted in the seizure of 24.5 kilos of cocaine and criminal charges against nine people, including Alkhalil.

Six of the men arrested have since pleaded guilty and received sentences ranging from six to 10 years. Alkhalil and one other co-accused continue to fight the drug charges in court.

According to Adrian Humphreys of the National Post, the Alkhalil brothers are infamous across Canada.

The Alkhalil family moved to Ontario and Quebec from British Columbia after years of violence and bloodshed.

Their family arrived in Canada from Saudi Arabia as refugees in 1990 — although their roots are believed to be in Iran — and settled in Surrey, B.C.

In 2001, Khalil Alkhalil, 19, the second oldest of the five brothers, was shot dead in Surrey in a gunfight over a drug debt. His killer claimed self-defence and was freed. The shooter’s lawyer was beaten up in court by angry supporters of Alkhalil’s and the shooter himself was later gunned down in Kelowna in a case that remains unsolved.

Mahmoud Alkhalil, 19, the fourth oldest, was one of three people killed in a notorious gunfight in 2003 between rival gangs in Vancouver’s Loft Six nightclub. He made it out of the club but was found bleeding and unconscious after crashing his car 20 blocks away.

The youngest brother, Rabih “Robby” Alkhalil, 28, was only two when he came to Canada. Last February he was extradited to Canada after his arrest in Greece.

There is a line-up to prosecute him: In Vancouver, he is charged with first-degree murder in the 2012 hit on gangster Sandip “Dip” Duhre in the Sheraton Wall Centre; in Toronto, he is charged with first-degree murder in the 2012 shooting of Johnnie Raposo on the patio of the Sicilian Sidewalk Cafe in Little Italy; in Montreal and Niagara Falls, Ont., he faces cocaine smuggling charges.

Sources: [Ottawa Sun, January 14, 2016, 2 Ottawa, Gatineau buildings seized in drugs, organized crime probe](#); [Radio-Canada, January 14, 2016, Une saisie de 1,4 M\\$ contre le crime organisé à Ottawa-Gatineau](#); [National Post, January 15, 2016, Police heap pressure on Canadian crime family by seizing \\$1.4M in properties](#)

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For more than 20 years, provincial governments across Canada have established laws that allow them to permanently seize the proceeds of crime through the civil courts (i.e., through a civil suit launched against a defendant). Under these laws, a provincial government can force an individual to forfeit property if it can prove in a courtroom there is a reasonable expectation that the property is derived from the proceeds of criminal activity.

Under these laws, criminal charges need not be laid against a defendant to set in motion the civil forfeiture proceedings. In contrast to criminal prosecutions, where the burden of proof is beyond a reasonable doubt, only the lesser standard of proof – a balance of probabilities – is required under civil forfeiture laws.

Civil forfeiture laws have allowed provincial governments to confiscate tens of millions of dollars in assets as proceeds of crime.

However, a new report by the Canadian Constitution Foundation and the Institute for Liberal Studies says “These laws are not fair” and the seizures often amount to a simple cash grab from innocent parties.

The analysis concludes the rationale for the laws — to confiscate property from criminals and organized crime and compensate victims — has been lost in their application.

“Civil forfeiture laws allow provincial governments to seize property not only from criminals, but also from people who have never been charged with, or even suspected of, a crime.”

More specifically, according to the report:

Canada’s provincial civil forfeiture laws were originally intended to deter crime and compensate victims. In Canada today, civil forfeiture is not exclusively used to satisfy these objectives. It has instead become a supplement or alternative to the criminal law. This transformation has had a profound impact on many of the most important rights enjoyed by Canadians.

Revenues generated through successful forfeiture proceedings are returned to provincial governments and their law enforcement agencies. This incentivizes these authorities to seek the forfeiture of ever more property without regard to the original objectives of deterring crime and compensating victims. Forfeitures are now sought for the purpose of raising funds.

Ontario often seeks the forfeiture of property on the merest suspicion of an unlawful act—at times even seeking the forfeiture of property belonging to individuals known to be innocent of unlawful acts. In B.C., the government often seeks the forfeiture of highly valuable assets for

relatively insignificant offences. And other provinces—with few exceptions—seem poised to follow Ontario's and B.C.'s lead on this.

The report cites numerous cases which they say illustrates how individuals and companies have had their rights trampled upon through civil forfeiture laws.

In one case, a Saskatchewan man sold \$60 worth of Oxycontin (he legally owned) to buy gas so he could drive to work. Unfortunately, he sold the drugs to an undercover police officer. The Saskatchewan government successfully sued the man and seized his \$7,500 truck as the proceeds of crime.

In another case, an Ontario couple had their 12-unit apartment building, worth \$400,000, seized under that province's civil forfeiture laws because some renters were involved in illegal activities. The judge decided the Van Dusens were not "responsible owners" under Ontario's Civil Remedies Act because they had not evicted the tenants who were allegedly performing illegal acts. The Van Dusens lost their building even though they were not even accused of any illegal activity

Another criticism raised by the report is that money from such proceedings goes to provincial governments and police services with little accountability or transparency. In Ontario, for example, the Peel Region police board used seized money to buy tens of thousands of dollars of tickets to mayoral galas.

British Columbia's civil forfeiture office has seized more than \$41 million worth in property by 2015, yet only \$1.5 million had been paid in Victim Compensation payments since the Office's inception. "The B.C. Civil Forfeiture Office is making a concerted effort to use the statutory forfeiture tools provided to it by the B.C. legislature to acquire valuable property without regard to its statutory purposes of deterring crime and providing victims with compensation," the report reads.

Some provinces appear to make no effort to track the money and none of the provincial civil forfeiture regimes has been subject to an auditor general's review.

"It is difficult to know how much money collected by successful civil forfeiture applications goes towards compensating victims," the report states. "Instead, it seems that much is used to purchase equipment for the police or is spent on trivial and improper expenses."

The report make several recommendations they say are necessary to avoid further abuse of civil forfeiture laws:

Civil forfeiture should only be available after a property owner has been found guilty of a provincial offence.

Judges must have sufficient discretion to craft proportionate forfeiture orders that satisfy the objectives of deterring illegal acts and compensating victims.

Civil forfeiture should only be available for property used or acquired by an owner convicted of a corresponding provincial offence and that resulted in an identifiable victim being harmed.

Revenue collected by successful civil forfeitures should compensate victims that suffered harm as a result of a convicted property owner's acts.

Each provincial civil forfeiture office should provide a full and accurate annual report detailing the revenues raised and compensation disbursed.

An editorial in the Globe and Mail agreed that the civil forfeiture laws are “out of control” in this country. The editorial argued, “...these laws are now being used to punish people who don't look like organized criminals, or criminals at all. In some provinces, civil forfeiture often looks like a cash grab rather than an act of justice. Sometimes, the person whose property is seized by the state has not even been found guilty of anything.” This “goes against a fundamental principle of our justice system: the right to be presumed innocent, and treated as such, until found guilty by a court of law.”

Sources: [Canadian Constitution Foundation and Institute for Liberal Studies, 2016, Civil Forfeiture in Canada, 2015-2016, Calgary: Canadian Constitution Foundation](#); [Canadian Press, March 8, 2016, Seizure of crime proceeds often a provincial cash grab, new report finds](#); [The Globe and Mail, March 16, 2016, How civil forfeiture laws got out of control, and how to rein them in](#)

Theft

Following a month-long investigation, police in Calgary have seized an “insurmountable” amount of stolen property in one of the largest busts involving organized retail theft in the city's history.

Police discovered an estimated \$1.5 million worth of goods, much of it stolen from local retailers over the past 18 months, after executing search warrants at a home, garage, vehicle and three storage facilities in southeast Calgary.

Police believed the goods were taken directly from commercial break-and-enters or sophisticated organized retail shoplifting rings. Most of the goods were brand new, and still in their boxes with retail tags.

At the time of their announcement, police were still taking inventory of the cache that includes clothing, sporting goods, beauty products, household appliances, snow blowers, a log splitter and a tanning bed.

“The property seizure appears to be a textbook example of organized retail crime,” said Const. Lara Sampson of the Calgary police department's retail crime unit.

Sampson told the media that this case is part of a growing network of organized retail crime where “everyone has a job.” The division of labour may entail someone who locates vulnerable

stores (those with minimal security or staff on duty), someone who identifies the property to steal, a team that makes the actual theft (including someone who distracts retail staff), a driver who waits for the stolen merchandise and thieves, a person in charge of warehousing the stolen merchandise, someone whose job it is to find buyers, and then someone who actually fences the goods.

A 28-year-old Calgary man has been charged with several counts of possession of stolen property worth more than \$5,000. Police also said they expect to make more arrests.

“With the amount of stuff that we’ve seized, this is not someone who just decided to steal a poppy fund,” said Insp. Nancy Farmer. “This is someone who is fairly organized and obviously, from the amount of property that we have, had a plan.”

When attempting to describe the volume of stolen property, Farmer simply said “It’s just insurmountable ... The list is endless.”

The CBC described the stolen inventory that Calgary police put on display as such: “Household appliances, from ventilation equipment to hot water heaters, remain in their original boxes, stacked on top of one another. Racks upon racks of clothing are clustered in one storage area with pants, purses, and boots stacked behind them. Video games are piled high. Shelves are covered with hundreds of shampoos, perfumes, and other beauty products. There’s a bucket filled with arrows.”

Sampson says that organized retail crime has become a major problem in the city and it is growing because of word of mouth among criminal offenders.

“What’s happening is people are talking to other people in those organizations,” she explained. “The more they get away with it, the more you’re going to spread that word ... when people figure out the science of how to do it, there’s more people doing it.”

Sampson added the minimal penalties meted out through the Criminal Code for retail theft does little to deter or punish offenders.

“So that’s where you’re getting that rise because people are saying, low risk, higher reward.”

Sources: [CBC News, February 5, 2016, Organized crime moves into retail crime in a big way in Calgary](#); [Calgary Sun, February 4, 2016, Calgary police recover \\$1.5 million in stolen property](#)

Tobacco Smuggling and Trafficking

On March 2, police in Ontario and Quebec seized a total of 2,678 kilograms of fine cut tobacco along with a 2005 White GMG Savana cube van.

While on patrol that day, law enforcement officials with the Cornwall Regional Task Force (CRTF) spotted five snowmobiles pulling snow tub sleds loaded with what appeared to be garbage bags. The snowmobiles were seen traveling eastbound on the frozen St Lawrence River

shoreline in the area of Fraser Point, Quebec. Officers observed several individuals moving the bags from the tubs to an awaiting white cube van parked nearby.

Police maintained surveillance on the cube van after it departed until it was stopped by a Sûreté du Québec patrol vehicle a short time later. One 23-year-old male from Valleyfield, Quebec and another 32-year-old male from Les Coteaux, Quebec were subsequently arrested by CRTF members for being in possession of contraband fine cut tobacco.

Members of the CRTF were unable to intercept the snowmobile operators prior to them departing the area.

Source: [Cornwall Regional Task Force Press Release, March 10, 2016, Over 2 ½ tons of fine cut tobacco seized by CRTF](#)

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On March 19, police in Fort Lawrence Nova Scotia arrested two men after they seized 5,500 cartons of illegal cigarettes. The arrests came after two RCMP highway patrol officers pulled over a speeding vehicle. The two men face numerous charges, including unlawful possession of tobacco. The vehicle was also seized.

RCMP spokesperson Cst. Bryce Haight said the sale of illegal tobacco contributes to the coffers of organized crime.

“The RCMP reminds the community that criminal groups exploit opportunities to make profit to fund their illegal activities,” he said in the release. “Contraband tobacco is not a victimless crime as possessing, distributing and purchasing contraband tobacco directly funds criminal activities.”

Source: [Chronicle Herald, March 21, 2016, Police seize 5,500 cartons of illegal smokes in Fort Lawrence](#)

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At the end of March, NASCAR driver Derek White was among almost 60 people targeted by Quebec and Ontario police in what law enforcement officials are calling the biggest tobacco smuggling operation they have ever dismantled.

Police said some of the suspects arrested have links to outlaw motorcycle gangs, Aboriginal smugglers, and other criminal groups.

The smuggling operation involved the purchase of tobacco leaf in North Carolina, which was then smuggled into Canada where it was sold to cigarette manufacturers located on the Kahnawake reserve outside of Montreal and Six Nations reserve in Ontario.

Canadian police along with the U.S. Drug Enforcement Administration and Homeland Security launched the investigation, code-named Operation Tarantula (Mygale), in 2014.

Sgt. Daniel Thibaudeau of the Sûreté du Québec said they have proof that at least 158 loads comprising more than 2 million kilos (2,294 tons) of illegal tobacco leaf were transported into Canada between 2014 and 2016. The tobacco was smuggled through the border crossings at the Lacolle border crossing in Quebec and the Landsdowne and Fort Erie land border crossings in Ontario. Police estimated the tobacco to be worth an estimated (US) \$13.5 million.

According to police profits from the sale were used to purchase cocaine from suppliers in Mexico.

Police seized more than 52,800 kilograms of tobacco, 836 kilos of cocaine, 21 kilos of methamphetamine, 100 grams of fentanyl and 35 pounds of marijuana. Police also seized more than \$1.5 million Canadian in cash and more than \$3 million U.S. in cash

The arrests took place as a result of 70 raids at residences and shops in Montreal and surrounding areas, as well as in Ontario. Almost 700 Canadian and U.S. police were involved in the operation. However, no searches or arrests took place on Kahnawake territory in connection with the investigation.

An organizational chart displayed by the Sûreté du Québec at a press conference shows a hierarchical structure to those involved in the smuggling conspiracy. The hierarchy includes the organizers of the operation, those involved in physically smuggling the tobacco leaves, and those involved in financial matters.

“They were really structured. They had contacts everywhere in the legal side of it also, in transportation,” Frederic Gaudreault of the SQ told CTV News.

At the top of the [organizational chart](#) is Sylvain Ethier, who owns a bar in Sainte-Therese, Que., called Prohibition. Below him is Raul Jean who police claim is the “right arm” to Ethier.

White, who is listed as the number three man on the organizational chart, said among all the people listed on the chart he only knows Jean, through the NASCAR circuit.

White turned himself into authorities on March 30 and faces seven charges in Canada. These include three counts of conspiracy to commit fraud against the government, three counts of fraud toward the government, and one count of participation in a criminal organization. The 45-year-old White is a member of the Mohawk tribe who lives in Kahnawake near Montreal. Police say he was one of the main organizers behind the smuggling operation. He became the first Native North American to start a NASCAR Sprint Cup race in 2014, according to NBC Sports. White was one of three people from Kahnawake that was charged.

White told the Kahnawake newspaper, the Eastern Door, that his charges were all related to the tobacco smuggling and denied any links to the drug trade.

According to APTN, “White was identified by police, but never charged, during the lead-up to Operation Cancun in 2008 which targeted a Mohawk-based marijuana smuggling operation in

Kahnawake and Akwesasne, a Mohawk community which straddles the Canada-U.S. border and sits about 120 kilometres west of Montreal.”

Another man listed on the SQ organizational chart is 38-year-old Jason Hill who lives on the Six Nations reserve in Ontario and is accused of organizing the purchase of the tobacco on the reserve. Hill and his wife Hill own the Burger Barn, a well-known eatery on the reserve.

The APTN claims that “While the SQ tried to highlight the so-called ‘Aboriginal organized crime’ angle of the operation, the agency provided little information to support the claim beyond evidence of tobacco smuggling. Many Mohawks see the tobacco trade as a sovereignty issue and consider the movement and sale of tobacco as a right. The Harper government made the sale and manufacturing of unlicensed tobacco products a Criminal Code offence. It had previously been a tax enforcement issue.”

Sources: [Bloomberg.com, March 30, 2016, Nascar Driver Derek White Targeted in Tobacco-Smuggling Operation](#); [NBC Sports, March 30, 2016, NASCAR driver faces seven charges in biggest tobacco-smuggling bust in North America](#); [CTV Kitchener, March 31, 2016, Six Nations authorities dispute account of raid in smuggling ring bust](#); [Global News, March 30, 2016, Quebec, U.S. police, RCMP bust drug, illegal tobacco ring with ties to bikers, reserves](#); [CBC News, March 30, 2016, SQ targets contraband tobacco, money laundering in raids](#); [ATPN.ca, April 1, 2016, Quebec police hunting for Six Nations owner of famed Burger Barn in connection with Op Mygale](#)

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A study, released by the Macdonald Laurier Institute in March, says Canada’s contraband tobacco and cigarette market is estimated at more than \$1.3 billion. The trade also has strong links to organized crime and terrorist organizations.

Authored by Christian Leuprecht, a professor of political science at the Royal Military College of Canada and senior fellow at the Macdonald Laurier Institute, the study estimates that the illicit cigarette market in Ontario alone is worth around \$500 million annually with forgone tax revenue between \$1.6 billion and \$3 billion.

In the report Leuprecht writes:

Canadians think of contraband tobacco and cigarettes as a nuisance at best, or a tax-revenue problem at worst, not in terms of organized crime or terrorism. This authoritative study of the size, scope, and operations of contraband tobacco and cigarettes in Canada reveals this to be a false dichotomy. Canadian law enforcement seizures of contraband tobacco routinely include high-powered weapons, hard and designer drugs, stolen vehicles and other merchandise, and lots of cash. Contraband tobacco is lucrative, it is produced and trafficked systematically alongside other illicit goods, and Canadian crime syndicates are heavily invested in its proceeds. Globally, money from contraband tobacco and cigarettes is a major source of revenue for the likes of ISIS, al-Qaeda, and Hezbollah, whose contraband fundraising activities in North America have been subject to indictments.

The study breaks the major sources of contraband tobacco in Canada into two categories.

The first is counterfeit cigarettes, usually arriving from overseas in shipping containers from China and Vietnam. The second is contraband tobacco which is smuggled into Canada and then manufactured into cigarettes on first nation reserves in Ontario and Quebec.

In a media interview, Leuprecht argues that tobacco smuggling and the trade in contraband cigarettes “is not primarily orchestrated by Aboriginals or Aboriginal communities, but rather that Aboriginal communities have become a cog in the organized crime syndicate machine.”

The report contends that contraband tobacco enforcement in Canada “is hampered by entangled jurisdictional issues, collective action problems within and across jurisdictions, scarce enforcement resources, legislative gaps, and, it seems, lack of a comprehensive plan, let alone strategy. There has been some institutional learning, and worthwhile innovations at different jurisdictional levels – federal, provincial, and First Nations.”

The report stresses that an exclusive reliance on enforcement is not the answer to this widespread and complex problem.

“Although law enforcement has a role to play, like so much other criminal activity, we are clearly not going to arrest our way out of this problem. Ultimately, a comprehensive strategy needs to change the incentive structures in place on both the demand and supply sides, optimize legislative and regulatory frameworks, and improve inter-agency and inter-jurisdictional coordination.”

Recommendations on how to stem the problem include “revenue sharing with First Nations” – more specifically, the administration of an excise tax by First Nations governments in Canada to produce “a sustained stream of revenue for community development and infrastructure projects” that can serve as “a significant incentive to reduce tax evasion in cigarette sales to non-Natives.” Other recommendations include more emphasis on halting diversions from legitimately grown tobacco in Ontario to the black market, creation of a “unified taxation structure for tobacco and cigarettes for all Canadian peoples, across provinces and reserves,” and public campaigns to raise awareness among Canadians about the links between contraband tobacco and organized crime.

Sources: [Leuprecht, Christian, 2016, *Smoking Gun: Strategic Containment Of Contraband Tobacco And Cigarette Trafficking In Canada*. Ottawa: Macdonald Laurier Institute;](#) [The Intelligencer, April 8, 2016, Contraband tobacco a widespread problem](#)

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The Government of Ontario announced in January that it is creating a new Contraband Tobacco Enforcement Team within the Ontario Provincial Police.

Located within the OPP’s Organized Crime Enforcement Bureau, the new team will be dedicated to investigating the smuggling and trafficking of contraband tobacco and will work closely with

local, provincial, national and international enforcement agencies to combat and eliminate sophisticated contraband tobacco networks across Ontario.

The team will also work with the Ministry of Finance's tobacco tax enforcement staff by sharing information and collaborating on contraband tobacco enforcement investigations. The Ministry of Finance will continue to provide tobacco enforcement through audits, inspections, and investigations.

“Combating and eliminating contraband tobacco is a priority for our government and what the new Contraband Tobacco Enforcement Team is all about, Yasir Naqvi, Ontario's Minister of Community Safety and Correctional Services is quoted as saying. “By strengthening the enforcement partnership between the OPP and the Ministry of Finance, we are taking a major step forward in breaking the link between organized crime and contraband tobacco and making our communities safer.”

According to a Government of Ontario press release, since 2008, more than 252 million contraband cigarettes, 4.1 million untaxed cigars, and 169 million grams of untaxed fine-cut or other tobacco products have been seized by the provincial Ministry of Finance.

New Brunswick also established a new 9-member Contraband Tobacco Enforcement Unit that will have the same authority as police in that province.

The National Coalition Against Contraband Tobacco (NCACT) welcomed these new units writing, “Experience in Quebec has shown that dedicated enforcement is an effective tool to reducing contraband.”

Source: [Ministry Of Community Safety and Correctional Services News Release, January 25, 2016, New organized crime squad to tackle contraband tobacco](#); [The National Coalition Against Contraband Tobacco Press Release, February 19, 2016, Anti-Contraband Enforcement Unit Important Step in Fighting Organized Crime](#)

ORGANIZED CRIME GENRES

Italian-Canadian Organized Crime

Italian-Canadian Organized Crime in Quebec

Following a quiet first two months of 2016, violence once again flared in Montreal's criminal underworld in March.

On the first day of that month, Lorenzo Giordano was shot and killed in the parking lot of the Carrefour Multisports, a private gym in Laval. Giordano was sitting in his car in the parking lot when he was shot at least once. He was taken to a nearby hospital and died within hours.

Police allege that the 52-year-old Giordano was a former high-ranking member of the Rizzuto crime family.

Daniel Renaud, a reporter at La Presse who has written extensively about organized crime in Montreal, described Giordano as a potential successor to the late Vito Rizzuto.

“He was seen as someone who could unify and take control,” said Renaud.

A Montreal Gazette article said that the police investigation targeted six men, including Giordano, who formed a committee to run the Rizzuto crime family after Vito Rizzuto was arrested in 2003 on a warrant from the United States.

As a result of Project Colisée, a lengthy RCMP-led investigation into the Montreal mafia, Giordano was charged with drug trafficking, illegal gambling, extortion and participation in a criminal organization in 2007. He eventually pleaded guilty to conspiracy and possession of the proceeds of crime and was sentenced to 15 years in prison in 2009, one of the harshest sentences handed out among those arrested. After two years he was transferred to another prison for his own safety after police learned there was a contract on his head.

Giordano was released from prison in December of 2015 and police feared he would attempt to take over the Montreal mafia, given its lack of leadership since the death of Vito Rizzuto in 2013. A written summary of the decision by the Parole Board to release Giordano after ten years reads, “Several concerns remain, specifically information obtained by police authorities, regarding your return to the community in the current context of instability within (the Montreal Mafia) ... And the fact that in this context, there is a possibility that you might resume your role of authority.”

The document describes Giordano as “an important player who threatened and carried out acts of violence against individuals who owed money to the organization for illegal betting.”

According to the parole document, Giordano was first arrested at the age of 23, for theft and conspiracy to commit theft. He was later caught with an unregistered restricted weapon and charged with owning weapons with the intent to traffic them. For years, he was considered to be the right-hand man of Francesco Arcadi, one of Vito Rizzuto’s top lieutenants and the man who allegedly took over from Rizzuto when he was jailed in the U.S.

Giordano was also a key figure in organizing the Rizzuto’s online gambling interests, which generated millions for the family. He was also known for his fiery temper and was involved in beating and shooting drug traffickers who operated in Montreal without the consent of the Rizzuto family.

Giordano’s death will contribute to the instability within the Montreal mafia, according to Pierre de Champlain a former RCMP intelligence analyst and organized crime author.

“The murder of Giordano taken as a whole is certainly, to me, a major coup for those who ordered it,” he said. “It conveys the message to everyone in the mob in Montreal that no one is really in charge now.”

Writing in the *Journal de Montréal*, Félix Séguin and Eric Thibault say the assassination of Giordano has helped to sound the death knell of the old guard of the Montreal mafia and has contributed to the slow death of the Rizzuto clan.

Less than a month after Giordano was killed, another man who police say was linked to the Rizzuto family was shot and seriously injured.

On March 28, Nino De Bartolomeis (aka Nino Brown) was shot at his home in Rivière-des-Prairies. After responding to 911 calls, police found the 44-year-old conscious but bloodied. The victim was taken to hospital. Reportedly, eight to nine shots were fired.

La Presse reported that De Bartolomeis had already been advised by police that his life was in danger. The newspaper says that he was the victim of a murder attempt not once but twice: in the fall of 2013 and the summer of 2015. One theory on the motives behind his shooting is that he was heavily in debt, to the tune of several hundred thousand dollars. In 2008, he was kidnapped because of these debts, but escaped. The men who kidnapped him were charged, but De Bartolomeis did not cooperate with police.

According to its sources, La Presse says De Bartolomeis was linked to Sergio Piccirilli, who himself has ties to the Mafia and the Hells Angels. At the time of the shooting of De Bartolomeis, Piccirilli was awaiting sentencing on a number of criminal charges.

Because of the recent violence, two other reputed members of the Montreal mafia who were recently paroled were returned to prison for their own safety. Francesco Arcadi and Francesco Del Balso were both granted parole in February of 2016 after serving sentences stemming from their arrest, as part of Project Colisée, and subsequent convictions for drug offences.

As part of his statutory release, the Parole Board of Canada described the 45-year-old Del Balso as a key member of the Montreal Mafia who was directly involved in corrupting Port of Montreal employees to help smuggle cocaine and marijuana into the city. Del Balso was also a major player in the Montreal mafia's gambling operations, according to the parole documents.

Being incarcerated did not initially change his ways, the decision notes, as he was able to recreate a “gang type model” to control “the underground economy within the institution.” This apparently included trafficking in drugs while he was in prison. Del Balso was placed in isolation for threatening and intimidating staff members.

And though Del Balso made improvements, the Board ultimately concluded that his values remained the same as when he entered: he was attracted to money, a luxurious lifestyle, power, control and had the “will to use violence to reach his goals.”

Despite releasing the 62-year-old Arcadi, the Parole Board concluded he had not reformed.

“You seem to be the same person you were when you arrived, more than seven years ago,” the Board noted in its parole report.

Sources: [Montreal Gazette, March 1, 2016, Lorenzo Giordano, linked to Rizzuto clan, gunned down in Laval](#); [CTV News, March 1, 2016, Contender to Rizzuto family throne killed in Laval shooting](#); [QMI Agency, March 1, 2016, 9 choses à savoir sur le mafioso abattu à Laval, Lorenzo Giordano](#); [Journal de Montréal, March 12, 2016, Le long déclin du clan Rizzuto](#); [La Presse, March 29, 2016, Tentative de meurtre dans Rivière-des-Prairies: la victime liée à la mafia](#); [Montreal Gazette, March 4, 2016, Montreal Mafia hit could spark others: crime experts](#)

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At the end of March, six men on trial for the murder of Salvatore Montagna pleaded guilty to conspiracy to murder at a Laval courthouse. The six men are Vittorio Mirarchi, Jack Simpson, Calogero Milioto, Pietro Magistrale, Steven D’Addario and Steven Fracas.

A seventh man, Felice Racaniello, pleaded guilty to a charge of accessory after the fact.

The plea bargains were the result of negotiations between the Crown and the defense counsel for the seven men. All of them will return to court in June to learn of their sentences. Conspiracy to murder carries a penalty of life imprisonment.

Raynald Desjardins, a former associate of Vito Rizzuto and a convicted drug trafficker, already pleaded guilty last summer to conspiracy to murder Salvatore Montagna.

Montagna was assassinated on November 24, 2011, in Charlemagne near Montreal. Montagna was a ranking member of New York City’s Bonanno crime family who had reportedly come to Montreal in an attempt to take over the Rizzuto mafia family while Vito Rizzuto was in jail.

Source: [Hebdo Rivenord.com, March 30, 2016, Sept hommes plaident coupable dans le dossier du meurtre d’un caïd de la mafia](#)

Italian-Canadian Organized Crime in Ontario (‘Ndrangheta)

On January 14, as the result of an on-going illegal video gaming machine investigation, code-named project Oeider, police executed search warrants at eleven Italian cafes that contained illegal gaming machines in Toronto and York Region.

Project Oeider is a joint investigation between the Combined Forces Special Enforcement Unit, the OPP, Organized Crime Enforcement Bureau (Illegal Gaming Unit), and the Toronto Police Service.

Search warrants were executed at the following locations in Toronto: Via Consenza Bar Café, 1248 Café, Capri Café, York Centre Café, Azzurri Social Club, Per Tutti Café, Tre-Sette Social Club, In Tre Café, Café 513, and Prima Tazz Sports bar. Café Corretto in Vaughan, Ontario was also searched by police.

As a result of their searches, police seized 74 illegal gaming machines and approximately \$200,000 dollars in cash.

According to a CFSEU press release dated January 14:

Cafes or Social Clubs that house illegal gaming machines have far too often been a focal point in criminal investigations associated to organized crime. Over recent years, there has been a marked increase in serious acts of violence, including targeted murders, at such establishments. Criminal violence, sometimes unreported in any formal complaint to police, also flows from the illicit gaming occurring within. Illegal gaming machines are a major source of revenue for organized crime groups and this revenue facilitates further criminal activities that pose a pervasive threat to Canadian communities. These searches and arrests will disrupt the criminal organization's flow of money and operations.

According to the National Post, the machines that were seized are "similar to slot machines at casinos, allow customers to gamble without government sanction, often in the backrooms of cafes or social clubs. Typically, only known, regular customers are allowed to play for money on the machines."

Although not expressly stated by the CFSEU, all of the illegal gaming operations are linked to the 'Ndrangheta in the GTA.

Antonio Nicaso, a Toronto-based international expert in organized crime, has in the past said that members and associates of the 'Ndrangheta have been buying up small cafes and bars and running gambling businesses out of them.

In total, police made 15 arrests. The names of those charged were not released at the time of the arrests.

"It is likely the arrests targeted the 'keepers' at each establishment, the people deemed responsible for deciding who is trusted enough to play for money, paying out any winnings and collecting, or reporting for other collectors, from those falling into debt, Adrian Humphreys of the National Post speculated. "It also seems likely a distributor of the machines to the clubs, perhaps even one person or group who supplied all of the machines, was targeted, perhaps accounting for the presence of a home on the list of raid targets."

Members of 'Ndrangheta groups in the GTA have a long history of using cafes and social clubs as meeting places or as their headquarters. Carmine Verduci, a member of one 'Ndrangheta clan, was shot dead outside Regina Sports Café in Woodbridge in 2014. In June of 2015, two people were shot dead at Moka Espresso Bar & Gelato, located in Woodbridge, just outside of Toronto. Police say the café was home to an illegal gambling operation. In November of 2015, the Grotteria Social Club in Woodbridge was firebombed. Police surveillance indicates it had been used as a frequent meeting place for members and associates of the 'Ndrangheta.

Cafés and social clubs in Montreal have also been used by the mafia group in that city, according to Humphreys.

In Montreal, the Rizzuto Mafia family used a café named after the Sicilian hometown they are originally from as a headquarters. Last year the Charbonneau commission into corruption in the construction industry of Quebec showed secretly recorded police video surveillance inside the café of the leaders of the Montreal Mafia meeting major construction company bosses who passed over large wads of cash. The mobsters are then seen dividing it up and stuffing it into their pockets or into their socks. After Montreal's powerful Mafia boss, Vito Rizzuto, was arrested, the first public signs of an underworld revolt were a series of firebombings targeting mob-linked cafés.

Sources: [Combined Forces Special Enforcement Unit Ontario Press Release, January 14, 2016, CFSEU dismantles illegal video gaming operation](#) [Combined Forces Special Enforcement Unit Ontario Press Release, January 15, 2016, Update: Illegal video gaming operation dismantled;](#) [Toronto Star, January 15, 2016, Police bust illegal gaming operation;](#) [National Post, January 14, 2016, Raids resulted in seizure of 74 illegal gaming machines and roughly \\$200,000 in cash;](#) [Vaughn Citizen, January 15, 2016, Vaughan cafe among 11 bars targeted by police for illegal gaming](#)

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On January 20, Alfredo (Freddy) Patriarca was found shot to death in the garage of an Etobicoke home. Police have not arrested anyone in the shooting. However, a Toronto police spokesperson did tell the media that the murder had all the signs of a professional hit in that the killer took just eight seconds inside the garage to shoot Patriarca dead.

The 42-year-old Patriarca has long been suspected of having ties to Italian-Canadian mafia families. Citing an unnamed police source, the Toronto Star wrote that he was frequently overheard on police wiretaps that were part of Project Colisée, a major investigation into Montreal's Rizzuto crime family of Montreal during the mid-2000s. During the investigations, police were conducting surveillance on one relative of Rizzuto and two twin brothers who were associated with the Rizzuto family. "The deceased had a close relationship with the twins and Rizzuto loyalists," the police source said. "He was close to both brothers."

Patriarca was previously wounded in a high-profile homicide allegedly connected to Italian-Canadian organized crime. As CBC News describes, "he was one of two men shot in the summer of 2012 as they sat together on the crowded patio of a College Street cafe. The men were among hundreds of people watching a Euro Cup soccer match in the neighbourhood's bars and restaurants that day when a gunman, dressed in a hard hat, construction vest and dust mask covering his face, approached them and opened fire with a handgun. Patriarca was sitting with John Raposo who was shot five times in the head and died from his injuries. Toronto police have since said Raposo was the intended victim of 'the targeted hit.'" Four people have since been charged in connection with that shooting, including Rabih Alkhalil (see earlier story on the Alkhalil brothers). Police have said the murder was likely related to an underworld dispute involving large quantities of cash and cocaine.

According to CBC News, Patriarca and his family "live in homes that are heavily secured, and rigged with surveillance cameras. But Patriarca's residence was under renovation, so he, his wife

and two children recently moved into a rented home. It was his wife who called 911 after discovering his body.”

A Toronto police spokesperson said that Patriarca “has never been charged with an offence in relation to organized crime.”

Sources: [CBC News, January 26, 2015, Etobicoke murder victim survived 2012 Little Italy patio shooting](#); [Toronto Star, January 31, 2016, Murder victim Alfredo Patriarca was picked up on Rizzuto wiretaps: police source](#); [Torstar News Service, February 18, 2016, Police downplay mob angle in Etobicoke man’s murder](#)

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By the end of January, another high-profile member of the ‘Ndrangheta in Toronto was murdered.

In the early evening hours of January 31, 87-year-old Rocco Zito was shot to death at his home on Playfair Ave. in Toronto.

According to police, a number of family members were home at the time of the shooting.

Fifty-one-year-old Domenico Scopelliti of Toronto reported to police that night to face first-degree murder charges. Scopelliti is Zito’s son-in-law.

For years, Zito was a senior member of the ‘Ndrangheta in Toronto.

One Toronto police officer who specializes in organized crime told Peter Edwards of the Toronto Star that Zito had retired from his criminal life. However, organized crime expert Antonio Nicaso retorted that “Retirement is not an option in the ‘Ndrangheta.”

Larry Tronstad, a retired RCMP staff sergeant who investigated Zito when he was with the Combined Forces Special Enforcement Unit in Toronto, told the CBC that Zito “was a well-regarded, highly respected member of the [Calbrian] Mafia” and had “few superiors” in ‘Ndrangheta.

According to Edwards,

His unassuming, compact look belied the fact he was considered by police to have been a leader of the local governing body of the ‘Ndrangheta, called La Camera di Controllo or the Crimini — and the belief he was once a strongarm for former Scarborough resident Alberto Agueci, who was tortured and murdered in 1961 after threatening to inform on the Magaddino crime family of Buffalo.

Zito was targeted by police in the mid-1980s, a project codenamed Otiz, his name spelled backward. Otiz was an attempt to catch him offering safe passage for Sicilian Mafia members fleeing crackdowns there in the 1980s.

Intelligence gathering proved a challenge for police, as Zito seldom spoke on the phone, preferring walk-and-talks on the street. He also often used hand gestures in place of words.

Zito tried for almost a decade to move to Canada from his native Calabria.

He was deported to Italy from New York City when nabbed as a stowaway in the late 1940s and then kicked out again when caught trying to sneak into Galveston, Texas, in 1949.

He was charged with murder in Italy in 1952, but that case was later dismissed.

Finally, in 1955, he was allowed into Canada, legally arriving in Montreal.

In 1967, Zito's name came up when police bugged the tomato plants of Hamilton 'Ndrangheta leader Giacomo Luppino, who was Violi's son-in-law.

Zito was charged in 1976 with working with Enio Mora to intimidate a witness in a dance hall shooting from testifying in court. Those charges went nowhere.

He was questioned by police about why he met in 1970 in Toronto with Paolo Gambino, of the Gambino crime family of New York City. A police source said he shrugged off the encounter, saying Gambino was the neighbour of a relative and that he needed some unspecified help.

He was also involved in money-lending and was sentenced to four and a half years in prison in 1986, after pleading guilty to manslaughter for clubbing a man to with a Millefiori liqueur bottle and then shooting him with a .38 revolver three times, all over an unpaid debt.

When he turned himself in for that crime, he refused to make a statement about the killing but did request medical treatment for a bullet wound in his leg.

Sources: [Toronto Star, January 30, 2016, Longtime mobster Rocco Zito shot dead in his home;](#) [National Post, January 30, 2016, 'Armed and dangerous' suspect surrenders to Toronto police in what may be Mafia-linked slaying;](#) [CBC News, February 2, 2016, Slain mobster Rocco Zito 'had few superiors,' says retired cop who investigated him;](#) [National Post, January 30, 2016, You'd never guess he was a Mafia chieftain': Longtime mob boss killed in violent attack in Toronto home](#)

Outlaw Motorcycle Gangs

Quebec

In January, the Parole Board of Canada has allowed Walter Stadnick – once one of the most influential members of the Hells Angels in Canada – to live at home.

He was arrested and charged in 2001 as part of Operation Springtime, a massive police investigation that targeted the Hells Angels in Quebec. More than 130 people were arrested, including 80 of Quebec's 106 full-patch Hells Angels members. At the conclusion of his trial in

2014, Stadnick was sentenced to 14 years and seven months in prison for conspiracy to murder, drug trafficking, and participation in a criminal organization.

Stadnick was granted permission to live at his home in Hamilton with his wife after staying in a community-based correctional facility for a year. During this time, he has been working as a motorcycle mechanic and has adhered to all his parole conditions. However, we will have to continue to adhere to strict parole conditions, including a curfew, a ban on riding or owning motorcycles, and a ban on owning more than one cellphone, and will have to wear an electronic bracelet with a GPS tracking device.

“You are noted to be engaged in your Correctional Plan and are characterized as having developed a respectful and appropriate relationship with your Case Management Team (CMT), displaying both maturity and motivation while under supervision,” the parole decision states.

Stadnick was paroled in December 2014. His sentence will in April of 2019, meaning he will have unrestricted freedom.

The 63-year-old Stadnick was one of the nine original members of the Quebec Nomads chapter under President Maurice (Mom) Boucher. While Boucher was busy prosecuting the infamous biker war with his rivals in Quebec, Stadnick was criss-crossing the country establishing a national Hells Angels drug pipeline.

Stadnick began his biker career with the Wild Ones MC in his hometown of Hamilton. But at the age of 26 his ambitions took him to Montreal where he applied for, and in 1982 was accepted into, the Montreal chapter of the Hells Angels.

In March, another former member of the Quebec Nomads chapter was paroled. During a hearing that month, André Chouinard convinced the National Parole Board to release him from a federal correctional institution to reside in a community-based facility. This was his first (and only successful) appearance before the parole board.

After a short deliberation, the commissioners accepted Chouinard’s parole application, stressing his release initially will be for only six months.

From 1995 to 2000, Chouinard was another influential member of the Quebec Nomads and, according to police, was a central player in the Nomad’s massive cocaine trafficking operation in that province.

Chouinard was also arrested as part of Operation Springtime and sentenced to 20 years and 2 months after being convicted of conspiracy to murder, drug trafficking, and participation in a criminal organization. The Crown argued along with another Michel Rose, another member of the Quebec Nomads, he had imported more than four metric tonnes of cocaine from Colombia into Quebec.

In another recent decision by the National Parole Board, 44-year-old Stéphane Faucher, the former president of the HA Puppet club the Rockers, was ordered to remain behind bars even though his statutory release date came and went in January 2013.

Faucher too was arrested as part of Operation Springtime and admitted to planting five bombs given to him by Mom Boucher outside Montreal police stations in April 1999 (none of which exploded due to malfunctioning detonators). Faucher, who agreed to become a Crown witness in Boucher's murder trial, was sentenced to a 12-year prison term in 2004.

The parole board decided to maintain Faucher's incarceration because he refuses to reside in a halfway house for the time that remains on his sentence.

Sources: [Toronto Star, January 13, 2016, Former top Hells Angel Walter Stadnick freed from halfway house](#); [Journal de Montréal, January 14, 2016, Coupable de complot de meurtres, un Hells Angel retourne chez lui](#); [La Presse, March 26, 2016, L'ancien «numéro trois» des Nomads obtient une semi-liberté](#); [Postmedia News, January 5, 2016, His fourth appearance before the Parole Board will eventually good for André Chouinard](#)

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A man who was shot and killed in a parking lot in a Montreal suburb the morning of March 21 may be linked to the Hells Angels, according to media reports.

Forty-two-year-old Yannick Larose was gunned down in broad daylight in the parking lot of a strip mall in Terrebonne. He was transported to a local hospital, where he was later declared dead. Larose was reportedly shot while driving in his car. One witness say then got out of the car and ran into a nearby swimming pool supply store. Larose was followed into the store by at least one man and shot three times.

Police believe there are at least two suspects who fled the scene after the attack.

Terrebonne police confirmed to one media outlet that the shooting is somehow linked to a fire set to a van parked nearby. Witnesses said they saw the assailants getting into a van that matched its description shortly after the attack, according to Terrebonne weekly Journal Le Revue.

Police didn't know the possible motive for the attack, however using vans as part of assassinations and then setting the vans ablaze is something that was common during the so-called biker war in Quebec during the 1990s.

According to the Montreal Gazette, "Larose is apparently close with Mario Brouillette, 43, once considered to be a leading figure in the Hells Angels gang in Quebec."

Sources: [Montreal Gazette, March 21, 2016, Man shot in Terrebonne may be linked to Hells Angels](#); [CTV News, March 21, 2016, One man shot dead in Terrebonne in gangland-style attack](#)

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In January, police in Quebec arrested several members of the Devil Ghosts MC, which police say is affiliated with the Hells Angels in that province. According to La Presse, the tactical squad of the Sûreté du Québec raided a meeting of club members in Val-David, located in the Laurentian Mountains about 80 kilometres north of Montreal. The raids, which took place on January 20, resulted in the arrests of several members suspected of drug trafficking in the Laurentians on behalf of the Hells Angels.

La Presse said the raids were part of an ongoing campaign by police in Quebec to slow the expansion of the Hells Angels and its puppet clubs in the province. Police say the Devil Ghosts MC was founded in 2010.

Four men aged 35 to 53, including three members of the Devil's Ghosts were arrested.

Police seized a prohibited weapon, 500 grams of marijuana, a small amount of cocaine, 12 jackets Devils Ghosts and an estimated 31 jackets saying "support 47." (The jackets are meant for associates and supporters of the club, as no one outside of the club can wear the Devil Ghosts name or colours. The "47" stands for the fourth and seventh letters of alphabet (D and G). The use of numbers to designate the first initials of a motorcycle club's name has long been used by the Hells Angels (e.g., "Support 81").

Last March, police raided the Montreal chapter of Devils Ghosts and arrested several people.

Source: [La Presse, January 20, 2016, Descente policière en pleine réunion de motards à Val-David](#)

Ontario

CBC News was reporting in the beginning of March that the Hells Angels is expanding its presence in the national capital region through the Red Devils puppet club.

"According to police, the Red Devils biker gang now has three branches here — one in Ottawa and two in Gatineau — and members are actively recruiting throughout the region, drafting newcomers from local biker gang Dark Souls Outaouais. Len Isnor, an expert on gang-related crime with the Ontario Provincial Police, says the Red Devils are helping to restore the influence of the Hells Angels in the national capital region."

The bottom rocker worn by all Red Devils members in the region sport the name "Ottawa" but there is, in fact, three sections: the Ottawa North and Ottawa East sections are based in Gatineau while the section is based in Ottawa itself. Most of the gang's Ontario members live in the Cornwall area, according to the CBC.

Isnor said the Red Devil's carry out much of the day-to-day criminal activities of the HA in the region, including drug trafficking, prostitution, and extortion. The Red Devils act as mid-level distributors between wholesalers – often full patch members of the HA or their associates – and street-level dealers.

The CBC states that the Hells Angels have become increasingly reliant on puppet clubs to do their dirty work.

In Quebec, the Hells Angels were effectively pushed out of the province in 2009, when police enacted a stunning sweep of the organization, arresting 156 people, including 111 full patch members. Ever since those raids disrupted operations, the Angels' leaders and members have become far more cautious, according to Sylvain Tremblay, a former investigator with Sûreté du Québec and expert on organized crime. Tremblay said rather than distributing drugs itself, the organization rents out territories to other gangs, who act as buffers between the Hells Angels and on-the-ground criminal activity. That means the group has essentially deputized people who are willing to take risks on its behalf, according to Tremblay. He believes the police fight against biker gangs will be increasingly difficult in Ottawa and Gatineau, due to the rise in new recruits.

Radio-Canada reported that the Ottawa North chapter of the Red Devils also controls cannabis and methamphetamine trafficking in the Abitibi-Témiscamingue region located in southwestern Québec, along the Ontario border. Members of this chapter would have taken over from associates of the Hells Angels that had been arrested in past police operations targeting drug trafficking in the region.

The Red Devils MC also have chapters in Montreal, Toronto, and Barrie. The official website of the Red Devils notes that the club was founded in 2001 and claims to be the “sole official support group of the Hells Angels worldwide.” Today, the Red Devils claim to have more than 130 chapters, all over the world. Like their mentors, the Hells Angels, the Red Devils official colours are red and white.

Among all the HA puppet clubs, the Red Devils may be the most exclusive. The first Canadian chapter was established in Ottawa expressly to serve the elite Nomads chapter in the region.

“It’s the motive of every Red Devils member to become a member of the Hells Angels,” the CBC quotes Len Isnor as saying.

Sources: [CBC News, March 7, 2016, Hells Angels resurgence in Ottawa and Gatineau concerns police](#); [Radio-Canada, March 7, 2016, La relève des Hells Angels s’établit avec force à Ottawa et à Gatineau](#)

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In January, police charged eight people and seized more than \$30,000 in drugs and \$10,000 in cash after raids on a Hells Angels clubhouse in Toronto and a residence in Oshawa.

Durham Regional Police began an investigation early that month after they allegedly observed a drug deal at a townhouse complex in Oshawa. Two people were arrested near the townhouse and police seized cocaine and fentanyl.

Search warrants were then served at the townhouse which resulted in the arrest of three more suspects. Police also found 240 grams of cocaine, 13.5 grams of marijuana, 25.8 grams of

cannabis resin, 12 fentanyl patches and \$9,420 in cash. A suspect who lived at the townhouse was also arrested in Toronto, which led to the seizure of 12.7 grams of cocaine, 20 oxycodone pills, and \$1,170 in cash.

A second search warrant executed at the clubhouse of the East Toronto chapter of the Hells Angels resulted in the arrest of two male suspects and the seizure of cocaine and oxycodone.

Source: [Global News, January 22, 2016, Raids at Hells Angels clubhouse in Toronto and Oshawa townhouse net \\$30K in drugs, 8 charged](#)

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Damion Ryan, a member of the Nomads chapter of the Ontario Hells Angels has been arrested in B.C. in January. Ryan was out on bail on drug and weapons charges filed in the Ottawa area when he was picked up by Vancouver police on January 29.

“Damion was arrested for an outstanding warrant in the 1400-block of Commercial Drive around midnight on Friday,” Sgt. Randy Fincham said. He appeared in Vancouver provincial court and was released on \$10,000 bail.

According to the Vancouver Sun, “On Jan. 16, Vancouver Police were called to the Penthouse strip club to investigate a fight that started inside but spilled out onto the street. When police reviewed security footage from the club, they allege they spotted Ryan violating his Ontario bail conditions by drinking alcohol and using a cellphone. That led to the warrant and his arrest.”

The 35-year-old Ryan is originally from B.C. and he had told his bail supervisor in Ontario that he was traveling west for Christmas.

The Vancouver Sun alleges that Ryan was “associated with the so-called Wolf Pack alliance while he was in Metro Vancouver. It consisted of some Independent Soldiers’ gangsters, some members of the Red Scorpion gang and some Hells Angels.”

The alliance was locked in a bloody gang war that resulted in the slayings of several high-profile gangsters including Red Scorpion Jonathan Bacon, Sandip Duhre and brothers Gurmit and Sukh Dhak.

Ryan’s name surfaced last year in a B.C. Supreme Court ruling in a gun case involving his associate Dean Wiwchar, who’s a suspect in the 2012 Duhre murder.

Police saw Ryan, Wiwchar and another man driving around a Burnaby neighbourhood where investigators believed they were hunting for someone. Ryan then accompanied Wiwchar and his co-accused Philip Juan Ley, to Mexico on April 18, 2012, the ruling said.

Ryan faced dozens of firearms charges in B.C. that were thrown out by a provincial court judge in Vancouver four years ago.

His lawyer successfully argued that the RCMP violated his Charter rights when they forcibly entered his Burnaby basement suite after shots were fired outside.

Ryan was wounded in a gangland shooting at an Oak Street restaurant in Vancouver on Dec. 12, 2010. Ten people were injured in the unprecedented shootout, which Vancouver police said at the time was in retaliation for the Oct. 16, 2010 assassination of Gurmit Singh Dhak at Burnaby's Metrotown Mall.

Ryan was sentenced to five years in 2005 in connection with a violent home invasion involving a marijuana-growing operation.

Source: [Vancouver Sun, February 2, 2016, Ontario Hells Angel busted by Vancouver police](#)

Manitoba

The federal government will keep more than \$800,000 in property seized from Dale Sweeney, the former president of the Manitoba Hells Angels. Sweeney was ordered by the courts to forfeit the property in January after it ruled it to be the proceeds of crime.

A Court of Appeal ruling upheld a previous court decision which stated that the property – which includes a Harley-Davidson motorcycle, a Corvette sports car, a Chevy Silverado truck, a boat and a trailer – were legally seized by police from Sweeney following his 2012 arrest in Winnipeg.

One of Sweeney's friends told the court he was the real owner of the property and it should be returned to him. The lower court judge rejected the claim, calling the man's version of events "late-coming and self-serving." The judge called the friend nothing more than a "nominee" of Sweeney's who tried to pull the wool over the court's eyes.

Sweeney's assets were frozen following his arrest in Project Flatlined, a Winnipeg police crackdown of a large dial-a-dealer operation that was operated by members of the Hells Angels and its puppet club in Winnipeg, the Redlined Support Crew. He is serving 11 years in prison.

In addition to the five items his friend claimed to own, the government also took possession of Sweeney's house.

Source: [Winnipeg Free Press, January 20, 2016, Federal government will keep \\$800K in property seized from Hells Angels](#)

Alberta

Dominic Vincent DiPalma Jr., a full-patch member of the Edmonton-based Westridge chapter of the Hells Angels, was arrested on February 10 on drug charges following an investigation by the Alberta Law Enforcement Response Team.

According to an ALERT Edmonton press release, the 35-year-old DiPalma Jr. was arrested at his southeast Edmonton residence along with nearly two kilograms of cocaine and other drug trafficking paraphernalia. In addition to the drugs, ALERT seized a total of just over \$100,000 cash proceeds of crime.

DiPalma was charged with possession for the purpose of trafficking, two counts of drug possession, and breach of recognizance.

ALERT alleges that DiPalma Jr. was trafficking the cocaine in Northern Alberta. ALERT began its investigation in August 2015 and concluded on February 10 with the search of three homes.

In April 2014, DiPalma was one of six Hells Angels members arrested on criminal organization charges, as part of a separate ALERT investigation. His arrest came two months after police found 1.8 kilograms of cocaine hidden in bathroom ceiling tiles at his Edmonton home. Police also found around 12 kilograms of marijuana in a metal shed on the side of the home. Another \$50,000 in bundled cash was also seized from that home, along with a money counter and drug-dealing paraphernalia. In a closet in the master bedroom, police found a loaded Beretta 9-mm handgun that was not properly stored or locked up.

His trial on the charges stemming from this case were settled in March of this year when DiPalma was convicted and sentenced to six years. He pleaded guilty to possession of cocaine for the purpose of trafficking, possession of marijuana for the purpose of trafficking, and possession of a loaded prohibited firearm.

Source: [ALERT Press Release, February 12, 2016, Hells Angels Member Arrested on Drug Charges](#); [Sherwood Park News, March 24, 2016, Hells Angels member jailed](#)

British Columbia

In February, two full patch members of the Kelowna chapter of the Hells Angels went on trial in Vancouver for their alleged involvement in a plot to purchase more than 500 kilograms of cocaine.

David Giles, the vice-president of the Kelowna chapter, Bryan Oldham, the chapter's sergeant at arms, and three associates were arrested and charged in the conspiracy.

Both Giles and Oldham pleaded not guilty to all the charges laid against them.

In his opening address, Crown counsel Chris Greenwood said Giles and Hells Angels associate Kevin Van Kalkeren were the principal negotiators in a plot to purchase more than 500 kilograms of cocaine for over \$14 million.

Greenwood told B.C. Supreme Court Justice Carol Ross — who is hearing the case without a jury — that Van Kalkeren provided the money as well as his experience in trafficking in marijuana.

“Mr. Giles lent his name to the deal, including the fact that he was a Hells Angel and he backed up Mr. Van Kalkeren in the negotiations and the deals,” said Greenwood.

Van Kalkeren pleaded guilty on February 24 to conspiracy to import cocaine.

According to the Province newspaper, “Greenwood described a reverse sting operation in which undercover RCMP officers met with the alleged conspirators in Canada, Mexico City, and Panama. The conspirators believed they were purchasing cocaine from a South American drug organization and had plans to distribute the drugs both locally and in Canada’s three largest cities, he said. By the time the investigation was complete, the conspirators had provided close to \$4 million in cash, which represented payment in full for the first 200 of 500 kilograms of cocaine, said the prosecutor.”

Oldham agreed in his capacity as a Hells Angel to stand in Giles’ shoes and do whatever was necessary if anything happened to Giles, Greenwood told the judge.

“He was an insurance policy. He knew he was committing to a deal involving up to 500 kilos a month, Greenwood said in court. “This was a precondition of completion of the deal, that it was backed by another Hells Angel.”

James Howard, one of the three Hells Angels associates, was a partner of Van Kalkeren and joined the conspiracy after the initial negotiations, said Greenwood.

“He was also responsible for transport of the cocaine, testing the cocaine and assembling and supervising a crew of employees who were going to take possession.”

Michael Read was an “employee” of Van Kalkeren and allegedly performed various jobs to assist in achieving the objectives of the conspiracy.

Howard, Michael, and Womacks had already pleaded guilty to charges related to the conspiracy.

The investigation, dubbed “E-Predicate,” lasted more than 20 months and involved Canadian, U.S., Mexican and Panamanian law enforcement agencies. It focused on the production of marijuana to fund the importation of cocaine to Canada.

In 2008, Giles was acquitted of possession of cocaine for the purpose of trafficking in connection with a major RCMP crackdown on the Hells Angels. Two of Giles’ co-accused, however, were found guilty of possession of cocaine and trafficking cocaine.

Sources: [The Province, February 22, 2016, Prosecutor outlines sting operation linking B.C. Hells Angels leaders to international cocaine conspiracy](#); [Castanet.net, February 23, 2016, Hells Angels on trial](#); [Osoyoos Times, February 24, 2016, Osoyoos man pleads guilty for his role in massive drug trafficking ring](#)

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The Hells Angels have lost another bid to regain control of their Nanaimo clubhouse, which was temporarily seized by the B.C. government more than eight years ago.

The province seized the clubhouse in 2007 under the Civil Forfeiture Act. The property has been in the possession of the provincial civil forfeiture office since then. Trial on the matter of the forfeiture of the three clubhouse has been set for May 2017.

In November 2007, a B.C. Supreme Court judge made an interim preservation order giving the provincial government's Director of Civil Forfeiture temporary possession of the clubhouse pending the outcome of the bid by the director to seize the premises permanently. The director alleged that the clubhouse is used by the Hells Angels as an instrument of unlawful activity and therefore should be taken away from them permanently.

In March 2009, the B.C. Supreme Court granted a continuing preservation order for the director.

The case was complicated in 2012 when the Director of Civil Forfeiture applied to seize two more Hells Angels clubhouses, in Vancouver and Kelowna. And the Hells Angels now are claiming that their rights were violated by the forfeiture actions.

The director was eventually forced to amend his lawsuit to drop the allegation that the clubhouses had in the past been used to facilitate crimes. Under a new lawsuit, the director is alleging the clubhouses are likely to be used in the *future* to engage in criminal activities. The dramatic change in the lawsuit meant that much of the evidence used by the director to obtain the initial preservation orders now is irrelevant to the case.

Lawyers for the Hells Angels Motorcycle Corp., Angel Acres Recreation, and Festival Property Ltd., and several individuals applied to set aside the 2009 orders and asked B.C. Supreme Court Justice Barry to allow Angel Acres Recreation and Festival Property Ltd. to regain possession pending the 2017 civil trial.

However, in a ruling released in February, Justice Davies dismissed the application and upheld in director's orders saying that there is enough evidence that the Hells Angels use their clubhouses to engage in crimes. Davies' ruling says the director of civil forfeiture may also seek the seizure of clubhouses in Vancouver's east end and Kelowna in the May 2017 hearing.

Sources: [The Province, February 4, 2016, Hells Angels suffer setback in effort to block forfeiture of Nanaimo clubhouse](#); [Canadian Press, February 4, 2016, No place to play](#)

ORGANIZED CRIME ENFORCEMENT

In March, RCMP Commissioner Bob Paulson told the Vancouver Sun's editorial board that some major investigations targeting organized crime are on hold. This is because some 500 Mounties who were working on organized crime investigations have been moved to national security and terrorism cases.

“That number of trained and experienced officers absent from the organized crime fight impacts our efforts on organized crime,” Paulson said. “It is a significant percentage because we are taking the people with the experience in terms of evidence collection, wiretaps, search warrants and interrogations, high-value investigative techniques, that we bring to organized crime and we are putting them on terrorism cases.”

Paulson said a major organized crime investigation could potentially involve dozens of police officers and civilians working on a single file for a number of years.

“It takes between 40 and 100 people to run a full-sized project and that’s a multi-year, wiretap, agent, undercover operation. That’s a big enterprise,” he said. “So you are looking at, in effect, probably four or five project-style targeting initiatives that aren’t being deployed.”

With that said, he did emphasize that there is still a national strategy in place to prioritize major targets involved in criminal organizations.

“We are hitting the highest priority targets, going after the highest priority targets, with the view to impacting the organized crime groups the most,” he said.

The reallocation of resources was initiated soon after the terrorist attacks in St-Jean-sur-Richelieu, Quebec and Ottawa in October 2014. Almost immediately, approximately RCMP members dedicated to organized crime enforcement were re-assigned. That number later doubled to 600, but is now at the 500-mark, Paulson said.

The Trudeau government’s first budget provided no additional operational funding for the RCMP or Canada’s other federal enforcement agencies to combat either organized crime or terrorism. There was new funding, however, for cybersecurity and “counter-radicalization,” which fulfilled campaign pledges. Funds were also allocated for a new RCMP forensic laboratory and upgrades to existing training facilities.

As they prepare for the next budget cycle, the RCMP have launched two reviews in a bid to come up with a new, fully funded policing strategy.

Paulson told the Vancouver Sun editorial board that the RCMP is currently undertaking “a very comprehensive review of our federal resourcing with a view to making the case exactly to government that this many people need to be in national security, this many people need to be in organized crime.”

Sources: [Vancouver Sun, March 31, 2016, Top Mountie says fewer officers dedicated to organized crime cases](#); [Globe and Mail, March. 25, 2016, RCMP plans to make case for more officers and funding](#)