

PART I

INTRODUCTION TO ORGANIZED CRIME IN CANADA: A HISTORICAL, EMPIRICAL, AND THEORETICAL OVERVIEW

The first part of this textbook consists of four chapters that provide an overview of organized crime (OC). Chapter 1 outlines a brief history of OC in Canada, which is meant to provide some historical context and reference points for the analyses to come in subsequent chapters. Chapter 2 discusses the different ways OC has been defined and conceptualized and how it is distinct from other categories of crimes. Chapter 3 provides a more detailed description of what constitutes an organized criminal association (OCA) by enumerating key characteristics through a typology created for this textbook. The fourth chapter explores theories regarding the onset and proliferation of OC in Canada. Theories and conceptual models on the different structures of OCAs are also presented. Some of the questions you should be able to answer after reading these chapters are:

- What are some of the key developments in the history of OC in Canada? How has it evolved over the years? How has it stayed the same? How does this history influence OC today? Does it contribute to forging a distinctive Canadian conceptualization of organized crime?
- How has OC been defined and conceptualized?
- What are some of the distinguishing characteristics of OC as identified by definitions, descriptions, and conceptual models? Are there any universal characteristics?
- What are some of the theorized causes of organized crime? How do they compare to theories of crime generally? How are they applicable to Canada?
- What are the different conceptual models on how criminal offenders organize themselves (the structure of OCAs)?
- What are some of the challenges, critiques, and controversies that have accompanied these definitions, theories, and conceptual models?

2 PART I INTRODUCTION TO ORGANIZED CRIME IN CANADA

- What are the similarities and differences between OC and other types of crimes, including “unorganized” crimes (interpersonal predatory crimes, mostly involving theft or assault, that are committed by individuals acting alone or in small groups), as well as other forms of organizational crime (corporate crime, state crime, terrorism) and deviant groups (e.g., street gangs)?
- What kinds of harm stem from OC? Why are these harms considered more detrimental to society compared to those stemming from “unorganized” crimes?
- To what extent does an understanding of the definitions, descriptions, theories, and a history of OC in Canada contribute to a distinctively Canadian conceptualization of OC? In other words, does Canadian organized crime carry any distinctions that distinguish it from that of other countries?

1

A BRIEF HISTORY OF ORGANIZED CRIME IN CANADA



CHAPTER OUTLINE

- Introduction and Overview
- Pre-19th Century: Pirates and Privateers off the Atlantic Coast
- 19th Century: Land Pirates, Thieves, Smugglers, and Counterfeitors
- Late 19th and Early 20th Century: The Genesis of Modern Organized Crime
- 1920 to 1933: Prohibition in North America
- 1930s to 1980s: The Ascendance of the Italian Mafia
- 1980s to the Present: The Proliferation, Diversification, and Internationalization of Organized Crime
- Conclusion: What Does History Tell Us about Canadian Organized Crime?

LEARNING OUTCOMES

After reading this chapter, you should have a thorough understanding of the following:

- The history of organized crime (broadly defined) in Canada
- The different epochs in the history of organized crime in this country
- How organized crime has evolved over the centuries and how it has stayed the same
- The important historical developments in the modernization of organized crime
- How modern organized crime in the 20th and 21st centuries finds its precedence in the criminal activities and groups of previous centuries
- How smuggling represents a historical mainstay in organized criminality affecting Canada
- How dominant institutions and characteristics that have shaped Canada have also contributed to and shaped organized crime in this country
- The extent to which a history of organized crime sheds light on a distinctively Canadian organized crime

INTRODUCTION AND OVERVIEW

Even before the term *organized crime* was popularized in the early part of the 20th century, there existed within North America different forms of criminal conspiracies and organized groups that exhibited the hallmarks of OC (multiple offenders committing serious and profit-oriented crimes on an ongoing basis). Pirates were the first type of organized criminal associations operating in North America. During the 19th century, criminal gangs were formed around robberies (banks and trains mostly), cattle rustling, smuggling (liquor, cigarettes, opium, and people), and currency counterfeiting. The criminalization of heroin (and then cocaine and marijuana) in the first quarter of the 20th century was a significant catalyst for OC in North America. The use of the telegraph system to call horse racing led to well-organized underground transcontinental betting and bookmaking operations. The genesis of the so-called Italian Mafia in Canada can also be found in the early part of the 20th century in the form of secret societies made up of expatriate Italians who extorted their fellow compatriots. Prohibition was perhaps the single most important turning point in the modernization of organized crime in North America: a highly profitable underground market in illegal liquor led to far greater levels of organization, sophistication, and profitability while spurring gangsters to focus more on consensual crimes that catered to public vices. Because Canada was the main exporter of booze to a dry America, Prohibition gave rise to an unprecedented level of organized criminality and corruption in this country while drawing Canada further into the web of American OC. Immediately following the repeal of temperance laws in the 1930s, the most profitable organized crimes were illegal gambling (through clandestine casinos) and bookmaking (taking bets on horse racing and sporting events). It was also during the 1930s that Italian OC in the United States began to mutate into the distinct Mafia “families” that extended their reach into Quebec and Ontario.

Throughout the postwar years, the ever-increasing demand for illegal drugs would fuel the proliferation, wealth, internationalization, and power of OCAs in Canada and throughout the world. With the assistance of their Canadian crews, American Mafia families became part of some of the largest heroin trafficking conspiracies in the world. Heroin would also fuel the rise of Asian crime groups, while cocaine would turn Colombian and Mexican “cartels” into some of the biggest transnational OCAs in the world. By the start of the 21st century, law enforcement had identified hundreds of criminal groups and networks in Canada. Among the most dominant today are the Italian Mafia (Montreal’s Rizzuto family and the various ’Ndrangheta clans of Ontario), English and French Canadian motorcycle gangs (in particular, the Hells Angels), as well as Chinese criminal networks.

As the number of OCAs multiplied, so did the range of profit-oriented organized criminal activities. Crimes that catered to the public’s demand for illegal or highly regulated goods and services—in particular, drugs, cigarettes, liquor, counterfeit goods,

migrant smuggling, and gambling—were the biggest money-makers. Since at least the early 1990s, there also appears to have been a significant uptick in well-organized predatory crimes, including fraud and counterfeiting. Thefts also were becoming more organized, as evidenced by sophisticated vehicle theft, cargo theft, and even identity theft. As the 21st century progressed, cybercrimes, including fraud schemes that victimize millions and drug markets on the “dark web,” broadened the reach of organized crimes and illicit markets. Frauds that took advantage of the COVID-19 pandemic came to personify the opportunistic, predatory, and heartless nature of organized crime.

PRE-19TH CENTURY: PIRATES AND PRIVATEERS OFF THE ATLANTIC COAST

It can be said that the first OCAs in North America were **pirates** operating off the Atlantic coast. To be able to hunt down and pillage their victims, pirate ships required many of the essential trappings that would come to define OC: multiple offenders, a focus on profit-oriented crimes, the use of intimidation and violence, a code of secrecy, access to black markets to sell their stolen wares, and connections with the economic and political elite to finance, protect, and sanction their predatory crimes. Pirates captured and plundered their “prizes” by outnumbering and overpowering victims, so ships that could carry large crews were preferred. Some of these recruits joined willingly, while others were “press-ganged” (forced) into the occupation.

Pirate ships relied heavily on intimidation to steal from other ships, whether it was the sight of a fully manned deck, a well-armed hull, or the raising of a pirate flag. Whenever a pirate ship was ready to attack, the **Jolly Roger** would be hoisted at the top of the mainsail to signal its intentions and to scare victims into submission. Hundreds of years later, similar tactics would be adopted by the outlaw motorcycle gangs (OMGs), such as the Hells Angels, whose winged-head death skull insignia is a latter-day version of the pirates’ skull and crossbones.

The master pirate had to be a ruthless warrior, a competent sailor, and an astute navigator and tactician to locate and track down lucrative prey, as well as a disciplinarian to keep order among a rough, unruly, and potentially mutinous crew. To ensure order while at sea, pirate captains had to implement rules, regulations, and a code of conduct, a practice that would be emulated by such 20th-century criminal descendants as the Italian Mafia, OMGs, and the Russian *mafia v zakone*.

Like their modern-day criminal counterparts, pirates were wholly concerned with financial gain, and a few of the most successful pirate captains were able to live a life of luxury and even buy their way into nobility with the riches they harvested from their unlawful ventures. Available to pirates were numerous revenue-generating opportunities—the most common, of course, was to rob ships of their cargo and to strip



Photo 1.1: Blackbeard the Pirate, 1724

Source: Engraved by Benjamin Cole (1695–1766), via Wikimedia Commons

them bare of their sails, navigational equipment, weapons, and anything else of value. Port towns were also targeted, not only for their valuables but to refit ships, restock supplies, and recruit crew members. Some pirates were also known to use extortion, such as blockading harbours and trade routes and then charging a fee for any merchant vessel that wished to pass.

To dispose of their seized bounty, some pirates were part of a network of black marketers. These mercantilist fences included prominent merchants and traders,

CRITICAL THINKING EXERCISE

Reflect on the comparison between pirates and modern OCAs. In addition to the similarities noted in this chapter, what are some of the main differences? In your opinion, did pirates set a historical precedent for OC in Canada, or is this assertion too simplistic?

including some from nobility, who sold or bartered stolen goods and captured ships. As Woodiwiss writes, piracy was an occupation that was “well protected” by the economic and political powers of France, England, and other European countries. Like modern-day OCAs, a reliance on corrupt government officials greatly benefited pirates as “measures taken against such abettors of piracy were, for the most part, ineffective since all too frequently those responsible for executing the law were themselves notorious offenders” (Woodiwiss, 2001: 29).

Newfoundland became a major epicentre for pirates during the 17th and 18th centuries because of its profitable fishing industry, growing labour force, evolving infrastructure to service and supply seagoing vessels, and strategic location astride the navigation route between Europe and the New World. Fishing vessels, merchant ships, and coastal towns were repeatedly targeted by pirates. Pirate ships also came to Newfoundland to rest, repair, pick up supplies, and conscript sailors. The earliest record of a pirate ship off the Grand Banks was in 1517. The *Mary Barking* and the *Barbara*, two British ships that had been outfitted for the Newfoundland fishery, turned to piracy as soon as they arrived in the New World. Soon, the main draw of Newfoundland for pirates was as a staging area for excursions into the more profitable waters of the Caribbean and South America. Because Spanish ships followed the Gulf Stream when sailing from South America to the old country, they often came within only a few hundred miles of the Newfoundland coast. Thus, it was in 17th-century Newfoundland, according to Harold Horwood and Ed Butts (1984: 2), that the “pirate captains set up forts, careenages, docks; recruited shipwrights, sail-makers, iron-workers, deckhands by the thousands; then sailed south, well equipped to deal with the merchant ships of all nations, including their own.” As the authors note, there were three classes of English pirates during this period: those who attacked only the ships of their enemies, those who attacked ships of any foreign power, and those who attacked anything, including the ships of England (13).

By the mid-18th century, Nova Scotia would surpass Newfoundland as British North America’s centre for seafaring thieves, and for the next 70 years, it would be both

Case Study: The “Notorious Pyrate” Peter Easton

One of the most successful pirates operating from Newfoundland was Captain Peter Easton, whose criminal pursuits also took him to the Caribbean, the Spanish Main, and the English Channel. Easton originally came to the eastern seaboard of North America in 1602 after he was commissioned by Queen Elizabeth I to take three British warships to Newfoundland, when England was at war with Spain, to protect the Newfoundland fishing fleet from Spanish attacks. When James I came to the throne in England in 1603, he decreased the size and power of the English navy, and Easton’s commission was terminated. As a result, Easton and the

members of his crew were stranded in Newfoundland without pay. It was then that Easton began to organize pirate crews. Along with his officers, he commandeered the British naval vessels and set out to plunder ships and coastal communities.

By 1610, Easton was being described by his contemporary Captain Henry Mainwaring (the man commissioned by the English Crown to capture Easton) as a “notorious pyrate” (Manwaring, 1920: 6–7). At any one time, Easton was said to have commanded between six and ten ships and had hundreds of men in his employ. The Spanish colonies of the Caribbean and their treasure galleons were among Easton’s favourite prey, but he also victimized ships and settlements along the Newfoundland coast. That summer, Easton invaded harbours along the Grand Banks with a fleet that was described by Sir Richard Whitbourne in his 1622 book as “ten sayle of good ships well furnished and very rich” (12). Easton plundered 30 English vessels in St. John’s Harbour and robbed French, Portuguese, and Flemish fishing vessels at Ferryland. As part of these latest raids, Easton recruited or forced into his service some five hundred men (Galgay & McCarthy, 1989: 3; Gosse, 1976: 129). Easton also plied his trade back in his home country. From the mouth of the River Avon in Bristol, he extorted ships moving into and out of the Bristol Channel by demanding a fee for their safe passage. Easton’s predatory services had been secured by Sir John Killigrew, the vice admiral of Cornwall, who secretly financed Easton’s trip back to England and took a cut of the money he wrung from merchant vessels. The **extortion** operation that Easton and Killigrew carried out would become a hallmark of OC groups throughout the 20th century.

Easton’s cunning was so remarkable that despite the efforts of the British Admiralty, he was never captured. Today, Peter Easton is considered a folk hero in Newfoundland, and a monument has been erected to his memory at the site of his old fort in Harbour Glace (Galgay & McCarthy, 1989; Gosse, 1976; Horwood & Butts, 1984; E. Hunt, 1979; Manwaring, 1920; Purchas, 1979/1625; Schneider, 2016: 12–15; Whitbourne, 1870/1622).

a victim of and a staging ground for pirates and privateers during times of war. Between 1750 and 1815, Nova Scotia was at the front and rear of naval battles staged off the Atlantic coast during a succession of wars that pitted Great Britain against France, Spain, and American revolutionaries. During the 18th and early 19th centuries, Nova Scotia produced some of the most successful wartime **privateers** in the world.

During the War of 1812, privately owned vessels sailing out of Halifax, Liverpool, Shelburne, and Annapolis Royal roamed the North Atlantic and even ventured as far south as the Spanish Main in search of American enemy merchant ships. A privateering cruise from Nova Scotia began when merchants, investing their own capital, petitioned the colonial governor for permission to launch a ship in search of prizes. Private ships

Key Term: Privateer

In essence, privateers were pirates who were issued licences (called *letters of marque*) by the sovereign or government of their country empowering them to rob merchant ships belonging to enemy countries in times of war. These mercenary commerce raiders sailed on armed, privately owned ships that acted either as a substitute for or an adjunct to a country's navy. "Privateering was an essential element to marine warfare," Maritime historian Dan Conlin writes, "especially in colonial theatres like Nova Scotia, where it was seamlessly integrated with normal commerce and complemented state navies such as the Royal Navy" (Conlin, 1998: 79).

of war sailing out of Nova Scotian harbours and other British colonies operated under strict regulations established by the Crown. No vessel could officially go prize hunting without first obtaining a letter of marque from the governor. A regular account of captures and proceedings had to be kept in a logbook, and any valuable information obtained by the privateer about the enemy had to be recorded and reported to the Vice Admiralty Court. All prisoners were also to be turned over to the court. Privateers were forbidden to kill in cold blood, torture, maim, inhumanely treat, or ransom any prisoner (Marsters, 2004: 6; Nichols, 1908: 112). Crews of Nova Scotian privateer ships averaged between 40 and 50 men. Among the most important of the crew members were the **prize masters**, who were responsible for sailing captured enemy vessels back to port while the mother ship continued her search for more victims (Kert, 1997: 157).

Faye Kert states that privateering became a significant contributor to the Maritime economies while also adding to government coffers through "a steady supply of prize cargoes" (Kert, 1997: 9). Privateering also provided a locally managed wartime defence, especially given the Royal Navy's neglect of the Canadian colonies. As Thomas Raddall (1958: 7) observed, "The privateers of Nova Scotia were the first warships to be built, owned, manned and commanded on the high seas entirely by Canadians. In them, the Royal Canadian Navy had its humble beginning." For Horwood and Butts, "the War of 1812 was Canada's war of independence when native Canadians, led by small groups of British regulars, fought off the one major attempt to take their country by force of arms." And it was the privateers, mainly those sailing out of Nova Scotia, who were "the principal line of defence that prevented Upper and Lower Canada, New Brunswick, and Nova Scotia from becoming American territories and eventually American states." Out-capturing their American counterparts four to one, Canadian privateers "won the war at sea" (Horwood & Butts, 1988: 72–73). The War of 1812 was the last international conflict in history where private navies played a significant role. By the middle of the century, most nations agreed to abolish privateering, and increased naval and coastal enforcement also made the pirate ship a relic of the past. The last hanging in Canada for piracy took place in Halifax in 1809.

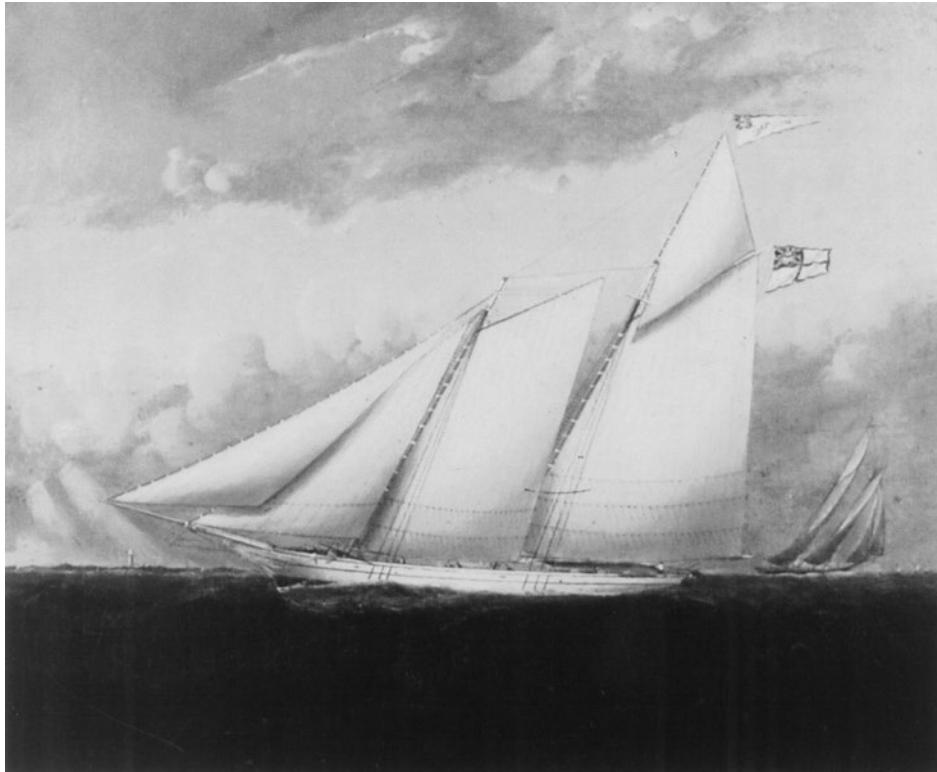


Photo 1.2: The *Liverpool Packet*, which sailed during the War of 1812, was one of Nova Scotia's most successful privateer vessels, capturing hundreds of American merchant vessels

Source: Reprinted with permission from the Queen's County Museum, Nova Scotia

CRITICAL THINKING EXERCISE

Maritimers are very proud of their privateering history and the role it played in resisting annexation by the American revolutionary forces. Do you believe that privateers should be considered as organized crime? In your attempt to answer this question, consider whether today's standards and definitions should be applied to historical periods. In other words, privateering was a legal activity before 1825, so legally it would not have been considered organized crime.

19TH CENTURY: LAND PIRATES, THIEVES, SMUGGLERS, AND COUNTERFEITERS

By the mid-19th century, the sea pirate was replaced by the frontier outlaw as the fabled criminal of the epoch. The “spread of crime in the rural districts of this province, is daily more alarming,” warned a February 6, 1846, article in the *Toronto British Colonist*: “We hear of gangs of horse thieves, and of burglars of every description, prowling about the country in organized gangs, and the peaceable inhabitants have to guard themselves and their properties against the nocturnal depredations of these bandits.”

Case Study: The Markham Gang

Between 1844 and 1846, newspapers in southern Ontario were filled with stories on a criminal gang made of British loyalists operating in the Markham Township of Ontario. The so-called Markham Gang, an “extensive and organized gang of rogues,” was responsible for “a great many daring burglaries and other crimes” in and around the township of Markham (*Toronto British Colonist*, Feb. 30, 1846). In a June 13, 1845, article, the *Toronto British Colonist* estimated that at any one time, the gang included as many as 19 men, although 6 were considered the group’s leaders or more chronic offenders. The Markham Gang represented one of the more sophisticated criminal groups at the time. One of their distinguishing features was the systematic planning and careful reconnaissance that preceded their crimes. “From the nature of the robberies committed by them, the parties were evidently quite familiar with the habits and mode of living of those they have robbed,” the *Toronto British Colonist* reported in 1845. “They always watched the most favourable opportunity to enter the houses, so as to escape detection and save their booty.” The gang relied on a network of informants and spies who roamed the countryside and townships gathering information on potential victims. Some of the gang’s operatives were travelling salesmen or tradesmen who scouted on a part-time basis. One even gained entrance into a home on the pretext of being a roaming Methodist minister. He read psalms and prayed with the family in exchange for food and lodging, all the while trying to determine the location of their valuables (Arculus, 2003: 19).

The well-organized and disciplined nature of the criminal group was reinforced by a strict code of secrecy and loyalty. Each member pledged “to adhere to their rules and never to betray their secrets on the pain of certain death,” the *Toronto British Colonist* newspaper stated on July 9, 1846. Gang members also had to follow strict rules to avoid incrimination. They were never to take stolen items to their own homes or to try to fence the goods in their own community, and, if captured,

they could not reveal the identities of their co-conspirators. All communication among gang members had to be oral, and special horseback messengers were employed to communicate over long distances. Violence and intimidation were also used to deter anyone from “taking proceedings against the robbers, from the fear that the greater evils of fire and murder would be inflicted upon them by this desperate gang” (*Toronto British Colonist*, Jul. 9, 1846). Even judges, police constables, and jurors were not immune to these intimidation tactics; some magistrates were accused of refusing to sign arrest warrants against gang members for fear of reprisals (Arculus, 2003; *Toronto British Colonist*, Jun. 13, 1845; Jul. 9, 1846).

During the time the Canadian West was being settled in the 19th century, organized criminality also included illegally distilling and selling liquor—which predated the same consensual crimes that would transform organized crime in the first half of the 20th century. By the 1860s, Western Canada was inundated with whiskey traders. Like the fur traders in New France two centuries before, this parasitic profession was forged on the poisoned and dead bodies of Indigenous people who were given cheap liquor in return for valuable buffalo pelts. At first, the independent whiskey traders operated from wagons and horseback. As business increased, they built forts, which were fortified with rifle ports and small cannons. A few of the names of the forts located in Canada even suggested the unsavoury character of these outposts. Fort Standoff was named for the time a band of smugglers “stood off” an American marshal who had pursued them over the border. Fort Slideout received its name after the occupants “slid out” one night to escape a war party of Kainai Nation (Blood Tribe) people determined to kill the men who had been poisoning their people. Another post was simply called Robbers’ Roost.

Of all the whiskey posts, the most notorious and successful was Fort Whoop-Up. Built in 1869, a few kilometres from what is now Lethbridge, Alberta, it was the brain-child of Al Hamilton and Johnny Healy. Fort Whoop-Up was open for business in the fall of 1870, financed mostly by Isaac Gilbert Baker, a wealthy American fur trader based in Montana. The fortress, which was built by 32 men under the supervision of a former Hudson’s Bay Company master carpenter, featured heavy timbers and thick walls loopholed for rifles and a stockade. Windows were fitted with iron bars, while a cannon was mounted on one bastion and a howitzer on the other. The exterior walls were over four metres high and topped with sharpened stakes. Heavy log roofs were laid across the partitions and covered with earth to protect the buildings from flaming arrows. Three wickets were carved out of the walls to facilitate trade, and a large gate made of oak was built to admit wagonloads of supplies. At any one time, dozens of men worked at the fort trading homemade liquor for furs, rifles, and cash (Berry, 1953: 32; Horwood & Butts, 1984: 167–84).



Photo 1.3: Exterior of Fort Whoop-Up, with Kainai Nation (Blood Tribe) people

Source: Courtesy of the Glenbow Archives, NB-9-7

In exchange for pelts, Indigenous traders could receive blankets, guns, pots, axes, ammunition, and other supplies, although the item that was in most demand was whiskey. An employee of the fort would stand at the trading window with a tub of “whoop-up wallop” at his side and dole out tin cups of the noxious brew. One buffalo pelt fetched two cups of whiskey. The fort was tremendously successful, collecting upwards of nine thousand buffalo hides in less than a year. At the peak of the whiskey boom in the early 1870s, the trading post pulled in an annual revenue that has been estimated as high as \$500,000 (Cruise & Griffiths, 1996: 121; Neuberger, 1953: 32; *Dawson News*, Mar. 22, 1908).

Rival traders took notice of Fort Whoop-Up’s success, and the number of whiskey forts throughout southern Alberta and Saskatchewan swelled. Their proliferation and infamy were also attracting the attention of Dominion government officials in Ottawa. The scope of the illicit whiskey trade was perceived to be so destructive to the frontier and the Indigenous population that the government was compelled to form the North-West Mounted Police, which would become responsible for curbing the liquor trade and policing the western part of the country (and would eventually evolve into the Royal Canadian Mounted Police [RCMP]).

During the 1880s, construction crews building the Canadian Pacific Railroad produced another ready-made market for illegal whiskey merchants, not to mention

prostitutes, con artists, and crooked gamblers, “all bent upon fleecing the poor railway man of his hard earned gains” (Clark, 1942: 406). The various gold rushes during the latter half of the century in British Columbia and the Yukon also fuelled a cornucopia of outlawed consensual vices. In 1863, a correspondent for the *British Columbian* newspaper reporting from the gold-rich Cariboo admonished government authorities for ignoring the well-organized and omnipresent games of chance:

The openness and extent to which gambling is carried on in the Cariboo is a matter of general remark and surprise. Right under the very nose of the officers of the law, without the slightest show of concealment, are gambling tables daily opened,—covered with gold and surrounded with professionals and their unsuspecting dupes. In almost every public house licensed for the sale of liquors these tables are to be seen and are seen, by those whose business it is to suppress such vices; and the very openness with which the profession is pursued is the best evidence that it is winked at by authority. (*British Columbian*, Jul. 25, 1863)

Another form of commercial piracy began to imbed itself on the Canadian landscape in the mid-19th century: **counterfeiting**. Based on police and media reports, currency counterfeiting appears to have begun in earnest in the 1850s, and for many years following, Canada was apparently a significant source of US counterfeit cash or “green goods.” On August 1, 1854, for instance, two groups of counterfeiters were arrested in Sherbrooke, Quebec, when government authorities found a printing press, 26 platters for paper money, an 800-pound machine for stamping gold and silver coins, various engravers’ tools, 24 moulds for running hard-money dies, ink, paper, and thousands of dollars in fake money. That year, the *New York Times* proclaimed, “This is probably the most important arrest of the kind ever made on this continent” (Aug. 10, 1854).

Despite the predatory nature that characterized the initial chapters of OC in Canada, **smuggling** is the most historically rooted, persistent, and widespread form of organized non-compliance perpetrated by Canadians. Contraband smuggling foreshadowed the future of OC in Canada and abroad—a reliance on profit-oriented illegal activities that did not prey on people, but were consensual, supplying goods and services demanded by the public. While smuggling can be carried out on a small scale by individuals for personal consumption, it has also been one of the most organized forms of illegal behaviour affecting this country. Historical documents make note of the dramatic escalation and increased organization of smuggling into Britain’s North American colonies throughout the 1700s and 1800s, mostly due to the precipitous rise in duties applied to goods imported into the colonies. Tea was, without a doubt, the most popular **contraband** during this time because of its inflated costs in the colonies, which in turn was the result of exorbitant duties and the monopoly handed to the British-controlled East India Company over the sale of tea throughout the empire.

The stifling consumer taxes would become an economic noose around commerce in the British colonies, and as a result, “smuggling activities promoted an institutionalization of crime in the colonies in order to ensure their commercial survival” (Chambliss, 2005: 12). The American colonies ultimately responded to Britain’s heavy-handed mercantilist policies by dumping cases of British tea into Boston Harbor and then rebelling against the unjustice of taxation without representation. The expression of defiance by the mother country’s subjects north of the 49th parallel was more subdued—they simply evaded the taxes by bringing in shiploads of contraband. Customs historian Dave McIntosh goes as far as to say, “The only reason Canada and the Maritime colonies did not join the revolution was that they were expert smugglers and consequently were not as enraged by customs duties as were the Americans.” The contraband market flourished as “Canadians showed no remorse for disregarding trade regulations imposed by a far-away imperial authority without their consent” (McIntosh, 1984: 34).

Smuggling only increased after the United States became an independent country. While travelling through the northern United States and Upper Canada during the 1790s, the French writer François de la Rochefoucauld (1799: 247) alluded to the repercussions of British mercantilist policies on the empire’s Canadian colonies following the revolution: “The high duty laid by England upon all the commodities exported from her islands proves a powerful encouragement to a contraband trade with the United States, where, in many articles, the difference of price amounts to two-thirds.” By the start of the 19th century, America became the single largest source of contraband coming into Canada. In their 1908 book *The King’s Custom*, Atton and Holland estimated the proportion of consumer goods that contraband made up in the Maritimes by the end of the 18th century: “Nearly all the tea; three-quarters of the wine; nine-tenths of the spirits; seven-eighths of the soap and candles; most of the indigo, starch, mustard, tobacco and cottons; and all the nankeens, sailcloth, cordage and anchors” (36).

The lucrative profits of the contraband trade quickly expanded the ranks of the professional smuggler, and “armed gangs of smugglers were not uncommon on the Eastern Townships border of Lower Canada and on the St. Lawrence and Niagara frontiers of Upper Canada” (McIntosh, 1984: 282). An 1865 *Globe* newspaper article describes correspondence sent by customs officers stationed along the St. Lawrence River that documented the “many instances” in which “officers have been personally assaulted by bands of smugglers while in the performance of their duties” (*The Globe*, Dec. 21, 1865).

As the 19th century drew to a close, tobacco products became the most popular contraband in Canada, due to the imposition of an import duty to protect Canadian cigarette manufacturers. Around the same time, an increase in tariffs on opium legally imported into Canada precipitated its widespread smuggling, mostly aboard steamer ships from Hong Kong or San Francisco. **Migrant smuggling** also flourished during the latter half of the 19th century as thousands of Chinese migrants were illegally transported into Canada en route to the United States. In 1884, law enforcement authorities

in British Columbia captured 14 fishing ships engaged in human smuggling, each one realizing “handsome profits for their owners,” as the *New York Times* (Sep. 28, 1884) put it, “As high as \$80 per head for women and \$80 for Chinese men are now paid to Captains of boats for running them across the boundary line.” Over an eight-week period, more than “1,000 Chinamen [sic] have crossed over voluntarily.”

CRITICAL THINKING EXERCISE

As you read the remainder of the textbook, compare and contrast the historical instances of smuggling with more current examples. To what extent do smuggling and contraband markets in Canada before the 20th century set a precedent for organized criminality in the subsequent years? In your opinion, is it accurate to say that smuggling is the most persistent form of organized crime in this country?

LATE 19TH AND EARLY 20TH CENTURY: THE GENESIS OF MODERN ORGANIZED CRIME

Except for the smuggling trade, organized criminality in Canada before the 20th century was mostly predatory; criminals cheated, robbed, or extorted money or goods from people. While crimes such as theft, extortion, and fraud continued into the new century, it was becoming clear that the greatest source of illicit revenue was to be accumulated by providing people with the goods and services they demanded, but which were outlawed or strictly controlled by the government. Gambling, drugs, liquor, and prostitution would increasingly be driven into the receptive environs of the criminal underworld by powerful abolitionist movements panicked over the growth in society’s vices, the breakdown of Victorian moral values, and the threat posed to the racial and religious purity of white, Protestant society by the flood of new immigrants. Only too happy to oblige the powerful prohibition lobby were politicians who enacted laws regulating and criminalizing the supply and consumption of society’s most popular turpitudes. The consequences of these actions would be the creation of immensely profitable underground markets, widespread law breaking, and the launching of OC to a new level of wealth, sophistication, violence, and power.

While plenty of freelance “women of the night” continued to exist in the first quarter of the 20th century, it was during this period that the sex trade became much more organized in North America. The immigration of thousands of single men into North America resulted in the aggressive recruitment and procurement of young women who were often forced into sexual servitude. Prostitution became organized and international in scope as women were brought over from Eastern Europe to work in the sex trade in North America. Many others became addicted to opium, heroin, or morphine

and had to resort to prostitution to finance their habits. The increased organization of the sex trade and the forced conscription of women into the profession prompted a deliberately frightening new term in the public's lexicon—the **white slave trade**. While not all of those forced into prostitution were Caucasian, the term was deliberately coined to arouse a moral indignation among the dominant white, Anglo-Saxon, Protestant public.

Illegal gaming also became more organized beginning in the late 19th century. Long before governments in Canada began legalizing gambling, anyone wishing to partake in a professionally run game of chance had to visit an underground **gambling** den, while those who preferred to bet on horse races or hockey games had to consult with their local bookmaker. During the 1890s, the *Toronto Daily Star* ran several stories on the illegal gambling parlours in the city. In a May 1894 article, the newspaper described the “gambling halls in full operation where many men lose most of their earnings and where a few make very comfortable livings without working.” The most popular



DANGEROUS AMUSEMENTS—THE BRILLIANT ENTRANCE TO
HELL ITSELF

Young girls who have danced at home a little are attracted by the blazing lights, gaiety and apparent happiness of the "dance halls," which in many instances lead to their downfall.

Photo 1.4: Illustration depicting methods used to seduce young women into the “white slavery” of prostitution.

Source: By unknown artist; originally published in Bell, E. (Ed.). (1910). *War on the White Slave Trade: Fighting the Traffic in Young Girls*. Chicago: G. S. Ball.

destinations for gamblers in Toronto during this time were the “poker joints,” which were “frequent at the present time and have been for many years” (*Toronto Daily Star*, Oct. 13, 1894). **Bookmaking** was another growing source of revenue for underground entrepreneurs who took bets primarily on horse racing. Taking advantage of the telegraph service, off-track betting operations or “bucket shops” soon emerged throughout many of Canada’s cities to take bets on horse races from all over North America. By the 1920s, large-scale bookmaking consortiums were operating in Canada’s major cities, most of which had ties to American gambling syndicates. In Toronto, the independent, small-time **horse-book** operators were gradually pushed out or absorbed by organized gambling syndicates based out of Buffalo.

The underground trade in both legal and illegal narcotics was also growing steadily during the first quarter of the 20th century. Opium had been introduced into North America as early as the 1850s, and by the first decade of the next century, numerous well-organized opium-smuggling operations were broken up by police. In 1908, the smuggling and sale of **opiates** in Canada were driven further underground and became even more organized when Parliament passed the *Opium Act*, which criminalized the import, manufacture, and sale of opiates, except for medical use. For the first time in Canadian history, a narcotic was now outlawed by the Federal Government, a historical milestone in the creation of the modern illegal drug trade in Canada. By the end of the First World War, demand for opiates had spiked due to the return of soldiers who had become addicted to morphine in Europe. A review of year-end reports by the RCMP during the 1920s shows that the trafficking of opiates had become a significant law enforcement problem in many of Canada’s larger cities. It was during the 1920s that Montreal became a central conduit through which opium from Southwest Asia and morphine from Europe were transported to New York. Vancouver was also established as a major port of entry for **opium** from Southeast Asia and a trans-shipment point for other markets in the Pacific Northwest of the United States and as far east as Toronto.

The early part of the 20th century was also a time that stories about the existence of secret societies, extortion activities, and vendetta-based violence began to emerge from within the expatriate Italian communities in North America. Italian immigrants who had already been inducted as members of “honoured societies” in their native country were joined by others who did not bother with such formalities and carried out rudimentary extortion rackets that preyed upon their fellow Italian immigrants.

CRITICAL THINKING EXERCISE

What are the major factors that differentiate organized crime in the first part of the 20th century compared with that of previous years? What are some of the events and developments during the early 20th century that helped lay the foundation for future organized crimes, OCAs, and illegal markets?

1920 TO 1933: PROHIBITION IN NORTH AMERICA

In 1920, the 18th Amendment to the American Constitution took effect, which prohibited the production and consumption of liquor in that country. It was the failed experiment of **Prohibition** that irrevocably transformed the criminal underworld in North America. Not only did it launch crime and criminals toward an unprecedented level of revenue, wealth, sophistication, and symbiosis with the public; it also represented the single most important impetus for modern-day OC on the continent. Before Prohibition, crime and criminals in North America were petty, parochial, and operated from a narrow base (Lupsha, 1986). The widespread demand for outlawed booze meant small-time neighbourhood gangs evolved into or were replaced by larger criminal groups and networks that operated on a regional and even international level. At the same time, before Prohibition, most criminal offenders did not accumulate a great deal of money, power, or influence. “Criminals had always belonged to the flotsam and jetsam of society, not to the economic elite,” C. W. Hunt wrote in his book *Booze, Boats and Billions*. “Now, prohibition and the enormous illegal profits it made possible was changing this perception and leading to the emergence of a new phenomenon in Canadian society—the millionaire criminal” (Hunt, 1988: 49).

Prohibition would have a profound effect on organized crime in Canada as Canadian liquor became the lifeblood of a thirsty and receptive American population. While contraband liquor would flow into the United States from a diverse number of countries, Canada was by far the greatest source for dry Americans, outstripping all other countries combined. Estimates of Canada’s share in the total illegal liquor entering the United States ranged from 60 to 90 percent (Allen, 1961: 253). Despite provincial temperance laws, the production of liquor in Canada, which is federally regulated, was never banned. Canadian distilleries, breweries, and gangs of rumrunners repeatedly skirted America’s temperance laws and Canadian export laws by bringing in the highest quality “hooch,” which was greatly preferred over the “bathtub gin” being distilled surreptitiously in the United States. In southern Ontario, Rocco Perri became Canada’s “King of the Bootleggers.” Henry Reifel was British Columbia’s largest supplier of illegal liquor and allegedly worked with Joseph Kennedy, the father of future president John F. Kennedy. The single largest supplier of contraband liquor to the United States during Prohibition, however, was the Seagram Distillery Company and its CEO, the legendary Canadian businessman Samuel Bronfman.

Case Study: Sam Bronfman and Seagram’s Distillery

By the time he died in 1971, Samuel Bronfman was a billionaire who had built one of the world’s largest liquor empires. The foundations for this empire were laid during Prohibition.

Sam was one of eight children in the Bronfman family, which emigrated from the Bessarabian region of Russia to Saskatchewan in 1889. When the family entered the hotel business, Sam realized that their true money-making potential was in the sale of liquor. When provincial prohibition laws were enacted in 1916, Sam and his older brothers, Harry and Abe, entered the whiskey trade. This decision was an early indication of the Bronfman brothers' cunning and opportunistic business sense: they recognized that there was a loophole in Manitoba's and Ontario's temperance laws that allowed liquor to be imported from outside provincial boundaries. With this in mind, Abe Bronfman moved to Ontario, where he set up a mail-order liquor house that catered to the Winnipeg market and later established a mail-order company in Montreal to supply liquor to eastern Ontario.

The enactment of national Prohibition in Canada during the First World War virtually wiped out the Bronfmans' mail-order liquor business. But true to form, Sam and Harry took advantage of another loophole in provincial legislation. They realized that Saskatchewan still allowed the sale of liquor for medicinal purposes. In 1919, Harry obtained a provincial licence to establish a wholesale drug company in Yorkton, Saskatchewan, which a Bronfman biographer called "a thinly disguised liquor outlet that soon pumped more whiskey into retail drugstores than any other wholesaler in Saskatchewan" (Marrus, 1991: 58, 68). This new business venture was another turning point for the career of the Bronfmans. No longer were they simply taking advantage of legal loopholes. They were now breaking the law. In addition to importing and legally supplying medicinal alcohol to doctors and pharmacies in that province, the same liquor would be flavoured, bottled, and then labelled for underground markets in Canada and the United States. Their next move was to use the family's wholesale drug firm to obtain a bonded warehouse licence from the federal government. With both licences, the Bronfmans could now import and export raw alcohol and distilled spirits to and from Canada. When Prohibition in the United States took effect in 1920, the Bronfman brothers established export companies to ship to the United States, hired sales agents to drum up orders there, and set up a string of "boozoriums" along the Saskatchewan–North Dakota border from which American customers could conveniently purchase their liquor.

Despite the vast profits already rolling in for the family, the brothers realized that even more money could be made in liquor production. While Harry was in charge of producing whiskey, Sam travelled about the country, establishing a network of connections with Canadian and American bootleggers and smugglers. In the mid-1920s, Sam moved to Montreal, where he founded Distillers Corporation Limited. He then purchased the Joseph E. Seagram and Sons distillery in Waterloo, Ontario, and, after merging the two, Seagram became the world's largest producer of spirits.

The Bronfman brothers become the most sophisticated of all Canadian liquor suppliers during American Prohibition. They controlled all aspects of their contraband liquor business, from distilling to export to distribution, and set up elaborate systems of distribution, utilizing a labyrinth of real and shell companies, fictitious names, export companies conveniently located along the US–Canada border, a myriad of ports from which to export, and an elaborate money laundering operation to hide their ill-gotten revenue. Their illegal liquor shipments to the United States were facilitated by Canadian and foreign customs agents who were on the Bronfmans' payroll. These crews and other rumrunning employees were well protected by the Bronfmans as the bail and legal expenses of various individuals charged with Prohibition-related offences were put up by the family's many subsidiaries.

While criminal charges were laid against the Bronfman brothers in Canada, they were eventually acquitted (with accusations that Sam Bronfman ordered the destruction of thousands of incriminating papers). Their only penalty was a \$3 million fine to the US Treasury Department for evading excise and customs duties.

By the time American Prohibition ended in 1933, Seagram's was one of the largest suppliers of (legal) liquor in the world, and by the 1960s, Sam Bronfman's distilling empire would amount to more than one fifth of the (legal) American liquor market. In an interview with *Fortune* magazine in 1966, Sam rationalized his export-driven business during Prohibition without a hint of moral compunction: "We loaded a carload of goods, got our cash, and shipped it. We shipped a lot of goods. Of course, we knew where it went, but we had no legal proof. And I never went on the other side of the border to count the empty Seagram bottles" (Siekmann, 1966: 196). On July 10, 1971, Sam died of cancer, leaving the empire in the hands of his family (Gray, 1972: 110–11; Marrus, 1991; Newman, 1978; Royal Commission on Customs and Excise, 1928; Siekmann, 1966; United States Congress, 1951; *The Globe*, Dec. 20, 1929).

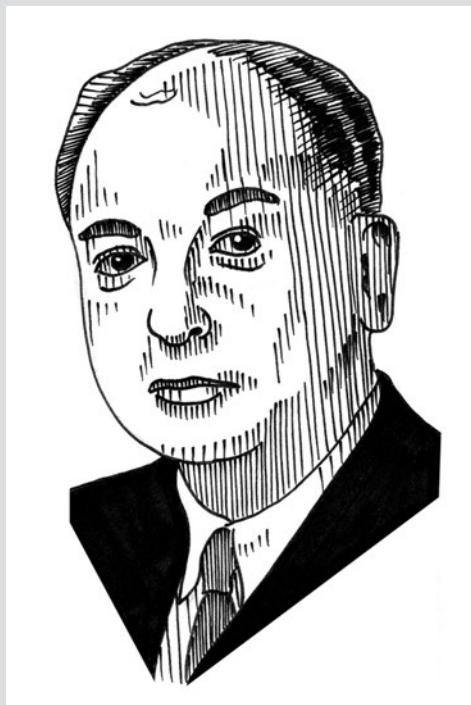


Photo 1.5: Sam Bronfman, circa 1936

Source: Illustration by Ben Frisch

The federal government largely ignored liquor smuggling given the benefits that American Prohibition provided to the Canadian economy, not to mention all the taxes collected on the liquor produced and exported. The inevitable result of the charity extended to liquor smugglers was that the Canadian government created an environment that tolerated widespread law breaking. Corruption and internal conspiracies within the Department of Customs and Excise had become so endemic a Royal Commission was established to investigate. By the end of the 1920s, the federal government was “waking up to the disagreeable fact that smuggling *into* Canada was on the increase, with a consequent breakdown in Canadian law enforcement and the loss of considerable revenue. American bootleggers, who were already breaking the laws of one country, saw no reason to observe those of Canada. Where once they went back to Canada with empty cars and boats, they now found double profits from smuggling in both directions” (Everest, 1978: 14; emphasis added). As stated in a 1926 article in *Maclean’s* magazine, “Truck-loads of liquor are running to the United States, and truck-loads of silks, denims, radio supplies—even jewellery—are run into Canada, on the return trips” (McKenzie, 1926: 24). When American Prohibition ended in 1933, the liquor smuggling trade reversed course; contraband liquor was now being illegally shipped from the United States northbound due to the much higher liquor taxes in Canada (a trend that continues to this day, resulting in billions of dollars of tax losses and which has helped to decimate the country’s distilling industry).

One of the most significant repercussions of the great social experiment is the legacy of OC that still can be felt today. Prohibition demonstrated that outlawing vices would not necessarily curtail demand or supply; it simply forces these vices underground, where they are serviced by criminal entrepreneurs. As such, gangsters learned an invaluable lesson from Prohibition: there was far more money to be made in satisfying the vices of a receptive public than cheating, extorting, or stealing from the tenderloin citizen. From that period forward, criminal entrepreneurs would focus overwhelmingly on consensual crimes—including gambling, prostitution, loansharking, smuggling, illegal migration, and the most profitable of all, drug trafficking.

1930s TO 1980s: THE ASCENDANCE OF THE ITALIAN MAFIA

The end of Prohibition coincided with the start of the Great Depression, and for Hammer (1975: 125), this period was in some ways superior to that of the Roaring Twenties, for “racketeers were the dispensers of recreation, dreams and escape—in the form of liquor, gambling, drugs, and sex.” The 1930s ushered in the dawn of a radically different criminal underworld in North America. Organized crime was now more widespread, more entrepreneurial, and more geared toward consensual crimes. The period following the repeal of Prohibition also witnessed an expansion of the so-called Italian Mafia in

North America. While the Mafia did not have a monopoly over black markets in the United States or Canada, it became synonymous with OC. The scope and influence of the Italian Mafia in North America were deemed so great during the postwar years that some (erroneously) believed it constituted a single monolithic organization whose threat to the legal, economic, and moral values of democratic societies was second only to that of Communism.

With the legalization of liquor in the United States, gambling soon emerged as the most profitable illegal activity in North America. The money from gambling operations also helped the Mafia branch out into other different rackets, including loansharking, labour racketeering, organized theft, and drug trafficking. While legend has it that a few Italian American Mafia families prohibited their members from engaging in the drug trade, most could not resist the opportunity. Beginning in the 1950s, crime groups in the United States, Italy, Canada, and France orchestrated the largest heroin importation conspiracy the world had seen up to this point. Dubbed the **French Connection**—due to the involvement of French Corsicans and the use of the Port of Montreal as a major conduit for heroin entering North America—the conspiracy helped establish the Montreal Mafia. The French Connection was significant for many reasons. It turned Mafia groups in New York and Quebec into the largest heroin importers in North America. In addition, it helped cement a significant international commercial relationship among Italian OC groups in Sicily, the United States, and Canada. It also heralded a new era in which organized criminals began to look beyond their own local communities and work with like-minded crime groups in other countries.

From the 1950s until the 1970s, the Montreal Mafia, led by Vic “the Egg” Cotroni, earned millions from gambling, loansharking, prostitution, fraud, business racketeering, union racketeering, and drug trafficking. For many years, the Cotroni crime group was not a Mafia family itself; instead, it was a wing of New York’s Bonanno Mafia family. While Quebec was considered the fiefdom of Joseph Bonanno, southwestern Ontario fell under the influence of the Detroit mob, while the rest of Ontario’s underworld came under the control of Buffalo’s Mafia boss, Stefano Magaddino. The subordination of the Mafia in Canada to that in the United States would be a hallmark for Canadian OC for much of the 20th century (see chapter 5 for more details).

1980s TO THE PRESENT: THE PROLIFERATION, DIVERSIFICATION, AND INTERNATIONALIZATION OF ORGANIZED CRIME

By the mid-1980s, a number of significant trends in the world of OC were becoming apparent. One of the most discernible was the proliferation of criminal groups, which began in the early 1970s and gathered speed during the 1980s and 1990s. In its 2007

annual report, Criminal Intelligence Service Canada (CISC) estimated there were 950 known “organized crime groups” in the country, an increase of nearly 20 percent over the previous year (CISC, 2007: 14). By 2019, that estimate had increased to “more than 1,850” OCAs (CISC, 2019: 3).

CRITICAL THINKING EXERCISE

Law enforcement and criminal intelligence agencies in Canada have attempted to gauge the scope of OC by estimating the number of criminal groups in existence. Scrutinize the accuracy of these estimates. What are the methodological problems confronting police in trying to make these estimates? Do police and law enforcement have a vested interest in inflating such numbers?

Drug trafficking emerged as a principal source of revenue for most OCAs. In addition to the import of street drugs such as cocaine or heroin, Canada was also becoming self-sufficient in marijuana, ecstasy (MDMA), and methamphetamines. The introduction of the highly potent fentanyl as a recreational drug would result in a surge in overdoses and deaths, causing one of the worst public health crises the country had seen in years (opioid-related overdose deaths even outnumbered any fatalities stemming from the COVID-19 pandemic).

By the 1990s, predatory offences such as fraud, theft, and counterfeiting were gaining more prominence in the repertoire of many existing and budding crime groups, which helped fuel their growth, variety, and sophistication. This was due, in part, to the emergence and proliferation of email, the Internet, and social media, which provided a new and expansive platform for fraudsters to reach out to thousands if not millions of people. Traditional street-level crimes, such as automobile theft, were becoming more organized, as high-end stolen cars were being stolen for export to other countries for resale. The sexual slave trade that was such a cause of concern in the early part of the century re-emerged with a vengeance in the 1990s as prostitution, migrant smuggling, and human trafficking coalesced to form a transnational and highly profitable trade in women.

For much of the 20th century, most criminal groups were confined to or controlled a well-defined local or regional territory or market. Any large-scale international movement of drugs or contraband was conducted by two or more different groups, each of which was in a different country (as personified by the French Connection). While this is still the case for many organized transnational crimes, in the last few decades, some of the world’s major OCA types—the Italian ’Ndrangheta, Chinese triads, OMGs, and Nigerian criminal enterprises, as well as Colombian and Mexican drug trafficking syndicates—became multinational in scope, committing crimes in various countries

through cells located in these countries. Canada has not been immune to the globalization of crime and serves as a branch plant for transnational OCAs and a transit point for the international movement of illegal goods: “Heroin, cocaine, and MDMA (ecstasy) are trafficked through Canada, as international drug traffickers take advantage of Canada’s proximity to the United States, less stringent criminal penalties as compared to the U.S., and the constant flow of goods across the U.S.-Canada border” (United States Department of State, 2002). Canada is also a conduit for undocumented immigrants, primarily from Asia, who are illegally entering the United States.

In addition, Canada is an international supplier of illegal and contraband goods. This tradition began when British Columbia became a major producer of smokable opium in the early part of the century and found new life in the 1970s when outlaw biker gangs such as Satan’s Choice, the Outlaws, and the Hells Angels established this country as a major producer of synthetic drugs. By the start of the new millennium, Canada was a source of high-grade marijuana, methamphetamines, and ecstasy for the United States and other Pacific Rim countries. According to the American *International Narcotics Control Strategy Report*, Canada is a “primary source” of synthetic drugs, cannabis, and MDMA trafficked to the United States and “also supplies Japan, Australia and New Zealand” (United States Department of State, 2013: 118; 2021: 108). Canada has also become an international centre for telemarketing fraud and the counterfeiting of currency, bank cards, and digital entertainment products. These developments reflect how various OC groups in Canada “have taken great advantage of opportunities to diversify their criminal activities, enabling them to swiftly advance from domestic trafficking to global distribution” (RCMP, 2007: 1). Some of the most significant trends and developments in the Canadian drug trade include an increase in poly-drug trafficking (the handling of numerous kinds of illegal drugs by criminal groups and networks); the domestic production of fentanyl-laced pills, MDMA, and methamphetamine (and their subsequent export to other countries); the importation from China of chemicals used to produce these drugs; the importation of cocaine from Mexico and greater ties between Canadian OCAs and Mexican drug trafficking sources; and the co-operation among different criminal offenders and groups in these illegal ventures.

CONCLUSION: WHAT DOES HISTORY TELL US ABOUT CANADIAN ORGANIZED CRIME?

It can be argued that organized crime in Canada spans more than five hundred years and is a part of some of this country’s most important historical developments and enduring institutions. Pirates were among the first arrivals in the settling of Newfoundland and Labrador, while privateers helped to protect Canada from American invading forces during the Revolutionary War and the War of 1812. The fur trade “exercised a profound influence in the sculpting of the Canadian soul,” according to Newman (1985: 18), but

it also “became a focal point for widespread law-breaking” (Carrigan, 1991: 16). One of the great institutions in Canadian history, the Hudson’s Bay Company, founded in 1668, was the first to supply Indigenous hunters with cheap liquor in return for expensive pelts. In its ravenous appetite to monopolize the fur trade, it readily turned to violence when faced with competition, especially from its rival, the North West Company, which was founded in 1783: “Murder, theft, destruction of property, arson intimidation, and assault marked the commercial rivalry. Raids on each other’s posts were common” (Carrigan, 1991: 115–16). The founding of the fabled North-West Mounted Police was prompted by well-organized whiskey traders. Canada’s distilling industry, once the envy of the world, would never have come to fruition without the impetus provided by Canada’s role in supplying the United States during Prohibition.

William Lyon Mackenzie King was the driving force behind the criminalization of opium in Canada and used this as a springboard to become Canada’s longest-serving prime minister. Smuggling between the United States and Canada helped forge trade and broader economic relations between the two countries. During his tenure as prime minister, Mackenzie King signed the 1924 Convention to Suppress Smuggling with the US, the first international treaty Canada negotiated without Britain’s involvement, which signalled “the start of made-in-Canada foreign policy” (Konkel, 2009). The catalyst for Canada’s first constitutional crisis in 1925—the so-called King–Byng affair—was the result of a vote of no confidence in the Mackenzie King government based on the accusations it allowed liquor smuggling and corruption to run rampant in the Department of Customs and Excise.

These historical touchstones reinforce the claim that OC is not foreign to Canadian history and society but a part of it. A historical overview also refutes one of the most enduring and endearing of all Canadian folklore: that the history of this country was free of crime and lawlessness. Another constant in the history of organized crime in Canada is the realization that its eradication—or even containment—through the criminal justice system remains a highly elusive and, some would argue, unattainable goal. While numerous criminal groups and illegal markets have been disrupted, and gangland bosses and their underlings put behind bars, organized crime will be with us for some time to come. Within a historical context, OC must be viewed as a resilient and flexible phenomenon that easily and opportunistically adapts to changes and external circumstances (including changes in public preferences, technological advances, government policies, and law enforcement strategies). The resilience of OC stems from the fact that, like crime in general, it is very much rooted in the institutions and cultures of the societies it inhabits, making it an enduring historical fixture on the Canadian landscape.

KEY TERMS

Bookmaking	Opiates
Contraband	Opium
Counterfeiting	Pirates
Extortion	Privateers
French Connection	Prize masters
Gambling	Prohibition
Horse-books	Smuggling
Jolly Roger	White slave trade
Migrant smuggling	

REVIEW QUESTIONS

1. What are some of the key developments in the history of organized crime in Canada?
2. How has OC changed over the centuries? How has it stayed the same?
3. To what extent does “modern” OC in the 20th and 21st centuries find its precedence in the criminal activities and criminal groups of previous centuries?
4. What is the importance of smuggling in the historical context of OC in Canada?
5. How have historical Canadian developments, institutions, and characteristics shaped OC in this country? To what extent has OC been present in or influenced historical developments and institutions in this country?
6. To what extent does this history shed light on a distinctively Canadian organized crime?

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2

DEFINING AND CONCEPTUALIZING ORGANIZED CRIME

CHAPTER OUTLINE

- Introduction and Overview
- Definitions of Organized Crime
- Challenges and Controversies in Defining and Conceptualizing Organized Crime
- Competing Conceptualizations of Organized Crime
- Differentiating Organized Crime from Other Forms of Organizational Crime
- The Harms Stemming from Organized Crime
- Conclusion

LEARNING OUTCOMES

After reading this chapter, you should have a thorough understanding of the following:

- The various definitions and conceptualizations of organized crime (OC) that have emerged over the years and their historical context
- The challenges and controversies inherent in trying to define and conceptualize OC, including why many argue that OC is a “social construct”
- The similarities and differences between OC and other forms of “organizational” crime, as well as the overlap among different forms of organizational crime
- How definitions and conceptualizations distinguish Canadian OC

INTRODUCTION AND OVERVIEW

One of the great challenges that has confronted the academic community in the study of organized crime is explicating a definition that is able to capture its complexity. The problem with the term *organized crime* may be the term itself, as it has been criticized as a vague umbrella concept that is of little value as a basis for theory building, empirical analyses, or policy-making. Conceptually, the term has been used to differentiate a specific manner of criminality from **unorganized crime**—forms of personal and property crimes typically committed by individuals working alone or in pairs or small groups (such as residential burglaries, automobile theft, vandalism, crimes of passion, etc.). The term has simultaneously been used to describe any the following: groups and networks that carry out these illegal offences, specific types of illegal activities, and how illegal activities are carried out (e.g., rationally, on an ongoing basis, to generate revenue, involving multiple offenders, etc.).

Key Terms: Unorganized versus Disorganized Crimes

While the words *unorganized* and *disorganized* may be synonyms, within the context of organized crime literature, they are conceptually different. Unlike the definition of *unorganized crime* given above, the term **disorganized crime** was initially coined by Peter Reuter in the 1970s to counter the prevailing view that illicit markets are well organized and monopolized by the Mafia or other hegemonic organized criminal associations (OCAs). As detailed later in this textbook, the legacy of Reuter's influential argument is the view that most illicit industries are "disorganized" in that they are populated by many independent operators that compete against one another for market share.

Conceptually, OC has also been distinguished from other types of organizational crime, such as those committed by the state, corporations, street gangs, and terrorist groups. Despite their conceptual differences, there is an overlap between OC and the other aforementioned forms of organizational crime.

DEFINITIONS OF ORGANIZED CRIME

Throughout the years, various attempts have been made to define OC. Definitions have been developed by scholars, legal experts, policy-makers, criminal justice agencies, and inter-governmental organizations such as the United Nations. Definitions of OC do not simply contribute to a better conceptual understanding. They have also been crafted to help guide government policy-makers and criminal justice agencies in combatting this problem through laws and legislation, as well as operational strategies. This section begins

with an overview of some of the many definitions of OC that have arisen over the years. Each definition is accompanied by a brief analysis that identifies some of its key elements. The definitions are presented in chronological order and include a description of the relevant historical context that helped influence each one. Presenting the various definitions in chronological order also helps to discern if there has been any evolution or other changes that have occurred through the years (and whether definitions have kept up with the evolving and mutating nature of OC). This section concludes with a reflection on the matter of defining OC. This analysis identifies the challenges inherent in defining such a complex and ever-changing phenomenon, as well as critiques of the definitions and how they are not necessarily reflective of the reality of OC but instead have been constructed to advance a particular political or law enforcement agenda.

Organized Crime: A Chronology of Definitions and Descriptions

Given that modern OC has been heavily (but not exclusively) influenced by the American experience, it is not surprising that the term *organized crime* was originally coined in the United States. As von Lampe (2016: 15) notes, the “concept of organized crime as it is used today is essentially a U.S. invention. While its origins go back to at least the 19th century, it was not until the early 20th century, in the United States, that a more or less consistent meaning was attached to the combination of the words organized and crime.” There appears to be some consensus that the term was first used in the 1896 annual report of the New York Society for the Prevention of Crime, which “employed it to refer to gambling and prostitution operations that were protected by public officials” (Paoli & Vander Beken, 2014: 15).

Chicago City Council Committee on Crime (1915)

One of the earliest attempts to define and describe OC was contained in a 1915 report by the Chicago City Council Committee on Crime and alludes to a specific **criminal organization** operating in Chicago around that time:

While this criminal group is not by any means completely organized, it has many of the characteristics of a system. It has its own language; it has its own laws; its own history; its traditional customs; its own method and techniques; its highly specialized machinery for attacks upon persons and property; its own highly specialized mode of defense. These professionals have interurban, interstate, and sometimes international connections. (as cited in Maltz, 1976: 344)

The committee noted that while this criminal group may be systematic, it also shares some traits with more rudimentary criminals (i.e., “not completely organized”). With that said, the definition notes that the group has characteristics that make it unique within the criminal milieu (its history, customs, methods, techniques, and use of “specialized machinery” for violence). The definition also identifies another trait that separates the group from the common criminal element: its multi-jurisdictional nature.

National Commission on Law Observance and Enforcement (1931)

Because of the increased organization and sophistication of the illegal liquor traffic in the 1920s and early 1930s brought about by American Prohibition laws, “the understanding of organized crime changed significantly” (von Lampe, 2016: 20), and it was during this period that “commentators and academics began to make serious efforts to define and discuss organized crime” (Paoli & Vander Beken, 2014: 15–16). By the end of the 1920s, organized crime referred to “‘gangsters and racketeers’ who were organized in ‘gangs,’ ‘syndicates,’ and ‘criminal organizations,’ following ‘big master criminals’ who functioned as ‘powerful leaders of organized crime’” (von Lampe, 2016: 20). Similarly, Paoli and Vander Beken (2014: 15–16) write that during this period, “organized crime was made synonymous with racketeering, another loose expression that usually referred to extortion, predatory activities, and the provision of a variety of illegal goods and services, ranging from illegal drugs and liquor to gambling and counterfeit documents.”

Amid the widespread lawlessness that accompanied Prohibition, the US government convened the National Commission on Law Observance and Enforcement. While charged with the mandate of assessing the enforcement of national Prohibition laws, the commission observed that the outlawing of liquor gave rise to an increase in the organization of crime and criminals. While the commission does not use or define the term *organized crime* in its 1931 report, it does consistently refer to the suppliers of contraband liquor as “highly organized” or “elaborately organized.” At one point, it also describes the illegal importation of liquor into the United States in commercial terms—“a well organized exceedingly profitable business, admitting of lavish expenditure for protection and corruption, and of employing the best talent in design, construction, and operation of apparatus and equipment” (National Commission on Law Observance and Enforcement, 1931: 43). This quotation is notable for its depiction of the illicit liquor trade as a “business,” which includes an elaborate division of labour and the corrupting of public officials to sustain and protect the illegal liquor enterprises.

Special Committee to Investigate Organized Crime in Interstate Commerce (1951)

According to Paoli and Vander Beken, “the understanding of organized crime as a set of criminal entrepreneurial activities with the frequent involvement of legal businesses and government representatives was abandoned after the Second World War. From the late 1940s on, conceptualizations of the problem focused on foreign career criminals who allegedly constituted well-structured and powerful criminal organizations representing a threat to the integrity of American society and politics” (Paoli & Vander Beken, 2014: 16). Adds von Lampe (2016: 20), throughout the Prohibition era, the term *organized crime* had “no ethnic connotation”; this “changed dramatically in the 1950s and 1960s with the resurgence of the imagery of Italian mafia groups having taken root in the United States.” In short, beginning in the early 1950s, the depiction of OC changed in three significant ways. First, it took on a decidedly ethnocultural tone as it was equated almost synonymously with the so-called Italian Mafia. Second, it “no longer appeared to be primarily a local problem but instead one that existed on a national scale and

threatened local communities from the outside” (von Lampe, 2016: 20). Third, the Italian Mafia was depicted as a rationally structured, hierarchical organization—in effect, a criminal corporation.

This influential depiction of OC was attributed largely to the work of the US congressional Special Committee to Investigate Organized Crime in Interstate Commerce and its chairperson, Senator Estes Kefauver. As part of its high-profile investigation into organized crime during the early 1950s, “the committee set out the terms of an Italian mafia-centered view of organized crime that remained the US official standpoint for almost three decades. This identified organized crime with a nationwide, centralized criminal organization dominating the most profitable illegal markets, which allegedly derived from an analogous parallel Sicilian organization and largely consisted of migrants of Italian (and specifically Sicilian) origin” (Paoli & Vander Beken, 2014: 16). Despite the scarcity of evidence to back up its arguments, the committee concluded in a 1951 report that numerous criminal groups throughout the United States were tied together by “a sinister criminal organization known as the Mafia” (United States Congress, 1951: 2). Equating organized crime exclusively with the Mafia in the official discourse of federal government and law enforcement officials was buttressed in 1963 with another congressional committee that



Photo 2.1: Actor Marlon Brando as the fictional “Godfather,” Vito Corleone

Source: By Aggiorna, via Wikimedia Commons

spotlighted testimony from Mafia member Joe Valachi (Paoli & Vander Beken, 2014: 16–17). This Italian Mafia-centred view of OC in America was perpetuated throughout the 1960s and 1970s via other federal government commissions and conferences and the increased attention paid to the Italian Mafia in the United States in the news media, as well as through popular culture, including the publication of the novel *The Godfather* by Mario Puzo in 1969 and the 1972 Academy Award-winning film adaptation directed by Francis Ford Coppola.

CRITICAL THINKING EXERCISE

Read the novel or watch the first (or all three) *Godfather* films and then think about how Italian American OC is depicted in fictional terms. To what extent do you believe definitions and the public's understanding of OC have been influenced by the *Godfather* franchise?

The Oyster Bay Conference on Organized Crime (1965)

One of the first conferences among American law enforcement officials that focused on organized crime was held in Oyster Bay, New York, in 1965. The conference is also notable in that it recognized that OC in America was more than just the Italian Mafia. Conference participants defined OC as “the product of a self-perpetuating criminal conspiracy to wring exorbitant profits from our society by any means—fair or foul, legal and illegal. Despite personnel changes, the conspiratorial entity continues.... It survives on fear and corruption. By one or another means, it obtains a high degree of immunity from the law. It is totalitarian in its organization; a way of life, it imposes rigid discipline on its underlings who do the dirty work while the top men of organized crime are generally insulated from the criminal act and the consequent danger of prosecution” (Oyster Bay Conference on Organized Crime, 1966: 19).

Some of the salient features of this definition include the profit-oriented nature of OC (from both illegal and legal activities); its continuing (“self-perpetuating”) nature regardless of its membership; the existence of a hierarchical command structure; and its ability to insulate the group and its leadership from law enforcement actions. Conference participants ultimately concluded that OC is a profit-oriented business venture, operating much like a corporation, but using predatory (illegal) tools: internal discipline, fear, intimidation, murder, and corruption. The Oyster Bay conference also recognized the inherent difficulties in generalizing about OC, noting the diversity of structures and levels of sophistication (which includes a spectrum in which youth gangs and shoplifting rings constitute lower forms of OC):

In the broad sense, the phrase “organized crime” may include criminal organizations in a wide variety of sizes and types of unlawful enterprises. At its lowest levels, it includes youth gangs, which have as their principal purpose the systematic

commission of crime, or other small loosely-knit groups which engage in single or multiple crimes, such as shoplifting, burglary, and confidence games. At its highest level, of course, it includes hard-core activities such as professional gambling, the importation and distribution of narcotics, loan sharking, or labour racketeering. Indeed, “organized crime” is often identified solely with these hard-core activities. This, however, is a mistake. Like the similar phrase “white-collar crime,” organized crime properly refers not so much to the activity as to the status of the people who engage in it. (as cited in Herbert & Tritt, 1984: 8)

This description bestows an elite status on those who participate in OCAs, which appears to be based on the characterization of the “white-collar” criminal as a person “of respectability and high social status,” put forth in Edwin Sutherland’s 1949 book on this subject (see the section on white-collar crime later in this chapter). The main point made by conference participants is that one cannot define OC by the illegal activities undertaken, but apparently, by the high underworld status of those who undertake the crimes. This coincides with the conference’s depiction of OC as more than just a business; it is a “way of life.”

***President's Commission on Law Enforcement and Administration of Justice,
Task Force Report: Organized Crime (1967)***

This presidential commission, which ran from 1965 to 1969, was formed in response to the dramatic increase in crime in the United States during the 1960s and the challenges facing American law enforcement and policy-makers in containing this growing problem. Nine different task forces made up the commission, including the Task Force on Organized Crime, which defined OC as

a society that seeks to operate outside the control of the American people and their governments. It involves thousands of criminals, working within structures as complex as those of any large corporation, subject to laws more rigidly enforced than those of legitimate governments. Its actions are not impulsive but rather the result of intricate conspiracies carried on over many years and aimed at gaining control over whole fields of activity in order to amass huge profits. (President's Commission on Law Enforcement and Administration of Justice, 1967: 187)

The Commission characterized OC as a highly structured, highly organized, nation-wide crime conspiracy in the United States. Other important traits apparent in this definition include its continuity, efforts to monopolize legitimate and illegal markets, and profit-oriented nature. Like the other federal inquiries before it, this commission put forth a description that was formed primarily with the Italian American Mafia in mind, which was said to consist of 24 criminal groups with approximately five thousand members, all of whom are Italian in origin.

Donald Cressey (1969)

Based on his consulting work with the presidential commission in 1969, the noted American criminologist published a book entitled *Theft of a Nation* that provided more credence to the depiction of the Italian American Mafia as a nation-wide conglomerate consisting of many rationally structured, semi-autonomous groups governed by a commission. Within this context, Cressey (1969: 319) defines “an organized crime as any crime committed by a person occupying an established division of labour, a position designed for the commission of crime, providing that such division of labour also includes, at least, one position for a corrupter, one position for a corruptee, and one position for an enforcer.” While limited, this definition is notable for the emphasis placed on the use of corruption, violence, and intimidation by criminal groups and how these functions are specialized within a hierarchical organization. For Cressey (1972: 22), OC “should be dealt with as organizations, not merely as collections of individual criminals, and any ‘attack’ on them must deal with organizational structures and the social contexts in which the structures thrive.”

The idea that Italian crime groups monopolized serious, profit-oriented crime, such as drug trafficking, gambling, and loansharking, in the United States through a “near-corporate structuring principle” (Sheptycki, 2003: 125) was debunked in later years as over-exaggerated, sensationalized, and based on dubious evidence. However, at the time, the aforementioned government and scholarly depictions were highly influential and a significant catalyst in increasing federal law enforcement resources and prompting the introduction of targeted and punitive legislation in the United States.



Photo 2.2: Professor Donald Cressey, 1960

Source: By Associated Students, University of California, Los Angeles, via Wikimedia Commons

The United States' Omnibus Crime Control and Safe Streets Act (1968)

In 1968, the US Congress passed the *Omnibus Crime Control and Safe Streets Act*, which defined OC as “the unlawful activity of the members of a highly organized, disciplined association engaged in supplying illegal goods and services, including but not limited to gambling, prostitution, loan sharking, narcotics, labour racketeering, and other unlawful activities of members of such organizations” (s. 601(b)). While continuing to equate OC with the Italian Mafia (the “disciplined association”), this definition is most notable for its emphasis on how consensual illegal activities are at the core of modern organized crimes.

Quebec Crime Commission (1975)

Up until the 1970s, definitions of OC produced in Canada were noticeably lacking. This was due, in part, to the refusal of politicians and senior law enforcement officials to even acknowledge the problem existed in this country. This began to change in the mid-1970s when the Quebec government initiated hearings into crime and corruption in that province. The final report contained the following broad definition of OC: “This new class of the underworld is a group of individuals continuously and secretly conspiring together on a permanent basis with a view to profiting from several types of crimes” (Quebec Police Commission, 1975: 13). As in the United States, many of the earliest reports issued by the Quebec Crime Commission equated OC with the Italian Mafia, which had become entrenched in Montreal (as a wing of New York City’s Bonanno Mafia family). The definition also highlighted the profit-oriented nature of OC.

National Advisory Committee on Criminal Justice Standards and Goals, Task Force on Organized Crime (1976)

In 1976, this American task force recognized the challenges in trying to concisely define OC due to its complexity and ever-evolving nature. The committee argued, “No single definition is believed inclusive enough to meet the needs of the many different individuals and groups throughout the country that may use it as a means to develop an OC effort.” Instead, the task force identified the characteristics of organized criminal activity:

- It is a conspiratorial crime.
 - It has profit as its primary goal.
 - It is not limited to illegal enterprises or unlawful services but includes sophisticated legal activities as well.
 - It is predatory, using intimidation, violence, corruption, and appeals to greed.
 - The conspiratorial groups are well disciplined and incorrigible.
 - It is not synonymous with the Mafia and knows no ethnic bounds.
 - It excludes political terrorists, being politically conservative, not radical.
- (as cited in Bynum, 1987: 4)

One of the more notable elements of this description is the acknowledgement that organized crime transcends the Italian Mafia. The detailed description also reflects the recognition of the complexity of organized crime and influenced subsequent definitions, descriptions, and conceptualizations.

President’s Commission on Organized Crime (1986)

According to Carrapiço (2012: 24), by the 1980s, definitions and conceptualizations of OC in America “shifted in a new direction as a result of the over-ethnicization in the perception of organized crime and its reported lack of empirical basis.” The President’s

Commission on Organized Crime, which was struck by the Reagan administration, acknowledged that “the histories of American organized crime have been ordinarily drawn too narrowly in that they have focused nearly exclusively on the Mafia or La Cosa Nostra” (President’s Commission on Organized Crime, 1987: 176). As a result, the subsequent “strategy pursued by American government institutions was to broaden the definition of organized crime to include other criminal organizations involved full-time in the supply of illegal commodities in demand by the general populace” (Paoli & Vander Beken, 2014: 19). To this end, the commission’s report also discusses outlaw motorcycle gangs, prison gangs, Chinese triads and tongs, Vietnamese gangs, and Colombian cocaine traffickers, as well as Irish, Russian, and even Canadian OC.

Key Terms: Mafia, Italian Organized Crime, La Cosa Nostra, and 'Ndrangheta

Throughout this textbook, numerous references are made to a dominant strain of organized crime in North America, the membership of which is restricted to individuals who are Italian or of Italian heritage. It has come to be known generally as the *Mafia*, but so many other terms have been used to describe this criminal phenomenon that it can be confusing. For the sake of clarity, below are the following terms used in this textbook and their meaning:

- *Italian organized crime* (IOC)—all forms of organized crime in Italy and elsewhere that involve individuals who are from Italy or of Italian heritage
- The *Sicilian Mafia*—the strain of organized crime founded on the Italian island of Sicily
- *Traditional organized crime*—a term sometimes used by law enforcement agencies in Canada to refer to ethnic Italian crime groups in this country
- The *'Ndrangheta*—a subset of IOC, similar to the Sicilian Mafia, that traces its roots to the Italian province of Calabria (and sometimes referred to as the *Calabrian Mafia*)
- *Honoured Society*—the term used by members of the 'Ndrangheta to refer to their organization
- The *Montreal Mafia*—a criminal organization, based in Montreal, made up of individuals of ethnic Italian origin, that dates back to at least the 1940s
- *Mafioso*—someone who is an official (“made”) member of the Sicilian or Calabrian Mafia (the plural of which is *Mafiosi*)
- *La Cosa Nostra* (LCN)—The Sicilian mafia in United States and Sicily

The last term was concocted in the early 1960s by US law enforcement and is a telling example of how some of these labels have come about. It is based

on the use of the phrase *cosa nostra* by Joseph Valachi, a member of New York's Genovese Mafia family who became a government informant, which is roughly translated from Italian as "this thing of ours" or "our thing"—the abstract way Mafia members referred to their secret criminal society. This sinister-sounding designation was reportedly created by the Federal Bureau of Investigation (FBI) to help scare the public into supporting the war against organized crime.

Howard Abadinsky (1990)

In one of the first textbooks on OC in the United States, this criminologist continued the traditional depiction of OC as consisting of highly structured criminal organizations but with greater specificity than previous definitions or descriptions.

Organized crime is a non-ideological enterprise involving a number of persons in close social interaction, organized on a hierarchical basis, with at least three levels/ranks, for the purpose of securing profit and power by engaging in illegal and legal activities. Positions in the hierarchy and positions involving functional specialization may be assigned on the basis of kinship or friendship, or rationally assigned according to skill. The positions are not dependent on the individuals occupying them at any particular time. Permanency is assumed by the members who strive to keep the enterprise integral and active in pursuit of its goals. It eschews competition and strives for a monopoly on an industry or territorial basis. There is a willingness to use violence and/or bribery to achieve ends or to maintain discipline. Membership is restricted, although non-members may be involved on a contingency basis. There are explicit rules, oral or written, which are enforced by sanctions that include murder. (Abadinsky, 1990: 6)

Abadinsky defines OC as an association of offenders, and a disproportionate bulk of the definition is concerned with its organizational structure. In keeping with past descriptions, OC is viewed as having a hierarchical structure, which includes specialized functions that can be allocated based on either the association a member has with the leadership of the group (kinship ties) or that member's particular skills. Either way, these functions are like jobs in a legitimate enterprise: they are not linked to any one member of the group but can be filled by different people. His depiction of the criminal organization as a rational entity is reflected in its rigid structure but also in the existence of rules and its goal-oriented nature (including the goal of monopolization, similar to that of a corporation). He also emphasizes the non-ideological nature of OC, inferring it is not interested in social or political power, but rather in making money. Finally, he

points out that while some criminal groups have a formal membership, they also are reliant upon associates outside the group to perform certain legal or illegal tasks.

United Nations Convention against Transnational Organized Crime (2000)

For the purposes of the UN convention, an “organized criminal group shall mean a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences established in accordance with this Convention, in order to obtain, directly or indirectly, a financial or other material benefit.” The convention defines a “structured group” as one that “is not randomly formed for the immediate commission of an offence and that does not need to have formally defined roles for its members, continuity of its membership or a developed structure” (United Nations, 2000: 25–26). The UN definition ascribes a systematic nature to a criminal organization in that it is purposively (not randomly) formed and persists over a “period of time.” However, this definition can be criticized for being very broad and quite vague and for using an arbitrary minimum number of (three) participants.

Criminal Code of Canada (1997/2002)

The 1997 enactment of *An Act to Amend the Criminal Code (criminal organizations) and to Amend Other Acts in Consequence* provided the *Criminal Code* with its first definition of a criminal organization. The definition is part of a section that deals specifically with offences associated with criminal organizations (e.g., committing an offence on behalf of a criminal organization, recruiting, or counselling another to commit to joining a criminal organization). Section 467.1(1) of the *Criminal Code* (as amended in 2002) defines a criminal organization as

a group, however organized, that

- (a) is composed of three or more persons in or outside Canada; and
- (b) has as one of its main purposes or main activities the facilitation or commission of one or more serious offences that, if committed, would likely result in the direct or indirect receipt of a material benefit, including a financial benefit, by the group or by any of the persons who constitute the group.

It does not include a group of persons that forms randomly for the immediate commission of a single offence.

It is no coincidence that there are striking similarities between the *Criminal Code* definition and that provided by the UN convention; as a signatory to the convention, the Canadian Parliament amended this section of the *Criminal Code* in 2002, in part to ensure the definition complies with that developed by the UN.

CRITICAL THINKING EXERCISE

In your opinion, should Canada's statutory definition of a criminal organization be based on a generic definition developed by the United Nations, or should it be one that is more specific to Canada? Also, consider whether the broad definition hinders or helps enforcement efforts.

Reconceptualizing Organized Crime

As definitions and descriptions evolved over the years, discontent grew among academics with the traditional portrayal of organized crime as highly structured organizations. This resulted in “a re-conceptualization of organized crime” that “pushed for the abandonment of the concept of organized crime as an entity, by proposing it to be understood as a complex set of connections” among criminal offenders. There was also a shift in focus from criminal actors and entities to how profit-oriented illegal activities are organized (Carrapiço, 2012: 24). Both of these shifts in thinking could be traced to the mid-1970s when Dwight Smith published his ground-breaking book *The Mafia Mystique*. In conceptualizing organized crime, Smith (1975) argues for the need to move the focus away from criminal organizations to criminal activities and illegal markets, which are so central to the constitution of OC that it should be alternatively referred to as “enterprise crime.” Moreover, he contends that the business of OC and illicit markets are similar to legal commercial operations and entrepreneurship (but carried out in illegal markets), and that there is often a blurring between legitimate business organizations and “illicit enterprises”.

European Union (2001)

As part of its efforts to determine penalties for offenders participating in a criminal organization, the Commission of the European Communities and Europol (2001: 42) developed their own definition: “A criminal organisation shall mean a structured association, established over a period of time, of more than two persons, acting in concert with a view to committing offences which are punishable by deprivation of liberty of a maximum of at least four years or a more serious penalty; whether such offences are an end in themselves or a means of obtaining material benefits and, where appropriate, of improperly influencing the operation of public authorities.” The European Union (EU) definition is predicated on that originally developed by the United Nations. However, what delineates their definition from previous ones is the use of the broader term *association* to depict the relationship among offenders instead of the more restrictive word *organization* (which implies a corporate-like hierarchical structure). Other important attributes of OC highlighted in this definition

are continuity over time, multiple officers that commit serious profit-oriented criminal offences, and the use of corruption.

US Department of Justice (2008)/Jay Albanese (2015)

Like the EU, the US Department of Justice avoids a strict adherence to any one organizational model when it defines transnational organized crime as “self-perpetuating associations of individuals who operate internationally for the purpose of obtaining power, influence, monetary and/or commercial gains, wholly or in part by illegal means, while protecting their activities through a pattern of corruption and/or violence” (United States Department of Justice, 2008: 2; emphasis added). Criminologist Jay Albanese also avoids the term *organization* when he defines OC as “a continuing criminal *enterprise* that rationally works to profit from illicit activities that are often in great public demand. Its continuing existence is maintained through the use of force, threats, monopoly control, and/or the corruption of public officials” (Albanese, 2015: 4; emphasis added).

CHALLENGES AND CONTROVERSIES IN DEFINING AND CONCEPTUALIZING ORGANIZED CRIME

Definitions and descriptions of OC in North America have evolved from those that were highly ethnocentric and formed around a well-structured organizational profile (e.g., the Italian Mafia) to those that recognize that the universe of organized crime is far more diverse and that illicit markets were much more competitive. Furthermore, OC cannot simply be viewed from a “structural” perspective (the relationship among offenders) but must also be viewed from a “functional” perspective (the organized crimes carried out) (Alach, 2011).

While the newer definitions, descriptions, and conceptual models of OC are more evidence-based, defining OC continues to be challenging “because there is no consensus on its definition” (Zoutendijk, 2010: 68–69). It is resistant to the application of a specific scientific meaning, in part because it is “characterised by a diversity of activities, participants, criminal capabilities and different organising structures” (Tusikov, 2012: 102), not to mention its various public stereotypes (Hagan, 2006: 127). “Despite—or perhaps because of—the great public and policy interest, organized crime remains a fuzzy and contested umbrella concept” (Paoli, 2014a: 1); it is a “phantom” notion (van Duyne, 1996) that is so abstruse it has more than 150 definitions (von Lampe, n.d.). In short, organized crime is “one of the most contested terms in academic criminology” (Sheptycki, 2003: 489). Many definitions are “lacking in precision” (Liddick, 2018: 2); that is, the “terminology found in the ‘organized crime’ literature is often ambiguous” (Edwards & Levi, 2008: 364). This ambiguity is personified by the adjective *organized*, which can potentially be applied to any type of offending involving more than one person, from juvenile bike thieves to transnational criminal organizations, and even corporations and

governments. Empirical research reveals a complex mix of organized criminal offenders ranging from sophisticated “specialists” to “opportunists”—all operating in the same field (Beare, 2003a: xxii).

Carrapiço (2012: 25) notes that an important part of the scientific literature “has encouraged the development of a theoretical debate on organized crime, arguing that it is necessary to clarify it conceptually and to reduce it to a more objective definition.” However, “despite efforts to narrow down the definition,” we have instead “witnessed the enlargement of the concept, which seems to be continuously enriched with new types of activities and organizational structures. The danger associated with expanding concepts lies in the possibility of over-stretching them to a point where they risk losing their meaning and coherence” (Carrapiço, 2012: 25). Beare argues that the term *organized crime* is already “overused” and “excessively broad” (2003a: xxii, xxiv) and that the expansive definition put forth by the United Nations and codified in Canadian legislation may be intentional for self-serving political and enforcement purposes: “The concept of organized crime has been stretched and mythologized to the point of total distortion, rendering it useless for anything but political mileage and the bargaining for resources by law enforcement bodies leading some critics to suspect that those results might have been the objective” (Beare, 2003a: xxv). “The wider the definition, the more ‘organized crime’ there can be claimed to exist” (Beare, 2003a: xxiv); this, in turn, serves as a basis for more punitive laws and expanded law enforcement resources and powers. Paoli and Vander Beken (2014: 17) agree, writing that “the myth of a powerful and centralized mafia organization representing a threat to America’s political, economic, and legal systems long continued to be resorted to whenever police budgets had to be raised or new legislation increasing federal jurisdiction had to be passed.” To put it bluntly, OC has become a “political construct that serves a particular set of functions for the state” (Hobbs & Antonopoulos, 2014: 99). Beare (2003a: xxi) states, “Discussions related to organized crime and transnational crime—about the factors leading to the creation of illegal markets, about the size of the ‘threat’ and about the passing of extraordinary legislation to attack the problem—are steeped in politics.”

Vander Beken (2012: 83) also contends that “organized crime is not a ‘natural’ crime phenomenon that can be observed, counted and classified like other crimes. More than most other types of crime, organized crime is a **social construct** that strongly reflects policy choices and beliefs.” von Lampe (2016: 12) agrees that OC “is a construct, an attempt to make sense of a complex social reality.” According to Carrapiço (2012: 26), OC is “not as the result of a simple observation of an independent reality but as a labelling process amounting to a political and/or moral act.” When viewed from this perspective, the labelling of OC “as a very serious threat is directly related to the actor performing the labelling, rather than to the object being labelled” (Carrapiço, 2012: 26).

Finckenauer (2005: 68) explains why a reliance on self-serving social and political constructs of OC may be dangerous, especially in the absence of rigorous, empirical research and theoretical models. The problem of how organized crime is defined “goes a long way toward determining how laws are framed, how investigations and

prosecutions are conducted, how research studies are done, and, increasingly, how mutual legal assistance across national borders is or is not rendered.” The contention that “the concept, definition and popular understanding of organized crime and, more recently, transnational organized crime has been skewed and misrepresented over and over again throughout the 20th century” (Chambliss & Williams, 2012: 52) makes it all the more difficult to effectively combat the problem. Defining OC exclusively in terms of the Italian Mafia ignored numerous other criminal threats, allowing them to operate and grow unfettered. In the same vein, efforts to frame organized crime as a nation-wide conspiracy or “as a common external enemy, which is endangering society and the lives of citizens, is very different from defining it as the result of individuals’ local demands for illegal products/services, stemming from the core of society itself. The first one might lead to concerted responses ranging from criminalization processes to military interventions, whereas the second one would possibly result in comprehensive and tailor-made solutions, more directed at the roots of the issue rather than at the symptoms” (Carrapiço, 2012: 26–27).

The social construction of OC has also taken on a distinctly American flavour. As explored in more detail in chapter 13, the Americanization of the concept of OC on the global stage has been part of a broader effort by the US government to export its punitive enforcement strategies and policies to other countries. Carrapiço (2012: 24) claims this began in the early 1960s, when “the political and academic debate on organized crime” began to “spread beyond US borders and to permeate international fora such as the United Nations (UN), the G8 and the Council of Europe.”

Many of those who argue that OC has been socially and politically constructed do not say this problem does not exist in the real world or that it does not pose particular dangers. The critiques suggest that OC is such a complex phenomenon that it is averse to concise, commonly understood definitions. And because the conceptual framing of OC has become so politicized, one may not be able to trust definitions or conceptual models put forth due to the bias or ulterior motives of those behind the definitions or models. In the absence of rigorous, agreed-upon, and empirically supported definitions, concepts, and theories of OC, powerful (state) actors may hijack the concept for their self-serving purposes.

CRITICAL THINKING EXERCISE

Considering the Canadian definitions of OC presented in this section, as well as any others you may have identified in your own research, to what extent do you believe they have been socially constructed? To what extent have legislators and law enforcement in Canada defined OC for political purposes? Within this context, what are the pros and cons of the broad, UN-derived definition of a criminal organization that is now codified in Canada’s *Criminal Code*?

COMPETING CONCEPTUALIZATIONS OF ORGANIZED CRIME

Like the various definitions that have emerged over the years, there are also debates over how to conceptualize OC. This section summarizes some of the more significant debates, in particular, those that attempt to determine if OC is best characterized as follows:

- The **organization of criminals** or the **organization of crimes**
- A highly structured criminal organization or more loosely structured criminal networks
- A limited number of large organizations that monopolize criminal markets and territories or many smaller groups and individual criminal entrepreneurs who compete in **disorganized illegal markets**
- A system of criminal activities or a system of **illegal governance**

None of these competing positions are either completely right or completely wrong; OC is so diverse and complex that any of the above can be applicable in a particular historical and contemporary context.

Organization of Criminals versus Organization of Crimes

The most prominent conceptual dichotomy of what constitutes organized crime consists of the following “two rival notions.” (1) the structural approach, which views OC as the organization of offenders; and (2) the functional approach, in which OC is conceptualized as the organization of crimes. As Paoli and Vander Beken (2014: 14) put it, “some authors as well as national and international policy and law enforcement agencies have emphasized the ‘Who,’ that is, the individual offenders and their variable partnerships, whereas others have given more relevance to the ‘What,’ that is, the criminal activities conducted.”

Many of the preceding definitions of OC centre around how criminal offenders organize themselves. One example not already mentioned comes from the FBI (n.d.b), which defines OC as “any group having some manner of a formalized structure and whose primary objective is to obtain money through illegal activities. Such groups maintain their position through the use of actual or threatened violence, corrupt public officials, graft, or extortion, and generally have a significant impact on the people in their locales, region, or the country as a whole.” According to von Lampe (2016), the concept of OC has traditionally been concerned with “the ways criminals are connected to other criminals” (32) and “one of the main challenges in the study of OC is to sort through the myriad social relations of criminals and to understand how these relations influence and shape criminal behavior” (5). Thus, when conceptualizing OC in this manner, “it is not so important what offenders do or how they do it but how offenders are linked to and associated with each other. Organized crime, then, is about some form

of organization of criminals in contrast to lone, independently operating offenders” (27). Finckenauer (2005: 81–82) emphasizes that the main vehicle through which crimes become organized are criminal organizations: “The attributes of the criminal organizations that make the crimes they commit organized crime include criminal sophistication, structure, self-identification, and the authority of reputation, as well as their size and continuity.”

Taking the contrasting viewpoint, von Lampe (2016: 3) writes, “Much of what is commonly associated with the term organized crime has to do with the provision of illegal goods and services.” In other words, “organized crime is primarily about crime”:

Many definitions in essence state that organized crime is crime. Organized crime, therefore, is seen as a specific type of criminal activity. What makes crime organized is either the nature of these activities or the criminals behind them. Criminal activities are regarded as being organized, for example, because of a certain level of sophistication, continuity, and rationality, or by a certain level of harm.

Paoli and Vander Beken (2014: 18) write that conceptualizing OC as a conglomerate of activities has now become the de rigueur approach in the United States: “Organized crime has, thus, become a synonym for illegal enterprise. That is, the involvement in criminal market activities has become nowadays the basic requirement of virtually all definitions of organized crime in the US scientific and official discourse, and this view is shared by both supporters of the mafia-centered understanding of organized crime and its critics.” Alach (2011: 60) states that one subtype of the functional approach to the study of organized crime is that of criminal markets: “Market conceptualisations focus on actions rather than structures, an evolving continuum of interactions.” More specifically, organized crime has been equated with the provision of goods and services that have been outlawed or heavily regulated by the state. Given this, OC should be “defined as (or perhaps better limited to) those illegal activities involving the management and coordination of racketeering and vice” (Block & Chambliss, 1981: 13). Some believe that criminal activities and illegal markets are so central to the understanding and constitution of OC that it should be referred to as the “organization of crime for gain” (Paoli & Vander Beken, 2014: 20) or simply “organising crime” (Block & Chambliss, 1981).

CRITICAL THINKING EXERCISE

Which conceptualization do you believe is most applicable to Canada? Is it fair to say that Canada has a history of well-organized criminal activities but only a relatively short history of highly structured criminal organizations?

Despite this structural versus functional delineation, some definitions of OC have treated the two as critically interconnected and not mutually exclusive. For example, Conklin (2010: 73) writes, “Organized crime is criminal activity by an enduring structure or organization.” Given the inter-relations between the two, a key question to ask is: Does the association of offenders influence the illegal activities they carry out or do the illegal activities carried out by a group of offenders influence how this association is structured? More broadly, Smith (1994: 121) asks, “Does an organization determine its actions, or do actions determine an organization?” For some scholars, it is the latter. Albini (1971: 49) claims that “criminal groups are dynamic entities, not static ones” and that “they change with the nature of the criminal acts they commit.” Albanese (2015: 14–15) elaborates on this comment, writing, “A growing body of evidence indicates that organized crime groups revolve around specific illicit activities rather than the opposite. Desirable illicit activities, made desirable due to public demand, the local market, or other opportunity factors, appear to dictate how and what type of criminal group will emerge to exploit the opportunity.” Van Duyne (1996: 203) says criminal groups or networks are an “outcome” rather than a precondition for organized criminal activities. In sum, the term *organized crime* has been used to simultaneously refer to both criminal activities and criminal organizations. A more in-depth discussion and analysis of how criminal offenders and criminal activities are organized is presented in part II (Organized Criminal Associations) and part III (Organized Criminal Activities), respectively.

Structured (Mafia-Style) Criminal Organization versus Criminal Network

While the debate continues over whether OC should be best conceptualized functionally versus structurally, there is a further divergence of opinion over how the associations between criminal offenders are organized. This pits those who view OC as made up of highly structured hierarchical organizations that persist over time against those who believe that criminals are organized around a looser networked approach, which entails a fluid association of like-minded independent **criminal entrepreneurs** and small groups, none having any long-term authority over the others. (The different conceptual models on the structure of OCAs are discussed in more detail in chapter 3.) How OCAs are structured has important implications for the relationships among the participating offenders. The relationships within hierarchical structures are based on power (e.g., there are layers of positions, including an all-powerful boss), while in the case of networks, the relationships are more symmetrical—largely based on the expertise of or resources available to a particular participant.

Decker and Pyrooz (2014: 277) argue, “there is a major division of opinion among scholars of organized crime, with some who see organized crime groups in ways that are consistent with networking theory and others who describe them in terms consistent with hierarchical theory.” Suffice it to say that both conceptual models have some

degree of accuracy. In historical and contemporary periods, there are examples of hierarchical OCAs, and there also are numerous examples of those that operate more on a networked basis. As Bouchard and Morselli (2014: 293) succinctly state, the degree of organization can vary greatly from one criminal conspiracy to another. Studies examining taxonomies of drug trafficking conspiracies, for example, “described a wide-ranging spectrum of organizational complexity, from very loose and changing partnerships, to corporate-like organizational structures.”

Some organized criminal conspiracies are in fact hybrids of the two structures. Italian American Mafia families, Chinese triads, outlaw motorcycle gangs, and South American cocaine “cartels” all integrate aspects of both the hierarchical and network models. The local chapter of an outlaw motorcycle gang, for example, has a hierarchical structure in which lower-echelon members are answerable to the chapter president. At the same time, the full-patch member will have a network of associates outside of the chapter that he works with to carry out illegal activities. Notwithstanding this hybrid model, there is a growing consensus that over the years, the structure of OC has moved in the direction of a more networked approach.

Large Mafia Organizations That Monopolize Criminal Markets and Territories versus Disorganized Illegal Markets with Numerous Small Operators

The debate over how criminal offenders are structured as part of an organized criminal conspiracy is often accompanied by related questions: Is OC characterized by large, highly organized, Mafia-style criminal organizations that dominate and even monopolize illegal markets or specific territories? Or are illegal markets and territories more disjointed and competitive in that they are made up of many individual criminal entrepreneurs and small groups competing against one another (and sometimes co-operating) for market share? There are two overlapping components to this debate: one is about how large and well organized an association of criminal offenders is, while the other is about how organized or disorganized criminal markets are. The two components are interconnected in that if one believes OC is made up of large, well-organized, highly structured criminal organizations, then presumably they tend to dominate or monopolize illegal markets or territories. Conversely, if OC is made up of smaller, less organized groups, then illegal markets are more disorganized and more competitive.

For years, the predominant view of OC in America was that illegal markets were monopolized by powerful criminal organizations and Italian Mafia groups in particular. As Paoli and Vander Beken (2014: 14) put it, “from the 1950s onward, in fact, the assumption spread in the United States that criminal organizations were responsible for most serious criminal activities for gain.” Inherent in view are the following assumptions: (1) large criminal organizations maintain a criminal monopoly in the marketplace, and (2) these organizations are controlled by bosses at the top of a criminal hierarchy,

with a chain of command through which orders related to specific criminal tasks are passed down to the low-level soldiers (Lyman & Potter, 2014: 72).

While there have been large, hierarchical criminal groups, most illegal markets are made up of numerous smaller fleeting groups with little organizational profile. The turning point in this debate can be attributed to Peter Reuter's 1983 book *Disorganized Crime: The Economics of the Visible Hand*. In his study of illegal gambling and loansharking in New York City, Reuter found that both illicit industries were populated by small operators with little or no organization. In other words, no one group—including none of the city's major Mafia families—monopolized these markets or exercised any significant control over independent gambling operators or loansharks. His research found each of these industries to be fragmented and highly competitive. Reuter concludes that illegal markets tend to be populated “by localized, fragmented, ephemeral, and undiversified enterprises” (Reuter, 1983: 131).

Lyman and Potter (2014: 55) expound on the practical reasons why small groups are the norm in most illegal markets: “Small size and segmentation reduce the chances that the enterprise will be caught and members prosecuted. Because employees in illicit industries are the greatest threat to these operations and make the best witnesses against them, organized crime groups must limit the number of people who have knowledge of the groups’ operations.” Moreover, because all criminal enterprises operate in uncertain, unstable, and relatively hostile environments (as a function of their illegality), they are more likely to remain small in size, flexible, and loosely structured. They will also have little organizational complexity or formality (i.e., formal rules, procedures, chains of command) (Bouchard & Morselli, 2014; Lyman & Potter, 2014). As a result of the above factors, “it follows that the larger the organization, the more vulnerable it is to infiltration by law enforcement” (Bouchard & Morselli, 2014: 289). In short, “‘small is beautiful’ appears to be the norm by which illegal entrepreneurs operate their businesses. Small groups are considered to be safer, easier, and more efficient than larger organizations” (Bouchard & Morselli, 2014: 289).

Research in the United States, Canada, and other countries has corroborated how illegal markets and organized criminal activities tend to be characterized by small groups competing against one another. Bouchard and Morselli (2014: 288) allude to “how researchers have often referred to the mass of small and ephemeral groups that form in any given criminal market as opportunistic operators and less organized (or disorganized) forms of criminal operations.” Similar observations were made in studies of domestic drug markets, including those in Canada. Research by Desroches (2005) concerning convicted drug traffickers who operated at the wholesale level concluded that the illicit drug trade in Canada, with the exception of a few large groups such as outlaw motorcycle gangs, is characterized by open competition among a large number of small criminal networks. Based on a sample of imprisoned drug traffickers in Quebec, Bouchard (2006) found that 60 percent were active in organizations of less than 10 members, while only 13.7 percent had more than 20 members (as cited in Bouchard & Morselli, 2014: 292).

The frequency of small group operators even extends into transnational criminal activities, such as drug trafficking, which most experts believe are characterized by a network of small autonomous operators responsible for separate functions in the international supply chain. In international drug trafficking, “the production, importation, distribution, and retail activities are kept as discrete functions, often performed by completely different organized crime groups, most of which are both temporary and small” (Lyman & Potter, 2014: 55). OC has increasingly been characterized by the network structure due to small group specialization in distinct functions: “Rather than global Mafias, this international trade has stimulated small, flexible, discrete networks. This makes perfect sense. First, smaller networks enhance profitability by reducing production and corruption costs. Second, smaller networks better control the flow of information about what a criminal group is doing and how it is doing it, reducing the risk of law enforcement interference in the daily business of organized crime” (Lyman & Potter, 2014: 14). Justifying this argument, van Dijk and Spapens (2014: 215) point to how “the notoriously powerful Cali and Medellin cartels have long since been disbanded and superseded by hundreds of smaller, more flexible, and more sophisticated cocaine-trafficking organizations.”

This growing conceptualization of (transnational) organized crime “has been highly influential, sometimes to the point that it seems to have been misconstrued to represent a natural law according to which large, complex criminal organizations do not and cannot exist” (von Lampe, 2016: 45–46). Lyman and Potter (2014: 13) agree with this “natural law” when they write, “In moving toward this newer conceptualization, we recognize the fact that the older traditional forms of organized crime, such as Mafia-type organizations, if they ever existed, are now an endangered species, no longer useful in a globalized world economy. Just like legitimate corporations, organized crime groups today are actually loose networks of entrepreneurs.” Bouchard and Morselli (2014: 293) cite examples of a “few studies” of street gangs, outlaw motorcycle gangs, and Mafia groups that “certainly confirm that organizations that are larger than usual exist in almost every setting. However, they remain the exception rather than the rule, and they rarely manage to dominate an illegal market, except on a limited territorial base.” Research shows that most serious, profit-oriented crime is not carried out by well-organized criminal groups, nor do Mafia-style criminal organizations monopolize a particular market of illegal goods or services with a particular territory: “Empirical evidence is substantial that opportunistic and small criminal groups are the predominant form of operating unit in organized crime” (Bouchard & Morselli, 2014: 290).

CRITICAL THINKING EXERCISE

Read the subsequent chapters of this textbook that deal with case studies of organized crime in Canada and identify examples where OCAs attempted to dominate or monopolize a particular illegal market or territory in Canada. Were they successful? If so, why? If not, why not? Also, identify current and historical examples of illegal markets that are highly competitive.

Organized Crime as a System of Governance versus Organized Crime as Criminal Activities

Popular notions of OC as an association of criminals or as a set of serious criminal activities are joined by a third conceptualization that emphasizes governance and power over people. Von Lampe (2016: 27–28) argues that organized crime is a system of “illegal governance” in which powerful underworld figures amass and use power in a way that is more analogous to state actors and politics than to criminal offenders and illegal markets: “There is a view that organized crime does not have to do primarily with specific forms of criminal activities or specific forms of criminal organizations but with the concentration of illegitimate power in the hands of criminals.... In one scenario, criminals create an underworld government that controls, regulates, and taxes illegal activities. In another scenario, criminals gain influence in legitimate society by either replacing legitimate government or by entering into alliances with corrupt members of political and business elites for the purpose of manipulating the constitutional order in their favor.”

One of the governance functions of Mafia-style organizations is the provision of quasi-judicial services (Anderson, 1979, 1995; Reuter, 1983). According to Schelling (1971), the core activities of criminal organizations are closely linked with illegal markets, not because of their direct control over production and distribution in those markets but because the actors in these markets are less able to protect themselves from harassment since they cannot seek protection from the state. The proliferation of organized crime and Mafia-style criminal organizations has also been attributed to a weak state presence in a particular country or region (Gambetta, 1993). “It follows from the very nature of illegitimate business, that people who deal in illegal goods and services cannot summon the authorities when they require assistance in a dispute. They, therefore, must construct their own underground regulation system and base it on the fear of retribution” (Morselli et al., 2010: 36–37). According to Kleemans (2014: 36), Mafia-style groups gain control of markets and territories as “alternative governments” and generate revenue “by taking over two traditional state monopolies: the use of violence and taxation.” The two are interconnected in that violence and intimidation are often used to coerce people and businesses to pay a tribute or tax. It is within this quasi-governmental and quasi-judicial context that organized crime has been considered as a system of **private protection** (Gambetta, 1993; Varese, 2001). According to Gambetta (1993: 1), the Sicilian Mafia is “a specific economic enterprise, an industry that produces, promotes and sells private protection.” In more colloquial terms, Mafia groups operate “protection rackets,” which entail extorting money from individuals and businesses to protect them from calamities that may befall them—calamities that are usually orchestrated by the Mafia group itself (see chapter 9 for more on extortion and protection rackets). One Italian study suggests that some “governance-type organized crime groups” operate a quasi-police force against street crimes in the communities they control (Aziani et al., 2020: 970).

CRITICAL THINKING EXERCISE

Analyze whether the view of OC as a form of underground governance applies to any of the Canadian Mafia groups and leaders discussed in chapter 5. To what extent did these leaders view themselves as some form of underground government? To what extent does this fit into their own view of the role of the Mafiosi in society? How did this view embolden their efforts to carry out protection schemes and extortion?

DIFFERENTIATING ORGANIZED CRIME

One way to understand OC conceptually is to differentiate it from “unorganized” or “street” crime, “elite” and white-collar crime, as well as other forms of “organizational crimes.”

Organized versus Unorganized Crime

Organized crime should not be defined strictly by the type of illegal activities that are carried out, for many of these crimes can also be carried out by offenders working alone or in small groups. Instead, it is more accurate to characterize OC by *how* illegal activities are carried out. As Albanese (2015: 61) succinctly puts it, “The act of preparing or organizing to commit crimes is what distinguishes organized crime from most street crimes.” More specifically, according to von Lampe (2016: 31), *organized* means “that a crime is not a simple, one-dimensional act, like the snatching of a purse, but an endeavor that requires the coordinated completion of interlocking tasks.” As detailed in chapter 3, because some organized crimes may be more complex, logically there is a need for a heightened operational capacity, including multiple offenders, leadership, financial investments, planning, coordination, international connections, management skills, innovation, and technical expertise.

In contrast, “unorganized” crime can be characterized as crimes carried out by individuals working alone or in small groups. They range from the rudimentary (e.g., shoplifting) to the serious (e.g., armed robbery, sexual assault) and can include both predatory (e.g., auto theft) and consensual crimes (e.g., street-level drug trafficking or prostitution), as well as crimes of passion (e.g., spousal assault). These street crimes display “simple characteristics: limited organisation, local context, small scale, predictable or high-rate offences, and low skill requirements” (Douglas & Smith, 2018: 4). Unorganized street crimes and organized crimes can be placed on opposite ends of a continuum; at one extreme are “spontaneous, impulsive, isolated acts,” while on the other end are “criminal endeavors that follow a rational plan, involve the combination

of different tasks, and extend over long periods of time” (von Lampe, 2016: 31). This is not to say that OC syndicates or their individual participants do not act impulsively, irrationally, opportunistically, or haphazardly. On the whole, however, by their very nature, some organized criminal activities require planning, coordination, sophistication, and rationality.

Comparing the use of violence is one way to contrast organized crime with unorganized crimes. In the former, violence is often used rationally “as an offensive tactic, an integral part of strategy, applied in a premeditated manner” and contributes to the profit-oriented goals of an OCA (Royal Canadian Mounted Police [RCMP], 2010: 3), while unorganized violence is more spontaneous (e.g., a bar fight) or pursued for non-monetary goals (such as crimes of passion or sexual assaults).

Organized Crime versus Elite Crime

Elite crimes are those carried out by affluent and powerful individuals in society, such as politicians, corporate directors and executives, lawyers, and the wealthy, among others. History is replete with examples of individuals who have used their professions, and their social status, to orchestrate and carry out well-organized serious crimes, some of which have brought lucrative monetary and political benefits to them while inflicting considerable harm on many unsuspecting victims (e.g., shareholders, consumers, taxpayers, government, the environment). In this sense, most elite crime is predatory in that there usually is a victim involved.

The exclusion of these “elite” white-collar, corporate, and state crimes from the rubric of OC is criticized for the following reasons. First, these crimes may have many of the hallmarks of OC (multiple offenders, serious profit-oriented offences, organizational continuity, etc.). Second, corporations and state actors have become involved in offences traditionally associated with OC (smuggling, corruption, fraud, theft, counterfeiting, money laundering, tax evasion, and even drug trafficking in the case of some pharmaceutical companies). Third, the crimes undertaken by those in a position of power, in particular, elected officials and corporate executives, can inflict a great deal of harm on society as a whole. Fourth, the impact of predatory crimes committed by powerful individuals and entities goes beyond the immediate and direct harms it inflicts on societies. As Hammer (1975: 3) writes, the nature and scope of criminality within a society “is inevitably set by those at the top.” Corrupt politicians and corporate criminals send the message that on the way to accumulating wealth, power, and affluence, the end justifies the means. Finally, corporate and state actors have long been implicated, and have even been willing participants, in criminal schemes involving OCAs. As Woodiwiss (2003: 15) states, history shows that “politicians, public officials, professionals, and other representatives of the ‘respectable’ classes were clearly part of the problem of organized crime, not passive victims or tools of distinct gangster-dominated entities.” The following

sections compare OC with forms of elite crime, which raises the question: Should crimes committed by corporate and state bodies and actors be considered organized crimes?

Organized Crime versus White-Collar Crime

The term **white-collar crime** is attributed to Edwin H. Sutherland (1949: 9), who defined it as “a crime committed by a person of respectability and high social status in the course of his occupation.” Sutherland viewed white-collar crime as crime committed as part of the individual’s usual commercial or professional responsibilities. Within this context, it encompasses the embezzlement and misapplication of funds, accounting fraud, stock market manipulation, environmental crimes, and bribery, to name just a few. Today, the term is not necessarily restricted to crimes carried out in the context of one’s profession but is defined more broadly as a financially motivated, non-violent crime that includes fraud and misrepresentation (i.e., the betrayal of the victim’s trust). Moreover, white-collar crime is no longer viewed as the exclusive purview of people who occupy “high social status.” White-collar crimes are committed by a range of people, from occasional offenders, who are not part of the economic elite but commit fraud-based crimes as part of their professional occupation and/or in the legitimate economy, to serious and chronic offenders who are part of the economic elite and misrepresent themselves as legitimate businesspeople to carry out their frauds (e.g., Bernie Madoff). There is considerable overlap between white-collar crime and organized crime because OCAs are involved in various forms of fraud, stock market manipulation, copyright infringement, counterfeiting, and money laundering, to name a few. For some, the distinction between white-collar crime and OC is an arbitrary one when it comes to fraud and other types of non-violent, financially motivated crimes. As one criminologist put it, “organized crime in business is usually referred to as white-collar crime, except when committed by racketeers who enter into business, in which case it is called organized crime, even though the criminal acts may be identical” (Maltz, 1976: 340). With that said, definitions of white-collar crime usually include one criterion that differentiates it from organized crime: the absence of physical violence.

Organized Crime versus Corporate Crime

Conceptually, white-collar crime overlaps with corporate crime, although they can be differentiated in that the former may involve individuals working alone, while the latter refers to crimes carried out by a corporate entity that presumes multiple people are involved. Thus, corporate crime is part of the broader concept of “organizational crime” (Braithwaite, 1989). There are numerous similarities between organized crime and corporate crime, including their serious and harmful nature, their financial motivation, multiple offenders, some form of organizational structure, and rationality. However, while some may want to cast chronically malfeasant corporations as criminal organizations, the main argument against doing so is that most **corporate crime** is a deviation

from the legitimate and legal commercial activities of a company. In contrast, the term *organized crime* tends to encompass groups and networks that exist exclusively or overwhelmingly to profit from illegal ventures. Another difference is how the state responds to corporate crime, relative to street crime or OC. Von Lampe (2016: 234) writes that “corporate and other elite offenders are less likely to be investigated and apprehended. And if they are brought to justice, sanctions tend to be less severe. In fact, it may be the case that fines are set so low that corporate crimes remain profitable even if they are detected.” Beare (2003b: 184) speculates that one reason corporations typically do not qualify as organized criminals is because of their power in society: “They have the financial backing to sue anyone who would try to extend a definition of serious, continuous, organized criminal activity to include their corporate business policies.” Corporations can also count on powerful politicians to protect them from criminal prosecution or lawsuits (politicians who coincidentally accept campaign donations from the same corporations).

The distinctions between OC and corporate crime are blurred, to say the least. While OCAs are involved in white-collar crime, legitimate companies have also been implicated in serious crimes that have led to the widespread victimization of consumers, investors, and society at large through deception, fraud, misrepresentation, and even violence. Some of America’s original business tycoons, such as John Jacob Astor, Leland Stanford, John D. Rockefeller, Cornelius Vanderbilt, and J. Pierpont Morgan, have been referred to as “robber barons” because they amassed their fortunes through the liberal use of intimidation, price fixing, collusion, extortion, violence, bribery, fraud, and smuggling (Abadinsky, 2012). During the early part of the 20th century, pharmaceutical producers and distributors in Europe, America, and Canada regularly diverted legal drugs like morphine to the black market. During the era of Prohibition, giant liquor producers in Canada sold huge quantities of liquor to smugglers and gangsters. It was these examples and more that prompted Edwin Sutherland to coin the phrase that would become the title of his 1949 book: *White Collar Crime*. Sutherland “found that the criminality of the corporations, like that of professional thieves, was persistent, extensive, usually unpunished, most often deliberate, and involved the connivance of government officials or legislators. It was, in sum, organized” (Woodiwiss, 2003: 14). More recently, investigations in the United States have shown how automobile manufacturers knowingly refused to admit to, let alone repair dangerous car defects, despite their knowledge of resulting deaths (Penenberg, 2012), while tobacco and firearm manufacturers hid research findings that revealed the widespread deaths resulting from their products (Proctor, 2012). Tobacco companies in Canada have also been implicated in numerous illegal schemes that diverted legal products to the black market.

In more recent years, many of the world’s largest banks and investment firms have engaged in one or more business practices that have breached criminal and even national security laws. These offences include laundering billions of dollars of drug money, facilitating tax evasion by clients, misleading marketing of financial products, and

Case Study: Involvement of Tobacco Companies in Cigarette Smuggling

In the early to mid-1990s, there was a massive increase in tobacco smuggling from the United States into Canada due to a substantial increase in Canadian taxes on cigarettes (with no taxes being applied to exported cigarettes). One man who profited greatly from the contraband tobacco trade was Larry Miller, an American businessman from Las Vegas. Through a company called LBL Importing Ltd., cigarettes were imported into the United States from Canada tax-free and then smuggled back across the border. Most of the smokes imported by LBL were the popular Canadian brand Export "A," which was produced by RJR-MacDonald, of Canada, a subsidiary of RJ Reynolds, based in North Carolina. Police later learned that the management of the parent company and its Canadian subsidiary conspired with the Miller organization.

A subsidiary of RJR-MacDonald called Northern Brands International was incorporated, and Leslie Thompson, a director of Canadian sales for RJR, was appointed to work with Miller to export the tax-free cigarettes to the United States and then smuggle them back to Canada. Northern Brands sold tax-free Export "A" cigarettes to LBL and another Miller-connected company. Canadian and American customs authorities were told that the cigarettes would be stored in bonded warehouses on the American side of the border and then legally transported to Estonia and Russia. Instead, they were smuggled into Canada.

During its first year in business, Northern Brands was earning an average weekly profit of (US)\$1.3 million, making it the single most lucrative unit of RJ Reynolds. Leslie Thompson later claimed in an interview on the CBS news program *60 Minutes* that more than five billion cigarettes from RJR-MacDonald and its new subsidiary were smuggled into Canada every year, and at one point, 60 percent of RJR's business in Canada was from the sale of contraband cigarettes (CBS, *60 Minutes II*, Jan. 18, 2000). Thompson said executives at RJ Reynolds appointed him to oversee the smuggling scheme and were well aware of the illegal operation.

In December 1999, Miller was sentenced in a US court to 12 and a half years in prison and agreed to forfeit to the government up to \$160 million in personal assets. Also sentenced that month was Leslie Thompson, who received five years and was fined \$20,000. In December 1998, Northern Brands International Inc. pleaded guilty to conspiracy offences in the United States and was fined \$15 million. In February 2003, the RCMP laid six counts of fraud and one count of conspiracy against JTI-MacDonald (the subsidiary of Japan Tobacco Inc. that had purchased RJR-MacDonald in 1999) and eight of its former executives. By 2006, one former vice-president of sales for RJR-MacDonald from the early 1990s was convicted and sentenced to eight months of house arrest resulting from the RCMP

investigation. In the summer of 2008, the tobacco companies pleaded guilty to federal charges and were forced to pay \$1.5 billion in criminal fines and civil penalties. This followed repeated unsuccessful attempts by the Canadian government to sue the US-based tobacco companies under the *Racketeer Influenced and Corrupt Organizations Act*, American legislation typically used to combat organized crime (Beare, 2003b; Schneider, 2016: 364–65).

conspiring to manipulate foreign currency exchange rates (Schneider, 2015). In their financial investment advisory services, Canadian banks have been accused of using the same high-pressure and unethical sales practices as mass marketing fraud perpetrators (Small Investor Protection Association, 2019; *CBC News*, Mar. 29, 2017; Apr. 17, 2019).

In sum, a particularly contentious issue is the extent to which corporations should be labelled as organized crime when they are involved in perpetuating serious criminal acts on an ongoing basis. Conceptually, at least, one must make the distinction between OCAs that form expressly to commit illegal offences and organizations that are formed for legitimate business purposes and commit illegal acts as an aberration from their legitimate business. However, once the law breaking occurs, some argue that it is “difficult to draw any clear lines between legitimate and illegitimate businesses or markets,” given that “they all seek to enhance profits by breaking, neglecting or avoiding the law” (Croall, 2010: 679). Regarding the aforementioned tobacco smuggling case study, Beare (2003b: 201) says it is “tempting to view the alleged corporate criminals in these criminal processes as somehow still ‘outside’ organized crime—useful to organized crime but ‘different’ from it. However, the conduct that has been alleged, if proven in court, is organized crime activity.” Smith (1980) argues that all commercial activity can be ranked on a continuum that he calls the “spectrum of legitimacy,” and the boundaries between legal and illegal commercial enterprises are often blurred (if not non-existent). Perhaps one of the most striking similarities between corporate and organized crime, according to von Lampe (2016: 233), “is that criminal activities and criminal structures can be found to be embedded in a subculture conducive to crime.”

CRITICAL THINKING EXERCISE

Do you believe there are forms of corporate crime that should be classified and prosecuted as organized crime? Research specific cases of corporate crime in Canada and identify any traits that you think are characteristic of organized crime. Do you believe that corporate executives should be charged with criminal organization offences?

Organized Crime versus State Crime

K. S. Williams (2010) defines **state crime** as “a state organised act or failure to act that breaks either the internal criminal laws or public international laws or is a form of organised deviance (by omission or commission) involving the violation of human rights or the destruction either of the interests of peoples or of their economies.” Chambliss (1989: 184) defines state crime simply as “acts defined by law as criminal and committed by state officials in pursuit of their jobs as representatives of the state.”

State actors include elected and appointed officials, civil servants, and the institutions and agencies comprising the apparatus of the state and its governments (Ross, 2000). The types of crimes carried out by state actors are varied and can include human rights abuses, illegal violence (by the military or police, including kidnapping, torture, and genocide), tax evasion by politicians, electoral fraud, unlawful surveillance, espionage against foreign states and corporations (including state-sponsored cybercrime), overthrowing of elected leaders, and illegal invasion or annexation of other countries. This section focuses primarily on criminal activities carried out by state actors that result in some kind of financial benefit to them, which will allow for a direct comparison with OC.

Perhaps the most dominant form of revenue-generating state crime is corruption, in which state officials accept bribes. As Karstedt (2014: 311) notes, “economic gains are a prevalent motive in widespread corruption or in the capture of state institutions for illegal exploitation by powerful groups.” While the general perception is that honest politicians and public servants are the ones corrupted by criminal offenders, history is replete with examples whereby the state official instigates the corrupt relationship. This is even the case where a corrupt relationship exists between a state official or agency and a criminal entity. In this relationship, the bribe is often to protect the criminal offender from arrest and prosecution. (See chapter 3 for information on the links between organized crime, bribes, and state corruption.)

Corrupt state officials can also be the organizers behind profit-oriented organized crimes (Lyman & Potter, 2014: 350). One revenue-generating criminal activity shared between the state and criminal organizations is the “protection racket,” a form of extortion. According to Karstedt (2014: 306–7), states and governments, as well as their agencies and institutions, emerge as criminal actors when they “strategically exploit fear among those for material gains” by threatening smaller groups and units in a society and then “offer ‘protection’ in exchange for a ‘tax’ or other forms of payment.” The result of such protection rackets is “organized state crime that combines all characteristic features of organized crime” (Karstedt, 2014: 315). There are also plenty of historical examples in which state actors, including those at the pinnacle of power, have been the central organizers of other criminal activities such as drug trafficking (McCoy, 2003).

Case Study: State Crime as Organized Crime in Canada?

Compared to other countries, state actors in Canada have traditionally been less corrupt, at least according to international corruption indexes (Transparency International, n.d.). This is not to say there have not been historical or contemporary instances of state crime in this country. As mentioned, while Canada was still a colony of Great Britain, privateers were granted licences by the sovereign to rob and pillage merchant ships of other countries.

One of the first major corruption scandals that emerged in Canada following Confederation involved the first prime minister, Sir John A. Macdonald, who is singularly credited with spearheading the building of Canada's earliest national railways. But the railways' construction was often a magnet for dishonest businessmen who manipulated stock prices, swindled settlers out of their land, and offered bribes for government contracts. On the receiving end of the bribes were politicians, some of whom were in a gross conflict of interest as they sat on parliamentary committees that awarded contracts to firms in which they had a financial interest. Macdonald and his Conservative Party were accused of accepting



Photo 2.3: The building of the Canadian Pacific Railway in the late 19th century was engulfed in controversy due to allegations of political corruption

Source: Thomas Hill, via Wikimedia Commons

\$350,000 from Sir Hugh Allan, a prominent railway baron and shipping magnate, right before the 1872 election. In return, Allan's consortium was allegedly promised the contract to build the railway. Few believed the prime minister's protestations that the political donations and the awarding of the contract were unrelated, and Macdonald was censured by a parliamentary commission.

Because smuggling into and out of Canada has been so historically rampant, there are a litany of cases where border officials and other law enforcement officers have been caught and charged with taking bribes. This corruption reached its apogee during the era of Prohibition when massive amounts of liquor were smuggled out of Canada into the United States. Corruption within the Canadian Department of Customs and Excise was so endemic that a Royal Commission was convened in 1926. The entity that benefited financially the most from Prohibition in America was the Canadian government, which made billions of dollars in revenue from liquor excise taxes (Schneider, 2016: 216–19).

During the 1920s and 1930s, corruption was also prevalent within municipal police departments and governments. Many purveyors of gambling dens, bookmaking operations, and bawdy houses were protected by municipal police agencies and politicians, sometimes in return for generous compensation. Prostitution and gambling were often viewed as harmless vices by police and politicians; as such, they could rationalize taking a bribe. Beginning in the 1930s, criminal offenders were often recruited by political parties to help rig elections, which usually meant intimating voters or stuffing ballot boxes (Schneider, 2016).

Perhaps the most high-profile instance of "state organized crime" in Canada in recent years occurred in Quebec, when it was discovered that the tendering of public construction contracts in Montreal was rigged through a colluding consortium of construction firms, municipal government officials, municipal political parties, and the Rizzuto Mafia family. In 2013, Gilles Vaillancourt, the mayor of the Montreal suburb of Laval, was arrested and charged by police with 12 counts of conspiracy, fraud, breach of trust, and participation in a criminal organization, all *Criminal Code* offences. He was arrested along with other senior bureaucrats after being accused of accepting bribes and kickbacks from several construction firms in exchange for public contracts. Police said Vaillancourt warranted the criminal organization charges because he was running an organized network of corruption and collusion in the tendering of municipal contracts in Laval. In December 2016, Vaillancourt was sentenced to six years in prison after pleading guilty to fraud against the government, breach of trust, and conspiracy to commit fraud. The criminal organization charges were dropped as part of a plea bargain. His plea deal included a commitment to repaying the city \$7 million (from funds he had in a private Swiss bank account) and forfeiting more than \$1 million in other assets. He was granted full parole in 2018 (CBC News, Dec. 6, 2018; *La Presse*, Aug. 19, 2015; *Montreal Gazette*, Oct. 15, 2015; *Toronto Star*, May 9, 2013).

CRITICAL THINKING EXERCISE

Research and deliberate on the case of Gilles Vaillancourt more fully, which should include examining the charges laid against him and the rationale provided by police for these charges. Do you believe that Vaillancourt deserved to be charged with participation in a criminal organization? Do you agree that these charges should have been dropped?

Arguments against classifying some types of state crime as OC are predicated on the same ones that exclude corporate crime from such a designation: unlike OCAs, states and governments are not wholly concerned with criminal activities, and such crimes are a deviation from their legitimate governance mandate and activities. While equating state crime with OC is open to debate, what is clear is that both have the potential for widespread harm. According to Karstedt (2014: 305), “given the power that the modern state is capable of exerting over its citizens (and abroad), state crimes are crimes of extraordinarily serious nature, as they have the potential of affecting large groups of victims and causing great harm in terms of life, health, and economic and social well-being.” Williams (2010: 741) concurs, writing, “Throughout history states have committed crimes which dwarf those of ‘conventional’ offenders or even organised criminal groups; their actions have often been costly, exceptionally violent and destructive of both property and people.”

CRITICAL THINKING EXERCISE

Karstedt (2014: 303) notes that in reports on organized crime issued by governments and inter-governmental agencies, including the United Nations and Europol, “the state as actor on its own account or even only as facilitator of organized crime is conspicuously absent.... To the contrary, the state is seen as a victim of organized crime with its economy, society, and even polity being affected by ‘infiltration’ and ‘influence’ from organized crime groups.” What vested interests do government agencies have in excluding state crime from their reports on OC? Review the definitions of OC by government commissions and agencies documented earlier in this chapter and determine if there is any mention of state involvement. Conduct research into government and inter-governmental reports on OC and determine the extent to which these reports provide any indication that the state may be complicit.

Organized Crime versus Terrorism

The fundamental difference between OC and **terrorism** lies in the respective goals of each. The goal of OC is economic, its primary purpose being the pursuit of profits. Terrorism, on the other hand, is concerned with political or social change. In this sense, one of the fundamental differences between the two is that terrorism is highly ideological, while OC is not. Gendron (2012: 406) discusses two other distinctions. First, “criminal groups operate with maximum anonymity. They do not thrive upon the attention from the media craved by terrorist groups.” Second, the “optimal ‘business environment’ objective of criminal groups is unlikely to coincide with the aims of terrorist groups. Terrorist groups seek to destroy the status quo while criminal groups seek to create a stable business environment within existing structures.”

Despite these distinctions, there are some commonalities between the operational aspects of terrorist groups and OC groups: “Both types of groups operate outside the law and are willing to use violence to advance their objectives; they engage in money-laundering to move and protect illegally acquired assets; they resort to similar security methods including false documentation and counter-surveillance techniques; and the organizational structure of both is changing in ways that give individual actors more freedom to operate independently of any centralized headquarters” (Gendron, 2012: 406). There is also evidence of a “crime–terror nexus,” which refers to the linkages between OCAs and terrorist groups and can be divided into six categories, as detailed below.

1. The flow of goods and other types of support from criminal syndicates to terrorist groups—OCA have been involved in funnelling arms and other strategic materials to extremist groups.
2. Protection provided by extremist groups to OC groups—South American and Asian crime groups that are involved in coca and opium production, respectively, have been protected by well-armed extremist groups. In return, the extremist groups take a cut of the profits of the illicit drug trafficking trade as a protection fee (United States Department of State, 2021: 87).
3. The use of terror tactics by OC groups—Violence and intimidation have been used by criminal groups to terrorize civilian populations and even state actors to undermine any opposition. In this context, Gendron (2012: 405) concludes, “Transnational criminal networks too are a potential threat to democracy and like terrorists, exploit the vulnerabilities, fears and powerlessness of others and engage in activities that are corrosive beyond the immediate damage from criminality.” Drug trafficking groups in Colombia and, more recently, Mexico have long used violent terrorist tactics, including mass killings of innocent civilians and state officials. In Canada, during the 1990s, the Quebec Hells Angels began a campaign to murder journalists as well as criminal justice officials to intimidate them and destabilize the criminal justice system in Quebec (Sher & Marsden, 2003).

4. The financing of extremist groups by organized criminal activities—The distinction between OC and terrorism is becoming blurred, in part because terrorist groups are heavily involved in profit-oriented criminal activities to finance their political objectives. Funding for terrorist groups is alleged to come from illicit drugs, contraband tobacco trafficking, migrant smuggling, human trafficking, counterfeiting, extortion, fraud, theft, kidnapping, and organized automobile theft. Some insurgent groups are known to “tax” drug production and trafficking to finance their operations (Gendron, 2012; United States Department of State, 2021: 87).
5. The transformation of political extremist groups into OC groups—Some terrorist groups are so focused on raising funds to finance their operations that a revenue-generating orientation is no longer a means to an end, but an end in itself. In other words, their original extremist political or social goals are replaced by revenue-maximization goals (Makarenko, 2012: 237).
6. Recruitment—Organized crime groups, street gangs, and terror organizations recruit from the same pool of marginalized, racialized, and radicalized young men, “creating (often unintended) synergies and overlaps.” This is part of a general phenomenon of “armed young men engaging in destabilizing forms of violence is a ubiquitous symptom of globalized, late modern society and economics” (Ilan & Sandberg, 2019: 280).

Case Study: Organized Crimes and Middle Eastern Terrorism

An RCMP-classified intelligence report from 1999 alleged that a Lebanese auto-theft group operating in Quebec funnelled hundreds of thousands of dollars to a terrorist organization. A series of police raids in June of that year led to the dismantling of the group, which stole millions of dollars’ worth of luxury cars for shipment overseas. The RCMP report claims the group made a profit of \$3 million within three months, 10 percent of which was funnelled to a terrorist organization the RCMP did not name. As part of the investigation, police seized 55 luxury cars (*Montreal Gazette*, Mar. 2, 1999; *National Post*, Feb. 13, 2002). A February 2001 RCMP intelligence report entitled *Narcoterrorism and Canada* was more explicit, stating there was a strong link between auto-theft rings in Canada and the Lebanese group Hezbollah, which Canada classifies as a terrorist organization (*Vancouver Sun*, Feb. 16, 2002). A 2012 classified threat assessment report prepared by the Canadian Security Intelligence Service claims that Hezbollah “has had a presence in Canada” and that its supporters “conduct fundraising, procurement and intelligence activities in Canada, and are involved in organized crime, including fraud” (QMI Agency, Jun. 3, 2014).

Organized Crime versus Youth/Street Gangs

There are conceptual and empirical grounds to characterize street gangs as OC. This is especially true if OC is viewed as a continuum that ranges from localized, rudimentary gangs all the way to highly sophisticated transnational criminal syndicates. **Youth or street gangs** incorporate some of the fundamental tenets of OC: two or more people involved; a structure to the relationships between the individuals; and a continuing enterprise that engages in (multiple) criminal activities, including profit-oriented ones. The “instrumental-rational perspective” of gangs, as described by Decker and Curry (2000: 474), holds that gangs “have a vertical structure, enforce discipline among their members, and are quite successful in defining and achieving group values.” Other indicators of “an instrumental-rational gang include age-graded levels of membership, leadership roles, regularly attended meetings, coordinated drug sales, written rules and codes of conduct, expansion in legitimate business operations, and ties and influence in the political process” (Decker & Pyrooz, 2014: 274). Because some street gangs are more organized than others, it may be “useful to conceptualize gangs along a normal distribution of organization, with informal-diffuse at one end and instrumental-rational at the other” (Decker & Pyrooz, 2014: 275). There is evidence that some street gangs in the United States and Canada have evolved into well-organized, fairly sophisticated, widespread entities that are no longer confined to a particular city, let alone a particular neighbourhood. However, if “a gang becomes so organized and institutionalized,” it stops being a street gang and “enters into the definitional parameters of an ‘organized crime group’” (Decker & Pyrooz, 2014: 275). Even if this is the case, street gangs may retain some of their initial characteristics, including a grounding in a certain neighbourhood, which may lead to the use of a hybrid term, **organized street gang** (see chapter 8).

Case Study: Organized Street Gangs and Human Trafficking in Canada

In July 2014, 11 people were charged in connection with an alleged human trafficking and prostitution ring that stretched from Toronto to Montreal. According to police, teen girls were forced to work as prostitutes out of hotels and motels in the Greater Toronto Area (GTA) and Montreal by associates of the Galloway Boys gang, which is based in Scarborough, a suburb of Toronto. Victims were typically recruited in their neighbourhood, police allege. Each person arrested as part of Project Dove faced multiple charges, including trafficking of a person under the age of 18 and living on the avails of juvenile prostitution (*Scarborough Mirror*, Jul. 7, 2014). In October of the same year, police in Ontario reported that another organized street gang—North Preston’s Finest, which is based out of Nova Scotia—was actively recruiting girls and women from the Maritimes and forcing them into a life

of prostitution in Toronto and other cities across Canada. “The notorious gang, with roots in the small Nova Scotia community of North Preston, northeast of Halifax, was first identified by police in Toronto in the early 1990s. A spokesperson for the York Regional Police, which is responsible for policing Scarborough, said it’s common to encounter pimps from North Preston as well as sex trade workers who have been transported from the Maritimes to the GTA” (CBC News, Oct. 8, 2014).

Howell (2007: 40–41) dispels the “instrumental-rational perspective” of American street gangs (the “myth of the formal organization”), that they are becoming large, powerful criminal organizations, arguing that very few youth or street gangs in America meet the essential criteria for classification as OC. The contrary “informal-diffuse perspective” holds that gangs “are diffuse, self-interested and self-motivated aggregations of individuals, most of whom sell drugs for themselves” (Decker & Curry, 2000: 474). With this in mind, street gangs can be conceptually distinguished from OC in numerous ways. First, members are generally made up of adolescents and young adults, while most OC groups or networks are made up of adults, some of whom are older and are career criminals. Second, the illegal activities undertaken by street gangs are not necessarily profit-oriented; youth gang activity may revolve around nuisance crimes such as vandalism or violence that is meant to protect their territory. Gangs are said to be less about making money and doing crime and more about fulfilling “a variety of symbolic functions, such as friendship, revenge, and peer affiliation, that are largely independent of instrumental concerns such as making money” (Decker & Pyrooz, 2014: 275). Street gangs and their activities are often confined to a well-defined area, such as a neighbourhood, which contrasts with OCAs, some of which may be multi-jurisdictional, national, and international in scope. Being oriented to “the street” means revenue-generating gang crimes tend to be limited to car theft, robberies, assaults, and retail drug sales. These street crimes, not to mention “the expressive motivation of much gang crime—retaliation, marking territory, expressing dominance” (Decker & Pyrooz, 2014: 282)—not only set them apart from OC but also contribute to a visible and public “brand” that more sophisticated, professional criminals try to avoid (except for outlaw motorcycle gangs). OC groups are about making a profit, not making a statement: “It is quite difficult to imagine a transnational organized crime group identifying its crimes in the way that street gangs ‘brand’ their activities” (Decker & Pyrooz, 2014: 282).

THE HARMS STEMMING FROM ORGANIZED CRIME

Apart from the serious nature of the organized crimes (drug trafficking, fraud, human trafficking, extortion, violence, corruption), the harms inflicted by organized crimes,

relative to unorganized, street-level crimes, are considered greater due to a heightened level of their scope and organization (a 50-kilogram shipment of heroin imported by an OCA will obviously be far more impactful on society than the grams or ounces sold by one street-level trafficker). In considering the threat and seriousness of crime, “the distinguishing feature is that it is ‘organized,’” according to Vander Beken (2012: 83). Albanese (2015: 1) agrees, writing that there is “something inherently more dangerous about crimes committed by two or more people.” As a consequence, organized crime has “obtained the capacity to destabilize (economically, socially and politically) the countries where it operates. In other words, because it has managed to reach a level of power reserved, in the past, only for State actors, this phenomenon is currently framed as a ‘threat’ to the safety of citizens and to the existence of countries themselves (that is to say, as a security issue rather than a crime problem)” (Carrapiço, 2012: 19).

The harms that OC inflicts on Canadian society are manifold and consequential. They include the corruption of public officials; the exploitation of women and children for illicit sex; the massive costs incurred by companies, government, and private citizens from theft and fraud; injuries and deaths resulting from the sale of dangerous counterfeit and contraband goods (such as knock-off prescription drugs), as well as from firearms trafficking and from innocent bystanders getting caught in the crossfire of gangland conflicts; and billions of dollars in evaded income taxes and excise taxes (resulting in higher tax rates for law-abiding citizens). There is also the billions of dollars spent every year by governments, companies, and individuals to combat OC and to deal with its aftermath. Porteous (1998) categorizes the many harms inflicted on Canada as socio-political, economic-commercial, health and safety, violence generating, and environmental.

The human, social, and economic impact of illegal drugs alone is well documented. Illegal drug use causes crippling addictions and overdoses (including fatal ones), as well as other physical and mental health problems; facilitates the spread of diseases, such as hepatitis and AIDS; contributes to higher levels of property crime, retail drug trafficking, prostitution, and violent crime (committed by addicts); and disrupts personal, familial, and legitimate economic relationships. Drug trafficking and drug use can have a devastating impact on local neighbourhoods, contributing to a significant decline in the local economy, health, vibrancy, and physical infrastructure. As Rhodes, Layne, Johnson, and Hodik (2000: 3) put it, illicit drug use contributes to billions of dollars in crime, health, and lost productivity costs, and “the public bears much of the burden of these indirect costs because it finances the criminal justice response to drug-related crime, a public drug-treatment system, and anti-drug prevention programs.” The thousands of lives lost to fatal fentanyl overdoses in recent years have come to embody the tragic harms that accompany many illegal drugs and drug trafficking.

The victims of predatory OC include those who are directly deprived of their money, their security, their livelihood, and their physical and psychological well-being. Even the consumers of illegal goods and services—drug users, inveterate gamblers, illegal migrants, and recipients of high-interest loans—can be considered victims as their personal vices and addictions are exploited and exacerbated.

The director general of the Criminal Intelligence Service Canada (CISC, 2019: i) writes, “Organized crime remains the pre-eminent threat to public safety,” while Public Safety Canada (2006: 1) states, “Organized crime affects Canadians’ basic rights to peace, order and good government” by “undermining Canadian institutions.” In particular, “organized crime infiltration in law enforcement” not only facilitates serious and organized crimes; it “destroys public confidence in the government and law enforcement” and therefore “poses a high risk to maintaining a lawful and democratic society” (CISC, 2021: 6). In contrast, some have argued that the national security threat posed by OC to countries like Canada has been exaggerated (van Duyne & Nelemans, 2012; Woodiwiss, 2012).

CONCLUSION

After reviewing this chapter, the reader should have a better understanding of the different ways OC has been defined and conceptualized, how it compares with other forms of criminality, and its impact on Canadian society. At the same time, one should come away with an appreciation of how difficult it is to define, conceptualize, and distinguish this complex and mutable criminal phenomenon.

Given the challenges in trying to define and conceptualize this topic and the various critiques of the term *organized crime*, more rigorous and exacting terms have been suggested. Those who focus on criminal actors use such terms as *criminal entrepreneurs*, *racketeers*, *organized crime group*, *criminal association*, *criminal organization*, *criminal group*, *illegal enterprise*, *criminal network*, *continuing criminal enterprise*, or the *Mafia*. Those who emphasize criminal activities speak of *organized crimes*, *racketeering*, *organizing crime*, the *organization of crime for gain*, or *profit-driven crime*. There are even hybrid terms that can refer to both, such as *enterprise crime*, *syndicated crime*, and *organized criminal conspiracy*.

The challenges inherent in defining and conceptualizing OC are the result of the multi-faceted and complex nature of this phenomenon and how definitions are influenced by the perspectives, biases, and position of the individual or entity behind the definition. All of the above is applicable to the study of OC in Canada. Historically, only a limited number of attempts have been made to define or conceptualize OC in this country. This was partially due to the refusal of many government or law enforcement officials to even acknowledge its presence in this country, as well as to the limited community of criminology researchers in Canada. Unlike in the United States, there was a hesitancy to view the Italian Mafia or any OC group as a nation-wide conspiracy in Canada, which may reflect a greater tendency by Canadian officials to avoid overstating the scope of the problem for self-serving purposes. At the same time, Canadian politicians and criminal justice officials have been criticized for not responding in a timely and forceful manner to OC, which allowed it to expand.

Police and media representations of drug trafficking in Canada throughout much of the 20th century tended to disproportionately equate organized criminality with Jewish, Black, and Chinese offenders, which was a product of stereotyping and blatant racism. When Canadian government officials began to publicly acknowledge the problem of OC around the early 1960s, they fell into the same trap as in the United States in equating it with the Italian Mafia.

By the 1980s and 1990s, official state definitions of OC began to emerge in Canada, but they were so broad that they were of no real value in fostering a better conceptual understanding. In 2002, the *Criminal Code* officially adopted the UN definition of OC, which was intentionally expansive to allow police and prosecutors the opportunity to cast their net wide when charging offenders with criminal organization offences. As in the US, there has been resistance by lawmakers and law enforcers to equate corporate and state crime with OC. This may account for why these two forms of criminality have not been an enforcement priority in this country. Today, Canadian policy-makers and criminal justice officials do not define or characterize OC much differently from that of their American counterparts. This may be the direct result of pressure placed on Canada by American officials to take OC more seriously and to adopt American definitions, conceptualizations, and enforcement policies and strategies.

KEY TERMS

Corporate crime	Organized street gang
Criminal entrepreneurs	Private protection
Criminal organization	Social construct
Disorganized crime	State crime
Disorganized illegal markets	Terrorism
Elite crime	Unorganized crime
Illegal governance	White-collar crime
Organization of crime	Youth or street gangs
Organization of criminals	

REVIEW QUESTIONS

1. What are some definitions of organized crime and how have they changed over the years?
2. What are the common characteristics of organized crime identified in the various definitions that have emerged over the years?
3. What are the challenges inherent in trying to define and characterize organized crime?
4. What are the main critiques of organized crime definitions? What does it mean when critics charge that organized crime is a “socially constructed” phenomenon?

5. What are the differences and similarities between organized crime and other forms of organizational crimes?
6. What are the harms inflicted on society by organized crime? Why is it that organized crimes are said to have a greater impact on society relative to unorganized (street) crimes?

FURTHER READINGS

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3

DESCRIBING ORGANIZED CRIME: IDENTIFYING AND CLASSIFYING DOMINANT CHARACTERISTICS



CHAPTER OUTLINE

- Introduction: Identifying Key Characteristics of Organized Crime
- Previous Efforts to Systematically Identify the Characteristics of Organized Crime
- A Typology of the Dominant Attributes of Organized Criminal Associations
- Conclusion

LEARNING OUTCOMES

After reading this chapter, you should have a thorough understanding of the following:

- Key characteristics of organized crime (OC)
- The challenges of identifying common characteristics of OC
- How an analysis of OC characteristics contributes to a better understanding of Canadian organized crime

INTRODUCTION: IDENTIFYING KEY CHARACTERISTICS OF ORGANIZED CRIME

As the previous chapter demonstrates, there is no consensus on how best to define or conceptualize organized crime. The myriad definitions that have emerged over the years reveal the great challenge in trying to encapsulate the diversity and complexity of OC concisely. Some have argued that a robust understanding of OC may be better achieved by systematically identifying its various characteristics. Albini (1971: 35) states, “What is essential in attempting to understand organized crime then, is to seek those fundamental characteristics that help make a distinction between organized crime and other forms of crime.” Abadinsky (2012: 3) contends that “a number of attributes have been identified by law enforcement agencies and researchers as indicative of the phenomenon” of OC. He also makes the point that identifying the different traits of OC “has a practical dimension: the attributes provide a basis for determining if a particular group of criminals constitutes organized crime and, therefore, needs to be approached in a way different from the way one would approach terrorists or groups of conventional criminals or a group of persons that forms for the immediate commission of a single offense.”

Some characteristics of OC are universal in the sense that most experts agree they should be present in any description or conceptual model of OC (e.g., multiple people involved, committing a criminal offence for profit). Other characteristics may not be universally applied to organized criminal groups and networks (e.g., exclusive membership, hierarchical structure, specialization, large size, etc.).

This chapter begins by identifying previous efforts to systematically identify the characteristics of OC and, more specifically, the traits of organized criminal associations (OCAs). It then presents a typology of attributes of an OCA developed for this textbook.

PREVIOUS EFFORTS TO IDENTIFY THE CHARACTERISTICS OF ORGANIZED CRIME

In a 1976 publication, the National Advisory Committee on Criminal Justice Standards and Goals (Task Force on Organized Crime) identifies the following traits of organized crime:

- It is a type of conspiratorial crime.
- It has “economic gain as its primary goal, though some participants in the conspiracy may have achievement of power or status as their objectives.”
- It is not limited to traditional illegal enterprises or unlawful services (such as gambling, prostitution, drugs, etc.) but includes such sophisticated activities as laundering of illegal money, fraud, and computer manipulation.

- It “seeks to secure partial or complete control over many kinds of profitable, legal endeavors.”
- It employs “predatory tactics” such as intimidation, violence, and corruption, and appeals to greed.
- The conspiratorial groups are well disciplined and incorrigible.
- It is not synonymous with the Mafia or La Cosa Nostra.
- It does not include terrorists, as organized crime groups “are desirous to maintain the status quo” (National Advisory Committee on Criminal Justice Standards and Goals, 1976: 7–8).

Hagan (1983: 52) produced a list of attributes from a “content analysis of selected criminologists’ definitions of organized crime.” His updated list, published in 2006, includes the most frequently cited attributes gleaned from the literature:

- Profit/illegal activities
- Violence/threats
- Corruption/immunity
- Public demand
- Monopoly
- Restricted membership
- Non-ideological
- Code of secrecy
- Extensive planning
- Specialization (Hagan, 2006: 129)

In his textbook, Abadinsky (2012: 3) lists the following main attributes of organized crime:

- Absence of political goals
- Hierarchical structure
- Limited or exclusive membership
- Unique subculture
- Self-perpetuating
- Willingness to use illegal violence
- Monopolistic in nature
- Governed by explicit rules and regulations

Albanese (2015), in his textbook on organized crime, dissects definitions provided by 15 scholars covering 15 years. Based on this review, he identifies 11 attributes of OC. Table 3.1 lists these attributes and the number of scholars who identified this trait in their definition of OC.

Table 3.1: Attributes of Organized Crime as Identified in the Scholarly Literature

Attribute	Number of Scholars Using This Attribute in Their Definition
Organized hierarchy continuing	15
Rational profit through crime	12
Use of force or threat	11
Corruption to maintain immunity	11
Public demand for services	6
Monopoly over particular market	5
Restricted membership	3
Non-ideological	3
Specialization	3
Code of secrecy	3
Extensive planning	2

Source: Albanese, J. (2015). *Organized Crime in America* (7th ed.). New York: Routledge (p. 4).

To elucidate its definition (provided in chapter 2), the Commission of the European Communities and Europol (2001: 42) also identifies 11 fundamental traits of a criminal organization:

1. Collaboration of more than two people
2. Each person has his own appointed tasks
3. In operation for a prolonged or indefinite period of time
4. Using some form of discipline and control
5. Suspected of the commission of serious criminal offences
6. Operating at an international level
7. Using violence or other means suitable for intimidation
8. Using commercial or business-like structures
9. Engaged in money laundering
10. Exerting influence on politics, the media, public administration, judicial authorities, or the economy
11. Determined by the pursuit of profit and/or power

What makes this typology particularly useful, from both a conceptual and an operational perspective, is its caveat that not every criminal organization encompasses all 11 of these traits. To be deemed a criminal organization for law enforcement and prosecution purposes, a criminal organization need only exhibit 6 of the 11 traits. Yet, the EU and Europol also argue there are core characteristics present in all types of OCAs. Thus,

among the six characteristics that must be proven to establish whether a group of offenders constitutes a criminal organization, the following four must be present: (1) collaboration of more than two people, (3) in operation for a prolonged or indefinite period, (5) suspected of the commission of serious criminal offences, and (11) pursues profit and/or power (Commission of the European Communities & Europol, 2001: 43–44).

Strategic **threat assessment** models have also been developed to identify and rank the attributes of different OCAs as a means to estimate the relative danger they pose to society, which can then be used to prioritize law enforcement resources. Using a complex scoring system, Klerks (2000) identifies 31 dimensions to define the character, threat, and impact of a particular OCA. Each of these dimensions has its unique weight and scale, the sum of which, when compared against other groups, provides a relative threat ranking. A similar threat assessment model, entitled Project Sleipnir, has been developed by the Royal Canadian Mounted Police (RCMP, 2010: 1). The attributes for assessing and ranking OCAs developed by Klerks and the RCMP are summarized in Table 3.2.

Table 3.2: Criminal Organization Threat Assessment Attributes

Klerks (2000)	RCMP (2010)
Local or global	Corruption
Purposes and ambitions	Violence
Output	Infiltration
Diversity	Money laundering
Sophistication	Collaboration
Innovative capacities	Insulation
Violence and deadly violence	Monopoly
Intensity and variety in the use of weapons	Scope
Level of finances (gross)	Intelligence use
Possessions (consolidated)	Diversification
Size of group	Discipline
Working with other groups	Cohesion
Dependence on a larger group	
Political affiliations	
Presence and influence in the “upper world”	
Accessibility for law enforcement	
Use of defensive counter-strategies	
Use of offensive counter-strategies	
Dominance and dominance over non-criminals	
Access to scarce knowledge and means	

Black et al. (2000) divide the threats posed by criminal groups into two broad categories: intent and capability. Under these two headings, they further divide several attributes into four mutually exclusive categories (desire, resources, confidence, and knowledge) as shown in Table 3.3.

Table 3.3: Organized Crime Group Attributes

Intent	Capability
Desire	Resources
Discipline	Corruption
Intelligence gathering	Size of group
Deadly violence	Working with other groups
Violence	Local or global
Monopoly	Scope
	Level of finances
	Mobility
<i>Confidence</i>	<i>Knowledge</i>
Sophistication	Expertise
Risk attitude	Infiltration
Accessibility for law enforcement	Continuity
Strategy	Multiple enterprises
Insulation	

Source: Black, C., Vander Beken, T., & De Ruyver, B. (2000). *Measuring Organised Crime in Belgium: A Risk-Based Methodology*. Antwerp, Belgium: Maklu (p. 52).

A TYPOLOGY OF THE DOMINANT ATTRIBUTES OF ORGANIZED CRIMINAL ASSOCIATIONS

Building upon the OC definitions and traits identified thus far, as well as the broader literature on this subject, the remainder of this chapter presents a typology of an OCA. The traits that make up this typology are summarized in Table 3.4 and detailed on the following pages. While the focal point for this typology is the organization of offenders (including different organizational structures), it also incorporates the other ways that organized crime has been conceptualized, most notably the organization of crimes (and how these crimes are carried out to make them organized). Due to space limitations, this list of attributes and categories is not exhaustive and instead enumerates some of the more dominant traits of an OCA. With that said, few OCAs encompass every one of the traits listed in this typology.

Table 3.4: A Typology of Dominant Organized Criminal Association Attributes

Organizational	Commercial	Cultural/Behavioural
1. Multiple offenders	10. Profit-oriented criminal activities	16. Chronic and serious offenders (career criminals)
2. A systematic pattern to the relationship among the offenders	11. Serious illegal acts	17. Rationality
3. Specialization/division of labour	12. Consensual and predatory crimes	18. Subcultural norms/contempt for civil society
4. Risk management: Insulation against law enforcement	13. Multiple enterprises	19. Sophistication
5. Specialized channels and modes of communication	14. Monopolistic ambitions	20. Non-ideological
6. Limited or exclusive membership	15. Tactical support activities (corruption, violence, money laundering, etc.)	21. Rules, regulations, and codes of conduct
7. Recruitment		22. Discipline
8. Continuity/continuing enterprise		
9. Multi-jurisdictional/ transnational in scope		

CRITICAL THINKING EXERCISE

Scrutinize each of the characteristics and determine for yourself whether they should be part of a typology on OC. Moreover, determine for yourself whether certain traits should be designated as mandatory (universal to all OCAs) or as optional (may be present in only some OCAs).

Organizational

As discussed in chapter 2, OC is frequently conceptualized as an “organization of criminals,” which leads Albini (1971: 35) to stress that “the most primary distinguishing component of organized crime is found within the term itself, mainly, organization.” This category is concerned with key attributes related to how criminal offenders are organized within the context of an OCA.

Multiple Offenders

One core trait of an OCA is that it entails multiple offenders—an attribute that is universal to the definitions and descriptions of organized crime. Felson (2009: 160) notes that OC is a form of “extended co-offending.” Generally speaking, the more people participating in a profit-oriented conspiracy that perpetrates serious crimes, the greater the need for these offenders and their crimes to be organized. For Leeson (2007: 1052), OC entails “any long-term arrangement between multiple criminals.” Falcone (2005: 187) writes that OC is “conducted by a consortium of people and/or organizations, acting in concert.” The crimes committed by OCAs are said to be “considerably more complex logically” than typical unorganized street crimes, which may explain “why more co-offenders are generally required for the crime to be successfully committed” (Kleemans & de Poot, 2008: 75). There is no consensus as to how many individuals are required to constitute an OCA. The *United Nations Convention against Transnational Organized Crime* (United Nations, 2000) sets the minimum number at three—a number that has been replicated in the Canadian *Criminal Code* in its definition of a *criminal organization*, although this number is arbitrary.

At the core of many OCAs are career criminals—chronic and serious offenders who are habitually engaged in committing a variety of (serious) criminal offences. However, the literature also suggests that OCAs are made up of a mix of professional criminals and individuals in “legitimate” society who may be directly involved in or indirectly facilitate offending on a limited or periodic basis in addition to their licit professional work. Liddick (1999: 50) contends that organized crime is “perpetuated by informal and changing networks of ‘upper-world’ and ‘under-world’ societal participants who are bound together in complex webs of patron-client relationships.”

A Systematic Pattern to the Relationship of the Offenders

There is an *a priori* assumption that an OCA has some form of organizational structure, regardless of its type, complexity, or permanence. This organizational structure is composed primarily of systematic relationships among the offenders and how these relations purposely contribute to the goals and functioning of the OCA. A key characteristic of the organizational nature of OC is “interaction” among participants. Yet, “a mere aggregation of individuals performing a criminal act in the presence of one another would not, in itself, constitute an organized act” (Albini, 1971: 35). In other words, this pattern of relationships (i.e., interaction among offenders) must have some structure that is deliberately and functionally purposive for the offences being carried out and/or the broader goals of the criminal conspiracy. This systematic and deliberate pattern of relationships ostensibly culminates in some coherent and discernable organizational structure among the offenders. Within the context of OC, von Lampe (2016: 110) refers to the pattern of relationships among offenders as “criminally exploitable ties,” which he describes as “interpersonal relations that enable an individual to interact with other individuals in the furtherance of criminal activities whenever the need or opportunity arises.”

One of the more controversial debates in the study of OC concerns the nature of the relationships among the offenders and how these “criminally exploitable ties” are structured. There is no single pattern or source of such relationships, just as there is no one type of organizational structure. The pattern of relationships may be based on kinship, friendship, or fraternal or business ties, while the structure of an organized criminal association may be hierarchical (based on power relations among the offenders involved) or more symmetrical (based on the specialized tasks carried out by or resources available to each of the participants).

In his seminal study of criminal syndicates in New York City, Ianni (1974) identifies two basic forms of relationships among the offenders. The first is **associational networks**, which are held together by close personal relationships among the offenders and include a strong sense of mutual trust. Examples of these personal relationships are kinship and shared ethnicity, as embodied by the Italian Mafia “family.” Von Lampe (2012: 193) argues that family ties “are commonly regarded as the strongest basis for criminal networks,” while “ritual kinship ties created by fraternal associations” form the basis of Mafia-style criminal organizations, such as outlaw motorcycle gangs, Chinese triads, and Italian crime “families.” Van de Bunt, Siegel, and Zaitch (2014: 330) agree, writing, “The use of kinship, family, and locality ties, more than ethnicity per se, has consistently been found across all ethnic minorities and immigrant groups, providing a fertile ground for ‘bounded solidarity,’ enforceable trust, co-operation, loyalty, and secrecy needed to protect and enforce illegal operations.” While it may appear that ethnicity is the “bounded solidarity” that binds criminal offenders, it may mask the real (albeit more nuanced) ties such as “instrumental” connections (pragmatic use of blood and artificial kinship by, for instance, the Italian Mafia or Colombian cocaine cartels), “tribal affiliation” (as in the case of Nigerian criminal enterprises), or “large extended families,” as in the case of Albanian, Romanian, or Hungarian crime groups (van de Bunt et al., 2014: 330). If there is a common ethnocultural tie among participants in an OCA in North America, it may be due more to the involvement of immigrants “who come from production or transit areas from where illegal goods (drugs, etc.), services (prostitution), or people (human smuggling and trafficking) originate. Their comparative advantage lies in their privileged access to key actors, commodities, and resources, including corruption. We can think here of Colombians (cocaine production), Albanians and Turks (Balkan Route), Mexicans and Antilleans (cocaine transit), or Nigerians (prostitution, fraud, cocaine transit)” (van de Bunt et al., 2014: 331). In their rejection of ethnicity as an organizational basis for OC, van de Bunt et al. (2014) highlight the importance of **social embeddedness** in determining how criminal offenders are organized. Based on the understanding that “criminal co-operation does not exist in a social vacuum,” this concept refers to how criminal ties are often built on existing familial, social, and professional relationships primarily because “collaborating in illicit operations relies heavily on mutual trust” (van de Bunt et al. 2014: 323).

The second form of relationship among organized criminal offenders put forth by Ianni (1974) follows an **entrepreneurial model**, where the bond among the offenders

is less personal and more determined by business interests. The relationship among the offenders is either hierarchical, such as that between a boss and an employee, or more symmetrical, such as that between two business partners. This model suggests that the primary tie that binds offenders in an OCA is the mutual pursuit of money. Notwithstanding some Mafia-style organizations, the entrepreneurial model applies to most contemporary OCAs.

It is important to note that each of Ianni's models may apply to the same OCA, depending on one's perspective. At the core of the traditional Italian Mafia family are such binding relations as kinship, neighbourhood ties, or a common place of family origin. However, when the *Mafiosi* deal with criminal associates outside the family, the relationships may be more characterized by commercial interests. Mafia-style criminal organizations are characterized by both associational and entrepreneurial ties, which is why they have become quintessential, infamous, and long-lasting examples of OCAs. The two different types of binding ties are mutually reinforcing and beneficial: "Entrepreneurial structures enable criminals to pool resources and to coordinate their activities to achieve material gain through market-based or predatory crimes. Associational structures provide status, cohesion, and mutual support, and they provide a forum for communication, thereby strengthening deviant values" (von Lampe, 2016: 123).

Division of Labour/Specialization

Some OCAs are characterized by a **division of labour** whereby the participating offenders undertake and may even specialize in certain functions. Vito and Maahs (2015: 333) argue that "specialization and a division of labor" are important attributes of OCAs. The Commission of the European Communities and Europol (2001) indicate that criminal organizations are made up of multiple offenders, each with his or her own "appointed tasks." A "relatively clear allocation of tasks and 'job' descriptions" appears to be particularly apparent in "organized crime hierarchies" (Lyman & Potter, 2014: 16), whereby one's tasks often correspond to the position one assumes in the power structure (i.e., those in the lower echelons carry out the more menial hands-on criminal tasks). In a more symmetrical networked OCA, each offender's role and specialization may be based on his or her particular skills or resources. In its 2006 annual report, Criminal Intelligence Service Canada (CISC) details how many OCAs are made up of

temporary alliances of individual criminals who merge their *particular skills* to better achieve success in specific criminal enterprises. Once a specific criminal venture is completed, these individuals may continue to collaborate on further criminal activities, or the group may dissolve. Although the individuals may go their separate ways, they sometimes reform into new groups based upon the *skill requirements* of new criminal opportunities. The nature and success of such networks *are largely determined by individual characteristics and skills* among those who act as their component parts. (CISC, 2006: 6; emphasis added)

Limited or Exclusive Membership

One of the traits that perhaps most distinguishes Mafia-style criminal organizations from other OCAs in North America and globally is that the core of the group is made up of “official” members who have been designated as such through a formal procedure that may entail recruitment, sponsorship by an existing member, a probationary period, initiation, and the taking of an oath that includes a code of conduct. Ethnic Italian crime groups (the Sicilian Mafia and ’Ndrangheta), Chinese triads, the Russian *vory v zakone*, the Japanese Yakuza, and outlaw motorcycle gangs are all said to have a core group of inducted members. The term “**limited or exclusive membership**” (Abadinsky, 2012: 3), otherwise called “restricted membership” (Hagan, 1983), refers to the limitations some OCAs place on who can become a formal member. Finckenauer (2005: 66) writes that some criminal organizations “restrict membership according to certain criteria. These may include such things as ethnicity, kinship, race, and criminal background.” To become a “made” member of a Sicilian Mafia family in Italy or the United States, for example, one must be of Sicilian heritage. To become a full-patch member of the Hells Angels, at the very least, one must own a (modified) Harley-Davidson motorcycle. In some Chinese triads, a member may simply be someone who pays their annual dues, meaning that some triads have hundreds if not thousands of members (not all of whom are criminal offenders).

Membership in a Mafia-style OCA is not merely symbolic. A member of an Italian American Mafia family, (the “made guy,” “wise guy,” or “good fellow”) can oversee his own crew and/or has authority over a particular area to carry out his criminal activities. Membership may also grant him greater access to criminal markets, as well as government, private-sector, or union officials. Joseph Bonanno, the long-time boss of one of the New York’s five Mafia families, which bears his name, emphasized that the advantage of an official membership in a family is that it “places the family member in a society of friends who can help each other through a network of connections” (Bonanno & Lalli, 1983: 149). More importantly, being a member of a criminal syndicate, such as a Mafia family or an outlaw motorcycle gang, bestows an unprecedented level of affluence, power, prestige, and credibility upon individuals within the criminal underworld.

Morselli et al. (2010: 25) contrarily suggest that “formal membership in a criminal organization is one of the more stereotypical factors associated with organized crime. Too often, such a qualification is more the stuff of myth than of reality.” With that said, these experts do acknowledge that “the exaggerated use of this qualification does not dismiss that many criminal market participants may be official members in a structured gang or criminal organization” (Morselli et al., 2010: 25). Even in those Mafia-style groups that have a limited membership, non-members may be involved on a contingency basis (Abadinsky, 1990: 6). Gilbert (2007: 418) contends that “a true organized crime group requires a continuous commitment by its members, although there may be some nonmembers participating for short periods of time.” These non-members have been referred to as “associates” or even “buffers,” as one of their roles is to insulate the OCA and

its formal members from law enforcement (Lupsha, 1983: 60–61). The preponderance of formal and limited group membership is also incompatible with the networked structure of the vast majority of OCAs, many of which exist for a limited period. Instead, the only criterion that qualifies an individual to become part of an OCA is the ability to contribute to its revenue-generating goal. In sum, some OCAs do have membership requirements and processes, but this is limited to a few Mafia-style groups and is far from a universal practice.

Continuity/Continuing Enterprise

The *Criminal Code of Canada* recognizes that a criminal organization “does not include a group of persons that forms randomly for the immediate commission of a single offence” (s. 467.1(1)). A trait of OCAs, according to the literature, is their **continuity** or continuing nature, which means they “persist over time and across crimes” (Finckenauer, 2005: 66) and last beyond the life of individual members, including their leadership (Abadinsky, 2012: 4). The interests of the individual offenders are subordinate to those of the organization, which itself has “a specified purpose over a period of time,” and most personnel can be replaced as a matter of course (Lyman & Potter, 2014: 44). There is a line of succession to leadership, and as a rule, there are no indispensable members (Salerno, 1967: 7). Hess (2009: 7) uses the term “continuing criminal conspiracy” to describe organized crime, while Hagan (1983) calls OCAs a “continuing criminal enterprise.” In the United States, the Hells Angels have officially existed since the 1950s, with roots stretching back to the immediate postwar period, while the first Canadian chapter was established in 1977. The self-perpetuating nature of the Hells Angels highlights its resilience, especially in the face of numerous law enforcement actions that have put many members, including those in leadership positions, behind bars.

Case Study: The Resilience of the Quebec Hells Angels

In April 2009, police in Quebec launched a massive operation, codenamed SharQc, which targeted the Hells Angels Motorcycle Club (HAMC) and its associates. More than 150 people were arrested and charged with murder, conspiracy to commit murder, drug trafficking, and participation in a criminal organization, including 111 full-patch members of the HAMC. “With SharQc 2009, our objectives were to prosecute nearly all the [Hells Angels] of Quebec and their main collaborators, and to bring them before court—as well as dismantle their five chapters and seize their headquarters,” a Quebec provincial police official told the media (CBC News, Apr. 16, 2009). Operation SharQc eventually culminated with the arrest of almost every member of the Hells Angels in Quebec; it effectively crippled the motorcycle club in that province, leaving most chapters without the minimum number of members

required by the HAMC charter. By June 2015, 101 of the accused had pleaded guilty to various charges.

Despite this enforcement success, the Hells Angels demonstrated remarkable resilience in Quebec by regrouping and even reopening chapters that had been closed due to the jailing or death of its members. Their resurrection was facilitated in part through the recruitment of new members and the creation of affiliated and subservient outlaw motorcycle (puppet) clubs. The Hells Angels were also able to survive in Quebec due to support from chapters in other provinces. In particular, some of the 13 HAMC chapters in Ontario were responsible for ensuring the presence and viability of chapters in Quebec and Nova Scotia, where the motorcycle club was hit hard by law enforcement actions (Langton, 2015; CBC News, Apr. 16, 2009, May 30, 2015; *Montreal Gazette*, May 7, 2015; *Toronto Star*, Mar. 5, 2015).

The large Mafia-style organizations that perpetuate over many years may be the exception to the rule, especially given the dominant networked structure in which offenders come together for a limited time. As Lyman and Potter (2014: 10) state, “The empirical research clearly demonstrates that very few criminal enterprises last for long periods of time, so they are certainly not continuous.”

Multi-Jurisdictional/Transnational in Scope

Albanese (2015: 19) believes that “the greatest change in organized crime over the past decade has been the transition from a focus on local crime groups and impacts to **transnational organized crime**.” Despite the historical prevalence of well-organized smuggling across national borders, up until the 1970s, most criminal groups were confined to local territories and usually did not attempt to operate outside their sphere of influence. Today, many of the dominant OCAs are now transnational in scope, including the Sicilian Mafia and ‘Ndrangheta groups, South American cocaine cartels, Chinese triads, Eastern European crime groups, Nigerian criminal enterprises, and outlaw motorcycle gangs. The Hells Angels have chapters in more than 50 countries on almost every continent, some of which co-operate across national borders as part of their criminal and fraternal endeavours. Arsovská (2012: 307) writes, “The Russian Mafia is active in at least twenty-six foreign countries, Albanian organized crime groups dominate some criminal markets on five continents, and the ‘Ndrangheta is present in almost twenty countries.” Paoli (2014b: 124) states that the ‘Ndrangheta, while historically based in the Calabrian region of southern Italy, is a “confederation of about 150 groups located outside its home region, most specifically in northern Italy and particularly in the regions of Lombardy, Piedmont, and Liguria, as well as in several foreign countries, most prominently Germany, Canada, and Australia.”

According to the CISC, more than 50 percent of the OCAs it has identified in Canada “have an interprovincial or international scope, with links to 77 other countries,” and a quarter

of these “are linked to three or more countries, which may demonstrate their ability to establish broad international networks.” The four countries to which the most Canadian-based OCAs are linked are the United States, Mexico, Colombia, and China (CISC, 2021: 5).

The transnational nature of OC is also reflected in how many criminal activities now cross national borders. Drug trafficking has come to epitomize transnational criminal activity as large shipments of drugs are moved from source countries to consumer countries. In addition to drugs, organized transnational smuggling includes illegal caches of chemicals, firearms, artwork, artifacts, animals, and precious metals and gems, as well as people. Canada experiences both inbound smuggling (cocaine, fentanyl, heroin, firearms, trafficked persons, chemicals to manufacture synthetic drugs), and outbound smuggling for domestically produced illicit drugs (cannabis, synthetic drugs) as well as stolen vehicles. It is also a transit country for cocaine produced in Colombia and en route to other countries. Even those criminal activities that do not necessarily require any cross-border movement—such as telemarketing fraud, bank card fraud, cybercrimes, currency counterfeiting, intellectual property theft, auto theft, and money laundering—have increasingly crossed national boundaries. The Internet has greatly expanded the reach of organized crimes and groups. The unprecedented frequency with which criminal groups and activities now cross national boundaries, combined with the global structure and reach of some crime groups, has led to the spectre of transnational organized crime.

Notwithstanding the above arguments and evidence, Fijnaut (2014: 87–88) cautions that “organized crime is not always transnational in nature—not by any means. Extortion in black or legitimate markets is usually a very local affair.” As Paoli and Vander Beken (2014: 24) write, “even in typically transnational illegal types of trade, such as drug trafficking, transnationality usually refers exclusively to the transportation of commodities, communication between exporters and importers, and the eventual laundering of profits.... Crucial phases, such as production and processing, wholesale, and retail distribution, and final consumption of drugs take place locally.” Lyman and Potter (2014: 17) say that most OCAs “usually operate and have their greatest power in clearly defined geographical territories.”

One consensus that can be drawn from the literature is that OCAs in North America have a widely varying scope in terms of the number of jurisdictions they may operate in—from the local, neighbourhood level to multinational operations. In its integrated threat assessment methodology, the CISC (2007: 16–17) delineates the “criminal scope” of different OCAs using the following categories: “International Scope” (criminal groups that have “illicit activities that extend beyond Canada to another country,” other than the US), “International (Cross-border)” (groups that have activities and linkages to the US), national scope, inter-provincial scope, intra-provincial scope, and localized scope.

Risk Management: Insulation against Enforcement

Vander Beken (2004: 476) states that OCAs can self-perpetuate and even expand “following the two paths of maximization of opportunities and minimization of risks.”

The need to insulate the OCA from being dismantled or disrupted and keep its key actors from being put behind bars makes **risk management** a critical imperative of OCAs (Schloenhardt, 1999: 210). The 1965 Oyster Bay Conference characterizes organized crime as obtaining “a high degree of immunity from the law” (as cited in Herbert & Tritt, 1984: 8). “The ability to safely conduct sensitive transactions is essential for illegal enterprises,” Kenney (2007: 243) writes, “even at the expense of reducing the profitability and efficiency of their enterprises.” As such, OCAs “rely on a variety of practices and institutional arrangements to shield themselves from the vagaries and vicissitudes” of law enforcement (Kenney, 2007: 243). In its 2010 organized crime threat assessment framework, the RCMP includes the attribute “insulation,” which measures the OCA’s “efforts to protect the main figures in the group from prosecution through the use of subordinates, fronts, corruption and/or other means.” The threat level is highest when “leading members of the group have successfully evaded prosecution for major criminal activity. Evidentiary/intelligence trail to principals very difficult to establish” (RCMP, 2010: 5).

The “defence mechanisms” (Schloenhardt, 1999: 210) that OCAs use are sometimes inherent in their organizational structure. A hierarchical structure helps to insulate the upper echelons from law enforcement by relegating the hands-on execution of activities to those at the lowest level of the organization or even to associates outside of the organization. The more buffers between those who physically carry out crimes and those in the upper echelons of the organization, the more the latter will be insulated from arrest and prosecution (Lupsha, 1983: 60–61; Mastrofski & Potter, 1987; Morselli et al., 2010: 33). To protect a drug trafficking syndicate that is organized as a network, discrete cells may be compartmented and even anonymous from one another to protect each cell, the supply chain, and the network as a whole (Decker & Pyrooz, 2014: 279; Kenney, 2007: 245). Other ways to insulate an OCA from law enforcement include limiting membership to family or trusted social networks, establishing internal rules and codes of conduct (emphasizing secrecy), implementing and enforcing internal disciplinary measures (to ensure secrecy and guard against betrayal), and using specialized modes and channels of communication (to protect against police collecting evidence through surveillance).

OCAs operate using certain rules and codes of conduct, some of which may be implicit, while in some cases explicit rules and regulations are in force (Abadinsky, 2012: 3). Because OCAs operate outside the accepted norms, standards, and laws of civil society, their own rules and codes have evolved to regulate behaviour within the underworld. Rules and codes of conduct are control mechanisms that regulate relationships within the criminal group and between the group and others external to it. The two most important codes to protect the individual member and, more importantly, to help immunize the OCA are secrecy and loyalty (Stewart & Simons, 2010). The code of secrecy is paramount, given the illegal nature of the activities undertaken by the OCA. The need for loyalty stems from the primacy that the criminal organization assumes in the life of the individual members. Members of Mafia-style OCAs must demonstrate

their loyalty to the organization (and its leadership). Both of these non-negotiable rules are an extension of the broader “code of the street,” where members of gangs, criminal groups, or those in the criminal subculture refuse to co-operate with police (Ferracuti & Wolfgang, 1967).

Case Study: The Rules, Rites, Rituals, and Structure of the Honorata Società

In 1971, while Toronto police were searching the home of a suspected member of the Canadian cell of an Italian 'Ndrangheta crime group, they found a 27-page document, handwritten in an antiquated Italian script, in his kitchen cupboards. Experts from Canada and Italy would later conclude that the papers outlined the rules, rites, rituals, and structure of the Honorata Società. This document would prove to be a significant breakthrough in efforts by police to prove the existence of a secret criminal society in Canada with roots in southern Italy's Calabrian province.

The heading on the first page was “Come Formare una Società” (“How to Form a Society”). One section dictates the initiation rites of an inductee who symbolically vows to take “a bloody dagger in my hand and a serpent in my mouth” should he betray the Honoured Society. A 1972 *Globe and Mail* article describes the remainder of the document as “a tangle of centuries-old archaic Italian, the phrases laced with flowery, mystic imagery” dealing with such matters as the structure of a 'Ndrangheta group, the punishment of members who don't surrender their guns at meetings, initiation rituals for new members, and the importance of secrecy (*Globe and Mail*, Jun. 2, 1972). The papers outlined the basic structure of a 'Ndrangheta group, which includes three levels or ranks: *camorrista*, the highest rank; *picciotto*, a middle rank; and “youths of honour,” the lowest rank. There were also references to the pledges and obligations of members, the most important being a vow of silence. An Italian expert on the Mafia pointed out that the Italian word *d'umilia* appears throughout the document and should be interpreted the same as the word *omerta*, the Sicilian Mafia's oath of secrecy. The document also refers to the term *mastro di sgarru*, another important obligation of members that has to do with vendettas against enemies of the group. Another word found in the document was *baciletta*, which was interpreted as “extorted money” collected by society members that should be “given to the ones who need it, the ones who have been arrested, for the defence lawyers, to help the people the police are looking for” (Dubro, 1986: 114–15; S. Schneider, 2016: 314–15; *Globe and Mail*, Jun. 2, 1972).

Because of the danger of electronic eavesdropping by police, the management of risk by organized criminal offenders includes protecting their communication to avoid providing law enforcement with evidence that can be used in court. Communication can be protected in one of two ways. First, the offenders can talk in abstract codes so the real meaning cannot be interpreted or used as evidence in court. Second, criminal groups may undertake measures to ensure that their conversations are not intercepted by police.

Case Study: Protecting Digital Communications through Encryption

In recent years, criminal offenders have taken advantage of sophisticated encryption technology to protect their communications from being surveilled by police. An underground industry has arisen that entails the engineering, marketing, and use of intricate encryption codes and software for surreptitious digital and cellular communications. In 2018, a Canadian named Vincent Ramos was arrested in the United States on charges of money laundering, racketeering, drug trafficking, and conspiracy. Court documents filed in the US accuse Ramos of using his BC-based company, Phantom Secure Communications, to sell 20,000 specially encrypted and modified BlackBerry phones, as well as access to his encrypted communication network to criminals around the world, including Mexico's Sinaloa Cartel. The BlackBerry phones were allegedly modified to maximize the privacy of the user by removing the microphone, camera, GPS navigation, Internet browsing, and normal messenger services. Special software was installed on the devices to send encrypted messages and route these messages through overseas servers. Ramos could also remotely wipe the devices in the event that they were seized by government authorities. In 2014, the Australian Broadcasting Corporation reported that a member of the Comanchero Motorcycle Club was suspected of ordering the murders of two members of the Hells Angels using his encrypted Phantom Secure phone. What Ramos and his clients did not know was that all of the communications they thought were encrypted and private were actually being routed to the FBI. Over 18 months, the FBI and other law enforcement agencies intercepted millions of messages related to drug smuggling, human trafficking, and murder for hire. The investigation, which culminated in eight hundred arrests, was called Operation Trojan Shield. In 2019, Ramos received a nine-year prison sentence in a San Diego courtroom after pleading guilty to racketeering (Australian Broadcast Corporation, Mar. 5, 2014; *Bellingham Herald*, Mar. 28, 2018; CTVNews.ca, Jun. 10, 2021; Motherboard.com, Mar. 10, 2018; Vancouver Sun, Mar. 12, 2018).

The corruption of public officials can also be viewed as an important method to insulate OCAs and their operations. For a criminal organization, corruption is an “insurance policy” (Vito & Maahs, 2015: 341) that can “assure immunity for its operations” (Kenney & Finckenauer, 1995: 29) by neutralizing or nullifying “government by avoiding investigation, arrest, prosecution, and conviction through payoffs to the police, prosecutors, and judges” (Finckenauer, 2005: 67). Reuter and Tonry (2020: 5) state, “The influence and power of Mafia groups in the United States through much of the 20th century was attributable in part to their successful, long-term accommodations with urban political machines.” Government corruption by OCAs in Canada most frequently takes the form or “public sector infiltration,” which entails using corrupt government employees to facilitate criminal activities. There are many OCAs “whose members may be involved in various areas of the public sector as employees, associates of employees, relatives, or simply seeking financial compensation,” according to the CISC (2021: 5). Some OCAs have “ties within several major municipal governments, through associates or personal relationships. Insider threats by individuals with access to sensitive materials may perform acts of corruption for financial or other benefits (e.g., promotions, romantic, etc.), or even involuntarily, sometimes being unaware” (CISC, 2021: 5). In 2018, a former civilian employee of the Toronto Police Service was found guilty of breach of trust charges for accessing and selling confidential information about ongoing criminal investigations (CISC, 2021: 6). In December 2019, the Ontario Provincial Police arrested and charged an employee of the Ontario Ministry of Transportation with several criminal offences, including breach of trust, for accessing police intelligence databases to benefit the Hells Angels (*Toronto Star*, Dec. 24, 2019). Also implicated in this case was Rob Barletta, a senior member of the Hells Angels in London, Ontario. That same year, in one of the most serious federal cases involving breach of trust in decades, the director of the RCMP’s National Intelligence Coordination Centre was arrested and charged with leaking classified information to the head of an international money laundering network and a terrorist group (*CBC News*, Apr. 9, 2021b; *GlobalNews.ca*, Jan. 14, 2021).

Violence and intimidation can also be used to insulate the OCA by threatening, harming, and murdering witnesses, victims, competitors, rivals, and even criminal justice officials. Violence and threats can also be used internally against those participating in the OCA as part of its disciplinary measures (Siegel, 2018: 515). Historical narratives of organized crime in Canada reveal a regular and extensive use of violence (Edwards & Nicaso, 1993; McConnell, 2019; Schneider, 2016). The CISC conservatively estimates that 73 percent of the OCAs they assessed in 2020 are believed to be involved in violent activities, ranging from assaults and extortion to shootings and homicides (CISC, 2021: 2). A 2013 study from British Columbia examining police-recorded data indicates that around half of the victims of the “gang-related homicides were themselves gang members or affiliates of gangs” (Armstrong et al., 2013: 11). Another finding from the study points to the increased use of firearms in gangland violence and murders. Of the gang-related homicides reported by police in BC, 70 percent had “firearm” as the

cause of death, while only 49 percent of non-gang-related homicides involved the use of a firearm (Armstrong et al., 2013: 11). Despite this trend, data from 2013 and 2014 compiled by Statistics Canada indicate that only 20 percent of homicides, 13 percent of attempted murders, and 25 percent of conspiracies to commit murder were committed in this country for the benefit of organized crime (Munch & Silver, 2017: 5).

Other strategies used by OCAs to manage risks include money laundering (which is meant to insulate criminal revenues from seizure), as well as surveillance and intelligence gathering, which can be used against police, competitors, and even group members who may be under suspicion.

Key Term: Money Laundering

The Financial Transactions and Reports Analysis Centre of Canada (2019) defines *money laundering* as “the process used to disguise the source of money or assets derived from criminal activity.” Money laundering is an operational tactic employed by cash-intensive criminal entrepreneurs and OCAs to maximize their ability to use and enjoy the fruits of their illegal activity without attracting suspicion and/or government enforcement. A comprehensive money laundering operation satisfies three essential objectives: (1) it converts the bulk cash proceeds of crime to another, less suspicious form; (2) it conceals the criminal origins and ownership of the funds and/or assets; and (3) it creates a legitimate explanation or source for the funds and/or assets (Beare & Schneider, 2007). Money laundering is designated as a criminal offence under section 462.31 of the *Criminal Code of Canada*.

Commercial

As discussed in chapter 2, one way to conceptualize organized crime is by depicting it as the organization of criminal activities, which is the focus of this category. The term *Commercial* is used as the heading because of the profit-driven nature of organized crimes, which includes selling goods and services that are in demand by the public. Numerous definitions and descriptions of OCAs draw parallels with legitimate businesses. Siegel and McCormick (2012: 445) contend that “organized crime is more similar to a business enterprise than to a confederation of criminals.”

Profit-Oriented: Crimes Committed for Financial or Other Material Benefit

The one commercial trait of organized crime most consistently mentioned in the literature is that it is oriented toward some form of financial or other material benefit. In its definition of a criminal organization, the *Criminal Code of Canada* emphasizes that it is involved in offences that “would likely result in the direct or indirect receipt of a material benefit, including a financial benefit, by the group or by any of the persons

who constitute the group" (s. 467.1(1)(b)). Brown et al. (2017: 268) describe organized crime as involving "illegal activities of people and organizations whose acknowledged purpose is profit through illegitimate business enterprise." Similarly, Liddick (2018: 5) recognizes that with money comes power: "There is no doubt that what motivates organized criminals is the acquisition of wealth and power." The **profit-oriented** nature of OC distinguishes it from many other types of criminal behaviour, including interpersonal violence, sexual assault, crimes of passion, vandalism, and terrorism, to name just a few. OCAs are exceptionally opportunistic and are involved in a wide range of money-making ventures (as detailed in part III of this book).

Exists Primarily for the Commission of Illegal (Criminal) Offences

Unsurprisingly, a common attribute of OCAs is that they exist primarily for the commission of offences that the literature has variously described as criminal, illegal, or unlawful. The *Criminal Code of Canada* states that to constitute a criminal organization, it must have "as one of its main purposes or main activities the facilitation or commission of one or more *serious offences*" (s. 467.1(1)(b); emphasis added). In Canada, a serious crime is classified as an *indictable offence*, which generally carries a minimum sentence of two years and a maximum of life imprisonment. The illegal acts committed by OCAs are considered serious in the sense that they inflict significant harm on their victims and society as a whole (e.g., drug trafficking, extortion, human trafficking, fraud, violence, etc.).

While OCAs are primarily involved in criminal activities, their opportunistic, revenue-generating, profit-oriented nature transcends the underground economy and draws them to legal markets, businesses, and commerce as well. Inevitably, this foray into the legitimate economy entails some form of criminality, such as selling counterfeit or smuggled goods, business racketeering (attempts to limit competition and corrupt the markets in which OCAs are involved), and money laundering through banks or the establishment of sham companies.

Consensual and Predatory Crimes

Revenue-generating organized crimes include both consensual and predatory crimes. A **consensual crime** is one where no victim exists; that is, two or more individuals willingly engage in an illegal commercial transaction. Common consensual organized crimes include drug trafficking, gambling, prostitution, human smuggling, and supplying contraband or counterfeit products. The main business of OC has been described as providing goods and services that are in demand by the public but have been made illegal or are tightly regulated by the state because they are deemed immoral or destructive (Siegel, 2018: 515; Vito & Maahs, 2015: 333). **Predatory crimes** are those in which a victim suffers a direct physical or financial loss. Common predatory crimes carried out on an organized basis include extortion (protection rackets), theft, human trafficking, counterfeiting, and various types of fraud. More sophisticated predatory crimes appear to have increased in recent years and include bank card fraud,

cybercrimes, organized automobile theft, and identity theft. In short, organized crime entails a “complex pattern of activity that includes the commission of statutorily defined offenses, in particular the provision of illegal goods and services, but also carefully planned and coordinated instances of offenses by fraud, theft, and extortion groups” (Ireland & Rush, 2011: 331). The fact that organized crime entails both consensual and predatory crimes reveals a relationship with the broader society that is both symbiotic and parasitic.

Multiple Enterprises

OCAs are known to engage in **multiple enterprises** in that they perpetrate different types of profit-oriented (legal or illegal) activities. It is not uncommon for some criminal enterprises to be involved simultaneously in drug trafficking, gambling, telemarketing fraud, human trafficking, credit card counterfeiting, and extortion. In their 2010 organized crime threat assessment model, the RCMP includes the attribute “diversification,” which measures “the extent to which the illicit activities of the group are diversified” (RCMP, 2010: 6). The highest threat level is when an OCA has “multiple separate illicit activities involving different commodities and businesses, running simultaneously. For example, the group may be involved in drug trafficking, prostitution, and illegal gambling” (RCMP, 2010: 6).

Monopolistic Ambitions

Some OC groups have demonstrated a clear ambition to seek a **monopoly** over the sale of a particular good or service or in a particular geographic area. As Abadinsky (2012) puts it, “An organized crime group eschews competition. It strives for hegemony over a particular geographic area (a metropolitan area or section of a city), a particular ‘industry,’ legitimate or illegitimate (for example gambling, trucking, loansharking), or a combination of both (for example, loansharking in a particular area or the wholesale cocaine market in a city).” These monopolies are typically sought and maintained through violence or the threat of violence, or by corrupt relationships with government, businesses, or union officials (Abadinsky, 2012: 4). A distinction should be made between “monopolistic ambitions” and the actual achievement of a monopoly over a particular illegal market or territory. Research in North America suggests that few illegal markets are completely monopolized by any particular organized criminal entity. Instead, the majority of OCAs are relatively small, loosely structured groups or networks that operate in disorganized markets and geographic areas and have little capacity for dominating a particular criminal market or commodity (Bouchard, 2006; Bouchard & Morselli, 2014; Reuter, 1983).

Operational: Planning, Coordination, and Sophistication

The *operational* attribute reflects the viewpoint that OC should be defined by its processes and methods (Beare, 2015). Some organized crimes may require an elevated

level of logistics, planning, and coordination over an extended period, which is “why more co-offenders are generally required for the crime to be successfully committed” (Kleemans & de Poot, 2008: 75). According to von Lampe (2016: 31), organized crimes are “committed on a continuous basis involving planning and preparation as opposed to impulsive, spur-of-the moment criminal acts.” Marvelli and Finckenauer (2012: 510) write that in the context of criminal activity, organization and sophistication are measured by “the degree of preparation and planning for the crime and how much skill and knowledge are needed in order to commit the crime.” Success in perpetrating organized crimes “requires leadership, management skills, innovation, and technical expertise that may not be available in traditional crime circles” (Marvelli & Finckenauer, 2012: 510). Thus, organized crime is constantly innovating and reaching out for both new markets and new talent to maintain its basic competitive edge. This means that OCAs can be quite sophisticated in their operations, although in Canada, according to the Criminal Intelligence Service Canada, “Only a small number of organized crime groups are capable of operating elaborate criminal operations”:

These groups are engaged in diverse and complex activities. For the most part, they operate out of the largest urban areas but have secondary operations or criminal influence in other cities or rural areas. These groups are distinguished by sophisticated operations, often involving the importation, manufacture, or distribution of a wide range of illicit commodities as well as the ability to commit complex frauds, money laundering, or financial schemes. In addition, many of these groups display the capability to target, coerce, or employ individuals in legitimate business, professionals, such as lawyers and accountants, and other community members to facilitate their criminal activities. Many of these groups are difficult to target as they strategically insulate themselves from law enforcement. (CISC, 2007: 14)

The operational sophistication of some OCAs is very much reflected in the use of technology. Police have uncovered counterfeiting technologies that produce almost exact replicas of credit cards, passports, currency, and consumer goods. Submarines have been used to smuggle cocaine from South America (*New York Times*, Sep. 10, 2012). This technical sophistication has led to the emergence of organized cybercrimes in which tech-savvy OCAs perpetrate 21st-century versions of robbery and fraud, including the digital hacking of banks, credit card companies, and other corporations, as well as “phishing” scams that deceive people into visiting predatory websites that drain their bank accounts or steal valuable personal information (with only a few clicks of a link). Organized fraud has expanded exponentially in frequency and the number of potential victims through emails, websites, and social media. Extortion is now carried out online through “ransomware.” Leading-edge computer hackers who decode corporations’ complex security systems and firewalls have been increasingly linked to organized criminals whose intentions are theft for financial gain. Cybercrime groups have even

developed and marketed “crimeware”—malicious software specifically designed to steal confidential personal and financial information (CISC, 2010: 12). Human trafficking, drug trafficking, and selling of counterfeit goods and other contraband are increasingly done via illicit markets on the dark web. Fentanyl and methamphetamine trafficking networks in Canada are known to sell through online illicit markets (CISC, 2021: 2). In 2013, news broke that computer hackers hired by drug traffickers breached the information technology system of a marine container port in Antwerp, Belgium, that allowed tons of illegal drugs to go undetected among regular cargos (Comolli, 2018: xvi). Some crime syndicates have used and even engineered intricate encryption codes and software to operate on the dark web and to communicate online surreptitiously.

In 2014, the RCMP published its first report on cybercrime and concluded that the problem was expanding in Canada due in part to an increased involvement of OCAs. “Once considered the domain of criminals with specialized skills, cybercrime activities have expanded to other offenders as the requisite know-how becomes more accessible” (RCMP, 2014: 3). According to Choo and Grabosky (2014: 485), among the traditional OCAs involved in cybercrime are “the highly structured and global criminal syndicates such as the Asian triads and Japanese Yakuza, whose criminal activities have been known to include computer software piracy and credit card forgery and fraud.” Outlaw motorcycle gangs have been known to use social networking sites to perform background checks on prospective members. The Montreal Mafia has undertaken extensive bookmaking operations through the Internet and smartphones using encrypted messages. Chinese and Russian OCAs, some of which are linked to the governments of these countries, are well known to be involved in hacking into both government and private-sector organizations worldwide to steal information and money.

The growth, organization, and sophistication of different types of cybercrime in recent years is the latest incarnation of the exploitation of communications technology by organized criminals—from the use of the wire service in the early part of the 20th century to facilitate long-distance gambling and bookmaking operations; to pagers and cellphones beginning in the 1980s, which became ubiquitous among drug traffickers; to electronic wire transfers to facilitate international money laundering in the 1990s and the use of the Internet today.

Inter-Group Co-operation and Coordination

Different OCAs are known to work together and coordinate their illegal activities, especially in crimes that cross national borders. Most cross-border crimes are carried out by networks of groups and individual offenders located in different countries, each of which specializes in one or more aspects of the trade, such as supplying the raw material or processed product; brokering the purchase, transportation, or distribution; physically transporting the goods; or storing, wholesaling, and retailing the product. In a Statistics Canada survey of police agencies, the respondents indicated that 93 percent of the OCAs they investigated in this country had links with other crime groups (Sauvé,

1999). The purposes of these linkages are to combine expertise; share personnel, facilities, or smuggling routes; exchange goods and services; and expand into new markets. Drug trafficking epitomizes the networked structure of OC in that few criminal groups independently carry out all the essential functions of the drug trade, from production to street-level distribution.

Case Study: Project Loquace

In 2012, more than one thousand police officers took part in a series of raids targeting a massive drug trafficking network operating across Quebec, Ontario, and British Columbia that was smuggling cocaine from Mexico via the United States into Canada and exporting synthetic drugs to the US. The multi-agency investigation, codenamed Project Loquace, resulted in the arrest of 103 people in different parts of Canada and the seizure of 158 kilograms of cocaine, more than 46,000 methamphetamine pills, and 13 barrels of a banned solvent used to produce gamma-hydroxybutyrate (GHB), the so-called date rape drug. Also confiscated were 161 guns, 291 other prohibited weapons, 1,486 explosives, and 50 detonators.

Police said that the drug trafficking network, which they called a “consortium,” involved members of the Hells Angels, the Italian Mafia, and the West End Gang, mostly from Quebec. It had been under investigation for about six months and in that short time managed to generate an estimated CAD\$50 million in revenue, according to police. The co-operation of some of the country’s largest crime groups demonstrates “that the country’s criminal underworld is as interconnected as it is unstable,” Sûreté du Québec Inspector Michel Forget told the media (QMI Agency, Nov. 2, 2012). “A criminal partnership that started in British Columbia migrated to Quebec last spring and developed ties with several criminal groups in order to distribute Mexican cocaine across the country” (Canadian Press, Nov. 1, 2012; CBC News, Nov. 1, 2012; *Montreal Gazette*, May 15, 2015; *The Province*, Nov. 1, 2012; QMI Agency, Nov. 2, 2012; *Vancouver Sun*, Nov. 3, 2012).

A study into smuggling through the Port of Montreal quotes a special agent within that city’s municipal police who said, “There are three main [criminal] factions in the city: Bikers, Italians and the Irish, but they often work together, for drug distribution, service provision” (Sergi & Storti, 2020: 7). According to the CISC (2021: 7), “there have been several incidents within Ontario and Quebec where mafia or OMG [outlaw motorcycle gang] members are believed to have contracted street gang members to carry out homicides, assaults, and arsons on their behalf.”

Cultural/Behavioural Characteristics

This category is informed by both the social and behavioural sciences and includes attributes that are concerned with the subcultural values and norms that influence the operation and raison d'être of organized crime, OCAs, and criminal markets, and how this affects the attitudes and actions of participating offenders.

Subcultural Norms/Contempt for Civil Society

It has been argued that OCAs—and Mafia-style criminal organizations, in particular—constitute a unique **subculture** in which they openly reject conventional social rules and values that govern civil society and organize their behaviour according to the norms of their criminal group. The denunciation of mainstream values forms the basis of an organized crime subculture that is promoted, perpetuated, and even cherished by those in the underworld. The deviant subculture is manifested and symbolized in secret societies and criminal organizations that are characterized by member restrictions, group initiation, rituals, anti-social norms, and rules of conduct. This particular trait of OC is associated with the subculture theory of criminality and violence, which argues that serious and chronic offenders adhere to values and norms that are learned through their immersion in a deviant subculture (Ferracuti & Wolfgang, 1967).

The Sicilian Mafia, the 'Ndrangheta, North America's La Cosa Nostra, the Russian *vory v zakone*, the Japanese Yakuza, and outlaw motorcycle gangs were all founded on tenets that explicitly rejected many of the values of mainstream culture in the countries where they were founded and/or operate. As one member of New York's Gambino crime family succinctly said to a reporter, "We don't want to be part of your world. We don't want to belong to country clubs" (cited in Brenner, 1990: 181). Members of Mafia groups in Sicily in the late 19th century were taught to abhor all formal authority, except for the Catholic Church, which was to be tolerated. The Russian *vory v zakone* ("thief in law") follows the code of the "Thieves World," which emphasizes one's separation from conventional society. A *vory* rejects traditional social norms, including legitimate work, paying taxes, and having a family, and is particularly disdainful of government authority. OMGs cultivated and conformed to a distinct subculture that set them apart from the rest of society and is symbolized by their one-percenter patch worn on the front of their vests or jackets.

To set themselves apart from mainstream society (and their victims), the subculture of some Mafia-style groups is infused with a superiority complex. Members of Mafia-style OCAs are characterized by megalomania and narcissism (Bovenkerk, 2000: 225) and often view themselves "as superior beings ... who display many of the characteristics of a narcissistic personality; for example, the attitude of omnipotence and self-assurance, a feeling that the rules of society do not apply to them and that they are above the responsibilities of shared living" (Morselli et al., 2010: 29). Lupsha (1981: 22) argues that organized crime is "rooted in one perverse aspect of our values: namely, that

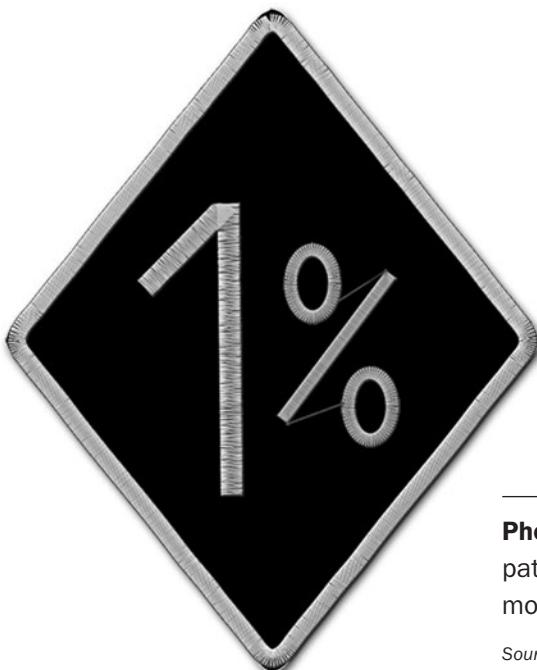


Photo 3.1: One-percenter diamond patch worn by members of outlaw motorcycle clubs

Source: Icedragon, via Wikimedia Commons

only ‘suckers’ work” and that anybody who follows the commonly accepted rules and laws of civil society deserves to be victimized. Exemplifying this attitude is the moniker reportedly used by some New York LCN members to refer to one another: “wiseguy” (Pileggi, 1985: 20).

Rationality

Criminology’s **rational choice theory** contends that most offenders are perceived as self-maximizing decision-makers who carefully calculate the advantages and disadvantages associated with specific criminal acts. In other words, offenders make rational choices in their decision to commit crimes (Clarke & Cornish, 1985). Organized crime represents one of the most rational forms of criminality. This is exemplified by the consensual organized crimes that respond to the forces of the free market—in particular, the laws of supply and demand; because OC conspiracies are profit-oriented, they have to be rational in their illegal business enterprises. Organized criminal entrepreneurs are said to operate rationally because they are motivated by financial benefits and the relatively low risk of being caught.

The rational choice theory of offender decision-making places a premium on how criminal offenders, in the course of planning and carrying out a criminal act, make decisions based on opportunities that become available to them. As the study of OC has shown, criminal entrepreneurs and groups are very opportunistic. For Lyman and Potter (2014: 55), “Organized crime is made up of a series of highly adaptive, flexible

networks that readily take into account changes in the law and regulatory practices, the growth or decline of market demand for a particular good or service, and the availability of new sources of supply and new opportunities for distribution. This ability to adapt allows organized crime to persist and flourish.”

Rationality is often reflected in the criminal organization itself. According to Cressey (1969: 34–35), the structure of American crime syndicates is based on “a rational design for safety and profit.” Criminal groups “selling illicit goods and services must, if they are to capitalize on the great demand for their wares, expand by establishing a division of labour.... The next rational move is consolidation and integration of separate divisions of labor into a cartel designed to minimize competition and maximize profits. Such a monopolistic move is, of course, a rational decision for peaceful coexistence.” In short, OCAs are structured rationally to maximize their revenue-generating function. Even violence is used for rational ends by criminal groups, regardless of how grisly and wanton it may seem, because it is used to support their end goals. The rational nature of OC can be contrasted with more emotionally driven crimes (e.g., domestic violence) or impulsive (irrational) crimes committed by a collective of people, such as riots.

Non-Ideological

OCAs are **non-ideological** in that they are not motivated by political ideologies, religious dogma, or a desire to change society. Instead, their goal is the accumulation of financial and other material benefits. While the corruption of state actors may be a common operational tactic of criminal syndicates, its purpose is to gain government protection and/or immunity to continue their illegal operations. This non-ideological stance distinguishes OCAs from terrorist groups in which the illegal activities are driven by the goal of social and political change.

CONCLUSION

This chapter is meant to contribute to a better understanding of (Canadian) organized crime through an enumeration of common characteristics. The typology presented in this chapter revolves primarily around organized crime as an association of offenders, although it recognizes that any characterization of OC must include a focus on criminal activities and how these activities are carried out. As should be apparent by now, given the diversity of OCAs, combined with the controversies over how to define and conceptualize OC, only a few traits can be deemed universal: the involvement of multiple offenders, a systematic and purposive pattern to their relationship, and the commission of profit-oriented criminal activities.

The typology presented in this chapter was built mostly upon the theoretical literature (including definitions) and drawn primarily from American sources. The question remains: Are these attributes applicable to organized crime and OCAs in Canada? It is

hoped that this question is sufficiently answered in part II of this book, which applies these attributes to OCAs operating in this country.

CRITICAL THINKING EXERCISE

Determine for yourself whether the OCA characteristics presented in this chapter are complete. Can you think of any important attributes of OCAs that may have been missed? Based upon your own critical analysis, are there certain characteristics you believe should be removed from this typology?

KEY TERMS

Associational networks

Consensual crime

Continuity

Division of labour

Entrepreneurial model

Limited or exclusive membership

Monopoly

Multiple enterprises

Non-ideological

Predatory crimes

Profit-oriented

Rational choice theory

Rationality

Risk management

Social embeddedness

Subculture

Threat assessment

Transnational organized crime

REVIEW QUESTIONS

1. What are the key characteristics of organized crime that make it a unique type of criminality?
2. Is there any agreement on common or universal characteristics?
3. Is it possible to distinguish Canadian organized crime based on an analysis of key characteristics?

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4

THEORIES OF ORGANIZED CRIME

CHAPTER OUTLINE

- Introduction and Overview
- Etiological Theories of Organized Criminal Behaviour
- Administrative Criminology and the Organization of Crimes
- The Organization of Criminals: Theoretical Models on the Structure of Organized Crime Associations
- Conclusion

LEARNING OUTCOMES

After reading this chapter, you should have a thorough understanding of the following:

- Theories explaining the existence of organized crime in North America (pitting those that blame external forces and actors vs. those that locate the root causes in the social, economic, and political environment of Canada and the US)
- Etiological theories that explain (organized) criminal behaviour (differentiating between those that locate the root causes in society versus those that focus on human agency and rational decision-making by offenders)
- Theories on how crimes are organized
- Theoretical models on how organized criminal associations are structured
- Strengths and weaknesses of the theories covered in this chapter
- A critical analysis of the applicability of the mostly American theories of organized crime to Canada

INTRODUCTION AND OVERVIEW

This chapter explores various theories that attempt to explain the existence of organized crime. This will involve applying etiological theories that explore the causes of crime and criminality generally as well as those developed specifically for organized crime. The first set of theories attempts to foster an understanding of the causal factors that contribute to the existence of organized criminality. These etiological theories are particularly concerned with explaining the onset and persistence of criminal behaviour among those who are habitually engaged in serious, profit-oriented organized crimes and/or those who participate in organized criminal associations (OCAs). Alien conspiracy theory argues that organized crime in North America is the result of the importation of foreign secret criminal societies made up of chronic offenders. In contrast are those theories that emphasize factors native to North America that give rise to, and facilitate, the onset and growth of organized crime. In general, this latter category applies basic criminological theories and concepts—such as strain, differential association, social disorganization, social control, and subcultures—to help explain the causal factors underlying organized criminal behaviour. Taken together, these sociological theories argue that North American society, through conflicts and contradictions between its goals and the means to attain them, exerts pressure on some people to behave in a deviant rather than conformist way (strain theory). However, a criminal orientation is not solely based on blocked aspirations; the individual must also exist in an environment where criminal behaviour can be learned and emulated, primarily through associations with others who are involved in criminal activities (differential association theory). This is generally found in neighbourhoods where there is a high level of “social disorganization.” Particularly vulnerable to criminogenic risk factors are youth who have either been “under-socialized” in the accepted norms of civil society or “over-socialized” in the norms and values of the deviant criminal subculture (social disorganization theory).

Similarly, ethnic succession theory contends that immigrant and minority groups turn to OC after being shut out of legitimate avenues of social mobility (e.g., due to discrimination) and use innovative, albeit illegal, ways to advance and prosper. Radical- and critically oriented structuralist theories view crime and criminal behaviour as being rooted in capitalism, which promotes organized crime in society by placing a premium on income generation and the ensuing conflict between the working class and those who control the mode of production.

Unlike sociological or radical theories, an economic analysis does not view organized crime as pathological, but rather as a highly rational system, which can be seen as an extension of the free market economy. An economic approach to understanding organized crime contends its existence is due to the basic laws of supply and demand. The “private protection theory” argues that OCAs arise in circumstances where the state is weak and/or corrupt and assume the governance role traditionally performed by the state.

This chapter also discusses hypotheses, theories, and tools that analyze how serious and profit-oriented crimes are organized. Particular emphasis is placed on applying the field of administrative criminology, which depicts how (organized) crimes occur due to opportunistic conditions that are exploited by rational criminal offenders.

The third set of theories attempts to explain how criminal offenders are organized through the application of different conceptual models of the organizational structures of OCAs. The bureaucratic/corporate/hierarchical model contends that OCAs resemble the structure of legitimate organizations, such as a corporation, a paramilitary organization, or a government agency. The kinship model asserts that the structure of the Italian American Mafia family is based on a traditional social grouping that has been patterned by cultural traditions and organized around kinship relationships. The patron-client model envisions the structure of organized crime groups as a loose system of power relationships where each member becomes a benefactor to others through his power and influence and by brokering alliances and deals. The network model views organized crime as made up of symmetrical business partnerships among many different independent offenders, each of whom contributes a particular expertise, contact, or resource in the context of a particular criminal event.

Within the context of scientific inquiries, a *theory* can be defined as an idea or set of ideas that attempts to explain a phenomenon in terms of deeper or more fundamental processes. An important criterion of a theory is that it has to be amenable to testing using rigorous scientific methods. Not all the explanations provided in this chapter live up to these criteria and therefore cannot be considered theories *per se*. Regardless, all attempt to explain why and how organized crime exists (*i.e.*, the root causes of organized criminal behaviour, how crimes are organized, and how offenders are organized). As part of this textbook's overall attempt to determine whether there is a distinctive form of Canadian organized crime, a thesis of this chapter is that the predominately American theories, explanations, and conceptual models are applicable to organized crime in Canada.

ETIOLOGICAL THEORIES OF ORGANIZED CRIMINAL BEHAVIOUR

Legend has it that Willie Sutton, one of America's most prolific bank robbers, was once asked why he robbed banks. He reportedly replied, "That's where the money is!" (Sutton & Linn, 1976: 160). While a tad flippant, his answer does nonetheless help us to appreciate why some people become involved in organized crime: for the money! Without a doubt, pure, unadulterated greed and a penchant for material pleasures are driving forces behind organized criminality (as well as white-collar criminality, especially among the wealthy, who cannot cry poverty as a reason that drives their actions). The pursuit of the almighty illicit dollar, however, does not answer one perennial question often at the root of etiological theories of criminality: Why do some people resort to crime, while

others—who may encounter similar opportunities, face the same temptations, share demographic characteristics, and come from the same environment—do not? This section explores etiological theories that can help explain the existence of organized crime generally and organized criminal behaviour specifically. The word *etiology* can be defined as the assignment of cause or reason to help explain a certain phenomenon, and, in this context, etiological theories of OC attempt to answer such questions:

- Why does organized crime exist?
- What are its root causes?
- What are the factors that contribute to organized crime and illegal markets?
- What are the factors that contribute to the onset and persistence of serious and chronic criminal behaviour?
- Why do certain individuals become involved in organized crime, while other individuals, who come from similar backgrounds and experiences, do not?

Various theories try to explain the causes of organized crime and criminality in North America. The theories presented below approach the subject from the perspective of several different disciplines, including sociology, criminology, psychology, economics, political science, and public administration. Some of the theories are specific to organized crime, while others are general criminological theories that have been adapted to organized crime. This in and of itself raises the important question of whether “the causes of organized crime are different from the causes of other types of crime” (Albanese, 2015: 89): “Some have argued that explanations of crime should be universal, whereas others argue that different manifestations of crime may require different explanations. In either case, it is obvious that different people commit different crimes for different reasons. Therefore, more than one explanation is likely needed to explain the crimes of many diverse people” (Albanese, 2015: 87).

CRITICAL THINKING EXERCISE

As you read the following theories, critically analyze each to discern those factors that influence them, such as the following:

- The source of the theory (e.g., state actors, scholars, journalists)
- The broader discipline or paradigm from which this theory came (e.g., sociology vs. economics, administrative criminology vs. critical criminology)
- Assumptions underlying the theory (e.g., offenders are to blame vs. society is to blame)
- Underlying ideologies or worldviews that may have influenced the explanation (e.g., theories that stem from radical vs. neo-liberal ideologies)

Alien Conspiracy Theory

One theory of organized crime developed in the United States is referred to as the **alien conspiracy theory**. This school of thought has been used primarily to explain the origins and scope of Italian organized crime in America. However, it may be applied to other OCAs active in North America that find their roots in other countries (e.g., Chinese triads, Latin American drug trafficking “cartels,” Nigerian crime groups, etc.). The basic argument underlying this theory is that OC in the US is the result of the importation of secret criminal societies from other countries. Alien conspiracy theory rests on the view that OC does not emerge from the norms, values, and institutions of American culture, but rather has been thrust upon the country by foreign cultures. In other words, the roots of OC can be found in norms and values antithetical to those of American society and are imported via the cultural transmission of specific immigrant groups. The original theory argues that the Italian Mafia in America is the transplant of a secret society originating in Sicily and made its way to the US during the Italian diaspora that took place in the late 19th and early 20th centuries. This secret society then grew to a monolithic nation-wide criminal conspiracy—made up of about two dozen Mafia “families” of Italian lineage, all of which were governed by a national commission—which is anti-government and serves to subvert and erode the fundamental law-abiding values of American society.

Alien conspiracy theory was not developed by scholars but was initially promoted in the early 1950s by the federal Special Senate Committee to Investigate Organized Crime in Interstate Commerce, chaired by Senator Estes Kefauver. The so-called theory contains the following precepts:

- “There is a sinister criminal organization known as the Mafia” operating throughout the United States with ties to similar organizations in other countries. The Italian American Mafia is a direct descendant of a secret criminal society of the same name that originated on the island of Sicily (United States Congress, 1951: 2).
- “Its leaders are usually found in control of the most lucrative rackets in American cities,” including drug trafficking (131).
- “There are indications of a centralized direction and control of these rackets,” but leadership appears to be in a group rather than in a single individual (i.e., the nation-wide conspiracy is directed by a national commission made up of the heads of different Mafia families) (150).
- The Mafia is the cement that helps to hold together the various syndicates that are spread throughout the country (150).

This conspiratorial theory was also present in the conclusions of the President’s Commission on Law Enforcement and Administration of Justice (1967) and later



Photo 4.1: Frank Costello, reputed member of the La Cosa Nostra's national commission, appearing before the Special Senate Committee, March 1951

Source: Al Aumuller, World Telegram staff photographer, via Wikimedia Commons

replicated in a book by the commission's principal consultant on organized crime, criminologist Donald Cressey. The shared conclusions were that a "nation-wide illicit cartel and confederation" was formed during the 1930s when organized crime units across the United States linked themselves together in a monopolistic cartel. The title of Cressey's 1969 book, *Theft of a Nation*, epitomizes the language used to overestimate and sensationalize the scope of the La Cosa Nostra (LCN) in America.

Alien conspiracy theory has been roundly criticized. Its detractors contend it is rooted in racist doctrines and ignores the social, political, and economic environment of the US that helps ferment organized crime there. The theory is also undermined by a reliance on anecdotal and biased evidence provided by law enforcement agencies and unreliable informants. Subsequent research refutes the two main pillars of alien conspiracy theory: (1) that organized crime was a product of secret criminal societies imported from other countries; and (2) that there was a nation-wide, monolithic, interconnected conspiracy known as La Cosa Nostra. First, according to Lyman and Potter (2014: 62),

“virtually every U.S. city had well-developed organized crime syndicates long before the large-scale Italian immigration of the late 19th and early 20th centuries. If Italians and other immigrants played a major role in developing organized crime, they were only joining and augmenting widespread crime and corruption already native to the United States.” As will be explained in more detail in chapter 5, a secret criminal organization called the Mafia was never imported from Italy to North America (although some relevant Sicilian cultural traditions that later influenced Italian American organized crime were brought over from the old country). Instead, the ethnic Italian crime groups that predominated in the US found their real genesis in the urban immigrant ghettos of such cities as New York, Buffalo, New Orleans, Chicago, Cleveland, and Philadelphia. Lupsha (1981: 8) rejects the “alien” underpinnings of this theory. He emphasizes that “organized crime is a product of America. It is not Italian, Sicilian, Jewish, German, Polish, or Russian. Its leaders were American born or socialized, and the context of the American economic and political system affected them.” In short, “organized crime is a true product of American values and American culture. It is an American crime” (Lupsha, 1981: 4). This theory also “misinterprets and overstates the role of ethnicity in organized crime” (Lyman & Potter, 2014: 62). Not only does it exaggerate the scope of ethnocultural minority groups in organized crime in North America, but ethnicity is not necessarily the main rationale for how criminals collectively organize themselves.

The second major criticism of this theory is that there is little evidence of a truly nation-wide Mafia criminal conspiracy with centralized control. There were many Italian American Mafia families spread across North America that shared common subcultural norms, methods, and criminal activities, and there is evidence that they met and collaborated. However, a national commission never truly materialized, and most Mafia families worked independently in their own cities or neighbourhoods.

These conspiratorial theories were systematically refuted in a 1975 book by Dwight D. Smith called *The Mafia Mystique*. Smith argues that alien conspiracy theory arose, in part, because of the public’s fascination with organized crime and crime in general. Hard-boiled “pulp fiction” novels, sensationalized newspaper and magazine articles, Hollywood movies, and self-serving governmental commissions and law enforcement reports all presented portraits that were largely devoid of sound factual evidence on the nature and scope of Italian American organized crime and inflated the threat that it posed to the safety and security of Americans. This theory is particularly distorted because of the political agenda that was behind its original formulation; it was most vigorously promoted by American politicians, who were using the issue to advance their political careers. In his book *The Kefauver Committee and the Politics of Crime, 1950–1952*, Moore (1974) points out that Senator Kefauver helped to foster the belief in this nation-wide conspiracy, partially to raise his national profile in his bid to be a candidate for US president. Law enforcement agencies, particularly the FBI, were strong promoters of this theory because of their desire to secure greater enforcement resources and

powers (Albanese, 1996: 92). Critics also charge that politicians and law enforcement agencies enthusiastically promulgated the alien conspiracy theory because by “externalizing the problem of organized crime,” they were able to downplay “the involvement of police, judges and politicians in racketeering” in the American psyche (Arsovska, 2012: 313). In other words, the theory is part of a broader narrative in which “organized crime is defined as a problem of ‘outsiders,’ while the involvement of ‘insiders’ and the ways societies create and promote organized crime opportunities themselves is neglected” (Kleemans, 2014: 33). The principal tenets of this theory—that organized crime can be blamed on outsiders, in particular, ethnic immigrant minority groups—continue to be both an implicit and explicit foundation of popular narratives in North America. According to Kleemans (2014: 33), there is a tendency to blame specific immigrant and ethnic minority groups for “constituting the main problem of organized crime or the central players in specific criminal activities.”

CRITICAL THINKING EXERCISE

Read the passage below and determine for yourself the following: Is alien conspiracy theory applicable to Canada? Does such an application resurrect discredited theories? Are the arguments below xenophobic and/or racist?

Like the United States, Canada is a nation of immigrants and, beginning in the early part of the 20th century, became home to secret Italian societies, crimes involving extortion, and later Sicilian and Calabrian Mafia groups (see chapter 5). Those who support alien conspiracy theory would also suggest that a history of organized crime in Canada reveals how other OCAs have been organized around ethnicity and foreign cultures that fall outside the dominant Anglo-Saxon Protestant culture. This list includes ethnic Chinese criminal entrepreneurs and groups that trafficked in opium and ran illegal gambling operations in Vancouver, Toronto, and Montreal beginning in the early part of the 20th century, operations that continue today. More recently, the organized crime landscape in Canada has included criminal groups in which the principal offenders are Vietnamese, Jamaican, Nigerian, Persian, Hungarian, Haitian, and Somali. Within the Canadian context, alien conspiracy theory could even be applied to the Hells Angels and other outlaw motorcycle gangs (OMGs), which were imported to Canada from the United States. Proponents of this theory would argue that during their migration to Canada, immigrants from different ethnocultural groups and nationalities bring with them norms and values, not to mention actual criminal societies, that are antithetical to the law-abiding, peaceful, deferential nature of Canada (as symbolized by the country’s motto of “peace, order and good government”).

As in the US, critics would counter alien conspiracy theory's applicability to Canada by arguing that the forces contributing to the onset and persistence of organized crime, and crime in general, are rooted in Canadian culture and society. Racism, discrimination, and segregation have long excluded immigrant ethnic groups from economic and educational opportunities, as well as integration into mainstream Canadian society, which may help to explain why members of racialized immigrant groups have turned to crime. Moreover, as should be clear from the first chapter, organized criminality in Canada (and British North America) existed long before ethnic minority immigrant groups began to arrive in Canada. Indeed, the ethnic origins of most pirates and privateers, as well as most 19th-century outlaws, smugglers, fraudsters, counterfeiters, and traffickers in Canada, are predominately Anglo-Saxon.

When applied specifically to Italian Canadian organized crime, it is true that many of the early Italian criminal societies in this country were made up of immigrants who brought with them some basic ideologies and criminal methods from Sicily and Calabria. However, Italian Canadian organized crime evolved and prospered in this country due to the same indigenous conditions that existed in the United States. In addition, no evidence indicates that a national Italian Canadian organized crime conspiracy, with a centralized command and control function, ever existed in this country. While there was never any nation-wide confederation of Italian crime groups in Canada, a *Camera di Controllo* appeared to be established in Ontario in the 1950s. Made up of the heads of the various 'Ndrangheta cells in that province, the goal of this "board of control" was to ensure co-operation, avoid territorial infringement, and resolve any problems that may arise among the different cells (Charney, 1979: 28; *Hamilton Spectator*, Aug. 31, 1984; *Toronto Star*, Mar. 23, 1987).

Indigenous Social and Cultural Systems Theories

Contrary to alien conspiracy theory, etiological theories of OC in America have been developed that place greater emphasis on social, cultural, and economic forces native to the US that are responsible for the onset and growth of organized crime. This perspective is epitomized by the adage "every society gets the crime it deserves." In one of the earliest critiques of alien conspiracy theory, Tyler (1962: 325) argues that the roots of organized crime lie deep within the American culture, "drawing nourishment from the traditional virtues as well as the popularized vices of our civilization."

This section describes and examines theories that situate the root causes of organized crime within the US and Canada. These include etiological theories that have been applied to explain crime and criminality in general (strain theory, differential association

theory, control theory, social disorganization theory), as well as theories specific to organized crime (e.g., ethnic succession theory). The theories presented in this section are complementary in that collectively they explain the causes of (organized) criminality at the macro/mass societal level (strain theory, ethnic succession theory, critically oriented theories), the meso/community level (social disorganization theory), and the micro/individual and family level (control theory, differential association theory).

Strain and Culture Conflict Theory

Building on a concept originated by the 19th-century French sociologist Emile Durkheim, Robert Merton (1938) postulated a highly influential explanation for deviant behaviour in the US. **Strain and culture conflict theory** suggests that American society, through conflicts and contradictions between its goals and the means to attain them, exerts pressure on some people to behave in criminal rather than conformist ways. Strain results when people are confronted by the contradiction between goals and the opportunities available for them to reach those goals. As a result, individuals “become estranged from a society that promises them in principle what they are deprived of in reality” (Merton, 1964: 218). The basic argument is that when the channels of vertical mobility are closed or narrowed in a society that places a high premium on economic affluence and social advancement, those who are denied such opportunities turn to illegitimate means to achieve them. This is of central importance in understanding the motives and drives of those situated in America’s underclass—the poor, ethnocultural, or racialized minority groups, immigrants, and others who feel the pain of exclusion—who have, at the same time, embraced the cultural values of material success. The “American Dream” urges all citizens to succeed, yet the opportunity to succeed is distributed unequally (resulting in significant socioeconomic inequalities). Merton says that people at the bottom of the economic ladder may resort to crime to succeed if their sense of frustration is acute enough and their drive to succeed is sufficiently strong. Rudimentary criminal acts generally do not lead to any significant level of economic success, however (Taylor et al., 1973: 97). Innovation is required, which means one must often adopt entrepreneurial crimes that hold the greatest potential to generate wealth. Strain theories are perhaps most applicable to ethnic, immigrant, and racialized minority groups in North America that have faced endemic racism and discrimination. Calderoni et al. (2020: 11) cite several studies suggesting that “marginalisation and specific ethnic/national characteristics may favour recruitment into organised crime groups.” A Vancouver study points to mechanisms of strain stemming from racism and discrimination by ethnic and racial minority groups as a factor in the formation of and participation in criminal groups and gangs in that city (Gordon, 2000).

Ethnic Succession Theory

Strain theory has been adapted to OC in the US via **ethnic succession theory**, which contends that when ethnic minority immigrant groups are disproportionately involved

in OC, it is because of the barriers and blocked aspirations they routinely encounter in the pursuit of the American Dream (Bell, 1953; Ianni, 1974). For this theory, the ethnocultural basis of organized crime groups in the United States is not tied to the importation of foreign criminal cultures or secret societies but results from minority groups struggling for a place in their adopted country. Each successive immigrant group experiences certain strains in American society (such as racism, discrimination, marginalization, difficulties in acculturation, poverty, violence, etc.), and some members of these groups react by becoming involved in entrepreneurial criminal activities because legitimate avenues of success and advancement have been closed to them. As time passes and as legitimate and socially acceptable avenues of mobility open up to these ethnocultural groups and immigrant populations, the strain subsides, they integrate more fully into mainstream society, and they rely less and less on crime for upward mobility. This, in turn, creates an opportunity for succeeding immigrant groups to fill the criminal void in their attempts to climb the ladder of success (i.e., “ethnic succession”).

In his 1953 article “Crime as an American Way of Life,” Bell criticizes government commissions on organized crime for failing to understand and assimilate salient facts that have created social, political, and economic cleavages within American society. These cleavages combine to create what Bell (1953: 133) refers to as “one of the queer ladders of social mobility in American life.” This ladder represents a shortcut to success in the US for ethnic minority groups that do not have access to legitimate means of power. OC persists, in part, because it provides for the upward mobility and assimilation of ethnic and racial minority groups that they cannot always find in mainstream society (Bell, 1953). Individuals or entire ethnocultural groups that are implicated in OC are not intrinsically committed to a deviant subculture but are merely using available, albeit illegal, opportunities to achieve economic success. Thus, involvement in organized crime is simply a rational response to blocked opportunities. Francis Ianni provides early historical examples of the successive movement of different ethnocultural (immigrant) groups into and out of organized criminality in the United States, which appear to corroborate this theory:

The Irish came first, and early in this century, they dominated crime as well as big-city political machinations. As they came to control the political machinery of large cities, they won wealth, power, and respectability through subsequent control of construction, trucking, public utilities, and the waterfront. By the 1920s and the period of Prohibition and speculation in the money markets and real estate, the Irish were succeeded in organized crime by the Jews, and Arnold Rothstein, Lepke Buchalter and Gurrah Shapiro dominated gambling and labour racketeering for over a decade. The Jews quickly moved into the world of business and the professions as more legitimate avenues to economic and social mobility (a dream of one of America’s most successful Jewish gangsters, Meyer Lansky, was to see his son graduate from West Point Military Academy). The Italians came next. (Ianni, 1974: 13–14)

Ianni and Reuss-Ianni (1972: 193) document another example of ethnic succession theory at the micro level in the form of an Italian American Mafia family they researched. Of those in the fourth generation of the family, “only four out of twenty-seven males are involved in the family business organization. The rest are doctors, lawyers, college teachers, or run their own businesses.” In a later book, Ianni (1974: 25) insinuates support for ethnic succession theory when he writes, “the Italians are leaving or being pushed out of organized crime [and] they are being replaced by the next wave of migrants to the city: blacks and Puerto Ricans.” According to Kelly (1987: 20), since the 1970s, evidence supports Ianni’s prediction: minority groups who are discriminated against in American society—African Americans, Latinos, and Asians—appear to be inheriting or seizing illicit businesses that helped propel the Irish, Jews, and Italians into success and power in the past.

Can Ethnic Succession Theory Be Applied to Canada?

The history of organized crime in Canada may offer some support for ethnic succession theory. In the mid- to late 19th century, Irish immigrants were disproportionately represented in violent criminal gangs in Upper and Lower Canada, due in part to the historical oppression they faced from those of English and Scottish heritage, who held most positions of power. During the first half of the 20th century, Irish gangs were eclipsed by more sophisticated Jewish criminal entrepreneurs who focused on consensual crimes and appeared to be dominant in such rackets as gambling and drug trafficking (particularly in Montreal, where anti-Semitism was rife). Around the same time, Chinese merchants in British Columbia were some of the leading purveyors of opium, gambling, and prostitution. Their clientele consisted of Chinese immigrant labourers, who found refuge in such vices given the racial hatred, ethnicity-based herding, violence, and legislative disenfranchisement by the larger white population. The early 20th-century roots of Italian OC in North America took place during a time when Italians were discriminated against because of their ethnicity, darker skin tones, and Catholic religion. The modern Italian Mafia OCAs realized their criminal and organizational roots during Prohibition, which was ironic given the 20th-century temperance movement was partially predicated on exacting greater social control over Italian immigrants and their tradition of winemaking. Beginning in the 1970s, Italian Canadian crime groups were in decline, and their void, especially in drug trafficking, was increasingly filled by OCAs made up of new waves of immigrants (e.g., Chinese, Vietnamese, Russian, and Colombian). Beginning in the 1980s, some Canadian cities saw the rise of drug trafficking gangs made up of various racialized ethnocultural groups, including South Asians in Vancouver, Somalis in Ottawa and Toronto, and Haitians in Montreal (Schneider, 2016).

Potter (1994) criticizes “ethnic succession” as a dubious concept; members of immigrant and racialized groups may turn to organized crime, but they do not necessarily replace older groups. OCAs comprising offenders with Italian, Chinese, or Jewish heritages remained active in North America long after these ethnocultural groups were more fully integrated into and accepted in American and Canadian societies. Lupsha (1981: 14) dismisses ethnic succession theory, arguing that involvement in OC is largely a “personal choice, not career blockage or frustration with legitimate mobility paths.” Criminal offenders are in it for the money and are committed to the deviant lifestyle, which should be viewed as the result of “a personal rationalization which perverts traditional American values and culture” rather than the result of collective strains experienced by an entire minority or immigrant group (Lupsha, 1981: 4). Ethnic succession theory—and alien conspiracy theory for that matter—also does not account for the involvement of white Anglo-Saxon offenders in OC. Nor does either of these theories explain why organized economic crimes committed by the wealthy and the powerful persist in North America.

Radical and Critically Oriented Theories

Strain and ethnic succession theories can be viewed as **structuralist theories** because they situate the causes of organized crime within a broader over-arching social and cultural structure that is said to influence the causes of criminal behaviour. The more radical or critically oriented structuralist theories are influenced by **Marxist** writings and **critical criminology**. While there are important differences between the two schools of thought in how they view the structural causes of crime, both generally agree that capitalism (and the support of free markets by the state) promotes organized crime “by placing a premium on income generation and the ensuing conflict between the working class and those who control the legitimate market” (Albanese, 2015: 95). Further, when viewed within the context of the capitalist system, there is really no difference between crimes committed by corporations or OCAs. Critically oriented structuralists “argue that the American capitalist ideology, which equates success with income accumulation, encourages people to disregard the rights of others who stand in their way. The line between a successful business person, a white-collar criminal, and an organized crime offender, according to this view, is narrow indeed, distinguished only by the method (legal or illegal) by which the money was obtained, not by who may have been exploited in garnering it” (Albanese, 2015: 95).

Schneider and Schneider (2012: 355) argue, “The formation of criminal organizations in the 19th and early 20th centuries owes a great deal to capitalist development and Western European colonial expansion. First, the dynamics of capital accumulation and colonialism dislocated many rural populations, eliminating their rights to use commonly held resources, dispossessing them from land, and, often, taking away their livelihoods. Energized by ideas of just retribution, bandits, gangsters, pirates and other ‘outlaws’ pursued careers of predatory payback, out of which grew various (and variously extortionist) mechanisms for privately protecting persons and property.”

Critiques of this radical or critical approach are that “if the capitalist ideology lies at the root of organized crime, it can be argued that socialist economies would have less organized crime because of less pronounced disparities in income and opportunities within society. However, this does not appear to be the case. Organized crime, corruption, and smuggling have been reported to be widespread in many different kinds of socialist countries” (Albanese, 2015: 96).

Differential Association Theory

Strain theory, ethnic succession theory, and radical theories sketch out the general structural contradictions that may precipitate the rise of (organized) crime. Yet they leave unanswered the following question: Why do some people suffering from strain turn to criminal innovation, while others do not? Edwin Sutherland provides one answer: **differential association**. According to his theory of deviance, criminal behaviour is not simply an impulsive reaction to thwarted opportunities or an instinctive response to situations that produce frustration. As individuals will tend to conform if their socialization emphasizes respect for prevailing norms, so too would they become deviant if their socialization emphasizes contempt for these norms. For Sutherland (1973), a criminal orientation is not solely based on blocked aspirations; the individual must also exist in an environment where criminal behaviour can be learned and emulated, primarily through associations with those who are involved in criminal activities. The more a neophyte is surrounded by individuals who are contemptuous of and regularly violate prevailing cultural norms and laws, the greater the probability that he or she will become deviant. They are at risk of such behaviour because of their sustained contact with those already committed to law-breaking and because of the relative isolation from those who obey the law (Kelly, 1987: 19).

Cressey (1969: 263) says that local gangs and organized crime groups encourage deviance among youth. For an organized crime group to survive, it must have “an institutionalized process for inducting new members and inculcating them with the values and ways of behaving of the social system.” In addition, “in some neighbourhoods, all three of the essential ingredients of an effective recruiting process are in operation: inspiring aspiration for membership, training for membership, and selection for membership.” Abadinsky (1983: 71) argues that one’s participation in organized crime is fuelled by both anomie and differential association in that “learning the techniques of sophisticated criminality also requires the proper environment—ecological niches where this education is available.” More specifically, organized criminality arises when “conditions of severe deprivation, with extremely limited access to ladders of legitimate success, are coupled with readily available success models that are innovative (e.g., racketeers).”

Perhaps one of the strongest empirical validations of differential association theory is the research indicating how important family ties are as a driver of recruitment into OCAs. Kleemans and Van Koppen (2020: 385) note that “children of organized crime offenders have a high risk of intergenerational continuity of crime.” A review of the literature by Calderoni and colleagues (2020: 8) that examines recruitment into OCAs

turns up research showing how the importance of family ties in promoting organized criminality extends beyond “family-based criminal organisations.” With that said, “the role of the family is particularly strong for traditional groups such as the Italian mafias, where being born in a mafia family often determines an individual’s early involvement in the organization.”

Case Study: Applying Differential Association Theory to Vito Rizzuto

Vito Rizzuto, who headed the Montreal Mafia from the early 1980s until his death in 2013, may epitomize differential association theory. Throughout his life, Vito was surrounded by men who upheld the values of the Sicilian Mafia, and from an early age, he was indoctrinated into this criminal subculture. Vito was born in the small Sicilian town of Cattolica Eraclea, located in the province of Agrigento, a Mafia stronghold. By the time of his birth, his father, Nicolo (Nick) Rizzuto, had married into the local Mafia family, which was led by his new father-in-law, Antonio Manno. When he immigrated to Canada with his wife and children in 1954, Nick renewed contact with his Mafia family members and other Sicilian Mafiosi who had already relocated to Montreal. Nick became a member of the Montreal wing of the New York-based Bonanno crime family sometime in the late 1950s or early 1960s. From an early age, Vito was groomed by his father to become a leader in the Montreal Mafia. During this time, Vito was also learning the tricks of the trade from his father, who was a prolific international drug trafficker. Vito himself would later become one of Canada’s biggest drug importers and wholesalers. After Nick staged a coup that overthrew Vic Cotroni as leader of the Montreal Mafia, he installed his son as the head who would then go on to become one of Canada’s most powerful criminals. The case of Vito Rizzuto demonstrates that one does not have to be raised in poverty or poor neighbourhoods to be negatively socialized. Vito was raised in wealth and privilege, and it could be said that the attraction of the Mafia lifestyle was positively reinforced for a youthful Vito as he observed the wealth and power his father and other Mafiosi accrued through their criminal ventures.

Social Disorganization Theory

Notwithstanding the case of Vito Rizzuto, instances where young people learn and organize their behaviour according to the norms of a delinquent or criminal group are more likely to occur in local environments characterized by **social disorganization**. These are typically poor, marginalized, high-crime neighbourhoods. Clifford Shaw and Henry McKay (1972), sociologists at the University of Chicago, used their city as a laboratory to study of patterns of crime and delinquency during the 1920s and 1930s.

Their analysis of where anti-social youth lived in Chicago showed a concentration in inner-city areas characterized by low rent and physical deterioration. The question that Shaw and McKay attempted to answer is: What was it about the environment of these neighbourhoods that make them criminogenic? Their answer: in such neighbourhoods, which they called “zones of transition,” there is also a rapid turnover of the local population, which leads to a chronic problem of “social disorganization.” In turn, this undermines social cohesion, informal social control, and the positive socialization of children and youth. As a result of this social pathology and the weakening of local informal social controls, children and young people are ineffectually socialized, which gave rise to delinquency.

Case Study: Social Disorganization and Gangs on First Nations Reserves

It could be argued that some of the most socially disorganized communities in Canada are First Nations reserves. Compared to non-Indigenous communities, First Nations reserves are more likely to have much lower standards of living and higher rates of poverty and unemployment, substandard housing, boil water advisories, family dysfunction and break-up, child physical and sexual abuse, substance abuse, preventable diseases, mortality, and youth dropping out of school. In short, First Nations reserves are rife with factors that contribute to criminality.

This social disorganization is the result of a complex interaction of many racist historical and contemporary factors: colonialization, the destruction of Indigenous cultures and languages, herding historically nomadic peoples onto reserves, as well as the deleterious repercussions of the residential school system, especially those run by the Catholic Church, which robbed Indigenous children of their cultural identity while sexually abusing and even murdering them.

It should be no surprise then that some of the most feared criminal gangs in the Prairies, such as the Indian Posse, the Manitoba Warriors, and the Native Syndicate, are made up of young people from the province’s colonialized Indigenous population who live in socially disorganized neighbourhoods in Regina and Winnipeg or First Nations reserves in these provinces and are descendants of residential school survivors.

Shaw and McKay (1972: 174) found that socially disorganized neighbourhoods are characterized by attitudes and values that are conducive to promoting an ecosystem of delinquency and crime that is transmitted from one local generation to the next, in much the same way that language and other social forms are transmitted: “The heavy concentration of delinquency in certain areas means that boys living in these areas are

in contact not only with individuals who engage in a proscribed activity but also with groups which sanction such behavior and exert pressure upon their members to conform to group standards.” Moreover, the presence of a large number of adult criminals in socially disorganized neighbourhoods “means that children there are in contact with crime as a career and with the criminal way of life, symbolized by organized crime.” In short, like differential association theory, social disorganization theory suggests that it is one’s social environment where deviant norms and values, as well as techniques of (organized) criminal behaviour, are transmitted culturally, interpersonally, and intergenerationally.

Summary: Indigenous Social and Cultural Systems Theories

In sum, strain alone may not be sufficient to explain one’s participation in organized criminality. What may be necessary is cultural transmission through differential association, which is often (but not always) found in families and neighbourhoods where there is a high level of social disorganization (including poverty, transience, crime, and deviant subcultures). What each of the aforementioned theories has in common is the belief that (organized) crime is rooted in the institutions of a society and arises from disruptions and malfunctioning of social systems, which results in the negative socialization of young people. What these theories also have in common is that chronic and serious criminal behaviour often finds its root causes in childhood and adolescence. Furthermore, such criminal behaviour does not have a single cause—its roots are complex and multi-faceted, meaning that more than one of the aforementioned theories may apply to a particular (organized) criminal offender. The more criminogenic risk factors a child or adolescent faces and the more severe the risk factors are, the greater the chance that the young person will be involved in serious criminal offending later in life. Among the most potent risk factors that contribute to the onset of organized criminal behaviour are criminality within the family and peer networks, the existence of gangs and OCAs in the local community, low educational achievements, poverty and income inequality, and lack of legitimate employment, as well as psychological, mental health, and substance abuse disorders (Calderoni et al., 2020: 10).

CRITICAL THINKING EXERCISE

Conduct biographical research into one or more offenders that have been involved in organized crime in Canada. Try to apply some of the preceding etiological theories to explain how this individual became a serious and chronic offender. You should also be prepared to critically analyze the application of these sociological theories to the offenders you are researching.

Economic Theories of Organized Crime

Like sociological theories, economic analyses situate the cause and contributing factors of organized crime within the societies where it operates. However, an economic perspective avoids explanations that define organized crime in pathological terms; instead, it views OC and illegal markets as a rational commercial system that operates according to the same fundamental assumptions that govern entrepreneurship in the legitimate marketplace, in particular, the laws of supply and demand. An economic approach focuses on how criminal groups and illegal markets come into existence to supply goods and services that are demanded by the public but have been declared illegal (e.g., cocaine, heroin, gambling), strictly regulated (e.g., cigarettes, firearms), or prohibitively taxed (e.g., cigarettes, liquor) by the state. As history has shown, outlawing a good or service simply drives it into underground markets, where it is sold by criminal entrepreneurs. As Passas (1998: 3) writes, “If the goods or services happen to be outlawed, then illegal enterprises will emerge to meet the demand.”

Within illegal markets, consumers demand certain products and services, suppliers seek to maximize profits, and the price of the illicit goods and services will often be set by the confluence of supply and demand. This means, for example, that if the local cocaine supply is plentiful, the price will be low, but if the local supply is limited and demand is high, the price will usually rise. Thus, the laws of supply and demand in illegal markets will play an important role in the willingness of criminal entrepreneurs and OCAs to become active in an illegal market (Lyman & Potter, 2014: 79). A high level of demand for a particular product, which is certainly evident with cocaine, will often increase the price of the product and will attract profit-oriented suppliers. Once a product is in the market and is profitable, suppliers will endeavour to maintain and extend their share of the market (Reuter, 1983; Smith, 1980). Kleemans (2014: 33) posits **illegal enterprise theory** to argue that “illegal activities are quite similar to legal activities and that illegal entrepreneurs (and illegal enterprises) may be best viewed as calculating individuals (or enterprises) operating in illegal markets in a similar way as in legal markets.” In short, organized crime entails “illegal activities of people and organizations whose acknowledged purpose is profit through illegitimate business enterprise” (Brown et al., 2017: 268) and that the dynamics of illicit markets provide “the main environment and explanation for organized crime” (Vander Beken, 2004: 471).

Economic theories of organized crime view the underground economy as an extension of the legitimate economy and draw parallels with legitimate commerce. Smith’s **spectrum-based theory of enterprises** is an explicit recognition that profit-driven illegal enterprises operating in black markets can be equated to profit-driven companies in the legitimate economy. Smith places illegal and legal enterprises at the opposite ends of the same continuum (with legal enterprises that periodically engage in criminal conduct situated somewhere in the middle of the spectrum). As Smith (1975: 335) writes, “illicit enterprise is the extension of legitimate market activities into areas normally

proscribed—i.e., beyond existing limits of law—for the pursuit of profit and in response to a latent illicit demand.” Lyman (2019: 11) agrees that “the distinction between licit and illicit markets is often difficult to determine.” By way of example, he compares loan-sharks who make high-interest loans to legal predatory cheque-cashing businesses that do the same, often targeting the most vulnerable in society (Lyman, 2019: 11).

According to von Lampe (2016: 45), examining organized crime through the lens of economic theory “implies three basic assumptions: (a) that organized crimes are a form of economic activity, aimed at generating profits, (b) that the individuals and groups involved in these activities resemble enterprises that are in many ways similar to their legitimate counterparts, and (c) that these enterprises sell their illegal products to customers in a market setting dictated by the laws of supply and demand.” The implication of this economic perspective is that OC is not an alien parasite that preys upon society and gives nothing in return; there is a symbiotic relationship between criminal entrepreneurs and illegal markets (as suppliers) and the larger society (as consumers). To this end, organized crime fulfills certain commercial functions within a society.

One criticism of this economic perspective is that illegal markets are highly distorted relative to legitimate markets. Criminal entrepreneurs often use illegal means to enter a market or to maintain or increase their profits (e.g., corruption, violence), and participants always run the risk of getting caught by police or being killed by competitors. Naylor (2004: 21) contends that “the facile analogy between legal and illegal firms is at best a serious oversimplification, at worst simply wrong.” Furthermore, the application of traditional economic theory to organized crime only captures consensual crimes and ignores predatory criminal activities such as theft, hijacking, kidnapping, extortion, and fraud. These predatory crimes are also significant revenue generators for criminal groups and do not correspond to the laws of supply and demand.

CRITICAL THINKING EXERCISE

Critically analyze the economic approach to understanding organized crime. Do you believe this analysis contributes to a better understanding of why organized crime exists? Do you believe that an economic analysis is an accurate depiction of how illicit markets form and operate? Apply an economic analysis to the black market for an illegal good or service in Canada. To what extent does this analysis capture why criminal entrepreneurs may want to become involved in this black market?

The State, Public Policy, and Organized Crime

This section examines how the state and governments contribute to the creation of illegal markets and the fermentation of organized crime. This includes (1) the role of

public policies in creating and sustaining illegal markets, and (2) how organized crime is fostered in countries or regions characterized by weak and/or corrupt states.

The Role of Public Policy in Creating Illegal Markets and Organized Crime

As mentioned above, there are three scenarios in which government policies create illegal markets for products and services. The first is when a government passes laws prohibiting the sale and consumption of a particular good or service in demand by the public, which often drives supply to the underground market. This creates an opportunity for criminal entrepreneurs to supply that product or service. Second, illegal markets are created when governments place significant controls or restrictions on the supply and consumption of certain goods because this creates a limited supply of and/or a high price for these products in the legitimate markets. One pertinent example of this scenario is prescription drugs, which are tightly controlled and regulated by the state but are also widely sold in black markets.

Case Study: OxyContin and Illegal Markets

In the fall of 2004, eight men in Cape Breton, Nova Scotia, were charged with more than 20 offences after allegedly selling the prescription drug OxyContin to an undercover RCMP officer during a four-month police operation. Most of the OxyContin pills, which addicts inject or sniff after crushing them, were sold to police in 40- or 80-milligram doses. The pills sell on the streets for an average of one dollar per milligram. Police have said that people involved in low-level retail sales of the drug either are using their prescriptions to make money, are stealing the pills from drug stores or homes, are buying pills from regional (illegal) wholesale dealers, or are receiving shipments from outside the province through organized crime networks (*Chronicle Herald*, Oct. 28, 2004).

Third, illegal markets are often created by the state through taxation policies. When governments place a tax on legal consumer goods and services, this generally drives up their retail prices. A black market is created in this circumstance if this tax creates a price disparity between different jurisdictions and the good or service can be obtained cheaper from the jurisdiction with lower taxes. The smuggling of legal products is often the result of a disparity in the taxes that have been applied to a product by different jurisdictions. Black market cigarettes are perhaps the most cogent example of how taxes contribute to smuggling and illicit markets in Canada and globally. The higher taxes that are levied on cigarettes by federal and provincial governments in Canada relative to those in the United States have created great disparities in the retail price and have produced a burgeoning trade in contraband cigarettes smuggled into Canada from the United States.



Photo 4.2: Government policies that criminalize society's vices help to create and sustain organized crime

Source: Saffron Blaze, via Wikimedia Commons

In sum, regardless of whether the good or service is criminalized, tightly controlled, or heavily taxed by the state, public policies help create and perpetuate illegal markets. One implication of this public policy perspective is that to control organized crime and minimize illegal markets, the state should enact policies that limit illegal markets, including legalizing goods and services that are currently criminalized (see chapter 12) or lowering taxes on goods that are frequently smuggled from low-tax to high-tax jurisdictions.

Policies that legalize once-illegal drugs do not necessarily mean they will no longer be available in illegal markets. If the price of legal marijuana is high, if its availability is limited, if its quality is poor, or if there are (age) restrictions on purchasing the drug legally, there stands a good chance that illegal markets for pot will continue to exist. As detailed in chapter 11, the legalization of marijuana in Canada has failed to eliminate black markets; police cases have documented the continued involvement of OCAs in the production, distribution, and export of marijuana. Some OCAs have even taken advantage of legalization; for example, by setting up legal production facilities while exceeding government-imposed production limits and diverting the excess amounts to

the black market. This is just one example of the opportunistic and resilient nature of OCAs and illegal markets, which have demonstrated great capacity to adapt to changes in government policies.

Legalization of a good or service also means OCAs may opportunistically turn to other profitable illegal activities and markets, and there is a fear that if certain consensual crimes are legalized, OCAs will focus more on predatory crimes. This public policy perspective has also been criticized because it only partially explains the causes behind organized crime and illegal markets. It does not account for why certain individuals become involved in illegal markets or organized crime.

The Connection between Weak States and Organized Crime

In addition to government policies, the creation and proliferation of organized crime have also been attributed to a weak and/or corrupt state presence in a particular country or region. Van Dijk and Spapens (2014: 215) write that Mafia-type criminal syndicates “seem to have developed, and may still thrive, in countries where state authority is weak, corruption levels are high, and consequently, enforcement is lax.” In these circumstances, “dominant criminal groups may even develop into an alternative for the state, by offering protection to citizens.” Gambetta was one of the first to advance this idea through his **private protection theory**, which argues that the Sicilian Mafia originally arose from the weak central government in Rome, creating the opportunity for Mafia groups to fill the void. The Mafia in Italy is said to operate as “an industry which produces, promotes, and sells private protection” (Gambetta, 1993: 1). The demand for protection, according to von Lampe (2016: 47), “typically arises in a market where there is a lack of trust between market participants and where their interests are not sufficiently safeguarded by the state. This applies to illegal markets, where the state, by definition, does not assume a regulatory function but also to legal markets if and when the state fails to provide effective protection. Criminal organizations then step in, for example, to enforce contracts or to keep new competitors out of a market in exchange for a share of the profits.” According to Kleemans (2014: 36), Mafia-style groups gain control of markets and territories as “alternative governments” and generate revenue “by taking over two traditional state monopolies: the use of violence and taxation.” The two are interconnected in that violence and intimidation are often used to coerce people and businesses to pay a fee, tribute, or tax (see chapter 9 for more on extortion and private protection).

Gambetta’s private protection theory has been applied to other countries characterized by weak, unstable, and/or corrupt state actors. Paoli (2014a: 3) contends that the “American Cosa Nostra rose in the early 20th century when the U.S. government still had limited authority in the Italian ethnic community.” This limited authority stemmed from the lack of experience that Sicilian immigrants had with formal governments or from their experience with corrupt government officials that tolerated the Mafia (Paoli, 2014a). Kleemans (2014: 36) notes that Gambetta’s protection theory has been applied to “the dominance of Italian-American Mafia families in New York, in the building sector,

the waste disposal industry, the Fulton Fish Market, the unions, and the harbor, among others.” The rapid rise of organized crime in Russia has been attributed in part to government instability and corruption that accompanied the collapse of the Soviet Union. In particular, extortion and other protection rackets perpetrated against private sector firms became endemic during the period of rapid transition away from the totalitarian state, and it was this “evaporating centralized state control” that presented “opportunities for Mafia groups” (Kleemans, 2014: 36). Weak and corrupt states have also been blamed for the rise of crime groups in Latin American countries and specifically for the emergence of powerful multinational drug trafficking cartels in Colombia and Mexico.

Critics of Gambetta’s protection theory note that it may only apply to a limited number of countries. Moreover, many OCAs were founded and continue to operate in countries and regions where there is a strong state presence. For Kleemans (2014: 37), another “weak aspect of protection theory is that the analogy between Mafia groups and states is ill-conceived.” In other words, Mafia groups do not replace the state in illegal markets because states “generally neither guarantee illegal transactions in illegal markets nor illegal operations in legal markets.”

CRITICAL THINKING EXERCISE

Based on the passage below, as well as other cases described in this textbook, determine if Gambetta’s protection theory—and the broader argument of the weak and corruptible state—can be applied to explain the onset and proliferation of organized crime in Canada. Other than the examples provided below, can you identify any others? What critiques do you have of the examples?

It can be argued that organized criminality arose in what is now Canada during a time when there was a weak state presence in British North America or New France. This was particularly true when pirates first began roaming the seas off Newfoundland in the 1700s. The organized whiskey peddlers of the 19th century flourished in the Canadian Prairies before any formal government presence was established there (in fact, the destructive presence of the illegal whiskey merchants precipitated the formation of the North-West Mounted Police in the Prairies by the Dominion government). During the 1920s and 1930s, organized crime flourished in many Canadian urban centres due to endemic corruption within municipal, provincial, and federal government agencies (including police and customs agencies). In the 1950s, corruption among municipal government officials and police subsided somewhat, which resulted in “removing police protection from illegal markets such as prostitution, gambling, and late-night drinking.” The result was that these markets were suddenly left unprotected. The unintended consequences of police reform provided an opening for the Italian crime groups, especially in Montreal and

Toronto, giving them “a golden opportunity to become entrenched as suppliers of services of dispute resolution and protection in place of the corrupt police officers” (Varese, 2014: 349).

The rise of OMGs in Canada is due not necessarily to weak or corrupt states, but to a delayed response by lawmakers and police to the rise of violent biker gangs beginning in the 1970s (Lavigne, 1999). Like most other countries, the state does little to regulate illegal markets in Canada, and it can be argued that powerful criminal groups like the Hells Angels or the Montreal Mafia have tried to fill this void by attempting to monopolize illicit markets and control other criminal actors through coercion or negotiation. As detailed in chapter 7, there is evidence that in recent years, the Hells Angels in Quebec have adapted “private protection” tactics in that independent drug dealers are levied a tax for operating in regions “controlled” by individual members of the Hells Angels.

ADMINISTRATIVE CRIMINOLOGY AND THE ORGANIZATION OF CRIMES

Administrative criminology differs from sociological, economic, or public policy theories in that it is unconcerned with the causes of OC or related criminal behaviour. Instead, its focus is on the commission of a criminal event by offenders who take advantage of opportunities presented to them within a particular environment. The following paragraphs outline three main hypotheses of administrative criminology and how each may be relevant to OC.

The first hypothesis is that most criminal acts require the convergence of motivated offenders and potential victims at a particular time and place (Cohen & Felson, 1979). This hypothesis applies to organized predatory crimes, such as fraud, extortion, or organized auto theft, and can even be adapted to organized consensual crimes, such as drug trafficking, in which motivated sellers and buyers converge to make a deal.

The second hypothesis is that many types of crime are opportunistic; that is, offenders take advantage of certain opportunities that they perceive can be exploited for their benefit (Brantingham & Brantingham, 1981, 1998). This hypothesis also appears to apply to organized crime; criminal entrepreneurs and OCAs have proven to be very opportunistic in satisfying the vices of the public by identifying new consumer markets or developing new illicit products and services. This is exemplified by the constant innovations made in the illegal drug market that cater to and even foster demand, whether this was satisfying the demand for opioids in the early 20th century in response to morphine-addicted soldiers returning home from Europe following the First World War; producing synthetic drugs during the 1960s to capitalize on the growing counter-culture and psychedelic era; marketing cocaine and designer drugs to the *nouveau riche*

and disco club *glitterati* during the 1970s and 1980s; subsequently creating cheaper crack cocaine for poorer inner-city consumers; or producing black market oxycodone, fentanyl, and other opioids to capitalize on the demand for and addictions resulting from powerful pain management narcotics.

The third hypothesis of administrative criminology is that criminal behaviour is characterized as a rational decision-making process whereby offenders calculate the advantages and disadvantages of a specific criminal act (although it is recognized that not all offenders act rationally all the time) (Clarke & Cornish, 1985). As discussed in the previous chapter, organized and entrepreneurial crime may constitute the most rational, goal-oriented form of criminality given their pursuit of profits, the laws of supply and demand within illicit markets, and the methods used by the offenders to maximize market share.

THE ORGANIZATION OF CRIMINALS: THEORETICAL MODELS ON THE STRUCTURE OF ORGANIZED CRIME ASSOCIATIONS

As noted in previous chapters, a predominant way to view OC is as an association of criminal offenders. Thus, a defining characteristic of OC is a systematic pattern to the relationship among the offenders, which in turn helps define the organizational structure of a particular criminal conspiracy. But it also must be recognized that there is no one type of organizational structure. As Godson (2003: 274) writes, “Organized crime can take a variety of institutional or organizational forms. This includes tight vertical hierarchies with lifelong commitments, as well as looser, more ephemeral, non-hierarchical relationships.” Albanese (2011: 320) agrees, stating, “Different criminal activities assume different structural forms in different historical contexts.” As von Lampe (2016: 93–94) notes, different structures may be in place to achieve different goals: “Some structures help criminals successfully commit crimes, some structures foster social bonds between criminals, and yet other structures regulate and control the behavior of criminals.”

Within this context, four conceptual models capture the different structures of OCAs: (1) the bureaucratic/corporate/hierarchical model, in which there is a vertical power structure and the participants’ roles in the organization are dictated by where one fits in this hierarchy; (2) the kinship model, in which the OCA is portrayed as being structured around familial ties and blood relationships; (3) the patron-client model, where the mafioso and other influential organized criminals become patrons to others by providing contacts, resources, influence, and direction; and (4) the network model, which is characterized by a fluid association of like-minded offenders who are connected through symmetrical business partnerships based on complementary areas of specialization or resources.

The Bureaucratic/Corporate/Hierarchical Model

A bureaucracy is an organization that has certain defining characteristics, such as a hierarchical power structure, an over-arching purpose, a division of labour, and formal channels of communications. What makes it most distinctive from other social groupings is that it has been rationally and deliberately designed and constructed (rather than randomly or culturally patterned) to achieve specific goals. It also can reconstruct itself, including reorganizing its structure, transferring or substituting personnel, and reordering its priorities to increase its effectiveness of efficiency in striving toward its goals (Ianni & Reuss-Ianni, 1972: 152). Most organizations in the public sector (government departments, police agencies, the military) and private sector (in particular, corporations) are structured hierarchically, with power concentrated among a few executives at the top and various levels of administrative and operational units below them.

The **bureaucratic/corporate/hierarchical model** of organized crime views OCAs as rationally and purposively designed, highly structured, and tightly controlled organizations. Similarly, some OCAs have also been conceptualized via the “corporate model,” because they are structured like a corporation while also sharing the same profit-making motives. In this model, the criminal organization is viewed as having an all-powerful boss at the top, one or more mid-level managerial or supervisory positions, and a larger number of individual offenders at the bottom of the hierarchy who are expected to take orders from their superiors and carry out the day-to-day criminal activities. These lower-echelon offenders may specialize in a particular function (e.g., drug sales, bookmaking, enforcement, money laundering), or they may be generalists (i.e., they are expected to perform a variety of tasks).

This model was initially conceived for Italian American organized crime groups (Cressey, 1969; President's Commission on Law Enforcement and Administration of Justice, 1967). Cressey (1969) acknowledges that the American LCN did have the trappings and rituals of a traditional Mafia family (initiation, omerta, blood ties, etc.), yet he nonetheless envisioned the structure of modern Mafia groups as resembling a business corporation. In particular, he argues that a typical Mafia family in the United States has a complicated hierarchy, an extensive division of labour, positions assigned on the basis of skill, recruitment based on proven abilities, responsibilities carried out in an impersonal manner, extensive rules and regulations, and communications passed down through the hierarchy. Cressey says this organizational structure evolved during Prohibition and was firmly in place by the beginning of the 1930s (Cressey, 1969: 35). A depiction of the Italian American Mafia organizational structure based on the work of Cressey is presented in Figure 4.1.

Many experts have been critical of the application of the bureaucratic/corporate/hierarchical model to the Italian Mafia in North America and to most other OCAs for that matter. Ianni and Reuss-Ianni (1972: 110) state that the bureaucratic analogy arose as “honest attempts to explain syndicate organization in terms that are familiar to the public.”

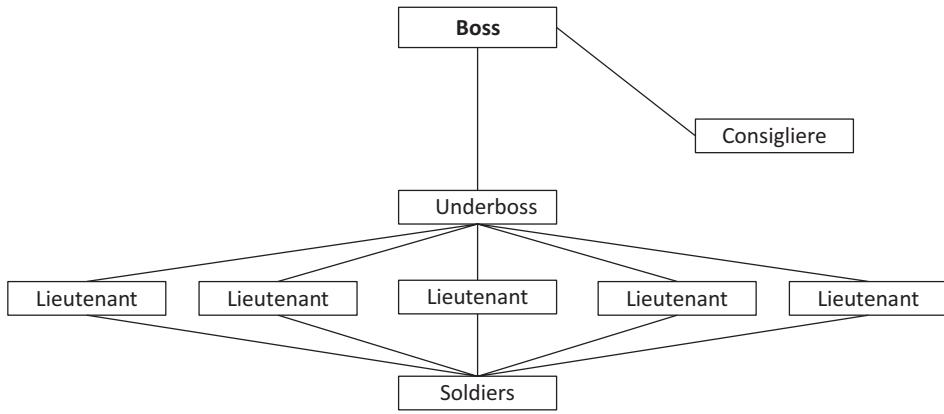


Figure 4.1: Depiction of a hierarchical structure of an Italian American Mafia family, based on the research of criminologist Donald Cressey

Source: Cressey, D. R. (1969). *Theft of a Nation: The Structure and Operations of Organized Crime in America*. New York: Harper & Row.

Despite the criticisms, this model may be applied to other OCAs. Albanese (2015: 109) proclaims that it was during the 1980s that information became available showing “conclusively that the hierarchical model accurately portrayed at least some manifestations of organized crime.” This quotation may be most applicable to the Medellin and Cali cocaine “cartels” from Colombia, which by this decade were said to have complex hierarchical transnational organizational structures. Some have concluded that these cartels emulated multinational corporations and were structured so they could control every step required in processing, exporting, and wholesaling cocaine. To facilitate this vertical integration, “each of the trafficking groups in Medellin, Bogota, and Cali contain various sections, each with a separate function, such as manufacturing, transportation, distribution, finance and security,” according to the President’s Commission on Organized Crime (1984a: 562). The managers of each section reported to their bosses in Colombia, who were at the very top of the supposed corporate hierarchy. Other scholarly sources characterize OCAs as “hierarchical” (Abadinsky, 2010: 3), a “structured hierarchy” (Hagan, 2006: 135), or having some level of “hierarchy” (Reuter, 1983: 175). In his criminology textbook, Siegel (2018: 515) writes that “transnational organized crime is usually structured along hierarchical lines—a chieftain supported by close advisers, lower subordinates, and so on.”

Chambliss and Williams (2012: 61) conclude that “there do exist some criminal associations that are highly organized and bureaucratic, where the decision-making is centrally concentrated and subordinates execute activities. However, these groups are anomalies in the global underworld.”

Kinship Model

Albini (1971), as well as Ianni and Reuss-Ianni (1972), criticizes the preceding model, arguing that the Italian American Mafia group has nothing to do with modern bureaucratic or corporate principles; rather, it is primarily a social grouping shaped by culture, patterned by tradition, and structured around kinship relationships. Italian American crime families are just that: structures that parallel families interconnected by blood or marriage (and in some cases, simply a shared ethnicity). The so-called **kinship model** is originally derived from a study of one Italian American crime group by Ianni and Reuss-Ianni (1972), who found that members of the Lupollo family (a pseudonym) were sustained by kinship and not criminal activities or the operation of a secret society. The family operated as a “social unit with social organization and business functions merged,” and all “leadership positions, down to ‘middle management’ level,” were assigned based on kinship (Ianni & Reuss-Ianni, 1972: 106).

Ianni and Reuss-Ianni (1972) outline some of the differences between Mafia families and more formal organizations, like corporations. Formal organizations are composed of positions, not personalities. The duties and rights of a corporate executive, for instance, are delineated so that the organization can swiftly replace an incumbent who dies or resigns. In some Mafia families, however, particular members are indispensable because they possess special skills or have established highly personal contacts. The death of a member who acts as a “corrupter” may significantly disrupt the family’s political connections. Formal organizations are also supposed to be rationally organized with employees rising to the leadership level because of their demonstrated skill, intelligence, dedication, and expertise. Ianni and Reuss-Ianni (1972) argue that family standing and tradition are equally important—maybe more important than the criterion of merit—in determining which Mafia family members will assume leadership roles. In the Lupollo family, power accrued to an individual not because he was the best qualified but because kinship or tradition demanded it.

The structure of the Italian American Mafia family can be traced to the traditions and experiences in Sicily, where a Mafia group was an immediate or extended family that revolved around a mafioso, a man of respect who protected his family, often through violent means. The mafioso has the authority of a ruler but, traditionally, also served as a quasi-father figure; the respect that accrues to this position in the old Sicilian family structure reinforces the authority of the boss in his role as head of the criminal organization (Tepperman, 1976: 132). Upon being transplanted in North America, Italian immigrants continued to preserve their important cultural models—their family system with filial respect for the mother and the father, and their antagonism toward police and the state (Ianni & Reuss-Ianni, 1972: 49). In both Italy and North America, Mafia families found it necessary or convenient to supplement and extend family ties by taking in members who were not relatives. While such alliances are commonly used in peasant societies as a means for extending the influences and increasing the wealth of the family, in North America, such tactics were essential to establishing and perpetuating the criminal Mafia family.

Case Study: Kinship and Hierarchy in the 'Ndrangheta Organizational Structure

Some OCAs demonstrate a mix of different organizational conceptual models. In one depiction, the Italian 'Ndrangheta appears to be a blend of the hierarchical and kinship models. According to Calderoni and Superchi (2019: 421–22), “the organization of the 'Ndrangheta primarily revolves around blood kinship. Affiliates linked by blood ties or marriages form a *'ndrina*; several *'ndrine* in the same geographic area form a *locale*, an autonomous group which controls a specific territory.” These kinship ties, however, are infused “with distinctive structure through affiliation ceremonies and a well-defined internal hierarchy.” The hierarchy comprises offices (*cariche*) and ranks (*doti*), which correspond to the individual’s status within the organization, “like the steps in the 'Ndrangheta career.” Each *cariche* has specific duties and powers. “The most important include *capolocale* (the boss of the locale), *caposocietà* (the deputy boss), *mastro di giornata* ('day master,' ensuring the flow of information), and *contabile* ('accountant,' managing of the common funds of the locale).” Members are elected to these positions, although they are often monopolized by powerful individuals or families (Calderoni & Superchi, 2019: 421–22).

Patron–Client Model

For Ianni and Reuss-Ianni (1972), the criminal operations of the Italian American Mafia family involve a loose system of power as well as both interpersonal and business relationships built around a symbiotic relationship between the “patron” and a “client,” which was first proposed by Joseph Albini (1971). At the centre of the patron–client conceptualization of the Mafia is the head of the family: the *capo*. Unlike the head of a corporation, the role of the capo is less a chief executive officer and more of a patron to his family and associates; he is the focal point of a network of family and business relationships (Ianni & Reuss-Ianni, 1983).

Consistent with the private protection model of the Sicilian Mafia, the capo, and the Mafiosi more generally, is a provider of services, especially for those who can’t or won’t turn to the government—from the peasantry in southern Italy where a government presence was sparse, to the Italian immigrant unfamiliar with or suspicious of the government in a new land, all the way to the thief or drug trafficker who cannot go to the government for help. The role of the capo is to help protect and ensure the welfare and security of his family, friends, and associates, such as putting up start-up capital to assist new enterprises, handing the flow of graft money to politicians, regulating the use of violence, and resolving disputes among members (Albini, 1971; Gambetta, 1993;

Hess, 1973). Thus, the capo may serve as a commercial agent who brings legitimate businessmen or criminals together to make a deal, a political power broker who helps friends get elected to public office, or a mediator who arbitrates a conflict between two parties. In return for these protection and brokerage services, the capo receives a monetary tribute or tax from members of his family and other “clients.”

As seen in Figure 4.2, the capo is at the centre of this patron-client structure, immediately surrounded by made members of the crime family to whom he acts as a patron. In addition, each made member of the Mafia family is given a great deal of autonomy as far as making money for the family is concerned and, to this end, cultivates his own network, including a crew of lower-echelon members as well as clients and associates who are external to the family, including other criminals, politicians, law enforcement officials, judges, businesspeople, and union leaders (Albini, 1971). The functional benefit of the patron-client structure is the potential to cultivate a wide range of connections, which is essential to carrying out profitable criminal activities.

Albini (1971: 288) argues that rather than encompassing a rigid corporate structure where decision-making is centralized and orders passed down through the chain of command, an Italian American criminal syndicate “consists of a system of loosely structured relationships functioning primarily because each participant is interested in furthering his own welfare.” While the **patron-client model** was developed primarily to describe Italian American organized crime, it also appears to have some relevance to other organized crime groups. For example, members of OMGs or Chinese triads are known to have an extensive network of associates whose criminal activities revolve around that member.

Network Model

The **network model** views organized crime not as monolithic, hierarchically structured organizations or kinship-based clans but instead as a loosely knit, fluid network of like-minded criminal entrepreneurs, none of whom has any long-term authority over the others. While the bureaucratic/corporate/hierarchical model of OCAs stresses centralized control, the network model envisions greater decentralization of power. It views the patterns of relationships among the offenders as symmetrical business partnerships based on complementary areas of specialization that contribute to one particular deal or a series of ongoing criminal conspiracies. In a network, the structure of the relationship among the offenders is defined not by power but by the particular function that the individual performs in the criminal conspiracy and/or by a financial investment made by a “business partner” in that venture (Bouchard & Morselli, 2014; Morselli, 2005, 2009). Finckenauer (2005: 65) writes that most contemporary organized crime conspiracies are “loosely affiliated networks of criminals who coalesce around certain criminal opportunities. The structure of these groups is much more amorphous, free-floating and flatter, and thus lacking in a rigid hierarchy.”

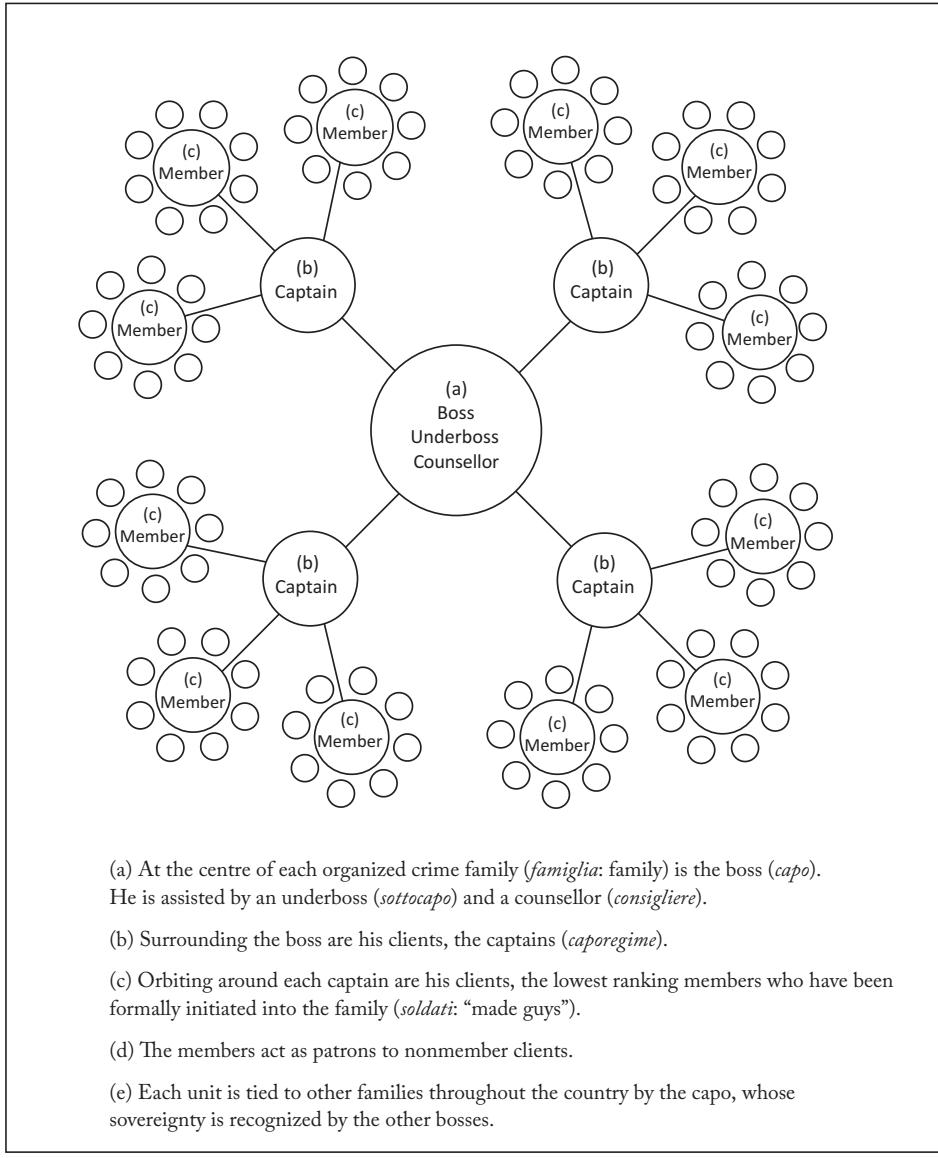


Figure 4.2: Depiction of the structure of an Italian American Mafia organization based on patron-client theory

Source: Adapted from Ianni, F., & Reuss-Ianni, E. (1972). *A Family Business: Kinship and Social Control in Organized Crime*. New York: Russell Sage Foundation.

Contemporary research into international drug smuggling summarized by Decker and Pyrooz (2014: 279) suggests these crimes are not carried out by vertically structured hierarchical transnational organizations. Instead, they are “horizontally organized,” involving “discrete cells” of independent operators at different levels of the international supply chain from the production in a source country to the retail, street-level distribution. The authors also cite various studies into international human smuggling and trafficking made up of “small networks of individuals that function largely without a hierarchy or system of internal discipline” (Decker & Pyrooz, 2014: 279). In his research into organized crime in Canada, Morselli (2005, 2009) also identifies several networked aspects of contemporary OCAs: the personal contacts and social networking among offenders, the “flexible order” of criminal conspiracies that make them resistant to law enforcement targeting and enforcement, and the centralizing, coordinating role of “brokers” within loosely structured organized criminal ventures.

Case Study: The Networked Structure of an Auto-Theft “Ringing” Operation in Montreal

In their research into an organized auto-theft ring in Quebec in which stolen cars were resold domestically or exported through the Port of Montreal for resale in other countries, Morselli and Roy (2008) conclude that the “ringing” operation was a loosely structured network. The study divided the operation into five stages: (1) the theft of the vehicle, (2) storing (concealing) the stolen vehicle, (3) physically modifying the vehicle, (4) forging vehicle registration numbers and forms, and (5) exporting or reselling domestically the vehicles.

Within each of these stages, numerous individuals were involved as part of the larger network, all of whom operated more or less as independent contractors (professionals and amateurs) applying their particular expertise and resources. The thieves who stole the cars were separate from those who modified the vehicles, who in turn were detached from individuals who obtained blank vehicle registration forms from the registration bureau of Quebec. The forms were subsequently completed (fraudulently) by other individuals, while another group took care of dispatching the vehicles to foreign and local buyers. The study shows that even in the context of a loosely structured criminal network, centralization is an important component. The centralized function was performed by so-called brokers who coordinated and linked the various phases, components, and participants (Morselli & Roy, 2008: 91). Other law enforcement cases investigating organized auto theft in Canada confirm the networked structure among the participating offenders (CBC News, Mar. 13, 2014).

According to Bjelopera and Finklea (2012: i), “Modern organized criminals often prefer cellular or networked structural models for their flexibility,” because it makes it “harder for law enforcement to infiltrate, disrupt, and dismantle conspiracies.” For Kleemans (2014: 40), the nature of criminal networks helps explain why they are resilient: “In networks, nobody is really irreplaceable; even important persons, such as investors, organizers, and facilitators, can be substituted by others. Perhaps this is the main reason why criminal networks often seem to suffer little damage from arrests or seizures: links may be lost, but the chain is easily repaired.”

Hignett (2012: 288) states that a network structure also “allows the criminal ‘core’ to draw on more specialist ‘support networks’ on a more ad hoc basis, such as forgers to provide documentation for illegal immigrants; financial experts to assist with money laundering; trained chemists for amphetamine production and even professional assassins and contract killers hired for occasional ‘necessary’ jobs.” In short, “organized crime (or a criminal market) is largely a resource pooling process that is built around individuals who are connected (or socially embedded) with each other in various ways beyond co-membership in a criminal organization” (Bouchard & Morselli, 2014: 297). Albanese (2015: 120) posits that the “more fluid, less formal, and temporary associations” of modern criminal networks “reflect a wider characteristic in society in general, where long-term relationships in families and the workplace are increasingly rare, reducing personal loyalty and commitment among individuals and institutions.”

Haller (1990) uses Al Capone’s criminal empire as a historical case study of the network model, asserting that Capone was at the centre of an expansive web of associates and entities (depicted in Figure 4.3). The various enterprises associated with Capone during the 1920s and 1930s did not operate as part of a monolithic corporation but as a complex set of various business partnerships. At the core of these partnerships were four men who Haller calls “senior partners”—Al and his older brother Ralph, their cousin Frank Nitti, and Jack Guzik. The four shared more or less equally in their joint income in controlling their shared business interests. The senior partners, in turn, made investments into and formed partnerships with a variety of other individuals to launch numerous illegal and legal enterprises, mainly in Cicero, a suburb of Chicago. Many of the partners were themselves entrepreneurs who carried on other business enterprises, legal and illegal, independently of the four men (Haller, 1990: 221). Each enterprise—including contraband liquor, prostitution, illegal gaming, bookmaking, and assorted legitimate business—operated autonomously from the others; the only common denominator was that the operations were financed or co-managed by one of the four senior partners.

In addition to rendering an illicit enterprise less vulnerable to law enforcement, Haller (1990: 222) writes that decentralization also makes sense for another important reason: “Criminal entrepreneurs generally have had neither the skills nor the personalities for the detailed, bureaucratic oversight of large organizations. They are, instead, hustlers and dealers, for whom partnership arrangements are ideally suited. They enjoy the give and take of personal negotiations, risk-taking, and moving from deal to deal.”

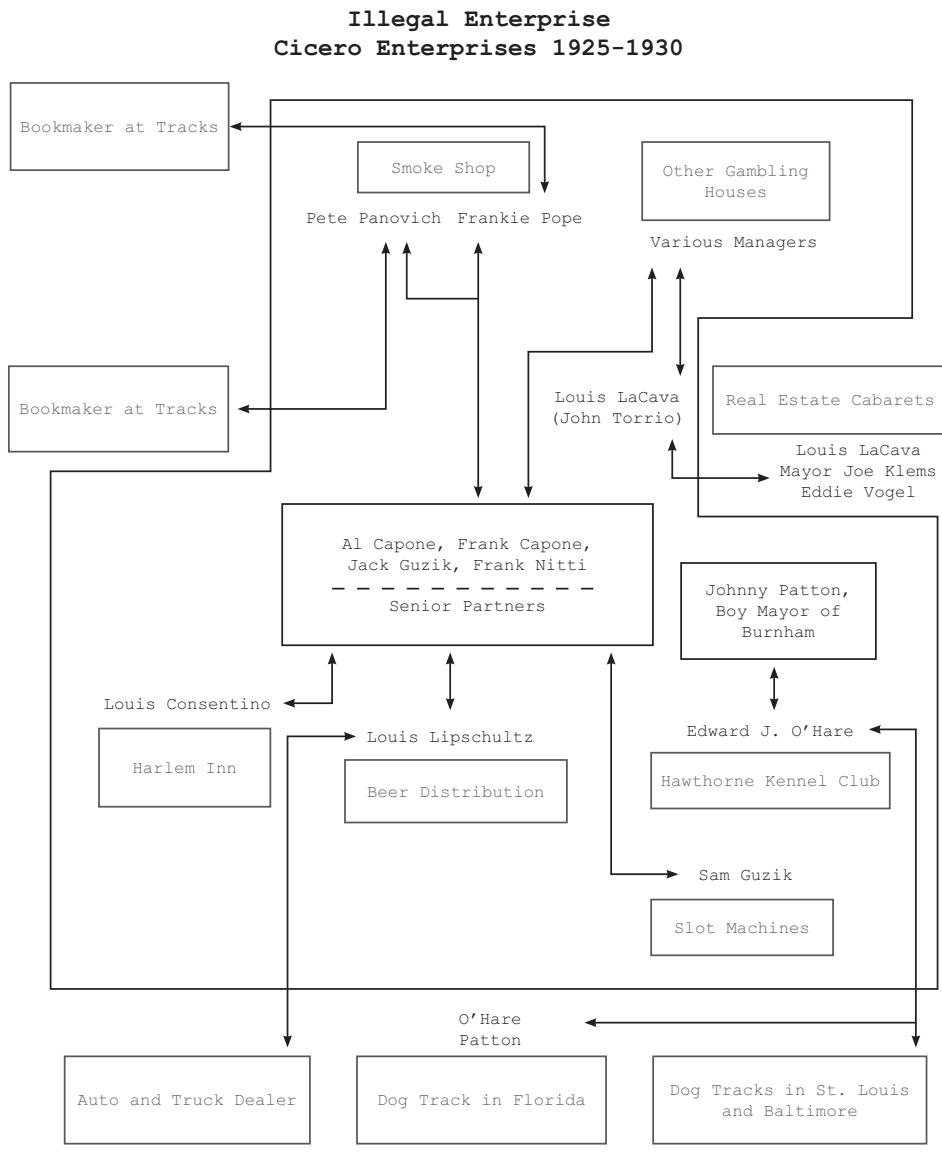


Figure 4.3: Al Capone's organized crime network

Source: Haller, M. (1990). Illegal enterprise: A theoretical and historical interpretation. *Criminology*, 28(2), 207-34 (p. 207).

Summary: Theoretical Models of Organized Criminal Associations

Table 4.1 provides a summary of the aforementioned theoretical models and how each compares to one another based on some of the key organizational attributes of OC from the typology presented in chapter 3.

While each of these models is conceptually distinct from one another, the organizational structures of a particular OCA may incorporate different aspects from each model. In her analysis of Chicago crime groups, Anderson (1979) concludes that the network model may be viewed as a combination of the bureaucratic/corporate/hierarchical model, the kinship model, and the patron-client model. She argues that well-defined criminal organizations do exist and that some entail a hierarchical structure, but they also include various associates who are not true members themselves. These associates carry out many activities (both legal and illegal) necessary for the success of the group and enter into patron-client-type arrangements with the members of the criminal group. The Hells Angels and other criminal entrepreneurial OMGs may represent an

Table 4.1: Organized Criminal Association Theoretical Models: Comparison of Main Attributes

Attribute	Theoretical Model				
	Bureaucratic/ Hierarchical	Kinship	Patron–Client	Network	
Relationship pattern among offenders	Asymmetrical power relations	Kinship, blood ties, or ethnic ties	Brokerage relationship between crime group members and their associates	Symmetrical, fluid business partnerships based on skills, resources, and duties performed	
Organically or purposely created	Purposely	Organically	Organically and purposely	Purposely	
Limited or exclusive membership	Yes	Yes	Yes (crime group members) and no (associates)	No	
Specialization/ division of labour	Yes	No	No (crime group members are generalists) and yes (associates are specialists)	Yes	
Continuity/ continuing enterprise	Yes	Yes	Yes	No	

example of the confluence of the hierarchical, patron-client, and network models. While a particular chapter is structured hierarchically, each member has a network of criminal associates outside the club with which he carries out revenue-generating offences. Hells Angels members and chapters collaborate with other powerful OCAs, such as the Montreal Mafia or South American cartels, and do so mostly on a networked basis in that they work together for one particular criminal conspiracy and do not wield power over their partners. Inherent in the private protection approach increasingly adopted by HAMC chapters and members in Quebec is a “patron-client” relationship with local drug traffickers.

As the United States Department of Justice (2008: 2) emphasizes, “there is no single structure under which transnational criminals operate; they vary from hierarchies to clans, networks, cells, and may evolve to other structures.” Sheptycki (2003: 124) points out that the conceptual models can be placed on a continuum ranging from the rigid bureaucratic/corporate/hierarchical model to the more fluid network model. This very continuum was adopted by the United Nations Office on Drugs and Crime (UNODC) in a typology that recognizes the diversity of organizational structures:

1. *Standard rigid hierarchy*—This type of group is characterized by a centralized authority structure (a single leader), a clearly defined hierarchy, several units or divisions, a strong system of internal discipline, multiple criminal activities, and the use of violence.
2. *Regional hierarchy*—This type includes all or most of the attributes of the standard hierarchy group structure except that in the case of national or trans-national OCAs, there is some autonomy at a regional level, meaning there are regional subunits, with their own hierarchy, that enjoy some degree of independence.
3. *Clustered hierarchy*—This organizational structure is characterized by many relatively autonomous small groups or cells that are interconnected under a common system of governance, coordination, and control that encompasses all illegal activities in which these groups engage.
4. *Core group*—This type of OCA is a tightly organized, yet unstructured, group of offenders, surrounded by a loose network of other offenders. The hierarchical structure in the core group is relatively flat in that power is shared equally among its members.
5. *Criminal network*—This type of organizational structure is made up of individuals who are loosely and fluidly connected and often “constitute themselves around a series of criminal projects” (UNODC, 2002: 34). In other words, the specific structure of the network is influenced by the type of criminal activity being perpetrated, and the network structure will change depending upon the criminal activities undertaken and those who take part (Albanese, 2015: 218; Aronowitz, 2012: 225; Lyman & Potter, 2014: 18–22; R. Smith, 2014: 121; UNODC, 2002; van Dijk & Spapens, 2014: 214).

CONCLUSION

One of the holy grails of criminologists is an integrated, all-encompassing theory of the causes behind crime and criminal behaviour. Yet as Kleemans (2014: 48) notes, “organized crime theory lacks such general theories, perhaps because many authors realize that no theory could ever encompass the diversity of different criminal groups and the diversity of different criminal activities that are often labelled as ‘organized crime.’” There are various theories that explain the existence of organized crime, some of which are diametrically opposed to one another and some of which complement one another. In North America, for instance, there has long been the debate between those who view organized crime as the product of other countries that export traditional secret societies and criminal ways through immigrants and contrasting theories that view organized crime as the product of factors indigenous to the United States and Canada. Similarly, at one extreme, OC is viewed as an abnormal, subcultural phenomenon that is a deviation from mainstream norms, values, and institutions, and preys on society, while at the other extreme, it is seen as a product of the dominant norms, values, and institutions of the two countries.

Other binary delineations of OC theories echo broader debates in criminology. Strain or ethnic succession theories view criminal behaviour as a product of criminogenic risk factors (e.g., marginalization, racism, inequality in society), while administrative criminologists tend to view crime as a product of rationally thinking offenders who take advantage of an opportunity to make money. A similar debate occurs between classical and neo-classical criminologists, on the one hand, who tend to blame the offender as pathological, versus sociologists, structuralists, and critically oriented criminologists, on the other, who blame factors outside of the individual’s control, including the immediate social environment as well as broader structural forces that are rooted in modernity, capitalism, and the state. The broader context for these differences is the perennial debate over whether society and individual human behaviour are dictated by broad social forces versus those who believe society and human behaviour are more influenced by decisions made by people individually and collectively. None of these competing theories or perspectives is completely right, and none is completely wrong. The world of organized crime and those involved are so diverse and complex that different theories can be applied to different offenders, groups, and circumstances. Once again, it is up to the reader to critically analyze each explanation and its underlying assumptions, sources, and influences.

Throughout this chapter, efforts have been made to adapt the mostly American theories to organized crime in Canada, with the ostensible goal of determining whether such theories can explain why organized crime exists and persists in this country and whether unique conditions exist here that give rise to and perpetuate this criminal phenomenon. No one etiological theory or causal explanation can sufficiently account for

the presence of organized crime in Canada, although some of the answers can be found in the theories discussed in this chapter.

Despite alien conspiracy theory's original xenophobic tenets, it would be naïve for Canadians to dismiss this theory outright, as some of the dominant OCAs in Canada originated in other countries. Italian organized crime in Canada has traditionally been characterized as a branch plant of Italian American Mafia families or the 'Ndrangheta in southern Italy. The same could be said for Colombian, Russian, and Nigerian cells that are located in this country but are linked to broader criminal syndicates in Colombia, Russia, and Nigeria, respectively. Even OMGs are an import from the United States. However, none of the above would have taken root in Canada without the many social, economic, and political factors indigenous to this country that give rise to organized crime and illicit markets.

Some have argued that Canada's relatively lax criminal laws are to blame for the proliferation of OC in this country, although this rationale fails to explain a similar increase in other countries with much more punitive criminal justice systems, such as Russia, China, or the United States. Those who characterize Canada's criminal laws as too lenient are also often the same ones who blame the country's liberal immigration laws for allowing an influx of criminal offenders into Canada. Like those of other countries, Canadian public policies that criminalize drugs or gambling have catalyzed the creation and persistence of organized crime and illegal markets here.

Another indisputable element that contributes to organized crime in this country is the symbiotic relationship between criminal entrepreneurs and illicit markets, on the one hand, and the Canadian public, on the other. The former would not exist in this country without Canadian consumers' demand for illegal drugs, other outlawed goods and services, and cheap cigarettes or counterfeit consumer fashions. Foreign demand for illicit Canadian products, such as marijuana, synthetic drugs, and counterfeit goods, has also played a role in the growth of organized crime in this country.

Economic theories suggest that organized crime is simply an extension of Canada's free market system. From an economic perspective, illegal markets are a capitalist's dream: an unfettered market of pure competition with no government regulation. Canada's tripartite roles as a consumer of illicit goods produced elsewhere, an international transit country for drugs and illegal migrants, and an international supplier of domestically produced goods is reflective of this country's integration into the global economy and its dependency on international trade. The illicit flow of contraband between Canada and the United States escalated not long after the succession of the American colonies and predates the North American Free Trade Agreement by more than two hundred years. There is probably no country in the world that has as many geo-political factors conducive to a vibrant smuggling trade: Canada has enormous land mass and airspace, three ocean coastlines that are impossible to adequately monitor and protect, the longest unguarded border in the world (with the United States), and a relatively small tax base to

fund adequate enforcement resources. Most uniquely, perhaps, is the large concentration of Canadians living within a short distance of the American border, which provides a convenient market for the contraband, as well as a sympathetic and skilled labour pool from which to draw smugglers and distributors.

The postwar political economy has helped forge the structural preconditions for crime, the geo-spatial concentration of crime, and the root causes of criminality in Canada by fuelling socioeconomic disparities and the concentration of poverty and other hardships. Many Canadian gangs and criminal groups are populated by an under-class of disenfranchised young men, often from disadvantaged environments, who become involved in a subculture of crime and violence due, in part, to the lack of other legitimate opportunities in their lives. Census data and numerous other studies show that the wealth of most Western nations, including Canada, is held by a shrinking number of individual and corporate elites, the gap between the rich and the poor has been widening, urban centres have become segregated along socioeconomic lines, and poverty has become ever more concentrated in certain neighbourhoods, communities, and racialized groups. These trends and developments are leading developed nations like Canada toward what critical criminologist Jock Young (2001: 20) calls a “dystopia of exclusion,” where “the poor are isolated in inner-city ghettos, in orbital estates, and in ghost towns.” This spatial concentration of poverty and marginalization has led to the spatial concentration of crime and violence in many Canadian cities and First Nations reserves. In a Statistics Canada study examining the distribution of crime and violence in Winnipeg, the researchers concluded the “level of socio-economic disadvantage of the residential population in a neighbourhood was most strongly associated with the highest neighbourhood rates of both violent and property crime” (Fitzgerald et al., 2001: 8).

The multi-ethnic character of organized crime in Canada reflects the multicultural nature of Canadian society. Ethnic succession theory may help shed some light on the historically rooted racism in Canada whereby certain ethnic- and religious-minority (immigrant) populations—Irish, Italians, Jews, Chinese, South Asians, Hispanics, and those of African heritage—have been shut out of legitimate economic opportunities en masse. As strain theory advocates, individuals within these groups have turned to the underground economy to eke out a living. Thus, the ethnocultural basis of some organized crime groups in Canada is not tied to the importation of foreign criminal cultures or secret societies but results from minority groups struggling for a place in this country, often in the face of discrimination and marginalization. This helps explain why the growing underclass of racialized young men makes up a disproportionate amount of gang members in many cities in Canada.

In sum, the origins of organized crime in Canada are complex and multi-faceted. Broadly speaking, one can situate the origins of organized crime in both indigenous and external factors. With that said, any serious examination of the origins and proliferation of organized crime in this country must begin and end with an examination of Canadian society itself.

KEY TERMS

Administrative criminology	Marxism
Alien conspiracy theory	Network model
Bureaucratic/corporate/hierarchical model	Patron-client model
Critical criminology	Private protection theory
Differential association	Social disorganization
Ethnic succession theory	Spectrum-based theory of enterprises
Illegal enterprise theory	Strain and culture conflict theory
Kinship model	Structuralist theories

REVIEW QUESTIONS

1. What are the various theories that explain the causes of organized crime? What are the similarities among these etiological theories? What are the contrasting features of these theories? What are the strengths and weaknesses of these different theories?
2. What are the various explanations for how crimes become organized? What methodological tools can contribute to a better understanding of organized crimes? What contributions do the following make to a better understanding of how crimes are organized: Administrative criminology? Economic analysis? Public policy impetus? What are the strengths and weaknesses of these different theories?
3. To what extent can organized crime in Canada be better understood by applying the mostly American theories of organized crime? Which of the theories are (most) applicable to Canada and which are not applicable? Is it possible to develop an integrated theory of organized crime that explains its genesis and proliferation in Canada? If so, what would this integrated theory entail?
4. What are the various theoretical models that explain how criminal offenders are organized? What are the strengths and weaknesses of these different models? Which ones are most applicable to Canadian OCAs?

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PART II

ORGANIZED CRIMINAL ASSOCIATIONS

This part explores different categories of organized criminal associations (OCAs) in Canada, as well as specific examples of groups and networks within these categories. The first three chapters describe and analyze three types of OCAs that are the most widespread and constitute the highest threat level in Canada: Italian organized crime (the Montreal Mafia and the 'Ndrangheta in Ontario), Chinese organized crime (triad groups and non-triad criminal networks), and outlaw motorcycle gangs (OMGs). These OCAs satisfy most if not all of the characteristics in the typology presented in chapter 3. The different groups and networks that fall within these categories have also been designated by the Criminal Intelligence Service Canada (CISC) as high-level threats (HTLs), which means they use violence as an integral part of their criminal operations; have been known to infiltrate law enforcement, security, or government agencies; are engaged in multiple types of serious crimes and revenue-generating crimes, drug trafficking in particular; co-operate with other OCAs; and are inter-provincial or international in scope, or at least have international connections (CISC, 2019: 1).

Many of the OCAs covered in the next three chapters can also be considered Mafia-style criminal organizations. For Paoli (2020), there are five categories of OCAs internationally that satisfy this designation: the American Cosa Nostra, the Sicilian Cosa Nostra, the Calabrian 'Ndrangheta, Chinese triads, and the Japanese yakuza. OMGs are considered a “candidate” Mafia-style organization (Reuter & Paoli, 2020). Based on this analysis, the main types of criminal Mafias in Canada are the Italian La Cosa Nostra (LCN) (including groups aligned with the American LCN, the Rizzuto crime family in Montreal, and the various 'Ndrangheta clans in Ontario), Chinese triads (including cells of Hong Kong-based triads and the Kung Lok, the best-known criminal triad founded in Canada), and outlaw motorcycle clubs (the Hells Angels in particular).

These Mafia-style organizations share the following seven characteristics:

1. Longevity—The various Mafia groups have existed for decades, while some find their roots in the 19th century and earlier: “That longevity has been a source of power, since it creates an expectation of survival and enhances reputation and thus the capacity to intimidate by threat alone” (Reuter & Paoli, 2020: 226).

Criminal Chinese triads and Italian Mafia groups can trace their roots in Canada to the late 19th century and early 20th century, respectively, while their origins are found in China and Italy during premodern times. The Hells Angels opened its first chapter in Canada in the mid-1970s, while its roots can be traced to America in the late 1940s.

2. Size—There is considerable variability in size among the five Mafia-style organizations, but all have had at least a few thousand members for at least several decades (Paoli, 2020: 151). In Canada, most Mafia-style groups maintain a relatively small core of inducted members but can count on hundreds of criminal associates. Collectively, there are more than five hundred full-patch members of Hells Angels across all of its chapters in Canada, while its affiliated outlaw motorcycle clubs add hundreds more (CISC, 2019).
3. Formalized and complex structure—Mafia-style organizations have an internal set of rules and hierarchies that can be highly formalized and complex; “they also have ruling bodies within each group and often also across groups that make up the consortia. Mafia organizations are segmentary societies—that is, consortia composed of several units that recognize each other as part of the same consortium” (Reuter & Paoli, 2020: 226). In Canada, for years, Italian Mafia groups were made up of numerous “crews” that were part of different American LCN families, and currently the various ‘Ndrangheta clans in Ontario are linked to criminal organizations back in Calabria. The Hells Angels currently operate 42 chapters in Canada and more than 150 affiliated support clubs (CISC, 2021: 13).
4. Cultural apparatus—Mafia-style criminal organizations in Canada “possess a complex set of cultural codes, rituals, norms, and sanctions through which they create a collective identity, justify their existence, and aim to generate a lifelong commitment, a new identity, and fictive kinship ties among their members.” To secure their members’ allegiance, they “impose status and fraternization contracts” upon their members through elaborate initiation ceremonies and rituals, written sets of rules and penalties, and disciplinary procedures to deal with violations (Paoli, 2020: 153). This cultural apparatus makes a clear delineation between members and non-members (Paoli, 2020: 153; Reuter & Paoli, 2020: 226).
5. Multifunctionality—Throughout their existences, Mafia-style organizations “have carried out a variety of functions, aiming at both money and power, engaging in numerous illegal and legal activities, and allowing members considerable autonomy in their money-making activities” (Paoli, 2020: 154). All of the Mafia-style organizations in Canada have or still carry out multiple criminal enterprises to both generate revenue and consolidate power.
6. Political dominion and governance—Mafia-style groups are distinguished from other OCAs through the role they play in illegal governance and providing private protection, as described in chapter 2. This is particularly evident with Italian Mafia groups in Quebec and Montreal, but it is also apparent in the earliest

manifestations of the Chinese triads in Canada (beginning in the late 19th century). As described in chapter 7, the Hells Angels have always boasted considerable power in the criminal underworld and in recent years some chapters have begun taxing independent drug traffickers working in jurisdictions “controlled” by full-patch members.

7. Popular legitimacy and power-sharing agreements—“With their claim to exercise a political dominion, mafias have long enjoyed a considerable degree of popular legitimacy and have entered into de facto, or sometimes even official, power-sharing arrangements with local state institutions” (Reuter & Paoli, 2020: 226). The Italian Mafias, Chinese triads, and OMGs in Canada have all been fronted by or have made strides to be seen as legitimate social fraternities. Some benevolent societies that represented Italian and Chinese immigrants, businesspeople, or tradespeople in the first half of the 20th century were co-opted by organized criminal offenders for nefarious purposes. Many OMG clubs claim they are simply fraternal orders of biker enthusiasts and the Hells Angels is a legally registered society. They also take great pains to legitimize themselves either through charitable work or retail outlets that sell products that soft-peddle their image. All of the Mafia-style groups in Canada have infiltrated government agencies and corrupted government officials, helping them wield power in furtherance of their criminal activities.

In describing and analyzing the Mafia-style categories presented in this part, each chapter begins with a historical overview. This is followed by a brief discussion of the social, political, legal, and economic factors that helped ferment the genesis and proliferation of this OCA type outside of and within Canada. The analysis of each OCA also includes a description of its significance within the history and study of organized crime in Canada. Finally, the typology of attributes from chapter 3 is applied to each OCA category as well as specific groups.

The OCAs covered in chapters 5 to 7 are only a fraction of those operating in Canada. In total, 14 OCAs were assessed as national high-level threats by the CISC in 2020: “Based in Ontario, British Columbia, and Quebec, they figure predominantly in the priority networks, with more than 70 percent (10 groups) involved in cocaine trafficking. Two thirds (9 groups) comprise members of [Italian] mafia networks, and more than half (8 groups) are involved with outlaw motorcycle gangs.” Further, most of these OCAs are “involved in multiple markets and networks, exploiting their connections, both domestic and international, to maximize their profits and extend their influence in the Canadian criminal landscape” (CISC, 2021: 4). The final chapter in part II of this textbook explores a cross-section of other categories of OCAs in this country: Indigenous organized crime, South American drug “cartels,” Vietnamese criminal groups, Nigerian criminal enterprises, organized street gangs, and organized criminal cyber networks.

CRITICAL THINKING EXERCISE

This part of the book demarcates OCAs largely based on ethnicity and/or nationality. This implies that there are still many “mono-ethnic” OCAs operating in Canada and internationally (Chung, 2019: 46). As discussed, categorizing OCAs by ethnicity is controversial, in part because it insinuates that the dominant binding force that brings criminal offenders together in an organization or network is ethnicity. Numerous accounts have situated ethnicity, race, or nationality as a binding force that ties participants within a criminal organization (Abadinsky, 2012; Allum & Gilmour, 2012; Finckenauer & Albanese, 2014; Lyman & Potter, 2014; Reichel & Albanese, 2014; Royal Canadian Mounted Police, 2010). Chung (2019: 46–47) identifies studies that “have considered the value of ethnicity in émigré drug trafficking crime,” including “close-knit, cohesive and ethnically homogenous” ethnic Turkish criminals in the Netherlands and networks of South Asian drug traffickers in Britain and Australia. In their review of the organized crime literature, Calderoni et al. (2020: 11) find that “a shared ethnic background or ethnic homogeneity is an important factor for involvement in some criminal groups” and that “a common ethnic origin may strengthen the ties among members and consequently increase the trust necessary to ensure the survival of the group.” Others have argued that ethnic homogeneity may simply be a superficial characteristic of criminal groups and networks that are organized around social ties such as kinship, family, friendship, or existing business relationships (Chung, 2019: 46–47; van de Bunt et al., 2014: 330; von Lampe, 2012: 193). One study from British Columbia found that “ethnic lines were no longer functioning as boundaries for many criminal enterprises” in that province (Malm et al., 2011).

More research needs to be conducted to better understand “what is unique or advantageous about ethnic or regional homophily such as shared culture, ancestry, and language” in organized crime (Chung, 2019: 45). In the meantime, readers should determine for themselves the following: (1) whether the categorization of organized crime by ethnicity and nationality is a valid way to conceptualize different types of organized criminal syndicates in Canada (or is it racist?), (2) whether ethnicity is a significant binding force that brings criminal offenders together organizationally, and (3) whether race and ethnicity play a causal role in spurring individuals and groups of people to become involved in organized crime. More specifically, some questions readers should ask include the following:

- Does the empirical data presented in the chapters (in particular, the case studies) provide sufficient support for this ethnocentric categorization of organized crime in Canada?

- Can you think of a better way to categorize how criminal offenders are organized?
- Are there instances where certain OCAs are organized around ethnicity while others are not?
- For those OCAs that appear to be mono-ethnic, can you identify other more nuanced factors that may provide an alternative explanation for the ties among the criminal offenders?
- To what extent are OCAs in Canada mono-ethnic? To what extent are they multi-ethnic?
- To what extent do the theories presented in chapter 4 help or hinder an analysis of the role of ethnicity and race in organized crime and OCAs specifically? Does an ethnicity-based classification bolster alien conspiracy theory? Is this ethnicity-based categorization racist (especially since the categories are dominated by ethnocultural minority demographic groups)? What is the relevance of strain and ethnic succession theories in the debate over categorizing OCAs based on ethnicity?



5

ITALIAN ORGANIZED CRIME

CHAPTER OUTLINE

- Introduction and Overview
- History of Italian Organized Crime in North America
- Italian Organized Crime in Ontario
- Italian Organized Crime in Quebec
- Describing and Analyzing Italian Organized Crime: The Montreal Mafia
- Conclusion

LEARNING OUTCOMES

After reading this chapter, you should have a thorough understanding of the following:

- The origins and history of Italian organized crime in Italy and North America, including the factors that helped ferment their genesis and proliferation
- The historical interconnections between Italian organized crime in Canada and the United States
- The different categories of Italian OCAs in North America (in particular, the Sicilian Mafia and the Calabrian 'Ndrangheta)
- The characteristics of the Montreal Mafia, based on the theoretical model from chapter 3
- The significance of Italian organized crime in the study of Canadian organized crime

INTRODUCTION AND OVERVIEW

For many, organized crime is synonymous with what has been commonly referred to as the Italian Mafia or *La Cosa Nostra* (LCN). For decades, the LCN had a presence in many of North America's largest cities, in particular, Toronto and Montreal. The scope and threat of the LCN in the United States were perceived as so great that during the 1950s and 1960s, the prevailing belief was that there was a nation-wide monolithic conspiracy, complete with a national structure and a ruling commission. Unlike in the US, where LCN membership was generally restricted to those who traced their roots to Sicily, the members of most LCN groups in Canada were from Calabria, or could at least trace their roots to the Italian province. As such, the secret criminal societies that arose in expatriate Italian communities in Canada beginning around the turn of the century were mostly influenced by the traditions of the '**Ndrangheta** (although there is little difference between the customs, traits, and criminal operations of the Sicilian and Calabrian Mafias). In the early 1950s, police in Toronto began using the phrase *Siderno Group* to refer to 'Ndrangheta clans that had strong criminal ties to the Siderno region of Calabria.

The LCN in Canada is also historically tied to the United States; beginning around the late 1930s, most Mafiosi and LCN groups in Canada were branches of crime families based in New York, Buffalo, or Detroit. Beginning in the 1980s, however, the subordination of the Canadian LCN to American crime families began to dissipate. This was especially true of the Montreal Mafia, which began as a crew of New York's Bonanno family but then, under the command of Vito Rizzuto, became a family in its own right. For years, the Montreal Mafia was made up of members who were from (or traced their heritage to) both Sicily and Calabria. Up until the 1980s, the Bonanno family's crew in Montreal was headed by Calabrians. That was until the Sicilian Nick Rizzuto launched a *coup d'état* and then handed power over to his son, Vito. From that point forward, not only did Vito Rizzuto turn the Montreal Mafia into an independent family, but its scope, power, and wealth would eclipse that of any Italian Mafia family in the United States. Since the death of Vito Rizzuto in December 2013, the Montreal Mafia has come under attack from rivals looking to supplant its influence in Quebec's criminal underworld. Some consider that the greatest threat to the Montreal Mafia is the 'Ndrangheta clans in Ontario, which are now considered the most powerful Italian organized crime (IOC) faction in Canada.

The 2019 annual report of the Criminal Intelligence Service Canada (CISC) says that collectively, the Mafia network in Canada encompasses two dozen organized criminal groups "whose membership is primarily of Italian descent" (CISC, 2019: 10). While mainly concentrated in the greater Toronto, Hamilton, and Montreal areas, they have criminal connections in the United States and Italy, as well as in drug source and transit countries such as Mexico, Colombia, and the Dominican Republic (CISC, 2019: 10). These Mafia networks "are involved in various criminal activities, including importing,



Figure 5.1: Map of Italy indicating origins of secret criminal societies

Source: Map by Devon Rogers

exporting, and distributing illicit drugs, illegal gaming, loan sharking, extortion, intimidation, violence, homicide, money laundering, financial crime, and fraud. Illegal online gaming is considered one of their more lucrative markets. They have an extensive number of importation channels, suggesting that enforcement activity against one or two related groups will have a limited impact on the networks' overall criminal activities" (CISC, 2019: 10). In its 2020 annual report, CISC warns that high-ranking figures in these Mafia networks "pose a challenge to law enforcement as they remain insulated from criminality, maintaining the perception of legitimacy, and often holding high standings in their communities" (CISC, 2021: 13). Family ties are often the binding force in many of the Mafia groups, while family succession often determines leadership; that is, "if a group leader is arrested or dies, a trusted relative may take over" (13). Mafia groups have infiltrated the public sector through corruption and collusion.

In addition, they exploit the private sector through ownership, investment, and employment in companies that are used to further their criminal activities (CISC, 2021: 14).

HISTORY OF ITALIAN ORGANIZED CRIME IN NORTH AMERICA

This section provides a historical overview of IOC in Canada, which includes tracing its roots to that in Italy and the US. This section also discusses the etymology and meaning of the term *Mafia*, as well as the cultural significance of its subculture, which shaped IOC in Italy and North America for decades to come.

Defining and Conceptualizing the Sicilian Mafia

The so-called Sicilian Mafia has been defined, conceptualized, characterized, and mythologized in any number of ways. Some have argued that it is a worldwide criminal organization headquartered in Sicily, with cells located throughout the world. Others dispute this but suggest there is an interconnected international criminal conspiracy of Mafia groups in different countries, with the same historical origins, overlapping memberships, and the same codes and membership rites of passage (McSweeney, 1987; Reid, 1952). Others have argued that LCN in the United States and its branches in Canada are separate and distinct in origins and operations from organized crime groups in Italy (Cressey, 1969; Turkus & Feder, 1951; United States Congress, 1965). Some scholars stress that the term *Mafia* should not be used as a noun to describe a particular secret society or criminal conspiracy. Instead, it represents philosophies of how to live one's life based on a historical Sicilian subculture (Albini, 1971). Finally, some reduce this debate to a simple question of semantics: whether one calls it the Mafia, 'Ndrangheta, La Cosa Nostra, or any other name, IOC consists of groups of men of Italian heritage who are involved in ongoing criminal conspiracies, often in conjunction with many other associates outside these groups.

There are sociological and anthropological explanations for the origins and meaning of the Mafia and its significance in Sicilian society and culture. For Hess (1986: 113), the term describes a phenomenon far more complex "than the headlines about a vaunted, secret criminal association suggest." It refers to a philosophy, a behaviour, and, indeed, a way of life that emerged from historically rooted subcultures in Sicily and dictates how powerful men are to conduct themselves and the role they are to play in society or at least in their own sub-terrain of society. According to Inciardi (1975), the principles behind the Mafia as a subculture and the word itself comes from Sicilian historical and literary works and denote a state of mind, a style of behaviour, a cultural pattern, and a way of life. Specifically, the word *Mafia* is Sicilian-Arabic in its origins and is derived from terms meaning "to protect and to act as guardian; a friend or companion;

to defend and preserve; power, integrity, strength” (Inciardi, 1975: 112–13). Various definitions of the word that began surfacing in 19th-century Italy included superlatives that reflected the traditional ideals of manhood and manliness: power, superiority, bravery, bravado, boldness, self-confidence, revenge, respect, honour, and vainglory. In turn, the meaning and ideals of the word were personalized and embodied in the **Mafioso**, who is known and admired for his ability to protect and provide essential services to his kin, his friends, and his associates because he is respected as a **man of honour** (Ianni & Reuss-Ianni, 1976: 45). He can get things done and defend himself and his kin because he has friends and associates who will rally to his aid.

Hess (1973) notes that the Mafioso succeeds because he commands a *partito*, a network of relationships whereby he acts as an intermediary or a broker. As the centre of this network, he views himself as a *padrone* (patron) to his clients. In this role, he is a provider of services, especially for those who cannot or will not turn to the government or legitimate legal or commercial institutions for help (Albini, 1971; Gambetta, 1993; Hess, 1973). Cesare Mori, who was appointed by Italian dictator Benito Mussolini to root out Mafia organizations in the 1920s, wrote that a Mafioso is in a position of power to provide “protection where the state is unwilling or unable; arbitration services superior to those available from local judges, especially to the poor person who cannot afford a lawyer, or for those whose justice is of a social, not a legal, nature—the pregnant daughter whose seducer refused to marry.” The Mafioso, and, in particular, *capomafioso* (the head of a Mafia family), “can put it all right and his services are speedy and final” (Mori, 1933: 69). As Abadinsky (2012: 111) puts it, the Mafioso is “a provider of protection broadly defined.”

When the word *Mafia* is used as a noun, it historically denotes not just a criminal organization but an unofficial, secret system of government headed by influential men who seek to control a particular jurisdiction or trade. And much like a legitimate government, the Mafioso applies a tax to any transaction he brokers or is carried out in his jurisdiction (as a *padrone*, he expects the payment of a **tribute**—either cash or a material possession—from the members of his Mafia family and other constituents). Hobsbawm (1976) brings all these conceptualizations together when he summarizes the three overlapping meanings of the Mafia: (1) a general code of behaviour and attitude toward the state in a weakly governed society, (2) a system of patronage that substituted for the strong state power, and (3) a community situation in which a secret society controls all aspects of life. In short, the term *Mafia* has been defined as an attitude, a state of mind, a philosophy of life, a Sicilian subculture, a criminal organization, and a secret unofficial government society that provides for and protects its constituents.

Early History of the Sicilian Mafia

The origins of the social grouping that would serve as a basis for the Mafia as a criminal organization emerged alongside the Mafioso’s rise to power in Sicily during the

18th century. Modelled after the extended family, which was the ideal of Sicilian social institutions, most of the early Mafia clans were formed around kinship because it was only blood relatives—*sangu de me sangu* (“blood of my blood”)—where true loyalty could be found. When an exclusive reliance on kinship proved to be too restricting, the *famiglia* (family) began to be augmented through the custom of *comparatio* or *comparaglio* (fictional kinship or god parenthood), in which outsiders became members to help increase the clan’s strength and power. Over time, standardized rituals were adopted to induct new members into the family, and all inductees had to swear allegiance to their *famiglia* and pledge their commitment to the principle of *omerta*.

Around the same time, the heads of each family (*capomafioso* or *capo di famiglia*) began networking with one another and, in some parts of Sicily, came together to form a *cosca*, a small, localized clique whereby member families supported one another to pursue mutual objectives, divide up territories, and arbitrate disputes among themselves. The typical *cosca*, writes Arlacchi (1988), rarely had more than 15 or 20 members, at the centre of which 4 or 5 were blood relatives. The *cosca* was devoid of any rigid organization and was simply referred to as *amici degli amici* (“friends of friends”). The members of a *cosca* were known as *aregli uomini qualificati* (“qualified men” or “men of honour”). A *zio* (“uncle”) or *capo* (“head”) was recognized as the leader of these informal, secretive networks, and whoever rose to this esteemed position truly personified the attributes of the Mafioso. Blok (1974) states that one became a member of a *cosca* gradually and not through formal initiation. Another level of organization was the *consorteria*, an alliance made up of two or more *coscas*. One *cosca* was recognized as supreme within the *consorteria*, and its head was anointed as the *Capo di tutti Capi* (“the boss of bosses”). This happens when one *cosca* head is recognized as the most powerful and has more men, more friends, more money, or more high-ranking protectors (Arlacchi, 1988; Gambino, 1974: 3; Hess, 1986: 119–22; Ianni & Reuss-Ianni, 1976: 45).

As time passed, the family-based groups evolved in the direction of a formal organization. Each *cosca* in Sicily controlled a particular activity, such as the sale of cattle or the control of water rights, and so avoided competition with one another. The Mafioso was also able to wield power by procuring votes for political candidates who, once elected, would be beholden to him and would reciprocate by granting favours (Albini, 1992: 86). According to Hobsbawm (1976), standardized rituals began to be developed in the 1870s. Young Sicilian men were indoctrinated into Mafia clans on the proviso that they would become wholly subservient to the organization and its reigning don. Members were taught to abhor all formal authority, except for the Catholic Church, which was to be tolerated.

As the 19th century drew to a close, many of the Mafia groups became involved in predatory and criminal activities, and the protective services offered by the Mafiosi soon became an excuse to extort peasants and shopkeepers. Incorporating predatory activities into their traditional quasi-government role turned the Mafia into a complex and paradoxical social, political, economic, and criminal force in Sicily: “The Mafia

was outlawed, but tolerated, secret, but recognizable, criminal but upholding of order” (Robb, 1996: 48).

Origins and Early History of the 'Ndrangheta

In addition to the Sicilian Mafia, a subculture with similar structures, rituals, and norms was forming and evolving into violent criminal fraternities in the southern Italian province of Calabria. Some say the 'Ndrangheta originated in the 1860s with Sicilians who were banished by the Italian government from their native island, an explanation that suggests the Calabrian Mafia grew out from the rib of the Sicilian Mafia (Federal Bureau of Investigation, n.d.a). In contrast, Nicaso and Lamothe (2005) believe the origins of the 'Ndrangheta were indigenous to Calabria; it began as a defence mechanism for impoverished rural peasants against their aristocratic landlords.

Regardless of its origins, as in Sicily, weak local governing institutions and the remoteness of Calabria from Rome helped pave the way for the emergence of power-hungry men bent on unofficially controlling all facets of local life while financially wetting their beaks. For Nicaso and Lamothe (2005: 10), “Some leaders were beneficent; others were tyrannical. But all were violent, having to first prove their manliness through homicide, preferably in public, and preferably being acquitted of the ensuing charges.” Like the Mafia, the term '*'Ndrangheta*—which is derived from the Greek word *andragathia*, meaning heroism, cunning, virtue, and manliness—is embedded with deeper meanings as to how powerful men should conduct themselves. Variously referred to as “the Honoured Society,” “the Calabrian Mafia,” *Fibbia*, or *N'drina*, signs of this secret society began to emerge in southern Italy by the end of the 19th century. In 1888, the prefect of the city of Reggio, Calabria, received an anonymous letter alerting him to the existence of “a sect that fears nothing” (*The Guardian*, Jun. 8, 2006). Four years later, more than 250 men from several villages throughout Calabria and southern Italy were investigated for Mafia-like activities (Nicaso & Lamothe, 2005: 10).

CRITICAL THINKING EXERCISE

The origins, evolution, and ideologies of the Sicilian and Calabrian Mafias are complex and controversial. Research, critically analyze, and compare the origins and early histories of both groups. Compare and contrast their subcultural norms and values. What do they have in common, and how have their shared philosophies and ideologies influenced their evolution into contemporary organized crime groups in Italy and North America?

Origins of the Mafia in North America: Late 19th and Early 20th Centuries

The origins of IOC in North America have long been debated, although there is some consensus that it emerged just before the turn of the 20th century, not long after the diaspora of Italian immigrants to North America began. One question within this debate is whether a secret criminal conspiracy, methods, and infrastructure were exported from Italy, or whether the origins of the LCN on this continent are found in factors native to the United States and Canada. Most likely, the answer lies somewhere in between. The growth of IOC in North America was the result of a potent mix of customs and traditions associated with the Calabrian 'Ndrangheta and Sicilian Mafia combined with the social, political, and economic environment of the US and Canada into which Italian immigrants were acculturated. Many of the Italians immigrating to North America during this period were poor peasants from the southern portions of the country. Once they arrived, they moved to the urban areas, where they lived in deprived social and economic circumstances. If strain theory is applied, one could argue that many Italian immigrants saw the prosperity that surrounded them but felt impotent to achieve it due to their lack of social mobility.

CRITICAL THINKING EXERCISE

Based on your understanding of the etiological theories presented in chapter 4, do you believe that strain theory is a credible explanation for why Italian criminal societies formed in North America during the early part of the 20th century? Conversely, do you believe that the causes of IOC should not be blamed on broader social forces (such as discrimination) but on deliberate choices by some Italian immigrants to turn to crime as a more expedient way to make money?

During the early part of the 20th century, evidence began to emerge of secret societies within the growing Italian population in such cities as New York, Philadelphia, Cleveland, New Orleans, Montreal, and Hamilton. The earliest versions of secret societies in Canada were loosely structured groups that were “much whispered about” before they came to the attention of the media or law enforcement (Nicaso & Lamothe, 2005: 11–12). Some of these societies followed the original philosophical credo of the Mafiosi who provided a range of services to Italian immigrants, such as helping to bring over family members, locating accommodations, finding jobs, lending money, and fostering social relationships. As back in Italy, many of these *padrones* abused their positions of power and devolved into criminal predators who forced Italian immigrants to join their society and pay dues.

The Black Hand: 1905 to 1927

One early manifestation of IOC that grew and flourished in North American cities was the *Mano Nera* (the **Black Hand**), which almost exclusively entailed the extortion of Italian immigrants. These predatory crimes were often carried out by individuals involved in the secret Italian societies, yet the Black Hand was not an organization per se. Instead, it was a label applied by the media. A Black Hand extortion attempt invariably began with a letter addressed to an intended victim. As Jay Robert Nash writes, these extortion schemes were not just prosaic but highly intimidating and potentially lethal:

An anonymous Black Hander would threaten various types of violence to extort money from one, usually well-to-do, victim. These threats most often involved kidnapping a family member, threatening to blow up a business or shop, or to attack, injure, or kill a family member or the recipient of the Black Hand note. These notes were crudely written in broken English ... and boldly demanded a certain amount of money, with specific instructions as to how the cash was to be delivered. The note would usually be decorated with horrifying symbols and images—daggers dripping blood, a bomb exploding, a gun smoking at the barrel, a skull and crossbones, a body dangling from a rope tied about the neck. The signature of the sender was invariably a hand imprinted in heavy black ink, thus the sobriquet, *La Mano Nera* (The Black Hand). (Nash, 1993: 56)

In 1903, the *New York Herald* newspaper published what is believed to be the first story of an extortion letter received by a shopkeeper that was signed with the imprint of a black hand. In February 1904, a Newark, New Jersey, man named Michael Rossati reportedly received a letter threatening to kill him and his wife if he did not pay \$400. The signature was a black ink imprint of a hand (*New York Times*, Feb. 29, 1904). In December of the same year, a New Yorker named Joseph Pagano received a letter demanding \$100 or his life. The letter, written in Italian, bore the image of a skull and crossbones (*New York Times*, Dec. 12, 1904). In May of 1905, the fruit store and home of an Italian immigrant in Monessen, Pennsylvania, was dynamited after he allegedly refused to pay \$5,000 demanded in two previous extortion letters (*New York Times*, May 23, 1905). Numerous other bombings of Italian shopkeepers followed in Pennsylvania and New York City. Some of the extortion attempts were carried out by the secret societies under the guise of “membership fees.” In 1905, the *New York Times* reported that Italian men working on the dams in New York’s Winchester County were threatened with violence if they did not pay a membership fee to the local society: “Every pay day at the different dams, agents of the Black Hand band demand from \$1 to \$5 from each man, and if refused a note threatening him with death is left at his home the next day” (*New York Times*, Jul. 9, 1905). Those forced to join a society were also often compelled, under the threat of violence, to carry out further extortion operations against their fellow countrymen.

Numerous extortion attempts were reported in Ontario between 1905 and 1910. The extortionists frequently turned up at the work and camp sites of Italian labourers toiling on construction projects. Some were so brazen that they stood at the paymasters' wickets to collect their cut of the cash wages paid to their victims (Nicaso & Lamothe, 2005: 15). In a 1906 *Toronto Star* article entitled "Black Hand Again: Italians at Port Colborne Said to Have Been Terrorized," Italian workers in the Niagara Peninsula told stories about one labourer who had been terrorized into paying \$30 (*Toronto Star*, May 4, 1906). In North Bay, Ontario, where a large Italian community supplied labour for railroad, dam, and sewer construction, a local society was considered so active that "there has been a spirit of unrest manifest in the Italian colony," resulting in "a revolt among the victims" (*Toronto Star*, Jan. 9, 1909).

Case Study: Early Italian Secret Society in Ontario

Events leading to one of the first police investigations into an "honoured society" in Canada began on December 7, 1908. It was on this day that Louis Belluz, a baker in Fort Francis, Ontario, received a letter written in red ink. The letter demanded \$100, and according to a police summary of a statement made by Belluz, if payment was not forthcoming, "his buildings were to be burned and himself burned to death" (Archives of the Province of Ontario, RG 4-32, File No: 1909-651). After Belluz reported the extortion attempt, police traced the letter to Nicholas Bessanti and a fellow Italian immigrant who went by the name of Joe Ross (some Italians anglicized their names to avoid incidents of bigotry). Bessanti told police that he wrote the letter on behalf of a secret society he was forced to join in Fort Francis. He estimated membership in this group at 15 or 16 people. His fee to join was \$25, but Bessanti disclosed that he only paid \$10. He spoke of an initiation ceremony where a closed circle of men crouched over a large stiletto knife and chanted oaths that consisted of arcane Italian poetry, and at the end, they hugged and kissed one another. "In joining the Society," Bessanti told police, "we took a solemn oath that we would obey our leader's orders: would rob, burn or kill as he directed; that we would protect one another from the hands of the law; to disobey these orders we would expect to be punished by death or otherwise as decided upon by the Society." Bessanti explained that the group "met every Saturday night in the west end of a freight shed and there they decided what to do to raise money" (Archives of the Province of Ontario, RG 4-32, File No: 1909-651).

Bessanti also informed police that he attended a meeting where it was decided "the Baker Louis Belluz must pay over some money to them," and if he "did not put up, at least, \$50.00, they would burn his house up and him in it" (Archives of the Province of Ontario, RG 4-32, File No: 1909-651). Bessanti was warned by leaders of the society that he would suffer the same fate as the baker if the letter was not delivered. The letter Bessanti wrote was dictated to him by the society's

founder, Francesco Tino. By the time police had begun to close in on Tino, he and Frank Muro, who helped organize the Fort Francis society, had crossed the border into the United States. After warrants were issued by Canadian authorities, American police arrested the two men in the town of Hibbing, located in northern Minnesota. Tino and Muro were brought back to Canada and following a trial were convicted along with Bessanti of theft and other charges. Tino received the harshest sentence of five years (Archives of the Province of Ontario, RG 4-32, File No: 1909-651; Nicaso & Lamothe, 2005: 18–22; *Toronto Telegram*, May 6, 1909).

The era of the Black Hand is said to have ended in the late 1920s, although extortion would continue to be a stock-in-trade for IOC in Canada for decades to come, often under the grossly misleading designation of “protection” (see chapter 9).

Prohibition: 1920 to 1934

By the 1920s, the highly profitable trade in drugs, gambling, and prostitution made it clear that the greatest source of illicit money was to be made in satisfying the vices of receptive consumers. It was the outlawing of liquor, however, that launched IOC in North America into the modern era of organized crime. Prohibition represented

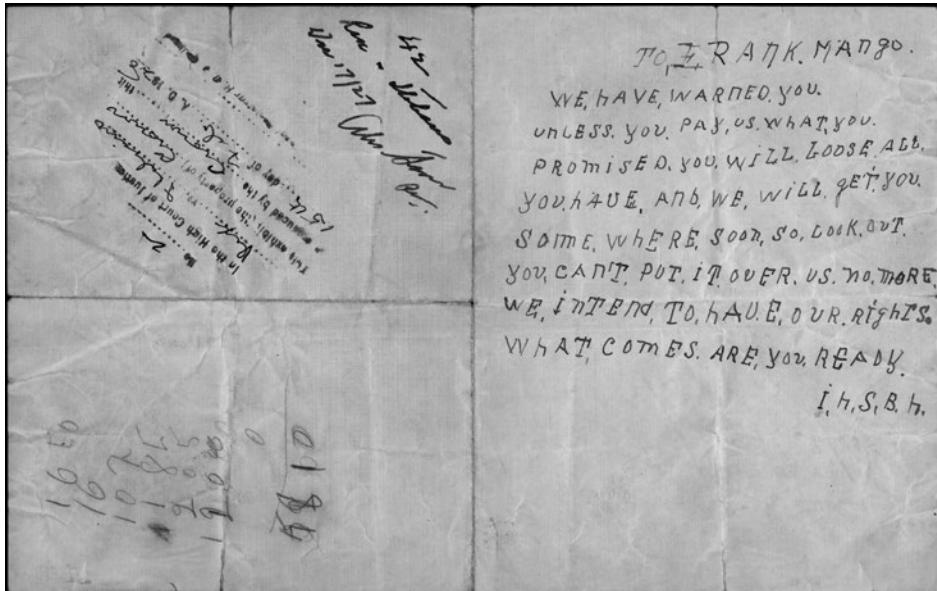


Photo 5.1: Extortion letter sent to Frank Mango in 1927

Source: Reprinted with permission from the Archives of Ontario, File No. RG 22-392-0-6308, Container 167

a seminal turning point for IOC. While the clientele of the Italian bootleggers were primarily their fellow countrymen, they soon began supplying the larger population, thereby allowing them to break out of the confines of “Little Italy” and operate in the wider society.

Case Study: Rocco Perri (1890–1944)

Rocco Perri not only established himself as one of southern Ontario’s largest bootleggers during Prohibition; he was also one of the most influential Calabrian crime bosses in the region during the 1920s. Perri was born in Reggio, Calabria, in 1890. He immigrated to Canada at the age of 13, where he joined thousands of young Italian immigrants toiling at low-paying manual labour jobs. In 1912, Perri moved to Toronto, where he fell in love with Bessie Starkman, and in 1915, the two moved to Hamilton, where they ran a small grocery that catered to the Italian community. When the *Ontario Temperance Act* was passed in 1916, Perri began illegally selling whiskey from the back of his store for 50 cents a shot. By 1918, he was the largest bootlegger in Hamilton, and under the guise of a travelling salesman for the Superior Macaroni Company, he traversed the province arranging liquor sales for his many customers (Dubro & Rowland, 1987: 48).

In 1920, national prohibition had come into effect in the United States, and Perri moved into the liquor export business. Perri eventually owned or leased dozens of fishing boats on Lake Erie that were used to smuggle booze to the United States, facilitated by customs agents paid to conveniently look the other way (Hunt, 1988: 143). Perri also reportedly operated dozens of trucks that delivered thousands of cases of liquor to a network of bootleggers stretching from Niagara Falls to Kitchener, Ontario (Hunt, 1988: 170). Many of his vehicles were modified to carry capacities of up to three hundred gallons at a time.

Perri reportedly had more than two hundred employees on either side of the border (McNulty, 1923: 125), many of whom were Calabrians who swore blood ties and faithful allegiance to him. “There is not an Italian in Hamilton who would give this man away,” the RCMP officer commanding western Ontario during Prohibition was quoted as saying. “He is the ‘King-pin’ directing all operations but the members of his gang when caught, shoulder the responsibility and pay the penalty” (National Archives of Canada, RG 16: Records of the Department of National Revenue, Vol. 789). Perri’s ability to avoid capture was also due to his liberal use of graft; those purportedly on his payroll included local police, liquor licence inspectors, customs officers on both sides of the border, and judges. His ascendancy was also based on his use of violence, which he honed through his active role in hijacking liquor shipments: “Over the telephone the ‘King of the Bootleggers’ received information concerning the movements of shipments by rival gangs, and over the wires he sent forth his commands to intercept the shipments” (McNulty, 1923: 125).



Photo 5.2: Rocco Perri following the funeral of his wife, Bessie Starkman

Source: Milford Smith Collection, Hamilton Public Library

Perri's sources of liquor were plentiful. He became a regular customer of the Gooderham and Worts Distillery of Toronto, Seagram in Waterloo, the Kuntz Brewery in Kitchener, and the Hiram Walker Distillery in Windsor (Dubro & Rowland, 1987: 12). Perri was buying cases of 60-proof whiskey at distilleries in Toronto for as little as \$18 a case and reselling them in the United States for \$120 a case (Dubro, 1986: 269). During a boastful interview with the *Toronto Star*, Perri admitted that he sometimes sold as many as one thousand cases of whiskey a day. Police investigators later uncovered several bank accounts—with over \$900,000 on deposit—opened by Bessie Starkman under various names. A 1927 Royal Commission that investigated corruption in Canada Customs as a result of the illegal liquor trade estimated that Perri grossed close to \$1 million annually. On November 18, 1927, the commission laid eight counts of perjury charges against Perri and Starkman based on their less-than-forthcoming testimony, and in 1928, both were convicted and served six-month sentences.

When Perri was released from jail, he re-entered a changed and hostile world. The *Ontario Temperance Act* was repealed, taking away the domestic market for bootlegged liquor. Competition over the American market became fiercer and more violent—a fact that brutally hit home for Rocco and Bessie. On the night of August 13, 1930, the couple was returning home from a party when two unidentified assailants pulled shotguns and fired over one hundred bullets into the body of Bessie Starkman. The gangland-style murder fuelled speculation that she was the real brains behind their operations. Perri himself would be targeted years later, including two attempts on his life in 1938, which he escaped with only minor cuts. However, his luck ran out on April 23, 1944. While visiting a cousin, he stepped outside for some air and was never seen again.

The Ascendance of Italian Organized Crime in North America: 1930s to 1960s

By the time Prohibition was repealed in the early 1930s, a radically different criminal underworld had arrived in North America. Organized crime was now more widespread, more sophisticated, more transnational, and more entrepreneurial. For the next 50 years, the so-called Italian Mafia would become the most infamous organized criminal spectre in North America. Replacing the lost revenue from bootlegging, LCN groups expanded into other illegal activities, such as gambling, loansharking, prostitution, labour racketeering, and drug trafficking. According to Robert Stewart (1980: 6), LCN emerged from the Prohibition era with an empowering legacy, including a purpose, structure, and methodology that transcended any one single crime, members and associates who shared deep subcultural bonds, values, and goals and were comparatively disciplined, loyal, energetic, and resourceful; and a protocol that enabled members, who were often strangers, to collaborate on joint business ventures in a framework of mutual trust. In the post-Prohibition years, LCN also profited from capable, ambitious, ruthless, and often-visionary leaders who stressed an entrepreneurial approach and the exploitation of any illegal or legal business opportunity that had the potential to make money. American and Canadian LCN groups also effectively incorporated the essential tactics of organized crime—in particular, the use of intimidation, violence, and corruption—while the code of *omerta* helped shield their members from arrest and prosecution. They also benefited from the partnerships they formed with other like-minded criminal entrepreneurs and corrupt public officials, regardless of their race, ethnicity, or nationality.

LCN groups in North America learned the lessons of Prohibition: the biggest criminal profits were to be made by satisfying society's vices by supplying illicit goods and services. Italian crime groups emerged from Prohibition with a substantial financial war chest that was reinvested into several illegal "rackets." Gambling and bookmaking would quickly become the single greatest source of income for LCN in the years immediately following Prohibition. In 1938, the *Toronto Daily Star* ran a series entitled "Canada in the Bookies' Web," which investigated the "vast octopus of bookmaking" that spread from Montreal to Vancouver. Up until the end of the Second World War, the illegal gaming industry in Canada was characterized by pure competition; no one individual or group dominated. This changed at the end of the war as Italian Canadian crime groups, backed by the money, organization, and muscle of the American LCN, began their hostile takeover of the independent gambling and bookmaking operations, which provided a toehold for a concerted move into Canada.

If any one individual can take credit for the American LCN's incursion into Canada, it was Charles (Lucky) Luciano, the far-sighted and ambitious American mobster who has been widely credited as the father of modern organized crime. One of Luciano's grand visions was the partitioning of the United States and Canada into separate regions, each of which would be under the jurisdiction of a particular American

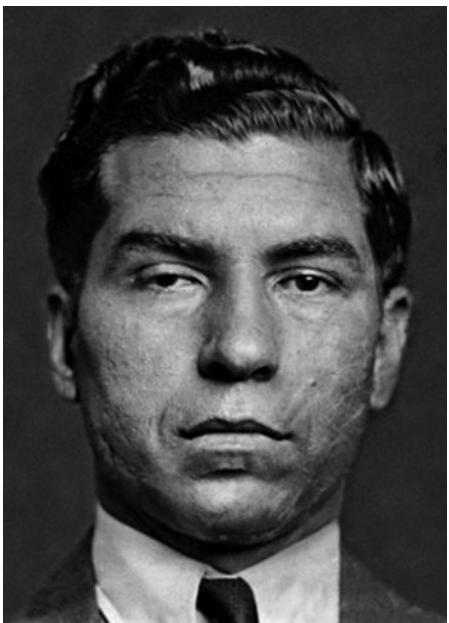


Photo 5.3: Charles “Lucky” Luciano

Source: New York Police Department, via Wikimedia Commons

- 2). Commissioner Harvison’s comments prompted American President John F. Kennedy to remark in 1962 that his administration’s war against organized crime must be succeeding if so many gangsters were fleeing to Canada (*Toronto Star*, Oct. 11, 1962).

Italian Organized Crime and Narcotics Trafficking: 1940s to 1980s

Not only was the American LCN integrating Canada into its continental gambling network: it was also situating its northern neighbour as an integral part of an international pipeline for heroin smuggled into the United States (see chapter 11 for more historical details on narcotics trafficking affecting Canada). In the postwar years, the production, smuggling, and wholesale distribution of heroin became concentrated in the hands of a confederation of criminal syndicates—the French *L’Union Corse*, the Sicilian Mafia, the American LCN, and its Canadian affiliates—that collectively would become one of the largest and longest-lasting international heroin trafficking conspiracies of all time.

At the start of the 1940s, LCN groups in the US and Canada became the biggest illegal dispensers of opiates, and for the next 40 years, they held a tight grip over the wholesale distribution of Turkish heroin in both countries. Their main suppliers were French Corsicans, whose underground facilities in France produced much of the world’s heroin supply. Quebec’s cultural, commercial, and linguistic ties to the mother

LCN group. The implication for Canada was that it would be treated as a protectorate of the American Mafia. As a result, Montreal came under the fiefdom of New York’s Bonanno family, and southwestern Ontario fell under the influence of the Detroit mob, while the rest of Ontario’s underworld belonged to Buffalo mob boss Stefano Magaddino.

RCMP Commissioner Clifford Harvison confirmed the American LCN’s move into Canada in a well-publicized address to the Canadian Club in Toronto on November 6, 1961: “The American syndicates are showing an increased interest in Canada and they are moving to take over direct control of some existing criminal organizations and to expand their criminal activities. They are already active in the field of gambling, narcotics trafficking, counterfeiting, and in the protection rackets” (Ontario Police Commission, 1964: 1,

country and the subservience of the Mafia in the province to New York's Bonanno family, as well as Montreal's inviting seaports and proximity to New York, made the city a major entry point for heroin being shipped into North America. Over the next 30 years, police in the United States and Canada investigated dozens of major importation conspiracies that brought in thousands of kilograms of almost pure Turkish heroin and led to the conviction of more than three hundred people in the two countries. Many of these were members or associates of Canadian and American Mafia groups (McClellan Committee, 1976: 199). An intensive crackdown on Corsican gangsters in Europe gave the Sicilian and American Mafia an even greater share of the heroin traffic, and during the mid-1970s, Sicily emerged as a major locale for processing opium poppies into heroin. One of the legacies of these international drug trafficking conspiracies was that it gave Canada and Canadian mobsters a pivotal role in the heroin trade in North America while further pulling the country's criminal underworld into the orbit of the American LCN.

ITALIAN ORGANIZED CRIME IN ONTARIO

Rocco Perri's disappearance signalled the end of an era for Ontario's criminal underworld. The independent mobster who achieved power during Prohibition was now being replaced by a tightly knit group of men, many of whom also hailed from Calabria and whose criminal roots were much more firmly planted in the traditions of the 'Ndrangheta. They also had less autonomy in that they were answerable to LCN families in the United States. Most notable among the new Calabrian crime bosses in Ontario was Anthony (Tony) Sylvestro, Calogero Bordonaro (a.k.a. Charles Bardinaro), and Santo Scibetta (collectively referred to as the Three Dons). Their rise to power, which began after the repeal of Prohibition in the United States, was bolstered by their close association with the Magaddino crime family in Buffalo. At the top of the family hierarchy sat Stefano Magaddino, who, as of the partitioning of North America's criminal underworld, was granted jurisdiction over much of Ontario, which he jealously guarded until his death in 1974.



Photo 5.4: Stefano Magaddino

Source: Walter Albertin, World Telegram staff photographer, via Wikimedia Commons

The alliance the Three Dons forged with Magaddino was instrumental in fuelling the involvement of the LCN in gambling, bookmaking, and drug trafficking in Ontario. Magaddino backed Sylvestro in establishing Guelph as an important link in a cross-border bookmaking network that Guelph police estimated took in \$15,000 to \$30,000 a day in illegal bets (*Toronto Telegram*, Apr. 24, 1961). Magaddino also took a cut of the revenue from gambling operations in Hamilton and Toronto run by members of the crews he had established there. By the 1940s, the US Bureau of Narcotics and the RCMP documented the flow of Mexican heroin from Buffalo to Hamilton and then on to Toronto and Vancouver, as well as Turkish heroin that was moving from Ontario to Buffalo and then to the US eastern seaboard (National Archives of Canada, RG 29, File no: 323-2-6).

Case Study: John Papalia

John (Johnny Pops) Papalia was the son of Italian immigrants from Calabria who settled in Hamilton around the beginning of the 20th century. Sometime in the 1920s, John's father, Anthony, began bootlegging liquor and continued to do so for years following the repeal of Ontario's temperance laws. Born on March 18, 1924, John Papalia had a tough reputation, even at a young age. He dropped out of school around the age of 13, and it was as a young teenager that Papalia embarked on a criminal career, first becoming involved in theft and bootlegging before moving on to more violent crimes, such as extortion and muscle for hire. By 1943, Papalia had relocated to Toronto and received his first of many jail sentences for a residential break-in. Before the end of the decade, he was pushing heroin

for one of Toronto's biggest traffickers, Harvey Chernick, who was supplied by Anthony Sylvestro. In 1949, Papalia was imprisoned for two years for trafficking in heroin. When he was released, he went to Montreal, where he worked with Carmine Galante, a captain in New York's Bonanno family, as an enforcer. Over the next four years, Papalia would complete his Mafia apprenticeship and be accepted as a made member of the Magaddino crime family. When he settled back in Hamilton in 1955, his Mafia connections would help him rise to the top of Hamilton's criminal underworld.



Photo 5.5: John Papalia

Source: Illustration by author, based on a 1960s newspaper photo

During the 1950s, Papalia became the acknowledged leader of Magaddino's crew in Ontario. He moved into gambling operations in other parts of southern Ontario, including Toronto. He first began taking a cut of the profits from independent operators. Soon, all the gambling operations in the Toronto–Hamilton area were paying protection money to Papalia. In 1955, he branched out into loansharking and the operation of vending machine companies in Hamilton and Toronto. Police later claimed that Papalia's vending machines were often put into the businesses of people who owed him gambling debts, and store owners who would not accept the machines were threatened with violence. Papalia also became active in smuggling heroin into New York and Ontario. In 1961, he was convicted in a New York courtroom on charges of conspiracy to import \$150 million worth of heroin into the United States and received a 10-year sentence.

When Papalia was released from jail in 1968, he faced competition from many other mobsters, in particular, Paul Volpe, another member of Magaddino's Ontario crew who was attempting to take control of the entire province. On November 14, 1983, the bullet-torn body of Toronto mobster Paul Volpe was found stuffed into the trunk of his wife's leased BMW at the Toronto International Airport. Police immediately suspected Papalia; however, to this day, the murder has never been solved. For the next 14 years, Papalia remained a major Mafia figure in Ontario; yet, he was never able to reimpose his supremacy. In May 1997, Papalia was gunned down on orders from Pat and Angelo Musitano, leaders of a rival Mafia group in Hamilton.

The early 1960s continued to be high-profile years for organized crime in Ontario. In 1963, the US Senate Committee on Organized Crime heard Mafia turncoat Joseph Valachi proclaim that the American LCN stretched into Ontario. At the same hearings, senior officers with the Buffalo Police Department testified that in Toronto, Hamilton, Guelph, and Niagara Falls, there were at least 20 members of a crime syndicate headed by the "irrefutable lord paramount" Stefano Magaddino. The presentation was accompanied by an organizational chart entitled "The Magaddino Empire of Organized Crime." On the right hand of the chart, in a square marked "Canada," were the names of Vito and Alberto Agueci, Charles and Frank Cipolla, Dan Gasbarrini, John Papalia and his two brothers, as well as Paul and Albert Volpe (*Globe and Mail*, Oct. 17, 1963; United States Congress, 1965: 581–88).

Case Study: Giacomo Luppino

During the mid-1950s, John Papalia would be joined in Hamilton by another powerful Mafioso and future Magaddino family member named Giacomo Luppino. Born in 1900 in the village of Oppido in Calabria, Luppino came to Canada in 1955, already a member of an 'Ndrangheta clan in Italy. Settling in Hamilton, he would go on to be

Magaddino's most trusted and reliable Ontario lieutenant. While little is known about Luppino's initial years in Canada, it was around the late 1950s or early 1960s that he and Santo Scibetta were chosen by Magaddino to oversee his Ontario interests, largely to replace John Papalia, who at the time was under indictment in the US.

Influenced by his Calabrian roots, the organization Luppino set up in Ontario reflected the structure, rules, and codes of the 'Ndrangheta. He became the **capo decina** of the Hamilton wing of the Magaddino family but was also in charge of Mafia crews or **decinas** (literally "sets of ten") in other regions of Ontario. In keeping with 'Ndrangheta organizational tradition, different areas of the province were broken into *aubbocatos*, distinct territories that separated different families or wings of a family. Luppino became the *Capo di tutti Capi* over all of Magaddino's branches in Ontario, putting him in charge of *decinas* operating in such *aubbocatos* as Hamilton, Guelph, Oakville, and Toronto (*Hamilton Spectator*, Aug. 31, 1984).

Luppino also established *La Camera di Controllo*. Made up of the heads of the various Magaddino family *decinas* in Ontario, the goal of this "board of control" was to ensure co-operation, avoid territorial infringement, and resolve any problems that may arise. The board, which answered to Magaddino, was reflective of Luppino's great reverence toward his boss and his adherence to the traditional role of the Mafioso as a mediator and arbitrator. Luppino has been described as "a master strategist" who built bridges and brokered deals among different Mafia leaders. He was frequently consulted by Mafia members from throughout North America and intervened to settle numerous disputes that arose over the years. By setting up the *Camera*, he forged strong relationships with other 'Ndrangheta leaders in Ontario and also maintained ties with the Montreal Mafia (Charney, 1979: 28; Talese, 1971: 62–63; *Hamilton Spectator*, Aug. 31, 1984; *Toronto Star*, Mar. 23, 1987). Luppino was a Mafioso in the classical sense in that he lived a modest life, believing that it was not wealth but respect and honour that defined the worth of any man. In one conversation with his like-minded son-in-law Paolo Violi, both complained about how the American Mafia, with its emphasis on making money, had lost the "old country ways of operation" and conflicted with the traditional ways of the Mafiosi (*Globe and Mail*, Jul. 6, 1986).

Luppino also followed some time-honoured 'Ndrangheta customs. He inducted "made members" into the Magaddino Mafia family, which required them to pay dues and pass along a percentage of all profits from criminal or legal activities to him (and ultimately Magaddino). Police wire taps recorded him discussing how one obligation of an 'Ndrangheta group was to make financial contributions to a "welfare assistance program" to help its members through difficult times. Despite his paternalistic nature, Luppino was still the head of a criminal group that made money from extortion, loansharking, fraud, counterfeiting, migrant smuggling, drug trafficking, and murder. Although his reign lasted for more than 30 years, up to his death in 1987, Luppino was never charged with a criminal offence in Canada (*Globe and Mail*, Jul. 6, 1986; *Hamilton Spectator*, Jul. 6, 1982, Jul. 7, 1982, Jul. 10, 1982; *Toronto Star*, Jul. 7, 1982, Mar. 23, 1987).

The Siderno Group

While Luppino ruled much of southern Ontario with the backing of Stefano Magaddino, Toronto was home to an 'Ndrangheta cell that was connected to Antonio Macrì, the *Capo Crimini* ("boss of all bosses") in Calabria, Italy. During the 1950s and 1960s, Macrì forged a network of 'Ndrangheta cells in the United States, Canada, Germany, Switzerland, South America, and Australia, in part to facilitate his international heroin smuggling operation (Nicaso & Lamothe, 1995: 62–69). Some of the original members of the Toronto cell, which was founded in the late 1950s, had already been inducted into the "Honoured Society" in Italy, while their sons and other younger recruits took the ritual oath in Toronto. Because most of the society men that were transplanted in Toronto hailed from a small port on the eastern coast of Reggio di Calabria called Siderno Marina, police began to refer to the Toronto cell as the "Siderno Group." The undisputed head of the Siderno Group up until his death in 1980 was Michele Racco. Born on December 12, 1913, in Siderno Marina, Racco was already a member of the 'Ndrangheta before he immigrated to Canada in the early 1950s. Upon arrival, Racco established a cell in Toronto that grew steadily as he recruited men of Calabrian descent locally and from Italy. By the early 1960s, Racco established a local commission (a *Crimini*) that settled disputes and maintained discipline among the city's 'Ndrangheta members. As the head of this ruling board, Racco became the *Capo Crimini* for Toronto.

From his small bakery on St. Clair Avenue in the city's Italian district, Racco oversaw a secret criminal society that at any one time reportedly included between 50 and 100 members who were involved in bootlegging, counterfeiting, extortion, immigrant smuggling, and drug trafficking. Like Luppino, Racco played the role of the traditional Mafia don. He rarely became directly involved in criminal activities; instead, his job was to help create opportunities for other Siderno Group members. He valued respect and honour over money and saw himself as a *padrone* to his constituents, providing jobs and loans to community members and safe passage to Canada for Italian immigrants. Police intercepted one telephone call from the United States in which the man on the other end solicited Racco's advice on how to resolve a territorial dispute between two 'Ndrangheta clans



Photo 5.6: Michele Racco

Source: Illustration by Ben Firsch

in New York (*Globe and Mail*, Aug. 18, 1982). Although Racco preferred mediation to violence, he is suspected of sanctioning the death of two Toronto 'Ndrangheta members in the late 1960s.

The Siderno Group was based on family relationships, either through blood, marriage, or the custom of *comparatico*. All members went through an initiation ceremony, which consisted of a series of vague questions and answers, obscure symbolic gestures, the invocation of mythical knights, and references to violence and the supremacy of the 'Ndrangheta clan to which the inductee is expected to make a lifelong commitment. In 1985, police video cameras captured an undercover RCMP officer as he was inducted into an 'Ndrangheta cell during a ceremony held in an apartment in the Greater Toronto Area (GTA). After gathering the inductee and six made members into a circle, the leader of the cell welcomed the new member into "the Honoured Society of Calabria" and "the Family." The ceremony is described by RCMP officer and organized crime expert Reginald King:

A 'Ndrangheta group voted three times to accept the initiate into the organization. "I swear on the tip of this knife to forget father, mother, all the family, at whatever call, to answer to 'Corp of the Society,'" the inductee was instructed to repeat. "There is a dark tomb wide and deep under the depth of the sea. Whoever uncovers it shall die with four knifings to the breast," the vow continued. Later, the leader explained some of the rules, the "codes of the court," as he called them. Co-operation, communication, dividing of profits, and punishment are crucial elements. "If we make a penny, a penny ... is what is divided amongst us. If (one of us) is in trouble, we are all in trouble. These are not things that are discussed with anyone," the leader said. "You are older than my brother, but because he entered (the Society) before you ... you have to respect him. I will tell you something. When one does a swearing in, they have to do a swearing in that will last. It is not a swearing in that you can say you want to leave.... If he does (a profitable activity) and I don't know but if I find out, if he does something light, small, there are other methods in which he can pay. And you don't pay with words.... You know how it is paid? With death, that's how it is paid." And finally, catchall words of wisdom: "If you are respectful, you are respected by all. When one has respect, the other things will come." The leader did not speak of punishment without pointing out benefits, including the connections that came with being a made member. (King, n.d.)

Organized Crime in Ontario: 1980s to Present

In 1984, a member of the Liberal Party of Ontario demanded a public inquiry into IOC in that province, arguing that it "appears to be a completely runaway situation in organized crime" (*Vancouver Sun*, Jan. 28, 1984). By this time, Ontario's Mafia underworld had become fractured and factionalized. Dubro and Roy wrote in 1985 that Toronto

“was always considered too large, disparate, and broken up to be handled by one family, and hence it became a more opportune ground for independents and new Mafia groupings; and Italians then, as now, were not the only ones interested in or organized enough to run effective organized crime operations” (Dubro, 1986: 46–47). In short, Toronto and, to a lesser extent, Hamilton were “open cities” in that they were “open to many different mob groups operating simultaneously in different areas” (Dubro & Roy, 1985: 21).

Whatever power the American LCN did have in Ontario ended in the 1980s. The symbolic conclusion came with the 1987 death of Giacomo Luppino at the age of 88. His sons tried to take the place of their father but did not have the clout or the connections he enjoyed. John Papalia was spending so much time in jail that he was unable to wield any real power. The power vacuum created in the late 1980s opened the door for an even greater fractionalization of Ontario’s organized crime scene as a diverse range of professional criminals, including Chinese triads, outlaw motorcycle gangs, Russian criminal groups, Colombian “cocaine cowboys,” and organized street gangs crowded the criminal underworld.

Yet, some Italian OCAs continued to be a powerful underworld force in southern Ontario. In 1985, CISC described how the 'Ndrangheta continued to operate “a number of loosely structured ‘cells,’ which are branches of crime families based in Calabria, Italy. These cells exist in the London, Hamilton, Ottawa, and Toronto area” (CISC, 1985: 7). A 1990 report by the Canadian Association of Chiefs of Police (CACP) noted that members of the 'Ndrangheta cells in Toronto were behind a large-scale counterfeiting ring that was distributing American \$100 counterfeit bills in the Toronto area. “Many members” of the 'Ndrangheta in the Toronto area were also “heavily involved” in trafficking heroin in Ontario and New York, which was supplied to the 'Ndrangheta groups in Calabria while the Siderno Group helped broker deals to obtain cocaine, which would be sent to Europe (CACP, 1990: 40). By 1992, the CACP acknowledged that 14 “traditional organized crime groups” were active in Ontario. “Members of these organizations are established in Toronto, Windsor, Hamilton, Ottawa, and the Niagara Region,” according to the report. “All of these groups associate with their counterparts in Quebec, the United States, and Italy. Connections have been confirmed between the American LCN in Detroit, Michigan and organized crime groups in Ontario” (CACP, 1992: 19).

At the dawn of the new millennium, the 'Ndrangheta emerged as the most powerful Mafia faction in Italy and one of the most dominant OCAs in Europe. It had become that continent’s largest cocaine importer, supplied in part by Mexican drug cartels, and had influence over numerous marine ports in Europe to expedite the smuggling of cocaine and other drugs into the continent. In Canada, the 'Ndrangheta had risen to a “Tier 1” national threat, RCMP Superintendent Kevin Harrison was quoted as saying in 2012. Around the same time, the *Toronto Star* printed condemnations from senior Italian law enforcement officials who accused Ontario of becoming an international “penal colony” for members of the 'Ndrangheta who had fled Italy for the sanctity of

Canada. As part of a sweeping investigation into the 'Ndrangheta in Italy, prosecutors there presented documents alleging there were at least seven Calabrian Mafia cells in Ontario. Edwards and Nicaso (2015: 99) claim that nine 'Ndrangheta families were based around Toronto, mostly in York Region. Each clan or *locali* is grouped around a nucleus of family, with strong ties to clans in their native Italy. The boss of each *locali* also has a seat on the influential *La Camera di Controllo* ("board of control") in Ontario (*Toronto Star*, Sep. 22, 2012). Nicola Gratteri, the chief anti-Mafia prosecutor in Calabria, was quoted in the Canadian media in 2013 saying there were at minimum nine 'Ndrangheta cells in Toronto alone, with "hundreds of members, as each *locali* has at least 51 members." For Gratteri, while the 'Ndrangheta operates in numerous continents and countries around the world, he identified the "foreign country where the 'Ndrangheta is the most present is in Canada ... mostly in Ontario, especially Toronto, and also in Montreal" (*CBC News*, Jun. 28, 2013). Other Italian prosecutors were quoted as saying the Canadian 'Ndrangheta cells had climbed "to the top of the criminal world" by becoming dominant players in the global drug trade and a "very good place for laundering money" (*National Post*, Sep. 20, 2012).

In June 2015, the 'Ndrangheta was the target of a sweeping police investigation in the GTA. According to a Combined Forces Special Enforcement Unit (CFSEU) press release, on the morning of June 2, 2015, the unit "arrested 19 men for numerous offences related to criminal activity of several cells of a criminal organization, the 'Ndrangheta." The arrests were part of Project Phoenix, an investigation that began in May 2013 and targeted "the highest levels of the 'Ndrangheta criminal organization operating within the GTA" (CFSEU—Ontario Press Release, Jun. 3, 2015). The CFSEU said it dismantled two alleged cells of the 'Ndrangheta that were involved in importing cocaine, trafficking firearms, extortion, laundering the proceeds of crime, and "extreme violence" (*CTVNews.ca*, Jun. 3, 2015). One cell was led by Giuseppe Ursino of Bradford, who was charged, convicted, and sentenced to 11.5 years. His conviction was particularly significant because of the court's recognition of the 'Ndrangheta as a structured criminal organization (*CBC News*, Jun. 3, 2015; *Toronto Star*, Jun. 3, 2015, Feb. 28, 2019). Another one of the cells targeted was previously led by Carmine Verduci, who was shot dead outside the Regina Sports Café in Woodbridge in April 2014. Before his death, Verduci was the subject of an arrest warrant issued by Italian authorities for his involvement in Mafia activities in that country. According to the CISC's 2019 annual report, a flare-up of recent violence in southern Ontario seems to be directed at individuals, associates, or businesses belonging to 'Ndrangheta cells in the GTA: "The violence in the GTA may have been a result of a power struggle for territorial control and conflicts related to cocaine importing, illegal gaming, and debts owed" (CISC, 2019: 10).

In 2019, 15 people associated with an 'Ndrangheta clan in the Toronto area that police call the Figliomeni Crime Family were arrested as part of Project Sindacato. The group allegedly ran lucrative gambling and loansharking rackets from 11 cafés and social clubs in Vaughn, Ontario, which generated as much as \$70 million, with the

proceeds being laundered through real estate, construction, and financial services businesses and casinos in Ontario. Police seized more than \$30 million in assets, including high-end homes, five Ferraris, jewellery, bank accounts, and \$1 million in cash. Police in Calabria also arrested 12 people they said were connected with the Canadian cell (*CBC News*, Jul. 18, 2019; *CP24.com*, Jul. 18, 2019). Among those arrested in Canada was Angelo Figliomeni, the clan's leader, who is also reputed to be one of the most powerful 'Ndrangheta figures in Ontario. The Canadian case fell apart in 2020 when the charges were stayed against Figliomeni and the defendants because the courts decided that police improperly monitored interactions between suspects and their lawyers, which was a significant breach of solicitor-client privilege (*National Post*, Feb. 24, 2021).

ITALIAN ORGANIZED CRIME IN QUEBEC

Throughout the Great Depression, the Second World War, and the postwar years, Montreal had a reputation as the vice capital of Canada. As Alan Phillips wrote in his 1963 exposé, the city's "two hundred night clubs offered entertainment second only to New York. Its bordellos were famous. Its wide-open dice games drew an international clientele. You could bet any sum on a game or a horse through fifty-some wire-serviced bookmakers" (Phillips, 1963a: 10). Montreal's reputation as a sink of iniquity was bolstered during the postwar years with the invasion of American mobsters, who brought with them scores of bookmakers, crooked stockbrokers, strong-arm crews, and heroin importers. At the vanguard of the American criminal invasion in the 1940s and 1950s were senior members of New York's Mafia families, who were bent on taking over and consolidating Montreal's rackets. Three men, in particular, would lead the American Mafia's takeover of Montreal's vice industry: Joseph Bonanno, Carmine Galante, and Vincenzo Cotroni. In the process, the three would establish one of the most powerful, lucrative, and durable OCAs in Canadian history.

Giuseppe Carlo (Joseph) Bonanno was the head of one of New York's five Mafia families, and under his control, his family prospered. Bootlegging, tax fraud, and drugs would be his family's stock and trade, but Bonanno also invested heavily in legitimate businesses, including clothing factories, cheese producers, moving and storage, pizza parlours, espresso cafés, catering, and funeral parlours. Whatever business Bonanno was involved in, he was constantly looking to grow and expand. When he made it clear that Quebec fell within his realm of influence, competing crime boss Stefano Magaddino angrily accused Bonanno of "planting flags all over the world" (Talese, 1971: 21).

Bonanno ruled his Quebec fiefdom from New York but sent senior lieutenants to Montreal to establish a presence there. In 1953, Carmine Galante relocated from Brooklyn to Montreal to run the Bonanno family's bookmaking and gambling operations in the city. Soon, he began organizing the city's underworld on behalf of the New York families. Galante began by demanding protection money from gambling dens,



Photo 5.7: Joe Bonanno

Source: Illustration by Ben Firsch



Photo 5.8: Mug shot of a young Vic Cotroni

Source: Wikimedia Commons

bookmakers, drug traffickers, brothels, night clubs, thieves, and shady stockbrokers—as much as \$300 a week from each, plus 25 percent of their revenue. Those who refused to pay were faced with violent attacks, arson, or police raids. By 1954, Galante was extending his influence to Montreal's legitimate businesses by investing in nightclubs, bars, and restaurants. Galante also established a local *decina* of the Bonanno family, swearing in fellow Italians as members and establishing himself as the *capo decina*. One of those Galante initiated into the Bonanno family was Vic Cotroni. Cotroni quickly impressed Galante, and the two became friends and later godfathers to each other's children. Cotroni's standing in the Montreal *decina* accelerated quickly to the point that he would take over from Galante, paving the way for his long career as one of Canada's most powerful criminals.

Vincenzo (Vic) Cotroni was born in 1911 in the small Calabrian village of Mammola. In 1924, he, along with his parents, two sisters, and younger brother Giuseppe, immigrated to Canada and settled in Montreal. Rather than attend school, Vic worked briefly as a carpenter's apprentice and then as a wrestler under the name "Vic Vincent." He became a student of Armand Courville, a well-known local wrestler and coach who also had financial interests in various bars, speakeasies, and gambling houses. It was Courville who introduced Vic to Montreal's seamier side; before long, his student was involved in bootlegging, petty theft, cheque kiting, passing counterfeit money, and working as a political goon that stuffed ballot boxes and terrorized voters on election day. The two would become good friends, business partners, and criminal associates for the next 50 years.

CRITICAL THINKING EXERCISE

The close and long-lasting business partnership between the Italian immigrant Vic Cotroni and the French Canadian Armand Courville is indicative of the multi-ethnic nature of organized crime in Montreal. Unlike Cotroni, Courville could never be a made member of the Bonanno family, but he was Cotroni's most trusted associate and was even assigned members of the family to his supervision. Research and critically examine the extent to which the Montreal Mafia was multi-ethnic in carrying out its criminal activities. What does this say about the label *Italian organized crime* and about the organization of criminal offenders in Quebec generally?

In 1942, Armand and Vic bought the Café Royale, a popular nightclub located in the heart of the red-light district and frequented by many of Montreal's criminal elite. Cotroni, Courville, and other investors also became partners in gambling operations, which they ran out of apartment buildings. In tandem with Courville, Vic entered the corrupt world of Quebec politics, and in 1947 he was charged with and later acquitted of voter impersonation.

As Vic rose through the ranks of the Montreal Mafia, he had several men reporting to him. His influence in the local *decina* grew even greater when Galante was deported from Canada in 1954 and by the end of the decade would become the *capo decina*. He had also grown quite wealthy from his interests in a wide variety of profitable enterprises, including extortion, gambling, bookmaking, labour racketeering, prostitution, and loansharking. Joining him as made members of the Bonanno wing in Montreal were his two younger brothers, Giuseppe (Pep) and Francesco (Frank) Jr. Neither would ever rise to the heights of their older brother, although both would become key players in the American LCN's international drug trafficking network.

The Cotroni brothers helped establish Montreal as a major portal for the entry of heroin into North America and, as part of the French Connection, established direct connections with Corsican suppliers in France. By 1956, it was estimated that at least half of the heroin supplied to North America was entering the continent through Montreal (Edwards, 1990: 29–30). In 1959, Pep Cotroni was arrested, along with dozens of other people in Canada and the United States, for drug trafficking and later convicted and sentenced to 10 years in jail. Another trial involving his American co-conspirators ended in the summer of 1962 with the conviction of, among others, Carmine Galante, who was sentenced to 20 years (Charbonneau, 1976).

The Montreal Mafia in the 1960s and 1970s

For years to come, the Montreal *decina* would send millions of dollars to New York, generated from the heroin trade and other highly profitable criminal activities. Vic Cotroni's

stature as a powerful and respected Mafia *capo* was also evident; while his brother and other members of the Montreal and New York Mafia were being convicted on drug trafficking charges, all strictly adhered to the code of *omerta* and shielded Vic from arrest and prosecution. The Cotroni *decina* was also pulling in money from other illicit sources. By the mid-1960s, their gambling interests alone were multi-faceted: Montreal continued to be a major bookmaking centre for North America, and Vic oversaw numerous gambling operations in the city while expanding into the Ottawa–Hull region. They were also now offering gambling junkets from Montreal to mob-controlled Las Vegas. In addition, money poured in from extortion and protection rackets, loansharking, and labour racketeering. Cotroni also controlled several highly profitable, legally incorporated businesses in Montreal, including construction companies, food-importing firms, and ice cream manufacturing and distribution operations, as well as hotels, restaurants, and bars.

To carry out his numerous criminal and semi-legitimate business ventures, Vic built a productive and sturdy crew in Montreal. At the core of his organization were some 20 “men of honour.” During the 1960s and early 1970s, Vic’s most senior lieutenants were Luigi Greco, Nicola Di Iorio, Frank Cotroni, and Paolo Violi. While full-fledged membership in the Bonanno *decina* was available only to those of Italian descent, there was no discrimination based on what part of Italy someone hailed from. Testifying before the Quebec Organized Crime Commission in 1975, Dr. Alberto Sabatino, a senior official with the Italian national police, stated that the Montreal Mafia was an “exceptional” mixture of Calabrian and Sicilian men and that it was “unusual” to see the two regional groups working as one Mafia organization. “Such a mixture of Calabrian and Sicilian gangsters does not occur in Italy,” Dr. Sabatino said (*Montreal Star*, Dec. 3, 1975). What Sabatino did not know at the time was that cleavages did exist between the Sicilian and Calabrian factions, which would soon result in a wholesale transformation of the organization’s leadership and hierarchy. One of the men at the centre of this conflict was Paolo Violi. Born on February 6, 1931, in Sinopoli, a rural village on the Calabrian peninsula, Paolo’s father was accused by Italian police of being the boss of the local ‘Ndrangheta and was once even exiled from the village under that country’s anti-Mafia laws. By the late 1960s, Paolo was making his move to take over the Cotroni *decina*, and by the end of the decade, he shared power with Vic.

The 1970s would become one of the tumultuous decades for the Cotroni–Violi *decina* as Nick Rizzuto, who headed up the Sicilian wing, began to chafe under the authority of the Calabrians, Cotroni and Violi. Rizzuto had already become a major drug trafficker in his own right, helping to oversee a global heroin and cocaine trafficking network that brought in millions for the Bonanno family. As Rizzuto became wealthier and more powerful, he refused to follow the orders of Cotroni and Violi. As Edwards and Nicaso (1993: 66) write, “Rizzuto glibly ignored them, doing whatever he pleased, whenever he pleased. Worse yet, newly arrived Sicilian mobsters in Montreal gravitated toward him, while ignoring the old Calabrian leadership.” Vic Cotroni and Paolo Violi felt so betrayed by Rizzuto’s contemptuous actions that they moved to have him

formally expelled from the Montreal *decina* and even considered seeking permission from senior Bonanno family officials to have him killed. But Violi was smart enough to know that New York would never sanction such an extreme move, especially given the drug trafficking revenues that Rizzuto was generating. In September 1972, two ranking members of the Bonanno family arrived in Montreal to try to settle the dispute and, after sitting down with each side, decided that Rizzuto should stay in the Montreal *decina*. This decision infuriated Cotroni, who, in one police recording, fumed that he had the power to kick Rizzuto out: "Me, I'm capo decina. I got the right to expel" (Quebec Police Commission Inquiry on Organized Crime, 1977a: 73–74).

But Vic and Paolo were not about to challenge the authority of New York, and while both lost face as a result of the decision, they exacted some revenge when Paolo was named interim head of the family in 1974 after Vic was imprisoned for refusing to appear before the Quebec Crime Commission hearings. This was the final affront for Rizzuto, who fled to Venezuela to join his fellow Sicilian drug dealing associates in Caracas. The mutual antipathy between Rizzuto and Violi only grew as Paolo did everything in his power to contain the growth and influence of the Sicilians within the Montreal Mafia (Quebec Police Commission Inquiry on Organized Crime, 1977a: 93).

While Nick was establishing an international base in Caracas, his son Vito Rizzuto remained in Montreal to help coordinate the importation of heroin and cocaine and to maintain a foothold in the city and the local Bonanno wing until the opportunity presented itself to launch a coup. With the retirement of Vic Cotroni in the late 1970s, Nick Rizzuto slipped back into Montreal and waged war on Violi, which would end up costing the lives of several men, including Violi, who was murdered in 1978. With Violi dead, Nick Rizzuto and his son Vito assumed control of the Mafia in Montreal. For Rizzuto, the elimination of Cotroni and Violi removed the last obstacle to Sicilian control of the Mafia in Quebec. With much of his ambitions realized, Nick passed the reins of power to his capable son, Vito, and returned to Venezuela. Together, the two ensured that Montreal would continue as a major gateway for drugs imported into North America, whether it was heroin now being processed in Sicily, cocaine from South America, or hashish from Pakistan and Lebanon.

By the early 1980s, the Rizzutos began to seek greater independence from New York. While they did not immediately cut off ties with the Bonanno family, over the



Photo 5.9: Paolo Violi

Source: Illustration by Ben Firsch

years they gained considerable autonomy to the point where they were no longer considered simply a *decina* but a separate family in their own right. As for Vic Cotroni, his life was spared because of the status he enjoyed in Montreal's gangland, but also because it was only a matter of time before his cancer-riddled body would cease to function. On September 16, 1984, Vincenzo Cotroni died of cancer at the age of 74. Over the next two decades, Vito Rizzuto would entrench his position as Canada's most powerful Mafia don, and perhaps the most powerful criminal in all of Canada, while increasingly asserting his independence from the Bonanno family.

The Rizzuto Family: 1990s to Present

Under Rizzuto, the Montreal Mafia was accumulating a fortune from the financing, smuggling, and trafficking of large quantities of hash, heroin, and cocaine. It was running a network of lucrative gambling and bookmaking operations that generated hundreds of millions of dollars a year. In April 2001, a \$200-million gambling operation in Montreal, Ottawa, Hamilton, and Toronto was disrupted by the arrest of 54 people in Quebec and Ontario. The 10-month investigation zeroed in on a high-tech bookmaking operation, linked to Rizzuto, that took bets on sporting events from across North America. Police also discovered a parallel loansharking operation and heard from one bettor who was given a loan to pay off his \$75,000 gambling debt with interest with the interest totalling around \$60,000 (CISC, 2001: 57; *Hamilton Spectator*, Apr. 12, 2001; *Ottawa Citizen*, Apr. 12, 2001; *Toronto Star*, Apr. 12, 2001).

In its 2001 annual report on organized crime, the CISC (2001: 57) asserted that the Rizzuto family "remains one of the most influential and powerful criminal organizations in the Montreal area, exerting extensive influence over other criminal organizations operating in Montreal." Rizzuto was well respected in Quebec's criminal underworld, and his power so unchallenged that he was credited with playing a major role in persuading the leaders of the Hells Angels and the Rock Machine to negotiate a truce to their bloody war in Quebec. Indeed, Rizzuto revelled in the traditional role of the Mafioso as a broker. In this regard, he forged ties "with other organized crime groups to facilitate joint criminal endeavors" (CISC, 2002: 1), including Mafia families in Sicily, 'Ndrangheta clans in Canada and Italy, the Hells Angels, the West End Gang (which had influence over Montreal's marine ports), and Colombian cocaine suppliers. As Lamothe and Humphreys (2006: 208) write, "Few fully recognized the growing influence of the Sixth Family"—a title that alludes to the independence and power of the Montreal Mafia under the Rizzutos by equating it with the five New York families—and "fewer still understood that what was once a small, outpost of subservient gangsters had grown into an independent and powerful entity that could hold its own in any underworld on any continent." As the leader of the Montreal Mafia, Vito evolved into what Nicaso and Lamothe (2005: 44) call the "epitome of the modern global gangster." He was forging a global organized criminal conglomerate that would surpass the reach,

wealth, and power of any of the five New York families. While the Montreal *decina* may have only had 20 or 30 made members at any one time, Rizzuto could count on hundreds of criminal associates around Canada and the world.

In 2004, police and prosecutors in the United States accomplished something that had eluded Canadian police for years: they laid serious criminal charges against Vito Rizzuto that would eventually stick. On January 20, the 57-year-old Rizzuto was picked up by Canadian police in response to an American warrant issued for his alleged involvement in three murders dating back to 1981. Rizzuto was one of 30 men arrested, most of whom were members of the now-reeling Bonanno family. An American attorney in New York called the arrests “the broadest and deepest penetration ever of a New York City-based organized crime family” (*Globe and Mail*, Jan. 21, 2004). Rizzuto was accused of being the lead gunman in the May 1981 murders of three high-ranking members of the Bonanno family, who were killed as part of an internal power struggle. US federal officials quickly began extradition proceedings against the man they described as “the most influential Bonanno family member in Canada, the only family with a significant presence in Canada” (*Globe and Mail*, Jan. 21, 2004). Rizzuto was eventually deported from Canada, and on May 4, 2007, he pleaded guilty to racketeering charges in a New York courtroom. As part of a plea agreement, Vito was given a 10-year sentence to be followed by a 3-year supervised release. The plea bargain required that Rizzuto confess to his role in the murders. “I was one of the guys who participated in this. My job was to say that it was a holdup so [the captains] would stand still,” Rizzuto told the judge: “The other guys came in and started shooting” (*Montreal Gazette*, May 5, 2007).

For the next five years, Rizzuto would languish in a maximum-security prison in Colorado. He was far from his home and family in Montreal and was rendered largely powerless to guide and protect a criminal empire that was now under attack from all sides. The Quebec police task force Operation Colisée had resulted in jail time for senior members and associates of the Rizzuto family. Competing groups attempted to fill the void left by Rizzuto’s absence, including the Ontario-based ‘Ndrangheta clans, which were using violent street gangs to muscle in on the Rizzuto family’s rackets in Montreal and to gain some influence over the Port of Montreal to facilitate the importation of cocaine (Cédilot & Noël, 2011: 469). To clear the way, several of the Rizzuto Mafia family leaders were killed, including his son, his father, and Agostino Cuntrera, who had reportedly



Photo 5.10: Vito Rizzuto

Source: Illustration by author, based on a newspaper photo

taken over the reins of the family. The murders were strategic but also symbolic; it was Nick Rizzuto who orchestrated the putsch that overthrew the Calabrian leadership of the Montreal Mafia in the late 1970s, and it was Cuntrera who helped to carry out the 1978 murder of Paolo Violi. Vito's brother-in-law, neighbour, and *consigliere*, Paolo Renda also disappeared and was never seen again. In October 2012, Vito Rizzuto was released back to Canada from the United States after serving six years of his manslaughter sentence. He died on December 23, 2013, at Sacré-Coeur Hospital in Montreal. The 67-year-old had been admitted that day for pulmonary problems, and the hospital later announced he died of lung cancer. His family asked that no autopsy be performed, fuelling some suspicions that the causes of his death were anything but natural.

The death of Vito Rizzuto, combined with the ambitious nature of the 'Ndrangheta, the Hells Angels, and other OCAs, led to more violence and instability in the organized criminal underworlds of Quebec and Ontario. At least 10 senior lieutenants in the Rizzuto family have been killed since Rizzuto's death, and police say at least 17 murders in the Montreal region in 2019 were related to organized crime (*Montreal Gazette*, Dec. 20, 2019). Some of the murders were part of internal struggles within the Montreal Mafia, whether the struggle was about succeeding Rizzuto as leader, fighting between the Calabrian and Sicilian factions, or who would control the organization's lucrative drug trade. Regardless, while individuals connected to the Montreal Mafia continue to be active in drug trafficking and illegal gambling, they have lost a considerable amount of power in the city's criminal underworld to the Hells Angels (*La Presse*, Sep. 23, 2019). This power has also been diluted by sustained enforcement actions.

DESCRIBING AND ANALYZING ITALIAN ORGANIZED CRIME: THE MONTREAL MAFIA

The preceding historical overview provides some indication of the characteristics of IOC groups generally and those in Canada specifically. Using the typology created in chapter 3, this section examines in more detail the salient characteristics of the Montreal Mafia. This includes an analysis of the group during the years it was under the leadership of the Calabrian faction (Vic Cotroni and Paolo Violi) and while it was led by the Sicilians (Nick and Vito Rizzuto).

Organizational

Multiple Offenders

The history of the Montreal Mafia shows that, over time, there have been dozens and perhaps hundreds of people involved in the criminal activities it carried out, although at any one time the organization had only between 20 and 30 inducted members.

A Systematic Pattern to the Relationships among Offenders

According to the Quebec Police Commission Inquiry on Organized Crime (1977a), individuals associated with the Cotroni *decina* can be grouped into four categories: (1) regular members, (2) unestablished regular members, (3) hopefuls, and (4) non-member associates. At the core of this crime organization was the “regular” (inducted aka “made”) members who were “cemented together by family ties, friendship, common ethnocultural origins, and a strict code of loyalty and silence” (Carrigan, 1991: 182). Blood ties were an important factor in the membership of the *decina*: made members advanced through the ranks, not necessarily by their skill but based on their blood ties to Vic. Both of Vic’s brothers were high-ranking lieutenants while two of his nephews were also made members: “We can therefore say that in many respects the Cotroni–Violi gang is a true family unit” (Quebec Police Commission Inquiry on Organized Crime, 1977a: 37). Similarly, Nick Rizzuto appointed his son to lead the Montreal Mafia while two of Vito’s sons were reportedly made members.

Common ethnocultural ties are also a binding force for the Montreal Mafia. When the Calabrian faction (Vic Cotroni and Paolo Violi) was in charge, secondary leadership roles were most frequently filled by fellow Calabrians (and not just Cotroni family members). When the Rizzutos took over, their lieutenants were more likely to be Sicilian in heritage. Several members of the Cotroni *decina* came from the same village or area in Sicily, Calabria, or Campania, which was deemed important for a ranking position. Similarly, the Rizzutos worked closely with, and elevated to prominent positions, individuals who hailed from Siculiana, Sicily, the birthplace of both Nick and Vito.

The Montreal Mafia also serves as the infrastructure for a larger criminal organization, which includes partners and associates from all types of ethnocultural backgrounds and who are involved in numerous illegal enterprises and legal businesses.

In short, regardless of who led the Montreal Mafia, there is a systematic pattern to the relationship among the offenders. Based on Ianni’s (1974) model, the relationship among made members is “associational” (held together by close personal relationships such as kinship and shared ethnicity), while the relationship between the made members and associates is “entrepreneurial” in the sense that the bond is less personal and more determined by business interests. The structure of the Montreal Mafia is also reflective of the patron–client model. At the centre of these relationships is the *capo decina*, who is a patron to his constituents, brokering business transactions, connecting buyers with suppliers, providing protection, and mediating disputes if they arise. For example, the Quebec Police Commission Inquiry on Organized Crime (1977a: 65) reported that Paolo Violi “was called on to intervene in disputes which had no connection with the criminal activities of his family. People outside the criminal world went on their own to ask Violi’s help. Violi settled these disputes in the traditional manner of the underworld, substituting his ‘justice’ for that of legal institutions.” In a discussion with high-ranking members of the Sicilian Mafia on April 22, 1974, Violi himself defined the obligations of a Mafioso: “We’re here to do the thinking, to arrange things for this one and that one

... and our job, all the time, is to straighten things out" (Quebec Police Commission Inquiry on Organized Crime, 1977a: 65). As journalist Pierre Beauregard wrote on November 21, 1975, "the all-powerful Paolo Violi is party to all the plots, shares in all the rackets, and draws profits from all the criminal acts that take place within the reach of his long arm" (as cited in Quebec Police Commission Inquiry on Organized Crime, 1977a: 59). Under Violi's leadership, the Montreal Mafia exemplified the private protection model of organized crime, in which the Mafioso mediates and taxes all underworld transactions in his particular jurisdiction. In one conversation intercepted by police on March 27, 1974, a young *picciotti* (soldier) incurred the wrath of Violi because he had sold stolen jewels without consulting him first. Violi went as far as to oblige the young man to pay a penalty of \$600 for not having gone through him (Quebec Police Commission Inquiry on Organized Crime, 1977a: 59).

By all accounts, Vito Rizzuto also saw his role as a *patrone* whose job was to arrange business opportunities, either by financing them or brokering partnerships among different actors. He also saw himself as a mediator, which was cited during a public inquiry into allegations of corruption in Quebec's construction industry (the Charbonneau Commission) that began in May 2012. Lino Zambito, the president and co-owner of one construction firm, testified to the commission that Rizzuto personally intervened in a dispute between companies over who should win a bid for renovating Montreal's Acadie Circle (*Chronicle Herald*, Nov. 14, 2014; *Hamilton Spectator*, Oct. 2, 2012; *Montreal Gazette*, Sep. 28, 2012).

Hierarchy/Division of Labour/Specialization

According to the Quebec Police Commission Inquiry on Organized Crime (1977a: 48), there were two kinds of ranks and degrees of power in the Cotroni *decina*: (1) a formal hierarchy, consisting of a well-defined line of command; and (2) an informal hierarchy, based mainly on personality and the conduct of the members toward each other. The formal line of command included an internal division of labour among members. Vic Cotroni and Paolo Violi both had "complete authority to commit the group's resources for given objectives," and big operations were always first submitted to Vic Cotroni for approval. While the commission concluded the power inherent in the *capo decina* was absolute, he ultimately had to defer to his bosses in New York (Quebec Police Commission Inquiry on Organized Crime, 1977a: 54).

Assisting the *decina* leadership was an underboss; from the late 1940s to his death in 1972, this was Luigi Greco. Violi was appointed to this position in the 1970s before he was promoted to co-leader. Below the underboss were several captains to whom a measure of authority was delegated. These captains were in charge of a particular geographic district in Montreal (although they were also involved in drug trafficking conspiracies that took place outside their local district). With such names as the "St-Laurent Gang" or the "Sorrento Gang," each cell was headed by a high-ranking member who had several *picciottis* under his command (Quebec Police Commission Inquiry on Organized

Crime, 1977a: 50). Underneath the soldiers, and outside the membership ranks of the *decina*, were prospects (the “unestablished regular members” and the “hopefuls”) who were eligible for membership in the Bonanno family. Outside of the Montreal *decina* were associates or partners, many of whom were not Italian in heritage and as such could never be made members.

Alongside the formal hierarchy, there appeared to be an informal power structure that ranked each member, and even external associates of the *decina*, at a different level of authority and importance. Not all members of the same formal rank were necessarily equal. A *picciotti* who had unique skills or contacts or made the *decina* a lot of money had more stature than his official rank indicated (Quebec Police Commission Inquiry on Organized Crime, 1977a: 51). In some instances, associates external to the family were deemed more important than made members and even had *picciottis* working for them. A case in point is Armand Courville, whom the Quebec Crime Commission of the 1970s cited as “one of the most influential and respected non-Italian partners” of the Cotroni–Violi *decina*: “A close friend of Vincent Cotroni for over forty years, this French Canadian has been his principal associate in numerous illegal and business undertakings and is also a partner with Paolo Violi in Reggio Food in Montreal North” (Quebec Police Commission Inquiry on Organized Crime, 1977a: 39).

It was the ability to specialize in functions deemed critical to the *decina* that made some of the external associates close to the leadership. For many years, Leslie Coleman, a Black man, worked for underboss Luigi Greco as a bodyguard and specialized in enforcement roles. After Greco died in 1972, Coleman attached himself to his replacement, Paulo Violi. Because of his loyalty and many years of service to the family, Coleman was assigned to the Ottawa–Hull region in 1973 to “intimidate people in his efforts to control the gambling and betting houses, as well as the bookmakers” (Quebec Police Commission Inquiry on Organized Crime, 1977a: 45). William (Willie) Obront was the *decina*’s chief financial consultant, despite not being able to qualify as an inducted member. His job was to launder and reinvest the illegal revenues into both legitimate and illegal business ventures. Over the course of 1974 and 1975 alone, Obront had handled more than \$80 million for the Montreal Mafia and its associates. Obront also ran a thriving loansharking business, and in 1973, he took over all gambling in the Ottawa–Hull area for the *decina* (Quebec Police Commission Inquiry on Organized Crime, 1977b: 148).

Limited or Exclusive Membership/Recruitment

Like most traditional Mafia groups, membership in the Montreal Mafia was restricted to those of Italian heritage. However, unlike Mafia groups in Sicily or America (where membership was restricted to Sicilians) or the ‘Ndrangheta clans in Italy and Ontario (where membership is restricted to Calabrians), the Montreal Mafia is unique in that it has a mix of both. As mentioned, several individuals of non-Italian descent were associated with the Cotroni–Violi *decina*, including French Canadians, Anglo-Saxons, the Irish, Jews, Slavs, those of African heritage, and others. However, because most

were not Italian, they could never become members. Paolo Violi confirmed this on May 10, 1974, when speaking of one French Canadian who worked as an enforcer for him: “Yeah, but you gotta know that the guy who was with us, he’s a good ‘picciotto,’ a French ‘picciotto.’ He’s good.... Yeah, but he’s not one of ours” (Quebec Police Commission Inquiry on Organized Crime, 1977a: 36). To become a “man of honour,” prospects of Italian heritage had to serve a lengthy probation period. According to the Quebec Police Commission, “a system of recruitment, apprenticeship and rigorous selection of members” is characteristic of the Montreal Mafia:

There are officially recognized regular members, that is, those who, after a trial period, are selected according to the rules. Others, even though admitted to the family after probation, must wait for openings to be officially accepted. Then there are trainee members of outside families who come to Montreal to work with the local family and who must submit to a trial period regardless of their rank outside. Finally, there are local trainees, without status, who must make their mark in order to move up in the organization.... In short, not everyone who wants to may enter the Cotroni–Violi family. The strict, selective method of admitting new members, which indicates that recruiting is done on a fairly systematic basis, points to the fact that this group constitutes more than an ordinary criminal gang. (Quebec Police Commission Inquiry on Organized Crime, 1977a: 35, 37)

There is some indication that Vito Rizzuto diverted from the age-old Mafia tradition of inducting only men of Italian heritage. One close associate of Rizzuto was Juan Ramon Fernandez. A Spaniard by birth, Fernandez was Rizzuto’s main representative in Ontario, where he coordinated various rackets for his boss. Fernandez was overheard on police wiretaps in Sicily bragging about how he was a “man of honour,” having been personally inducted into the Montreal Mafia by Rizzuto (*National Post*, May 8, 2013, May 9, 2013, May 10, 2013). Fernandez was gunned down in a planned ambush in Casteldaccia, just outside Palermo, Sicily, in 2013.

Risk Management: Insulation against Law Enforcement

The hierarchy and division of labour of the Cotroni *decina* were structured, in part, to ensure that Vic Cotroni was shielded from arrest and prosecution by delegating the hands-on criminal activities to the *picciottos* and external associates. This was fortified by group members’ commitment to the principle of *omerta*, as well as the reverence and respect paid to the *capo decina*. Vito Rizzuto was also protected by his Mafia family members and was never convicted of an indictable offence in Canada. His conviction and imprisonment in the US were the result of evidence given by senior members of New York’s Bonanno family who became state witnesses. Thus, it was not Rizzuto’s underlings but his superiors in New York who broke the sacred oath of *omerta*.

Corruption was also used to protect the Montreal Mafia. In the 1950s, a police search of the home of Frank Petrula, an associate of underboss Luigi Greco, found a

notebook that contained a list of funds (almost \$100,000) used by the *decina* to finance the campaign of a particular candidate for mayor. Petruła's payroll included the names of six newspapermen and a radio journalist who had accepted money to denounce and discredit the reform-minded Civic Action League and its mayoralty candidate, Jean Drapeau, who was running on a platform to clean the city of vice and gangsters during a recent municipal election (Carrigan, 1991: 176–77; Charbonneau, 1976: 83–85; Phillips, 1963a: 13).

Vic Cotroni and Paolo Violi used violence to expand and protect their illegal and legal commercial interests, the *decina*, and the Mafiosi themselves. Intimidation and violence serve numerous purposes for the Mafioso: to protect his kin and territory, to sustain his criminal activities, to ensure secrecy and obedience, and as a means to gain and reinforce respect, honour, and power. “The instant a Mafioso cannot protect those around him with violence, his respect evaporates and he becomes a target himself. Murder is considered an honourable means of gaining and guarding power, respect, and territory” (Edwards & Nicaso, 1993: 2, 7). The *decina* also employed many individuals—including many non-Italian associates—as enforcers and hired assassins. One of the most infamous of these was the French Canadian Réal Simard, who admitted to carrying out five murders on the orders of Frank Cotroni (Simard & Vastel, 1988). Despite Vito Rizzuto’s reputation as a man who preferred negotiation and dialogue, he did not shy away from the use of violence when his family came under attack. On November 4, 2012, less than a month following his return to Canada, Joe Di Maulo was gunned down outside his house. Police made no arrests in the murder; however, there were conjectures that his death was ordered by Vito as payback for Di Maulo’s apparent co-operation with the ‘Ndrangheta to depose him as leader of the Montreal Mafia (*Globe and Mail*, Nov. 6, 2012). In its 2020 annual report, the CISC contends that IOC groups in Ontario and Quebec continue to use “strategic violence against rivals to enhance and protect market shares.”

Violence may abate to some degree as control of profitable enterprises—such as multi-million-dollar illegal online sportsbooks—is consolidated. High-level Mafia figures continue to remain insulated from acts of violence, often using street gang members to commit acts of intimidation, extortion, arson, and murder. Homicide contracts often pass through several individuals before they are executed, and those who commit the acts are not bound by geographical region, as Montreal-based street gang members are known to commit violence in the GTA and the Hamilton area, and vice versa. (CISC, 2021: 14)

Continuity

The Montreal Mafia is an ongoing criminal organization that has persisted through time, beyond the life of individual members and leaders. The origins of this criminal group can be traced to the 1940s. Despite the loss of influential leaders—including Carmine Galante, Vic Cotroni, Paolo Violi, and Vito Rizzuto—and the constant

turnover in personnel (including many deaths), the criminal group continues to exist to this day, albeit in a truncated form compared to its past glory years.

Multi-Jurisdictional/Transnational in Scope and Co-operation with Other OCAs

The activities of the Cotroni *decina* were largely restricted to Quebec and eastern Ontario. As such, the group itself was not transnational in scope. For years, however, the Montreal Mafia was considered a wing of the Bonanno family, which would make it one of the few New York LCN families that was international in scope. The Montreal *decina* did have ties with other OCAs in Sicily, France, Brazil, and Venezuela, which were originally forged to facilitate international heroin trafficking, but these ties were largely ad hoc and based primarily on specific drug trafficking ventures. They also had strong connections with other Mafia families in Sicily to help expedite the “internal running of the Mafia, both in Montreal and in Sicily” (Quebec Police Commission Inquiry on Organized Crime, 1977a: 87). The Quebec Police Commission concluded that Mafia members in Italy and Montreal are all “friends” and belong to the same “association.” Violi referred to this in a May 10, 1974, phone conversation with a Mafia member in Sicily named Carmelo Salemi: “Some people who come from Italy have the same privileges when we know they’re ‘residents’ from over there. They come here ... they’re recognized by everybody.” To this, Salemi replied, “In our mob, it’s a friend and we gotta recognize a friend and that’s that” (Quebec Police Commission Inquiry on Organized Crime, 1977a: 88–89). The international drug trafficking operations and the bonds with like-minded Mafia groups in Sicily, however, were more characteristic of a network, not a transnational criminal organization.

It was Vito Rizzuto who turned the Montreal Mafia into a transnational criminal organization. This began with Nick Rizzuto’s relocation to Venezuela, largely to coordinate cocaine trafficking, and then enlarged by the Caruana–Cuntrera wing of the Montreal Mafia, which for years coordinated one of the world’s largest international cocaine and heroin trafficking and money laundering operations, with outposts in Canada, the United Kingdom, South America, Italy, and Switzerland. As Peter Edwards (1990: 177) writes, under Rizzuto, the Montreal Mafia was transformed from a neighbourhood-based group that “mediated community disputes” to a “multi-national drug trafficking conglomerate.”

Commercial

Over the many years of its existence, the business of the Montreal Mafia entailed a diverse range of profit-oriented criminal activities, including both predatory and consensual illegal activities, as well as illegal and legal goods and services. The consensual criminal activities include gambling, liquor smuggling and bootlegging, loansharking, drug trafficking, and prostitution. Its predatory crimes include protection rackets (extortion), business racketeering, labour racketeering, muscle for hire, the theft and

fencing of stocks and bonds, mass-marketing fraud, stock market manipulation, and counterfeiting. The Cotroni *decina* also controlled several legally incorporated businesses in Montreal, which were used to carry out both legitimate and illegitimate commerce.

The monopolistic ambitions of the Cotroni *decina* are evident in relation to their legitimate businesses, which flourished in part due to such illegal racketeering tactics as intimidation and violence. According to Edwards (1990: 6), the group's reach into legitimate businesses in Quebec was so long that "it was possible to bite into a pizza, every ingredient of which had been supplied by businesses run by Cotroni or his associates. And if you wanted spumoni ice cream for dessert, you were again enriching the Cotronis. This food monopoly reached its peak in Canada's centennial year when Cotroni enterprises managed to monopolize fast-food contracts at Expo '67 allowing Cotroni to fill thousands, perhaps millions of stomachs from across the world with diseased hot dogs." Cotroni, Violi, and associates such as Armand Courville gained a monopoly over the sale of Italian ice creams in the north end of Montreal through force and intimidation. One witness before the Quebec Crime Commission in the 1970s testified there were only two firms making Italian ice cream in the Montreal area, "and the second wasn't allowed to sell it because Violi didn't want it to" (*Montreal Gazette*, Nov. 29, 1975).

Outside of these semi-legitimate interests, there is no indication that the Cotroni *decina* attempted to monopolize criminal activities in Montreal. It tacitly tolerated competing drug trafficking groups in Montreal, such as the French Canadian Dubois Brothers gang, the only other crime group that could seriously rival the strength and scope of the Cotroni clan during the 1960s and 1970s. The Mafia's lack of appetite to take on the Dubois Brothers was due to a realistic assessment of the damages this group could inflict on the *decina* if they were to engage in a protracted war.

Vito Rizzuto also showed little appetite for monopolizing any particular territory or criminal activity. This stemmed in part from his predilection toward co-operating with other criminal groups to maximize revenues and avoid conflict. Rizzuto also saw himself as a financier and frequently became involved in criminal activities, such as drug trafficking, with other groups by fronting the much-needed capital. Under Rizzuto, the Montreal Mafia emphasized consensual crimes—in particular, drug trafficking (cocaine, heroin, and hashish), as well as gambling and bookmaking. With that said, as previously mentioned, the Rizzuto family was implicated in business racketeering by colluding with construction companies to fix bids for government contracts, which drove up the price of public construction in the Montreal region by 35 percent more than it should have cost (Canadian Press, Sep. 25, 2012, Sep. 26, 2012; *Montreal Gazette*, Sep. 27, 2012).

Operational: Planning, Coordination, and Sophistication

While relying on rudimentary and localized predatory criminal activities, such as extortion or theft, the Montreal Mafia was also a sophisticated criminal organization under

the leadership of Vic Cotroni and Paoli Violi. In addition to coordinating the import of hundreds of kilograms of heroin into Montreal every year, the Cotroni *decina* also became involved in several commercial crime activities, including stock market fraud and telemarketing fraud. The money laundering activities overseen by Willie Obront were particularly sophisticated for the time and included opening numerous bank accounts and incorporating a myriad of fake and legitimate companies to hide, legitimize, and invest vast amounts of dirty money. Obie was well at ease in the business world, and between 1950 and 1975, he was involved in 38 companies as owner, shareholder, or director (Quebec Police Commission Inquiry on Organized Crime, 1977a: 69, 73, 84; *Toronto Star*, Jan. 21, 1977).

The sophisticated nature of the Montreal Mafia was taken to an even greater level under Vito Rizzuto, in part because of the need to develop an intricate international network to expedite the extensive transnational drug operations that were being conducted under his watch. In its 1992 annual report, the CISC (1992: 20) observed that the “sophisticated structure of this crime group enables members to oversee the entire drug importation operation from source country to street level trafficking ensuring maximum profit.” The multi-million-dollar bookmaking operations under Rizzuto’s control, which used the Internet and smartphones to take bets on sporting events from across North America, were also some of the most elaborate and technologically sophisticated the country had ever seen.

Cultural/Behavioural

The Quebec Police Commission noted that most members of the Cotroni–Violi crime group “are in fact professional criminals. Recruits come largely from the underworld and related circles” (Quebec Police Commission Inquiry on Organized Crime, 1977a: 35). Together, these career criminals ran a rational, non-ideological criminal enterprise, in the sense that it focused primarily on profit-oriented crimes, while using their organizational structure and traditional Mafia principles (such as *omerta*), as well as corruption, violence, and money laundering, to protect the organization from law enforcement and competitors. Vito Rizzuto was seen as a highly rational criminal operator who expanded the organization’s business away from local predatory crimes to more profitable, international global consensual crimes and by breaking away from the collapsing Bonanno family to form his own family, which gave him more autonomy in his criminal and business affairs.

Subcultural Norms

Members of the Cotroni *decina* stayed true to many of the prevailing beliefs, principles, and norms associated with the Mafia. Paramount among these was the importance of respect, honour, secrecy, and loyalty. The Mafioso was a man of honour and deserved the utmost respect from his family members and associates. Violi was obsessed with the concept of respect and how it served as the underpinning of the “man of honour.” One

journalist described Violi as a “benevolent feudal monarch” who emphasized the “necessity of reciprocal respect between the leader and his subordinates” (Charney, 1979: 30). He personified Edwards and Nicaso’s (1993: 2) characterization of the Mafia’s “twisted concept of honour.” As a man of honour, the Mafioso “cannot stand the slightest offence and reacts violently when a *sgarro* (insult) is done to him. A man of honour knows he is capable of exercising violence in such a way that he frightens others into giving him deferential treatment” (7). In this regard, habitual criminals like Violi and other Mafiosi “feel the need to call themselves ‘Men of Honour,’ much the way those with the worst body odour in Elizabethan times often wore the most perfume” (2).

Rules, Regulations, and Codes of Conduct/Discipline

Supreme importance was placed on the sacrosanct codes of secrecy and loyalty—exemplified by how Vic Cotroni and Vito Rizzuto were protected by their underlings. During a long discussion with a Mafioso from Sicily on May 10, 1974, Paolo Violi was quite explicit about the importance of *omerta* in the affairs of the *decina*. When Giuseppe Cuffaro asked whether as an associate of the *decina* he could do business with “friends” from other Mafia families, Violi answered, “You can, but you can’t talk to them about affairs of the family” (Quebec Police Commission Inquiry on Organized Crime, 1977a: 78–79). Discipline was used in the Cotroni *decina* if rules of conduct were broken. At one end of the discipline spectrum was expulsion from the *decina*, while at the other extreme was murder. On several occasions, Vic Cotroni and Paolo Violi spoke of their intention to expel Nick Rizzuto from the ranks of the family and even to have him killed due to his independent ways and the lack of respect he displayed them.

CONCLUSION

The preceding analysis strongly suggests that the Montreal Mafia satisfies most if not all of the attributes of an OCA laid out in the theoretical typology in chapter 3. Moreover, whether under the leadership of Vic Cotroni, Paulo Violi, or Vito Rizzuto, the Montreal Mafia appears to reflect many of the principles of the Sicilian and Calabrian Mafia. The same can be said for the ’Ndrangheta clans operating in Ontario. If the Montreal Mafia is in any way representative of mainstream Canadian cultural and social norms, it would be due to its relative success with multiculturalism. The term *Italian Canadian organized crime* may be a misnomer in that while made members of the Montreal Mafia are of Italian descent, many of its most important collaborators came from a range of ethnocultural backgrounds (Vito Rizzuto may have taken this one step further when he allegedly inducted a Spaniard into his Mafia family). With that said, despite the long, peaceful coexistence of the Calabrian and Sicilian factions in the Montreal Mafia, it eventually did result in bloodshed (which, when extrapolated to Quebec and Canada as a whole, may be a cautionary tale that exposes the multicultural underbelly of intolerance, racism, and prejudice).

KEY TERMS

Black Hand	Mafioso
<i>Capo decina</i>	Man of honour
<i>Capo di famiglia</i>	'Ndrangheta
<i>Capo di tutti Capi</i>	<i>Omerta</i>
<i>Capomafioso</i>	<i>Padrone</i>
<i>Crimini</i>	<i>Partito</i>
<i>Decina</i>	Tribute
<i>Famiglia (family)</i>	

REVIEW QUESTIONS

1. What are the origins of Italian organized crime in Italy? In the United States? In Canada?
2. What are some of the main philosophies and principles of the Mafia?
3. What are the factors that helped ferment the genesis and proliferation of IOC in North America? What etiological theories presented in chapter 4 can be used to explain the origins and spread of IOC in Canada?
4. How has IOC in Canada been influenced by that in the United States?
5. Compare and contrast IOC in Quebec and Ontario. What are the two main IOC factions in Canada?
6. Which theories from chapter 4 are most applicable to explaining IOC in Canada? What are some of the critiques of the theories that have been created specifically for IOC in the US?
7. What organizational models presented in chapter 4 are most applicable to explain how IOC is structured?
8. What criminal activities do IOC groups engage in?
9. What is the significance of IOC when examining organized crime in Canada?

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6

CHINESE ORGANIZED CRIME

CHAPTER OUTLINE

- Introduction and Overview
- Chinese Triads
- The Origins and Early History of Chinese Organized Crime in Canada
- The Postwar Years: Drug Trafficking, People Smuggling, and Gambling
- Chinese Organized Crime in Canada in the 2000s and Beyond
- Analyzing Chinese Organized Crime
- Conclusion

LEARNING OUTCOMES

After reading this chapter, you should have a thorough understanding of the following:

- The origins and history of Chinese triads in Asia and Canada
- The origins and history of Chinese organized crime in Canada
- The social, political, legal, and economic factors that helped ferment the genesis and proliferation of Chinese organized crime as well as applicable etiological theories
- Recent trends and developments in Chinese organized crime
- The characteristics of Chinese organized crime based on the application of theoretical models from chapter 3
- The significance of Chinese organized crime when examining organized crime in Canada

INTRODUCTION AND OVERVIEW

Chinese organized crime (COC) is not new to Canada. The first Chinatown in Victoria became home to illegal gambling halls, brothels, and opium dens, and Chinese merchants in British Columbia were behind some of the largest opium smuggling and trafficking rings in the early part of the 20th century. The original Canadian branches of Chinese triad societies operated as political and benevolent associations and were not criminal or secret. As the years wore on, however, some of these societies in Vancouver, Toronto, and Montreal were used by powerful members for such illegal endeavours as extortion, prostitution, gambling, opium trafficking, and people smuggling.

Beginning in the early 1970s, Southeast Asian heroin began to flood North America, and before long, Chinese drug trafficking syndicates had surpassed the French Corsicans and the Italian Mafia as Canada's biggest heroin suppliers. By the mid-1970s, a rash of extortions within Toronto's Chinese community exposed the presence of Canada's first modern criminal triad: the Kung Lok. At the end of the 1980s, a network of criminal offenders originally made up of ex-military from mainland China and called the *Dai Huen Jai (Big Circle Boys)* were blamed for a series of violent robberies, home invasions, and pickpocketing in Vancouver and Toronto. Within 10 years, this loose association of offenders would evolve into one of the largest and most sophisticated criminal networks in the country.

When examining the origins of COC in Canada, various etiological theories can be applied. Alien conspiracy theory is somewhat applicable to triad societies, the Big Circle Boys, and other forms of COC that originated outside the country. In contrast, strain theory, as well as its ethnic succession theory offshoot, suggests the discrimination faced by Chinese immigrants and their offspring blocked their legitimate means to integrate into mainstream society, and as such, some turned to organized crimes. COC has thrived in Canada because it caters to the vices of the broader Canadian society.

COC constitutes the most widespread, diverse, and sophisticated criminal conspiracy in Canada today. The geographic strongholds of COC are the Lower Mainland of British Columbia and the Greater Toronto Area (GTA) in Ontario, but their reach extends into every province. Contemporary COC is characterized by its networked structure that includes triad members, youth gangs, professional criminals, and semi-legitimate businesspeople. The sources of revenue for Chinese criminal syndicates include extortion, gambling, prostitution, illegal immigration schemes, contraband tobacco, the counterfeiting of credit cards, digital technology and consumer products, and the drug trade (including heroin, fentanyl, and synthetic drugs).

CHINESE TRIADS

The word **triad** has often been used generically to describe COC, although triads are much more complicated than that. Some can trace their beginnings back to the White

Lotus Society, which was founded by monks in the 12th century and who revolted against the Mongol occupation of China during the 13th and 14th centuries. Others place their origins in 17th-century China, where covert societies tried to overthrow the Manchu (or Qing) Dynasty (which ruled from 1644 to 1911) to return the country to the Ming Dynasty (in power from 1368 to 1644). By the early 19th century, numerous rebel groups were operating in mainland China, such as the *Tian Di Hui* (Heaven and Earth Society), *San Tian Hui* (Triple Dot Society), and the *San He Hui* (Triple Unit Society). Collectively, these secret societies were referred to as the **Hong Men** (in reference to “Hongwu,” the reign designation of the first Ming Emperor, Zhu Yuanzhang). The avowed revolutionary aims of these societies made them outlaw organizations in the eyes of the Qing rulers (Chan, 1983: 122; Lintner, 2003: 42; McKeown, 2017; Murray & Biaoqi, 1994: 16–36).

Like the term *La Cosa Nostra*, the *triad* appellation is a Western concoction. It was reportedly coined in the 1820s by Dr. William Milne, a British educator working in Asia who, in his writings about the secret societies, recognized the importance of the number three in their names and rituals. The number three symbolizes the metaphysical philosophy underlying the Hong Men movement, united by and living in harmony with the three primary forces of the universe: heaven, earth, and man. For years, the number three (in all its mathematical permutations) saturated the many ritual aspects of the organizational structure, member initiations, and criminal operations of the secret societies and their future criminal reincarnations, including those operating in Canada (Murray & Biaoqi, 1994: 92).

While the original triads’ intentions were political, others were formed by clans or tradesmen as mutual aid societies (the revolutionary groups also incorporated benevolent services into their mandate to varying degrees). Some of these groups turned to crime, such as extortion, kidnapping, and piracy, to help fund their operations. By the mid-19th century, the Hong Men societies had spread throughout Southeast Asia, including Hong Kong, which was formally ceded to Britain in 1842. Colonial records from this time suggest that the secret societies continued as both a political and criminal force under British rule. As one colonial official wrote in 1845, “Hong Kong has been infested by members of the Triad Society, the members of which under the shelter of a political maxim … perpetrate the grossest of enormities” (as cited in Main, 1991: 147).

CRITICAL THINKING EXERCISE

What is unique about the origins of triad societies compared to those of other organized criminal associations (OCAs) discussed in this part of the textbook? Can you discern any similarities between the origins of Chinese triads and those of the Italian Mafia? What properties of the triads made them conducive to future criminality? Compare and contrast this to how the origins of the Sicilian Mafia influenced its future criminality.

Like the Qing rulers in China, the British colonial government vowed to crush the “Black Societies” in Hong Kong, and in 1845, an ordinance for the “Suppression of the Triad and Other Secret Societies” was enacted. But the outlawing of these societies simply drove them further underground while infiltrating legitimate workers’ guilds and merchant associations (Lintner, 2003: 118; Main, 1991: 148). The evolution of triads into modern criminal entities began in earnest in Hong Kong and mainland China during the early part of the 20th century. Between 1914 and 1939, more than three hundred triad societies were established in Hong Kong (Main, 1991: 148). “The Triads, in turn, grouped themselves into seven or eight different cartels. Each cartel operated in a particular section of the city and coordinated the activities of the member Triads in the various economic sectors from its ‘headquarters’” (Fijnaut, 2014: 58). Their criminal operations flourished thanks to their corrupt relationship with the government and criminal justice authorities.

In mainland China, the Hong Men societies threw their support behind the revolutionary leader Dr. Sun Yat-sen, who himself was a member of the Tian Di Hui triad, one of the major financiers of his republican movement in China. (Some have speculated that he became a triad member to take advantage of the vast membership and resources of the societies for his revolutionary ambitions.) In 1911, the Republicans, with the strong support of the triad societies, staged a revolt in the city of Canton (now Guangzhou), which spread rapidly throughout southern China. On January 1, 1912, the Republic of China was born.



Photo 6.1: Sun Yat-sen

Source: Wikimedia Commons

The overthrow of the Qing Dynasty signalled the birth of the new modern criminal triad in China. Many triad society members went on to become powerful officials with and financiers of the Chinese National Party or **Kuomintang**, a political group founded in 1912 from a collection of revolutionary groups that had overthrown the Qing Dynasty. To rise in the party, civil service, or armed forces in the new Republic of China, one had to be a triad “brother,” while merchants, bankers, and businessmen discovered that triad membership oiled the machinery of commerce. One of the most powerful triads was the so-called Green Gang, which operated out of Shanghai from the early 1900s to the late 1940s. Headed by Tu Yueh-sheng, it was involved in opium trafficking, extortion, and prostitution. “Big-Eared Tu” also aided Chiang Kai-shek’s rise to power by supplying the Kuomintang with much-needed funds.

Taiwan also emerged as a hotbed for the secret societies, when Chiang Kai-shek and other members of the triad-infested Kuomintang fled to the island following the Chinese Communist revolution in the late 1940s. Other remnants of the Kuomintang nationalist army took refuge in Myanmar’s northern hills and became active in the opium and heroin trade with support from the Central Intelligence Agency [CIA], which for years worked with opium growers and heroin traffickers in the so-called **Golden Triangle** of Myanmar, Laos, and Thailand to help finance their joint efforts with Chiang Kai-shek to destabilize Communist China. From this point onward, Southeastern Asia would become one of the biggest sources of heroin in the world.



Photo 6.2: Tu Yueh-sheng



Photo 6.3: Chiang Kai-shek

Source: National Archive Press (Chung Hua Min Kuo Tsai Hua), via Wikimedia Commons

Key Term: Golden Triangle

The Golden Triangle is the area where the borders of Thailand, Laos, and Myanmar meet at the confluence of the Ruak and Mekong rivers. The name was coined by the CIA and refers to a specific area of approximately 950,000 square kilometres that overlaps the mountains of the three adjacent countries and is home to one of the largest opium-producing areas of the world and a major source of heroin imported into Canada.

Exploiting the growth of expatriate Chinese communities throughout the 20th century, triad influence began to spread beyond Asia to Canada, the United States, Australia, and Europe. Their criminal activities included opium and heroin importation and trafficking, extortion, illegal gambling, and prostitution. By 2000, the US National Security Council stated that there were 50 triad groups and subgroups in the world, with an estimated membership of between 50,000 and 100,000. Some triads are said to have as many as 25,000 members worldwide, but this is most likely an inflated number.

that includes members who are not active, members not involved in criminal activities, and individuals only loosely associated with the group, such as “quasi-legitimate businessmen involved in an array of criminal enterprises” (United States National Security Council, 2000: 97). According to Fijnaut (2014: 58), “a considerable number” of Hong Kong triad members do “not belong to the Triad hard core. Of the 10,000 members of a particular cartel, only about 30 percent qualified as such. The rest joined mainly because the cartel had the power to mediate in such matters as social security and employment.” The membership estimates may also include many who were forced to pay membership fees, a form of extortion.

In more recent years, fewer than 10 triad societies remain active in Hong Kong. Among the largest and most criminally active are the Sun Yee On, the Wo Shing Wo, the 14K, the Wo On Lok, and the Wo Hop To. Founded in the early 1950s, the **Sun Yee On** (meaning “New Righteousness and Peace”) is accused of involvement in gambling operations, heroin trafficking, counterfeiting, prostitution, and smuggling. Sun Yee On is also known for its infiltration of Hong Kong’s entertainment industry and the extortion of entertainers, promoters, and production company executives. The US Treasury Department has called the **14K** “one of the largest Chinese organized criminal organizations in the world that engages in drug trafficking, illegal gambling, racketeering, human-trafficking, and a range of other criminal activities” (United States Department of the Treasury, 2020). In December 2020, the US Treasury Department announced that, as part of an anti-corruption initiative, it had levied sanctions against Wan Kuok Koi, the alleged leader of the 14K triad, for engaging in “corruption, including the misappropriation of state assets, the expropriation of private assets for personal gain, corruption related to government contracts or the extraction of natural resources, or bribery” (United States Department of the Treasury, 2020).

THE ORIGINS AND EARLY HISTORY OF CHINESE ORGANIZED CRIME IN CANADA

During the early 1850s, gold was discovered along California’s Sacramento River, and thousands of Chinese fortune seekers crossed the Pacific Ocean to join in the quest for instant riches. Later that decade, another “gold mountain” was discovered along the west coast, this time in the Fraser River Valley of British Columbia. Chinese prospectors making their way north from California were joined by others emigrating to the province directly from China. When many failed to strike it rich, they turned to paid work helping to construct the Canadian Pacific Railway lines. The 1885 Royal Commission on Chinese Immigration estimated that 15,701 Chinese nationals entered Canada from 1861 to 1884. By the early 1870s, at least a third of all Chinese residents in BC were living in Victoria, and the city’s growing Chinatown district was a beehive of economic and cultural activity. Dry goods stores, restaurants, shoemakers, tailors, and launderers

were opening on and around Johnson Street, while Chinese business, fraternal, and cultural societies were being formed.

It wasn't long after Chinese immigrants arrived in BC that Hong Men societies were established in the province. While the original Canadian branches pursued the same political objectives as their predecessors, they were also formed as a united bulwark against the discrimination their members experienced at the hands of the larger white society. Some of the societies became a surrogate government for Chinese expatriates, providing a quasi-legal system that dispensed justice and mediated disputes, provided social welfare services, helped protect members against white vigilante justice, and offered recreational activities for the largely male population, such as gambling, prostitutes, and opium. The first-known Chinese triad society in Canada was formed in 1863 in Barkerville, a small gold mining town in northeastern BC. Founded by Chinese miners, the society was called the Hong Shan Tang and was believed to be a branch or at least an offshoot of a similarly named society in San Francisco, which itself was associated with Hong Men societies in China's Guangdong province (Booth, 1999: 313; Con & Wickberg, 1982: 30–31; Dubro, 1992: 54–55; Lyman et al., 1964; Payne, 1997: 9–11).



Photo 6.4: The Barkerville Chee Kung Tong building circa 1960

Source: Image F-07470 courtesy of Royal British Columbia Museum, British Columbia Archives

Other triad societies in British Columbia followed. Most notable was the Chih-kung T'ang. Known as the CKT for short, the society was founded in 1876 in Quesnel. Its goal was to help overthrow the Qing Dynasty, but it was also a fraternal association founded to support Chinese immigrants, promote their advancement through business and work, and provide protection, mediation services, social welfare assistance, and even lodging to its members (Con & Wickberg, 1982: 31; Payne, 1997: 91). By 1885, "there were over 40 Chih-kung T'ang chapters in the province" (Payne, 1997: 12). The Hong Men chapters in BC were quite public and even erected lodges or temples that had the society's name on the exterior and where members openly congregated (the English-language media were apt to call these Chinese societies *tongs*, which means "hall" or "gathering place" in Chinese).

No evidence indicates that the early Chinese societies in BC were formed for or operated as criminal organizations. However, because some of the societies were controlled by Chinese merchants, who were emerging as suppliers of opium, gambling, and prostitution, the societies were increasingly equated with crime and vice. While members of local Hong Men societies were catering to the recreational needs of the migrant Chinese bachelors, the societies themselves acted as a sort of moral regulator and enforced a code of behaviour the society expected its members to follow so as not to give it a bad name. The constitution even threatened "severe punishment" for those who caused trouble in brothels or gambling houses (Payne, 1997: 11). The public nature of the Canadian societies did not stop the anti-Chinese lobby from stereotyping them as secret, subversive, criminal organizations. An 1885 resolution on the "Chinese Question" tabled in the BC legislature referred to "a system of secret societies, which encourages crime amongst themselves, and which prevents the administration of justice" (*The Globe*, Mar. 25, 1885).

A CKT branch was first established in Vancouver in 1892, and by 1923, there were an estimated 54 societies in the city's Chinatown (Gould, 2004: 10). The most prominent was the Chinese Consolidated Benevolent Association (CCBA), which was founded in Victoria in 1884 after local Chinese societies came together to establish an umbrella organization that provided loans and facilitated business opportunities for budding Chinese entrepreneurs while offering social assistance to the less fortunate. The CCBA was also a political advocacy group that spearheaded opposition to the anti-Chinese movements and the racist government policies that were being introduced. The CCBA also advanced a moral code for its members, aided anyone in the Chinese community convicted of a criminal offence, and pledged to combat one of the most serious social problems within the overseas Chinese population: the trafficking of Chinese women (Chan, 1983: 86–88, 92–93).

Chinese Organized Crime in the Late 19th and Early 20th Centuries

Notwithstanding the efforts of the CCBA, a vice industry did emerge within the local Chinese communities in BC to cater to the demands of the predominately male

population. Forced to return from their low-paying menial jobs to crowded, dismal, unsanitary rooming houses, many lonely and despondent Chinese bachelors turned to gambling, prostitution, and opium smoking. Since the Chinese residents could not patronize the white man's "houses of ill-fame," a handful of Chinese merchants in Victoria and Vancouver began to cater to this demand (Chan, 1983: 84). "From the days of the gold rush in 1858," Anthony Chan (1983: 77) writes, "gambling had been an important part of Chinatown life. Leisure moments away from the sand bars and, later, the railroads, were spent at games of chance." At first, most of the early professional Chinese gambling operations were transient, catering to the scattered migrant labourers by moving from one work camp to another. As the Chinese population became more sedentary and urban, so did the gambling parlours. After the completion of the Canadian Pacific Railway in 1884, Victoria's "Fantan Alley"—which stretched one city block and was named after the popular Chinese game of chance—boasted around 12 separate gaming establishments. "Most of the gambling dens were small and could accommodate a few dozen gamblers at most," according to Chan, while "some of the larger establishments could hold up to one hundred bettors" (Chan, 1983: 79).

Another local service that catered to the Chinese male immigrants was prostitution. The female Chinese sex slaves were procured from the impoverished villages of rural China and then brought to San Francisco, the centre for the international trade in Asian women. The women and girls would be either taken to an underground auction block or sold directly to a Chinese merchant or group of merchants, including those from Canada (Chan, 1983: 80–81; Kobayashi, 1978: 7). In 1885, there were an estimated "150 Chinese women prostitutes" in the province (Royal Commission of Chinese Immigration, 1885: 83; *The Globe*, Mar. 25, 1885). Women and girls from China were now bypassing San Francisco and arriving directly in Victoria and Vancouver. Lee Mon-kow, a Chinese interpreter at the customs house in Victoria, testified to a 1902 Royal Commission that a contract would be drawn up by a Chinese merchant or brothel operator who agreed to pay the women's **head tax**, passage fees, and other expenses. Lee even cited a bill of sale for one woman that cost a merchant \$302 plus \$7 for clothing and \$4 for her leather trunk. In return, he "had the right to her body service." As part of the contract, the woman agreed "to pay a certain sum at a certain time, to repay the passage money and the head tax and seven percent interest." When this amount was paid off through revenue generated by the sexual services provided by the woman, she would be "freed" from her indentured existence (Royal Commission to Investigate Chinese and Japanese Immigration into British Columbia, 1902: 39). Once in North America, the young women would be placed in one of two types of Chinese brothels that were distinguished by the colour and class of the clientele. The "parlours" were the more opulent establishments that catered to Chinese merchants and white customers, and the women working there were generally perceived to be more beautiful and, thus, better paid (Kobayashi, 1978: 7).

Key Term: Head Tax

Between 1885 and 1923, Chinese immigrants had to pay a “head tax” to enter Canada. The tax was levied under the *Chinese Immigration Act of 1885*, the only legislation in Canadian history to limit immigration based on ethnic background. Of all the immigrant groups arriving in Canada, only the Chinese had to pay the tax, which was initially set at \$50 in 1885 and then rose to \$100 in 1902 and \$500 in 1903. In 2006, the federal government apologized for the head tax and other racist policies targeting Chinese immigrants.

Another vice closely associated with the Chinese population was opium smoking. While opium’s medicinal use as an anesthetic and elixir was legal and well established among the white population in North America, the arrival of the Chinese immigrant introduced its recreational consumption. Beginning in the 1870s, Chinese merchants opened factories in Victoria and the Lower Mainland to convert raw gum opium into the smokable form. While much of the processed opium stayed in BC, some was shipped east to Winnipeg, Toronto, and Montreal and south to Seattle, California, and even Hawaii. By the 1880s, BC was the main North American importer, producer, and exporter of black tar opium. Opium production was a competitive business, but a few Chinese merchants began to dominate the industry in BC; by 1901, three Victoria firms with 18 partners had established a virtual monopoly over the manufacture of opium in the province (Chan, 1983: 77). The Chinese were also the first to open commercial opium dens in Canadian cities. Like taverns and saloons, they were legal, accessible to adult males, and stocked with an assortment of brands and smoking paraphernalia. The dens were the principal clients of the opium factories, although Caucasian-operated pharmacies were quickly becoming lucrative customers as many were now selling smokable opium to white and Chinese smokers alike.

British Columbia’s role as a manufacturer and exporter of processed opium increased substantially in 1890 when the US Congress imposed its own prohibitive tariffs on opium and morphine imports. The result was that even larger amounts of raw opium were being brought into Canada (legally and covertly), processed through BC-based opium factories, and then smuggled into the United States to avoid the tariffs.

CRITICAL THINKING EXERCISE

Examine the origins of drug trafficking by Chinese criminal entrepreneurs in North America. Compare and contrast the origins and early history with that of heroin trafficking by Italian organized crime and more specifically North America’s La Cosa Nostra groups.



Photo 6.5: Opium den in San Francisco, early 20th century

Source: Photo by A. & E. O. Tschirch & Von Lippmann, via Wellcome Library, London

Opium and Heroin Trafficking in the Early 20th Century

Following the criminalization of opium and heroin in Canada in 1908 (see chapter 11), much of the opium and heroin imported through the west coast of Canada in the first quarter of the century came from Asia and was smuggled into the country by both white and Asian crew members of passenger ocean liners. Some of the biggest domestic illegal suppliers were doctors and pharmacists who wrote and filled prescriptions mainly for the Caucasian population. Many importers and wholesalers of illegal opium and heroin in Canada were also Chinese merchants, who took deliveries of the drugs from crew members. One police investigation in the early 1920s led to the arrest and conviction of J. J. Wing, who the Crown alleged “to be one of the ringleaders in the narcotics trade of the city” (*Vancouver Sun*, Nov. 24, 1923). RCMP documents from 1923 indicated that Wing had been “carrying on a very large and presumably well-protected system of import and distribution, both by a system of runners and also by the use of the mails.” The RCMP estimated that Wing had “30 or 40 Runners” working for him in Vancouver (National Archives of Canada, RG 18: Files of the Royal Canadian Mounted Police, Volume 3167, File No. G494-1; see also *The Province*, Dec. 13, 1923).

Now focusing primarily on major smuggling and trafficking conspiracies, the RCMP and the Dominion Customs Service on the west coast continued to make a

number of significant drug seizures and arrests during the late 1920s and early 1930s. On July 14, 1927, Lore Yip, who the RCMP described as the third most important narcotics dealer in Vancouver, was arrested after police found 43 pounds of opium, morphine, and cocaine concealed in the panelling between two walls of his apartment at the Sherman Hotel in Chinatown (RCMP, 1929: 23; *Vancouver Sun*, Jul. 15, 1927). At the time, it was the single largest drug seizure in BC history.

CRITICAL THINKING EXERCISE

The preceding passages reveal a considerable interaction and co-operation between the Chinese community and English Canadians (including those in positions of power) in drug smuggling and gambling. What does this say about early “Chinese organized crime” on the west coast? What does this say about organized crime generally in Canada?

Organized Gambling

In addition to drugs, gambling became a major money-maker for organized criminal interests in Canada’s Chinese community. In Toronto, a branch of the Kuomintang was said to have run “a police-protected gambling house that was in fierce competition with one run by a pro-Monarchist group who opposed the Nationalists in China and were in alliance with a rival underworld group in Toronto’s Chinatown” (Dubro, 1992: 83). In one month alone in 1930, police conducted 90 raids on Chinese gambling halls in Toronto (Chan, 1983: 134). Vancouver’s Chinatown was a hotbed for both Chinese and white gamblers. In 1918, the *Globe* newspaper estimated “there are over forty gambling dens in Chinatown today, and that many of these have advertisements in their windows for ‘fantan’” (*The Globe*, May 23, 1918). During a 1928 judicial inquiry into vice and government corruption in Vancouver, one police official produced a list of 30 addresses that he said were operating as gambling dens. Chow Wong Lun (a.k.a. Georgie Chow) was accused by police of running “an enormous barn of a gambling place,” while Joe Won Lum admitted to being the “bossman” of a Chinese lottery at 846 Main Street and a gambling hall on Davie Street. The inquiry was told that Lum was “dealing with pretty well high up English people” and to serve his white clientele, Lum sent out runners with lottery tickets that his customers could mark at their leisure (City of Vancouver Archives, MSS. 54: 2064–65). This innovative service not only saved the affluent Caucasian gamblers the indignity of frequenting a Chinese gaming establishment; it helped to modernize the numbers racket in the city and made Lum a tidy profit. According to ledgers seized by police, Joe Won Lum took in as much as \$1,440 a month in bets while only paying out winnings of \$34. Lum also confessed that he was a partner with Georgie Chow in other gambling operations (City of Vancouver Archives, MSS. 54, 2064–65; *Vancouver Sun*, May 16, 1928, May 18, 1928a, May 18, 1928b).

Shue Moy was accused of having investments in several gambling houses, running a brothel, trafficking opium, overseeing protection rackets, and providing generous bribes to city officials, including the chief of police and the mayor of Vancouver (City of Vancouver Archives, Vancouver Police Fonds, Series 181, Vol. 9: 4670–74). Georgie Chow complained that while police frequently raided his gambling joints on Cardova Street, those operated by Moy located just down the street were unmolested. According to Chow, Inspector Jackson of the Vancouver Police once told him, “Shue Moy is a good friend to the mayor. He can do anything he wants” (City of Vancouver Archives, Vancouver Police Fonds, Series 181, Vol. 6: 2570, 2572–73). Ah Kim, a partner with Moy in one gambling house, testified that he paid \$300 a month to the mayor so Moy could keep his main gambling house at 54 Cordova West open. Although Moy denied he ever paid protection money to the mayor or police, he did admit it was “a Chinese custom” to give “gifts” to public officials (Dubro, 1992: 61–62; *Vancouver Sun*, May 2, 1928, May 16, 1928).

Police detectives explained to the 1928 inquiry that gambling operations in Chinatown are rarely owned solely by one person but are rather controlled by groups of investors through companies, benevolent societies, or other types of associations. This was because the amount of capital required for some of the larger gambling halls to cover potential losses was greater than any one man could invest (City of Vancouver Archives, Vancouver Police Fonds, Series 181, Vol. 5: 2064). In his testimony before the inquiry, Joe Won Lum asserted that joint ventures were essential to ensuring the solvency of the gambling houses and explained to the inquiry the system by which large bets were handled. Amounts too big for the smaller operations were turned over to a “clearing house” that was itself a partnership among Chinatown merchants (*Vancouver Sun*, May 18, 1928a; May 18, 1928b).

Strain Theory as an Explanation for Early Chinese Organized Crime

The racist, xenophobic, anti-Chinese, and anti-immigrant media of the early 20th century had a field day with the police reports of Chinese involvement in gambling, prostitution, and drug trafficking and used the information as a basis to push for a ban on any further emigration of Chinese nationals to Canada. In 1907, the *Victoria Times* referred to the Chinese in BC as “a vast alien colony,” unassimilated, uncultured, and “bound together in a secret and defensive organization with fewer wants and a lower standard of living than their neighbours, maintaining intact their peculiar customs and characteristics, morals and ideals of home and family life,” and which, by the pressure of their very numbers, can only serve to undermine “the very foundations of the white man’s well being” (as cited in Appleton & Clark, 1990: 6). A 1902 *Toronto Star* article called Chinese immigrants “jackal-like” for retaining their ancestry while in their adopted country (*Toronto Star*, Feb. 15, 1902). Chinese immigrants were even accused of “driving the white people out of British Columbia, and if they are not stopped will soon drive them out of Alberta, Saskatchewan and Manitoba” (*The Globe*, Aug. 27, 1908). Anti-Chinese

sentiments were not restricted to the media. An 1885 resolution presented in the BC legislature that urged the Dominion government to curtail Chinese immigration said, “The Chinese are alien in sentiment and habits” and accused the migrant labourers as being nothing more than “the slaves or coolies of the Chinese race, accustomed to live on the poorest fare, and in the meanest manner, and hence their presence tends to the degradation of the white labouring classes” (as cited in *The Globe*, Mar. 25, 1885).

The greatest fear among the white population was that the seemingly rampant vices within the Chinese community would spread to the broader Canadian society. In 1885, the *Globe* newspaper wrote that opium smoking appeared to be extending “throughout the province to the demoralization of the native races,” a calculated strategy by the Chinese to “encourage the use of this drug amongst others of our own raising population” (*The Globe*, Mar. 25, 1885). Chinese immigrants were viewed not simply as consumers of opium but as the exclusive purveyors of the narcotic. The report of the 1885 Royal Commission of Chinese Immigration declared, “Opium is the Chinese evil and this habit has increased and is used in every Oriental house, with scarcely an exception.” The report goes on to say, “The evil is growing with whites” and “that white girls of respectable parents use it. The Chinese have taught white men and women, and boys and girls, to smoke opium” (Royal Commission of Chinese Immigration, 1885: 14, 48). As Canadian Magistrate Emily Murphy disgorges in her 1922 book *The Black Candle*, the peddling of opium beyond their own race is part of a “well-defined propaganda among the aliens of color to bring about the degeneration of the white race” (Murphy, 1922: 188–89).

The reality of the early Chinese experience in North America, of course, was quite the opposite of the dreadfully stereotypical and racist portrayals put forth by newspapers, politicians, and “anti-Asiatic” groups. Like many racialized ghettos, the various Chinatowns of Canada and the United States have wrongly been held out as symbols of the insular and clannish Chinese community. Instead, they were formed as the first and subsequent waves of Chinese settlers banded together for protection in the face of racial hatred, ethnicity-based herding, violence, and legislative disenfranchisement. Some cities went so far as to adopt restrictive by-laws to prevent the Chinese from buying property beyond the boundaries of the Chinatown enclave. Chinese labourers were excluded from unions, paid lower wages than their white counterparts, driven out of small towns and work camps, denied licences in certain professions (medicine, law, and teaching), and forbidden to work on government-funded construction projects. Laws were passed in numerous jurisdictions prohibiting white women from working in Chinese businesses. Chinese Canadians were denied the federal vote until 1947 and the provincial vote in BC until 1949. As mentioned, the Chinese had to pay a head tax, the only immigrant group forced to do so. The head tax was repealed in 1923 but only because a new law—the *Chinese Immigration Act* (more accurately referred to as the Exclusion Act)—prohibited Chinese immigrants from entering Canada, with a few exceptions. Anyone of Chinese descent already living in the country, including those who were born here, had to register with the Dominion government.

All of this provides some empirical backing to the application of strain theory to explain the rise of Chinese organized criminality in Canada in the early part of the 20th century. Institutionalized racism in Canada and the United States limited the legitimate economic opportunities of the Chinese population, denied them political power, and prohibited them from integrating into the broader society. It should also be noted that it was the laws of Canada that criminalized certain vices, which in turn helped give rise to organized criminality within the expatriate Chinese community.

CRITICAL THINKING EXERCISE

Given the above, do you believe that strain theory can be applied to explain the onset of organized criminal behaviour in Canada's early Chinese community? What critiques do you have of the application of this theory to the Chinese community? Are there other theories from chapter 4 that you believe are applicable to help explain organized criminality within Canada's Chinese community? Notwithstanding the systemic racism targeting the Chinese community, are theories that focus on human agency and decision-making by the individual offender applicable?

THE POSTWAR YEARS: DRUG TRAFFICKING, PEOPLE SMUGGLING, AND GAMBLING

While little evidence indicates that the Chinese benevolent societies in Canada were extensively involved in organized criminal activities, police investigations following the end of the Second World War did reveal that Chinese merchants, working in partnerships with one another, were active in heroin trafficking and people smuggling. Following the end of the Second World War and the Communist takeover of China in 1949, imports of heroin processed from Southeast Asian opium began to steadily rise on the west coast of Canada and the United States. As the Kuomintang nationalist army retreated to the opium-rich hills of Myanmar and Thailand, they financed their attacks on "Red" China by supplying the Hong Kong triads with opium and heroin. When it became clear that their CIA-backed insurgency was failing, some of the former officers and soldiers turned to opium production and heroin processing full time (Booth, 1999; Martin, 1996; Wasserstein, 1999). In their 1965 annual report, the RCMP made note of the spike in the potent "China white" heroin in Canada that "has always been the choice of addicts" (RCMP, 1965: 19).

As triad members were fleeing China and Hong Kong, police in Canada began to suspect that some were illegally entering the country and settling in Vancouver and Toronto. These fears were stoked by what appeared to be an upsurge in the illegal immigration of Chinese nationals into Canada. By the end of the 1950s, the RCMP

launched several investigations into well-organized illegal immigration schemes, which eventually led to the creation of a special unit, known as the Passport and Visa Fraud Section. The RCMP estimated that between 1950 and 1959, upward of 11,000 Chinese nationals may have entered the country illegally, using false pretences and forged documents. They soon discovered that most of the illegal immigrants were being brought to Canada by smuggling operations coordinated by Hong Kong-based syndicates. The federal government was particularly worried that Communist Chinese intelligence agents were among those taking advantage of these services (Harvison, 1967: 259–60). A 1959 article in the *Toronto Telegram* quoted unnamed police sources who said that between 70 and 90 percent of those immigrating to Canada from Hong Kong in the previous 10 years had done so illegally, often through fake marriage licences between a migrant and a Canadian resident (*Toronto Telegram*, Oct. 23, 1959).

In 1960, the RCMP located several hundred illegal Chinese immigrants in the country, who were referred to the Immigration Department for deportation. Among these were 16 Chinese nationals whom the RCMP called the “principal agents” behind the immigration scheme and who were charged with 79 counts of criminal and immigration statute offences. (Harvison, 1967: 259–60; RCMP, 1961: 19–20). In a 1962 *Maclean's* magazine article, Alan Phillips accused the Chee Kung Tong of organizing the illegal immigrant conspiracy and contended that triads operating in Canada were recruiting prospective members from Hong Kong, who were then smuggled into the country. Phillips labelled the CKT as “the overseas branch of the Triad society” and backed up his claim by citing an RCMP investigation “that uncovered two books explaining the secret Triad ritual, reprinted by a Chee Kung Tong official in Toronto” (Phillips, 1962: 46). Phillips also reported that “Uncle Jack” Wong, the long-time president of the Chee Kung Tong in Montreal, “is also boss of the biggest Chinese gambling joint in the city, the Victoria Sporting Club. Last year three young Chinese walked into his club and smashed it up” (Phillips, 1962: 47–48).

The Chinese Freemasons in Vancouver were also accused by law enforcement agencies of housing “active criminals,” and their early history as a triad society was dredged up to help substantiate these assertions. A 1979 report from the Criminal Intelligence Service Canada (CISC) states that

consistent with the past, major Chinese criminals are operating from within a local legitimate ethnic fraternal organization, “The Vancouver Chinese Freemason Society.” Present total membership is approximately 453; of this number approximately 45, or 10%, have been identified as active criminals. Members of the Chinese Freemasons are also covertly identified as “Hung Mun.” The “Hung Mun” is the true Triad operating in South East Asia. Because it is now outlawed, they are also referred to as, “The Black Society.” Locally the “Hung Mun” adopted the title, “Vancouver Chinese Freemason Society” to gain acceptance and respectability in Canada. The fraternal nature of this society (blood oaths) leads investigators to

suspect that certain “respectable” members of this society have financed some large heroin transactions and other criminal endeavours. It should be noted that not all members of the Chinese Freemasons are criminals, but it is obvious that the majority of major criminals are members of this society. (CISC, 1979: 37).

The CISC report also alleges that “the four major Chinese social (gambling) clubs” in Vancouver’s Chinatown were “primarily operated and controlled by members of the Chinese Freemasons. Many of these members have been, and in some instances still are involved in the following crime categories: 1) heroin importation and trafficking; 2) illegal gambling; 3) procuring; 4) loansharking; and 5) stolen property” (CISC, 1979: 39).

The Luen Kung Lok

The relaxation of immigration laws in Canada in the 1960s meant tens of thousands of Chinese immigrants, mostly from Hong Kong, came to Canada, including a small contingent of career criminals who began secret societies and criminal gangs in major



Photo 6.6: Chinese freemason house in Vancouver, circa 1920s

Source: Oargos, via Wikimedia Commons

urban centres. The man behind the first-known modern triad group that was established expressly for criminal purposes in Canada was Lau Wing Kui, who founded chapters of the **Luen Kung Lok** in Toronto and Ottawa in the mid-1970s. Born in Hong Kong on April 19, 1929, Lau became a member of Hong Kong's Tung Lok Society, a subgroup within the larger Luen Kung Lok triad. He ran legitimate businesses in Hong Kong, including a legal casino, and through the Luen Kung Lok, he became involved in illegal gambling, extortion, loansharking, and drug trafficking. He was also known to have collected graft money for corrupt Hong Kong police officers. Lau arrived in Canada with his wife and two daughters on December 22, 1974, after being granted entrance under the entrepreneur category (thanks in part to the suppression of his voluminous police files by corrupt Hong Kong police officials). He told Canadian consular officials in Hong Kong that he wanted to open a restaurant in Toronto. His real motive was to start a criminal triad society and viewed the city's Chinatown as virgin territory for predatory gangs.

By 1976, he had established the Kung Lok—which means “the house of mutual happiness”—in Toronto, with a subgroup in Ottawa under the leadership of Cheang Chi Wo (a.k.a. Danny Cheang). According to a 1984 CISC report, Lau’s Canadian chapters operated with a certain amount of autonomy, “but ultimate control and direction came from the parent group in Hong Kong” (CISC, 1984: 7). Using his Fair Choice

Restaurant as a front, he actively recruited and initiated young immigrant Chinese men into the triad society (which masqueraded as a Kung Fu club). Among the 13 “elder brothers” recruited by Lau were Mo Shui Chuen (a.k.a. Danny Mo), a martial arts expert who became the triad’s fierce “Red Pole” enforcer; Leung Kin-hung (a.k.a. Peter Leung), who was given the position of Straw Sandal (responsible for internal communications and collecting extorted money); Kwan Yee Man (a.k.a. Charlie Kwan), the group’s treasurer; and Yue Kwok Nam (a.k.a. “Big John” Yue), who operated a youth gang of his own before being initiated into the Kung Lok. Each of Lau’s lieutenants was expected to recruit others into their own criminal cell. Lau also applied traditional triad numerical labels to the various positions within his criminal society: as the Dragon Head, he was assigned the supreme number of 489, his Straw Sandal was assigned 432, and the Red Pole was 426. The lowest ranking members



Photo 6.7: Lau Wing Kui

Source: Illustration by Ben Firsch

were referred to as 49 (see the final section of this chapter for the significance of these numerical designations in a triad).

Before long, the Kung Lok was a criminal force in Toronto's Chinatown, running illegal gaming clubs, forcing existing clubs to pay protection, and extorting money from Chinese immigrants and businesses. While the group was most active in southern Ontario, it had connections in Montreal, Vancouver, and Saint John, New Brunswick. By 1980, the Kung Lok had a core membership in Toronto of about 150 but could count on another 250 associates across the city and country (CISC, 1984: 7; Dubro, 1992: 111–20; Malarek, 1989: 86–87; *Toronto Star*, Jan. 14, 1982, Sep. 6, 1986).

Toronto Police first became aware of the Kung Lok in 1976; an intelligence report that year described how six of its "elder brothers" met regularly in a Lombard Street restaurant (*Toronto Star*, Sep. 18, 1983). Over the next two years, the Kung Lok would be joined in Toronto's Chinatown by a chapter of another Hong Kong triad, the 14K, as well as the Ghost Shadows, a non-triad Chinese gang that was first reported in New York City in the early 1970s and extorted Chinese restaurants, merchants, and entertainers in Manhattan while protecting the gambling operations of the On Leong Tong (*Wall Street Journal*, Aug. 18, 1980). A 1977 robbery in Toronto that was typical of the Ghost Shadows saw three Chinese youths, armed with handguns and a machete, steal nearly \$2,000 from patrons of an underground Chinatown gambling hall (*Toronto Star*, Jul. 15, 1977).

By 1977, there were approximately four hundred Asian gang members in Toronto, most of whom ranged in age from 16 to 25, according to police. "They are recruited for the most part from high schools and universities," a 1977 Metro Toronto Police intelligence document reads: "Many are on student visas and some are overstays; a sizable portion do not even attend classes or attend only enough to achieve marginal passes. A disturbing number come from well-to-do families and meet the classical definition of spoiled adolescents—these are easy pickings for gang members who take their money in return for the empty gestures of brotherhood and companionship which the gang seems to offer." Other recruits are landed immigrants "who hold lowly jobs such as waiters and kitchen help. For them, the gang is a way to achieve 'face' within their own ethnic community in a simple straightforward way that is easily understood and never challenged" (as cited in Lavigne, 1991: 145).

Following an upsurge in robberies, extortions, assaults, and shootings in Toronto's normally quiet Chinese community, Project Quay, a joint forces unit made up of the Metro Toronto Police, the Ontario Provincial Police, and the RCMP, was established. Between November 29, 1977, and May 1, 1978, the new unit made more than one hundred arrests on a wide range of charges, including extortion, assault, obstruction of justice, impersonation, theft, possession of stolen goods, operation of a common betting house, and offences against the *Immigration Act*. The enforcement actions and ongoing surveillance of the Kung Lok and the Ghost Shadows "has sharply limited their criminal activities," the 1979 CISC report states, "It has also prevented open street warfare

between them. Unit vigilance has visibly upset the gangs and it is reported the Kung Lok are disorganized and breaking up. The Ghost Shadows remain strongly united but have been frustrated to a point that they admit they have to operate outside of Toronto" (CISC, 1979: 40–41). While police did enjoy some success against both gangs, the optimism of the CISC report was premature. Lau Wing Kui was not one of those arrested; however, on January 11, 1980, he was ordered to be deported under the *Immigration Act*.

Case Study: Danny Mo

Lau Wing Kui's abrupt departure prompted an internal power struggle among some of the Kung Lok's elder brothers. The man who quickly came out on top was Danny Mo. Described as a natural criminal leader who possessed "a skilful blend of personality and brutal force," Mo was from an affluent Hong Kong family. Before he became involved in crime on a full-time basis, he was the part owner and maître d' of a restaurant in Toronto (Dubro, 1992: 167–68). When he took over the reins of the Kung Lok in the early 1980s, he embarked on an expansion drive through the forced recruitment of Chinese visa students and by importing gang members from New York and Boston. He was also busy extending the reach and influence of the gang through his contacts with Hong Kong triad leaders and other triads and Asian gangs in Montreal, Vancouver, San Francisco, Los Angeles, Boston, and New York

(National Archives of Canada, RG 76: Files of the Department of Immigration and Citizenship, Vol. 1447).

Under Mo, the Kung Lok's extortion racket victimized Chinese businesses and underground gambling clubs throughout Metro Toronto while wringing "membership fees" from immigrant Chinese students in Toronto, Ottawa, London, and Windsor. The victims were often asked to pay "lo mo" (short for "lucky money") or to make a "donation." Police gathered evidence indicating that one member of the Kung Lok extorted \$20,000 to \$30,000 from various students within a couple of months. Restaurant owners or managers were asked by gang members to "drink tea" with them, yet another euphemism for extortion (Canadian Broadcasting Corporation, Nov. 8,

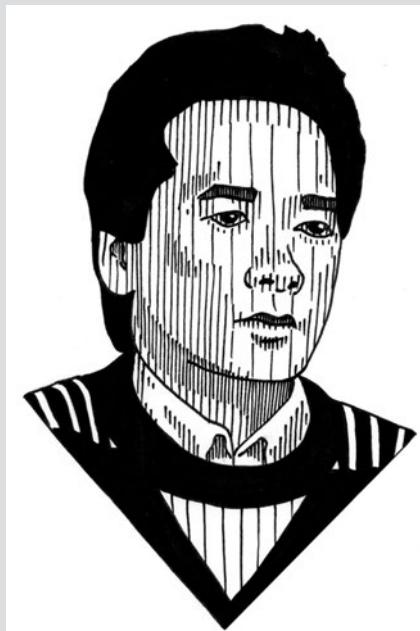


Photo 6.8: Danny Mo

Source: Illustration by Ben Firsch

1983; *Toronto Star*, Jul. 15, 1977, Jan. 14, 1982, Jan. 15, 1982, Aug. 31, 1983, Sep. 18, 1983). In 1984, Mo was charged with two counts of armed robbery. The charges arose from a March 21 robbery, in which \$15,000 worth of tickets were stolen at knifepoint from a Toronto ticket agent by two men wearing stocking masks. Toronto Police later arrested two Kung Lok members and charged them with robbery. During his trial, the Crown told the court that Mo assumed he had the exclusive rights to bring Hong Kong entertainers into Toronto (Dubro, 1992: 185–86; *Globe and Mail*, Dec. 17, 1986; *Toronto Star*, Jun. 4, 1985; Jun. 7, 1985).

Few victims of the Kung Lok's extortion went to police, in part because most were immigrants from Hong Kong who were already well versed in triad tactics and traditions. Members of the Kung Lok used this to their advantage and frequently demanded quantities of money that reflected the ritualistic numerical tenets of the triad societies. Demands for payments of \$36.30, \$72, and \$1,080 were common. Charles Chan, a 26-year-old waiter at a Chinese restaurant in Scarborough, was one of the few victims of the Kung Lok that filed a complaint with police. On May 13, 1981, two lower-level "49" members of the Kung Lok were charged with attempted extortion and assault after trying to rob \$1,080 in "lo mo" from Chan. When Toronto Police searched the house of one of the men, they found a hundred-year-old book on the history of Chinese secret societies. With it was a scribbler, which contained handwritten notes in Chinese describing the initiation ceremonies for the Kung Lok. A translation of the text showed that the ceremony closely followed the ancient rituals of the original Hong Men societies and included a description of how to set up the room in which the initiation was to be conducted. Tang testified in court that the book was given to him four years earlier by Danny Mo. Both defendants, who were accused in court by the Crown of belonging to a secret Chinese crime syndicate, were convicted of extortion and sentenced to two years each (*Toronto Star*, May 14, 1981, Sep. 1, 1983, Sep. 13, 1983).

In 1988, CISC estimated the Kung Lok membership in Toronto at 400, although only between 80 and 100 were active members. Two years later, the number of active members had dwindled to around 50 (Canadian Association of Chiefs of Police [CACP], 1988: 22; 1990: 36). Many of the elder brothers began operating more independently and "shifted from the traditional crimes of extortion, gambling and robberies, into new areas such as the manufacturing of fraudulent credit cards, alien smuggling and the illegal sale of alcohol and cigarettes." Some were also into trafficking cocaine, which they reportedly obtained from Italian Mafia sources (CACP, 1992: 24).

A 1992 CACP report noted "an increase in the number of Triad members and criminal associates in Canada over the past several years, most noticeably in British Columbia, Alberta and Ontario" (CACP, 1992: 25, 39). A 1993 classified federal intelligence report entitled *Canada: Asian Organized Crime* discusses, in addition to the Kung Lok and 14K, the Canadian presence of the Sun Yee On, Wo Hop To, and Wo

Shing Wo triads from Hong Kong, as well as the Taiwanese United Bamboo. “Many of these triads have apparently maintained links with their parent societies in Hong Kong or Taiwan and almost all utilize Vietnamese street gangs to undertake much of their street-level drug trafficking,” the report said. The members of these triads “are hardened, professional criminals who use the triad mystique to glorify themselves.” In 1988, the number of members in Toronto’s 14K chapter was estimated at 150, although only 40 were criminally active, mostly in heroin trafficking, migrant smuggling, gambling, theft, and extortion (Appleton & Clark, 1990: 120). Four years later, it estimated its active criminal membership in Ontario at approximately 50 (CACP, 1992: 25).

By the mid-1980s, Vancouver gangs with such names as the Lotus Family, the Red Eagles, the Jung Ching, and the Viet Ching had evolved into what Simon Fraser University criminology professor Robert Gordon called “criminal business organizations”—characterized by a formal hierarchical structure that includes a mix of adult leaders in their 20s, 30s, and even 40s, and the rank-and-file members in their teens and early 20s (*Vancouver Sun*, Dec. 22, 1998). The younger gang members were expected to carry out such lower-level “street activities” as theft, arson, auto theft, and buying and selling handguns for older gang leaders or other established crime groups in Vancouver. “We know they have ties with gangs in San Francisco, Toronto, Edmonton, Calgary, Hong Kong,” Peter Ditchfield of the Vancouver Police said in a 1984 media interview. “We know they have elders in many of these cities giving them advice and using them for protection and as go-betweens” (*Vancouver Sun*, Jun. 28, 1984). While some of these crime groups earned money from extortion, prostitution, and theft, the real money was in drugs. The “elder brothers” often working with members of triads and other Asian crime groups in Hong Kong would set up heroin deals and then have a junior member courier the drugs from Hong Kong to Canada, where it would be sold on the street or wholesaled to other drug dealers (*Vancouver Sun*, Jun. 28, 1984). A 1980 study found that immigrant Chinese youth in Vancouver were highly susceptible to joining gangs because they were often left to fend for themselves after school as their parents worked long hours or stayed back in Asia, thereby weakening the traditional Chinese pattern of close parental guidance and supervision. Immigrant youth also lacked strong social networks and were ostracized because of their race and language barriers (Joe & Robinson, 1980).

Drug Trafficking in the 1970s and 1980s

By the start of the 1970s, the Golden Triangle of Southeast Asia began displacing Turkey as Canada’s biggest heroin supplier west of Montreal. Accordingly, Chinese drug trafficking OCAs were surpassing the French Corsicans and the Italian Mafia as the world’s biggest heroin producers and suppliers. The shift in supply also meant that Vancouver’s role as a port of entry for heroin would increase considerably in subsequent years (*Washington Post*, May 13, 1973).

By the mid-1970s, Canada Customs (now the Canada Border Services Agency) was intercepting numerous shipments of “China White” heroin sent through the mail, airports, and marine ports, the results of bumper crops in the Golden Triangle and a greater level of organization in the smuggling of Southeast Asian heroin by the Chinese Kuomintang army in tandem with criminal members of Hong Kong and Taiwanese triads. In January 1977, the *Toronto Star* reported that an international investigation begun 17 months earlier had dismantled a Hong Kong-based heroin trafficking ring that was believed to have shipped over 1,500 kilograms of the drug to North America through Vancouver, Toronto, and New York. The street value of the heroin was about \$3 billion, police estimated. Fourteen people were arrested in six countries, including eight located in Vancouver and seven in Hong Kong (*Toronto Star*, Jan. 22, 1977). By the end of the decade, the CISC was reporting “six major heroin trafficking organizations in existence in the Vancouver area, all of which are involved at the ‘importing’ level” (CISC, 1979: 12). A 1985 RCMP drug intelligence report estimated that the Golden Triangle of Thailand, Myanmar, and Laos was supplying 66 percent of the illicit heroin market in Canada, while Southwest Asian heroin (produced in Pakistan, Afghanistan, and Iran) made up 34 percent of the market (most of it entering the country through Montreal) (RCMP, 1985: 4). Canada was not only the destination for the Southeast Asian heroin; it also became an important transit country for the United States and New York City in particular.

Illegal Immigration, Human Smuggling, and Human Trafficking

With the impending handover of Hong Kong from Britain to China in 1997, the small smuggling syndicates that moved hundreds of illegal immigrants were blossoming into sophisticated multi-country operations that were now moving thousands of illegal migrants from Hong Kong and mainland China into Canada and the US.

Case Study: Operation Overflight

In August 1990, the RCMP-led Operation Overflight dismantled a migrant smuggling operation that had reportedly transported more than four thousand people from mainland China into Canada over the previous five years. Seized documents showed that the organizers were soliciting clients in China while offering the same service to people in Canada who wanted to bring over relatives. Between 30 and 40 people from China were smuggled into Canada every month, and each was charged up to \$15,000 a head. They were levied an extra \$4,500 if they wanted to enter the United States. In one excursion that was typical of the smuggling operation, a chartered aircraft arrived at Mirabel airport in Montreal in April 1990 with 47 Chinese nationals on board. They had been smuggled out of China to Hong Kong and then boarded a plane to Panama. There, they received new travel documents and were

then flown to Haiti. While in Haiti, they were given Hong Kong passports and flown to Canada, via the Dominion Republic, onboard the chartered aircraft.

Operation Overflight led to the arrest of six people in Canada and eight in Hong Kong, as well as the seizure of forged passports and other travel documents. Among those arrested were Chiu Sing Tsang, who was described in court as the “CEO” of the smuggling network, and his wife, King Fon Yue. Tsang was based in Toronto and had entered Canada with forged immigration documents in 1988. He had key operatives stationed in more than a dozen cities around the world and had ties with Chinese criminal groups in various cities, including the Kung Lok in Toronto, the 14K in New York and Hong Kong, and China. The operation made a profit estimated at between \$8,000 and \$10,000 for each person smuggled into the country, while the overall profit was conservatively estimated at \$10 to \$15 million (Dubro, 1992: 260; *Toronto Star*, Aug. 8, 1990, Aug. 11, 1990).

As the end of the British lease over Hong Kong drew nearer, people smuggling from Hong Kong ramped up (CISC, 1984: 19). A 1993 classified Canadian intelligence report documented the involvement of members of some Chinese triads. This included one triad enforcer who was the director of a travel agency that was a “front organization for Sun Yee On,” which arranged documentation and flights that moved bogus refugee claimants on board-leased planes from southern China to North America via Belize. This latest people smuggling case raised fears that immigrants being brought into the country illegally were criminal members of Hong Kong-based triads. The larger fear was that the triads and other criminal groups in Hong Kong were transferring their centre of operations to Canada in advance of the handover of Hong Kong to China in 1997. Intelligence assessments from the early 1990s reported that some triads had already begun expanding their networks worldwide, focusing on countries with large Chinese immigrant populations, such as the United States, Canada, Australia, and the Netherlands.

As early as 1986, Toronto Police reports were suggesting that some Chinese triad leaders in Asia had already moved themselves and their money to Toronto. Three triads, in particular, were said to be “funnelling millions of illegally earned dollars into Toronto real estate and businesses to form a power base from which to direct their worldwide crime operations” (*Globe and Mail*, Dec. 16, 1986). A confidential report prepared by staff at the Canadian Commission in Hong Kong, dated September 21, 1993, provides specific information about “17 new triad figures” who had applied to enter Canada (as cited in *Globe and Mail*, Mar. 10, 1993). A 2001 confidential report from the United States Drug Enforcement Administration (2001: 23) contended that during the late 1990s, Vancouver “emerged as a key operational headquarters for ethnic Chinese criminal elements.”

The Big Circle Boys

By the 1980s, a new, more organized criminal force, made up of immigrants originally from mainland China, was now making its mark in Vancouver and would go on to be one of the most widespread, active, and sophisticated Chinese criminal networks that would eventually stretch across Canada. Known in Asia as the *Dai Huen Jai* (Big Circle Boys), its original organizers were Chinese nationals—mostly former soldiers and officers who had been purged from the People's Liberation Army and the elite Red Guards during Mao's Great Proletarian Cultural Revolution of the late 1960s. For years, they were confined to prison camps around the provincial capital of Guangzhou, where, along with millions of others, they were “re-educated” in a bid to rid China of its anti-revolutionary bourgeois elements. The prison camps were outlined with big red circles on Chinese government maps of the time, which inspired the name *Dai Huen* or “Big Circle.” Between 1969 and 1975, several of the imprisoned soldiers were released from the prison camps, while others escaped. Most headed to Hong Kong, where approximately 25 of them formed a loosely knit gang of criminals, which the Royal Hong Kong Police soon referred to as the *Dai Huen Jai*. “With the military training they received as Red Guards and the brutality they had suffered in the camps, the Big Circle Boys (BCB) settled comfortably into a life of crime, specializing in armed raids; their trademarks were their extreme violence, their propensity for carrying and using guns, and their well-planned operations, aiming for high-dollar targets. Jewelry firms, cash-transit companies, casinos, and payroll offices were their regular targets” (Lamothe & Nicaso, 1994: 83–84).

During the early to mid-1980s, dozens of former Red Guard officers, soldiers, and other hardened criminals left China and Hong Kong for Canada. Some were smuggled into the country, and most claimed refugee status upon arrival. By the late 1980s, they had made their mark in Vancouver and Toronto, where they became known for their violent kidnappings, armed robberies, and home invasions. While some tenets of a triad hierarchy were adopted by the original Big Circle Boys in Canada, it was not a triad, as it was devoid of the structure, initiation ceremony, formal membership, and rituals. The BCB consisted of numerous small autonomous groups, consisting of between 10 and 30 people at any one time, that were scattered throughout Canada but frequently co-operated on joint criminal ventures. The organizational strength of the BCB was its vast networking, which meant criminal conspiracies were planned and carried out between different cells located in different cities or countries, while participants drifted in and out of one or more cells or specific criminal ventures. The BCB was also known to work with a variety of other criminal syndicates, including Chinese triads, Vietnamese gangs, Eastern European crime groups, outlaw motorcycle gangs, and Aboriginal smuggling rings (CACP, 1992: 25–26; Dubro, 1992: 12–13; Gould, 2004: 37–38; Lintner, 2003: 375; Nicaso & Lamothe, 2005: 83).

Organized groups of criminals from mainland China first came to the attention of Vancouver Police in the late 1980s following several armed robberies committed within the city's Asian community between November 1986 and January 1987. The author of a 1987 Vancouver Police intelligence report did not refer to this new criminal element as a gang: "They are more a loose association of people who have a number of things in common. They have committed crimes but so far they are not organized like some of the other gangs we have in the city" (*Vancouver Sun*, Aug. 19, 1987). A 1989 report prepared by Constable Bill Chu of the Asian Organized Crime Unit in Vancouver states there were approximately 30 members of this emerging crime network in the city, "with numbers increasing steadily"; most were identified as former Red Army soldiers who were in their twenties or thirties (Chu, 1989: 1). Police in Vancouver also began to associate the local BCB with a new form of violent robbery in the Chinese community—home invasions. In 1990, a group of men forcibly entered the residence of a 94-year-old Chinese man. He was tied up, threatened with a gun, and then robbed of hundreds of dollars in cash. That same year, Chinese social clubs were held up by masked Asian men armed with automatic revolvers who made off with jewellery and money (CACP, 1991: 44).

Within a few years of its initial appearance in Vancouver, the BCB was so powerful that it not only put an end to the fighting among rival Asian gangs but brought them all together in a subordinate capacity. "What we found is that the gangs had been organized into a sort of super gang," a detective with the Vancouver Police major crime squad told the media in 1991 (*The Province*, Aug. 18, 1991). Police intelligence suggests that around this time, the major gangs in the city were carrying out specific criminal tasks for BCB members. The Viet Ching conducted robberies, break-ins, and extortions, and helped manufacture and circulate fake credit cards. Members of the Gum Wah assisted in the importation and trafficking of heroin, while the Lotus Family recruited teenaged criminals to carry out break-ins, home invasions, and other thefts while also running errands for BCB members. Evidence of this new coordinated effort came to light when police arrested 11 people following a jewellery store robbery in August 1991. In a raid on one safe house in Vancouver, police found members of the Big Circle Boys, the Lotus Family, the Gum Wah, the Viet Ching, and the Taiwanese triad the United Bamboo (*The Province*, Aug. 4, 1991, Aug. 18, 1991).

Around 1988, some of these mainland Chinese criminals migrated to Toronto from Vancouver or arrived in the city directly from Hong Kong. They came to the attention of Toronto Police later that year following a wave of pickpocketing in Chinatown stores and on subway trains and streetcars. Thousands of dollars in cash was stolen, along with hundreds of credit cards that were doctored and then used to buy \$400,000 in luxury goods for resale. The Toronto-based BCB was also behind armed robberies of Chinese retail businesses. Earlier that year, Toronto police busted brothels in Chinatown and Scarborough that were linked to local BCB members. The women were from Malaysia and had been brought into the country under the pretence of legitimate jobs as maids. Police discovered that Toronto was part of an international human trafficking ring that

moved the women between Amsterdam, Copenhagen, New York, Los Angeles, Toronto, and Vancouver. At least a dozen kidnappings in Scarborough during 1990 were also attributed to the BCB (Lavigne, 1991, 152–54; *Toronto Star*, Feb. 4, 1990, Jan. 13, 1991).

BCB cells in Hong Kong, Toronto, and New York were also behind one of the single biggest heroin smuggling conspiracies ever investigated by Canadian police. From 1988 to 1990, up to 545 kilograms of nearly pure heroin was shipped from Thailand to eastern Canada. From there, it was taken to Toronto and Montreal, where it was broken down into smaller lots and then smuggled to New York City. An undercover investigation was initiated in March 1990, five months after half a kilogram of 99-percent pure heroin was seized in Scarborough. The investigation ended in February 1991 when seven people in Toronto and six in New York City were arrested. Police seized 11 kilograms of heroin and \$8.6 million in American cash from two homes in Brooklyn. They also found a sub-machine gun, several handguns, body armour, heroin presses, and cloth cylinders used to smuggle the heroin from Thailand (Lavigne, 1991: 125; *Toronto Star*, Feb. 6, 1991).

In 1992, the Canadian Association of Chiefs of Police observed that “infractions against the credit card industry are increasing at an alarming rate” and blamed “criminals of Asian descent, particularly from Hong Kong” (CACP, 1992: 23, 25, 55). In April 1994, a police investigation by police in Ontario led to the arrest of 17 people connected to the BCB on fraud charges over a counterfeit credit card operation. The cards were produced in Scarborough, embossed with valid credit card numbers, and sold on the street in Toronto for \$300 to \$500 each. During the investigation, police discovered that some of the men were also trying to smuggle stolen luxury cars from North America to Vietnam via Singapore (*Globe and Mail*, Apr. 29, 1994; *Toronto Star*, Apr. 29, 1994).

By the late 1990s, between 300 and 500 people were estimated to be connected to the BCB in the Toronto area and between 250 and 400 in Vancouver. By the end of the decade, the BCB was made up of two generations: the remaining ex-Red Guard soldiers who came to Canada via Hong Kong in the late 1980s and early 1990s, and younger gang members who were mostly immigrants from China, Hong Kong, and Taiwan. Today, many of the original Big Circle Boys founders are either retired or dead, and police rarely use this term anymore. However, the BCB has left an indelible legacy for organized crime through its highly networked approach to organized crime and its technologically sophisticated crimes. The BCB also helped establish Canada as an international centre for credit card fraud, product piracy, and the production and export of synthetic drugs.

CHINESE ORGANIZED CRIME IN CANADA IN THE 2000S AND BEYOND

Detective James Fisher, an expert on COC with the Vancouver Police Department, testified at a 2013 Canadian deportation hearing for Lai Tong Sang (a.k.a. Shui Fong

Lai and Dragon Head Lai), a Chinese national who was eventually deported to China due to his alleged ties to the Wo On Lok triad in Macau. Fisher said the triads based in China and its two administrative regions, Hong Kong and Macau, continue to have influence in Canada. These include the Lotus Gang, 14K, and the Wo On Lok. “Most of the triads that we have encountered in Canada have an origin in Hong Kong but they operate independently in Canada,” Fisher said. “For example, 14K in Vancouver would have a leader here that controls a number of people. He would be related to Hong Kong through a brotherhood, but would not necessarily have to follow orders handed down by Hong Kong” (Canadian Press, Feb. 28, 2013). British Columbia and Ontario continue to be the main bases of operation for Chinese criminal groups and networks.

In September 2005, the RCMP raided a home in Richmond, BC, that housed a synthetic drug lab containing 200 kilograms of MDMA. Four men of Chinese descent, including two Richmond residents and two Hong Kong residents, were arrested. A day later, the RCMP found another clandestine MDMA lab in Richmond, prompting the Vancouver RCMP Drug Section to conclude that the two sophisticated labs were linked to one COC group (*The Province*, Sep. 26, 2005; *Vancouver Sun*, Sep. 16, 2005, Sep. 27, 2005). Chinese criminal syndicates are also known to import large quantities of finished MDMA into Canada, which along with the Canadian-produced pills are exported to the United States. According to the 2006 US *National Drug Threat Assessment Report*, “Canada-based Asian criminal groups with access to MDMA from Canada and Europe have surpassed Russian-Israeli drug-trafficking organizations as the primary suppliers of MDMA to U.S. drug markets” (National Drug Intelligence Center, 2006: i). In January 2021, Dutch police arrested Tse Chi Lop, a Chinese-born Canadian citizen accused of heading one of the largest methamphetamine trafficking operations in the Pacific Rim from Toronto (*France24.com*, Jan. 24, 2021; *CTVNews.ca*, Jan. 24, 2021). According to the *National Post* (Jan. 25, 2021), “Tse is accused of forging an alliance of five triad crime groups in Asia. Its members call it ‘The Company,’ because for them, that’s what it is, a business.” He is also accused of being a former member of the Big Circle Boys in China and Canada and having worked with the Rizzuto crime family in heroin trafficking.

In the summer of 2005, large marijuana farms discovered on rural properties in various provinces were linked to Hong Kong-based triads as well as criminals with roots in mainland China. In late July, the Ontario Provincial Police arrested and charged Zhi Ji Chu after discovering more than 21,000 plants on a farm near Iroquois Falls, east of Timmins. During that summer, police raided two other large outdoor marijuana grow operations in Ontario containing 15,000 and 7,000 plants. Both fields were being tended by Chinese immigrants, some of whom were in the country illegally (*Globe and Mail*, Aug. 1, 2005; *Toronto Star*, Jul. 16, 2005). In October 2009, police in Alberta said one marijuana grow-op they discovered, which was producing marijuana estimated to be worth \$2.4 million annually, had ties to a Chinese criminal group (*Calgary Herald*, Oct. 1, 2009). The quantity of the marijuana discovered on the farms, and in Canada

generally, was far greater than the domestic market could absorb, suggesting that a great deal of it produced in Canada is shipped to the United States. A 2006 *National Drug Threat Assessment Report* by the US Justice Department blames the “sharp rise in marijuana smuggling from Canada via the U.S.–Canada border” on Asian criminal groups, which are “increasing their position as wholesale distributors of Canada-produced marijuana” in the United States (National Drug Intelligence Center, 2006: 16).

Immigrant smuggling continues to be a major source of revenue for COC. Most of the illegal immigrants are from Communist China and enter Canada using forged passports and other travel documents or have no paperwork and claim refugee status once in the country. Many of those who arrive are smuggled into the United States. Asian migrant smuggling has also become interconnected with the sex trade in Canada and the United States. In April 2015, police charged seven people alleged to be members of a COC syndicate that exploited at least five hundred women, hailing mostly from China and Korea. The women were smuggled into Canada illegally, with promises of legitimate jobs, but upon arrival, they had their passports confiscated and were forced into the sex trade. They worked in bawdy houses in Halifax, Montreal, Ottawa, Toronto, Winnipeg, Calgary, Edmonton, and Vancouver (Associated Press, Apr. 12, 2015; Canadian Press, Apr. 4, 2015).

COC still has a hand in illegal gaming in Canada, including professional-grade underground mah-jong clubs, casinos, lotteries, and sports betting. In December 2015, police in Toronto said 28 illegal gaming houses and five illegal casinos linked to COC were operating in Scarborough. Three of the casinos were shut down by police, and three suspects of Chinese heritage were arrested and charged with keeping a common gaming house. As part of the raids, police said they seized cash, drugs, firearms, baccarat and mah-jong tables, slot machines, and other gaming equipment. The size and sophistication of the illegal gaming houses identified by Toronto Police varied; the smallest ones accommodated between 15 and 20 people at a few tables, while the larger ones resemble fully operational casinos with 8 to 10 large tables and many slot machines. Most of the illegal gaming houses were located in commercial properties and leased out under the guise of being social clubs. Some of these illegal gambling operations come with their own “credit” (i.e., loansharking) department (*CityNews.ca*, Oct. 9, 2015; *CP24.com*, Oct. 9, 2015; *CTVNews.ca*, Oct. 9, 2015b).

ANALYZING CHINESE ORGANIZED CRIME

The preceding historical description provides some indication of the characteristics of COC in Canada. Using the typology of a criminal organization created in chapter 3, this section examines in more detail the salient characteristics of COC in this country, including the Chinese triads, the Big Circle Boys, and the criminal networks that succeeded them.

Organizational

Multiple Offenders

All forms of COC have multiple members. Given the loose structure of triads in Asia and Canada, it is difficult to determine how many members they have. Even the triad leaders themselves are uncertain of the total number of their followers (RCMP, 1997). The Kung Lok in Toronto and Ottawa was said to have 150 members at its peak. The Canadian cells of global triads are each estimated to have between 50 and 100 members. The membership of some global triads is said to be in the tens of thousands, but this number is often exaggerated, and not all members are involved in criminal activity. The networked structure of COC today means that there are few identifiable and continuous groups; however, multiple individuals are inevitably involved in multiple organized crimes.

A Systematic Pattern to the Relationship among the Offenders/Division of Labour and Specialization

Chinese triads can be demarcated into those that traditionally operate as fraternal or business societies (which may include members involved in criminal activities) versus those established expressly for criminal purposes and whose membership is made up almost exclusively of chronic offenders. A traditional triad society has been referred to as a “lodge,” and historically, most have a similar organizational structure that determines the level of power and specific responsibilities assigned to each position. Traditionally, the titles of the officers of the triad are highly ritualistic and influenced by numerology. The **Dragon Head** (*Shan Chu* or *Chu Chi*) is the leader or head of the society. In some fraternal societies, he may be known informally as the president; in other less structured triad lodges, he is the **Dai Lo** or **Elder Brother**. Below him are three positions of equal rank. The first is the deputy leader (the *Fu Chan Chu*), also known as the Second Route Marshall or the Assistant Mountain Lord, who serves as a key adviser to the Dragon Head and may make decisions in his absence. At the same level in the hierarchy are two other officials: the Ceremony Master or Incense Master (*Heung Chu*) and the Vanguard (*Sin Fung*), both of whom are responsible for administering the triad rituals and ceremonies and may have the power to discipline members. At the next level of the hierarchy are three positions. The **White Paper Fan** (*Pak Tze Sin*) acts as a general administrator and adviser and in criminal circumstances may be responsible for paying off police and gathering intelligence information. The **Red Pole** (*Hung Kwan*) functions as the triad’s enforcer and is responsible for carrying out internal discipline and ensuring external security. The **Straw Sandal** (*Cho Hai*) is responsible for internal communications and may also collect extorted money. Finally, there are the rank-and-file members, or soldiers, known as *Say Gou Zai*. At the lowest level of the triad are the **49** members (ordinary members or soldiers) and the **Blue Lanterns** (new recruits who have yet to be inducted into the society) (Hamilton, 1987: 6; Main, 1991: 159). A typical triad structure is shown in Figure 6.1.

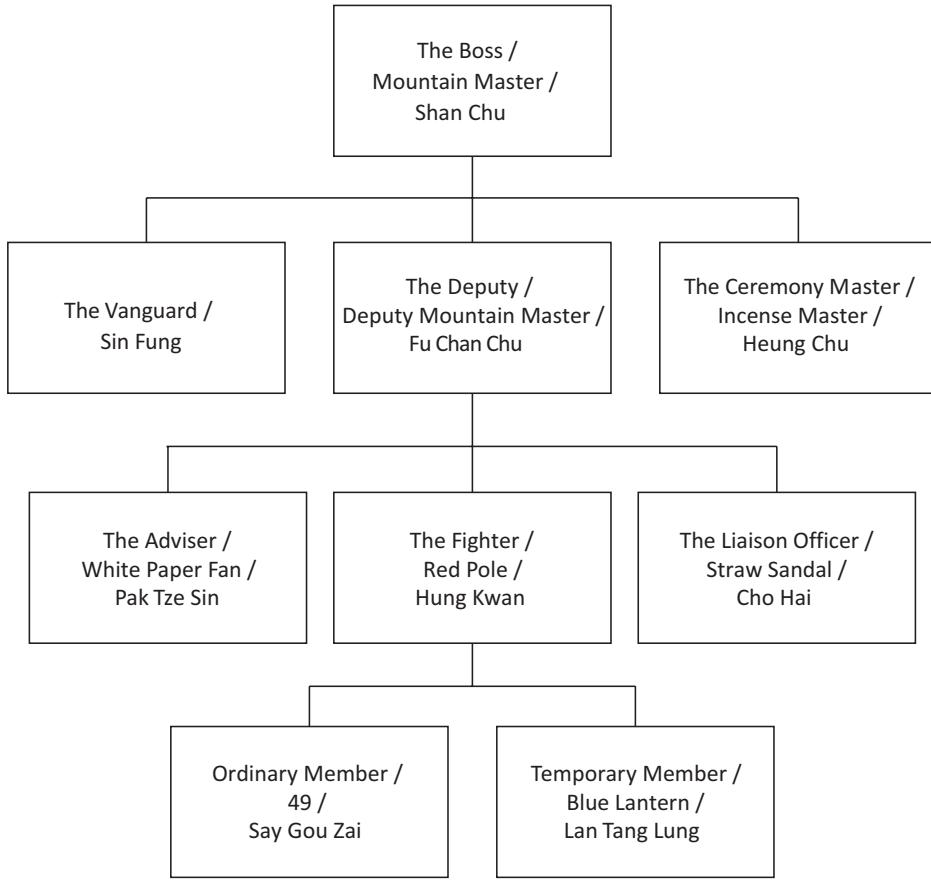


Figure 6.1: Traditional organizational structure of a triad

In more recent years, according to Chu (2007: 87), the organizational structure of triad societies has become flexible and decentralized. The traditional rank system has been largely reduced to three: Red Pole (society leader), 49 (ordinary members), and Blue Lanterns (new recruits).

While the traditional structure of a triad society can be well organized, nowadays triads are only a collection of loose-knit groups or gangs. As Chin (2014: 222–24) writes, “most of the Hong Kong-based triads are made up of many subgroups that function more or less like independent entities with their own name, turf, leadership structure, and niches in the legitimate and illegitimate markets.” The head of a traditional triad society, who may not even be involved in criminal activities, refrains from telling members what criminal activities they should get involved in, nor does he receive any share of the profits from his members’ activities (Chu, 2000: 27). In practice, the leadership of a triad lodge is generally only in charge of rituals and maintaining the image of

the triad as a whole (Black, 1991). As such, a former superintendent of the Royal Hong Kong Police argues that a triad society is not by definition an organized crime syndicate (Main, 1991).

In this respect, a contemporary triad society may or may not function as the infrastructure for a criminal operation, and the hierarchy may or may not be representative of each member's responsibilities in a criminal enterprise. Yet membership in a triad is a valuable asset for criminal activities because members will often work together in legitimate and illegitimate business undertakings while those from different triad societies (as well as non-members) will also come together to work on a joint criminal venture (Main, 1991: 149–51). As one chief inspector of the Royal Hong Kong Police put it, triad membership is a “lubricant” that “facilitates personal contacts and co-operation between different Triad groups or individuals” (Fuk, 1999). Adds a former member of the 14K, “Triad members do favours for each other, provide introductions and assistance to each other, engage in criminal schemes with one another” (United States Congress, 1992: 5).

Given the loosely networked structure of COC today, much of its illegal activities are perpetrated by small cells that come together to carry out specific criminal conspiracies in conjunction with other associates and criminal groups. As depicted in Figure 6.2, criminal activity associated with a triad society is a complex interaction among the society's infrastructure, one or more members, and networks linked to a triad member (which may include a criminal triad subgroup headed by an elder brother, a youth gang, or another associated criminal organization) (Main, 1991: 150). COC in Canada also includes numerous linkages with other types of OCAs, including outlaw motorcycle gangs, Vietnamese criminal groups, and Indigenous offenders and businesses (specializing in smuggling and contraband tobacco production).

Even those triads that have been established expressly for criminal purposes, such as Toronto's Kung Lok, blended a traditional triad hierarchy with a syndicated approach to carrying out crimes. Under the original Dragon Head, Lau Wing Kui, each of the elder brothers had a network of criminal underlings who mostly carried out extortions against Chinese immigrants and businesses. A Toronto-based federal immigration analyst wrote in a 1980 report that one elder brother, Danny Mo, “may have as many as 50 young followers of his own. Whether these followers have been initiated into the Kung Lok or are so far simply followers of Mo is unknown” (National Archives of Canada, RG 76: Files of the Department of Immigration and Citizenship, Vol. 1447).

The original Big Circle Boys in Vancouver was not a triad, although it had a hierarchy of sorts, including a division of labour. The “Street-Gang Captains” were responsible for crews of offenders who carried out much of the criminal dirty work (robberies, kidnappings, etc.). The Street-Gang Captain reported to the Road Boss, who planned the criminal activities to be carried out by the subordinate gangs. The Road Boss reported to a Lieutenant, who in turn reported to the leaders of the local BCB group. The upper levels of the BCB identified criminal opportunities, negotiated international drug

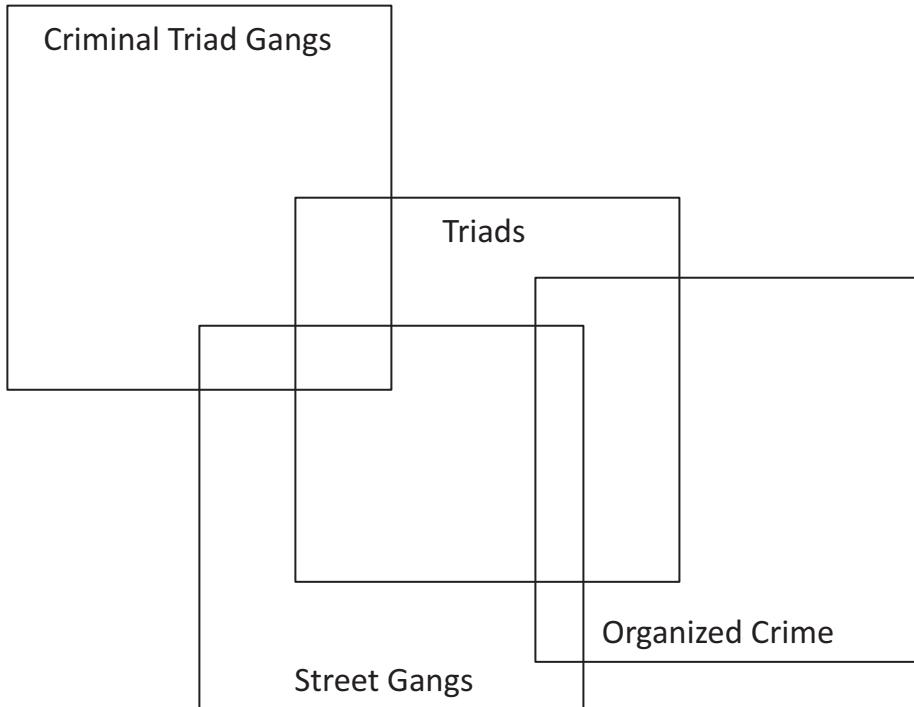


Figure 6.2: Networked structure of Chinese organized crime

deals, established connections with sources and other OCAs, and, along with the Road Boss, subcontracted the dirty work to the subsidiary crews (*The Province*, Aug. 4, 1991, Aug. 18, 1991). In later years, the basis of the BCB's criminal proficiency and transnational operations "were derived from their connectivity and ability to collaborate with one another, despite never having been organised into a single, unified organisation" (Chung, 2019: 282).

In short, contemporary COC in Canada is structured as a loose network of offenders (some of whom may be members of a triad). This is also true of Chinese triads themselves: while the fraternal organization may be hierarchical, members who are involved in organized crimes do so through a networked approach. The network ties that bind organized, transnational criminal activities based out of Asia, according to Chin, are very much associational. Ethnic Chinese offenders engaged in human smuggling "form temporary alliances" based upon "familial networks and fortuitous social contacts" that enable them "to pool resources to transport human cargo around the world" (Chin, 2014: 223), and "while they are not set up to commit crime, the existing networks can be used by individuals to occasionally become involved in crime whenever and wherever an opportunity arises" (231).

Limited or Exclusive Membership

The Kung Lok in Toronto was primarily made up of ethnic Chinese members, but they also tolerated bicultural members (as long as one culture was Chinese). Over time, they worked with Vietnamese offenders, although it is not known if they were formally initiated as members. This is reflective of Asian-based triad societies generally, which historically limited their membership to those whose ethnicity was Chinese. However, as triads have expanded throughout Asia, many now initiate members from other countries and ethnicities. Moreover, given that some multinational triad societies are estimated to have thousands of members, there appear to be few restrictions as to who becomes a member. This is because the society is seen as a networking tool for its members, so the more members in a triad, the greater the network opportunities. Whether it is for legitimate or illicit activity, triads “clearly serve as international networking associations that facilitate such activity” (United States Congress, 1992: 36).

Historically, to become a member of a triad society, certain rites must be followed by the recruit. Initiates into a triad society are required to pay an entrance fee. They must also obtain a sponsor, to whom a further fee is payable—often far in excess of the entrance fee. Sponsorship is a private arrangement and is only reached after the initiate’s credentials have been thoroughly checked.

Case Study: Traditional Triad Initiation Ceremony

A traditional membership ceremony is overseen by the Incense Master and the Vanguard and can take up to eight hours to complete. The ceremony is held in a triad “lodge,” which can be any place that is properly decorated with the appropriate flags, banners, and name of the Dragon Head. Upon entering the designated lodge, the initiate passes through three “gates” (the various offshoots of the original secret societies were often referred to as “Hong Gates”). Before passing through the first gate (which contains a written warning that reads, “On entering the door, do not proceed further if you are not loyal”), the recruit does a ritual dance. He then passes through an archway made up of crossed swords, a process called “Passing the Mountain of Knives.” The second gate is named the “Loyalty and Righteousness Hall,” and a sign on the arch announces, “Before the gate of loyalty and righteousness all men are equal.” After passing through this gate, the recruit pays his fee, which is handed over to the Vanguard in a red envelope (extortion victims have also been known to hand over money to triad members in red envelopes). The sign on the third arch states, “Through the Heaven and Earth Circle Are Born the Hong Heroes.” Beyond this arch is the third gate, the “Heaven and Earth Circle,” which is often a bamboo hoop. Passing through the hoop is meant to represent the initiate’s rebirth into the world of the triad society. On the other side of the circle is the main hall. The prospective member stands before an altar at the end of the hall and listens to triad poetry read by senior society members. When

the recital is over, the recruit washes his face, removes his clothes, and is given white robes and straw sandals to wear. Again, this symbolizes that his old life has been washed away and he is now prepared for his rebirth as a triad member. He then stands in front of the altar and swears 36 oaths (most of which pledge loyalty to the triad and the recruit's fellow members upon threat of such lethal consequences as being struck by five thunderbolts or being killed by a myriad of swords).

All those present at the ceremony then drink a mixture of blood from the recruit and others present (pricked from their fingers) as well as blood from a dead chicken (the decapitation of a live chicken symbolizes the fate of any member who betrays the triad). A little wine is added for flavour, and after the mixture has been consumed, the bowl is broken to represent the fate of those who might betray the brotherhood. The ceremony concludes with the burning of the yellow paper, which has the names of those at the ceremony written on it, along with a statement that describes the purpose of their relationship. This final ritual is meant to signify the bonds of brotherhood among the participants. When the initiation is complete, the recruit is now officially a "49" and the ceremony ends with a celebratory feast (Dubro, 1992: 6–7; Lintner, 2003: 388–91; Main, 1991: 148; Murray & Biaoqi, 1994: 31; President's Commission on Organized Crime, 1984b: 51).

For criminal triads, the intricate initiation ceremony is not simply an opportunity to pay homage to the history and traditions of the Hong Men society; it is meant to instill awe, respect, fear, loyalty, and discipline among new recruits. Toronto's Kung Lok was believed to have used a variation of this traditional ceremony when it initiated many of its members during the 1970s and early 1980s. One teenaged inductee of a Kung Lok initiation ceremony held in Ottawa told police it included the beheading of a live chicken and the drinking of blood by each prospect. Eyewitnesses also described an extravagant altar in the makeshift lodge that was adorned with the name of the Canadian Kung Lok founder, Lau Wing Kui (Canadian Broadcasting Corporation, Nov. 8, 1983). These elaborate ceremonies are rarely performed by present-day triads (the AIDS scare in the 1980s put an end to drinking human blood).

Risk Management: Insulation against Law Enforcement

Chinese OCAs incorporate numerous measures to insulate themselves from law enforcement. The networked structure of COC helps protect conspirators from law enforcement because individual members, associates, and cells operate relatively autonomously, thereby making it more difficult to penetrate the entire network. The hierarchical structure of Toronto's Kung Lok, in which lower-level "49" members and their associates carried out much of the hands-on criminal activities, was meant to protect their elder brothers. In its 2001 annual report, CISC charged that Asian crime groups in the Lower Mainland were targeting high schools with large English-as-a-second-language

populations “as a labour pool for a variety of lower-level criminal activities, as a source of recruits and as insulation to shield senior members from the attentions of rival gangs or law enforcement” (CISC, 2001: 19). Other cases indicate that low-level criminal activity is delegated to Chinese nationals who are illegally brought into the country, do not speak English or French, and have little awareness of the broader criminal conspiracy or higher-level organizers. In September 2011, for example, Ontario police announced the results of Project *Chun Tiao* (Chinese for “Spring Weed”) that resulted in the seizure of more than 20,000 marijuana plants, worth an estimated \$15 million, from three grow-ops in Pelham, Waterford, and Pickering. Police said the eight suspects arrested were illegal Chinese migrant workers from Fujian province (*Simcoe Reformer*, Dec. 10, 2012, Sep. 16, 2013; *Toronto Sun*, Sep. 14, 2011).

Criminal triads, such as the Kung Lok in Canada, adapted the traditional rules, rituals, and symbols of Hong Men societies as a binding force to ensure secrecy, discipline, and loyalty among their members. The 36 oaths—which supposedly date back to the 17th century—include a variation on the message “Be loyal or be killed” (Main, 1991: 148). Kung Lok triad members were also required to take an oath of secrecy, which was fortified by their pledge of allegiance to one another as “brothers in blood” (which is why they referred to themselves as *elder brothers* and *little brothers*). Most modern Chinese organized criminal networks have all but abandoned the rules, regulations, rituals, and symbols of the traditional societies and criminal triad groups.

To support and shield their criminal activities, triad syndicates rely on corrupting government officials. Triad members had connections with corrupt Royal Hong Kong Police officers who were paid to protect gambling dens, opium dens, and houses of prostitution (United States Congress, 1992: 6). When Danny Mo was leading the Kung Lok in Toronto, he was arrested for his role in an illegal immigration scheme that brought Chinese citizens into Canada. Others implicated in the conspiracy included a personnel officer with the Canadian Immigration Department (who was charged with conspiracy, breach of trust, and accepting a secret commission). Revelations from informants that Chinese citizens wishing to relocate to Canada were paying thousands of dollars to have their immigration status “looked after” by Canadian immigration officials and lawyers sparked a joint investigation between the RCMP and Metropolitan Toronto Police in 1982. The following year, the task force confiscated hundreds of counterfeit Canadian immigration forms from a printing shop located in the heart of Toronto’s Chinatown (*Toronto Star*, Mar. 24, 1983).

Contemporary COC in mainland China is said to be firmly embedded in the Chinese Communist Party, with officials actively taking part in crimes such as drug trafficking (diverting powdered fentanyl to export markets) and human trafficking. The Chinese government, including the military, is said to use criminal organizations to conduct international espionage that steal state secrets and intellectual property from corporations while also committing cybercrimes like hacking and denial-of-service attacks against foreign governments, corporations, and other targets in Western nations.

A 1997 classified report prepared by the RCMP and Canadian Security Intelligence Service entitled *Chinese Intelligence Services and Triads Financial Links in Canada* claims an alliance existed among the Chinese government, its espionage services, Hong Kong tycoons, and Chinese triads that sought to steal high-tech secrets, launder money, and gain control of Canadian companies in real estate, media, and other sectors. More recently, Cooper (2021) reports on the relationship between the Chinese Communist Party and organized crime networks that are active in trafficking fentanyl, methamphetamines, and opioids, as well as money laundering, in Canada.

Continuity/Continuing Enterprise

The Hong Kong-based 14K triad, which is still active in numerous countries, has existed since at least the immediate postwar years, with one source saying it was founded as far back as 1915 in southern China (Black, 1991). Toronto's Kung Lok triad survived over several years, beginning in the mid-1970s, despite a change in leadership. The fluid syndicated approach that now predominates in COC means that no over-arching organizational structure or centralized command is sustained over a long period—different offenders may join together depending on the criminal conspiracy.

Multi-Jurisdictional/Transnational in Scope

The larger triads based in Hong Kong and Taiwan have cells located in numerous countries throughout Asia, Europe, Australia, the United States, and Canada and are known to work together across national borders for specific criminal conspiracies. Among the triads that have or had a presence in Canada are the 14K, the Sun Yee On, and the Taiwanese United Bamboo. The 14K is reputed to have chapters in Toronto, New York, and other US cities. A classified federal intelligence report from 1993 discusses the Canadian presence of the Sun Yee On, Wo Hop To, and Wo Shing Wo triads from Hong Kong, as well as the Taiwanese United Bamboo, most of which “have apparently maintained links with their parent societies in Hong Kong or Taiwan.”

Case Study: Transnational Co-operation among Criminal Triads

A summit that allegedly took place at the Miramar Hotel in Hong Kong in January 1983 involved various leaders and representatives of triads and other Chinese criminal groups from Hong Kong, the United States, and Canada. The meeting was hosted by Lau Wing Kui, the former leader of Toronto's Kung Lok, and his goal was to formalize co-operation between the Hong Kong triads, the American tongs, and other Chinese gangs in North America to coordinate criminal activities, divide up territories, and minimize conflict. Ostensibly, criminal triad leaders in Hong Kong wanted to gain a foothold in and exert control over the Chinese underworld in North America in anticipation of their exodus from the British colony before it was annexed by China in 1997. Among those attending the meeting were leaders of

the New York Ghost Shadows, the Wah Ching in San Francisco and Toronto, and the Dragon Head for Toronto's Kung Lok, Danny Mo. The meeting resulted in a realignment of territories, which purportedly granted San Francisco's Wah Ching jurisdiction over Vancouver, giving it control over local gangs in the city. To symbolize the participants' bonds of brotherhood at the start of their new joint venture, the meeting allegedly concluded with the ritual burning of yellow paper (Gould, 2004: 35–36; Hamilton, 1987: 3; Lavigne, 1991: 105; President's Commission on Organized Crime, 1984b: 52–55; *Toronto Star*, Sep. 18, 1983).

Zhang and Chin (2003) express skepticism of the existence of any triads that are truly international in scope. This is because of a “structural deficiency” in the culture, tradition, and organization of triad societies; the structure may be conducive to enforcing control in local neighbourhoods, but it is incompatible with the nature of transnational crimes and limits their capacity to develop strong transnational networks. Broadhurst and Farrelly (2014: 639) appear to agree: “Black societies,” they write, are “distinguished by their attachment to a particular locality.” Thus, while a Hong Kong-based triad may have members or subgroups located in Canada, they are largely autonomous from one another and will primarily focus on local profit-oriented criminal activities.

This is not to say that transnational crimes are not carried out by Chinese OCAs. Heroin smuggling from the Golden Triangle; migrant smuggling from China; and the importation of contraband cigarettes, other counterfeit goods, and precursor chemicals exported from China are all examples of transnational crimes carried out by organized Chinese offenders. According to Chin (2014: 231), “the existence of a rapidly expanding global Chinese business network, the ease in travelling back and forth between China and the various host societies, and the trust and secrecy based on a common dialect or hometown allow the Chinese in the global village to circumvent the laws and regulations of the host communities.” Most of these cross-border criminal activities are co-ordinated by loosely organized networks of individuals and small, independent groups that are active along various smuggling routes from Asia to other parts of the world. Zhang and Chin (2002: 758) characterize Chinese international criminal activities as carried out by “temporary business alliances.” Chin (2014: 231) refers to “transnational crimes such as drug trafficking, human smuggling, sex trafficking, and money laundering” that are carried out by a “fluid, and opportunistic” network of Chinese nationals, “very often with the help of, or in co-operation with, non-Chinese local people in the host countries.” According to Chung (2019: 42), “without the limitations of a vertical organisational structure, these enterprising agents exist and operate in small-sized ad-hoc groups.” Many of these groups are simply alliances based on kinship, friendship, or other social contact and are a demographic mixture of businessmen, community leaders, small business owners, workers, housewives, and the unemployed. Some groups have “specialised tasks with clearly assigned roles and division of labour” and come together

to form “international networks that expand and contract according to the operational requirements of different illicit markets” (Chung, 2019: 42).

The transnational COC activities that most affect Canada are the importation of drugs (heroin from Southeast Asia and more recently fentanyl from China), precursor chemicals (from China) to produce synthetic drugs in Canada, as well as counterfeit goods (also produced in China). Within Canada, COC networks are multi-jurisdictional in scope; while their geographic strongholds are the Lower Mainland of British Columbia and the GTA in Ontario, their criminal operations have extended into other provinces. These criminal networks, for example, will import precursor chemicals through the Port of Vancouver, which will then be processed into MDMA in a lab in Richmond, with the final product being distributed via networks throughout BC and the Prairie provinces and even exported to other countries.

Commercial

Profit-Oriented/Consensual and Predatory Crimes/Multiple Enterprises

Chinese OCAs are involved in multiple types of profit-oriented consensual and predatory criminal enterprises. The illegal activities undertaken by COC in Canada today are numerous and include drug production; importing, exporting, and trafficking; human smuggling and trafficking; the sex trade; extortion; kidnapping; home invasions; counterfeiting (currency, bank cards, cigarettes, fashions, and other consumer goods); illegal gambling and bookmaking; loansharking; trading in endangered species; fraud; and identity theft, as well as computer hacking and other cybercrimes. The National Drug Intelligence Center in the United States attributes much of the production of MDMA in Canada to Asian drug trafficking organizations, which are also involved in smuggling the drug across the border into the United States (National Drug Intelligence Center, 2010). China is the single largest source of fentanyl powder in Canada, much of which is imported through the Port of Vancouver and then manufactured into pills in various labs in Greater Vancouver.

Underground gaming establishments are another major source of revenue for COC and include mah-jong clubs, illegal casinos, and card games. Loansharking has been linked to both legal and illegal gambling. The BC government identified 33 cases of suspected loansharking at casinos in the province from 2002 to 2004 (*CBC News*, May 24, 2008). *Global News* reported on VIP gamblers being accompanied by young Asian men, whom casino employees started calling “Human Teller Machines” because they sat at the baccarat tables passing the players bundles of \$20 bills and casino chips. The bills were often pulled out of grocery bags and were suspected of being drug money (*GlobalNews.ca*, May 1, 2019).

Today, Chinese crime groups and networks are behind some of the biggest migrant smuggling conspiracies affecting Canada, although the country frequently serves as a transit point for illegal immigrants wishing to enter the United States. Migrant

smuggling from Asia is also strongly linked to the sex trade, which itself has become big business in Canada.

COC is heavily involved in contraband tobacco and has been accused of infiltrating and operating unregulated cigarette plants located in Mohawk First Nations' land and using residents on the reserves as nominee owners. One anonymous Mohawk businessperson was quoted in the media saying, "When you peel back the layers, you're really going to see some ugly things in some of these manufacturing facilities. There's not a single Indian in them. There's a whole bunch of Chinese people" (*National Post*, Sep. 21, 2010).

COC is involved in several predatory crimes, and criminal triads in particular are infamous for extorting "protection money" from businesses and families within the Chinese community. Hong Kong entertainers wishing to perform in Canada are said to have to pay extortion money to avoid having their bookings disrupted or cancelled. COC is active in a diverse range of white-collar crimes but is best known for counterfeiting (currency, company paycheques, bank cards, digital products, and high-end fashions).

In recent years, millions of dollars in illicit proceeds of crime are alleged to have been laundered through Vancouver's housing market, legal and illegal casinos, and underground banking, with a major source of funds being capital flight from China.

Case Study: The Vancouver Model

The Vancouver Model is a moniker applied to "complex networks of criminal alliances" and the methods used to transfer and launder the proceeds of crime in British Columbia and internationally (Langdale, 2017). Allegedly at the centre of these networks was Paul King Jin and his money service business, Silver International Investments Ltd., which provided a range of illegal financial services to their customers, "including instructions on methods to layer money, repatriate funds back to Canada, acquire reverse and fraudulent loans, and conduct real estate transactions" (German, 2018: 136–37). The principal activities allegedly undertaken by Jin and Silver International were as follows:

- facilitating capital flight from China to Canada by wealthy Chinese nationals, corrupt government officials, and financial crime offenders;
- collecting the cash proceeds of drug trafficking from other criminal organizations;
- using the drug money to supply, in Canada, the cash equivalent of the value of the funds illegally transferred out of China;
- laundering the drug cash through two main routes: casinos and real estate; and
- transferring illicit money and value to and from China, as well as other countries, to (1) settle the accounts between Silver International and those who were recipients of the drug cash, and (2) finance the purchase of drugs in source countries in Asia and South America.

Estimates of the amount of money Jin and Silver International laundered in BC between 2011 and 2018 range from \$1 to more than \$5 billion a year (*GlobalNews.ca*, Nov. 26, 2018, Jan. 28, 2019). The estimates for the amount laundered through real estate alone is between \$1 and \$5 billion (Financial Action Task Force, 2018: 34; *GlobalNews.ca*, Jan. 28, 2019). Jin benefited financially from this alleged conspiracy through commissions on all transactions conducted, interest on loans provided, as well as claims against properties that have been provided mortgage financing by Jin and Silver International (Schneider, 2020: 120).

Monopolistic Ambitions

While he was running the Kung Lok triad in Toronto, Danny Mo tried to garner a monopoly on the booking of Chinese entertainers from Hong Kong and Taiwan in Canada and the United States. The companies he formed with other triad leaders in Canada and the United States, such as the Toronto-based Oriental Arts Promotion Company, were incorporated legally. However, Mo used intimidation and violence to force out competing promoters and wrest protection fees from Hong Kong entertainers wishing to perform in Canada (*Toronto Star*, Jul. 15, 1977). The Kung Lok also resisted, often violently, any intrusion of other gangs into Toronto's Chinatown (although the Kung Lok was eventually pushed out by even more violent Vietnamese gangs). Notwithstanding the example of the Kung Lok, the syndicated approach that characterizes COC today places much more emphasis on networking among like-minded criminals as opposed to aggressive efforts to maintain a monopoly over a particular territory or criminal market in Canada. There is no indication that COC has attempted to monopolize any particular drug market in Canada; for years, they ceded the wholesale cocaine market in BC to domestic outlaw biker groups, and today, both appear to coexist in the production and distribution of synthetic drugs in the province and nationally.

Operational: Planning, Coordination, and Sophistication

COC is behind the importation of multi-kilograms of heroin, cocaine, and precursor chemicals for the domestic production of synthetic drugs. It has also been behind the smuggling of thousands of illegal migrants, sometimes hundreds at a time, which involves a high level of coordination. The sophistication of these criminal conspiracies is also reflected in COC's ever-expanding use of technology. Triad members have been at the forefront of intricate counterfeiting operations that produce near-exact replicas of bank cards (including the security holograms), government identification (driver's licences and passports), digital products, cigarettes, high-end fashions, and numerous other consumer products. Raids conducted into these counterfeiting operations have discovered an elaborate array of high-tech equipment. Chinese criminal networks have been described as highly mobile, sophisticated offenders who treat their activities like

a business, network incessantly, and learn from mistakes. One Vancouver Police officer specializing in COC recounted one raid where he found a member of a local Big Circle Boys gang studying a Crown counsel report on a previous credit card counterfeiting case, trying to determine how the accused was caught (*Vancouver Sun*, Jul. 9, 1998).

Cultural/Behavioural

Rationality/Non-Ideological

Like other dominant types of organized crime associations, contemporary COC is made up of rational offenders in the sense that their activities are geared purely toward self-maximizing goals, in particular, profit-oriented crimes. Despite the historically overt political and revolutionary agenda of the triads, over time, their varying ideological beliefs gave way to a purely economic agenda, which focused on profit-oriented criminal activities. And while some triad members have reportedly been used to help disrupt pro-democracy demonstrations in Hong Kong, COC in Canada today has no overt political or ideological agenda.

Subcultural Norms

The initiation rites and ceremonies of triad societies are meant to inculcate subcultural norms within individual members. The rituals and organizational structure of triads have much to do with Chinese numerology. Of special significance is the number three. Each of the three elements of the triad symbol has its own secret number, which is generally in a multiple of three. In particular, the number 36 is used for heaven, 108 is used for man, and 72 is for earth. These numbers were reflected in Kung Lok triad membership fees of \$1.80, \$3.60, \$7.20, or \$10.80. The sum of money requested in a kidnapping or extortion scheme may also be a specific numerological triad-inspired quantity (Dubro, 1992: 71; Hamilton, 1987: 2). The Kung Lok often demanded \$36.30 as part of its extortions carried out against immigrant Chinese high school students. Others were required to pay \$72 (the numerical designation for earth), while at least one waiter in a Chinese restaurant in Toronto filed a complaint with police that he was paid a visit by two local triad members who demanded \$1,080. While these monetary figures had ritualistic significance to the members of the Toronto-based triad, they were also used to intimidate victims, mostly Chinese immigrants, who are cognizant of the secret criminal societies and the significance of their numerical sacraments (Dubro, 1992: 7; Hamilton, 1987: 6; Lintner, 2003: 41; Robertson, 1977: 143–44).

Notwithstanding the rituals of the traditional triad, it can be argued that instead of rejecting dominant cultural norms and values of Chinese culture, modern COC has integrated the “traditional Chinese practices of networking” (United States National Security Council, 2000: 95), which is of central importance to members of Chinese triads in both their legitimate business endeavours and entrepreneurial crimes. The importance of networking as a norm within modern COC reflects another significant

Chinese cultural trait known as *guanxi*, which refers to loyalty and other reciprocal obligations between people in kinship and other social relationships (Broadhurst, 2012: 161). Any member of the Chinese community is part of a “latent organization” because of the existence of *guanxi*. According to Myers (1995: 3), this cultural norm means Chinese people are “bound to others in an ever-expanding web of social relations bearing mutual obligation bonds of varying strength.” This concept facilitates organized crime through a “crucial expression of relationships that helps maintain trust among disparate groups and individuals” (Broadhurst, 2012: 161).

CONCLUSION

Whether it is the early opium trafficking or illegal gambling halls in Victoria’s Chinatown in the first quarter of the 20th century, the human smugglers and heroin importers from the postwar years, Toronto’s criminal triads of the 1970s and 1980s, the Big Circle Boys of the 1980s and 1990s, or the current criminal networks of fentanyl importers and synthetic drug manufacturers, the many theoretical tenets of organized crime apply to those OCAs in which ethnic Chinese offenders predominate. The growing global reach of China in the last few years has helped to foster COC in Canada and around the world, including an increase in the international supply of fentanyl, counterfeit goods, and contraband tobacco. COC has also seen a shift away from Hong Kong to China as a global epicentre, and many of the ethnic Chinese organized and entrepreneurial criminal offenders and networks in Canada are now linked to mainland China.

There is nothing particularly distinctive about COC in Canada, relative to other countries outside Asia, except perhaps its long history here due to Chinese immigration, which began in the 19th century. British Columbia is particularly exposed to COC given its proximity and strong cultural and economic ties to China and its large Chinese immigrant population. The Port of Vancouver is a major gateway for illegal drugs and precursor chemicals from Asia entering North America, while the Lower Mainland has emerged as an epicentre for synthetic drug production and money laundering by Chinese criminal offenders.

Like (organized) crime in general, one must also look at the contribution that indigenous conditions and developments in Canada have made to the development of COC here. Racism and discrimination experienced by Chinese immigrants have contributed to both the demand for and supply of outlawed goods and services and the creation of ethnic Chinese gangs and criminal groups. The vices among the early Chinese migrant labourers that help fuel drug trafficking, illegal gambling, and human trafficking were shared by the white population, who by their sheer size constituted a large customer base for ethnic Chinese criminal entrepreneurs. The same vices are now spread across Canada’s vast multicultural landscape, and the products and services trafficked by COC—drugs, contraband tobacco, and counterfeit goods—are consumed by a vast

cross-section of Canadians. It is also clear that organized criminal networks in Canada are equally multicultural in that Chinese criminal entrepreneurs work with numerous partners from outside their ethnic community. Thus, while organized crimes and networks in this country do have a sizeable contingent of offenders who originate from or find their heritage in China, as reflected in different chapters throughout this textbook, they are just one part of a truly multinational and multicultural make-up of organized crime in Canada.

KEY TERMS

14K	Hong Men
49	Kuomintang
Big Circle Boys	Luen Kung Lok
Blue Lanterns	Red Pole
Dai Lo (Elder Brother)	Straw Sandal
Dragon Head	Sun Yee On
Golden Triangle	Triad
Head tax	White Paper Fan

REVIEW QUESTIONS

1. What are the origins of Chinese triads in Asia?
2. What, if any, is the distinction between a triad as a fraternal or business association and as a criminal organization?
3. What are the origins of COC in Canada? What are some of the seminal milestones in the history of COC in Canada? How has the recent ascendance of China on the global stage affected COC in Canada? How does this differ from COC that originated in Hong Kong?
4. What factors can be attributed to the rise of COC in North America? What etiological theories presented in chapter 4 can be used to explain the origins and spread of COC in Canada?
5. In general, how is modern COC in North America structured? What organizational models presented in chapter 4 are most applicable to explain how COC is structured?
6. What criminal activities is COC involved in?
7. What is the significance of COC when examining organized crime in Canada?

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7

ENGLISH AND FRENCH CANADIAN OUTLAW MOTORCYCLE GANGS

CHAPTER OUTLINE

- Introduction and Overview
- The Origins and History of Outlaw Motorcycle Gangs in North America
- Analyzing Outlaw Motorcycle Gangs as Organized Crime: The Case of the Hells Angels
- Conclusion

LEARNING OUTCOMES

After reading this chapter, you should have a thorough understanding of the following:

- The origins and history of outlaw motorcycle gangs (OMGs) in the United States and Canada, including the social, political, legal, and economic factors that helped ferment their genesis and proliferation
- The dominant OMGs in the United States and Canada
- The characteristics of the Hells Angels, based on the application of theoretical models from chapter 4
- The significance of OMGs—and the Hells Angels, in particular—when examining organized crime in Canada
- The new Mafia-style (private protection) business model adapted by the Hells Angels in Quebec

INTRODUCTION AND OVERVIEW

The origins of outlaw motorcycle gangs (OMGs) can be traced to the United States immediately following the Second World War. Originally formed for camaraderie, excitement, and hellraising, some of the earliest of the “one-percenter” motorcycle clubs—in particular, the Hells Angels and the Outlaws—gradually moved into criminal pursuits. As Daniel Wolf argues, one-percenter motorcycle clubs are in many ways “pre-adapted as vehicles of organized crime”:

Para-military organization lies at the core of their tight-knit secret society. It is a society capable of enforcing internal discipline; including an iron-clad code of silence that ensures that information about club operations never goes beyond the walls of the clubhouse. Uncompromising commitments of brotherhood generate cohesion, mutual dependence, and a sense of a shared common fate. The lengthy socialization required to become a legitimate “biker” and the two years of proving oneself as a striker to become a member makes the infiltration of a club by the police a virtual impossibility. The political structure of the club, the anti-establishment attitudes and high-risk nature of the individuals involved, and the marginal social environment in which they operate have the potential to produce a clubhouse of crime. (Wolf, 1991: 265–66)

The **one-percenter** biker gang is epitomized by the **Hells Angels Motorcycle Club** (HAMC), one of the largest and most powerful organized criminal associations (OCAs) in Canada. The Hells Angels are unprecedented in the annals of Canadian organized crime in that they have a presence in every province in Canada, either through their chapters or through **puppet clubs** (motorcycle clubs that are separate from but subservient to the HAMC).

Key Term: One-Percenter

Some motorcycle clubs can be distinguished by a “1%” patch worn on their club jackets or vests (or tattooed to their body). This patch is meant to symbolize an over-arching credo of “outlaw” clubs who wanted to distinguish themselves from mainstream motorcycle clubs and ultimately from the majority (99 percent) of society, which one-percenters criticize as staid, sedentary, conformist, and boring. Most motorcycle clubs that engage in criminal activity wear the one-percenter patch, although not all clubs wearing the patch are necessarily criminal organizations. The terms *one-percenter motorcycle club* and *outlaw motorcycle gang* are used interchangeably in this book.

A significant source of income for OMGs in Canada is from drug trafficking (cocaine, marijuana, and hashish), although they are also involved in the sex trade, fraud, extortion, theft, and the fencing of stolen motor vehicle parts. To facilitate their criminal activities, the Hells Angels in particular rely on corruption and internal conspiracies at marine ports of entry and within labour unions and government agencies. OMGs also use violence readily, especially in protecting or expanding their criminal rackets. This was personified by the so-called Quebec biker war in the 1990s and early 2000s that pitted the HAMC against an alliance of criminal groups and semi-legitimate bar owners over control of the cocaine trade in Montreal and resulted in the violent deaths of more than 150 people.

An internal RCMP enforcement memo from 2018 that details a “National Framework for Outlaw Motorcycle Gangs” refers to the HAMC as “the most pervasive and interconnected cluster of groups in the Canadian organized crime landscape, and is involved in all criminal markets, currently dominating drug trafficking networks in most provinces. In the past three years, the number of chapters and support clubs has risen over 35 percent, effectively enhancing the HA’s presence on the East and West coasts.” HAMC members “appear to be directly involved in drug importation” (RCMP, 2018: 1). In Quebec, evidence shows they are increasingly using Mafia-style governance and private protection tactics in which independent drug dealers are “taxed” for operating in criminal markets or jurisdictions controlled by Hells Angels members (Criminal Intelligence Service Canada [CISC], 2021: 13; *Le Soleil*, Dec. 20, 2020).

CRITICAL THINKING EXERCISE

As you read this chapter—and the history of OMGs in Canada specifically—identify and critically analyze etiological theories that can account for the founding and proliferation of biker gangs, and the Hells Angels in particular.

THE ORIGINS AND HISTORY OF OUTLAW MOTORCYCLE GANGS IN NORTH AMERICA

The history of OMGs in North America can be broken down into five periods:

- 1946 to 1960: The birth of one-percenter motorcycle club subculture
- 1960 to 1970s: The transformation of one-percenter motorcycle clubs into criminal organizations
- Mid-1970s to 1990: Proliferation, expansion, internationalization, consolidation
- 1990s: OMGs and transnational organized crime
- 2000 to present: The resiliency of the Hells Angels as a criminal organization

1946 to 1960: The Birth of One-Percenter Motorcycle Club Subculture

The first known motorcycle club to be formed in North America was the McCook Outlaws, which was established in 1935 out of Matilda's Bar on the legendary Route 66 just outside of Chicago. The origins of contemporary OMGs, however, are typically traced to the period immediately following the Second World War as tens of thousands of American soldiers drifted back from overseas. Some began to reject the values of postwar America; war had meant exhilaration and excitement, while America in the late 1940s and 1950s had become boring, repressed, and conformist. One way to reproduce the adrenaline rush of combat was to ride a high-powered motorcycle, and soon the US west coast became the mecca for ex-soldiers and other young men who roamed the highways looking for excitement and adventure. As Abadinsky (2012: 228) writes, the ex-combat soldiers found a release for "feelings of hostility and alienation" by riding motorcycles with others in clubs that "became a means of continued quasi-military camaraderie. At the same time, the motorcycle became a symbol of freedom from social responsibilities and restraints."

The first postwar biker group dedicated to "mocking social values and conventional society through acts of vandalism and general lawlessness" (Abadinsky, 2003: 5) was started by a group of army veterans from California that called themselves the POBOBs (Pissed-Off Bastards of Bloomington). A seminal event in the early history of motorcycle gangs took place in Hollister, California. On July 4, 1947, an annual hill-climb race grew unmanageable and violent. Following the arrest of a POBOB member for fighting, hundreds of motorcyclists congregated to demand his release. When local authorities refused, the cyclists rioted and tore up the town. The Hollister riot was later depicted in the 1953 film of rebellion *The Wild One*, starring Marlon Brando, which would help fuel the outlaw biker phenomenon.

According to Wolf (1991: 37), the term *outlaw* was first applied to deviant and rowdy bikers by the sheriff of Riverside, California, which hosted a biker rally on the Labour Day weekend of 1947 that was also marred by drunken lawlessness. It is widely reported that the American Motorcycle Association (AMA) was so repulsed by the black eye that gangs like the POBOBs were giving to mainstream motorcyclists that it publicly denounced them as only a tiny fraction of motorcycle enthusiasts. To draw a distinction between its members and these rebellious gangs, the AMA characterized the 99 percent of the country's motorcyclists as clean-living motorcycle enthusiasts "while condemning the other one percent as anti-social barbarians" (Wethern & Colnett, 1978: 54). Revelling in their image as social outcasts, the rebel bikers adopted the one-percenter moniker to distinguish themselves from the majority of motorcycle riders and, eventually, the rest of society. This label would signal the start of a concerted effort by some bikers to cultivate a lifestyle and image that would give rise to a subculture dedicated to challenging the accepted norms and values of mainstream American society.

Perhaps the single most important date in the history of one-percenter biker gangs is March 17, 1948. It was on this day that the first official chapter of the HAMC was

founded in San Bernardino, California, by members of the POBOBs. The name *Hell's Angels* (the apostrophe on the copyrighted name was eventually removed) came from one favoured by American Second World War fighter plane pilots. According to the Hells Angels MC World website, its copyrighted death head insignia "can also be traced to two variant insignia designs, the 85th Fighter Squadron and the 552nd Fighter Bomber Squadron."

By the mid-1950s, the HAMC had chapters and affiliate clubs in other towns and cities throughout California, including Oakland, which would later become the unofficial national headquarters for the club. Around the same time, the McCook Outlaws changed its name to the Chicago Outlaws and eventually became the **Outlaws Motorcycle Club Nation**. For years to come, the Outlaws Motorcycle Club (MC) was second only in size and power to the HAMC in North America, and the two would become bitter enemies. During its initial years, the HAMC, the Outlaws MC, and other one-percenter clubs existed simply to seek adventure and to raise hell. There was no intent on becoming a criminal gang per se; the bikers just saw themselves as the last bastion of freedom in American society. By the 1960s, members of the Hells Angels began adorning their jackets with the club's official symbol: the grinning, winged, death skull. Also affixed to their "**colours**" was a diamond-shaped patch with "1%er" in the middle, an overt expression of their self-nurtured counterculture existence.

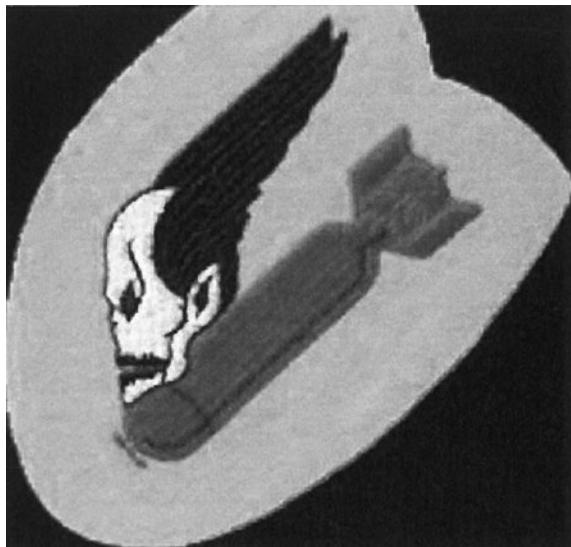


Photo 7.1: Emblem of the US 552nd Fighter-Bomber Squadron

Source: United States Army Airforce, via Wikimedia Commons

1960 to 1970s: The Shift of One-Percenter Motorcycle Clubs to Criminal Organizations

By the early 1960s, there were three Hells Angels chapters in North America, all in California. The 1960s was a formative period in the HAMC's evolution toward a true criminal enterprise. This road was paved ironically by increased police attention that reduced the original San Bernardino chapter to only a handful of die-hard members, with police enforcement and legal fees leaving the club on the brink of extinction (Thompson, 1967). Its demise was averted, however, when HAMC members raised money by selling methamphetamine. During the 1960s, HAMC members were exposed to the drug subculture through their relationship with America's other burgeoning anti-establishment culture: the hippies. Quickly realizing the profits that could be made by satisfying the growing demand for hallucinogenic drugs, many of the HAMC Californian chapters began to deal in ever larger quantities. The growing popularity of rock concerts also shaped the reputation and future criminal activities of the Hells Angels: not only were concerts an ideal place to sell drugs, but HAMC members began hiring themselves out as security. Their penchant for violence (they were often armed with knives, pool cues, and motorcycle chains) was publicized to a national audience after they stabbed to death an audience member at the infamous Rolling Stones concert at the Altamont Speedway in 1969 (an event that many believe symbolized the end of the hippie-inspired peace-and-love era of the 1960s).

With revenue pouring in from drug sales, and its reputation and infamy spiralling due to increased publicity, America's premier biker gang spread across the United States. By the early 1970s, there were ten HAMC chapters in California, eight chapters in other states, and three international chapters with approximately five hundred members worldwide (although the majority were still in California) (RCMP, 1980: 10). It was also during this period that the HAMC started becoming much more organized and formalized: in 1966, it became incorporated, and in 1970, the club trademarked its notorious horn-winged, helmeted death head. A charter was also drawn up that set out rigid rules and regulations for chapters and members to follow.

The Outlaws MC was also expanding to challenge the Hells Angels for supremacy in the one-percenter biker fiefdom. Like its rivals, the Outlaws MC was transformed into a criminal organization through its involvement in the production and distribution of chemical drugs. It also "became involved in extortion, armed robbery, rape, mail fraud, auto theft, and witness intimidation" and diversified into semi-legitimate businesses including "pornographic bookstores, massage parlours, marine sales and storage, and the Basic Bible Church ... an apparent money-laundering front" (President's Commission on Organized Crime, 1987: 69).



Photo 7.2: HAMC death head logo

Source: Lee Brimelow, via Wikimedia Commons

Mid-1970s to 1990: Proliferation, Expansion, Internationalization, Consolidation

During the late 1960s and early 1970s, interest and membership in OMGs swelled in the United States because of the increasingly high profile of the HAMC and the return of veterans from the Vietnam War. Like the US, Canada witnessed a proliferation of one-percenter motorcycle clubs; by the end of the 1970s, there were more than one hundred in the country, some of which had multiple chapters. In Nova Scotia, the Thirteenth Tribe was the dominant biker gang; founded in Halifax in 1968, it was originally made up of former Navy personnel. According to Carrigan (1991: 190–91), the Tribe quickly attracted a large number of rowdy and unmanageable characters. By 1971, the criminal element had taken over, and many of the Tribe's members had been arrested for violence or weapon offences. Following a police crackdown, the remnants of the Tribe toned down their wanton violence and focused on dealing meth (Carrigan, 1991: 190–91).

The Popeyes was one of the first outlaw biker clubs in Quebec, with roots stretching back to the 1950s. At its peak, it had chapters in Montreal, Quebec City, Sherbrooke, Sorel, Trois-Rivières, Gatineau, and Drummondville and was known for the prostitutes and strippers it handled, but the Popeyes also provided muscle for other criminal

groups in the province, including the Italian Mafia and the Dubois Brothers gang (Sher & Marsden, 2003: 14). By 1977, the Popeyes had between 250 and 350 members, which made it the largest biker gang in Quebec and the country's second largest after its arch-rival, Satan's Choice. While Satan's Choice Motorcycle Club had only one chapter in Quebec, located in Montreal, it could count on other chapters in Ontario to support its conflict with the Popeyes (Appleton & Clark, 1990: 84; Auger, 2002: 146; Lavigne, 1987: 237–38). In Sherbrooke, the Gitans and the Atoms were battling it out, which resulted in six murders in 1973 and 1974. A 1980 report from the Quebec Police Commission described how other more rudimentary French Canadian biker gangs terrorized local communities, such as the Black Spiders, which demanded that townsfolk pay a toll to use local streets, and the Flambeurs, which gathered "in groups of 15 or 20, or sometimes more" and "spent their evening loitering, driving their motorcycles at excessive speeds by holding impromptu bike races on the streets, insulting passers-by, and committing all kinds of illegal acts" (Commission de police du Québec, 1980: 6–7, 36, 49, 57, 62–63).

There were an estimated 18 one-percenter biker gangs in Ontario by the end of the 1980s, with chapters in a dozen cities and a membership exceeding one thousand. The biggest was the Satan's Choice MC, with nine chapters in that province. There were also the Outlaws, the Black Diamond Riders, the Iron Hawks, the Last Chance, the Para Dice Riders, the Vagabonds, the Wild Ones, the Red Devils, the Lobos, the Chosen Few, the Queensmen, the Henchmen, the Bad News, Crazy Horse, Crossbreeds, and the Coffin Wheelers. Unlike Satan's Choice, most clubs had just a single chapter (CISC, 1979: 22–23; Lavigne, 1987: 173). At its peak in the mid-1970s, the Satan's Choice MC had 220 active members, almost all of them in Ontario (Kirby & Renner, 1986: 14–15). By the early 1970s, Satan's Choice was smuggling and selling synthetic drugs provided by the Outlaws and then reportedly became the first biker gang in Canada to set up laboratories and employ chemists. It was around this time that the Outlaws and Satan's Choice helped establish Canada as a major underground source of diazepam, a sedative commonly referred to by the brand name Valium. Satan's Choice continued to work closely with American chapters of the Outlaws, who trafficked the drugs primarily in the American Midwest. Marketed in the US as "Canadian Blue," the drug was so popular that a pound of it fetched \$12,000 across the border, compared to only \$8,000 in Canada (President's Commission on Organized Crime, 1986: 67; Schenk & Kesser, 1977: 30).

Satan's Choice members were producing other drugs as well, which became evident in 1975 when police raided a secret laboratory in a remote corner of Ontario and found 9 pounds of PCP tablets and 236 pounds of its chemical ingredients (Royal Canadian Mounted Police & Drug Enforcement Administration, 1986: 19–20). While much of the drugs was exported to the United States, some stayed in Ontario to satisfy local demand. In Toronto, Satan's Choice co-operated with the Vagabonds and the Para Dice Riders, and the city was divided into three zones for drug trafficking (Wolf, 1991: 321). In August 1977, police in Ontario arrested more than 40 members and associates

of Satan's Choice and the Vagabonds and seized over \$800,000 worth of drugs and \$100,000 in stolen property, as well as nine handguns and eight rifles. Police laid 191 charges, including drug trafficking, breaking and entering, possession of stolen property, possession of counterfeit money, and possession of restricted guns, knives, and swords (CISC, 1979: 23–24; *Toronto Star*, Jun. 24, 1979). The arrests decimated Satan's Choice, and it lost its supremacy in the province for good when the club split up in 1977 and half its members joined the Outlaws. The expansion of the Outlaws MC in Canada resulted in skyrocketing drug production. In a 1986 publication, the RCMP and the US Drug Enforcement Administration (DEA) reported that the St. Catharines chapter of the Outlaws was “capable of supplying kilogram quantities of cocaine and methamphetamine as well as 100,000 dosage unit consignments of counterfeit methaqualone (diazepam) on a regular basis” (RCMP & DEA, 1986: 19–20).

In Manitoba, there were three OMGs during the 1970s, two of which were based in Winnipeg: the Los Brovos and the Spartans. The Spartans no longer existed by the end of the decade, but the Los Brovos had to contend with a new rival, the Silent Riders, which was made up of dissident members who split from Los Brovos. Both groups became major suppliers of amphetamines, marijuana, and cocaine in the province (CISC, 1979). The biggest OMG in Calgary was the Grim Reapers, established in 1958. The supremacy of the Reapers didn't last long; by 1977, there were five other biker gangs in Alberta—the Chosen Few, the King's Crew, Lucifer's Union, the War Lords, and the Rebels—with a total membership of about 275 members, although only around 100 could be considered hardcore outlaw bikers (CISC, 1979: 19).

In British Columbia, the largest one-percenter motorcycle club was Satan's Angels, which, by the early 1980s, had chapters in Vancouver, White Rock, Nanaimo, Powell River, and Victoria. Satan's Angels was a major player in British Columbia's synthetic drug trade and did not tolerate competition from other biker gangs. As Yves Lavigne puts it, Satan's Angels stripped “colours off other bikers like scalps” and ran roughshod over the L'il Devils in Vancouver, the Devil's Escorts in Kamloops, and the Gypsy Jokers in Oregon. On the wall of its clubhouse was reportedly a collection of stolen colours hanging right next to the coats of arms of the Vancouver City Police and the RCMP (Lavigne, 1987: 32–35).

Key Term: Patching Over

The term *patching over* refers to the process by which one motorcycle club or chapter officially becomes a member of another motorcycle club. The “patches” include the club's logo (e.g., the HAMC's death head), a patch with the club's name that goes atop the logo, and a patch with the chapter location that goes below the logo (the two are often called *rockers*). Traditionally, a patching-over ceremony may be held, in which the three patches are sewn onto the new members' jackets or vests.

Patching over is both a symbolic and practical manifestation of the desire by some OMGs—and the Hells Angels in particular—to dominate the one-percenter biker landscape.

The increase in the number of one-percenter clubs in Canada was followed by a process of consolidation whereby many of the larger biker gangs (HAMC, Outlaws, and **Bandidos**) either **patched over** smaller motorcycle clubs or turned them into their allies, affiliates, or subservient puppet clubs. In 1977, the HAMC made its first inroads into Canada by patching over the Popeyes MC in Montreal (although only a fraction of the Popeyes members was considered suitable to wear the colours of the Hells Angels). The urgency of issuing a charter for a Hells Angels chapter in Canada was partly driven by the Outlaws' takeover of three Satan's Choice chapters in Ontario in March 1977. In response to the new HAMC "Sorel" chapter in Quebec, the Outlaws established its presence in that province when it patched over the Rockers MC of Montreal in February 1978 (Kirby & Renner, 1986: 52; Lavigne, 1987: 171–72; Schenk & Kesser, 1977: 32; *Toronto Sun*, Nov. 5, 1979).

CRITICAL THINKING EXERCISE

To what extent do you believe the founding of OMGs in Canada can be explained by alien conspiracy theory (see chapter 4)? As you read the rest of this chapter, consider applying both aspects of this theory to the HAMC in Canada: their foreign (American) source and the eventual national presence. How would you critique the application of this theory to OMGs in Canada?

The HAMC and the Outlaws had been battling in the United States since 1974, and the violence crossed over to Canada, where both clubs were eager to expand and gain control over the synthetic drug market. Over the next four months, gang warfare spread across Montreal, punctuated by car bombings, attacks on clubhouses, woundings, and murder. On March 21, 1978, Gilles Cadorette, the 27-year-old president of the Outlaws' Montreal chapter, was killed after a bomb planted in his car exploded (Lavigne, 1987, 239–41; RCMP, 1980: 24; *Toronto Star*, Oct. 11, 1978; *Toronto Sun*, Nov. 16, 1979). For the remainder of the 1970s, both the Hells Angels and the Outlaws canvassed other biker gangs in Ontario and Quebec in an attempt to set up more chapters and selectively recruit what CISC called "hard-core criminal-type members." While the HAMC was winning the war in Quebec, the Outlaws were expanding in Ontario; by the end of 1979, it had chapters in Windsor, St. Catharines, Hamilton, Toronto, Kingston, and Ottawa (CISC, 1979: 20). Unable to make any headway in

Ontario, the HAMC focused on fortifying its strength in Quebec, and in September 1979, a second chapter was established in the province. Based in the Montreal suburb of Laval, the “North Chapter” was created when the existing Sorel chapter, which was now overflowing with members, was divided into two. By the end of 1980, more than 20 members and associates of the two rival gangs had been murdered in Quebec, while another 13 had been wounded. Between 1981 and 1984, CISC linked another 42 murders in Quebec to the Hells Angels—Outlaws conflict, as well as to battles between other motorcycle clubs (Carrigan, 1991: 191; CISC, 1983: 9, 1984: 1).

Case Study: Yves Buteau

Among the casualties in the Hells Angels—Outlaws war was 32-year-old Yves (Le Boss) Buteau, who was murdered on September 9, 1983. His killer was Gino Goudreau, a small-time drug trafficker who had been repeatedly warned by Buteau to stop selling in Montreal parks located within Angels’ territory. Goudreau, whose brother was a member of the Quebec Outlaws, shot Buteau twice in the chest outside Le Petit Bourg bar, a Hells Angels hangout in Montreal.

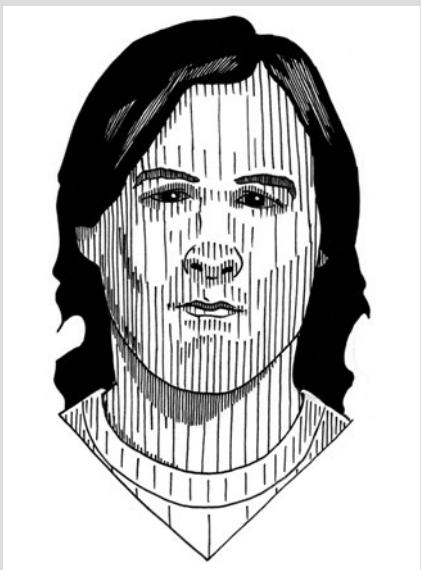


Photo 7.3: Yves Buteau

Source: Illustration by Ben Firsch

A former president of the Popeyes, Buteau played a significant role in establishing the HAMC as a major criminal force in Quebec. While he was president of the Popeyes, Buteau was personally courted by Ralph (Sonny) Barger, the unofficial leader of the HAMC in the United States at the time, to persuade his motorcycle club to join the HAMC. Barger had such respect for Buteau that he backed him as president of the new Sorel chapter and even anointed him as the only Canadian to wear the prestigious “Hells Angels International” rocker. As the first HAMC chapter president in Canada, the savvy, strategically minded Buteau was responsible for carrying out Barger’s vision of the “new” Hells

Angels by transforming the remnants of the Popeyes into a well-oiled, disciplined, money-making criminal machine.

Buteau demanded that the HAMC members in Quebec keep a low profile and refrain from violence directed at ordinary citizens. He also criss-crossed the

province and the country contacting other biker gangs to establish new HAMC chapters while setting up connections with drug distributors. By the end of the decade, the Sorel chapter had become a major source of chemical drugs for Quebec and other provinces (Kirby & Renner, 1986: 52; Lavigne, 1987: 171–72; Schenck & Kesser, 1977: 32; *Toronto Sun*, Nov. 5, 1979).

Following its conquest of Quebec, and frustrated by its inability to expand into Ontario, the Hells Angels set its sights on other provinces. At the top of the list were two cities strategically placed for the Hells Angels' ambitious national plans: Vancouver and Halifax. Like Montreal, both are port cities and thus fit neatly into the Hells Angels' international smuggling ventures. The Halifax port was eyed as an important entry point for cocaine coming from South America and Florida, while cocaine and marijuana from California would be shipped through the Port of Vancouver. A presence in both provinces also allowed the Angels to establish the outermost flanks in their planned coast-to-coast network of chapters and a national drug pipeline (RCMP & DEA, 1986: 18–19, 21).

As was its strategy in most provinces, the HAMC focused on taking over existing motorcycle clubs. On July 23, 1983, after almost a year of meetings with senior officers of the Quebec Hells Angels, the Vancouver, White Rock, and Nanaimo chapters of Satan's Angels were patched over. Later that year, a fourth Hells Angels chapter, located in East Vancouver, was formed and would eventually become the dominant HAMC chapter in the province. By the mid-1980s, the HAMC was in control of "all outlaw motorcycle gang activity in British Columbia," a joint RCMP and DEA report concluded, "The Hells Angels West Coast criminal activity includes trafficking in illicit drugs as well as business interests believed to be fronts for illegal activities" (RCMP & DEA, 1986: 21).

On December 5, 1984, the Hells Angels officially spread its wings to the other coast when it patched over the Thirteenth Tribe of Halifax, a move made "to consolidate control of drug trafficking on Canada's East Coast" (RCMP & DEA, 1986: 19). On the same day, the Gitans MC in Sherbrooke became the third Hells Angels chapter in Quebec. By the end of the year, the HAMC had chapters or affiliate clubs in nine out of ten provinces. It had four chapters and about 72 members in British Columbia, three chapters with 69 members in Quebec, and one chapter with 8 members in Halifax. The club had also set up partnerships with motorcycle clubs in Alberta, Saskatchewan, and Manitoba. Around this time, the Outlaws dominated Ontario with about 85 members in eight chapters, although its 38 members in Quebec were greatly outnumbered by their foe (RCMP, 1987a).

The Hells Angels consolidated its power in Canada as police laid siege to the Outlaws. In January 1985, police raided Outlaws' clubhouses and other properties in 12 cities in Ontario. Approximately 125 arrests and more than 600 charges were laid, most of them related to drug trafficking and weapons. Police seized marijuana, cocaine,

methamphetamine, a suitcase that contained a portable synthetic drug lab, rifles, shot-guns, a machine gun, an automatic handgun, and more than \$460,000 in cash (*Globe and Mail*, Apr. 11, 1985, Nov. 6, 1986; *Hamilton Spectator*, Jan. 24, 1985; *Toronto Star*, Jan. 23, 1985, Nov. 11, 1986). The Outlaws MC was dealt another blow in April 1989 when an 18-month police investigation into cocaine production and trafficking led to the arrest of 26 members in Ontario and Quebec (*Toronto Star*, Apr. 26, 1989). Meanwhile, the Quebec chapters of the Outlaws were systematically targeted by their arch-enemy: “The Hells Angels tackled the Outlaws in their Joliette stronghold and whittled the chapter down one biker at a time,” Yves Lavigne writes, “By the end of 1990, there were only ten Outlaws in Quebec” (Lavigne, 1999: 9–10).

Throughout the late 1980s and 1990s, the Hells Angels continued to expand throughout Canada. By 1992, Quebec was home to four Hells Angels chapters, located in Sorel, Sherbrooke, Quebec City, and Trois-Rivières. The Hells Angels also exerted control over numerous other one-percenter clubs in the province (Canadian Association of Chiefs of Police, 1992: 14). The Outlaws still had only one chapter in Montreal, with a membership of just eight and no allies among other biker gangs in the province. The Hells Angels continued to reign supreme in British Columbia as well. It had an estimated 65 full-patch members in five chapters—located in Nanaimo, White Rock, East Vancouver, Coquitlam, and Haney—and could count on support from puppet clubs in the province. By the mid-1990s, the CISC was calling the BC Hells Angels “one of the wealthiest outlaw motorcycle gangs in the world” (CISC, 1996: 15). The HAMC also exerted significant influence in the Prairie provinces through its ties with other OMGs: the Rebels and Grim Reapers in Alberta, the Rebels in Saskatchewan, and the Los Brovos in Manitoba.

The 1980s were also marked by the transition of the Hells Angels and other biker gangs in Canada into cocaine trafficking, which had skyrocketed in popularity. According to a 1987 RCMP drug intelligence report, “cocaine importation and trafficking are believed to account for a significant percentage of the illicit revenue generated by the four British Columbia chapters of the Hells Angels.... In the province of Quebec, the Hells Angels are also involved in cocaine importation and trafficking” (RCMP, 1987b: 39). The substantial revenues generated from drug trafficking helped transform the Hells Angels and other one-percenter biker clubs during this period; there was less emphasis on the original hellraising, adventurous, shocking, counter-culture ways and a greater preoccupation with (criminal) entrepreneurship and maximizing revenue. This evolution can be traced to the mid-1960s when Hells Angels’ legend Sonny Barger became president of the Oakland chapter. Influenced by his stint in the US army, Barger began promoting a paramilitary organizational structure and rigid internal discipline that extended beyond the one chapter and eventually would influence the HAMC throughout North America. While the HAMC once offered members a hedonistic freedom from society’s restraints, by the 1980s, it had become very structured, highly regimented, and thoroughly rule-bound. The HAMC and

other OMGs adopted a written constitution and by-laws, a chain of command, strict rules governing the behaviour of its members, mandatory meetings, and the collection of dues. As Lavigne notes, some of the values that were long held dear to outlaw bikers soon took a back seat to making money:

Some Hells Angels made big money in the drug business, and suddenly they had something to lose, something to protect. Their bank accounts came first and the brotherhood second. When a member threatened their income, they beat or killed him. The Hells Angels Motorcycle Club was no longer an organization that sheltered social misfits. It became an enclave for some of the underworld's most cunning drug manufacturers and dealers. (Lavigne, 2004: 34)

1990s: Outlaw Motorcycle Gangs and Transnational Organized Crime

The 1990s saw a continuation of consolidation in the outlaw biker world as the three largest clubs—the Hells Angels, the Outlaws, and the Bandidos—expanded in terms of chapters and members by swallowing up smaller clubs and setting up new chapters and puppet clubs throughout North America and the world. Biker gangs were also diversifying their criminal activities; in addition to drug trafficking, they had their hands in large-scale theft, telemarketing fraud, counterfeiting, loansharking, extortion, the sex trade, and the smuggling of and trafficking in illegal weapons, stolen goods, and cigarettes. Their largest source of revenue, however, continued to be drugs, and the Hells Angels became heavily involved in Canada’s burgeoning home-grown marijuana industry, in addition to synthetic drugs and cocaine. The profits made from illegal activities were reinvested into real estate and legitimate businesses, which generated ever more revenue. Members of the HAMC increasingly distanced themselves from their criminal activities by delegating to **prospects**, “hangers-on,” puppet clubs, and other associates. Efforts were even made to polish their image, and members became high-profile benefactors of different charities, such as the annual Toys-for-Tots motorcycle parade and charity golf tournaments that raise money for cancer research.

It was in the 1990s that the Hells Angels in Canada truly evolved into one of the most powerful criminal groups in the country. As in the past, the monopolistic tendencies of the HAMC in Canada invariably invited violence. This was on full display in the so-called Quebec biker war that lasted from the mid-1990s to the early 2000s. The conflict between the Hells Angels and its rivals—in particular, the newly formed Rock Machine—was over dominance in Quebec’s wholesale cocaine market. For CISC analyst Jean-Pierre Levesque, 1997 proved to be “the year outlaw bikers went from waging a turf war to a total war” (Canadian Press, Dec. 17, 1997). At least 28 deaths were attributed to the conflict that year, which meant by the year’s end, 86 lives were lost since the start of the biker war. In addition, there were “71 attempted murders, 81 bombings, and 93 cases of arson against gang-related businesses and bars, for a total of 313 violent

incidents” since the conflict began (CISC, 1998: 13). In 2000, more than 30 people with suspected ties to both sides were killed, including 11 Hells Angels associates. By the end of 2000, while sporadic violence continued, the worst of the conflict appeared to be over. On September 26, the leader of the Hells Angels’ powerful Nomads chapter in Quebec, Maurice Boucher, met with the new Rock Machine leader Frédéric Faucher to negotiate a truce. While it is conceivable that the two sides were anxious to end the bloodshed, speculation mounted that the leaders of the two sides were under pressure by Vito Rizzuto, the head of Montreal’s Mafia family, to negotiate a truce. On October 8, at a restaurant in downtown Montreal, Boucher and Faucher announced that a ceasefire had been reached (Canadian Press, Oct. 10, 2000; *Globe and Mail*, Oct. 10, 2000). By that time, more than 150 deaths had been attributed to the conflict.

In addition to this tenuous armistice, other developments intervened to help put an end to the bloodshed. The first was the arrest of Maurice Boucher on murder charges. The second was a massive police operation launched against the Hells Angels in Quebec that culminated on March 28, 2001, when more than two thousand police officers raided the clubhouses, homes, and businesses linked to Hells Angels chapters, members, and their affiliates in the province. Called Operation Springtime, the investigation involved 288 searches in 27 locations and ended up seizing 120 kilograms of hashish, 10 kilograms of cocaine, \$12.5 million in Canadian cash, and \$2.6 million in American cash. In total, 142 people were arrested, including 80 of Quebec’s 106 full-patch Hells Angels members, the entire Nomads chapter, as well as every member in the Hells Angels’ affiliate clubs, the Rockers and the Evil Ones. When the dust settled, 42 members of the Hells Angels (including all the Nomads) and the Rockers were each charged with 13 counts of first-degree murder, 3 counts of attempted murder, various drug trafficking offences, and the new offence of participating in a criminal organization. Of the Hells Angels and Rockers named in the arrest warrants, 14 were already behind bars on previous convictions or awaiting trial on other charges (Cherry, 2005; RCMP, 2002a; Sher & Marsden, 2003: 255). On May 6, 2002, Maurice Boucher was found guilty of first-degree murder in the death of two prison guards and was sentenced to life imprisonment.

Case Study: Maurice (Mom) Boucher

Maurice (Mom) Boucher has been held almost singularly responsible for the bloodiest gang war ever fought on Canadian streets. The eldest of eight siblings, Boucher was born on June 21, 1953. He spent most of his formative years in Hochelaga-Maisonneuve, one of Montreal’s poorest neighbourhoods. While he was close to his mother, Maurice had a strained relationship with his father, who was an alcoholic and abusive. He quit school in grade nine and, a year later, had developed a serious drug problem and resorted to petty crime to support his habit. He served his first jail time in 1976 when he received a 40-month sentence after robbing a 71-year-old butcher of \$138.39 from his shop after threatening him with a sawed-off shotgun

and a meat cleaver (*Globe and Mail*, May 6, 2002). After being released from jail, he was charged with extortion and possession of a stolen credit card.

In 1978 he joined the “SS,” a white supremacist biker gang named after Adolf Hitler’s feared secret police. The gang folded in 1984, the same year Boucher was handed a 23-month sentence for sexually assaulting a 16-year-old girl. After being freed in 1986, Boucher was given prospect status in the Montreal chapter of the Hells Angels. By the spring of 1987, he had become a full-patch member. During the early 1990s, Boucher kicked his drug habit, and soon his ambitious nature and natural leadership abilities earned him the presidency of the Montreal chapter (Cherry, 2005: 62–67; *Montreal Gazette*, May 6, 1987). Although he was barely literate, Boucher was a calculating criminal and had a singular drive to monopolize Quebec’s cocaine market. To help achieve this goal, Boucher founded and became president of the Nomads chapter in the province, which would become the Hells Angels’ central cocaine trafficking clearing house for the province, as well as its most powerful chapter.

Under Boucher, the Nomads purchased cocaine in massive quantities (as much as one thousand kilograms at a time), and individual chapters and puppet clubs were then required to purchase the cocaine for resale (*Globe and Mail*, Aug. 12, 2002; *Montreal Gazette*, Jul. 18, 2002). Boucher’s intolerance for any competition set the Angels on a crash course with other cocaine dealers and an upstart



Photo 7.4: Maurice (Mom) Boucher flashes the peace sign to photographers outside a Montreal funeral home in April 2000

Source: John Mahoney, *The Gazette* (Montreal)

new club called Rock Machine. Lavigne argues that Boucher committed a tactical error when he began going after independent drug trafficking groups, which only galvanized his enemies: “The Rock Machine, independent drug gangs, and a group of bar owners called the Dark Circle, who allowed the sale of narcotics in their establishments, banded together to create the Alliance to fight off the Hells Angels and even take back from the biker gang drug territory they felt was theirs” (Lavigne, 1999: 23).

Boucher escalated his reign of terror when he began plotting to destabilize the criminal justice system by intimidating and even assassinating police officers, prison guards, and high-ranking members of the provincial government. In June 1997, on Boucher’s orders, members of the Rockers gunned down two prison guards. Later that year, Boucher was arrested by police and charged with two counts of first-degree murder. He was pronounced innocent of all charges but was retried, convicted, and sentenced in 2002.

CRITICAL THINKING EXERCISE

Boucher’s attempts to destabilize the criminal justice system through violence and intimidation muddies the distinction between organized crime and terrorism. Apply what you learned from chapter 2 (comparing and contrasting OCAs with terrorist groups) to the Quebec Hells Angels under Boucher to determine whether it should be considered a terrorist organization. What traits of the HAMC and its (violent) history in North America support its characterization as a terrorist group? What are some opposing arguments against characterizing the HAMC as a terrorist organization?

2000 to Present: The Resilience of the Hells Angels as a Criminal Organization

In 1999, the Rock Machine negotiated hangarround status with the Bandidos and announced it was expanding into Ontario, setting up two new chapters in Kingston and Toronto. All nine of the new Toronto chapter members were former Outlaws. The developments were particularly troubling for the Hells Angels, who still did not have any chapters in Ontario and watched as its international nemesis, the Bandidos, gained a foothold in Canada.

In response, the Hells Angels ramped up its own expansion plans. In July 1997, the Grim Reapers of Alberta patched over to the HAMC. The arrival of the Angels in Alberta “brought a noticeable increase in violent crime, as they coerced independent drug



Photo 7.5: Bandidos emblem (with the bottom rocker indicating the men belong to a chapter that has probationary status).

Source: Courtesy of the RCMP

dealers into their distribution network. The disbandment of the Kings Crew of Calgary placed the Hells Angels in full control of biker-related criminal activities in Alberta" (CISC, 1999: 22). By 2002, the HAMC had chapters in Calgary, Edmonton, and Red Deer. In Saskatchewan, the Saskatoon-based Rebels Motorcycle Club received its red and white colours in September 1998. Another chapter was added in Regina at the end of 2001. In 2000, the HAMC established its long-coveted Winnipeg chapter when it patched over the Los Brovos, sparking a war with the rival Spartans MC. Over the next seven months, 10 people were shot, including members of the new Hells Angels chapter. Twenty people linked to the two biker groups in Manitoba were arrested and charged with more than one hundred weapons offences after police seized 20 kilograms of explosives, 486 rounds of ammunition, and dozens of weapons (Sher & Marsden, 2003: 158; *National Post*, Jun. 29, 2001). In 1998, the British Columbia Hells Angels added a Nomads chapter in Burnaby. It was its seventh chapter in that province and the tenth Nomads chapter internationally. Unlike its counterpart in Quebec, the BC Hells Angels was able to evade justice. In the fall of 2004, the *Vancouver Sun* reported that more than 30 criminal prosecutions launched against BC Hells Angels members over the past decade had failed (*The Province*, Jan. 25, 2005; *Vancouver Sun*, Jan. 25, 2005).

The most significant expansion of the HAMC in Canada was still to come as its intense efforts to establish chapters in Ontario finally paid off. On December 29, 2000, the Hells Angels' clubhouse in Sorel played host to an extraordinary patch-over ceremony: more than 160 members of four Ontario motorcycle gangs—Satan's Choice, Para Dice Riders, Last Chance, and Lobos—received full-fledged membership in the Hells Angels. It was the single largest patch-over in the history of the Canadian Hells Angels and one of the largest in the club's international history (Cherry, 2005: 25; *Toronto Star*, Dec. 31, 2000). All of the Hells Angels' newest members were allowed to bypass the probationary stages and become full-patch members. According to Sher and Marsden, the "Angels came up with an offer the Ontario bikers could not refuse. The Bandidos were giving their recruits only prospect status: trade in your patch, sign up with us for a year as a Bandido-in-waiting and then—with luck—you'll make it into the club. But the Angels proposed a straight patch-for-patch swap." The result was that "overnight, the Angels had gone from no chapters in Ontario to a dozen, more than four times the number of chapters and five times the number of members of the Bandidos" (Sher & Marsden, 2003: 270). By 2002, there were 16 Hells Angels chapters in Ontario, including a Nomads chapter located in Ottawa, with more than 250 full-patch members, prospects, and hangarounds. Canada was now home to 34 Hells Angels chapters, with around 450 members and another 150 prospects and hangarounds (*CBC News*, Apr. 21, 2009; *National Post*, Jun. 28, 2002).

By June 2004, the majority of the Quebec Hells Angels and Rockers MC members arrested as part of Operation Springtime were found guilty. Most were convicted of or pleaded guilty to charges of drug trafficking, conspiracy to murder, and participation in a criminal organization. At least eight members of the Nomads were handed sentences of 20 years or more. While Operation Springtime hit the Quebec Hells Angels hard, the resilient motorcycle club quickly bounced back and even saw its membership increase in the province. Before the raids were conducted, the gang had 106 full-patch members in Quebec. By 2002, police estimated the number had risen to 124 (although this figure includes incarcerated members). And while the Nomads chapter in the province was wiped out, the five remaining chapters in Quebec survived unscathed. In addition, the Hells Angels still controlled several affiliated OMGs in the province. Its drug trafficking network also rebounded when the Trois-Rivières chapter took over the Nomads' coordinating role in the club's cocaine trafficking business (CISC, 2002: 22; *Montreal Gazette*, Mar. 25, 2006; *National Post*, Jun. 28, 2002).

The year 2005 was a pivotal one for enforcement efforts against the HAMC: for the first time, the HAMC was deemed a criminal organization by a Canadian court of law. In *R. v. Lindsay*, Madam Justice Michele Fuerst found Steven (Tiger) Lindsay and Ray Bonner, both members of the Woodbridge, Ontario, chapter of the HAMC, guilty of extortion and of committing that crime "in association" with a criminal organization (under s. 467 of the *Criminal Code*). The case stemmed from an altercation on January 23, 2002, between the two HAMC members and a Barrie, Ontario, businessman who

had sold them faulty equipment that was supposed to steal satellite television signals. Both HAMC members were wearing their colours when they arrived at the home of the businessman to demand that he pay them \$75,000 in compensation; otherwise, he would “end up in hospital.” By wearing their colours, the two men “presented themselves not as individuals, but as members of a group with a reputation for violence and intimidation,” Justice Fuerst wrote in her decision (*R. v. Lindsay*, para. 894). Lindsay and Bonner deliberately evoked their membership in the Hells Angels “with intent to inspire fear in their victim,” according to Justice Fuerst (*R. v. Lindsay*, para. 1088; see also *Toronto Star*, Jul. 1, 2005).

The court ruling bolstered enforcement efforts throughout the country. In almost every province where the HAMC had a presence, members and associates were arrested and convicted, primarily on drug trafficking charges, but also for extortion, theft, fraud, manslaughter, murder, and participating in a criminal organization. The situation appeared so dire that some chapters were “frozen” (meaning they had less than the minimum six members required of an HAMC chapter) and were even forced to forfeit their cherished clubhouses to the government (*Vancouver Sun*, Feb. 25, 2014). In one major police investigation in British Columbia, six full-patch members of the Kelowna chapter of the HAMC were arrested in 2012 as part of an alleged conspiracy in which the sale of marijuana from British Columbia’s Okanagan region was used to fund the importation of five hundred kilograms of cocaine into Canada (*Kelowna Daily Courier*, Aug. 29, 2012; *The Province*, Aug. 27, 2012; *Vancouver Sun*, Aug. 28, 2012). Among those eventually convicted on drug charges was the chapter vice-president, David Giles, and the sergeant-at-arms, Bryan Oldham.

Despite these setbacks, the HAMC continued to be the only criminal organization in Canada that was truly national in scope. In 2015, there were 31 active chapters in Canada, and by 2021, this had increased to 44. In addition, the HAMC continues to operate a network of puppet motorcycle clubs in each province. At the time of writing, the Hells Angels Canada website lists 10 chapters in BC, with numerous other support motorcycle clubs in the province. In 2009, there were just three OMGs in Alberta. By 2014, there were 23, most of which were either a chapter of the Hells Angels or one of its affiliated clubs. Membership in one-percenter biker clubs in Alberta grew from approximately 90 in 2010 to around 360 by 2014, according to police sources (*Edmonton Sun*, Feb. 7, 2014). As of 2021, the HAMC currently has six chapters in the province.

In Saskatchewan, the Hells Angels have two chapters: Regina and Saskatoon. In addition, they also are said to control numerous puppet clubs in the province that have been established in recent years to expand its drug trafficking network. One of the biggest drug busts in Saskatchewan’s history occurred in January 2015, when charges were laid by police against 14 people, including members of Hells Angels and its puppet club, the Fallen Saints. Police raids resulted in the seizure of methamphetamine, cocaine, fentanyl and hydromorphone pills, heroin, marijuana, and hashish, with an estimated street value of more than \$8 million (*CBC News*, Jan. 15, 2015; *GlobalNews.ca*, Jan. 26,

2015; *Star Phoenix*, Jan. 15, 2015, Jan. 16, 2015). In Manitoba, the Hells Angels have a Winnipeg chapter and a Nomads chapter. As in other provinces, its influence within the criminal underworld was extended through its subordinates, including one-percenter motorcycle clubs like the Zig Zag Crew and the Redlined Support Crew, as well as street gangs such as the Indian Posse and the Native Syndicate.

There are 17 chapters in Ontario, some of which have been responsible for ensuring the presence and viability of the HAMC in Quebec, where the motorcycle club was hit hard by law enforcement actions in recent years (Langton, 2015; *Toronto Star*, Mar. 5, 2015). Operation SharQc, in particular, led to the arrest of more than 150 people in Quebec, including an unprecedented number of full-patch members—111 in total (*CBC News*, Apr. 16, 2009; *Sherbrooke Record*, Jul. 24, 2009). By 2015, 24 full-patch members of the HAMC in that province had pleaded guilty to charges of murder and conspiracy to commit murder. Despite the impact of Operation SharQc on the Hells Angels in Quebec, the HAMC appeared to have regrouped by restarting the Montreal chapter, which had been shut down after going below six members, and by establishing several support clubs in the province, in particular, the Red Devils. At the time of writing, there are five HAMC chapters in Quebec.

In Atlantic Canada, the Bacchus MC has emerged as the most widespread one-percenter motorcycle club. According to its website, the Bacchus was originally formed in 1972 in New Brunswick and has ten chapters in Atlantic Canada: four in New Brunswick, two in Nova Scotia, two in Prince Edward Island, and two in Newfoundland. In a move that surprised many observers, the Bacchus MC expanded into Ontario, adding four new chapters. Despite its constant entreaties that it is not a criminal organization, in 2014, the Bacchus MC faced a legal attempt by the province of Nova Scotia to have it declared a criminal organization after charges were laid against three members accused of extortion. Police said the charges were concerning their “aggressive” attempts to dissuade a Halifax-area man who was trying to set up a local chapter of the Brotherhood, an American one-percenter motorcycle club that had already established a chapter in Montreal in 2007 (*CBC News*, Jan. 4, 2013; *Chronicle Herald*, Jan. 4, 2013). In 2018, the three men were convicted. In his decision, Nova Scotia Supreme Court Justice Peter Rosinski designated Bacchus a criminal organization under section 467 of the *Criminal Code*, the first time such a designation was made in Nova Scotia (*R. v. Howe*). In 2021, the Nova Scotia Court of Appeal heard arguments to overturn the original conviction (*The Signal*, Jan. 27, 2021).

The HAMC ramped up its presence in Atlantic Canada by founding various support clubs, including the Gate Keepers and the Red Devils, while also establishing new chapters there. In late 2016, an HAMC chapter was founded in Charlottetown, Prince Edward Island, the first in that province. Nova Scotia has no HAMC presence as the Halifax chapter was shut down after a series of arrests and convictions in 2001 and 2002 reduced the chapter to just three full-patch members (RCMP, 2002a: 8;



Photo 7.6: Patch of the Bacchus MC and Red Devils MC, in commemoration of their “brotherhood”

Source: BacchusMC, via Wikimedia Commons

Charlottetown Guardian, Jan. 30, 2003; *Halifax Daily News*, Aug. 25, 2003). To date, the Hells Angels has not been able to resurrect its Halifax chapter, although as of 2021, it refers to Nova Scotia as a “prospect province.” The HAMC has one Nomads chapter in New Brunswick. In April 2020, a full-patch member of the Nomads, along with a prospect and two members of the Red Devils support club, was arrested on drug trafficking and criminal organization charges. At the time, two other members of the Nomads chapter were either incarcerated or awaiting trial on separate drug charges (RCMP News Release, Apr. 9, 2020).

The Outlaws MC has also established a presence in Atlantic Canada through its Bishop Falls and Grand Falls–Windsor chapters in Newfoundland. In February 2020, six members of the Grand Falls–Windsor chapter, along with two members of its support club, the Fallen Few, were charged with cocaine trafficking (*Saltwire.com*, Feb. 26, 2020). According to its website, the Outlaws also have one chapter in BC, two in Alberta, one in Nova Scotia (Cape Breton), one in Saskatchewan, and 13 in Ontario (Outlaws MC Canada, n.d.). While the Outlaws and the Hells Angels have avoided direct conflict in recent years, police have speculated that an Outlaws prospect chapter in the Halifax area could escalate tensions (*CBC News*, Mar. 2, 2021).

ANALYZING OMGS AS ORGANIZED CRIME: THE CASE OF THE HELLS ANGELS

The preceding chronology provides some indication of the characteristics of OMGs in North America. Using the typology created in chapter 3, this section examines in more detail the salient OCA attributes of one-percenter motorcycle clubs in Canada, with particular emphasis on the Hells Angels.

Organizational

Multiple Offenders/A Systematic Pattern to the Relationship among the Offenders/ Division of Labour and Specialization

At any one time, the number of full-patch HAMC members in Canada is upward of hundreds of people (and thousands worldwide). In addition, the HAMC relies on hundreds of associates, including those who are members of the many puppet motorcycle clubs affiliated with them. There are at least three discernable patterns of relationships within the HAMC when examining it as a motorcycle club and an OCA: (1) the relationships among the members of a particular chapter, (2) the relationships between a particular HAMC chapter member and his associates, and (3) relationships between different HAMC chapters (and members therein).

The relationships among members of a particular HAMC chapter are influenced by the organizational structure of the chapter, which is hierarchical, with a well-defined division of labour, particularly for those in officer positions. The organizational structure of a chapter is relatively consistent among most OMGs, as depicted in Figure 7.1.

The chapter president has the final say over the business of a one-percenter motorcycle club. The secretary-treasurer is responsible for collecting dues from members, acts as bookkeeper and secretary (such as keeping the minutes of meetings), and keeps track of who owes what and to whom. The **sergeant-at-arms** maintains order at “**churches**” (meetings) and at other functions and has the power to discipline a club member (Lyman & Potter, 2011: 218). The **road captain** organizes the logistics and security for the time-honoured biker runs (Abadinsky, 2012: 226).

Full-patch members are those who are allowed to wear the colours of the OMG. For the HAMC, a chapter must have no less than six active members. Each chapter also has prospective members (called *strikers* or *prospects*) who spend from one month to one year on probationary status (some OMGs will also have probationary chapters). In addition to official positions within a chapter, the larger OMGs have developed an even more intricate division of labour among full-patch and prospective members to carry out other important functions, such as enforcement (i.e., violence). Some Hells Angels enforcers are adorned with Nazi stormtrooper-like lightning bolts tattooed underneath the words “Filthy Few,” the Outlaws have their “SS Death Squad,” and the Pagans have the “Black T-shirt Squad.” The Rockers MC, which was an affiliate gang of the Quebec

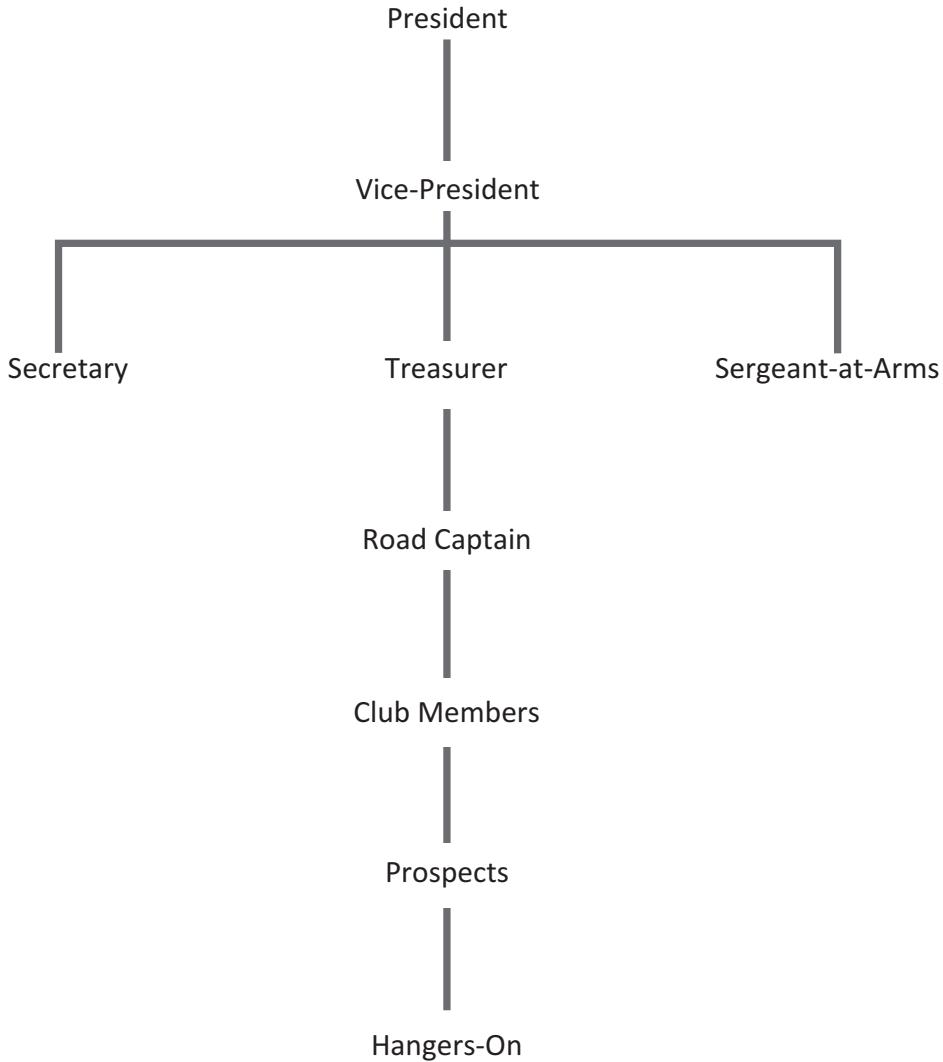


Figure 7.1: Typical structure of an OMG chapter

HAMC Nomads chapter during the 1990s, had a special assassination squad called the “football team,” as well as a “baseball team,” which was responsible for carrying out beatings of rivals (Canadian Press, Jul. 9, 2002). Some OMG chapters may have an intelligence officer whose job it is to gather information against competitors and conduct counterintelligence against police.

In addition to the connections dictated by their respective positions within a chapter, full-patch members will often collaborate when carrying out criminal activities and legal business ventures.



Photo 7.7: The Filthy Few tattoo signifies the bearer has killed for the HAMC (the number of skulls indicates how many have been killed)

Source: Courtesy of the RCMP

The second type of relationship to be considered when examining an OMG as a criminal organization is between a chapter member and their associates outside the chapter. Members of the HAMC are at the centre of a network of associates with whom they collaborate to carry out revenue-generating criminal rackets (and which is a reflection of both Albini's patron-client model and the network model of OCAs as described in chapter 3). These associates may be members of a support club affiliated with an HAMC chapter, which is often overseen by a full-patch HAMC member. According to the CISC's 2020 annual report on organized crime, the HAMC has more than 150 support clubs, which are "an important element of this OMG's networks, whose members use them to commit acts of violence and intimidation, traffic drugs, and collect taxes on their behalf. They also serve as a form of recruitment, whereby members can demonstrate loyalty and service to the OMG, and some members also provide specific skillsets and resources, such as facilitating cocaine importation and having access to transport trucks that can be used to move contraband" (CISC, 2021: 13). Some of the support clubs have chapters in several provinces and countries, such as the Red Devils MC, which is considered the premier subsidiary of the HAMC and has chapters in multiple US states and Canadian provinces. The Gatekeepers MC, which is affiliated with the



Photo 7.8: Red Devils' clubhouse in Halifax

Source: Author

London, Ontario, HAMC chapter, has chapters in at least two provinces (Ontario and Nova Scotia). The Nova Scotia chapters of the Gatekeepers and the Red Devils were established expressly to represent the Hells Angels' interests in Nova Scotia since it has no chapter there.

Case Study: Project Flatlined

Following raids on numerous homes and businesses in March 2012, police arrested members and associates of the Manitoba chapter of the Hells Angels and laid several drug- and gang-related charges. By the end of April, 25 people had been arrested as part of Project Flatlined, a name that is a satirical take on the Redlined Support Crew, a Hells Angels puppet club that was created in 2010 for drug trafficking purposes. Winnipeg police estimated that over 10 months, the dial-a-dealer cocaine network generated more than \$1.5 million in drug sales. Among those arrested and charged were a full-patch HAMC member and two high-ranking Redlined MC members. According to the *Winnipeg Sun*, court documents filed by police contend the HAMC member was "at the pinnacle of the drug network and supplied

crack cocaine to underlings for the purpose of the drug being cut and broken down into .17 gram rocks for sale on the street.” One of the members of the Redlined crew acted as the “reloader and street boss” for the operation (*Winnipeg Sun*, Jul. 25, 2012). Several other members of the HAMC and Redlined Support Crew were also arrested (CTVNews.ca, Apr. 21, 2012; *Winnipeg Free Press*, Apr. 10, 2012; *Winnipeg Sun*, Apr. 24, 2012, Jun. 8, 2012a, Jul. 25, 2012).

The third type of relationship evident when examining OMGs as OCAs is that between different chapters of the same club and, by extension, among the members of the different chapters. As far as criminal activities are concerned, the most significant relationship among different chapters of the HAMC (and its puppet clubs) in Canada revolves around the forging of a national drug pipeline. It is this inter-provincial co-operation and coordination that helps constitute the HAMC as a national criminal organization. There is no official national president, headquarters, or lead chapter for the HAMC in Canada; however, in each province, one dominant chapter often has the power to attend the meeting of any other chapter in the province and also to guide the operations of other chapters. Often, this dominant chapter is the Nomads, which implies it has jurisdiction over an entire province (or American state). When Maurice Boucher and other senior members of HAMC chapters from Montreal, Trois-Rivières, and Halifax formed the Quebec Nomads chapter in the 1990s, they had four goals in mind: (1) to provide an over-arching leadership for the growing number of Hells Angels in Quebec, (2) to coordinate drug trafficking in the province, (3) to help promote the expansion of the biker club into Ontario and beyond, and (4) to oversee the war against the Rock Machine and other rivals.

On a smaller scale, police investigations have implicated HAMC members from different chapters in the same drug trafficking operations. In March 2020, for example, police in southern Ontario arrested three HAMC members—two from the London chapter and one from the Stratford chapter—as part of a drug investigation that seized \$240,000 in drugs, including cocaine, marijuana, cannabis resin, crack cocaine, and oxycodone pills, as well as a cocaine press (*London Free Press*, Mar. 3, 2020). In April 2021, Hells Angels members from the Brooklin and Belleville, Ontario, chapters, as well as members from the Red Devils MC, were charged as part of an investigation that seized an array of drugs (cocaine, heroin, methamphetamine, fentanyl, magic mushrooms) and 32 firearms (RCMP News Release, Apr. 9, 2021).

In sum, it can be said that OMGs incorporate three types of organizational structures. The first is the individual chapter, which entails a hierarchy of positions and functions that are mostly related to the operations of a motorcycle club. The second involves a criminal network between individual OMG members and their associates (including support clubs). The third is the provincial or national network of chapters that collectively form a criminal organization. The formal organizational structure of an OMG

chapter is not necessarily the same as the structure used to carry out criminal activities. While there is a relatively clear hierarchy within each chapter, “income-generating activities involve several smaller operationally independent units” (Abadinsky, 2000: 238). Lavigne (1997: 246) adds, “The Hells Angels are truthful when they say they are not a criminal organization. Rather, they are an organization of criminals. They go out of their way to maintain a barrier between the Hells Angels as a club and the Hells Angels as a business.” As Nicaso (2001) puts it, “belonging to the Hell’s Angels guarantees to each member the possibility of running an illicit activity.” Blokland et al. (2019: 11) argue that those who are “criminally inclined” are attracted to OMGs, which may then provide “members with the criminal opportunity structure that entices them to engage in crime or that leads them to persist in their criminal ways longer than they would have otherwise.” Thus, HAMC chapters were not originally designed as infrastructure for a criminal organization; however, its hierarchical structure, division of labour, reputation, pooled resources, and network of associates is essential to carrying out the criminal operations of its members. Gottschalk refers to the HAMC as a “criminal matrix organization.” In this sense, “the vertical axis of the organization is characterized by a legal men’s club of individuals interested in a brotherhood linked to Harley-Davidson motorcycles. The horizontal axis of the organization is characterized by illegal activities organized by individuals in the club” (Gottschalk, 2015: 159). Von Lampe and Blokland (2020) write that while outlaw bikers are disproportionately engaged in crime, the role of the club itself in these crimes remains unclear. They say three scenarios describe possible relations between clubs and the crimes of their members:

In the “bad apple” scenario, members individually engage in crime; club membership may offer advantages in enabling and facilitating offending. In the “club within a club” scenario, members engage in crimes separate from the club, but because of the number of members involved, including high-ranking members, the club itself appears to be taking part. The club can be said to function as a criminal organization only when the formal organizational chain of command takes part in the organization of the crime, lower level members regard senior members’ leadership in the crime as legitimate, and the crime is generally understood as “club business.” All three scenarios may play out simultaneously within one club with regard to different crimes. (von Lampe & Blokland, 2020: 521)

Limited or Exclusive Membership

Most OMGs place restrictions on who can become a member. Members and prospects must own and ride a (modified) Harley-Davidson motorcycle, which is in keeping with its original orientation as a motorcycle club and its subculture that is associated with craving excitement on the open road. Women are not allowed to be members, and few, if any, of the dominant OMGs allow racial minorities as members (the Bandidos is one exception as they do have Hispanic members). For the HAMC, only a full-patch member

is allowed to wear the complete four-piece crest, which includes (1) the death head logo, (2) the top **rocker** (which states “Hells Angels”), (3) the bottom rocker (usually the state or territory of the member’s chapter or simply “Nomad”), and (4) the rectangular “MC” patch below the wing of the death head. In Canada, prospective members of the HAMC are allowed to wear only a bottom rocker with the province or territory name along with the “MC” patch. Anyone other than full-patch or prospective members of the HAMC are forbidden to wear anything on their person, including clothes or tattoos, with the “Hells Angels” name or logo.

Traditionally, prospective members to be recruited to the HAMC were those who fit its original anti-social mould. As the Hells Angels and other biker gangs evolved into criminal fraternities, greater emphasis was placed on recruiting those who could contribute to its revenue-generating goals. In more recent years, recruitment drives (which include soliciting military personnel with expertise in explosives) have focused on individuals who have skills valued by the HAMC. To become a member of the HAMC, one must first be sponsored by an existing member, who in turn is responsible for his prospect. Prospects must receive a unanimous vote for acceptance into provisional status (and subsequently full-patch membership) by members of a chapter. During his probationary period, the prospect must prove himself worthy of membership by following orders and even committing crimes. Carrying out a murder or assaulting a rival is also one way a prospect can become a member or move up through the hierarchy of a chapter. After two men were severely beaten by low-level members of a Quebec Hells Angels chapter in 2002, a member of the Rockers puppet club later told police that “the guys all want to get promoted” (*Globe and Mail*, Aug. 12, 2002).

Initiation rituals vary by club and by chapter. Legend has it that during the 1960s and 1970s, Hells Angels prospects had to endure a bizarre and often horrific initiation ritual that involved dirtying the prospect by physically soiling his colours—a symbol of the mangy look promoted by OMGs as part of their rebellion against mainstream society. Today, less emphasis is placed on such initiation rituals in Canada, given that the HAMC has evolved from an expression of counterculture to a well-oiled criminal machine (although a prospect may still be expected to commit one or more crimes to weed out police informants or undercover officers).

Risk Management: Insulation against Law Enforcement

Lower-echelon (patch-wearing) members as well as prospective members of the HAMC and associates external to the chapter (hangarounds, puppet clubs, street gang members, etc.) conduct much of the illegal dirty work and are expected to take the fall for a particular crime that may involve a full-patch HAMC member. The HAMC has increased the number of puppet clubs in many provinces, partially as a response to the numerous arrests and prosecutions of HAMC members. Each chapter is governed by strict rules and regulations, including those demanding the utmost loyalty and secrecy. The club-houses of biker gangs protect members through a myriad of physical and technological

fortifications, including bulletproof glass, steel plates in the walls, reinforced doors, barbed wire fences, motion detector sensors, and video surveillance cameras. These fortifications protect those inside from attacks by rival gangs but are also meant to delay the quick penetration of police executing search warrants. The HAMC is also known to fastidiously guard against electronic surveillance by using jamming devices, communicating in code, and ensuring no one they do business with is wearing a wire (pat-downs for anyone entering a clubhouse is usually mandatory). The more sophisticated biker gangs have become well known for their intelligence gathering and countersurveillance, which is directed against both rival gangs and law enforcement agencies. In a raid on a Hells Angels chapter in Alberta, the Edmonton Police Service discovered scanning equipment hooked up to personal computers that were monitoring transmissions used by police (*Edmonton Sun*, Feb. 11, 2002). During the 1990s, police searches of the clubhouses and homes of the Quebec Hells Angels and its puppet clubs turned up photos as well as a list of names and home addresses of provincial police officers and civilians working for a special outlaw biker task force. Other documents found include police and Crown reports on undercover officers, informants, and witnesses. According to the Union of Canadian Correctional Officers, during the 1990s, members of biker gangs were actively compiling information on prison guards across the country (Sher & Marsden, 2003: 218).

OMGs have infiltrated public- and private-sector organizations, which are used both as a means to facilitate their criminal activities (e.g., smuggling) and to gather intelligence. OMGs use corrupt employees within government agencies, such as licensing bureaus, to collect vital information on prospects and competitors. HAMC members and associates have also gained employment at marine ports and with transportation companies to facilitate drug smuggling and distribution (CISC, 1998: 19; Presidia Security Consulting Inc., 2011; Standing Senate Committee on National Security and Defence, 2002: 43, 45; *Vancouver Sun*, May 11, 2015). A 2010 report by the Canada Border Services Agency said that the Mafia and Hells Angels “have exerted the most significant criminal influence at major Canadian marine ports.” Hells Angels and other gangsters are working at the port “in key positions—longshoremen, equipment operators, foremen and truck drivers” (as cited in the *National Post*, May 9, 2015). Journalist Kim Bolan reported in 2015 that there are at least six full-patch Hells Angels from BC chapters who are members of the International Longshore and Warehouse Union and work on commercial marine ports in Vancouver. Detective Sergeant Isnor of the Ontario Provincial Police Biker Enforcement Unit is quoted as saying that the Hells Angels have had a presence in Canada’s three largest ports for the past 30 years (as cited in *National Post*, May 9, 2015).

There are even cases where OMGs have infiltrated criminal justice agencies. In 2002, Tony Cannavino, head of the Quebec Provincial Police Association, accused the Hells Angels of recruiting civilians working in law enforcement agencies to steal information from police computers. Cannavino said at least four people with access to police

databases in Quebec were charged that year for selling information to the members of the club. The Angels reportedly paid up to \$10,000 to workers who helped steal data, targeting secretaries and security and maintenance staff (*Montreal Gazette*, Feb. 21, 2002). Some police officers have been discovered to have relationships with Hells Angels' members. Benoit Roberge, a newly retired Montreal police investigator, was criminally charged based on allegations that he sold information from ongoing police investigations to the Hells Angels. Roberge, who reportedly was paid at least \$125,000 by the HAMC for information, was arrested at his home in Montreal in the company of a man described by police as a member of the Hells Angels. The allegations were particularly alarming because Roberge was a long-time, high-profile member of police enforcement units dedicated to combating outlaw motorcycle gangs. His police colleagues became suspicious when it became clear that members of the Hells Angels were being tipped off about ongoing police investigations (Canadian Press, Oct. 7, 2013; *CBC News*, Oct. 7, 2013; *Montreal Gazette*, Oct. 7, 2013).

The Hells Angels in Canada have "acquired a reputation for warfare," exemplified by the 1990s biker war in Quebec. "The degree of organization and resources exhibited by the Hells Angels during this conflict was striking, with theft of dynamite from construction sites, storage in various caches, remote controlled bombings and information gathering on both the police and rival gangs" (Tremblay et al., 2009: 37). Violence and intimidation are also used as internal discipline within one-percenter biker clubs to ensure members are loyal and stay in line. One of the most notorious examples of violence as a means of internal discipline occurred in 1985 when six full-patch members of Quebec's Laval chapter of the Hells Angels were murdered by their "brothers" from other chapters because they were deemed too out of control. The murders have been cited as a pivotal point in the transition of the HAMC in Quebec to a criminal organization. The HAMC members that were killed reflected the traditional one-percenter bikers who "were constantly partying and consuming cocaine they were supposed to sell" and, as such, "didn't fit into the plans the gang had for the future." By this time, the Hells Angels had begun working with more sophisticated drug trafficking OCAs, including the Montreal Mafia: "Those groups were more businesslike and expected the same from their associates." The members who were murdered "weren't considered future elite drug traffickers" (*National Post*, Mar. 24, 2015).

Continuing Enterprise

The HAMC is a continuing enterprise, having existed since the late 1940s. In Canada, it can trace its roots back to 1977, when it established its first chapter in Quebec. Despite the passage of time and the numerous members who have come and gone (some through violent deaths), the original Sorel chapter continues to exist to this day, as do most of the other HAMC chapters founded in Canada throughout the years.



Photo 7.9: North (Laval) chapter (circa early 1980s). The six murdered members of the chapter were Laurent Viau, Jean-Guy Geoffrion, Guy-Louis Adam, Michel Mayrand, Jean-Pierre Mathieu, and Regis Asselin

Source: Courtesy of the RCMP

Multi-Jurisdictional/Transnational in Scope

The world's largest one-percenter biker gangs are multi-jurisdictional and international in scope. By the late 1960s, the HAMC and the Outlaws had chapters in numerous US states and had already established chapters in other countries. The largest one-percenter motorcycle club in the world is truly transnational in scope: its website proudly exclaims that "today the Hells Angels Motorcycle Club has spread its wings all over the World" and has chapters in "North America, Central America, South America, Europe, Australia, Africa and Asia" (Hells Angels MC World, n.d.). The multi-jurisdictional nature of the HAMC is deliberate and instrumental to the execution of their criminal activities (which themselves are often inherently multi-jurisdictional and transnational in scope). In his 1978 book *Wayward Angel*, George Wethern, a former senior member of the Oakland chapter of the Hells Angels, noted that the club's carefully controlled expansion was highly strategic. "We didn't believe in granting charters just for the sake of growth, nor to provide us with a place to stay when we were on vacation. The additions were designed to contribute to our image and business concerns, by providing a drug route link, manufacturing a drug,

supplying chemicals or distributing drugs in an untapped area" (Wethern & Colnett, 1978: 102). The expansion of the Hells Angels and Outlaws into Canada in the 1970s gave them "the capability of harbouring fugitives in other jurisdictions," and when "violence from Canadian gang rivalry" erupted, members and associates of the American chapters "could be summoned to participate" (CISC, 1979: 21–22).

Within Canada, the HAMC has a presence in every province, either through a chapter (or chapters) or via an affiliated puppet club. In setting up its different chapters throughout the country, the HAMC sought to establish a truly national network to facilitate its criminal activities, and drug trafficking specifically. Much of the credit for the Hells Angels' growth across Canada has been given to one HAMC member, Nomad Wolodumyr Stadnick, whose goal was to form a Hells Angels empire in Canada that stretched from coast to coast. During the late 1980s, he paid special attention to establishing a presence in Central Canada. "Stadnick realized that if the Hells Angels stood any chance of becoming a truly national empire, they had to fill the huge gap in Central Canada—and that meant Manitoba and Ontario," Sher and Marsden write. Manitoba was important "because it was the axis of distribution for any drugs moving east and west



Photo 7.10: Wolodumyr "Walter" Stadnick (facing the camera) as he leaves a Winnipeg funeral in the early 1990s

Source: Canadian Press photo/Winnipeg Free Press

in the country,” while Ontario was critical because it was “the Golden Horseshoe for drugs, prostitution and all other proceeds of crime” (Sher & Marsden, 2003: 23, 28–29).

When the HAMC and the Outlaws began to establish chapters in Canada, one of their goals was to facilitate cross-border transactions. The Outlaws were active in producing chemical drugs in Canada that were then shipped to the United States, while the HAMC has been active in importing cocaine and later became a major exporter of Canadian-produced marijuana to the US. It was no coincidence that the first three HAMC chapters in Canada were established in port cities—Montreal, Vancouver, and Halifax—which was necessary to facilitate their drug importation activities (and later to export stolen cars). According to a 1986 report by the RCMP and the DEA, Vancouver was a “fertile springboard” and “an important transit point for drugs, weapons, and other contraband. As a result of their meetings with Canadian motorcycle gangs, it became possible for the Hells Angels to set up a pipeline from the United States through British Columbia and across Canada to Quebec” (RCMP & DEA, 1986: 18–19, 21). According to the CISC’s 2019 annual report on organized crime, “OMG members reach more parts of Canada than any other networks” and have “multiple drug supply lines across the country.” Their scope also “reaches internationally to members overseas, as well as to Latin American cartels and other foreign figures, providing them with ample connections for the importation of drugs as well as money laundering opportunities” (CISC, 2019: 9).

Inter-Group Co-operation and Coordination

The HAMC “co-offend with other groups to carry out a variety of different criminal activities” (Malm et al., 2011: 116) and are known to have worked with such other powerful OCAs as the Rizzuto crime family, Colombian and Mexican cocaine suppliers, Asian drug trafficking networks, and Indigenous smuggling groups in Central Canada. According to the CISC, the Hells Angels have “associations to local/regional and interprovincial drug traffickers and mafia group members,” as well as OCAs “specializing in cocaine importation and in synthetic drug production, and street gangs, which provide them with multiple supply chains, reaching every province and territory” (CISC, 2021: 13). In 2019, a full-patch member from the HAMC’s Calgary chapter was among nine people arrested in conjunction with the largest seizure of methamphetamines ever made in Manitoba. Police confiscated 22 kilograms of meth along with 43 kilograms of cocaine. The importation and distribution of the drugs was an “integrated network” involving the Hells Angels, local street gangs, and Asian organized crime “to import and distribute illicit drugs in Winnipeg and throughout Manitoba,” an RCMP statement read (RCMP News Release, Dec. 5, 2019). Former RCMP Superintendent Pat Fogarty is quoted in the media as saying the Hells Angels have a “continuous working relationship” with Mexican drug cartels, which has “facilitated the transport, distribution and financial requirements for cocaine distribution in Canada” (*GlobalNews.ca*, Jan. 9, 2019).

Commercial

Profit-Oriented Criminal Activities/Serious Illegal Acts/Multiple Enterprises

The HAMC epitomizes organized crime in terms of its commercial endeavours: it engages in multiple types of profit-oriented, serious consensual and predatory criminal enterprises that deal in both illegal and highly regulated goods and services. The criminal activity of the Hells Angels in Canada includes trafficking in drugs, women, counterfeit currency, weapons, contraband cigarettes, stolen motorcycles, and motorcycle parts. The HAMC is also reportedly involved in frauds (telemarketing and mortgage fraud), gambling, loansharking, kidnapping, theft (including truck hijackings), and extortion.

Drugs have long been and continue to be a major revenue source for one-percenter motorcycle gangs. The Hells Angels began in the 1960s as street-level dealers of various drugs and by the 1970s began producing such synthetic drugs as methamphetamines and counterfeit Quaaludes. Today, the HAMC in Canada traffic in cocaine, marijuana, hashish, gamma-hydroxybutyrate (GHB, the so-called date rape drug), steroids, methamphetamines, PCP, MDMA, and fentanyl. The only drug that HAMC members generally do not traffic in is heroin, which stems from the ban the club has on using (or selling) any drug that involves a needle. George Wethern, a former ranking member of the Hells Angels Oakland chapter, states that a biker club structure is easily adapted to drug trafficking. All essential jobs could be filled with club members—distributors, dealers, enforcers, and transporters. Because of their reputation for violence and anti-establishment attitudes, they are also ideally suited for this line of work (Wethern & Colnett, 1978).

In April 2021, a full-patch member of the HAMC's Haney chapter in British Columbia was charged in connection with what police describe as a "high-level MDMA trafficking and cocaine importation investigation." Vincenzo James Sansalone had previously been convicted on drug trafficking charges in Ontario stemming from one of the largest seizures of GHB in that province (*Vancouver Sun*, Apr. 21, 2021). A year earlier, an HAMC member from the Mission, BC, chapter was arrested with another man after police in Idaho discovered five duffel bags containing 38 kilograms of cocaine and 90 kilograms of methamphetamine worth more than US\$2 million (*Vancouver Sun*, Oct. 27, 2020). Numerous police raids targeting HAMC members and their associates have resulted in the seizure of illegal pills as well as pill presses. There is also evidence that HAMC members are financing and coordinating large-scale marijuana grow operations and wholesaling. Like other criminal groups in Canada, the Hells Angels are known to export marijuana to the United States in exchange for cocaine, which is then imported into Canada.

Case Study: Operation Macaque

In 2013, members of the Hells Angels and the Red Devils motorcycle clubs were targeted in 49 police raids in Quebec. Some 650 police officers were involved in

the raids, arresting 65 suspects in Saguenay, the Laurentians, and Laval. The raids were part of Operation Macaque, a multi-agency police operation targeting drug networks in Saguenay, Montreal, and the North Shore. Police said one of the cells of this network was suspected of producing marijuana for the Quebec market, while another was believed to have been exporting marijuana to the United States at a rate of 20 kilograms a week, generating a revenue of about \$1.2 million. Operation Macaque led to the seizure of 20,000 marijuana plants, 260 kilograms of dried marijuana, 180,000 tablets of methamphetamine, 19.7 kilograms of methamphetamine powder, 1.7 kilograms of hashish, and 3 kilograms of cocaine. In addition, police reported that they seized 27 firearms, more than \$500,000 in Canadian cash and \$20,000 in American cash, 20 vehicles, a boat, and a tablet press capable of producing 1,400 tablets per minute (CTVNews.ca, May 7, 2014; *La Presse*, May 8, 2014; Sûreté du Québec news release, May 7, 2014).

The Hells Angels are extensively involved in the trafficking of women for both prostitution and exotic dancing. They are reportedly prominent in the strip club circuits in Montreal, Toronto, and Vancouver through agencies that represent prostitutes and exotic dancers, as well as investments in strip bars, massage parlours, and escort agencies. Police have also linked the Hells Angels to street gangs that run prostitution rings (Canadian Press, May 15, 2003).

Members and associates of HAMC chapters in Canada have also been arrested and charged for their roles in large illegal gambling and bookmaking operations.

Case Study: Platinum Sports Books

In February 2013, the Combined Forces Special Enforcement Unit (CFSEU) of Greater Toronto announced it had arrested six men for numerous offences related to illegal gaming. According to a CFSEU press release, “the lengthy, joint-forces investigation revealed that large-scale illegal gaming was taking place on an offshore website called Platinum Sports Book.com. The website, allegedly being run by organized crime, is host to thousands of gamblers whose wagers result in millions of dollars in profit for organized crime.” As part of the raids, more than \$2.5 million in cash was seized, as well as computers, cellphones, and business records. A month later, the CFSEU issued another news release indicating that 13 further search warrants had been served and an additional 18 people arrested as part of the ongoing illegal gaming investigation. Approximately \$1.5 million in cash was also seized (CFSEU—Ontario Press Release, Feb. 4, 2013).

CFSEU officials told the media that the latest arrests targeted the “management team” of the alleged illegal gambling operation. Police further alleged that the group running the offshore betting site, Platinum Sports Book, was a joint

enterprise between the Hells Angels and Italian organized crime. Among those arrested was a member (and ex-president) of the London chapter of the Hells Angels and two associates. Each of the accused was charged with numerous offences, including participating or engaging in a criminal organization, bookmaking, and conspiracy to commit a criminal offence. The HAMC did little to hide its connection with Platinum Sports Book; both its webpage and an advertisement for a Super Bowl party included a graphic of a skull with wings that closely resembled the Hells Angels' winged death head insignia. On February 3, 2013, police raided the invite-only Super Bowl party, held in Markham, Ontario. The gambling operation was also linked to loansharking. The investigation began as a result of a complaint from a person who said he was being extorted for money he allegedly owed to an HAMC member. Police said that if the money borrowed from this organization could not be repaid, exorbitant interest rates were imposed, and violence was used to recoup money owed (CFSEU—Ontario Press Release, Feb. 4, 2013, Mar. 5, 2013, Mar. 6, 2013; *London Free Press*, Feb. 5, 2013; *National Post*, Mar. 5, 2013; *Toronto Star*, Mar. 7, 2013).

In recent years, evidence indicates that the HAMC has evolved more fully into a Mafia-style criminal organization by adopting a new business model in which they play more of a governance or private-protection role. In 2012, for example, two full-patch members of the Hells Angels in Alberta were convicted of conspiring to traffic cocaine for a criminal organization when they agreed to protect a Fort McMurray cocaine dealer and solve any problems he had with competitors (*Edmonton Sun*, Aug. 17, 2012). Instead of becoming directly involved in drug trafficking themselves, members collect a percentage of illicit drug revenues from independent dealers or levy a fixed “tax” that allows them to operate in jurisdictions and markets controlled by an HAMC member or support club. The CISC writes that the HAMC uses intimidation “to tax traffickers that seek their drugs from other sources” (CISC, 2019: 9). One Quebec journalist calls it “the TPH, the 10% provincial Hells tax” (*Le Courier Sud*, Nov. 17, 2019). Citing police sources, an article in *Le Soleil* newspaper states, “With control of the territories, bikers are able to determine who has the right to sell narcotics in addition to setting the conditions” (*Le Soleil*, Dec. 20, 2020). Some opt to charge drug dealers a set monthly fee and some take a percentage of the illicit funds generated, while in other instances, the sellers must also obtain their drug supply from the HAMC member who controls the territory (*Le Soleil*, Dec. 20, 2020). In 2018, three full-patch HAMC members in Montreal pleaded guilty to drug trafficking charges. Stéphane Maheu of the South chapter was among them. In addition to selling nearly 300,000 meth pills in the Outaouais region, he allegedly assigned two men to run a meth and cocaine trafficking ring and in return received taxes on everything that was sold. One of those men was an undercover police officer who also met with another HAMC member, Louis Matte, who handed over “a sketch of the territory

he controlled in Ontario and the agent agreed to pay him a tax on all the meth pills he sold on Matte's turf. The agent ended up paying Matte \$22,000 over the course of four meetings" (*Montreal Gazette*, Oct. 3, 2018). In another case, Jean-François Bergeron, a full-patch member of the Trois-Rivières chapter of the HAMC in Quebec, admitted in a courtroom that he controlled cocaine sales in Lac Saint-Jean and, in return, received royalties from independent drug traffickers (*Le Soleil*, Sep. 15, 2020).

Monopolistic Ambitions

The Hells Angels are notorious for trying to monopolize a particular territory or criminal market. In 1977, the San Francisco police department estimated that the Hells Angels controlled 90 percent of the methamphetamine trade in Northern California, while that same year, the RCMP estimated that biker gangs controlled 75 percent of the methamphetamine market in Ontario (as cited in Wolf, 1991: 334). The most egregious example of the monopolistic tendencies of the HAMC was in Quebec during the 1990s, when under the leadership of the despotic Maurice Boucher, it tried to monopolize cocaine trafficking in Montreal. Much of the violence in the Quebec biker war in Canada is related to the hegemonic drive of the Hells Angels. Tremblay et al. (2009) point out that while the numbers of HAMC members and associates in Quebec's illicit drug markets are relatively small, they can disproportionately exert considerable influence given their penchant for violence. As described earlier, HAMC chapters in Quebec strive to control jurisdictions and local drug markets to wield a Mafia-style governance approach that involves extracting a tax from independent operators. This allows them to control the narcotics trade in no less than 95 percent of Quebec, according to one media outlet (*Le Soleil*, Dec. 20, 2020).

The HAMC is also intent on monopolizing the one-percenter biker domain in Canada and has used both violence and more diplomatic politicking to this end. If the Hells Angels want to make inroads into an area where another biker gang already exists, they will ask that gang to join them as an affiliate or a puppet group. If the gang agrees, it may eventually be patched over to the Hells Angels. This peaceful approach was epitomized in 2001 when the HAMC patched over dozens of smaller one-percenter clubs in Ontario to gain a monopoly over all one-percenter biker gangs in the province and to monopolize the wholesale cocaine trade in that province. Police in British Columbia have said that no motorcycle club in that province can wear a four-piece MC patch without the approval of the Hells Angels. As Inspector Gary Shinkaruk of the RCMP's OMG unit put it in 2009, British Columbia "is primarily a Hells Angels province when it comes to outlaw motorcycle gangs" (*Vancouver Sun*, Sep. 24, 2009). The same can be said for pretty much every other province.

Operational: Planning, Coordination, and Sophistication

The Hells Angels may constitute one of the largest criminal operations in Canada. Their drug trafficking activities are immense, requiring substantial financial resources,

an extensive network of sources, and elaborate international and national logistical operations that include production (of synthetic drugs and marijuana), importation (of hashish and cocaine), wholesaling, and even street-level retailing (which includes managing all their affiliate clubs). They have connections with drug suppliers in foreign countries as well as influence at marine ports to expedite illegal imports. One of the largest drug trafficking conspiracies was orchestrated by the Nomads chapter in Quebec during the 1990s and early 2000s. As part of their investigation, police observed couriers carrying bags of drug cash to nondescript apartments used by the Nomads to be counted, stored in safes, and meticulously recorded on computer spreadsheets. The day that police stopped the banking operation, they seized \$5.5 million in cash, as well as accounting spreadsheets indicating that the Nomads had supplied two thousand kilograms of cocaine and another two thousand kilograms of hash in one eight-month period in 2000. That year, the Quebec Hells Angels pulled in an estimated \$900 million from drug sales (Cherry, 2005: 141–42, 153, 194; Sher & Marsden, 2003: 247–48; *Globe and Mail*, Aug. 12, 2002; *Montreal Gazette*, Jul. 18, 2002).

The HAMC is known to use technology to facilitate its operations, whether computer and smartphone technology in gambling and bookmaking operations, elaborate security systems on its clubhouses, or the surveillance technology it employs to keep tabs on its enemies or the police. The vast amounts of revenue produced by members also require the use of a phalanx of professionals, including lawyers and accountants, to keep track of, invest, and launder the proceeds of crime.

Cultural and Behavioural

Subcultural Norms/Contempt for Civil Society

An anti-establishment subculture is a defining characteristic of outlaw motorcycle gangs. Revelling in their original image as social outcasts, they purposively cut themselves off from the majority culture (and other motorcycle enthusiasts) through their label “one-percenter,” which refers to “the one percent of us who has given up on society” (Bandidos Motorcycleclub Worldwide, n.d.). Motorcycle gangs are “particularly attractive to individuals who display deviant behaviour because the group is mutually supportive of all relevant deviant acts whether it is drug dealing or rape. The group returns recognition for feats of macho-daring and coddles the individual in a strange sociopathic mutual exchange of supportive psychological tribal needs” (RCMP, 1987a: 9). Traditionally, within this subculture, there are certain universal traits that the outlaw biker has to live up to: toughness, violence, sexual prowess, deviance, transience, and risk-taking. Like the Mafioso, outlaw bikers embrace a real sense of bravado; they accentuate the importance of being a man and embrace quintessential masculine characteristics. Toughness is flaunted in many ways. The preferred members are tall, muscular, strong, and/or obese. The desired image of the full-patch member was also reflected in the attire that began to emerge in the mid-1960s: the dirty and tattered leather jacket

(cut off at the sleeves); grease-encrusted jeans; steel-toed boots; long, unkempt hair and beards; and skull-and-crossbones jewellery. By gilding their jackets with such defiant and repulsive patches as “1%er,” Nazi swastikas, “FTW” (Fuck the World), “69” (as in the sexual position), and “coke” (as in the drug, not the soft drink), outlaw bikers put their self-nurtured subculture on display to signal to the world that they had purposely cut themselves off from the majority culture.

Of course, the outlaw biker bravado is also symbolized by the motorcycle, which has to be a big, loud Harley-Davidson (foreign-made motorcycles, especially Japanese bikes, are looked upon with great derision by OMG members). The Harleys could not



Photo 7.11: Front of a one-percenter vest, circa 1970s. OMGs adorn their jackets with labels—such as 1%er and FTW—to signify their disdain for mainstream society

Source: Courtesy of the RCMP

be straight out of the factory; they had to be modified, a reflection of one-percenter status as well as each member's individuality and a quest for non-conformity. By-law 11 of the HAMC rules states that no member can wear its colours when riding on a standard Harley-Davidson (RCMP, 1987a: 13). As Hunter S. Thompson wrote in his classic 1967 book on the Hells Angels, "The outlaws tend to see their bikes as personal monuments, created in their own image, however abstract, and they develop an affection for them that is hard for outsiders to understand" (Thompson, 1967: 123). The modified Harley-Davidson motorcycle reflects the sacred principles of the outlaw biker: large, manly, non-conformist, individualistic, fast, adventurous, rebellious, phallic, and loud, yet staunchly patriotic (hence the American-made Harley).

The image and lifestyle cultivated by the one-percenter biker were meant to be the antithesis of those of mainstream society. The counterculture image that was being formed in the 1950s and 1960s took place amid the growth of the middle class and its conformist values, personified by a stable job, the nuclear family, and the house in the suburbs. Outlaw bikers rejected these values and sought to live a lifestyle that was in direct opposition. It was their motorcycles that not only symbolized this ethos but literally provided them with the vehicle to express their counterculture nomadic freedom that departed from the staid, stationary mainstream society. As Daniel Wolf writes,

Outlaw bikers view themselves as nothing less than frontier heroes, living out the "freedom ethic" that they feel the rest of society has largely abandoned. They acknowledge that they are anti-social, but only to the extent that they seek to gain their own unique experiences and express their individuality through their motorcycles. Their "hogs" become personal charms against the regimented world of the "citizen." They view their club as collective leverage that they can use against an establishment that threatens to crush those who find conventional society inhibiting and destructive of individual character. (Wolf, 1991: 9)

The original anti-social dress code and aberrant behaviour of one-percenter motorcycle club members was a conscious expression of their contempt for civil society. This is best reflected in a comment made by Jean-Guy Bourgoин, a member of the Quebec Rockers MC, a Hells Angels' puppet club. When asked what he thought of regular "citizens," he replied, "I look at people who get up at seven, stuck in traffic for 10 bucks an hour, then come back at night.... They're the fools, we're the ones who are sensible" (*Globe and Mail*, Aug. 12, 2002).

As the HAMC in Canada evolved from a group of Harley-riding rowdies to sophisticated criminals, its counterculture underpinnings faded into the background and were supplanted by efforts to promote an image of respectability. Members were seen less on their motorcycles wearing their traditional colours and were more frequently spotted driving around in luxury cars (and minivans) in everyday street clothes. The Harley-Davidson motorcycles ridden by most members no longer seem to be highly modified.

When their colours are worn, they are clean and pressed, in stark contrast to the past preference for dirt and grime. Today, members and associates of Canadian chapters of the HAMC are chosen not because of their physical proportions or anti-social predispositions but for their intellect, cunning, criminal expertise, or connections.

In short, while HAMC members still live in a subculture of deviance, crime, and violence, this lifestyle is much more focused on rational and instrumental revenue-generating organized criminality. This transition was recognized in 1986 by the President's Commission on Organized Crime. By this time, the HAMC had completed an "evolution that has been under way for more than 20 years, a period during which the Hells Angels developed from a collection of rowdy rebels into a genuine organized crime group" (President's Commission on Organized Crime, 1986: 65). As Quebec Hells Angels Nomad member David (Wolf) Carroll once said to his biker protégé Dany Kane, "The Nomads judge you by the size of your portfolio. If you don't have money, you're no good. Our club is no longer really a real biker gang. There are some members who have told me they don't even like biking" (Sher & Marsden, 2003: 217).

To become a member of the Hells Angels, one must be ready and willing to commit to a life of crime. A court case that took place in London, Ontario—centred on the refusal of the province to grant a liquor licence to a strip club owned by a member of the local HAMC—shed some light on the criminal careers of HAMC members in that chapter. An agreed statement of facts shows that as of 2014, a dozen full-patch members of the London HAMC chapter and three hangarounds had 105 criminal convictions among them, while four members of their support club, the Gate Keepers MC, had 17 criminal convictions among them (*QMI Agency*, Oct. 22, 2014; *Toronto Star*, Oct. 16, 2014).

Rules, Regulations, and Codes of Conduct

Ironically, while OMGs originally stressed wild, anarchistic behaviour, most of the clubs are governed by a rigid set of rules, regulations, and codes, all of which stress the primacy of the club. For any member, the club must come first, with the motorcycle second, and family and friends a distant third. Stemming from the importance placed on the motorcycle club are two other fundamental codes of the OMG: secrecy and loyalty. A member must never reveal anything about the club, its members, or its activities. The primary loyalty of the member is to the club, with secondary loyalty to other members in the club. Many OMGs also have strict by-laws that must be followed by members, such as how a prospect becomes a full-patch member, the payment of dues by club members, who receives a patch and how they are to be worn, prohibition on the use of drugs involving needles (i.e., heroin), the type of motorcycle members must ride, mandatory attendance at club meetings and voting rights, the duties of chapter officers, and the necessary number of members to sustain a chapter. Separate rules and by-laws are also known to exist for the time-honoured ritual of biker runs. Funerals are big ritualistic events for outlaw bikers, and club members come from all over the continent to

honour a fallen brother. By-laws are very strict concerning clothing, including the wearing of colours, patches, and tattoos. The colours worn by any motorcycle gang member are his most prized possession, as the RCMP detail in a 1980 article:

No one may touch them, not even in a friendly pat-on-the-back gesture. Stealing colours amongst rival gangs is a most serious offence, and killing those responsible is a fact of death readily accepted amongst motorcycle gang brotherhoods. The Hells Angels who first set down the codes for bikers to follow everywhere stated that the crest or patch should never touch the ground. The symbolic emblem with which bikers adorn their backs has today truly acquired the symbolism of a holy relic. Colours are the only single rally “flag” for which bikers will fight to the death.... Policemen have told stories of bikers sitting down and crying unabashedly when stripped of their colours after a raid. Clubs are quick to impose heavy fines, ranging from one hundred dollars to expulsion from the club for losing crests. (RCMP, 1980: 14–15)

Discipline is regularly meted out to members (and associates) who break the rules. This can range from paying a fine or the assignment of menial tasks (e.g., cleaning a clubhouse), to expulsion from the club. Violence is also used for internal disciplinary reasons, and full-patch members, prospects, and associates have been killed for such transgressions as disobeying rules, co-operating with rival gangs, or turning state witness. On June 22, 2000, Louis Roy, a member of the Quebec HAMC Nomads and a former president of the Trois-Rivières chapter, disappeared. Despite his long-standing stature within the Hells Angels in Quebec, police speculated that he was a victim of Maurice Boucher’s internal housecleaning because of his refusal to join in with the Nomads’ centralized cocaine cartel. Elias Lekkas, the former drug-dealing partner of West End Gang leader Gerald Matticks, testified in court that Roy had been called to a meeting in a meat-processing plant belonging to Matticks where he was killed and ground like hamburger meat. His cocaine markets and personal assets were divided among his Hells Angels “brothers” (Sher & Marsden, 2003: 228; *Journal de Montréal*, Dec. 5, 2002; *National Post*, Apr. 4, 2001).

Non-Ideological/Rationality

Despite the use of violence and intimidation—including that directed toward government agencies and communities—OMGs are non-ideological in the political sense. By the 1960s, the most discernible ideology among American one-percenter clubs was that of fervent patriotism. Even today, however, this patriotism takes a back seat to the one ideology that truly guides the HAMC: making money. The HAMC has also learned from its past mistakes; this is reflected in the greater use of affiliate clubs and the use of Mafia-style governance tactics (as opposed to direct involvement in drug trafficking) to shield members from law enforcement.

While violence was originally used indiscriminately by OMGs as an extension of their deviant and hellraising one-percenter lifestyle, it has increasingly been deployed for strategic purposes: to facilitate their profit-oriented illegal and legal activities by helping them move into and monopolize markets, legitimate or illegitimate businesses, or specific geographic territories. The Canadian HAMC also has appeared to learn its lesson from the biker wars in Quebec during the 1990s; since then, it has significantly de-escalated inter-gang violence and instead appears to be playing the long game of more patiently taking over a territory through the creation of affiliate clubs. OMGs—in particular, the HAMC in Canada—have evolved from a group of unpredictable, erratic, motorcycle-riding rowdies to rational-minded, sophisticated criminals.

CONCLUSION

Abadinsky documents how most of the major OMGs move through four stages of development toward becoming a criminal organization: (1) the club shows rebellious and anti-social activity that is random and non-utilitarian; (2) a police response causes less-committed members to drop out, while members of weaker clubs either disperse or join stronger clubs; (3) the remaining clubs are better able to exercise discipline and control over their membership, particularly control over violence, which now changes from random and non-utilitarian to instrumental; and (4) the group becomes a fully committed criminal organization (Abadinsky, 2012: 232). More simply, Barker (2015) argues that many one-percenter motorcycle clubs evolved from social organizations into criminal ones as they moved from simply facilitating criminal activity to making it their primary purpose.

This theoretical framework is somewhat applicable to Canada. Experts on OMGs have argued that the growth of the Canadian Hells Angels in numbers, power, and criminal stature is partially the result of the lack of attention, various miscues, and even a systemic ineptitude by Canada's criminal justice system and law enforcement branches in particular. Yves Lavigne writes that law enforcement has “failed to predict the movements of the Hells Angels for twenty years” and to “halt or even slow their growth” (Lavigne, 1999: 451–58). Ostensibly, however, it is not the police or government that should take the blame for the birth of outlaw biker gangs in Canada and the spectacular rise of the Hells Angels as a powerful criminal organization. The HAMC proliferated because of its drive for a monopoly in the one-percenter biker world, in the criminal underworld of various provinces, and in certain illicit markets (the cocaine market in particular). It also emerged, proliferated, and grew wealthy and powerful in this country because Canadian society provided all the necessary preconditions, including a large consumer market for the goods and services marketed by the HAMC. As such, the Hells Angels and other motorcycle gangs that thrive in this country are mostly a product of Canadian society.

If there is anything distinctively Canadian about the HAMC it is that it has representation in both English and French Canada: it is a bicultural and bilingual national organization. Canada also has the ignominious distinction of being somewhat of an international stronghold for the motorcycle club; at one point, there were more Hells Angels chapters and members per capita in Canada than any other country in the world, including the United States. With 17 HAMC chapters, Ontario boasts one of the highest concentrations of Hells Angels internationally.

KEY TERMS

Bandidos	Patched over
Churches	Prospects
Colours	Puppet clubs
Hells Angels Motorcycle Club	Road captain
One-percenter	Rocker
Outlaws Motorcycle Club Nation	Sergeant-at-arms

REVIEW QUESTIONS

1. What are the origins of OMGs in the United States? What are some of the seminal milestones in the history of OMGs and the Hells Angels in particular?
2. What are the origins of OMGs in Canada? What are some of the seminal Canadian milestones in the history of OMGs and the Hells Angels in particular?
3. What factors attributed to the rise of OMGs in North America? What etiological theories presented in chapter 2 can be used to explain the origins and spread of OMGs in Canada?
4. Who are the dominant OMGs in the United States and Canada? What criminal activities are they involved in?
5. In general, how are OMGs in North America structured? What organizational models are most applicable to explain how OMGs are structured? What, if any, is the distinction between an OMG as a fraternal organization and as a criminal organization?
6. What are the characteristics of the Hells Angels, based on the application of theoretical models from chapter 4?
7. What is the significance of the Hells Angels when examining organized crime in Canada?

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8

OTHER ORGANIZED CRIMINAL ASSOCIATIONS IN CANADA

CHAPTER OUTLINE

- Introduction and Overview
- South American Drug Trafficking “Cartels”
- Nigerian Criminal Enterprises
- Vietnamese Organized Crime
- Indigenous Organized Crime
- Organized Street Gangs
- Cybercrime Networks
- Conclusion to Part II

LEARNING OUTCOMES

After reading this chapter, you should have a thorough understanding of the following:

- The organized criminal associations (OCAs) listed above
- The basic characteristics of these OCAs
- Their origins and history outside of and within Canada
- The application of etiological theories to these OCAs

INTRODUCTION AND OVERVIEW

This chapter explores other categories of OCAs that are active in Canada: South American drug trafficking “cartels,” Nigerian criminal enterprises, Vietnamese organized crime, Indigenous OCAs, inter-provincial smuggling and trafficking groups, **organized street gangs**, and cyber-crime networks. These OCAs are distinguished from those of the previous three chapters in that most are ranked lower on a threat assessment scale, they have less of a history in Canada, and they do not have all of the attributes of a Mafia-style criminal organization. The OCAs presented in this chapter are also more representative of a networked approach to organized crime: they eschew a traditional hierarchical structure, the ties that bind members are less associational and more entrepreneurial, and there is less organizational continuity over time. Notwithstanding these differences, the complexity and diversity of OCAs mean that these generalizations have some exceptions. South American cocaine “cartels” are considered to be at the same threat level as the OCAs covered in the previous three chapters. Organized street gangs, including Indigenous gangs in the Prairie provinces, are also considered a high threat due to their widespread use of violence. Nigerian criminal enterprises and South American drug cartels may also share characteristics with Mafia-style criminal organizations including a complex organizational structure and a transnational presence.

As with the previous chapters, these OCAs are largely grouped by ethnicity or nationality. This is even true of the category of “organized street gangs,” which are disproportionately made up of young men of African lineage in cities such as Halifax, Montreal, Toronto, and Ottawa, or those of Indigenous heritage in the Prairie provinces. As described in the preface, categorizing OCAs based on ethnicity or nationality does not suggest that there is a causal relationship between these characteristics and organized criminality. An examination of the historical and contemporary forces and institutions that marginalize, racialize, and criminalize certain groups of people in Canada is particularly evident in the causes of organized criminality among Indigenous offenders. This country’s shameful history of colonialism, racism, marginalization, oppression, and genocide has contributed to (organized) crime and violence within the Indigenous population living in Canada. The over-representation of young men of African lineage in organized street gangs can also be explained by widespread discrimination and racism in Canadian society.

CRITICAL THINKING EXERCISE

Compare and contrast the history and characteristics of the different OCAs covered in this chapter and those presented in the previous three chapters. Reflect on the inherent difficulties in generalizing about organized crime or neatly categorizing different types of OCA given their inherent complexity and pliability. As you read this chapter, refer to chapter 4 to identify the theories that may (or may not) be applicable to explain the existence of OCA types here.

SOUTH AMERICAN DRUG TRAFFICKING “CARTELS”

Beginning in the mid-1970s, the world of transnational organized crime would go through cataclysmic changes with the soaring popularity of cocaine. Colombian and Mexican drug trafficking groups and networks would exercise a level of control over production and wholesaling that is unparalleled in the global arena of illegal drugs. During their peak in the 1980s and 1990s, the Medellin and Cali “cartels” of Colombia became the largest and most profitable international criminal conglomerates in the world. They did so through a transnational organizational structure that combined some of the hallmarks of a multinational corporation while also coordinating hundreds, if not thousands, of independent contractors that specialized in particular areas (production, transportation, enforcement, money laundering, etc.).

Key Term: Cartel

Colombian and Mexican drug trafficking OCAs are frequently referred to as *cartels*—which can be defined generally as formal or informal associations of independent commercial enterprises that are meant to limit competition and maintain prices at a high level. The Medellin and Cali cartels brought together small, independent cocaine trafficking groups to pool resources and expertise, minimize expenses, maximize profits, and fight common enemies such as domestic and foreign governments and competitors in export countries (e.g., the United States). As they grew in size, they became “essentially decentralized organizations” (Criminal Intelligence Service Canada [CISC], 1996: 16–17) that functioned as “loose trade associations” to assist transient coalitions of traffickers to efficiently produce, market, transport, and distribute their products (Lupsha, 1990). In short, the Colombian cartels were “coalitions or confederations with fluid boundaries.” Their activities were dispersed among many trafficking groups “held together through an intricate system of contractors, subcontractors, codes of honour, and family bonds” (Lee, 1992: 98).

The Cali Cartel operated somewhat like a franchise system but with a top-down command and control structure to coordinate the many functions and cells operating overseas. The Colombian-based “head office” or “core organization” (Kenney, 2012) would take a percentage of the profits from the wholesale distribution of cocaine by its franchisees. In return, regional directors, who reported directly to Colombia, would broker the sale of the cocaine to the franchisees while providing the necessary logistical support, such as transportation, security, graft, and money laundering services. A regional director who was responsible for the overall management of several cells in a particular geographic region of the country (e.g., US northeastern seaboard) and would play a key role in coordinating deliveries, usually one hundred kilograms at a time, to the various drug distribution cells.

Often, each franchisee or cell would perform a specific function within the organization, such as chemical processing, transportation, importing, wholesaling, or money movement (Lee, 1992; President's Commission on Organized Crime, 1984a; United States Drug Enforcement Administration [DEA], 2001).

The Colombian cartels also revolutionized the international transportation of illicit drugs in the 1980s by using small private airplanes to fly large quantities of cocaine directly into the United States and Canada. As the market for cocaine in North America increased, they invested their profits back into the organization, financing sophisticated labs, a fleet of airplanes and paved runways, and overseas distribution networks. A small Caribbean island was even purchased, where the cocaine-laden planes could refuel on their way to the United States. Cargo ships, marine containers, tractor-trailers, recreational vehicles, and even submarines were used to smuggle the product from Colombia to overseas markets. In addition, Colombian cartels became proficient in the key tactical tools of successful OCAs: corruption, violence, intelligence gathering, and money laundering, as well as the use of advanced information and communications technology.

The Colombian cartels were the predominant source of cocaine to Canada from the 1970s to the end of the 1990s. According to a 1992 report, “representatives of Colombian trafficking organizations, such as the Medellin and Cali cartels, dominate the upper echelons of the Canadian cocaine trade. These groups view Canada as a trans-shipment point for cocaine destined for the United States, as well as an expanding market in its own right” (Canadian Association of Chiefs of Police [CACP], 1992: 64–65). The Medellin Cartel transported large quantities into the country via commercial cargo flights and then private airplanes (Edwards, 1991; *Toronto Star*, Sep. 15, 1989). In November 1992, a seizure from a Convair 580 that landed at a remote airstrip in Casey, Quebec, netted 4,323 kilograms of cocaine, the street value of which was estimated at US\$2.7 billion (*Toronto Star*, Nov. 19, 1992, Nov. 21, 1992). The Cali Cartel relied on seagoing “motherships” that would stay in international waters and then offload thousands of kilograms of its illicit cargo to smaller nondescript pleasure crafts, fishing boats, and yachts, which would then be transported to discreet coastal entry points. In February 1994, five metric tons of cocaine were seized from the hold of a fishing boat named the *Lady Teri Anne* off the coast of Shelburne in southwestern Nova Scotia. At the time, it was the largest cocaine seizure ever made in Canada (*Halifax Daily News*, Feb. 25, 1994; *Toronto Star*, Feb. 24, 1994).

Once in Canada, the cocaine was often wholesaled to domestic crime groups, such as the Hells Angels or the Montreal Mafia (RCMP, 1985). In September 1995, police in British Columbia seized 305 kilograms of cocaine, which “constituted part of a much larger shipment of 700 to 1,000 kilograms that had been orchestrated by the Hells Angels and the Colombians in Vancouver” (CISC, 1997: 17).

The cocaine would also be wholesaled in Canada through cells established by the cartels. According to a 1997 CISC report, while many Colombian drug traffickers “are associated with specific groups in Colombia, they function with a great deal of autonomy in Canada” (CISC, 1997: 16). The Medellin Cartel reportedly operated three cells in the Montreal area, including one responsible for a plant that produced powdered cocaine from raw coca paste (*Montreal Gazette*, Apr. 27, 1985, Apr. 30, 1985), while the others were tasked with wholesaling it. Each of the cells was overseen by a *Caleno* (cell manager). In 1989, a police operation in Toronto codenamed Project Amigo uncovered two cells of the Medellin Cartel that had been active in the city for at least a decade, which the *Globe and Mail* called “a well organized and insulated network for the distribution of cocaine, and the laundering of illicit profits, directed by interests in Colombia” (*Globe and Mail*, Apr. 8, 1989). The *Toronto Star* reported that two *Calenos* ran highly organized “crime cells” with a distinct chain of command and employing between 30 and 50 people broken into compartmentalized semi-autonomous functions, such as the importers, those who divide the shipment into multi-kilogram packages, the wholesalers, the warehouse workers who stored the narcotics, and the runners who delivered the goods (*Toronto Star*, Sep. 6, 1989, Oct. 28, 1989, Dec. 15, 1989). The Medellin distribution cells were informally structured and operated in a fluid manner influenced by the nature of each particular drug transaction.

One of the express functions of the cellular structure of the cartels was to protect the participating offenders from law enforcement: “Few members of one section are aware of the others involved, and the loss of one member or even a whole section does not threaten the stability of the entire organization” (President’s Commission on Organized Crime, 1984a: 562). Moreover, since these cells were often based on family relationships or close friendships, police attempts to penetrate a cell were difficult. The fluid nature of the cells and the transient nature of its managers and workers also helped insulate the broader criminal network. A cell may be in existence for only six months or a year before disbanding (United States Comptroller General, 1989: 13–14). If police started to get too close to an importer in Toronto, for example, the importer would be “transferred to other branch plant operations on the continent, a circuit that includes Montreal, Vancouver, New York, Los Angeles and San Francisco” (*Toronto Star*, Sep. 6, 1989).

By the new millennium, the Medellin and Cali cartels were imploding due to intense law enforcement attention and were eventually replaced by numerous smaller Colombian and Mexican cocaine suppliers and wholesalers. Since the early 1990s, the Colombian cartels had allowed Mexico-based trafficking groups to play an increasing role in the North American cocaine trade transporting the product through Mexico to the US via official land border crossings. The current dominance of Mexican cocaine traffickers means that a greater share of the cocaine entering Canada now comes through official land border entry points via commercial tractor-trailers. The so-called Sinaloa Cartel, one of the largest Mexican cartels, is also involved in smuggling methamphetamine into the US and Canada. In 2019, 180 kilograms of meth was found hidden inside

the spare tires and trunks of new cars manufactured in Mexico and shipped to Canada (*Insightcrime.com*, Mar. 1, 2019).

Mexican cartels have long played a role in exporting narcotics to Canada, and over the years, they have begun inserting operatives here to coordinate the importation and distribution of cocaine and other drugs, thereby eliminating the Canadian importing and wholesaling middlemen (*Calgary Herald*, Jan. 5, 2015). A 2013 article in the RCMP's *Gazette* magazine states, "More recently, there's been evidence of a definite cartel presence in Canada, specifically Mexican cartels. The roles of those individuals within Canada are very much those of gatekeepers, involved in the importation and distribution of cocaine, as well as logistics and money laundering/currency movement" (Penney, 2013). In its 2019 annual report on organized crime, the CISC states, "A significant number of key Canadian cocaine importation facilitators have been assassinated, both inside and outside the country, over the past few years, raising the possibility that Mexican cartels may be attempting to re-establish operational cells in Canada that had previously been largely disrupted through an integrated enforcement response. Cartel members are likely exploiting the absence of visa requirements for Mexican nationals entering Canada to send associates to play a more direct role in importing cocaine into Canada, as in the past" (CISC, 2019: 11). In December 2014, the Alberta Law Enforcement Response Team (ALERT) announced that members of the **La Familia** gang—which it described as an international support arm for the Mexican drug cartels—were arrested in Edmonton. The Alberta chapter sported a three-piece patch, similar to those worn by outlaw motorcycle group members, and had a hierarchical structure. The investigation culminated with seizures of cocaine, MDMA (ecstasy), oxycodone pills, and a cocaine press (ALERT News Release, Dec. 17, 2014).

In his 2018 book *Hunting El Chapo*, former US DEA agent Andrew Hogan claims that the Mexican Sinaloa is making almost \$3 million a day from selling cocaine and heroin in major Canadian cities. Hogan—who was part of a task force that spent seven years on the trail of the Sinaloa Cartel leader, Joaquín (El Chapo) Guzmán, before capturing him in 2014—said the DEA was caught off guard by Guzmán's "deep infiltration" of Canada (Hogan & Century, 2018: 138). A criminal trial in New York of Guzmán heard that he had operations in Canada for at least 10 years:

Testimony by one of El Chapo's henchmen, Alexander Cifuentes-Villa revealed that this major Canadian operation dates back as far as 10 years when El Chapo first brought on Cifuentes-Villa to run his Canadian deals in 2008. He told the court that the long-standing relationship involved dealing cocaine, heroin, and crystal meth.

The operation was massive. El Chapo's people would get the drugs into Canada using trailers, helicopters, and boats from Mexico to Vancouver. This Canadian operation alone was earning El Chapo multi-millions of dollars. (*Narcity.com*, Jan. 17, 2019)

Quoting an RCMP spokesperson, *La Presse* reported in 2019 that the Sinaloa Cartel, as well as the Jalisco NG (New Generation) Cartel, hires “sector heads” in Canada who import the cocaine and then find appropriate wholesalers and retail distribution networks. The distributors with which they do business are then considered cartel members. The sector heads do not necessarily have to be Mexican; they can even be Canadian citizens (*La Presse*, Mar. 28, 2019). Among these domestic cartel connections maintained by the Sinaloa Cartel in Canada, according to Hogan, are Iranian organized crime groups, as well as the Hells Angels (Hogan & Century, 2018; *GlobalNews.ca*, Jan. 9, 2019).

“In terms of profit, Chapo was doing more cocaine business in Canada than in the United States,” Hogan writes. “It was a straightforward price-point issue: retail cocaine on the streets of Los Angeles or Chicago sold for \$25,000 per kilo, while in major Canadian cities it sold for upwards of \$35,000 per kilo” (Hogan & Century, 2018: 138–39). While he was working in an undercover capacity, Hogan made cash pick-ups from the representative of the Sinaloa Cartel in the US and Canada. After picking up hundreds of thousands of dollars in cash from Deutsche Bank, it was then “up to Vancouver, Canada, for a pick-up for more than \$800,000” (Hogan & Century, 2018: 65). El Chapo reportedly stationed a 22-year-old lieutenant named Jesus (Hondo) Herrera Esperanza in Vancouver. Esperanza fronted as a college student, but in actuality, his main job was to collect money generated from cocaine trafficking across the country. El Chapo demanded daily status reports about the cartel’s business in Canada, including how much cocaine was sold and how much money Esperanza collected for each city. Hogan cites the following examples of daily reports filed by Hondo: Vancouver, 95 kilograms sold, \$560,000 collected; Winnipeg, 48 kilograms sold, \$275,000 collected; and Toronto, 150 kilograms sold, \$2 million collected (Hogan & Century, 2018: 139–40). In a report examining money laundering in BC, German (2018: 37) cites police sources saying that large quantities of illicit drug money transit through Vancouver and are related to Mexican drug cartels, including the Sinaloa.

NIGERIAN CRIMINAL ENTERPRISES

Based in Lagos, **Nigerian criminal enterprises** (NCEs) are known to operate throughout North and South America, Europe, Australia, Africa, and Asia. NCEs are best known for frauds that mainly target wealthy North American and European countries. They are also involved in smuggling Southeast Asian heroin and South American cocaine, organized auto theft, and human trafficking. As Williams (2014: 254) writes, “Nigerian criminal organizations and networks are unique in both their ubiquity and the diverse nature of their activities. Drug trafficking in Indonesia, extensive fraudulent activities in the countries of the European Union, trafficking of women to Europe for prostitution, and advance fee fraud in the United States and Australia are just a few manifestations of the Nigerian global criminal presence.”

Nigeria is a republic located in western Africa and is the most populous country on the continent, with several different ethnocultural groups living there. For Williams, Nigeria is an example of the proposition that in certain countries the onset of organized crime is attributed to a fragile, inadequate, and/or corrupt state: “Nigeria is a post-colonial state characterized by weak institutions, a weak civil society, multiple tribal groups and power centers, and high levels of corruption.” However, the state-induced factors that have given rise to crime transcend the corruption of the political elite; “indeed, in Nigeria it appears that some members of the political elite are not simply the protectors of organized crime; they also provide much of the leadership” (Williams, 2014: 254). Citing other research, Williams claims that the country’s political elite “control much of the higher-level prostitution in the country,” while politicians and civil servants provide passports and other official government documents to organized offenders to help expedite transnational criminal activities (256). Ellis (2012) agrees, writing that the scope of organized crime within the country is so endemic, it “raises the question whether the Nigerian state is not in fact the main locus of organized crime in the country.”

Other factors that Williams cites as contributing to the rise and spread of organized crime in Nigeria include a high rate of youth unemployment and poverty, vast inequality between the haves and have-nots, a stagnant post-colonial economy, and poor state management of the economy. Many factors have helped propel the transnational nature of Nigerian organized crime. The Nigerian elite “has traditionally been very well educated, English-speaking, and cosmopolitan in outlook. This provided an important set of resources for drug trafficking, financial fraud, and other criminal activities” (Williams, 2014: 256). In addition, the country has long been integrated into the global economy, which means that “many Nigerians have been comfortable doing business—whether licit or criminal—in other countries” (258). The widespread migration of Nigerian nationals to numerous countries around the world “has provided an extensive overseas presence or transnational émigré network. The Nigerian diaspora—like many others—has contained significant criminal components which feed off the expatriate communities, seeking recruits, cover and support, and using language and dialect as defensive mechanisms against law enforcement. These factors ensured that, from the early 1980s onward, Nigerian criminal organizations became one of the country’s major exports” (258).

Case Study: Auto Theft and Nigerian Criminal Enterprises

In December 2015, Toronto police announced they had laid 640 criminal charges against 18 people from across the Greater Toronto Area (GTA) in connection with what Acting Deputy Chief Jim Ramer called a “sophisticated organized crime ring with international reach that specialized in stealing high-end brand vehicles” (CTVNews.ca, Dec. 11, 2015). Following a rash of car thefts in affluent areas of

Toronto, Project CBG targeted an alleged Nigerian criminal group accused of stealing vehicles in Canada and exporting them to Africa for resale. The investigation eventually revealed the involvement of numerous people in the conspiracy, complete with a division of labour, including those who stole the vehicles, tractor-trailer drivers, shipping company employees, locksmiths, and a civil servant with the provincial motor vehicle branch. Police believe that three employees at two local automobile shipyards would photograph vehicle identification number (VIN) cards and key codes for certain vehicles (rather than stealing the actual car keys). The photos were then sold to the car thieves for approximately \$200 each. A locksmith would make copies of the keys, and then two experts with computers would reprogram the blank electronic keys for the vehicles that were to be stolen. Once the VIN was obtained, a corrupt government employee at a Durham Region Service Ontario office was paid to provide home addresses of the registered owners of the vehicles after they were purchased. With that information, two men allegedly leading the theft ring—63-year-old Joseph Mensah and 26-year-old Wael Hussein—would then give a team of thieves a list complete with addresses and key codes they could use to enter the vehicles without setting off their security systems. These thieves then used laptops to hack into the vehicles' operating system and program a blank key to start the ignition.

After the vehicles were stolen, they were concealed in shipping containers and transported to marine ports in Halifax or Montreal, where they were loaded onto cargo ships and sent to Nigeria. This group stole approximately five hundred SUVs in the GTA—worth around \$30 million—and was responsible for approximately 10 to 15 percent of all vehicles stolen in Toronto in 2015. Toronto police ended up seizing about two hundred stolen vehicles. Of this total, 179 had already been loaded onto shipment containers. Joseph Mensah, a Nigerian national, was hit with 102 charges, including for committing an offence for a criminal organization (CP24.com, Dec. 11, 2015; CTVNews.ca, Dec. 11, 2015; *Globe and Mail*, Nov. 13, 2015; Toronto Police Service News Release, Dec. 11, 2015).

The Nigerian car theft ring is believed to have connections to a “notorious organized crime group” known as the **Black Axe**, Ramer told a news conference (*Guelph Mercury*, Dec. 12, 2015). In October 2015, six alleged members of the group were charged following an investigation into a so-called romance fraud in Toronto and the United States, where women were lured into online relationships and then defrauded of money. Toronto police began their investigation following a complaint from a 63-year-old Toronto widow who reported she had been defrauded of \$609,000. Toronto police discovered her case had connections to a larger operation that was under investigation by the US Postal Inspection Service and the Federal Bureau of Investigation (FBI). Police said conspirators attempted to defraud victims of more than \$5 billion in total.

Three Nigerian nationals in the GTA were arrested and charged in connection with the romance fraud. All three were also implicated in the US investigation. One of the men, 41-year-old Akohomen Ighedoise of Toronto—alleged to be a member of the Black Axe—was also charged with participating in a criminal organization in Canada (*CP24.com*, Dec. 11, 2015; *CTVNews.ca*, Dec. 11, 2015; *Globe and Mail*, Nov. 13, 2015; Toronto Police Services News Release, Dec. 11, 2015). One elderly victim of a romance scam lost over a million dollars, leaving her destitute. As a result, she took her own life (*CTVNews.ca*, Nov. 1, 2019).

Referring to Nigerian organized crime, Ellis (2012), writes, “Some of the most accomplished criminal operators remain members in secret societies such as the Black Axe, the Buccaneers and many others, enabling them to organize themselves for criminal purposes, their networks extending to the state bureaucracy.” Once an idealistic university fraternity, the group has been linked to decades of murders and rapes, although internationally, its principal criminal activity is fraud. The “Axemen,” as they call themselves, have established chapters around the world, including in Canada, where



Photo 8.1: The Neo-Black Movement claims to be unrelated to Black Axe in public statements, but not according to their banners

Source: Assopre, via Wikimedia Commons

there are an estimated two hundred members. The group is said to be hierarchical in structure, and its members must swear a blood oath. According to the *Globe and Mail* (Nov. 13, 2015), the group tries to maintain a public image of philanthropy and volunteerism. It has been registered as a corporation in Ontario since 2012 under the name Neo-Black Movement of Africa North America, with Toronto's Akohomen Ighedoise being listed as an administrator along with several others.

In general, NCEs are well organized, although “Nigerian criminals are not wedded to any particular organizational form,” and as such, their operations are highly fluid and adaptable in terms of structure, personnel, methods, and criminal activities. This flexibility is considered one factor that insulates NCEs from law enforcement (Williams, 2014: 258–59). According to the FBI (1995), individual NCEs are organized along “tribal” lines. While there may be upward of five hundred small, compartmentalized NCE cells operating around the world, it is not known to what extent these cells are centrally controlled or operate autonomously: “Often these groups operate within a larger network that resembles trade associations rather than traditional mafia hierarchies” (259). There is much overlap and coordination among these different groups and cells, including frequent exchanges of personnel, knowledge, strategies, smuggling routes, equipment, and email address lists (used for the millions of advance fraud fee emails distributed throughout the world). NCE members are not bound to one particular cell and generally conduct criminal activities for many different cells to support themselves. Through mutual relationships, these cells form an intricate network that enables an NCE to engage in criminal activity throughout the world. NCE cells in various cities are in close contact with each other, and due to this overlap, it is difficult to estimate the exact number of individuals in each cell. However, various sources indicate that the average cell appears to consist of 10 to 40 individuals (FBI, 1995). The fluid network provides support, structure, and potential connections that can be activated when it is convenient or beneficial to those involved. Some have discerned a project-based form of organization, in which individuals come together for a particular criminal venture and then disband when it is completed (Williams, 2014: 259). Figure 8.1 shows the alleged structure of an NCE cell.

Although the offenders in the inner circle of an NCE cell are Nigerians, there are no specific requirements for membership in the outer circle of an NCE cell. While cell leaders prefer to work with family members and fellow citizens, they have been known to make use of non-Nigerians to facilitate criminal activities. Generally, these non-Nigerians are used in low-level capacities, such as in the role of a drug mule.

The heads of NCEs are often referred to as *barons*, and they are responsible for directing the international operations of various cells from Nigeria. Barons invest the initial funds needed to establish the NCE and oversee the operations of the cells. These barons are mostly based in Lagos and “are often among the elite and include people in government, who benefit from the criminal activities that they coordinate or support” (Williams, 2014: 259). While much of the power is concentrated in the baron, a limited number of assistants, sometimes referred to as *sub-barons* or *lieutenants*, will also assume

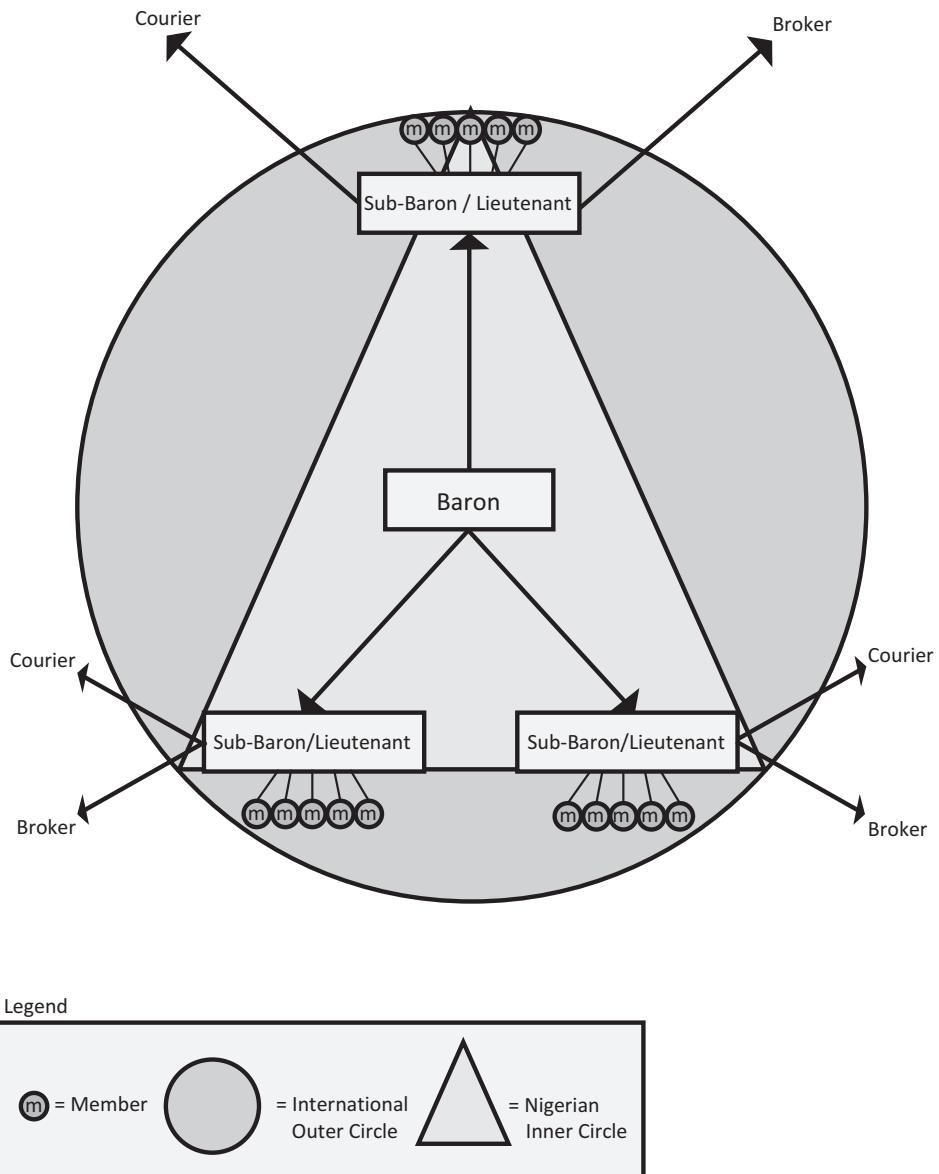


Figure 8.1: Alleged structure of a cell of a Nigerian criminal enterprise

important roles. These individuals are often family members who supervise the NCE's daily operations, including drug trafficking, corrupting government officials, and money laundering. Their assorted responsibilities periodically require them to travel outside of Nigeria to handle any problems that may arise.

The lieutenants will hire or establish connections with individuals and other cells to carry out responsibilities critical to the functioning of their criminal conspiracies, such as arranging for the purchase of drugs, recruiting and training drug couriers, laundering the proceeds of their crimes, coordinating NCE members' travel plans, setting up front businesses, compiling databases of possible targets of fraud schemes, coordinating the execution of financial schemes, and arranging for operatives to be placed in government or private sector organizations abroad. There is no strict specialization within NCEs; the roles and responsibilities of those involved constantly change depending on the current needs of the organization. Most of those involved in the NCE have experience in numerous criminal facets, can easily switch roles, and are required to perform any task, no matter how menial, to help the organization make money (FBI, 1995).

In sum, NCEs are characterized by their fluidity and can form and reform according to the operational needs of specific criminal projects; "moreover, the high-level organizers—often based in Nigeria itself—are very difficult to link to the low-level operatives. Typically, couriers know little about their employers, as there is no sustained relationship apart from some kind of tribal, ethnic, or geographic affiliation" (Williams, 2014: 260).

Like other dominant OCAs, NCEs exist exclusively to undertake profit-oriented criminal activities. They are engaged in multiple illegal enterprises, including consensual crimes (drug trafficking) and predatory crimes (fraud, theft) "In some instances, Nigerian OCAs appear to be highly specialized, whether in financial fraud, drug trafficking or human trafficking; in other instances, they combine several criminal activities at one time. They also have a capacity to move easily and seamlessly from one type of criminal activity to another, according to available opportunities and the expertise they can bring to bear" (Williams, 2014: 260).

Around the mid-1960s, reports emerged of Nigerian nationals working as marijuana drug mules (Ellis, 2009: 175). By the 1980s, more lucrative drugs were now being smuggled—in particular, heroin, "which enterprising Nigerians were buying at source in Asia and Latin America for transport to Europe and North America" (Ellis, 2012). Through their ties with suppliers in Peru and Colombia, NCEs also became involved in cocaine smuggling and trafficking using their pre-established heroin-trafficking routes (FBI, 1995). NCEs rely heavily on **drug couriers**, who are recruited from all ages, races, nationalities, and social backgrounds. NCEs select their couriers very carefully, are reportedly provided training, and are kept ignorant of other aspects of the drug smuggling network (*New York Times*, Feb. 15, 1992). According to Williams (2014: 261), "Nigerian traffickers have used a shot-gun or swamping strategy, where so many 'swallowers and stuffers' arrive on one flight that even if some are apprehended by customs and law

enforcement others get through unscathed. Sometimes, though, the arrests reach double figures." Williams (1995) notes that the involvement of Nigerians in drug importation and trafficking is unique relative to other transnational drug trafficking groups because Nigeria is neither a drug-producing nation nor located close to any significant drug-producing countries. The rampant corruption among government and military officials in Nigeria helps to explain why this country became a major transit point for international drug trafficking.

NCEs are probably best known for the various frauds they carry out internationally, which have resulted in hundreds of millions of dollars of financial losses to consumers, governments, and businesses. Some examples of the predatory crimes carried out by NCEs are advance fee fraud, romance fraud, cheque kiting, student loan fraud, and counterfeiting credit cards, US currency, and corporate cheques. In carrying out their fraud schemes, NCEs can be quite sophisticated. They are characterized by careful planning, precise execution, internal conspiracies, and a focus on financial systems designed to be customer friendly. Nigerian criminal cells research financial systems and identify weaknesses that allow them access to large sums of money. Glenny (2008: 202) reports that Nigerian nationals working in New York City as night-time cleaners in financial services firms would photocopy confidential details of clients' files that they found on desks or in unlocked filing cabinets. They would then use the information to target potential victims. The FBI claims there are underground schools in Nigeria that train students on how to obtain fake identification cards, social security cards, and birth certificates, and how to commit credit card and bank fraud (FBI, 1995).

One specific type of fraud that has become synonymous with NCEs is popularly referred to as **advance fee fraud** (also called *419 fraud* after the relevant section of the Nigerian *Criminal Code*). Preying upon people's greed and naïveté, it offers targets large sums of money purportedly from corrupt government officials or businesspeople in African countries. The targets of the fraud receive a solicitation (by letter, fax, or more recently email) from an alleged businessperson or ex-government official in an African country, promising that hundreds of thousands or tens of millions of dollars will be deposited into the target's bank account. In return, the recipient of the correspondence is offered a percentage of the total amount that purportedly will be wire-transferred from Nigeria (or another African country). The funds purported to be deposited in a target's account are frequently described as money that must be quickly and surreptitiously transferred out of an African country due to a civil war, bankruptcy fraud, an unclaimed bank account or inheritance, or the embezzlement of money from a government or business. Regardless of the specific claim, the source of the funds is frequently held out as illegally derived. This tactic is used to increase the credibility of the offer (capitalizing on images of corrupt African countries) and to deter any victims who accept the offer from going to police due to their own perceived complicity in an illegal act. The solicitation will ask the prospective victim to respond with their name, address, phone number, and banking information. Subsequent correspondence will ask

for a processing fee from the target before the money can be transferred. This fee is often in the tens of thousands of dollars, and the letter provides specific directions on how this fee should be paid (usually a wire transfer to an overseas bank account). Once the processing fee is deposited, the funds are quickly withdrawn, and the perpetrators either disappear or attempt to coax even more money from the victim. Some schemes have had victims fly to an African country, where even more money is extorted through intimidation and violence.

VIETNAMESE ORGANIZED CRIME

In Canada, groups of Vietnamese criminals first made their mark in Toronto's Chinatown beginning in the late 1970s and were so overpowering they managed to take over the extortion of Asian merchants from the Kung Lok criminal triad. Many of the original gang members were refugees escaping the new Communist regime in Vietnam or had come from refugee camps in Hong Kong, where they were exposed to crime, drugs, gangs, weapons, violence, and numerous other adversities. Some who arrived in Canada had been ravaged by war and were already hard-boiled criminals and members of gangs formed in the refugee camps. Others were highly susceptible to gang life in their new country: they had no grasp of English, little education, few meaningful career prospects, no family to support them, difficulty adjusting to Canadian society, and a well-founded aversion to police and government authority. The earliest of the Vietnamese gangs in Toronto averaged around 20 members between the ages of 15 and 25. The gangs had little in the way of a hierarchy, and most had a transient membership and concentrated their criminal activities in Chinatown, extorting business owners and robbing Chinese-run gambling halls and Asian stores. "These gangs know little fear," a 1987 article in the *RCMP Gazette* stated in a discussion of one violent robbery (Hamilton, 1987: 3).

Case Study: Asau Tran

Asau Tran came to Canada as a refugee from Vietnam in 1979. He served in the South Vietnamese army during his youth, and when the war ended, he fled to Hong Kong, where he was put in a refugee camp. It was there that Tran began his life of crime, and soon he had assembled his own coterie of young criminals. Once in Toronto, he quickly made a name for himself in Chinatown's underworld. Because he was an ethnic Chinese, he obtained work as an enforcer for the Kung Lok, collecting protection payments from gambling houses. He gained his first taste of notoriety when he was arrested for the murder of Hong Trieu Thai, which was part of a conflict between different Vietnamese gangsters. Tran and his two accomplices were arrested but later acquitted after a key witness disappeared.



Photo 8.2: Asau Tran is taken into custody by Toronto Police Sergeant Benny Eng

Source: Dubro, J. (1992). *Dragons of Crime: Inside the Asian Underworld*. Toronto: Octopus Books. Used with permission of Benny Eng

Through equal measures of brutal violence, magnetism, strong leadership skills, and ties to Vietnamese gangs in Boston, New York, and California, Tran built his gang, which included one hundred people, and for a time, he was the most powerful gang leader in Chinatown. He ran gambling, extortion, and prostitution rackets and organized a band of armed thieves that specialized in knocking over jewellery stores. Most of the robberies were undertaken by youths under age 18, a tactic used because Tran knew they would receive lenient sentences under the Young Offenders Act if caught (Dubro, 1992: 222–24; Lavigne, 1991: 101; *Toronto Star*, Oct. 18, 1992). In 1986, the Asian crime squad laid 88 charges against Tran and 27 other people following an 11-month investigation into Vietnamese-run protection rackets, including one that extorted Chinese entertainers performing in Toronto.

The investigation also uncovered a juvenile prostitution ring run by Tran and other gang members (Dubro, 1992: 225; *Globe and Mail*, Dec. 17, 1986; *Toronto Star*, Sep. 6, 1986). Asau Tran was killed on August 16, 1991, after being ambushed by two assassins as he was leaving a Chinatown restaurant. They first shot at his knees with automatic handguns, and as he lay helpless on the ground, 30 more bullets were pumped into his head. Tran's murder has never been solved.

An all-out war between the Kung Lok and its Vietnamese nemeses never did occur in Toronto; the Vietnamese gangs prevailed with minimal bloodshed after taking control of most of the Asian gaming houses and pushing the Kung Lok out of Chinatown by the mid-1980s. In his 1987 article, R. B. Hamilton writes that Toronto was home to two Vietnamese gangs: “One gang is estimated to have approximately 150 members, and the second, 120 members. Both have connections in Montreal, Ottawa, Kitchener, Winnipeg, Edmonton, Calgary, Vancouver, New York, Washington, San Francisco, and Los Angeles.” Hamilton discusses another emerging characteristic of the evolving Vietnamese gangs: “These criminals are transient. Borders mean nothing.

Gang members travel extensively, committing criminal acts as they go from city to city. Having committed a crime in one city, members will then go as far away geographically as possible, to another city, to avoid detection and arrest. They then continue their criminal acts in the new location. Once they believe the heat's off and that they are safe from repercussions, gang members will usually return to their original city" (Hamilton, 1987: 3). The connections between Vietnamese criminal groups in different cities in Canada and the United States meant that one local gang would organize a local robbery, which would then be carried out by Vietnamese gang members imported from another city. In June 1987, two Vietnamese gang members from San Francisco were arrested in Toronto after robbing an illegal gaming house just five hours after their flight touched down in the city (*Calgary Herald*, Mar. 18, 1991; CACP, 1992: 26; Lavigne, 1991: 146; *Toronto Star*, Sep. 6, 1986).

Over time, the Vietnamese gangs operating in Canadian cities expanded their territory beyond the Asian communities while branching out into a wider range of criminal activities. By the 1990s, police in Toronto, Montreal, Vancouver, Calgary, Edmonton, and Ottawa were all reporting the presence of Vietnamese gangs, including the Born to Kill (BTK) and the Flying Dragons, which had links to Vietnamese gangs in New York City. Taking its name from an insignia worn by US troops during the Vietnam war, the BTK gang was formed in New York in 1988. Unlike most Vietnamese gangs, the BTK was well structured from the outset, with an established organizational hierarchy. It established itself in Toronto in the early 1990s and immediately embarked on a binge of armed robberies, not only in the city's Chinatown but throughout southern Ontario. The BTK also carried out a series of attacks on other Vietnamese gangs, leading the CACP to exclaim, "the level of violence exercised by Vietnamese criminal groups in Metropolitan Toronto has reached epidemic proportions" (CACP, 1992: 26).

In more recent years, organized Vietnamese criminality in Canada became primarily associated with illegal marijuana cultivation, distribution, and export. During the early 1990s, Vietnamese immigrants tended to marijuana grow operations controlled by Chinese OCAs (Canadian Press, Jul. 3, 2002). Vietnamese groups eventually began their own grow operations, most of which are run out of homes in residential neighbourhoods, and subsequently, the groups became highly organized "with extensive inter-provincial networks and drug distribution networks to the U.S." (CISC, 2003: 7). In 1999, the CISC estimated that "Vietnamese criminals in Vancouver now are responsible for approximately 80 percent of the hydroponic marihuana grow operations that are investigated by the police" (CISC, 1999: 5). A study conducted in British Columbia concluded that between 1997 and 2003, the dramatic rise in the number of marijuana grow-ops in British Columbia correlated with "a significant increase in the number of suspects of Vietnamese origin" (Plecas et al., 2005: 2). A 2002 report from the CISC states that "the Hells Angels and Vietnamese-based crime groups control approximately 85 per cent of the marijuana production and distribution in BC" (CISC, 2002: 11). The Vietnamese groups are highly organized and are involved in all aspects of the illicit

marijuana business: locating, renovating, and equipping homes for cultivation; operating hydroponic stores and nurseries to supply the necessary equipment, seeds, plant clones, and fertilizers; employing crop sitters; and distributing the final product.

Before long, police were discovering Vietnamese-run grow-ops in various provinces: “Across the country, Vietnamese-based groups remain extensively involved in multiple residential marihuana grow operations with distribution within Canada and to the U.S. These operations are widespread throughout the BC Lower Mainland, Alberta and southern Ontario and will continue to increase in Saskatchewan, Manitoba, Quebec, and Atlantic Canada. Profits from marihuana cultivation are often reinvested in other criminal activities, such as in the importation of ecstasy and cocaine” (CISC, 2004: 6).

In March 2004, police raided homes and businesses in three Canadian and 15 US cities, saying they had dismantled an Ottawa-based Vietnamese drug ring that was generating US\$5 million a month in marijuana sales. Police officials said 170 suspects were arrested in both countries, including 29 in Ottawa, 2 in Montreal, and 1 in Toronto. The network also reached into Vietnam and other parts of Southeast Asia. Police raided 32 commercial and residential locations in Ottawa and found at least eight marijuana grow-ops with crops that were collectively worth millions of dollars. At one modest, two-storey house in southwest Ottawa, police removed three hundred marijuana plants worth around \$300,000 (Canadian Press, Mar. 31, 2004; RCMP Press Release, Mar. 31, 2004). In 2004, police in Saint John, New Brunswick, raided several grow operations in residential neighbourhoods and charged seven people, all of whom were of Vietnamese descent and had been in Canada illegally for between 2 and 12 years (*Telegraph-Journal*, Jan. 20, 2004).

Vietnamese crime groups are also actively involved in exporting their product to the United States (Canadian Press, Feb. 1, 2005; CanWest News, Jan. 11, 2005). Based upon police sources, a 2003 article in the *Winnipeg Sun* reported that “the Hells Angels in B.C. have made peace” with Vietnamese gangs to work together in marijuana production, distribution, and export. The “Vietnamese gangs are adept at growing dope and the bikers have a strong, almost impenetrable distribution network across Canada and into the United States” (*Winnipeg Free Press*, Feb. 17, 2003). Police have also discovered links between Vietnamese criminal groups in British Columbia and marijuana grow operations in Australia, New Zealand, Great Britain, and some eastern European countries.

Vietnamese groups in Canada have also been involved in the smuggling of methamphetamine abroad. In 2013, a methamphetamine drug smuggling ring that ran from Vancouver to New Zealand was interdicted by police after approximately 6.6 kilograms, worth around \$6 million, was discovered concealed in a shipment of truck shock absorbers. Eleven people were arrested, the majority of whom were of Vietnamese origin. The busts were linked to five marijuana grow operations containing some six hundred mature plants, which police found concealed in homes in Auckland (*The Province*, Feb. 26, 2013). In 2019, the RCMP posted a \$50,000 reward for a member of a “Vietnamese

organized crime group” who is believed to have laundered millions of dollars in illicit drug proceeds (*CBC News*, Dec. 3, 2019).

Inter-Provincial Smuggling and Trafficking Groups

OCAs in Canada include those that are inter-provincial and focus on a specific criminal activity, such as the smuggling of drugs or contraband cigarettes or human trafficking. Formed in the mid- to late-1980s, North Preston’s Finest (NPF) is made up of 50 to 80 people between 18 and 28 years of age (Perrin, 2010; *Windsor Star*, Oct. 26, 2007). Originating in the African Nova Scotian community of North Preston, located in Dartmouth, Nova Scotia, the NPF is best known for human trafficking and has been implicated in several police cases in which girls and women have been lured from Nova Scotia and then transported to Ontario to work in the sex trade. Girls as young as age 14 and 15 are recruited by men and, in some cases, women. The offenders often hang around group homes in Dartmouth looking for vulnerable teenagers. The group has also lured teenage girls from the more affluent south end of Halifax, as well as from other parts of the province (Canada.com, Oct. 25, 2007; *CBC News*, Oct. 25, 2007, Feb. 26, 2018).

Detective Thai Truong of York Regional Police in Ontario said in a 2014 media interview that police in the GTA repeatedly identify pimps from North Preston or women who’ve been moved from the Maritimes to the Toronto area. “Once the girls are recruited, the Scotian or the pimp is generally, or typically, not going to be pimping her out from where she’s from,” Truong said. “He’s going to be taking her out of her own jurisdiction, out of her comfort zone, where her family is, her friends are. Any social supports she may have. He’s going to move her west and essentially they find their way … a lot of the time in Ontario and the Greater Toronto Area” (*CBC News*, Oct. 8, 2014). The women may be forced to work in strip clubs and are not allowed to leave the clubs until they’ve met their quota of \$1,000, which often means they have to resort to prostitution. Violence is used to enforce this quota and to keep the women from leaving; members of the women’s families have been subject to intimidation and violence in addition to brutal beatings. In 2010, a 24-year-old “East Coast pimp” believed to be part of the NPF’s sex-trafficking ring in Ontario was sentenced to three years in prison for assault, forcible confinement, resisting arrest, possession of ammunition contrary to a prohibition order, breach of probation, and breach of recognizance (*Toronto Sun*, Jun. 11, 2010). NPF members are also alleged to have been involved in murders in Nova Scotia and Ontario’s Niagara region (*Niagara Falls Review*, Oct. 7, 2009).

INDIGENOUS ORGANIZED CRIME

Indigenous organized crime in Canada can be divided into two broad categories: (1) criminal groups and activities in Central Canada (Ontario and Quebec) involved in smuggling and the contraband cigarette trade, and (2) gangs located in the Prairie provinces. The term *Indigenous* is used rather loosely in this chapter to refer to those who are First Nations, Inuit, or Métis.

Indigenous Organized Crime in Central Canada

Indigenous crime groups in Central Canada are active in the smuggling of cigarettes, tobacco leaves, alcohol, drugs, firearms, and people. Overwhelmingly, the smuggling occurs between the United States and Canada through the **Akwesasne** reserve of the **Mohawk Nation**, which straddles the border between the two countries (and which is referred to as the St. Regis Reservation on the American side). They are also said to be involved in unregulated manufacturing and distribution of tobacco products at the wholesale and retail levels. Together, the factories and the smuggling operations have been blamed for a deluge of illegal cigarettes in Canada. Some contend that at the centre of the smuggling activity on the Akwesasne reserve is the **Mohawk Warrior Society**. The society was founded in 1972 as a paramilitary organization that seeks to assert Mohawk authority over their traditional lands. The Mohawk Warrior Society is an out-growth of the long-standing animosity between the Mohawk people and governments in Canada and the United States (Dickson-Gilmore & Whitehead, 2003: 16).

It would be inaccurate to label the Mohawk Warrior Society a criminal organization; instead, certain members and leaders of the group have been accused of being

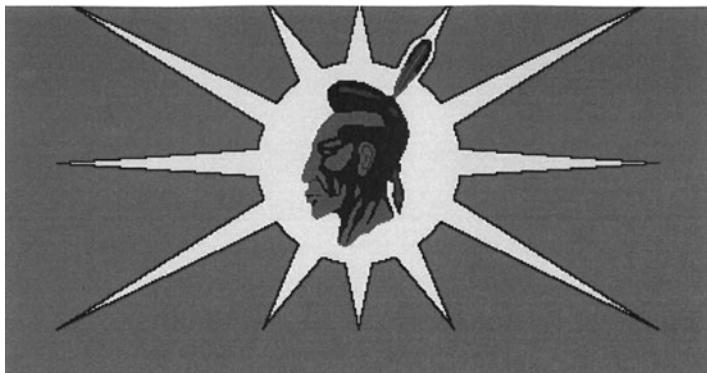


Photo 8.3: Flag of the Mohawk Warrior Society

Source: Xasartha, via Wikimedia Commons

involved in criminal activity and have manipulated the Society for this purpose. Since its founding, members of the Mohawk Warrior Society have been accused of subverting its advocacy of nationalist causes for revenue-generating crimes. In the 1970s, it began to gain more power on the reserves, including policing, and in doing so, members of the Society were blamed for allowing smuggling and legalized gambling to flourish. The alleged appropriation of the Warrior Society for criminal purposes purportedly intensified when some of its members started providing security for the Mohawk criminal entrepreneurs involved in smuggling. The money generated from smuggling helped convince more members to become directly involved in smuggling activities themselves (Dickson-Gilmore & Whitehead, 2003; Mackenzie Institute, 1996; *Montreal Gazette*, Mar. 26, 2009).

Individuals and groups from the Mohawk Nation play a central role in smuggling due primarily to geo-political factors that facilitate the movement of contraband across the Canada-US border. The 14,000-acre Akwesasne reserve straddles this border; in fact, the reserve's territory traverses five jurisdictions—Canada, the United States, Ontario, Quebec, and New York State—and agreements have been negotiated with federal, state, and provincial governments in Canada and the US that uphold the right of the Mohawk people to freely cross the international border that cuts through the reserve. The Mohawk people believe they are responsible for the land of Akwesasne, and because they have never signed a treaty of subjugation with Canadian, American, British, or French governments, they have the unconditional right of sovereignty over the land and its people. The contention of the Mohawk people that status Indians are not subject to any form of taxation on tribal land and are entitled to unfettered access across the international border, combined with their view of tobacco as a spiritual substance, has helped some rationalize their entry into the cigarette-smuggling trade. A portion of the St. Lawrence River also runs through the reserve and divides the United States from Canada, which greatly facilitates the smuggling of contraband and people between the two nations. Figure 8.2 depicts a map of the Akwesasne/St. Regis Mohawk reserve.

These factors, combined with an increasingly well-honed smuggling infrastructure, have meant that a variety of contraband, drugs, and weapons cross through the reserve, with resident smugglers constantly shifting products based on demand and profitability (although tobacco products are a mainstay). As Dickson-Gilmore and Whitehead (2003: 13) write, the presence of the border that runs through the two countries “not only contributes to the fervent nationalism which is a large part of modern Mohawk political culture, but also to internal economic prosperity. While they rail against the borders, those boundaries have provided a significant source of illicit economic activity and relative prosperity in a context where legitimate options are often blocked and sometimes non-existent.”

Because they are primarily in the business of smuggling, criminal entrepreneurs and groups that draw from the Mohawk population partner extensively with other non-Indigenous criminal offenders and groups from outside the reserve. Bulk tobacco,

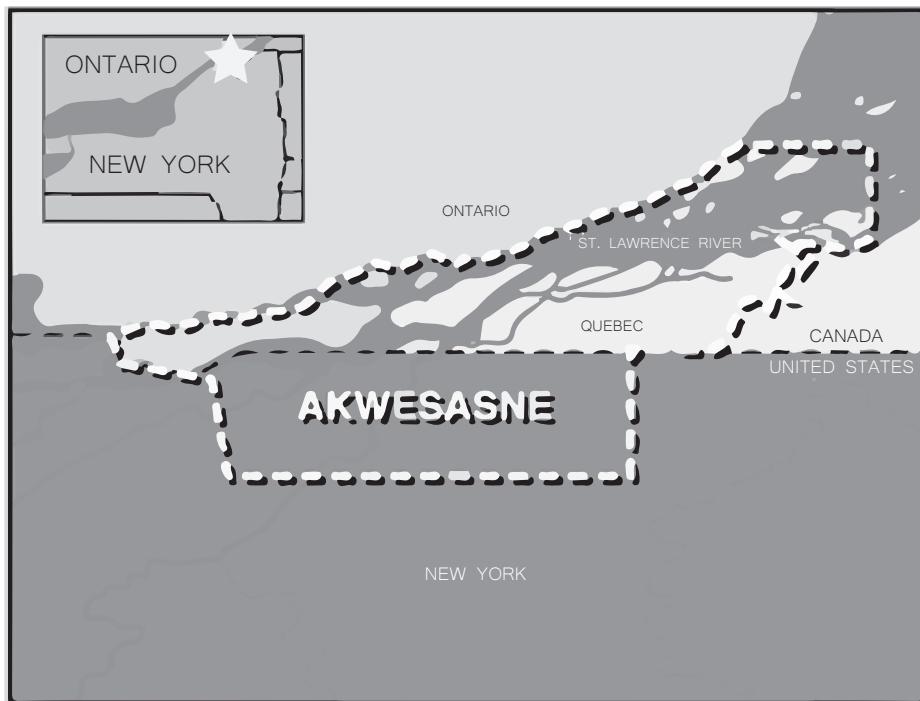


Figure 8.2: Map showing the boundaries of the Akwesasne/St. Regis Mohawk reserve

Source: Map by Devon Rogers

cigarettes, firearms, and cocaine are smuggled into Canada from the US, while marijuana and synthetic drugs produced in Canada—as well as illegal migrants from outside of Canada—are smuggled through to the American side. Police say the Akwesasne reserve has attracted the attention of numerous OCAs intent on exploiting its geography and smuggling infrastructure, turning it into what the Mackenzie Institute (1996) calls the “Klondike of Organized Crime.” These external groups are mostly responsible for supplying the goods (and people) that are smuggled across the border and include outlaw motorcycle gangs as well as Italian, Chinese, Vietnamese, and Russian organized crime. As a Mohawk Grand Chief once opined, “On their maps, the gangsters put a pin at Akwesasne, and said, ‘This is where it’s easiest to cross’” (Fennel, 1999: 18). One police investigation in March 2009 resulted in the arrest of 22 people, who were charged with trafficking in cigarettes as well as drug offences. Among the arrested were two members of the Quebec City Hells Angels and two people from the Mohawk Nation in Kahnawake. They were accused of buying contraband cigarettes on the reserve, selling them in towns and cities outside the reserve, and then investing the profits in methamphetamine production. At the time, police seized an array of

drugs, including crystal meth, cocaine, and marijuana (*Montreal Gazette*, Mar. 26, 2009; *National Post*, Sep. 21, 2010).

An increase in the smuggling of raw tobacco into Canada in recent years has cast a spotlight on another significant development that has transpired in the contraband cigarette trade in recent years. Unregulated cigarette-manufacturing plants and retail outlets have been established on the Akwesasne reserve outside of Cornwall, Ontario, as well as the Kahnawake reserve south of Montreal, the Kanesatake reserve in southwestern Quebec, and the Six Nations reserve near Brantford, Ontario. Some of the production facilities “operate in clandestine warehouses and garages or makeshift shacks located along back roads on reserves” while “others work out of sophisticated plants sporting reconditioned British-made cigarette machines known as Mark-9s, each capable of producing 3,500 to 5,000 cigarettes a minute” (*Montreal Gazette*, Mar. 26, 2009). The cigarettes produced from the factories are sold on or near the reserves for a fraction of what a regular pack of cigarettes costs in Canada, due to the absence of any provincial or federal sales tax. By 2015, the RCMP estimated there were as many as 50 illegal factories in Ontario and Quebec, operating outside of any government regulation, which were able to produce up to 10,000 cigarettes each minute (National Coalition against Contraband Tobacco Press Release, Nov. 19, 2015). The presence of these cigarette-manufacturing plants has led to the smuggling of massive amounts of tobacco leaves from the United States into Canada.

Case Study: The “Largest Investigation of Contraband Tobacco Ever Undertaken in North America”

At the end of April 2014, an inter-agency task force involving the Sûreté du Québec, the RCMP, and Canadian and US border enforcement agencies arrested 28 people as part of an investigation into a \$30-million contraband tobacco conspiracy linked to the Italian Mafia in Montreal and Indigenous crime groups. It was the “largest investigation of contraband tobacco ever undertaken in North America,” a Sûreté du Québec official told the media (*Toronto Sun*, Apr. 30, 2014).

Four hundred police officers executed search warrants and made arrests on the island of Montreal and in Dundee near the border of the Akwesasne reserve. Police seized 40,000 kilograms of tobacco worth around \$7 million on the Canadian black market, as well as \$450,000 in cash and more than 1,300 marijuana plants. Police allege members of the Montreal Mafia purchased bulk tobacco in North Carolina and then smuggled it into Canada in tractor-trailers through the Saint-Bernard-de-Lacolle border crossing or the Akwesasne reserve. According to police, members of Indigenous crime groups helped import the tobacco, which included hiding the trucks in a warehouse on the Akwesasne reserve. The tobacco was then sold to illegal factories where contraband cigarettes were made.

Inspector Michel Pelletier of the Sûreté du Québec told a news conference that there was “a sharing of profits which was done in the order of 60–40 that is 60 per cent of profits went to the Italian Mafia and 40 per cent to aboriginal organized crime” (Canadian Press, Apr. 30, 2014). Police said among those arrested were two members of the Rizzuto crime family who allegedly were the main organizers of the smuggling operation (Canadian Press, Apr. 30, 2014; CBC News, Apr. 30, 2014; GlobalNews.ca, Apr. 30, 2013; Postmedia News, May 14, 2014).

In 2021, a US man was sentenced to seven years for smuggling cut tobacco into Canada. He would haul it to the St. Regis Mohawk Reserve on the American side of the border, where it would be picked up by local smugglers who would transport it across the St. Lawrence River to the Kahnawake or Six Nations Reserves for processing into cigarettes. The court was told that he made at least 220 runs in his eighteen-wheeler from the tobacco-producing state of North Carolina, where he lived. The court in Raleigh was told the tax loss to Canada from the undeclared tobacco and contraband cigarettes totalled \$600 million (*Toronto Sun*, Jun. 5, 2021).

Proponents of the cigarette manufacturing taking place on the reserves say it is perfectly legal in that the producers are licensed by the tribal government. What they don’t pay is the federal excise tax, which, according to the Canada Revenue Agency and the RCMP, makes the Mohawk cigarettes illegal (CBC News, Aug. 7, 2002). Others who defend on-reserve cigarette manufacturing say that governments in the United States and Canada do not have the legal right to regulate tobacco production on sovereign Mohawk land. Further, the manufacturing plants have become a vital part of the local economy, and thousands of Indigenous and non-Indigenous people are employed in the manufacturing, wholesaling, and retailing of cigarettes manufactured on reserves.

Police allege that some of the capital used to establish and operate the manufacturing plants has come from established OCAs from outside the reserve. In 2018, the Ontario Provincial Police (OPP) charged 16 people allegedly involved in the illegal manufacturing and distribution of contraband tobacco and illicit drugs. The cigarettes were produced at a facility on the Six Nations reserve in Ontario, which was reportedly operated by an Ontario-based organized crime group, according to the OPP. The contraband cigarettes produced were transported and sold throughout Ontario and Quebec and as far away as British Columbia (where they fetch a higher price), with an inter-provincial drug trafficking network being used to courier the product. Marijuana from BC would then be brought back to Ontario on the return trip. At the end of the investigation, police seized 115 million contraband cigarettes (worth \$2.6 million in BC), 777 kilograms of cannabis (with an estimated street value of \$2.5 million), and smaller amounts of cocaine and fentanyl (CBC News, Jun. 15, 2020; YorkRegion.com, Jun. 11, 2020).

Akwesasne has also become what one district attorney with New York's northern office called "the most significant source of alien smuggling across the northeast border" (United States Congress, 2000: 158). In December 1998, US Attorney General Janet Reno announced that Canadian and American law enforcement agencies had broken up the largest immigrant-smuggling conspiracy ever uncovered on America's northern border up to that point. Operation Over the Rainbow II targeted a migrant smuggling scheme jointly undertaken by Chinese and Mohawk criminal groups that ferried as many as 150 people a month from mainland China to Canada, through the reserve, before ending up in New York City. The price of a one-way ticket was as much as \$47,000, and the smuggling enterprise raked in an estimated \$170 million (*Montreal Gazette*, Dec. 11, 1998). In August 2015, federal authorities in the United States arrested three Chinese nationals who were on US soil illegally as part of an investigation into a people smuggling network that was moving Chinese nationals from Toronto to New York City through Akwesasne (*APTN National News*, Nov. 3, 2015).

Organized Indigenous Gangs in the Prairie Provinces

Indigenous crime groups in the Prairie provinces include both older teens and young adults and have been called "a low-level organized criminal threat" (CISC, 2003: 17) that "are generally involved in opportunistic, spontaneous and disorganized street-level criminal activities" (CISC, 2004: 20–21). They are also behind more serious crimes, including cocaine, crack, and methamphetamine trafficking; prostitution; contraband tobacco sales; breaking and entering, home invasions, and robberies; vehicle theft; illegal gambling; firearms offences; witness intimidation; and debt collection and enforcement for other organized crime groups such as the Hells Angels (Criminal Intelligence Service of Saskatchewan, 2005; *National Post*, Oct. 28, 2003).

The most widespread and active Indigenous gangs include the **Indian Posse**, the Warriors, and the Native Syndicate. These groups are especially active in Prairie cities with high Indigenous populations, such as Edmonton, Regina, and Winnipeg. In its 2004 annual report, Criminal Intelligence Service Alberta said that at that time, there were a "total of 153 federal or provincial inmates with aboriginal gang affiliations" in the province (as cited in the *Edmonton Sun*, Jan. 4, 2004). A 2005 report from Criminal Intelligence Service of Saskatchewan on Indigenous gang activity states that "gang-related crimes and recruitment will continue to escalate throughout the province given our demographic trends" (as cited in *Indianz.com*, Mar. 15, 2005). These demographic trends include a large number of Indigenous youth under the age of 25, as well as the deplorable social conditions that many on and off reserves have to endure, which contributes to gang involvement and the onset of criminal and delinquent behaviour (*CBC News*, Mar. 14, 2005; Criminal Intelligence Service of Saskatchewan,

2005; *Indianz.com*, Mar. 15, 2005; *Regina Leader Post*, Mar. 16, 2005, Mar. 17, 2005). A 2011 article in the *Regina Star Phoenix* states that Indigenous gangs in that city are “largely imported from Winnipeg, take advantage of poor or damaged inner-city youth by promising big money, a family and respect.” Many of them “mimic the dress, slang and graffiti of African-American inner-city gangs of the 1980s and attempt to structure their organizations in the image of the Mafia, Hells Angels or other organized crime groups.” Among the dominant gangs in Saskatoon are the Indian Posse, Crazy Cree, the Native Syndicate, and what may be the largest gang: the Terror Squad (*Star Phoenix*, Jun. 23, 2011).

Inspector Max Waddell, the head of the organized crime section of the Winnipeg Police, is quoted in a 2019 article stating that the Indian Posse, Manitoba Warriors, Native Syndicate, and Mad Cowz remain entrenched in the city, while other non-Indigenous groups such as Bloods and Triple M are just as active. He estimated that there are 1,500 full gang members in the city and 2,500 associates; gang numbers have not changed significantly over the years (*CBC News*, Nov. 5, 2019).

Case Study: The Wolfe Brothers, the Indian Posse, and Factors That Put Indigenous Youth at Risk of Gang Involvement and Chronic Offending

The Indian Posse (IP) was founded in 1988 by Daniel Wolfe and his brother Richard in Winnipeg. Born to a mother and father who were both **residential school** survivors, the brothers grew up in poverty as both their parents struggled with addictions. Their father was also abusive toward them and their mother. Both brothers spent time in foster homes and were often unsupervised, stayed out late many nights, and frequently ran away. They had been arrested on numerous occasions before they even went through puberty.

The IP had seven founding members, all of them Indigenous and all from poor Winnipeg families. Daniel was just 12 years old at the time. “They hit on the name ‘Posse’ while flipping through the pages of a hip-hop magazine,” a *Globe and Mail* (Jun. 18, 2011) article recounts. “They chose Indian, rather than native, much the way black rap groups often defiantly labelled themselves with the N-word.”

“It was about us Indians sticking together at the time. Because we were looked down on,” Richard says in the *Globe and Mail* interview.

At the age of 13, Richard bought his first handgun. It was not long thereafter that he had an AK-47 hidden in a heating vent at his house. The brothers dropped out of school and fully immersed themselves in a life of crime. Before long, they were involved in armed robberies.

"Even back then, they were very violent, as far as street gangs went," Winnipeg Police Constable Nick Leone is quoted as saying.

By 1991, the IP began selling drugs, which helped fuel its expansion across Winnipeg. IP members then sold drugs on reserves in Manitoba, where they also recruited young people for the gang. "With almost universal unemployment and widespread despair, the market was insatiable. And as the Posse's brand grew, kids eagerly joined up," according to the *Globe and Mail*.

By the time the brothers were in their late teens, each was making \$15,000 to \$30,000 a week. Much of that revenue was from drug sales and their 35 percent share of the drug sales made by lower-echelon IP soldiers. Richard was also running the gang's prostitution business. "The gang muscled out the existing pimps, improved the women's take from 25 per cent to 40 per cent and made \$3,000 to \$5,000 a night running 10 girls" (*Globe and Mail*, Jun. 18, 2011).

Because both brothers were frequently in and out of prison, they were able to recruit more members to the IP. By the late 1990s, the Indian Posse reportedly had more than one thousand members, with some estimates as high as three thousand. As the gang grew in size, it began to include non-Indigenous people, such as Ron Taylor, an African Canadian who was personally recruited by the Wolfe brothers.

In November 2009, Daniel Wolfe was convicted of two counts of first-degree murder and three counts of attempted murder and was sentenced to life with no parole for at least 25 years. The conviction followed his involvement in a deadly home invasion that targeted members of the rival Native Syndicate in Saskatchewan. In January 2010, the 33-year-old Wolfe was stabbed to death during a brawl at the Saskatchewan Penitentiary. His brother Richard died in 2016 as he was serving time at Prince Albert Penitentiary for a sexual offence. Despite the deaths of Daniel and Richard, the IP is still considered one of Winnipeg's biggest gangs and also has a presence in Alberta and Saskatchewan (*Globe and Mail*, Jun. 18, 2011, *Winnipeg Free Press*, Jan. 6, 2010, Jun. 6, 2017).

One of the main IP rivals is the **Manitoba Warriors**, which was founded in 1993 and, over time, claimed between three hundred and four hundred members, most of them adults. The Warriors distinguish themselves from other Indigenous gangs by adopting an organizational structure similar to outlaw motorcycle gangs. They are identified by the colours black and white and are heavily involved in drug trafficking and prostitution. According to the Winnipeg-based *Police Insider* e-magazine, "The Manitoba Warriors evolved into a highly lucrative drug trafficking organization running dial a dealer crack lines and crack shacks to maximize earning potential. They became a force on the streets and participated in violent confrontations in their fight to control 'turf' with rival street gangs like the Indian Posse" (Jewell, 2014).

In 1998, Winnipeg police arrested 35 members and associates of the Warriors and charged them with a variety of drug trafficking and related offences (Jewell, 2014). In 2012, two men with links to the Manitoba Warriors were arrested following a drug raid by police in Winnipeg. Three other suspects were arrested inside a nearby vehicle, which also contained 21 ounces of cocaine, along with a cutting agent and other drug paraphernalia. Police caught another suspect with a hydraulic pill press, packaging material, a large quantity of cash, and a loaded Cobra .38-calibre handgun (*Winnipeg Sun*, Jun. 8, 2012b). Throughout their existence, the Warriors have been engaged in violent running battles with their rivals. This violence was particularly endemic in 2008 when members of the gang were behind numerous shootouts. In June 2008, four members were arrested after 30 shots were fired into a Winnipeg home. On November 20, 2008, a 26-year-old man who police said was an associate of the Warriors was shot and killed in Winnipeg (Jewell, 2014).

Indigenous gangs are known for their “excessive use of violence” (Grekul & LaBoucane-Benson, 2008: 78). In 2017, for example, three members of the Indian Posse tortured a rival gang member, beating and threatening him with death, and branding him with hot knives burning “IP” and “TSK” (Terror Squad Killers) into his chest (*Battlefords*



Photo 8.4: Manitoba Warriors vest

Source: Courtesy of Winnipeg Police Department

News-Optimist, May 14, 2021). The ready use of violence stems in part from the family violence that is endemic in some Indigenous communities, which itself is a legacy of the brutality endured by survivors of the residential schools run by the Catholic Church.

Discussion and Analysis: Theories to Explain Indigenous (Organized) Crime and Gangs

A significant issue facing Canadian society is the disproportionate number of Indigenous people caught up in the criminal justice system. “The disturbing reality of Aboriginal overrepresentation in Canadian correctional populations is well-known,” the website of the federal Office of the Correctional Investigator (OCI, 2016) reads. By January 2020, “Indigenous over-representation in federal custody had reached a new historic high” (OCI, 2020: 20). Thirty percent of federal inmates are Indigenous, despite making up only 5 percent of the population of Canada (OCI, 2020).

The factors that contribute to this over-representation, and the involvement of Indigenous people in gangs and organized crime, are complex, multi-faceted, and historically rooted. Regardless of what theories are applied to explain this unyielding problem, the root causes are situated in broad structural forces and institutions that encourage racism, discrimination, marginalization, and colonialization. Aggravating these structural criminogenic preconditions are immediate social environmental risk factors, such as dysfunctional family conditions, poor communities, and negative peer networks. Grekul and LaBoucane-Benson (2008: 60) argue that Indigenous youth turn to gangs because of marginalization, racial discrimination, structural inequality, family dysfunction, poor schooling, a lack of employment opportunities, as well as the broader inter-generational effects of colonialism: “Disadvantaged and disillusioned, encouraged by gang-involved family and friends, Aboriginal youth turn to gangs for a sense of identity and purpose.”

Sociological theories discussed in chapter 4 are somewhat applicable. Strain theory suggests that Indigenous people turn to crime because, within a highly affluent society, the ladder for their social mobility is closed. Social disorganization theory is also relevant given the often-deplorable conditions that characterize First Nations reserves, as well as the disadvantaged neighbourhoods in urban centres in which many off-reserve Indigenous families live. In both cases, these families live in communities that can be considered “socially disorganized,” which undermines the ability of the family and entire communities to positively socialize young people.

In this respect, Indigenous communities’ dominant social and cultural institutions have been weakened; but the question remains: how and why have they been weakened? One structural theory is referred to as the **colonial model**, which argues that the Indigenous population and cultures have been colonized by the state and the original English and French settler population it represents, which has had devastating psychological and social consequences. The alienation among Indigenous people that

results from being colonized may manifest itself in crime, criminal behaviour, and a high rate of violence. The “colonization and conquest” of Indigenous people in Canada has been instrumental in “the destruction of Aboriginal culture, communities and life-ways,” Silverman, Teevan, and Sacco write. The marginalization of Indigenous Peoples in Canadian society is “reflected in high rates of unemployment, low levels of formal education, poverty and substandard living conditions. Taken together, the condition of Aboriginal peoples is seen to contribute to high rates of criminal behavior” (Silverman et al., 2000: 258).

The **historic trauma transmission model** argues that the acculturation of Indigenous peoples that accompanies colonialization produces a “learned helplessness” or fatalism. This can lead to self-blame, passivity, hostile behaviours, and decreased sense of self, which manifest in suicide, violence, and chronic criminal behaviour (Oriola, 2015: 138–39). **Critical race theory** purports that the criminal justice system reflects the norms and values of society’s dominant ethnocultural group and, therefore, favours that group. As a result, law enforcement and the interpretation of the law are subjective and lead to conditions in the criminal justice system where racism is normative. In other words, Indigenous people are over-represented in the criminal justice system in part because of racism within the criminal justice system itself (Oriola, 2015: 139–40). Notwithstanding these general theories, Dickson-Gilmore and Whitehead (2003: 13) remind us that the factors that contribute to criminality are highly individualized: “Like all human beings, Indigenous people who participate in antisocial activities come from a range of backgrounds and cultures, and that participation is informed by a range of motivations, aspirations and contexts.”

Case Study: Burton Rice and Cigarette Manufacturing on First Nations Land

In a September 21, 2010, article, the *National Post* describes how Burton Rice, a Mohawk businessman on the Kahnawake reserve in Quebec, faced tax fraud charges in relation to an illicit cigarette-manufacturing operation his company owned on the reserve. He was also accused of having ties to a senior member of the Hells Angels in the province, Salvatore Cazzetta, who provided capital for the factory.

Rice vehemently denied the allegations, saying his family owns the plant, is completely legitimate, and pays the appropriate taxes. He acknowledged that Rice Mohawk Industries did have an association with Cazzetta, but that only involved using his legitimate beverage distribution company to distribute a legal product unrelated to manufactured cigarettes.

“There’s nothing we’ve done that is illegal. There’s nothing in there that I’m ashamed of,” Rice was quoted as saying in the article. “I want justice, I want the

truth to come out. I'm not going to have my name, my family's name dragged through the mud based on lies."

According to the *National Post*, "Mr. Rice said police wanted to clamp down on Kahnawake cigarette factories earlier, but Mohawk leaders had refused to acquiesce—until police came up with what he calls bogus allegations of links between his company, bikers and narcotics."

Rice said his status as an Indigenous person immersed in white society—where schoolmates taunted him with names like "savage"—helps him identify with the one-percenter bikers. Although he said he does not condone their criminal behaviour, "I've always been viewed as an outsider.... Natives, guys like me, are able ... to say 'I know how you feel'" (*National Post*, Sep. 21, 2010).

At least three of the aforementioned theories may apply to this case and to cigarette manufacturing on First Nations land generally. Strain theory would suggest that Indigenous people turn to illicit manufacturing of cigarettes because legitimate opportunities have been closed to them through stringent government licensing requirements (which benefit large tobacco companies).

The colonial model would argue that the colonialization of the Mohawk people and the imposition of Canadian laws have undermined their relationship with tobacco as a spiritual substance and their sovereign rights to produce tobacco products on their land, especially since they have not signed any treaties that subjugate their laws, rights, and beliefs to the Canadian government. While American and Canadian governments view smuggling through the reserve as a crime, many on the reserve do not view it as criminal at all, given the sovereign rights of the Mohawk people to cross the international border freely (with no imposition of taxes or duties).

Critical race theory would suggest laws prohibiting the transfer of tobacco or the operation of cigarette-manufacturing plants reflect the norms and values of society's dominant Euro-Canadian population and therefore favour that group. The manufacture of cigarettes or the transport of cigarettes and tobacco leaves within Mohawk territory is what Silverman and colleagues (2000: 296) call "a perfect example of a 'manufactured' organized crime problem."

CRITICAL THINKING EXERCISE

What other etiological theories do you believe are most relevant to explaining Indigenous organized crime in Canada? How is organized criminality by Indigenous people representative of deeper social problems both on and off reserves? To what extent do you accept theories (e.g., from administrative criminology) that reject sociological and structuralist explanations and instead place the blame for organized criminality on Indigenous Peoples themselves?

ORGANIZED STREET GANGS

The discussion of Indigenous gangs in the Prairie provinces provides a glimpse into the broader phenomenon of organized street gangs. Like OCAs, a *street gang* is a nebulous concept and a social construct that tries to generalize about a complex and highly diverse social phenomenon. The defining characteristics that have been put forward, however, differentiate street gangs in many ways from OCAs. Among these differences, they tend to be spatially concentrated (on one street, a block, a neighbourhood, or a city), their criminal activities don't necessarily revolve around profit-oriented offences (they may form to protect members or to mark out a particular area as their turf), and members are typically younger in age.

Some street gangs have shed these characteristics to such an extent that they satisfy many of the organized crime definitions and OCA characteristics outlined in chapters 2 and 3, respectively. In its 2019 annual report on organized crime, the CISC stated that some street gangs are involved "in illicit drug markets (primarily in a retail to mid-level distribution role, with cocaine, cannabis, and methamphetamine being the most popular)" (CISC, 2019: 12). Many gangs are now also multi-generational; some have been in existence since the 1980s and 1990s, and most members now are adults (Northcott, 2018). Involvement in organized street gangs is fluid (similar to organized criminal networks) in that members frequently come and go, and an individual's allegiance can quickly shift between gangs: "Information suggests that alliances are more frequently being formed based on 'for profit' business deals, with violence often resulting from disputes over profit-making ventures such as control over drug trafficking territory" (CISC, 2019: 12). Gun violence has increased among organized street gangs; the number of gang-related killings has grown as a proportion of the overall murder rate in Canada. Street gangs have also become more organized due to their connections to established OCAs—such as the Hells Angels, the Montreal Mafia, 'Ndrangheta clans in Ontario, and Chinese criminal networks—for which they carry out street-level drug trafficking, human trafficking, extortion, and enforcement duties. While some gangs are connected to larger crime groups, others remain independent and have reached a level of sophistication in their operations that challenges established OCAs and has even led to violent clashes. Street gang members in Quebec are believed to have been involved in murders targeting Montreal Mafia members, while in Ontario, some street gang members are accused of violent attacks against the Hells Angels (CISC, 2019: 12). In short, there is an increased blurring of lines between what constitutes a street gang and an OCA. The reach of the once-localized gangs has also expanded beyond their neighbourhoods and their cities to other parts of the province in which they are located. The previously discussed case of North Preston's Finest, whose sex trade trafficking began locally and then became inter-provincial, is one example. The remainder of this chapter provides examples of organized street gangs from across the country—most of

which are limited to either one neighbourhood, one city, or a region (e.g., the Lower Mainland or the GTA).

Montreal

In Montreal, young men of Haitian descent make up numerous organized street gangs, such as the Crips, the Bloods, the Bo-Gars, the Syndicate, and the 67s. Black street gangs in Montreal have been known to work for the Hells Angels and the Rizzuto Mafia family. At the same time, the weakening of Quebec's two dominant crime groups during the 1990s and 2000s has helped create an unstable underworld in Montreal, and there is evidence that Black street gangs have attempted to fill this void. In 2014, Ducarme Joseph, who police once described as Montreal's most powerful street gang leader, was murdered in the neighbourhood of Saint-Michel. The 46-year-old Joseph led the 67 gang—so-named for a bus route that runs through the neighbourhood. Joseph is believed to be linked to the 2009 shooting of Nick Rizzuto, the son of deceased Montreal Mafia leader Vito Rizzuto, and some speculated the Rizzuto clan had put a \$200,000 price on Joseph's head (Cédilot & Noël, 2011: 470–71). “The high-profile murder may finally be the execution of an old vendetta from the Montreal Mafia, or may be the Hells Angels sending a message to street gangs that the bikers are back after several years on their heels” (*Globe and Mail*, Aug. 4, 2014).

The Bo-Gars is another high-profile gang in the city and a dominant player in drug trafficking and prostitution in the north end of Montreal. In August 2012, the media reported that 37-year-old Chénier Dupuy, who police say was the long-time leader of the Bo-Gars, was murdered just a month after he had supposedly rejected a partnership offer from the Hells Angels. Dupuy “had slapped a rival gang leader in the face during a Hells-sponsored summit north of Montreal aimed at uniting several street gangs under the Hells banner.” He then “reportedly stormed out of the meeting” and vowed “never to work with the Hells” (*Toronto Sun*, Aug. 16, 2012). As a result, Dupuy was marked for death, the media reported based on police sources (*CBC News*, Aug. 13, 2012; *Montreal Gazette*, Aug. 11, 2012; *QMI Agency*, Aug. 16, 2012). The summit was reportedly organized by Gregory Woolley, a former member of the Rockers, the Montreal-based motorcycle gang controlled by the Nomads chapter of the Quebec Hells Angels during the 1990s. He was also the reputed leader of the Syndicate, a violent gang also formed by the Hells Angels at the height of its war with the Rock Machine.

Case Study: Street Gangs and Organized Crime in Montreal

In November 2015, police in Quebec arrested and charged 48 people, including several high-ranking figures allegedly linked to the Montreal Mafia and the Hells Angels. The Sûreté du Québec said the raids targeted an alliance among the Hells Angels, the Mafia, and street gangs in the city. Charges against those arrested

include drug trafficking, conspiracy to commit murder, and criminal organization offences. The arrests were part of a cocaine trafficking investigation, codenamed Project Magot and Mastiff, which began in 2013. Among those arrested was Gregory Woolley, who was described as one of the “key figures in the volatile underworld power struggles that followed the 2013 death of Vito Rizzuto” (*Globe and Mail*, Nov. 19, 2015). In the wake of Rizzuto’s death, the Mafia, the Hells Angels, and street gangs formed an alliance to control the drug trade in Montreal and split the revenue among them, according to police. The groups purportedly co-operated to import cocaine and launder the millions of dollars in revenues. Police sources described Woolley as “a cornerstone of the alliance,” someone who “appears to act as a go-between for the Hells Angels, the Mafia and many street gang members” (*Montreal Gazette*, Nov. 19, 2015). During the investigation, police seized \$1.2 million in cash, 41 guns, 122 cellphones, one Harley-Davidson motorcycle, and seven kilograms of cocaine (CBC News, Nov. 19, 2015; *Globe and Mail*, Nov. 19, 2015; *Montreal Gazette*, Nov. 19, 2015; Nov. 25, 2015).

After a few years of calm, a report from the Service du renseignement criminel du Québec indicates that Montreal’s street gang scene has become much more volatile since the fall of 2019. There has been a “resurgence of internal conflicts” between the two major gang factions in northeast Montreal, where the majority of gang-related violence has taken place: the Profit Kollectaz, also called PK or Profit Boy\$, based in Rivière-des-Prairies, and their rival, the Zone 43 gang, of Montreal North, named after a bus route that crosses the neighbourhood (*Journal de Montréal*, Mar. 2, 2021).

Southern Ontario

The Galloway Boys are believed to be one of Toronto’s larger and better-organized gangs. Police say its territory is centred in the intersection of Kingston and Galloway Roads, a poor neighbourhood of low-rent apartment buildings and government-subsidized housing in Scarborough. However, police investigations show that its criminal activities, such as drug and gun trafficking and prostitution, stretch beyond this neighbourhood to various parts of Toronto and even other cities outside of Ontario. In July 2014, 11 people were charged in connection with an alleged human trafficking and prostitution ring that stretched from Toronto to Montreal. Police alleged that the teen girls were forced to work as prostitutes out of hotels and motels in the GTA and Montreal by associates of the Galloway Boys. Victims were typically recruited in its neighbourhood, police allege (*Scarborough Mirror*, Jul. 7, 2014).

The Galloway Boys began to gain a public profile in the late 1990s and early 2000s, in part due to the gang’s violent rivalry with the Malvern Crew. After a string of shootings in the early 2000s, police laid hundreds of charges against suspected Galloway members, ranging from robbery to first-degree murder. In 2009, three members were

convicted of first-degree murder, attempted murder, and committing murder for the benefit of a criminal organization (*Globe and Mail*, Sep. 11, 2012). According to the *Globe and Mail*, a “new generation” of Galloway Boys has emerged in recent years. “Tutored by older criminals released from jail, a new core of street criminals are vying for leadership of the Galloway Boys gang in Scarborough, resulting in some of the worst violence ever seen in Toronto” (*Globe and Mail*, Sep. 11, 2012). In October 2013, Toronto Police announced they had laid charges against more than 40 people, including 25 alleged members of the Galloway Boys. As the *Toronto Star* reported, a murder involving a mistaken identity that is part of “an ongoing gang war over drug turf in Scarborough” was “the catalyst for the largest round-up of the Galloway Boys gang in nearly a decade” (*Toronto Star*, Oct. 4, 2013).

Street gangs are also active in Ontario outside of Toronto, and some have become so brazen that they are even challenging the local hegemony of the Hells Angels. This became evident in London, Ontario, on September 9, 2015, when Steve Sinclair, a member of the Hells Angels’ puppet club the Gate Keepers was shot and killed. Police quickly arrested five people for the murder of the 49-year-old. One of those arrested and charged with first-degree murder was a 15-year-old boy. Before the arrests were made, police issued a description of the suspect: a slim Black man, 18 to 22 years old and between 5’8” and 5’11” tall. The Hells Angels chapter in London had already been the target of violence and arson in January 2012 as a result of what police called a turf war with rival street gangs over the city’s illegal drug trade. Five businesses (some with connections to Hells Angels Motorcycle Club members) were set ablaze, and two people (one of them a full-patch member) were shot (CFPL AM 980, Sep. 18, 2015; *London Free Press*, Sep. 8, 2015).

CRITICAL THINKING EXERCISE

Street gangs in larger Canadian urban centres—Halifax, Montreal, Ottawa, and Toronto—tend to be disproportionately made up of young men of African lineage. Research demonstrates the critical role that racism, marginalization, and poverty play in the formation of such gangs (Siciliano, 2010). What etiological theories do you believe can best explain the disproportionate number of young males of African descent involved in organized street gangs in Canada?

The Prairies

While the highest-level street gang threats in the Prairie provinces are made up of Indigenous youth and adults, others operate at the street level, most of which are involved in drug trafficking. In Calgary, the FOB gang and its rivals the FOB Killers were for many years the major cocaine distributors in the city. Both groups are largely made

up of youth and adults of Asian descent, including Vietnamese, Chinese, Cambodian, Filipino, and Indo-Canadian members. They are also two of the most violent gangs in the province—between 2002 and 2009, they were responsible for at least 25 homicides (*Calgary Herald*, Jan. 5, 2015). In July 2013, Calgary police laid murder and criminal organization charges against five men associated with the FOB gang in connection with six gang-related killings (two of whom were innocent bystanders), which took place at the height of the gang war in 2008 and 2009. The violence between the two rival gangs stretches back to 2002 and flared in April 2013 when FOB member Nicholas Chan was stabbed and nearly killed. The 35-year-old Chan, who at the time was considered the leader of the FOB gang, was himself charged in connection with three homicide cases (*Calgary Herald*, Jul. 19, 2013, Aug. 31, 2013; *CTVNews.ca*, Jul. 19, 2013).

In 2015, Calgary Police identified six to seven gangs in the northeast of the city and singled out 59 men who were considered “high-level” participants in the gangs. These individuals are mostly young men of Middle Eastern descent who were born in Calgary and grew up together in the northeast part of the city. As the CBC describes, the current gangs are not exclusively of one ethnicity. Instead, “their connection has far more to do with geography. For the most part, they were born and raised in Calgary and attended high school together in the northeast.... And unlike some of the more rigid hierarchies in previous gangs, these gangsters are more fluid, sometimes moving among the six to seven groups” (*CBC News*, Dec. 14, 2015). The gangs in Calgary’s northeast are also distinguished by the degree to which the senior members are related through family ties. “Many of those young men grew up with older siblings and cousins who are involved in the drug trade,” and “turf battles over drugs in Calgary’s northeast have escalated into a gang war” (*CBC News*, Dec. 14, 2015). Gang-related shootings in Calgary almost doubled between 2014 and 2015. The proliferation of guns is also contributing to the violence. Calgary police estimate that around 60 percent of the firearms used in the nearly one hundred shootings in 2015 were stolen in break-and-enters. The rest are mostly smuggled into the country from the United States (*CBC News*, Dec. 14, 2015, Dec. 16, 2015).

More recently, a police investigation into a Calgary-based criminal organization called “The Family” uncovered a massive drug trafficking operation that sold an array of drugs: methamphetamine, fentanyl, crack cocaine, powdered cocaine, and gamma-hydroxybutyrate (GHB). Among those arrested in 2020 was its alleged leader, Lawrence Orubor, who has a criminal history dating back more than 30 years with at least 40 convictions on his record. Police said his network of street-level drug dealers sold small quantities—“\$20 to \$40 rocks.” While there were different tiers of sellers, Orubor reportedly recruited vulnerable minors, including Indigenous youth, who were willing to be paid in drugs to support their own addiction. A Calgary police official said that the group was responsible for “the vast majority of violence in the downtown core”—over 18 months, it was implicated in more than 80 violent incidents. In 2021, Orubor was also charged with human trafficking for the purposes of prostitution (*CBC News*, Nov. 6, 2020, Dec. 2, 2020, Jan. 12, 2021).

According to the *Edmonton Journal* (Dec. 9, 2012), “The White Boy Posse first hit headlines in a 2004 scuffle with the Crazy Dragon Killers, when Posse members began ramming cars of rival dial-a-dopers to disrupt their cocaine trafficking operation. The Killers retaliated by kidnapping and beating a high-ranking Posse member. Eight members of the Killers were later convicted in the case.” Mark Totten, a researcher who specializes in Canadian gangs, characterizes the **White Boy Posse** as “incredibly violent” (*Edmonton Journal*, Dec. 9, 2012). It also stands out among criminal gangs because of its racist ideology. Yet, he argues, there is no evidence that the White Boy Posse is linked to other white supremacy groups, and their racist ideology may take a backseat to their revenue-generating goals. Edmonton police have linked the White Boy Posse there to street-level drug dealing, with its supply allegedly coming from the Hells Angels. In March 2008, as part of Project Goliath, 17 members of the White Boy Posse, between the ages of 17 and 33, were arrested by the RCMP’s Organized Crime Unit in Alberta. The RCMP seized 28 firearms, \$500,000 in cocaine, over \$300,000 in cash, and three thousand ecstasy pills, as well as stolen goods. In March 2009, police charged a dozen members of the gang with nearly one hundred crimes and as part of their raids seized 28 firearms, about \$500,000 worth of cocaine, more than \$300,000 in cash, three thousand ecstasy pills, and a cache of stolen goods. An RCMP spokesperson referred to those charged as “pretty significant players in the organized crime gang community in Edmonton” (*Edmonton Sun*, Jan. 30, 2009). In 2012, four members of the White Boy Posse were charged in three separate murders in Alberta and Saskatchewan, including one in which a head was found in an alley in Edmonton (*Edmonton Journal*, Dec. 9, 2012; *Edmonton Sun*, Jan. 30, 2009; *Moose Jaw Times-Herald*, Dec. 5, 2012; *Vice.com*, Dec. 5, 2012).

British Columbia

In his research into gangs in British Columbia, McConnell (2015) reaches at least two salient conclusions. First, “the delineation between gangs and organised crime is difficult to distinguish” (169). While some groups of criminal offenders exhibit “gang-like behaviours,” (168) they also “possess the same attributes as organised crime groups” (169). BC gangs are well organized and, like OCAs generally, “are motivated by financial profit and social status” (144). In other words, “they come together for the purposes of doing business and protecting their drug lines” (144) and not defending their territory as with traditional street gangs. McConnell (2015: 168) quotes a former senior RCMP official from BC, who says these groups of offenders “are somewhere between street gangs and not quite organized crime.” Second, McConnell observes that “whereas traditional at-risk youth dominate gangs elsewhere, BC has a large number of youth involved in gangs who do not appear to possess the typical antecedents to gang involvement” such as poverty, inequality, and marginalization. “For many people in BC, the entry into gang life is a choice. These young men (in most cases) are not forced into this life by dire circumstances. Rather, they see the lifestyle as an attractive hedonistic pursuit” (17).

These hybrid organized street gangs/criminal groups reportedly have close associations with well-established OCAs in BC, such as the Hells Angels. A provincial government brief prepared in December 2004 reports that street gangs in British Columbia are becoming more entwined with OCAs involved in drug trafficking, prostitution, debt collection, and credit card fraud, and they “may operate on a ‘for hire’ basis doing a variety of jobs” (as cited in *Vancouver Sun*, Sep. 8, 2005). Another salient feature of the gangs in BC that make them “hybrids” is that each one often includes members from multiple ethnocultural groups including Asian, Aboriginal, Hispanic, Caucasian, and Indo-Canadian. This observation was not lost on one gang whose racial diversity led them to adopt the name the “United Nations” (UN). Other criminal groups that gained notoriety in the province during the 2000s are the Independent Soldiers, the Dhak-Duhre gang, the Bacon Brothers, and the Red Scorpions. The principal source of revenue for these criminal groups is drug trafficking. This includes operating marijuana grow-ops, smuggling pot and ecstasy into the United States, and wholesale and street-level cocaine distribution.

The gangs have also clashed repeatedly. One deadly rivalry was between the Red Scorpions, led by the three Bacon brothers, and the UN gang. The Bacons and their Red Scorpion associates allegedly stole drugs from the UN gang in its stronghold of the Fraser Valley, and the conflict escalated in 2007 when UN gang leader Clay Roueche was targeted by the Bacons and shot at by one of their associates. In response, Roueche put a contract out on all three Bacon brothers, with a cascading payout based on each brother’s respective importance in the gang—as much as \$300,000 for Jamie, \$200,000 for Jonathon, and \$100,000 for Jarrod. The violence reached its apogee on October 19, 2007, when six people were murdered in a Surrey apartment. In a subsequent trial of the hitmen, the court heard they had been sent there by the leadership of the Red Scorpions gang to kill a rival drug dealer named Corey Lal. Three of the other victims were associates of Lal and were in his apartment at the time. Two of the victims were innocent bystanders who just happened to be in the proximity of the apartment at the time (*Vancouver Sun*, May 21, 2009). Among those convicted for the murders was Jamie Bacon (*Vancouver Sun*, Sep. 13, 2020). The Bacon brothers were also in a running battle with rival drug traffickers in the so-called Dhak-Duhre group. With roots in North Vancouver, the latter was busy expanding its drug-dealing operations across Greater Vancouver when, in October 2010, one of its founders, Gurmit Dhak, was gunned down outside a mall in Burnaby. Some have speculated that Dhak’s murder was ordered by the Bacon brothers under the direction of the Hells Angels (Combined Forces Special Enforcement Unit [CFSEU]—British Columbia News Release, Jan. 22, 2014). On August 14, 2011, Jonathon Bacon was shot and killed as he drove away from the Delta Grand hotel in Kelowna. One of the other two men in the vehicle who escaped injury was Larry Amero, a full-patch member of the BC Hells Angels. It may have been the murder of Dhak that precipitated the retaliatory shooting of Jonathon Bacon in 2011 (CFSEU—British Columbia News Release, May 2, 2018).

The gang violence that occurred in Greater Vancouver between 2007 and 2011 was predated by a bloody war between feuding Indo-Canadian drug-dealing gangs that began in the 1990s and would cost more than one hundred deaths by the end of 2006. Despite the murders, Indo-Canadian gangs continued to be dominant in the drug trade in the BC Lower Mainland and have even expanded to other provinces. While Indo-Canadians represent only 6 percent of the population in BC, they represented over 24 percent of the gang homicide victims between 2003 and 2013 (Jingfors et al., 2015). In a federally funded study entitled *South Asian-Based Group Crime in British Columbia: 1993–2003*, the gang-related activities, drug dealing, and out-of-control violence of young Indo-Canadian men were blamed on a combination of cultural issues and the lure of Vancouver's lucrative drug trade. The Indo-Canadian men are treated like spoiled "princes" at home by parents who are too busy earning a living and trying to get ahead to spend time with their children, the report said. In turn, this has "contributed to a breakdown in family communication, especially between father and son." The study contends there is a "consistent pattern where Indo-Canadian criminals are from families who provided their sons with money, freedom, favouritism and a discipline inconsistent with their siblings (primarily female), coupled with the culture's distrust of the police and an emphasis on preserving face or honour." It also acknowledges that the allure of Vancouver's "explosion of lucrative criminal opportunities in the illicit drug smuggling trade" compounds these underlying cultural causes (as cited in *Vancouver Sun*, May 3, 2004).

CRITICAL THINKING EXERCISE

The conclusions of the aforementioned report on the causes of criminality among Indo-Canadian men in Greater Vancouver as well as the findings from McConnell (2015) deviate from those of dominant sociological theories of criminality, which emphasize an impoverished and dysfunctional home environment, complete with deviant, neglectful, and/or abusive parents. Critically analyze the conclusions of this report and those from McConnell and try to reconcile them with more dominant etiological theories discussed in chapter 4.

CYBERCRIME NETWORKS

Since at least the early 2000s, the terms *cybercrime* and even *cyber organized crime* have become a topic of research and a concern for law enforcement. Like *organized crime* in general, the term *cyber organized crime* can be used to describe both criminal activities as well as the groups and networks that carry them out. According to Smith (2014: 121, 125), "At the intersection of transnational crime, cybercrime, and fraud lies the activities

of organized crime groups,” which “have found that cyberspace provides a rich and lucrative source of income with far fewer risks of violence, prosecution, or punishment.” Specifically, organized crime groups and networks have emerged on the Internet to “facilitate drug trafficking; to traffic in corporate secrets and identity information; to commit extortion, frauds, and scams online; to launder money using online payment systems; and to distribute illegal materials over the Internet” (Choo & Grabosky, 2014: 485).

The OCAs involved in entrepreneurial cybercrimes can be divided into two broad categories: (1) traditional OCAs (those that operate in the physical world) that have expanded into cybercriminal activity, and (2) organized cybercriminal groups and networks that operate exclusively online. This section will focus on the latter and will attempt to answer three basic questions: (1) What types of crimes do cyber-OCAs carry out? (2) How are these cyber-OCAs organized structurally? (3) How do cyber-OCAs compare and contrast with the traditional (terrestrial) OCAs?

What Types of Crimes Do Cyber-OCAs Carry Out?

While the topic of cybercrimes is dealt with in greater detail in chapters 9 and 10, suffice it to say that there are an array of online crimes that are both predatory and consensual. Predatory crimes include “hacking” the databases and internal networks of banks or other corporations to steal deposit account information, credit card data, or electronic funds; “ransomware,” by which predators use malicious software (*malware*) to encrypt files on a computer and then demand (extort) a fee to decrypt these files; and “phishing” emails and websites, in which victims are tricked into providing confidential information or money. Custers, Pool, and Cornelisse (2019: 733) note that in the Netherlands, an OCA infected the computer networks of banks with malware to access accounts: “In these cases criminals closely worked together, dividing amongst themselves other technical tasks (such as developing the malware, infecting computers and creating an infrastructure) and financial tasks (such as money laundering).” Consensual cybercrimes consist mostly of online illicit markets (on the “dark web”) that sell illegal physical goods (drugs, counterfeit goods, stolen goods), digital goods (e.g., hacking codes), or services (sex, enforcement services, hired killers). The creation and operation of such online illicit forums require multiple organizers, many of whom have specific tasks—both technical (programming, coding, encryption) and physical (shipping products). As such, these organizers have been considered cyber-OCAs (Lusthaus, 2013). Those who organize dark web online forums to sell illegal drugs themselves or provide a peer-to-peer forum that allows others to sell and buy drugs may even be considered cyber-drug trafficking OCAs. In addition to the illicit online forum organizers, the online traffickers may “have a well organised structure according to the number of listings they manage and/or the number of marketplaces they are active on and/or the types of illicit drug they offer for sale” (Broséus et al., 2016: 13).

How Are These Cyber-OCAs Structured Organizationally?

Studies show that considerable variation exists in the organizational structures of OCAs involved in cybercrimes (Leukfeldt et al., 2017: 288–89). Some studies indicate that cyber-OCAs are structured as flexible and transient networks, which is not surprising given the networked essence of the Internet: “In theory, the Internet offers a perfect opportunity structure for decentralised flexible networks of criminals that are loosely organised and divide activities based on knowledge and skills” (Leukfeldt et al., 2019: 329). The offenders may come together for a limited time to conduct a specifically defined task or set of tasks, and once the task(s) are completed, they go their separate ways. An Australian study on computer crimes that involve fraud and hacking suggests that independent cyber offenders come together online, co-operate, and learn from one other in committing offences separately and together (Hutchings, 2014). “Online, members of cybercriminal networks can just as easily meet criminal peers as noncriminals. They can build relationships with them in a multitude of online convergence settings, but little is known about the involvement mechanisms in a specific cybercriminal group” (Lavorgna, 2020: 123). Europol (2015) warns that it is likely more organized criminal networks in which individuals gather online on a temporary basis to co-operate and commit cybercrimes will predominate in the future. In short, “existing evidence points to the presence in cyberspace of loose, flat, and fluid networks, generally without a common functional unit” (Lavorgna, 2020: 118) Similarly, Lusthaus (2013: 57) writes, “Many cybercriminal groups are small, loosely structured and without a clear agenda.” There is “no formal hierarchy” where one individual has power over another.

In contrast, Leukfeldt et al. (2019: 329) discuss research showing “that the structure of cybercriminal networks is not very different from that of traditional networks.” The majority “comprised a more or less stable group of core members who committed offences together over a longer period of time. The core members of these networks often knew each other from the physical world and recruited only a few specialists through online meeting places. Only a few networks could be characterised as ad hoc collaborations in which alliances were forged at online meeting places” (329). These cybercriminal networks “also have some kind of hierarchy” in which “several layers were observed within all the networks studied.” At the top of the hierarchy, “there are the core members who plan the criminal activities (in this case: mainly financial cybercrimes, including phishing and hacking), work together for a long time, and find other suitable co-offenders” (329). Shanti (2020: 5) appears to agree: “Networks amongst cybercriminals are similar to those of traditional organized crime. Individuals, or core members, operating within the same cybercrime groups, are usually family or close friends and tend to be located within the same geographic proximity.”

In sum, a consensus is lacking on the organizational structures of cyber-OCAs, which may be because different cybercrimes call for different structures and because organized crime, in general, accommodates great diversity in how offenders organize themselves.

How Do Cyber-OCAs Compare with Traditional OCAs?

Cyber-OCAs share some features with traditional OCAs, but there are also some glaring differences between the two. The most important similarity is they share a financial motivation: pursuing profit-oriented crimes that are both predatory and consensual. In addition, they both operate in illicit markets with buyers, sellers, and intermediaries, and where prices are set by the laws of supply and demand. Profit-oriented cyber-OCAs can be differentiated from terrorist groups that use the Internet to promote social and political change or state actors that hack into foreign government or corporate networks to install malware to create havoc in vulnerable information communication systems or networked physical infrastructure. In terms of risk management, both traditional OCAs and cyber-OCAs have to be very protective of their operations, and both can be quite sophisticated in the use of The Onion Router (TOR) or encryption software, both of which protect online and cellular communications from interception by law enforcement.

As far as differences are concerned, the use of violence is an important tactical tool of traditional OCAs, while cyber-OCAs are not capable of causing physical harm in the same way. As Lusthaus (2013: 58) argues, “violence is at the heart of traditional organised crime groups’ regulation and control of various markets, but in the context of the Internet, there appears to be no directly analogous tool.” Moreover, violent conflicts stemming from competition over geo-spatial territories or illicit markets are “central to conceptions of traditional organised crime” (58). But illicit cyber markets generally do not operate based on territory, and there has been no evidence of violence or conflict between competing cyber-OCAs that operate illicit markets on the dark web. Instead, physical violence has been replaced by cyber-attacks which “could be as threatening or effective in maintaining order as death or serious physical harm” (Lusthaus, 2013: 58). Physical strength is insignificant online; in the cyberworld, strength lies in the capabilities of software (Choo, 2008: 276).

While both traditional and cyber-OCAs are mostly network-based, offenders within criminal cyber-networks are far less limited by physical or other boundaries when coming into contact with one another. As such, the significance of social capital (“knowing the right people”) in traditional OCAs is less important for cyber-OCAs, which to be successful favour “knowing your way on the web (or the dark web)” (Leukfeldt et al., 2019: 325).

In sum, there is a consensus that some OCAs exist exclusively in the digital world to commit profit-oriented cybercrimes. The evidence suggests these cybercriminals “are capable of being highly organized and should be considered to be an organized crime group” (Shanti, 2020: 11). While it is “clear that organized crime has a presence in cyberspace” (Lavorgna, 2020: 117), this conclusion must be tempered with the limited empirical research that has been conducted. Furthermore, according to Choo, “despite the synergy between traditional organised crime groups and cyberspace,” there are

simply too many differences between the two categories, not to mention the fact that traditional OCAs are far more omnipresent in both predatory and consensual crimes. As such, “traditional organised crime groups should not be confused with organised cybercrime groups that operate exclusively online” (Choo, 2008: 276).

CONCLUSION TO PART II

In the attempt to try to fashion a distinctively Canadian conceptualization of organized crime, this section of the book has been more concerned with the distinguishing features of Canadian OCAs and what this might reveal about Canada. The overall conclusion is that while the nature and characteristics of organized crime in Canada can be seen as a product and reflective of the country, few characteristics of Canadian OCAs are wholly unique when compared with those of other countries. As such, there is little about organized criminal groups and networks in this country that is characteristically and distinctively Canadian.

As discussed in chapter 4, the origins of different OCAs in Canada are complex and highly individualized. Broadly speaking, chapter 4 situates the origins and causes of organized crime in factors that are both external and internal to Canada (including the country’s history as well as a broad range of social, political, and economic factors). OCAs with roots outside of Canada have a presence in this country, while numerous criminal groups and networks have been founded within this country. In either case, the founding and proliferation of crime groups and black markets would not have been realized without an important role played by Canadian norms, values, and institutions.

The diversity and complexity of OCAs in Canada are both reflective and a product of the highly diverse, complex Canadian society. Yet, the diversity of OCAs in Canada—in terms of their origins, history, structure, membership, and criminal activities—is no different than the diversity of criminal groups and networks in other countries. Thus, this element of diversity does not distinguish OCAs in Canada from those of other countries. One may be tempted to draw a causal link between Canada’s distinctive multicultural policies and resulting multicultural society and the ethnically diverse range of criminal groups and offenders in this country. To do so, however, would be to ignore the fact that all developed countries are multi-ethnic, and all of these countries experience some level of ethnocultural diversity among organized criminal groups and offenders. In other words, there is little evidence to suggest that Canada’s unique policy of multiculturalism encourages some form of ethnocultural-based criminality. The transnational nature of criminal groups operating in this country can be said to be both reflective and a product of Canada’s reliance on international trade and its integration into the global economy. But again, most developed countries have to contend with cells of organized criminal groups and networks that have their origins and tentacles elsewhere as well.

Despite the diversity in how OCAs are structured, a common feature of Canadian organized crime is its networked approach, whether this is the fluid ephemeral nature of Chinese criminal networks or the co-operation that exists between well-established criminal groups. This networked inter-group co-operation has long been a dominant characteristic of organized crime and international drug trafficking in particular. It may also be seen as a reflection on the Canadian polity, which has been characterized as being less of a unified, coherent nation-state and more of a highly decentralized federation of different governments (provincial governments have significant powers in this country) or, as former Prime Minister Joe Clark put it, a “community of communities.” However, once again, the networked approach to organized criminal conspiracies appears to be a global phenomenon and not one restricted to Canada.

KEY TERMS

Advance fee fraud	La Familia
Akwesasne	Manitoba Warriors
Black Axe	Mohawk Nation
Caleno	Mohawk Warrior Society
Colonial model	Nigerian criminal enterprises
Critical race theory	Organized street gangs
Drug courier	Residential school
Historic trauma transmission model	White Boy Posse
Indian Posse	

REVIEW QUESTIONS

1. Using the theoretical framework developed in chapter 4, describe the basic characteristics of the OCAs covered in this chapter.
2. What are the origins and history of these OCAs both outside of and within Canada?
3. Compare and contrast these different OCAs to those covered in the previous chapters.
4. What etiological theories specific to (organized) criminality (covered in chapter 3) apply to the different categories of OCAs covered in this chapter?
5. What criminology theories can be applied to Indigenous Peoples in Canada to help explain the onset of (organized) criminal behaviour and activities?
6. What are the defining traits of Cyber-OCAs? How do they compare to and contrast with traditional OCAs?

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PART III

ORGANIZED CRIMINAL ACTIVITIES

In addition to conceptualizing organized crime as an association of criminal offenders, it is also commonly viewed as criminal activities carried out for monetary gain. This part of the book examines **organized crimes** or **organized criminal activity** (terms that are used interchangeably). Chapter 9 discusses a range of predatory organized crimes, including extortion, theft, human trafficking, business racketeering, labour racketeering, counterfeiting, and fraud. Chapter 10 explores common organized consensual crimes, focusing on gambling, smuggling, and loansharking. Chapter 11 examines the one criminal activity that has become synonymous with organized crime: drug trafficking.

CONCEPTUALIZING ORGANIZED CRIMES

Before examining specific types of organized crimes, it is important to explore this category of crimes in more general terms. This section begins by analyzing the unique aspects of *organized crimes* by comparing them to *unorganized crimes*. This is followed by discussing some binaries that help to conceptualize and characterize the (diverse) nature of organized crimes: (1) consensual versus predatory crimes, (2) revenue-generating crimes versus tactical support crimes, (3) goods versus services, (4) illegal versus legal goods and services, and (5) traditional organized crimes versus cybercrimes.

Organized versus Unorganized Crimes

Many predatory crimes—break-and-enters, shoplifting, theft of vehicles, theft from vehicles, and armed robberies—are carried out for material gain. The same can be said of “street-level” consensual crimes: drug trafficking (in small amounts), bookmaking, loansharking, and prostitution. As such, the type of crime itself does not inherently dictate whether it will be organized or not; drug trafficking, bookmaking, theft, fraud, and prostitution can all be perpetrated by individuals working alone. Instead, organized crimes are distinguished from “unorganized” crimes by *how* they are carried out. This includes some level of planning and coordination over a period of time involving multiple offenders.

They also often require an investment of financial capital (e.g., to purchase drugs), other costly resources (e.g., planes to transport the drugs), a certain level of skill and expertise, and a rational approach to carrying out the crimes. Generally speaking, the larger the scope of the particular illegal enterprise (e.g., importing or trafficking large quantities of drugs), the greater the need for some level of organization. In short, organized crimes “follow a rational plan, involve the combination of different tasks, and extend over long periods of time” (von Lampe, 2016: 31). These different tasks are not random; they “entail a number of interlocking criminal acts that are carried out repetitively and in a sequential order.” This alone sets organized crimes “apart from the mass of ordinary crimes that are typically committed in a hit-and-run fashion” (von Lampe, 2016: 69). Generally speaking, **unorganized crimes** are characterized by “spontaneous, impulsive, isolated acts” that are carried out by individuals acting alone or in small, unorganized groups (von Lampe, 2016: 31).

Consensual versus Predatory Crimes

Organized crimes include those that are consensual and those that are predatory. A consensual crime is one in which two or more individuals willingly engage in an (illegal) commercial transaction so that no identifiable victim exists. Like in any legitimate business transaction, one of the individuals involved is consuming the good or service without coercion while the other is supplying it. Some have argued that the core business of organized crime is the supply of goods and services that have been made illegal by the state, or at least heavily regulated and controlled, because they are deemed immoral or destructive to the individual and society. The business of organized crime also includes revenue-generating activities that are not geared toward satisfying the demands of the public but that victimize the public, organizations, and even the state. The latter category includes such **predatory crimes** as extortion (protection rackets), theft, human trafficking, counterfeiting, and various types of fraud and cybercrimes.

While organized crimes can be delineated between those that are consensual and those that are predatory, this distinction is not always so clear-cut. Certain so-called consensual crimes do leave victims, in the sense that consumers are negatively impacted by the goods or services they use and are being preyed upon by criminals looking to take advantage of people’s weaknesses, vulnerabilities, and addictions. The most cogent examples of such consensual crime victims are drug addicts or compulsive gamblers. The question is: Should compulsive gamblers or heroin addicts be considered victims? For some, “demand for illegal goods and services is not seen as resulting from autonomous decisions of consumers.... Instead, demand appears as something that is purposefully created by aggressive entrepreneurs who exploit human weaknesses. For example, drug use is seen as the result of ruthless dealers enticing weak-minded consumers to use drugs” (Von Lampe, 2016: 223). The broader philosophical issue at stake here is whether consumers exercise free will in choosing to consume goods or services

that can be personally harmful and even life-threatening. When their addiction goes untreated, addicts often cannot exercise free will. Regardless of whether drug users see themselves as victims, organized “consensual” crimes such as drug trafficking and illegal gambling victimize entire communities and society as a whole, which pay a huge cost due to drug addictions and problem gambling. Other so-called consensual crimes can also include a victim. While a consumer may benefit from purchasing a counterfeit handbag, for example, the company that legitimately manufactures and sells these handbags is victimized from the loss of sales and revenue and the theft of intellectual property. The widespread sale of contraband cigarettes or liquor costs governments millions if not billions of dollars in tax revenue.

CRITICAL THINKING EXERCISE

It has been said that organized crime is symbiotic with society because it supplies goods and services that are in demand. An alternative view is that organized crime maintains a largely parasitic relationship with society, whether it is organized criminal associations taking advantage of people's vices and addictions or preying upon individuals and communities through theft or extortion. Which relationship between organized crime and society do you think is most accurate?

In sum, even those crimes that are viewed as consensual have a predatory component. Table III.1 divides organized crimes between those that are both consensual and predatory and those that are purely predatory.

Revenue-Generating Crimes versus Tactical Support Crimes

Another way to conceptualize organized crimes is to categorize them based on (1) those that directly generate revenue, and (2) tactical support crimes. In characterizing this distinction, von Lampe (2016: 73) refers to “primary” criminal activities, which are about making money, and “secondary” activities, which enable, facilitate, or “aid in the commission of profit-making crimes and in the safeguarding of offenders and illicit proceeds.”

As should be clear by now, the majority of the illegal activities associated with organized crime are profit-motivated offences. Organized crimes that generate revenue can be distinguished from those activities that are meant to support the former and which do not directly generate revenue. They are treated as necessary expenses by the criminal entrepreneur. These “tactical support” or “secondary” crimes include corruption, violence and intimidation, money laundering, intelligence gathering, and countersurveillance. As described in chapter 3, most of these support crimes are meant to reduce the risk of the revenue-generating crimes from being detected and/or reduce the risk of those behind

Table III.1: Consensual versus Predatory Organized Criminal Activities

Hybrid Predatory/Consensual (includes both a willing consumer and a victim, who may also be the consumer)	Predatory (includes only a victim)
<ul style="list-style-type: none"> • Automobile theft • Corruption (of government officials) • Counterfeiting and product piracy (bank cards, government documents, currency, consumer products) • Drug smuggling and trafficking • Environmental crimes (e.g., illegal dumping of waste) • Gambling • Human trafficking (indentured slavery and the sex trade) • Identity theft and fraud • Labour racketeering • Loansharking • Migrant smuggling • Money laundering • Private protection • Trafficking of human organs, weapons, wildlife, or stolen artefacts, art, jewellery, precious gems, and other valuables 	<ul style="list-style-type: none"> • Business and labour racketeering • Extortion and ransomware • Kidnapping • Fraud • Stock market manipulation • Theft (burglary, hijacking, home invasions, robbery, computer hacking, etc.)

the crimes from being arrested and punished. Other types of tactical support crimes are often integral to executing revenue-generating crimes. The forgery of documents can be viewed as a secondary crime, whether it is counterfeit financial statements to help carry out a mortgage fraud or the use of forged passports to carry out illegal immigration schemes. Corrupt public- or private-sector officials not only protect an OCA; they can also help carry out crimes—for example, corrupt dock workers can facilitate the smuggling of drugs through marine ports. Identity theft can also be considered a supportive criminal function in that stolen identities are used to further credit card fraud (i.e., obtaining credit using stolen identities). In sum, what often separates organized crimes from unorganized crimes is the use of certain tactics that are meant to enable, facilitate, and protect the illicit revenue-generating crimes and the OCAs carrying out these crimes.

Goods versus Services

Consensual illegal enterprises include trafficking in both goods and services. Criminal goods that are commonly trafficked on an organized basis in Canada include drugs, contraband cigarettes or liquor, stolen items, weapons, and counterfeit consumer goods. Illegal consensual services include gambling, prostitution, migrant smuggling, money laundering, and loansharking. In some circumstances, a particular criminal activity can be considered to provide both a good and a service; this is particularly true of human trafficking, where people are bought and sold for indentured labour or sexual purposes (and why human trafficking is often referred to as the modern slave trade).

Illegal versus Legal Goods and Services

Naturally, consensual organized crimes are most often equated with illegal goods or services. However, OCAs are also in the business of supplying goods and services that may be legal but are regulated and controlled by the state in such a way that any unauthorized distribution is illegal. While cigarettes, liquor, computer software, computer parts, or prescription drugs are legal in most countries, black markets have long supplied them to customers, often at prices below that of legitimate markets.

Underground markets in legal products arise from one of three circumstances. First, the products are bought and sold without payment of necessary government taxes. For example, taxes on liquor are significantly lower in the United States than in Canada, creating a substantial price differential between the two countries. The comparatively lower price of liquor in the US has meant that hundreds of thousands of bottles of spirits are smuggled into Canada annually, where they are distributed illegally. Second, the goods or services are strictly controlled by the state, which means access to them for purchase is limited. Because prescription drugs are heavily regulated and because there is such a large demand for certain types, they are diverted from legal markets and users for illegal recreational use. Stolen goods comprise the third category of legal goods that are supplied by criminal syndicates.

OCAs are also known to operate in the legitimate economy for several reasons. Organized criminal entrepreneurs may run a legally incorporated company to generate revenue, although as detailed in chapter 9, illegal business racketeering tactics, such as intimidation or the selling of stolen goods, may be used to limit competition. A company may be established legally but financed with and used to launder the proceeds of crime. Money laundering is often carried out through legitimate financial institutions, and while the transactions may be perfectly legal, their ultimate purpose is illegal. In other words, while OCAs may be involved in the legitimate economy for various reasons, the business is often accompanied by some variation of illegal activity.

Traditional Crimes versus Cybercrimes

Perhaps the most significant development in (organized) crimes in recent years is the explosion of **cybercrime** (also called e-crime), which can be defined as the “use of computers or other electronic devices via information systems such as organisational networks or the Internet to facilitate illegal behaviours” (McQuade, 2006: 16). Albanese (2015: 198) writes, “In the same way that the invention of the automobile early in the 20th century nearly doubled the number of offenses in the criminal codes of the United States, the invention of the computer [and the Internet] will have the same impact in the twenty first century.” For Choo and Grabosky (2014: 495), “It is likely that, as digital technology becomes more pervasive, its use as an instrument and as a target of organized crime will become increasingly common. Every new technology, and every new application, will be potentially vulnerable to criminal exploitation.” In 2014, the Royal Canadian Mounted Police (RCMP) published a report on cybercrime in Canada, concluding that it has been expanding in this country partly because of the increased involvement of OCAs. Williams (2010: 194) summarizes how computer technology, and the Internet, in particular, expedites both traditional (physical or “terrestrial”) crimes and new types of criminal offences:

First, technology has provided a vehicle for the further facilitation of existing criminal activities. Computer networks have become a communications vehicle that facilitates the commission of “traditional” criminal activities. A typical example might be the use of the Internet to appropriate restricted information to facilitate a terrestrial crime, such as gaining access to sensitive company records to facilitate extortion. The second category of computer-related crime involves the creation of new opportunities for criminal activity that are currently recognised by existing criminal or civil law. Everyday crimes have then migrated or have been re-engineered to function online. Examples would be the use of the Internet by fraudsters to trick victims into divulging their online bank password, username, and security information (known as phishing and pharming). Third, entirely new forms of harmful activities that are of dubious legal status have emerged with the increased use of the Internet. Essentially the Internet has allowed for the creation of a new environment within which novel forms of misbehaviour are engineered. Examples include forms of online violence, virtual vandalism and the creation of bot networks.

The concept of cybercrime encompasses a broad range of different crimes, some of which are motivated by ideology, passion, revenge, and even state warfare. Many cybercrimes are committed as revenue-generating ventures. Lavorgna (2020: 126) concludes that “cyberspace has advanced new profitable possibilities for criminal markets that were generally considered not very profitable, as the possibility to reach an indefinite number of potential buyers makes almost any type of criminal market worthwhile for criminals,

regardless of the limited monetary value of a single item.” Online criminal offenders now have an array of digital tools to traffic, steal, and defraud at their disposal, a low risk of being caught (due to the high rate of anonymity and insulation provided by the Internet), and a massive reach that maximizes the number of potential victims or customers. Revenue-generating cybercrimes are varied and include both predatory and consensual offences. Chapter 9 explores predatory cybercrimes (including theft, fraud, and extortion) while chapter 10 examines trafficking through online illicit markets. Many cybercrimes are committed solely online (such as hacking into online bank accounts or selling codes that facilitate hacking), while others entail a physical component (e.g., drugs or counterfeit goods are ordered online and then delivered to the purchaser).



9

PREDATORY CRIMES

CHAPTER OUTLINE

- Introduction and Overview
- Extortion, Protection Rackets, and Ransomware
- Theft, Robbery, and Hijacking
- Fraud
- Human Trafficking
- Business Racketeering
- Labour Racketeering
- Counterfeiting

LEARNING OUTCOMES

After reading this chapter, you should have a thorough understanding of the following:

- What constitutes a predatory organized crime
- Different predatory organized crimes and what they have in common
- What makes a particular predatory crime organized
- The emergence and proliferation of predatory cybercrimes

INTRODUCTION AND OVERVIEW

Predatory crimes are those that victimize individuals and organizations and include extortion, kidnapping, theft, fraud, counterfeiting, violence, corruption, and human trafficking. For von Lampe (2016: 75–76), predatory crimes “are characterized by a conflict, an antagonistic relationship between offender and victim. The confrontational nature of this relationship may manifest itself openly with the use or threat of force in the case of

such crimes as robbery and extortion.” More simply put, predatory crimes are those in which “perpetrators obtain a benefit at someone else’s expense” (75).

The earliest incarnations of organized crimes were mostly predatory and included theft, extortion, currency counterfeiting, and human trafficking. By the 1930s, organized criminal associations (OCAs) expanded into a vast array of frauds such as mass marketing fraud and stock market fraud. Starting in the 1980s, predatory organized crimes became more technically sophisticated (exemplified by the counterfeiting of bank cards and identity theft), while traditional “unorganized” crimes such as vehicle theft became more organized and more transnational. During the 1990s, the advent of the Internet and email helped reinvent, promote, and expand fraud schemes. By the start of the new millennium, police and the public were dealing with various cybercrimes, including hacking, phishing, ransomware, and “denial-of-service” attacks.

Any conceptualization of predatory crimes begins with the presence of a victim who has been deprived—either forcibly or through deceit or a betrayal of trust—of some asset that has some monetary value. Thus, theft is at the essence of all predatory crimes. Extortion is theft because it involves the use of intimidation (and actual violence) to force someone to hand over money. Fraud is a form of theft in which money is stolen through an act of deceit or the betrayal of trust. Some predatory crimes encompass both theft and fraud. The term *identity theft* is often used interchangeably with *identity fraud*. Why? Because there are two steps in a crime targeting someone’s identity: first, information relating to an individual’s identity is stolen (e.g., social insurance, driver’s licence, or passport number); and second, this information is used to defraud others (e.g., by obtaining a credit card, loan, or mortgage, which victimizes a financial institution). As intimated above, there is also an overlap between the crimes of theft, counterfeiting, and fraud. Organized crimes involving bank cards generally assume three basic steps: (1) steal the victim’s personal identification from the encoded strip on their credit or debit card, (2) encode this data onto a counterfeit bank card, and (3) use the counterfeit credit card fraudulently to make purchases or to withdraw cash, thereby stealing money from the financial institution that is responsible for the data on the issued bank card. When certain criminal activities involve multiple (illegal) acts or phases, it naturally follows that such crimes are more organized. The remainder of this chapter discusses and examines the following categories of organized predatory crimes: extortion/protection rackets, theft, human trafficking, business racketeering, labour racketeering, fraud, counterfeiting, and cybercrimes.

EXTORTION, PROTECTION RACKETS, AND RANSOMWARE

An **extortion** or **protection racket** is a common organized crime, albeit a rudimentary one. Section 346 of the *Criminal Code of Canada* defines extortion as “causing someone,

without reasonable justification or excuse, to do anything or cause anything to be done by means of threat, accusation, menace or violence.” Extortion is essentially the theft of money from an individual or entity through the use of intimidation, violence, or the threat of a calamity that may befall the victim if payments are not forthcoming. Extortion is heavily reliant upon and intertwined with two characteristics that are fundamental to organized crime: intimidation and violence. While extortion can be carried out by individuals working alone, it is most effective and convincing when carried out by a group that has a reputation for violence. Organized extortion has been carried out under numerous guises, as summarized below:

- Society membership fees—Early Italian secret societies and Chinese triads extorted money from individuals by forcing them to pay fees to become a member.
- Protection fees—Businesses or individuals are forced to pay a certain sum to operate in a territory or market under the control of a criminal group. In return, they receive insurance from the crime group, such as protection from arson, violence, robbery, police harassment, union troubles, or the non-delivery of essential supplies. A protection racket is ostensibly extortion in that those who are selling the “protection” are the same ones who threaten to cause the aforementioned problems.
- Human smuggling and trafficking—People who have been smuggled into a country are highly susceptible to being extorted because their “illegal status renders them unable to turn to the police of the host country.” In this context, the extortion may include forcing the migrant into slave labour or to commit money-making crimes (in particular, prostitution), the revenue of which is turned over to the extorter (Hobbs, 2010: 733).

Organized protection rackets can be traced back to pirates who stationed themselves at the mouths of rivers and forced ships to pay a fee for safe passage. In Sicily, before the 20th century, the quasi-governmental service offered by the Mafioso soon became an excuse to extort money from peasants and shopkeepers. These practices were carried over to North America, where immigrants of Italian origin were victims of the so-called Black Hand. Some of the earliest crimes carried out by the Kung Lok criminal triad in Toronto were the extortion of Chinese businesses. Chinese entertainers wishing to perform in Toronto during the 1970s and 1980s were pressured to pay protection money to the Kung Lok to avoid having their bookings disrupted or cancelled. In Moscow, it is difficult to operate a business without having to pay some sort of protection money (*krysha*) to at least one crime group in the city. Russian organized crime figures have also targeted millionaire Russian and Eastern European hockey players in the National Hockey League with extortion (*Washington Post*, Dec. 24, 1993).

CRITICAL THINKING EXERCISE

The term *protection racket* implies a legitimate service is being delivered to those coerced into making payments. Varese (2014: 343–44) argues that there is “compelling evidence” suggesting that Mafia groups provide “a genuine service, not just protection against a threat they themselves create.” This is true even when the service is forced upon the victim. Critically analyze the concept of “private protection” within the broader cultural context of the Mafia-style organizations (the Sicilian Mafia, Chinese triads, the Russian Mafia) and their relationship with those receiving the protection services. Cite examples of cases where the protection racket actually delivers a needed service to a constituent as well as cases in which it is nothing more than extortion. Discuss how the protection racket can be seen as both a consensual and a predatory crime.

Ransomware is a form of extortion that has been adapted to cyberspace. Ransomware is a type of malware that threatens to harm an individual or organization or its computer or computer network unless a ransom is paid. Common threats emanating from ransomware are the publication of a victim’s personal information or photos (stolen from a computer hard drive or network) or blocking access to or even destroying their digital data. Ransomware attacks are typically carried out using a “trojan”—a malicious code or software that looks legitimate but can take control of a computer and the entire computer network of an organization. A **trojan** is often disguised as a legitimate file that the user is deceived into downloading or opening when it arrives as an email attachment. Ransomware was first detected around 2012 and has since grown exponentially (Crowdstrike, 2021; Federal Bureau of Investigation, 2012).

According to the cyber-security firm Crowdstrike (2021), the greatest threat in cyber-extortion is the so-called Big Game Hunter—“ransomware campaigns aimed at high-value targets” (6): “A tectonic shift toward big game hunting has been felt across the entire eCrime ecosystem. Ransom payments and data extortion became the most popular avenues for monetization in 2020” (31). In a 2021 report, Crowdstrike states that the highest number of ransomware-associated data extortion operations in 2020 was in the industrial and engineering sector (229 incidents), closely followed by the manufacturing sector (228 incidents) (21). In July 2020, the US, UK, and Canadian governments released information concerning a Russian hacking group that targeted COVID-19 research facilities in these countries intending to steal information relating to the development of vaccines targeting the COVID-19 virus (Crowdstrike, 2021: 13).

THEFT, ROBBERY, AND HIJACKING

Theft, burglary, and robbery have been the focus of many OCAs in Canada, both historically and in recent years. They have been active in the theft of cargo, vehicles, and personal identities and have also been involved in home invasions, organized shoplifting, and cybercrimes.

Cargo Theft

Cargo theft entails the theft of bulk merchandise from trucks, airplanes, transport trailers, marine containers, or warehouses. Only the merchandise may be stolen, although it is not uncommon for the conveyance—a truck or a shipping container—to be hauled away with the goods inside. According to the Insurance Bureau of Canada (n.d.), “After stealing the vehicle or trailer, the criminals offload the cargo, which can be worth thousands of dollars, parcel it and sell it for a quick profit, often before the crime is reported. This low-risk, high-reward crime is a significant problem across the country. Transportation hubs, including marine ports, in southern Ontario, Montreal and Vancouver are prime targets for these organized theft operations.” While the theft of cargo can be attributed to a wide range of individuals—including port or warehouse employees and truckers who steal for personal benefit—OCAs have also perpetrated large-scale hijackings in Canada, which generally require more planning and sophistication than an average robbery.

Case Study: The Bandidos and Cargo Theft

In 2001, police announced they had broken a sophisticated crime ring that stole truckloads of everything from diapers and children’s books to satellite dishes and riding lawnmowers. The group of thieves, whose ranks included members of the Bandidos one-percenter motorcycle club, was involved in the theft and distribution of a massive amount of cargo stolen from tractor-trailers, police said.

“It was very organized,” a Toronto Police Service detective told the media, noting that stolen property was stored in warehouses. “They were very aware of all of the trucking companies in the GTA [Greater Toronto Area].” Those involved had wide-ranging connections including a distribution network to repackage and market products they obtained (*Toronto Star*, Oct. 4, 2001).

After two waves of arrests in July and September, some 149 charges were laid against 27 people, including several charges of possession of property obtained by crime over \$5,000. Approximately \$3 million in stolen property was recovered, with an unspecified quantity of illegal drugs and weapons, including an Uzi submachine gun. Police learned items were being sold at small independently operated stores in strip malls or at flea markets (*Toronto Star*, Oct. 4, 2001).

Vehicle Theft

One form of theft that has become increasingly organized over the years is the theft of automobiles and trucks. Beginning in the mid-1980s, **vehicle theft** in Canada began to rise, which, according to a 1998 RCMP intelligence report entitled Project Sparkplug, is “largely attributable to the fact that increasingly sophisticated organized crime groups have flooded the stolen car market” (Mogck & Therrien, 1998: i). One of the main factors that distinguishes organized vehicle theft from the traditional variety is that in the former, the vehicles are exported to overseas markets for resale or use. In 2010, *Canadian Underwriter* magazine reported there was a 50 percent recovery rate for stolen vehicles in Ontario, compared to a 90 percent recovery rate in 1990—a strong indication of an increase in the export of stolen cars (CanadianUnderwriter.ca, May 13, 2010). An Insurance Bureau of Canada news release (Dec. 16, 2014) states that in 2014, more than \$8 million in stolen vehicles intended for export were seized, most of which were discovered in containers at the ports of Montreal and Halifax.

Organized auto theft is perpetrated by outlaw motorcycle, Nigerian, and eastern European crime groups, as well as other networks of criminals that have come together specifically to steal and export cars. New luxury cars are most often the target and are exported to foreign markets where profits are high and the chances of being detected are low. OCAs are involved in every process of auto theft for export: placing orders for specific makes, models, and years; stealing the vehicles or subcontracting this work; counterfeiting paperwork and vehicle identification numbers (VINs); transporting the cars out of province (to provinces within marine container port facilities); and arranging for their illegal export out of the country. These various stages may occur in different parts of the country. A car stolen in Manitoba, for example, may be driven to Ontario, where it will be given a counterfeit VIN, licence plate, and ownership information, and then taken to a port in Montreal, where it will be transported via marine containers for shipment overseas. Montreal has been accused of being the auto theft capital in Canada, partly because of the presence of several criminal groups that take advantage of the city’s ports to ship stolen vehicles abroad (Mogck & Therrien, 1998: i; Wallace, 2002: 5, 9, 14; Canadian Press, Aug. 13, 2001). In 2019, the Ontario Provincial Police (OPP) charged 20 Quebec residents following an investigation into the theft of more than five hundred vehicles from across the province. The thefts were part of a “highly organized operation” that had a goal of exporting the stolen vehicles in shipping containers overseas through the Port of Montreal to Ghana and Nigeria (GlobalNews.ca, Dec. 17, 2019).

Organized Auto Theft Case Study

In 2001, two men linked to Russian crime groups, Igor Stepanchikov and Rotislav Serniak, were charged following the theft of more than 120 cars from around the GTA. Most of the stolen vehicles were put in marine containers, which were then taken to various ports, including Halifax, loaded onto ships, and delivered to eastern Europe.

As part of the investigation, police raided a storage facility in Greater Toronto where they discovered duplicated keys for stolen vehicles, blank counterfeit vehicle identification number plates, blank provincial motor vehicle permits, government-issued identification, counterfeit money and credit cards, equipment used to produce counterfeit credit cards, and more than \$70,000 in Canadian and US cash. Stepanchikov was charged in 1998 along with nine other people linked to Russian and Chinese crime groups (*Montreal Gazette*, Dec. 12, 1998; *Toronto Star*, Aug. 2, 2001; *Toronto Sun*, Jul. 29, 2001).

Also in 2001, the OPP announced that police in Canada and the United States had arrested members of a multi-million-dollar auto theft ring that stretched from Ontario into Michigan. In total, more than 270 charges were laid against 25 people in both countries. Police also said they recovered \$7.9 million in Canadian cash, as well as hundreds of stolen vehicles worth millions of dollars. The group stole vehicles from dealers' lots, private residences, and public parking lots. The VINs were changed in Ontario, and in some cases, the autos were registered with new plates that were issued in the United States. The plates were brought back across the border and placed on vehicles that were then driven into the US (OPP News Release, Apr. 5, 2001).



Photo 9.1: Marine containers have become an essential conveyance for exporting stolen cars from Canada

Source: Gazouya-japan, via Wikimedia Commons

Organized auto theft often works on a network basis with a specialized division of labour: an established OCA will delegate the theft to street gangs or criminals who specialize in stealing vehicles. These specialists include young offenders who have been recruited expressly to protect the upper levels of the theft ring by hiding behind the more lenient youth criminal justice penalties if they are caught. The network may also include people who are responsible for dismantling the vehicle, altering the VIN, or exporting the vehicle overseas. In April 2014, police in Alberta dismantled an organized automobile theft conspiracy that was allegedly responsible for stealing more than one hundred high-end trucks, SUVs, and luxury sedans from Quebec motorists. After the vehicles were stolen in Quebec, the legitimate VINs would be replaced with fake ones. Using the counterfeit VINs, the vehicles were registered in Alberta and other provinces under the ownership of numbered companies using fraudulent bills of sale. The auto theft ring was well organized, with a distinct division of labour; some of the offenders were assigned to stealing certain makes of vehicles, others were tasked with manufacturing the counterfeit vehicle identification papers, and others were responsible for registering the vehicles (*CBC News*, Mar. 13, 2014).

HUMAN TRAFFICKING

The United Nations (1999: 3) defines **human trafficking** as follows:

The recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs.

Albanese (2015: 196) summarizes the three basic elements of human trafficking as (1) “exploitative labor (sex, manual labor, servitude),” (2) “the harboring of victims (through recruitment, transport, or receipt),” and (3) “coercion (accomplished through deception, force, or threats).” For Aronowitz (2012: 218), human trafficking comprises three constituent parts: (1) an action (recruitment, transportation, transfer of an individual or individuals), (2) which uses some illegal means (threat, use of force, coercion, abduction, fraud, etc.), (3) to accomplish a particular goal (exploitation). For Kleemans and Smit (2014: 386), there are “three main phases in the trafficking process: recruitment of the victim, transportation, and actual exploitation.” One of the common elements in all of these descriptions is the forced exploitation of people for profit “in the shadow

economy of the sex market, but also in more visible and legitimate markets such as the agricultural, fishing, construction, domestic service and the hotel industry" (Aronowitz, 2012: 219). The diversity inherent in human trafficking operations makes it difficult to generalize about its level of organization or sophistication. As Aronowitz (2012: 221) notes,

Trafficking operations can be as simplistic as the smuggling and subsequent exploitation of an individual by a single trafficker within the source country or over a border with or without proper documentation. Alternatively, more sophisticated operations may be involved in large scale recruitment, using forged documents, moving large numbers of persons, distributing them across brothels, farms or constructions sites around the country, and generating huge profits which must subsequently be laundered. Large scale international trafficking operations are, by default, transnational organized crime.

Notwithstanding this diversity, human trafficking tends to be carried out by loosely organized networks (Aronowitz, 2012: 221).

Although the two are conceptually distinct and can operate autonomously from one another, human trafficking has long been linked to human smuggling. This appears to be particularly the case with Canada, which is both a destination and a transit country for illegal migrants. Human trafficking is inextricably linked to the sex trade, and thousands of foreign girls and women are recruited or forced by criminal groups to work as prostitutes in Canada. The *2014 Trafficking in Persons Report* from the US State Department describes Canada as a "source, transit and destination country" for the trafficking of men, women, and children in the sex trade (United States Department of State, 2014: 125). Roughly half of sex-trafficking victims worked as exotic dancers or in clubs when recruited. Women from Asia and eastern Europe are also targeted by human traffickers and are often brought to Canada to work in brothels and massage parlours (United States Department of State, 2014; Canada.com, Jun. 19, 2014). Another study released in 2014 contends that Toronto is "a hub for a number of human trafficking routes" in North America as victims of sexual exploitation, forced labour, and forced marriage are moved between provinces or brought into and out of Canada (*CBC News*, Jun. 14, 2014). The report, released at the annual Alliance Against Modern Slavery conference, examined 551 human trafficking cases in Ontario between 2011 and 2013. Of these cases, people were legally and illegally brought into Canada from 18 different countries including Afghanistan, the United States, Ukraine, the Philippines, and India. People were also trafficked out of Canada to Afghanistan, England, and the United States. Sixty-three percent of the victims were between the ages of 15 and 24, and 90 percent were female. The victims were trafficked for the following reasons: sexual exploitation (68.5 percent), forced labour (24.5 percent), forced marriage (7.7 percent), and petty crimes (6.3 percent) (as cited in *CBC News*, Jun. 14, 2014).

When police raided Toronto-area strip clubs in April 2000, they brought 650 criminal charges against more than two hundred men accused of pimping hundreds of women from eastern Europe, Latin America, and Asia (*National Post*, Apr. 14, 2000). Just a month earlier, the RCMP infiltrated a multi-million-dollar prostitution ring in southern Ontario that, over a four-month period, smuggled as many as 280 Korean women into the United States, where they were forced to work in massage parlours in Los Angeles and New York (McClelland, 2001; Canadian Broadcasting Corporation, Mar. 5, 2002). In 2001, an undercover operation in Vancouver infiltrated a group that was importing Malaysian women into the city to work in the sex trade. Police found 11 women, ranging in age from 17 to 30, living and working in two apartments furnished only with mattresses in the living rooms and bedrooms and with bathrooms containing nothing but toilet paper, mouthwash, and condoms. Some of the women told Vancouver police that their boyfriends in Malaysia had brought them to Canada on the promise of a vacation. The boyfriends turned out to be recruiters for an international network of human traffickers. Once in the country, the women had their passports taken from them and were each sold for an estimated \$15,000 to a local prostitution ring. The women were then locked in the primeval brothels and forced to service as many as 15 men a day (McClelland, 2001).

The coupling of migrant smuggling and human trafficking points to the broader role of transnational organized crime in the sex trade in Canada. It is crucial to note, however, that human trafficking can be separate and distinct from migrant smuggling; hundreds if not thousands of women and girls are recruited on Canadian soil by domestic pimps and OCAs and then forced into the sex trade. The aforementioned 2014 study estimated that 63 percent of the victims of the human trafficking cases in Ontario were Canadian citizens (*CBC News*, Jun. 14, 2014). Indigenous women and girls are particularly vulnerable to human traffickers because they are more likely to suffer from poverty, drug addictions, and mental health problems, according to a 2014 study commissioned by Public Safety Canada. The report asserts, “The trafficking of aboriginal women and girls was part of a wider Canadian crisis.... This crisis was a continuum of related phenomena involving the criminal victimization of aboriginal women and girls.” This broader criminal victimization is “evident by the large numbers of aboriginal women and girls who are subjected to physical and sexual violence, are trafficked, and who go missing or are murdered” (as cited in Canadian Press, Sep. 18, 2014). The National Inquiry into Missing and Murdered Indigenous Women and Girls (2019) also heard numerous stories of women and girls coerced into sex work and exploited on the streets. Most of the victims were sexually exploited at an early age, and the child welfare system’s failure to protect them made them easy targets for traffickers.

OCAs are “significant suppliers of females to the sex trade in Canada” and include “several long-standing family-based networks in the prostitution criminal market,” according to the Criminal Intelligence Service Canada (CISC, 2008: 1). These criminal networks “use direct force (abductions, rape, forcible confinement, assault) and indirect forms of coercion, such as controlling where they live, work, with whom they associate, and threatening of family members” (CISC, 2008: 2). Police have investigated province-wide

and inter-provincial networks of pimps that transfer women between different cities and provinces. “Most of these networks tend to be highly organized, however, [they] display low levels of sophistication. Several operate inter-provincially, placing members in key locales in several provinces that enable networks to maintain operations in multiple cities, evade law enforcement pressure, and target a larger number of potential recruits in several locations” (CISC, 2008: 3). This transfer of sex trade workers across provincial boundaries is quite purposeful—it is “designed to isolate females, facilitate the creation and adherence to new loyalties (typically replacing the traditional family), as well as enable pimps to meet the customer demand for ‘new faces.’” The inter-provincial transfer of women also allows the “organized crime networks” to stay a few steps ahead of police (CISC, 2008: 1). The CISC reports that the “majority” of human trafficking networks in Canada comprise “street gangs, particularly located in Ontario, Quebec, Nova Scotia, and New Brunswick.” The influence of “the street gang ethos and its links to hip hop music, clothing, and prostitution are popularized by several identified networks to facilitate recruitment through social networking (including online), thereby making the sex trade culturally attractive for potential recruits” (CISC, 2008: 2).

Case Study: Human Trafficking for the Sex Trade by the Galloway Boys Gang in Toronto

In June 2014, Toronto police laid 44 human trafficking charges against eight young adults who, police say, were members of a street gang that forced teen girls—some as young as 14 years of age—to work as prostitutes. The investigation, called Project Dove, resulted in the arrests of members of the Scarborough-based Galloway Boys street gang, whose members “groomed” their victims, forced them to work as prostitutes from hotels and motels, and then collected and kept their earnings. The accused ranged in age from 17 to 25 years old, while the victims were between 14 and 17 years old. A Toronto Police spokesperson said the investigation began when police learned of teenagers being lured into prostitution, often by people close to their own age. In some cases, police were alerted by missing person reports filed by family members. “These pimps will groom them, they will build a relationship with them,” the spokesperson said. “They’ll try and build trust with them. In most cases, they’ll try to make the victim believe that they’re in love with them. These victims are sometimes just looking for attention and affection and these pimps know exactly what these girls are looking for and they feed off of that.” The spokesperson added that prostitution is a common way for street gangs to earn money and can be even more lucrative than drug trafficking (CBC News, Jun. 6, 2014).

The Hells Angels and other one-percenter motorcycle gangs have long been involved in the trafficking of women as prostitutes and exotic dancers. In 2003, police in

Quebec announced the arrest of 17 alleged members of a street gang called the Wolf Pack following an investigation into teenaged prostitution. Police said the gang had links to members of the Hells Angels, who took a cut of the profits. The gang was believed to have 20 girls and women working for them in the sex trade at any given time (Canadian Press, May 15, 2003). Members and associates of the Hells Angels Motorcycle Club are known to control agencies that represent strippers and have investments in strip bars, massage parlours, and escort agencies. According to a *Montreal Gazette* article, the escort industry in that city is made up of a closed circle of operators, some of whom have ties to organized crime groups and employ “an ever-changing cast of characters, with the call girls themselves acting essentially as freelancers who move easily from one agency to another” (*Montreal Gazette*, Jan. 13, 2003). A typical rate for an “escort” in Montreal is \$125 to \$200 an hour, with the agency collecting about 40 to 60 percent. The ownership structure of some agencies “is a bewildering maze of shell companies, fronts of varying sophistication, and short-lived businesses.” Many of the companies are registered to nominees, who are used because they have no criminal past, and addresses provided in incorporation documents are invariably fake (*Montreal Gazette*, Jan. 13, 2003).

CRITICAL THINKING EXERCISE

Traditionally, the sex trade has been seen as a consensual crime (two people voluntarily participating in a criminal act). This chapter situates prostitution as a predatory crime within the context of human trafficking. Conduct research to determine if this book has placed too much emphasis on women who are forced into the sex trade. To what extent is (organized) prostitution made up of women who enter the trade of their own volition? As far as the sex trade being either a consensual or predatory criminal activity, is there a difference between women who enter the trade independently versus those who work as prostitutes as part of a more organized syndicate?

According to a 2021 Statistics Canada report, “The number of police-reported human trafficking incidents continued on an upward trend reaching 511 incidents in 2019 and rounding off the 11-year total at over 2,400 incidents reported since comparable data became available. At a rate of 1.4 police-reported incidents per 100,000 population, 2019 marked the highest rate recorded for this crime in Canada” (Ibrahim, 2021: 10). The volume of human trafficking incidents reported by police in 2019 marked a 44 percent increase over the previous year, although this increase may also be due to heightened enforcement (Ibrahim, 2021: 4). Over the last decade, Ontario and Nova Scotia have been over-represented in police-reported incidents of human trafficking in

Canada. At 5.3 incidents per 100,000 population, Nova Scotia had the highest rate of police-reported human trafficking incidents in Canada in 2020 and the highest rate reported by the province since 2009. Halifax reported a rate of 10.2 human trafficking incidents per 100,000 population in 2019, which is significantly higher than the national rate of 1.6 (Ibrahim, 2021: 9).

BUSINESS RACKETEERING

While the majority of the revenue-generating organized criminal activities exist exclusively within the underground economy, criminal entrepreneurs and organizations are active in the legitimate business world as well. For Lyman and Potter (2014: 74), “legitimate businesses offer concealment opportunities for illegal activities,” such as gambling or drug trafficking; can help launder the proceeds of crime; provide sources of reportable and legitimate income; and help the criminal entrepreneur integrate into the local community. In some cases, the operation of legitimate companies by OCAs is unaccompanied by illegal activities; the OCA simply invests in or owns a business to produce another source of income. However, in the quest to maximize revenues, the entry of organized criminals into the legitimate business world is frequently accompanied by illegal acts (extortion, corruption, intimidation, violence). This is essentially what **business racketeering** entails: using illegal means to infiltrate a legitimate business and/or market to maximize revenues. In its goal of profit maximization, business racketeering may entail an attempt to monopolize a legitimate industry or marketplace by minimizing competition. As Lyman and Potter (2014: 163) put it, “organized criminals, by combining their illicit and licit businesses, will make it difficult if not impossible for legitimate businesspersons to compete with them.”

Business racketeering has been a hallmark of La Cosa Nostra (LCN) in North America. A 1986 CISC report states, “The infiltration of legitimate business enterprises has increasingly been the objective of the Mafia. By buying into a business and applying illegal or strong-arm methods to increase profit and inhibit competition; by forcing a loan shark victim to turn over part or all of his business in repayment of a loan; by using the strength of an infiltrated labour union to force business owners into a compromise; or by monopolizing a particular industry with the view of controlling price. All are techniques common to the Mafia” (CISC, 1986: 3). Particularly vulnerable to LCN infiltration in Central Canada is the construction industry. Much of the construction in Toronto’s postwar housing and commercial building boom was carried out by firms owned by Italian Canadians, with the labour chiefly provided by Italian immigrants. For members of Ontario Mafia groups, this presented an opening to terrorize and extort unions and construction firms (Royal Commission into Certain Sectors of the Construction Industry, 1974). The Comisso Brothers, who headed an ‘Ndrangheta cell in Toronto during the 1970s and 1980s, generated considerable revenue through their

racketeering activities in the local construction industry. Cecil Kirby, one of the Commisso Brothers' enforcers, writes in his biography that they positioned themselves as a collection agency for contractors trying to settle outstanding debts. For a fee or a percentage of what was owed a contractor, the Commissos would send "union goons" to visit construction company managers and extract payments by way of beatings, shootings, bombings, or wildcat strikes. When they were not extorting contractors, they were rigging bids on government construction contracts by intimidating companies that competed against their clients. "Once their man got the bid, they became his partners," according to Kirby, "and their people—plasterers, electricians, plumbers, cement suppliers—would be used on the job. They'd inflate the cost of the job, pocket the profits, and run like thieves while the public or business paid the price" (Kirby & Renner, 1986: 105–13). As mentioned in chapter 5, the Rizzuto Mafia family infiltrated and helped to corrupt private-sector construction firms in Montreal by coercing them to participate in a price-fixing scheme involving government-tendered construction contracts. Members of the Rizzuto crime group were alleged to have facilitated the process, and Vito Rizzuto himself would sometimes choose which construction firm would be the winning bidder on a particular government contract. In return, the winning construction company had to pay a "tax" to the Rizzuto Mafia that ranged from 2.5 to 30 percent of the contract, delivered in cash. Construction companies that resisted these overtures were threatened with violence (Canadian Press, Oct. 16, 2009, Sep. 25, 2012, Sep. 26, 2012; *Montreal Gazette*, Sep. 27, 2012).

LABOUR RACKETEERING

Labour racketeering is the use of a labour union for personal benefit through fraudulent, illegal, and sometimes violent means. Von Lampe (2016: 77) describes labour racketeering as "the creation or infiltration of labor unions and labor union locals for the purpose of diverting union funds and also for using labor union power to extort legal businesses and to help enforce cartel agreements in legal markets." Jacobs and Peters (2003: 230) make the distinction between *labour corruption*, which is "the misuse of union office and authority for unlawful personal gain," and *labour racketeering*, which refers "to labor corruption committed by, in alliance with, or under the auspices of organized crime groups."

The three core elements of labour racketeering are (1) criminal influence over the supply of union labour, (2) the corruption of union management, and (3) the misuse of union funds (including pension funds). In gaining influence with unions, organized crime groups combine two principal weapons: corruption (mostly of union management) and the capacity to intimidate by threats of violence. For Ronald Goldstock, the "sometimes bewildering array of labor rackets" ultimately assumes three basic forms: the

sale of “strike insurance,” the “sweetheart deal,” and fund raiding (President’s Commission on Organized Crime, 1985: 658).

Strike insurance is a means of extortion used by criminal offenders in conspiracy with corrupt union management to steal money from businesses with unionized employees through the threat of strikes or labour slowdowns. In effect, they are “selling labour peace” to a unionized business based on their power to prevent or settle a strike or work slowdown. A **sweetheart contract** is the outcome of a negotiation (in bad faith) between corrupt union leaders and employers, who create a labour agreement that is wholly beneficial to the employer (i.e., is detrimental to the union members—the employees). The result is that the employer receives favourable conditions (stagnant labour costs, less safety measures, etc.) while the corrupt union leader receives a kickback from the employer. The involvement of criminal groups in sweetheart contracts most frequently derives from their control over labour unions, and they may also receive a payment from the union, the management, or both. Some members of crime groups have been known to dictate the terms of a labour contract. Organized crime groups and corrupt union leaders are also involved in **fund raiding**—stealing from union funds, such as pension plans. Pension payouts to bogus retired union members (often members of an OCA) is one fund-raiding technique. Large payments from pension funds may also be made to members and associates of OCAs for non-existent services (President’s Commission on Organized Crime, 1985).

Jacobs and Peters (2003: 229) write that in North America, “the labor movement and its members have long suffered from extortion, thievery, and fraud,” and “labor racketeering has been a major source of the *Cosa Nostra* crime families’ power and wealth since the 1930s.” The Montreal Mafia’s influence over labour unions in that city can be traced to the arrival of New York’s Bonanno family captain Carmine Galante in the early 1950s. By 1954, Galante had extended his influence to Montreal’s legitimate businesses by investing in nightclubs, bars, and restaurants. He also brought in from New York City an ex-burglar named Earl Carluzzi to set up Local 382 of the Hotel, Restaurant and Club Employees’ Union, which allowed Galante to control the hirings and firings of all staff in these businesses while raiding union funds. While he headed the Montreal Mafia, Vic Cotroni’s revenues from his investments in hotels, restaurants, and bars were bolstered by his influence over the same union (later renamed Hotel and Restaurant Employees International). Union officials could be relied upon to keep labour peace within the family’s hotel and restaurant businesses and to stir up union troubles among the competition. In the early 1980s, Local 31 of the Hotel and Restaurant Employees International in Montreal has the ignominious distinction of being the only labour union ever to be barred from the Quebec Federation of Labour due to unethical conduct, which included ties to the Montreal Mafia (*Toronto Star*, Jun. 18, 1989).

In October 2013, the Charbonneau Commission, a public inquiry investigating corruption in Montreal's construction sector, turned its attention to trade unions in the province. The construction division of the Fédération des travailleurs et travailleuses du Québec (FTQ), the province's largest and most powerful labour union, was accused of corruption and ties to organized crime. Ken Pereira, the head of a union local, testified that the Hells Angels and the Rizzuto crime family had infiltrated the FTQ through its construction wing. Pereira said that the heads of the construction wing of the FTQ had ties to Raynald Desjardins, a close associate of Vito Rizzuto and Normand (Casper) Ouimet, a Hells Angels member. Pereira claimed that one senior official with the FTQ-Construction division went so far as to call members of the Hells Angels directly to help fix the 2008 election of executives to the union division. Jacques Émond, a senior member of the Quebec Hells Angels, was alleged to have forced one candidate to bow out of the race. Members and associates of the Hells Angels were even reportedly seen hanging around outside the convention centre where the vote was held (Canadian Press, Oct. 2, 2013; *CBC News*, Oct. 21, 2013; *Montreal Gazette*, Oct. 2, 2013, Oct. 31, 2013).

FRAUD

The Merriam-Webster dictionary (n.d.) defines **fraud** as the “intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right; an act of deceiving or misrepresenting.” For Mackenzie (2010: 137), the essence of a classic fraud scheme is encouraging victims “to take up an offer that presents itself as loaded in their favour when it is in fact loaded against. A slightly more diluted definition of a scam might be an operation that makes a rip-off seem like a legitimate business. Scams therefore involve orchestrated deception in the service of profit-taking.” Simply put, fraud entails “the obtaining of goods and/or money by deception” (Levi, 2009: 224). The top frauds affecting Canadians based on the number of complaints made to the Canadian Anti-Fraud Centre (CAFC, 2021) are classified as extortion, identity theft, personal information fraud, phishing, merchandise fraud (consumers cheated by vendors), vendor fraud (legitimate vendors defrauded by consumers), job fraud (non-existent jobs that require applicants to pay an upfront fee), services fraud (offers for services that are subpar or are not delivered), and emergency scams (requests for money from loved ones by fraudsters impersonating relatives).

In its 2019 global fraud survey conducted among executives of large corporations, the private security firm Kroll (2019: 76) reported that 38 percent of Canadian respondents said they had been the target of an external fraud, compared to 28 percent of all global respondents. Fraud costs companies, governments, and consumers in Canada

tens of billions of dollars a year, amounts that have steadily grown over time. In 2020, the CAFC (2021) received 101,483 fraud reports involving nearly \$160 million in reported losses. This is just a fraction of the losses, given it is estimated that less than 5 percent of victims file a fraud report with the CAFC.

One reason accounting for this increase in victimization is the more organized and sophisticated nature of contemporary fraud operations. The National Crime Agency of Great Britain (NCA, 2018: 41) classifies fraud as a major threat, arguing that “a significant proportion” of fraud is committed by “organized crime groups.” Police cases have shown that well-established criminal groups carry out various types of fraud in Canada. The targets of such frauds include corporations, governments, and consumers. For years, Canada has had a reputation as an international source for organized fraud and counterfeiting schemes, leading one organized crime expert to proclaim, “International gangs and cosmopolitan criminals have turned Canada into a billion-dollar stage for sophisticated scams” (*Edmonton Journal*, Jun. 28, 1998).

Some of the dominant organized fraud schemes that are undertaken in Canada are summarized in the following sections.

Bank Card Fraud

Bank card fraud encompasses both credit and debit cards and accounts for some of the largest financial losses to card issuers and banks. The number of Canadian credit cards used fraudulently has risen steadily since statistics were first kept by the Canadian Bankers Association in 1983. From a low of 19,200 that year to 32,851 in 1990, the total number of “fraudulently used” credit cards escalated to 146,310 in 2003 (Canadian Bankers Association, 2004). The rapid growth in the fraudulent use of and financial losses associated with credit cards during this period is attributed to an increase in credit card counterfeiting operations orchestrated by established OCAs—in particular, Chinese and Russian criminal syndicates. According to a 1992 report by the Canadian Association of Chiefs of Police (CACP), organized crime groups involved in **credit card counterfeiting** “are highly sophisticated organizations with worldwide networking in place. Credit cards produced in Toronto may be embossed with information received from one part of the world then forwarded to another part of the world for illegal purposes” (CACP, 1992: 55). Chinese OCAs are at “the centre of activity for most credit card related offences” (57) and are the biggest players in producing and distributing forged and altered credit cards. In addition, fake credit cards produced abroad are taken to Toronto where they are sold in lots. In February 2019, a Canadian parliamentary committee heard testimony from an official with the American security firm FireEye that online illicit websites were offering to sell counterfeit Canadian credit cards, sometimes thousands at a time (Canadian Press, Feb. 6, 2019).

Forged credit cards include both counterfeit and altered cards. An altered card is a genuine credit card manufactured by a certified printer that has one or more features unlawfully changed by mechanical or electronic means. While enhanced security features such as hologram pictures have reduced the incidence of counterfeiting, Canadian police have seized fake bank cards that include almost perfect replicas of these security features. Counterfeit bank cards are those that are illegally manufactured and are usually encoded with personal and banking information stolen from legitimate bank cards. A common method of obtaining this information is called **skimming**—the theft of account and information (including passwords) from the magnetic stripe on the back of a victim's credit card through the use of specific software and hardware (Arntfield, 2015: 501–2). Skimming often begins when a customer's legitimate card is swiped through the card reader at a retail store. The person behind the counter, who is complicit in the theft, then swipes the card again through a small computerized reader under the counter and out of the customer's view (alternatively, the point-of-sale card reader may be tampered with to illegally record the banking information). The data are downloaded onto a computer and later retrieved and encoded onto a counterfeit bank card, which is produced in the thousands by legally purchased bank card embossing machines.

Case Study: Credit Card Counterfeiting

Police announced in February 2002 that they cracked a North America-wide credit card counterfeiting organization after a joint 15-month investigation by the Calgary Police Service and 13 other law enforcement agencies. Calgary was the centre of this sophisticated international crime ring that committed millions of dollars in credit card fraud. Of the 478 criminal charges laid against 63 people, police said 124 charges involved 18 individuals based in Calgary. The accused, which included members of the Big Circle Boys criminal network, were involved in stealing credit card information and producing counterfeit cards. It was the Calgary faction that had special expertise in manufacturing the counterfeit cards, police stated. Gang members would make a duplicate card—perfect in every way with built-in holograms, embossing, micro-printing, and every anti-theft security device—and sell it for \$500 to \$1,000. The buyer would then run up huge sums on the card. As part of the investigation, eight counterfeit credit card facilities in Calgary, Edmonton, Toronto, and Greater Vancouver were searched and their equipment seized. Thermal printers, embossers, and host stamp presses, as well as other sophisticated equipment, were found. Police also seized \$879,500 in cash and property from related crimes. Police estimated the investigation prevented \$23 million in credit card fraud in Canada alone (*Calgary Herald*, Feb. 1, 2002; Canadian Press, Jan. 31, 2002).

Debit cards have also proven to be highly susceptible to counterfeiting and fraud by OCAs. Eastern European crime groups are most closely associated with debit card fraud, although the problem is widespread. Skimming is again the most frequently used technique to steal a customer's identification from bank-issued debit cards, which is then transferred to a fraudulently produced card. Other techniques used to steal PINs include in-ceiling cameras to watch shoppers when they key in their codes or passwords at ATMs or cash registers. Eastern European crime groups have even purchased ATMs and used them to steal relevant information.

Case Study: Debit Card Skimming and Counterfeiting

In December 2002, police disrupted a debit card fraud that stretched from Vancouver to Kamloops to Denmark. The RCMP in Kamloops arrested Dmitri Brezinev on December 2 as he walked out of a Royal Bank branch after inserting a fake debit card into ATM to withdraw \$500. Police said Brezinov was carrying 77 counterfeit bank cards. Four others (two men and two women) were arrested in Toronto and Sudbury respectively. Police also seized \$280,000 in Canadian cash—all in \$20 bills—and 3,500 fake bank cards. The ATM fraud began in March 2002, when one of the conspirators, posing as a legitimate businessman, purchased five ATMs from a manufacturer. These privately owned "white label" ATMs, worth about \$10,000 each, were installed in different locations in the Vancouver area: a pizza restaurant, a few convenience stores, and a tobacco shop. Every time a customer withdrew cash, the machine captured all the information needed to reproduce fully functional debit cards. The ATMs were eventually removed from their locations, and the card information stored inside was downloaded onto a computer. With that information, the fraudsters began manufacturing bank cards. Brezinev and the other four arrested were recruited to take the phony cards and make as many withdrawals as possible. In return, they could keep 4 percent of the cash. The total loss to the customers and banks was \$1.2 million, which at the time was the single largest loss attributed to debit card fraud in Canadian history. In August 2003, Brezinev and four other Russian nationals (two men and two women) pleaded guilty. The 35-year-old Brezinev had entered Canada using a counterfeit passport (*Globe and Mail*, Dec. 5, 2002; *Toronto Star*, Aug. 23, 2003).

OCAs have transformed bank card fraud and, by doing so, have contributed to the rise in the number of victims and financial losses. Traditionally, the largest financial loss related to credit card fraud was the theft of cards. Today, the greatest losses stem from the counterfeiting of credit and debit cards. This is of even greater concern to issuers and banks because counterfeiting results in much higher dollar losses compared to thefts because consumers may not find out about the unauthorized charges until they check their monthly statements.

Identity Theft and Fraud

Identity theft and fraud can be defined as the unauthorized collection of personal information (theft) and the subsequent unauthorized use of that information (fraud). Personal information that is stolen (name, date of birth, address, social insurance number, etc.) can then be used to open credit card and bank accounts; obtain mortgages and loans; acquire driver's licences, passports, and other government documents; rent or purchase vehicles; and even secure employment. While identity theft is itself a serious crime, it is particularly harmful because it facilitates other types of crimes, such as obtaining a mortgage or credit card in someone else's name. One falsified identity could generate between \$30,000 and \$100,000 in revenue (*Guelph Mercury*, May 28, 2014). The danger of identity fraud is not just that it can bilk unsuspecting victims of thousands of dollars. The stolen information can also be used to produce counterfeit passports that can facilitate the travel of criminal offenders and even terrorists. In short, identity theft can be broken down into two sequential parts: (1) the (illegal) acquisition of someone's identity, and (2) the subsequent fraudulent use of the identity (Semmens, 2010: 172).

An identity can be stolen in any number of ways, although victims are increasingly duped into providing confidential personal information to fraudsters. In March 2006, for example, more than one hundred people in the Ottawa area were victimized by an identity theft ring that used an online job ad to lure applicants into submitting resumes. Those who responded to the ad received official-looking letters and emails indicating they had been selected as candidates for a \$70,000-a-year job as a "programmer analyst" and that they should submit an application form with a \$20 processing fee. The application forms asked for full name, social insurance number, driver's licence number, and a mailing address. Those behind the fraud used this personal information to obtain more than 60 credit cards, driver's licences, and social insurance cards in other people's names. At least \$500,000 in charges were made on the phony credit cards issued in the victims' names (*Calgary Herald*, Mar. 19, 2006; *Ottawa Citizen*, Mar. 9, 2006).

More sophisticated techniques to steal people's identities involve the use of technology. As discussed earlier, skimming entails stealing personal identification information from the magnetic stripe on a credit or debit card through ATMs or retail point-of-purchase devices that have been tampered with. Another high-tech approach is phishing, in which potential victims are contacted (via email or text message) by an offender posing as a legitimate organization, such as the victim's bank. The victim is directed to a malicious website, posing as the bank's website, and then asked to input confidential information, such as account numbers and passwords. Identity thieves have also used spyware, "a type of software which takes control of the victim's computer and provides the thieves with access to important personal information stored on the hard drive" (Semmens, 2010: 179).

Case Study: Identity Theft through Online Phishing and Spyware

In April 2015, the Ontario Provincial Police announced it had dismantled a sophisticated crime network that stole the identities of hundreds of victims and then robbed them of at least \$2 million from their bank accounts. The joint forces investigation resulted in police raids in Toronto, Hamilton, and Montreal. Ninety-eight charges were laid against 33 people. Four of those arrested were charged with participation in a criminal organization. Seven police services played a role in an investigation of the criminal organization, based in the Toronto and Hamilton areas, that allegedly used phishing and spyware techniques to obtain personal information from victims. This allowed the group to take over bank accounts belonging to the victims. Members of the group would order new cheques and bank cards using the stolen personal information and then send “runners” with fake IDs to withdraw money from victims’ bank accounts before the bank or victim caught on. Among those involved in the criminal operation was a Toronto man who served as the “master forger.” His job was to produce fake identification in the victims’ names using the photographs of the runners. When police raided a Toronto residence associated with one of their suspects, they found what they called an ID theft lab that was used to create counterfeit government identification, including driver’s licences, permanent resident cards, health cards, and bank cards (*CHCH News*, Apr. 24, 2015; *Hamilton Spectator*, Apr. 25, 2015).

There has been significant growth in identity theft reports in recent years. The CAFC (2021) indicates it received complaints regarding actual and attempted identity theft from 16,970 victims in 2020. There has also been an annual increase in breaches of government databases, which put the personal information and records of millions of Canadians at risk of identity theft (Equifax Canada Press Release, May 27, 2014). Identify theft has increased in part from the rise of digital technology and online phishing schemes that can extract personal information from hundreds of thousands of unsuspecting victims through the Internet, email, and text messaging. The problem has become so prevalent that most insurance companies offer policies that will pay the costs that victims incur as they try to fix credit histories ruined by the theft of their identities.

Deceitful Mass Marketing

Deceitful mass marketing is another pervasive form of organized fraud in Canada. It entails the use of mass communication instruments—the telephone, fax machines, email, the Internet, and text messaging—to fleece victims of money or property through high-pressure sales tactics, and falsehoods. Traditionally, *telemarketing fraud* was the term used, but with the advent of the digital world, the telephone is no longer the exclusive way that fraudsters reach out to unsuspecting victims.

Deceitful mass marketing in Canada can be traced to “**boiler room** operations”—so called because of the high-pressure sales tactics that were used to move stock that was highly speculative or worthless, or came with a kickback to the boiler room operators. A 1937 *Financial Post* article called some of these shady brokerage firms in Toronto “Swindlers on Rampage” (Jan. 9, 1937), while a 1944 article stated that “Ontario is now regarded as the main plague spot of North America so far as securities selling is concerned” (*Financial Post*, Dec. 23, 1944). An Ontario Securities Commission crackdown meant that by 1955, “Montreal had become a haven for sixteen boiler shops, each paying ten percent of their take to the syndicate, who had provincial authorities on their payroll” (Phillips, 1963b: 66). That “syndicate” was the Cotroni Mafia group, which had its hand in numerous boiler room operations in Quebec (Quebec Police Commission Inquiry on Organized Crime, 1977b: 167–83).

By the end of the 1990s, Toronto police estimated there were about 150 mass marketing boiler rooms in the city. The RCMP in Montreal stated that at least 50 were located there, collectively generating around \$60 million in revenue annually (Canadian Press, Feb. 16, 2002). Cross-border mass marketing fraud had become so widespread that in 1997, Canadian Prime Minister Jean Chrétien and US President Bill Clinton convened a binational working group that recommended establishing a multi-agency task force and the secondment of an FBI agent to the RCMP’s commercial crime section in Toronto. In May 2001, an official with the US Federal Trade Commission in Chicago told the media that Canada was the source of more than one quarter of mass marketing fraud in the United States (*Globe and Mail*, May 11, 2001). In 2003, the Competition Bureau of Canada said deceptive mass marketing is “spreading like a plague.” In the same year, PhoneBusters, an Ontario-based call centre for suspected telemarketing fraud (now known as the CAFC), estimated that “on any given day, there are 500 to 1,000 boiler rooms operating in Canada,” grossing between \$1 billion to \$5 billion annually (Young, 2003: 3; Solicitor General of Canada News Release, May 21, 2003).

Case Study: Canadian-Based Cross-Border Telemarketing Fraud

In March 2014, 23 people were arrested in relation to a suspected mass telemarketing fraud operation that dated back to 2009. The RCMP alleged that they dismantled two boiler rooms that defrauded several thousand victims in the United States out of at least \$16 million. Based largely out of Montreal, the operation made cold calls to tens of thousands of American seniors claiming to sell them a card that would provide discounts on prescription drugs and medical services. The card, which was sold for approximately \$300 to the victims, was, in fact, free for American citizens. The fraudsters also sold services that they said would offer protection for personal information. However, the victims received no protection at all while money was debited from their bank accounts. The costs of these services ranged from \$187 to \$397.

According to the National Consumers League (Apr. 2014), “The defendants are said to have targeted senior citizens who were given false information and were compelled to reveal their bank account information. The scammers used scare tactics and sometimes even went so far as to impersonate bankers and government officials.” The account information provided by victims was then used by the fraudsters to illegally withdraw money from the victims’ accounts. The misappropriated funds were then deposited into a network of corporate bank accounts established in the United States and subsequently wire transferred to Canadian bank accounts (Marvelli & Finckenauer, 2012: 516–17; National Consumers League Press Release, Apr. 2014; RCMP News Release, Mar. 20, 2014).

A more recent case of mass marketing fraud in Canada, known as the CRA scam, involves automated messages impersonating officials from the Canada Revenue Agency (CRA), the RCMP, or other federal agencies to intimidate victims into paying non-existent back taxes or fines. The scam was based out of India and included the hiring of trained telemarketers, although operatives in Canada were taking payments from victims before sending the money back to India. At least 600,000 Canadians received at least one call, while more than \$17 million was stolen from victims over five years, according to the RCMP (*CBC News*, Sep. 21, 2018; *CTVNews.ca*, Feb. 14, 2020; *Globe and Mail*, Feb. 14, 2020).

CRITICAL THINKING EXERCISE

In 2014, the Bank of America paid US\$772 million in fines and consumer refunds for misleading customers who bought extra credit card products and illegally charging others for credit monitoring and reporting services they didn’t receive. Also in 2014, the financial services firm JPMorgan Chase agreed to pay \$80 million in fines and about \$309 million in refunds for billing customers for ID theft protection they never received. In a 2020 settlement with the Justice Department, Wells Fargo agreed to pay US\$3 billion in fines after it had been accused of creating millions of bank accounts on behalf of clients. In addition, the bank violated federal and state consumer protection laws by selling credit cards to customers without their permission, enrolling customers in life insurance policies without their authorization, and charging auto finance customers for unnecessary insurance policies. Research these cases in more depth and determine for yourself whether the sales and marketing practices of these big banks constitute deceitful or fraudulent mass marketing. Do you believe these companies should be criminally charged and prosecuted using criminal organization laws? Why are these companies and their practices treated differently than the OCAs in the case studies described in this chapter?

COVID-19-Related Fraud

In a 2019 internal memo, the RCMP reported that transnational, serious, and organized crimes were “in a state of flux” due to the COVID-19 pandemic, while the CISC (2021: 2) observed that “more resilient” OCAs were “adapting their operations, exploiting alternate venues, and diversifying their criminal involvement in order to continue to thrive.” The closing of the Canadian border “diminished the availability of precursor chemicals and impacted the nature and extent of poly-trafficking of different commodities (i.e., cocaine, fentanyl, methamphetamine, firearms)” (RCMP, 2019: 2), while the cancellation of most professional sports reduced illegal bookmaking revenue (*CBC News*, May 26, 2020). As adaptable as ever, OCAs and organized fraud networks opportunistically capitalized on the pandemic and the public’s desire for information, governmental payments, and personal security. Some OCAs were behind “illicit websites accessible through the surface and dark web, with a focus on fraudulent or illicit trafficking of personal protective equipment, namely N95 masks, hand sanitizers, and other medical equipment/goods” (RCMP, 2019: 3). Fraudsters, posing as Canadian government officials, contacted people to obtain their personal banking information, insisting that this information was needed to receive a Canada Emergency Response Benefit payment (Canadian Radio-television and Telecommunications Commission, 2020). With more people online for work, shopping, and social activities, phishing scams preying on people’s fears and vulnerabilities increased with emails purporting to be from health care agencies. In one case, fraudsters posing as pharmacists or hospitals were telling potential victims they had come into contact with someone with COVID, then asked for credit card information for a prescription (*CBC News*, Mar. 23, 2020). Romance scams also capitalized on the loneliness some were experiencing due to the pandemic lockdowns. In 2020, 899 reports of romance fraud were made to the CAFC, according to its website. The collective financial loss to these victims was \$18.5 million (which was the largest dollar loss in all of the CAFC fraud categories for that year). Between March and June 2021 alone, more than 23,000 COVID-19 related crimes were reported to the CAFC.

Cyber-Based Theft and Fraud

For Choo and Grabosky (2014: 495), “Digital technology has empowered traditional criminal organizations, dramatically increasing the ease with which they can commit offenses such as fraud and extortion,” while also enabling new predatory crime types, “such as online piracy and vandalism.” In general, the most common forms of predatory cybercrimes are computer hacking, malware, extortion (ransomware), and phishing, all of which involve variations of theft and/or fraud. What these predatory cybercrimes expose is “the role of data as a key commodity fueling a fast-growing criminal market. Data, notably personal information and account login credentials, have become highly sought-after commodities by state and non-state actors. Data

are stolen, sold, traded, altered, destroyed and repurposed to facilitate a spectrum of criminal ventures” (RCMP, 2020d: 11).

Computer **hacking** is one of the most common forms of cybertheft and has been defined as “the attempt to remotely circumvent the security or privacy measures initiated by an Internet website, server, or database, for the purposes of either stealing information or interfering with operations and compromising data through distributed denial-of-service attacks, deployment of viruses, or other malicious actions” (Arntfield, 2015: 501–2).

Case Study: Bank Robberies through Hacking

In February 2015, the Internet security firm Kaspersky Lab announced that an international hacking ring had stolen up to US\$1 billion from banks around the globe in what was the largest breach of online banking security to date. The hackers had reportedly been active since at least the end of 2013 and infiltrated more than one hundred banks, e-payment systems, and other financial institutions in 30 countries. The criminals infected bank employees’ computers with malware, which then spread throughout the banks’ internal networks and even enabled video surveillance of staff. This allowed the hackers to learn and mimic employee computer keystrokes to transfer and steal money. The so-called Carbanak Gang also used access to banks’ networks to program ATMs to dispense cash at certain times to individuals associated with the gang. Most of the targets of this unparalleled cyber-robbery were in Russia and eastern Europe, although Kaspersky says banks in the United States, Asia, and elsewhere in Europe were also targeted (Associated Press, Feb. 15, 2015; Bloomberg.com, Feb. 15, 2015). The Carbanak Gang theft follows on the heels of other high-profile attacks on large corporations in the United States, including JPMorgan Chase & Co., health care giant Anthem Inc., and Home Depot. Unlike the aforementioned case, these attacks did not steal money—they stole the personal data of these companies’ clients. These data may be even more valuable than money because they can be used to steal identities, which in turn can be used to commit further crimes related to identity theft (e.g., obtaining a credit card or a home mortgage).

Arntfield (2015: 501–2) defines **phishing** as the “use of misleading or counterfeit electronic transmissions, such as emails purportedly from credit card companies or other financial institutions, requesting sensitive personal information or password data with the intention of compromising the victim’s banking or credit accounts.” Phishing typically entails a two-step process that involves both fraud and theft: potential victims are first deceived into clicking on a link (via an email, text message, or social media), which then usually takes them to a website in which they are tricked into providing sensitive information, such as their PIN codes, which is then used to hack into someone’s bank account or credit card account.

Alternatively, clicking on a link or downloading a file attached to an email may execute **malware** that allows a cyber-intruder unauthorized access to computers and networks from a distance. Once the intruder has access to computer data or a network, a whole range of further crimes can be perpetrated: personal identification or files can be stolen, bank or credit card accounts can be accessed, or the user's legitimate access to a computer or network can be blocked (called "**denial-of-access**") until a ransom is paid.

In a 2021 report, Crowdstrike estimated that in just two years, "there has been a fourfold increase in the number of interactive intrusions" of computer networks (Crowdstrike, 2021: 9), which has been driven in large part by the proliferation of revenue-generating malware e-crimes committed by well-organized and sophisticated online cyber-criminals. At the height of the COVID-19 pandemic in 2020, the RCMP reported that it was "already apparent that criminals are making wider use of the Internet to carry out fraud, and various scams are being adapted in light of the vulnerabilities stemming from more people on-line doing their work and functions associated with daily living such as shopping and banking." There has been a "surge in fake websites adapted to defraud individuals and businesses around the world, over the Internet and through use of technology. We have seen a proliferation of malware, ransomware and business email compromised" (RCMP, 2020d: 6). In 2020, Statistics Canada figures indicated there were 63,523 "cyber-crime incidents" recorded by police in Canada. Fifty percent of these incidents were fraud, followed by incidents of child pornography (11%), indecent and harassing communications (8%), and threat utterances (7%) (Statistics Canada, 2021). By comparison, only 9,084 incidents of cybercrime occurred in 2012, with fraud accounting for 54 percent of all cybercrimes coming to the attention of police (Statistics Canada, 2014).

In February 2019, Christopher Porter, the chief intelligence strategist at California-based security firm FireEye, testified to a Canadian parliamentary committee on public safety and national security. He said in recent years, computer hackers outside of Canada had targeted Canadian banks, mining companies, and government institutions to steal valuable information and spread malware. The hackers include those representing state-sponsored agencies, as well as criminal groups from Russia, China, and North Korea, among others. Porter said that in February 2017, several major Canadian financial institutions were victimized by a state-sponsored cybertheft scheme originating in North Korea that attempted to redirect employees to malicious downloads that would seize control of their computers. In addition, at least six organized crime groups are targeting companies and people in Canada with a sophistication that equals those of nation-states. As reported by the Canadian Press, "FireEye, which works with the Canadian military and public-safety institutions, says Canada is often one of the first nations targeted for new types of cyberoperations due to its financial wealth, high-tech development and membership in NATO [the North Atlantic Treaty Organization]" (Canadian Press, Feb. 6, 2019).

A growing number of malicious sites are also being hosted on Canada's Internet service providers and provide a base from which criminals from other countries carry out cyberattacks on Canadian and international users. Canadian servers are chosen because "the bad guys are looking to host their malicious content in countries that have good reputations" (*CBC News*, May 9, 2012).

COUNTERFEITING

According to Kangaspunta and Musumeci (2014: 102), "the interest and involvement of organized crime is probably the most important factor causing the expansion of counterfeiting activities around the globe and making it an example of transnational crime. This element mixed with other favourable factors played a very important part in the process of rendering counterfeiting a global phenomenon in modern times." Below are some examples of organized **counterfeiting**, including those involving currency, international travel documentation, consumer products, and prescription drugs.

Currency Counterfeiting

Currency counterfeiting in Canada can be traced as far back as the 1840s; it continued into the next century and picked up steam in the postwar years as advances in offset printing, copying, and graphic arts attracted the attention of the organized criminal element. By the early 1960s, three large counterfeiting groups located in Montreal produced fake American currency and employed dozens of people broken into different specializations, such as developing the plate, obtaining the proper paper, printing the currency, or "pushing" the fake product. The pushers "all begin at the same hour, work a weekend, perhaps only two hours, then leave town" (Ontario Police Commission, 1964: 151–52; Phillips, 1963b: 74–75).

In a 1969 classified memo entitled "Mafia (Cosa Nostra) U.S.A.," the RCMP documented a connection between Italian crime groups "in Windsor, Detroit, Michigan, and Sicily in the transporting of counterfeit currency." The memo states that Italian tourists brought over to Canada were used to smuggle Canadian-produced counterfeit American currency to the US and Italy. It notes that \$1 million in fake US bills was smuggled to Sicily in May 1962 (National Archives of Canada, RG 76: Records of the Department of Immigration and Citizenship, Series D-7, Vol. 1445). In addition to currency, during the 1960s and 1970s, counterfeiters were also busy producing forged traveller's cheques, stock certificates, bond coupons, racetrack betting slips, company cheques, birth certificates, driver's licences, registration blanks, and licence plates.

Currency counterfeiting began to escalate further in the 1990s, due in part to the widespread availability of personal computers, desktop publishing systems, digital imaging devices, and colour printers, as well as more sophisticated counterfeiters' newfound ability to replicate currency security features. In May 2006, Peel Regional Police shut down a major counterfeiting ring that churned out more than \$2.4 million in fake

Canadian money. After raiding a small warehouse located inside a Mississauga industrial park, police found a 1960s-vintage German printing press, which was capable of producing thousands of pages of fake \$20, \$50, and \$100 banknotes a day. Police also seized five guns, including a sawed-off shotgun used to rob a Canadian Imperial Bank of Commerce (CIBC) branch in 2005, ammunition, bulletproof vests, computers, inks, papers, a hot stamp press, dies, foils, 13 point-of-sale terminals, pinhole cameras, DVD recorders, credit and debit card readers, and forged credit cards. More than 10,000 debit and credit card numbers were also found stored in seized computers. Thirty people were arrested and charged with 469 criminal counts. Among those arrested were five people police alleged to be behind the CIBC bank robbery. Also arrested were several young women who were hired to push the fake money by purchasing merchandise from major retail stores, which would then be returned for a refund (*Brampton Guardian*, May 19, 2006).

International Travel Document Counterfeiting

Unlike other types of identity fraud or counterfeiting, the primary goal of **international travel document (passport) counterfeiting** is not direct financial gain but to facilitate illegal immigration. Counterfeit passports are often used as part of organized immigrant smuggling operations and the illegal entry of crime figures into a country. With that said, there is a black market for counterfeit travel documents, with some groups and independent forgers specializing in this area and charging thousands of dollars for their services.

Case Study: Identity Fraud and Passport Counterfeiting by and for Criminal Offenders

The RCMP says in 2014, it dismantled a passport fraud scheme in which purchased identities were used to obtain passports for cocaine traffickers as well as one murder suspect. Harbi Mohamoud (Dave) Gabad was arrested and charged with numerous passport and identity fraud offences after the RCMP searched his apartment in Gatineau, Quebec. The RCMP alleges that Gabad provided fake passports to the Alkhalil brothers, the core of a major drug trafficking syndicate, one of whom was also wanted for two murders in Toronto and Vancouver. Robby Alkhalil was captured in Greece with a genuine Canadian passport under an assumed identity. Two passport photos of another brother, Hisham Alkhalil, were found on a compact disc at Gabad's Gatineau home. CBC News (May 15, 2014) reported that "the RCMP have linked Gabad to 13 fraudulent passport applications, including eight that were actually issued by Passport Canada under assumed identities, according to search warrant documents filed in court." Gabad allegedly paid drug addicts, the homeless, and mentally ill individuals to provide their government-issued identity documents to be used as a basis for the fraudulent passports. An RCMP official told the media that some forged passports cost as much as \$20,000 (CBC News, May 15, 2014).

Counterfeiting of Consumer Products (Copyright Infringement)

Consumer products—including designer clothing and accessories, electronic equipment, DVDs, digital entertainment products, and computer software—have become a lucrative target of well-organized forgers. The counterfeiting of consumer products also entails **copyright infringement**, which Kangaspunta and Musumeci (2014: 101) define as “the activity dedicated to reproducing the result of someone else’s work or inventive and artistic creativity without authorization and with the aim to obtain an undue profit.” Wall and Large (2010: 1095) identify three groups of victims of copyright infringement: (1) consumers purchasing fake goods, believing them to be authentic, who can be exposed to health and safety risks from counterfeit goods; (2) the copyright owners of the goods or brands being counterfeited; and (3) the general public, which is indirectly affected in copyright infringement, such as by increased prices of authentic goods to offset losses due to counterfeiting and taxes that go toward enforcing counterfeiting laws.

In a report prepared for the International Chamber of Commerce, the total value of counterfeit and pirated goods globally is projected to reach as much as US\$2.81 billion by 2022, while the wider social and economic costs are forecasted to be as high as US\$1.87 trillion. The counterfeiting of goods (also called *product piracy*) “creates an enormous drain on the global economy, crowding out billions in legitimate economic activity and facilitating an ‘underground economy’ that deprives the government of revenues for vital public services, forces higher burdens on tax payers, dislocates hundreds of thousands of legitimate jobs and exposes consumers to dangerous and ineffective products” (Frontier Economics, 2016: 5). The majority of the world’s counterfeit products originate in China (Organisation for Economic Co-operation and Development & European Union Intellectual Property Office, 2017).

The International Anti-Counterfeiting Coalition says that the “low risk of prosecution and enormous profit potential” has attracted organized crime to product counterfeiting (as cited in the *National Post*, Dec. 12, 2003). Albanese (2015: 232) expands on this: “There are organized crime groups that endeavor to profit from the theft of intellectual property. These groups manufacture optical disks that contain pirated music, movies, software, and video games that are distributed around the world.” At the Sixth Global Congress on Combating Counterfeiting and Piracy in 2011, Microsoft Associate General Counsel David Finn discussed how criminal organizations were increasingly turning to software piracy as a low-risk venture that was profitable in and of itself but also to help fund their other criminal activities, including drug and firearms trafficking. By way of example, Finn showed a seized counterfeit copy of Microsoft’s Office 2007 disc, which was stamped with the logo of the Mexican La Familia drug cartel (*Hexus.net*, Jan. 7, 2011). In addition to credit cards, Chinese criminal networks are extensively involved in pirating computer software and digital entertainment products. These are either produced in Canada or produced in China and then smuggled into North America. Chinese crime groups have also flooded Canada and other countries with counterfeit cigarettes.

The Canadian Anti-Counterfeiting Network says that the Canadian market in forged products is worth between \$20 billion and \$30 billion annually (*CTVNews.ca*, Mar. 15, 2021). Since at least 2003, the United States Trade Representative (USTR) has placed Canada on its “Special 301 Watch List,” which designates countries deemed by the United States as failing to provide adequate protection or enforcement of intellectual property rights. In its 2021 report, the US Trade Representative noted “significant concerns” with Canada’s intellectual property enforcement “with respect to counterfeit or pirated goods at the border and within Canada, high levels of online piracy” (Office of the USTR, 2021: 66). In 2011, the International Intellectual Property Alliance (IIPA), which describes itself as “a private sector coalition of trade associations representing U.S. copyright-based industries,” placed Canada on its “Priority Watch” list. The list is made up of countries that have a high rate of piracy and copyright infringement, which is due in part to a weak legislative and enforcement regime. It accused Canada of “cementing its reputation as a haven where technologically sophisticated international piracy organizations can operate with virtual impunity” and “as a safe haven for Internet pirates” who run “some of the world’s most popular illegitimate Internet sites, including illegitimate P2P [peer-to-peer] download and streaming sites” (*Toronto Star*, Mar. 8, 2011). In its 2015 report on Canada, the IIPA said that “notorious pirate websites hosted in Canada remain in full operation” (IIPA, 2015: 81).

CRITICAL THINKING EXERCISE

What are the factors that have contributed to Canada’s reputation as a source of counterfeit consumer products? Are there any causal factors that are unique to Canada, relative to other countries?

Designer fashions are also the target of a worldwide counterfeiting industry that involves well-established OCAs. This includes sophisticated Chinese criminal networks based out of Toronto and in Asia. At a news conference on December 1, 2015, Toronto Police officials said an 18-month investigation had resulted in the confiscation of \$12 million worth of counterfeit items. As the CBC reported, “some of the fake items include Toronto Blue Jays post-season tickets and fake sports jerseys. Other illegitimate products include knock-offs of Coach, Gucci, Hermès, Louis Vuitton, Prada, Chanel, Kate Spade, Tiffany & Co., Michael Kors and Ugg.” A Toronto Police official told reporters, “The sales of counterfeit goods financially supports organized crime and terrorist groups” (*CBC News*, Dec. 1, 2015). The operation, codenamed Project Pace (Partners Against Counterfeit Everywhere), targeted people and groups selling pirated products, including several retailers from across the GTA. At the end of the first phase of Project Pace in 2013, counterfeit goods valued at approximately \$6.5 million were

seized, and more than 100 charges were laid against 21 people. The counterfeit goods, which police said were “substandard and potentially hazardous,” included fake versions of Viagra and Cialis, as well as makeup, contact lenses, and even ice wine and Toronto Transit Commission (TTC) tokens (police said the fake TTC tokens were smuggled to Canada from China inside shower curtain rods) (*CBC News*, Nov. 29, 2013, Aug. 30, 2015, Dec. 1, 2015; *York Guardian*, Dec. 1, 2015).

Counterfeiting of Prescription Drugs

According to the World Health Organization (2006), a counterfeit drug is a pharmaceutical product that is “deliberately and fraudulently mislabeled with respect to identity and/or source.” A 2011 article on counterfeit drugs in the online edition of the *USA Today* indicates that organized crime groups are heavily involved in the production, smuggling, and trafficking of counterfeit prescription drugs:

Groups that have been associated with counterfeit drugs or online pharmacies include the Russian Mafia, the Chinese Triads, the Japanese Yakuza, and the Neapolitan Camorra, among others, who also engage in a range of counterfeiting activities.... There have been numerous cases of counterfeit drug labs operating with complex international frameworks—experts often link the production of counterfeit pharmaceuticals to organized crime. In one case that led to an investigation and seizures, counterfeit drugs produced in China were transported by road to Hong Kong, sent by air to Dubai, passing through London Heathrow on the way to the Bahamas, where the organization kept a warehouse fulfillment centre. From there, the drugs were sent to another organization in the U.K., which eventually sent the packages to the U.S. (*USA Today*, Oct. 7, 2011)

In October 2012, Canada Border Services Agency officials held a news conference in Vancouver where they displayed samples of some of the thousands of counterfeit pills that entered Canada by mail and were seized by border enforcement officials. The presentation followed the culmination of Operation Pangea V, an international investigation coordinated by Interpol that targeted the online sale of counterfeit and illicit medicines. Between September 25 and October 2, 2012, international enforcement efforts resulted in the confiscation of 3.75 million illicit and counterfeit pills worth approximately US\$10.5 million. An RCMP spokesperson told the media that as part of this international operation, Canadian officials inspected almost four thousand packages containing prescription drugs mailed into the country and seized two thousand of these packages on suspicion they contained fake drugs. In total, 140,000 fake pills worth an estimated \$1 million were seized. Many of the parcels contained thousands of dosages; the largest package intercepted contained eight thousand doses. The fake medications

seized included those marketed as anti-depressants, sedatives, prescription weight-loss products, heart medications, hormone-replacement therapies, and erectile dysfunction drugs. The RCMP spokesperson emphasized that fake drugs can endanger lives because the ingredients in many of the products include undisclosed pharmaceutical medicines and dangerous chemicals (Canadian Press, Oct. 4, 2012).

The risk of purchasing counterfeit drugs escalates dramatically when one attempts to order them online. Purchasing medications through the Internet also increases the chance of customers becoming victims of identity theft and credit card fraud. This is because the suppliers are often connected to organized crime groups that also operate identity theft and credit card counterfeiting operations. China is the primary source of fake medications, which is not surprising given its reputation as the counterfeit capital of the world (Interpol, n.d.b.; Canadian Press, Oct. 4, 2012; *USA Today*, Oct. 7, 2011).

KEY TERMS

Bank card fraud	International travel document
Boiler room	(passport) counterfeiting
Burglary	Labour racketeering
Business racketeering	Malware
Cargo theft	Organized crimes
Copyright infringement	Organized criminal activity
Counterfeiting	Phishing
Credit card counterfeiting	Predatory crimes
Currency counterfeiting	Protection racket
Cybercrime	Ransomware
Deceitful mass marketing	Robbery
Denial-of-access	Skimming
Extortion	Strike insurance
Fraud	Sweetheart contract
Fund raiding	Theft
Hacking	Trojan
Human trafficking	Unorganized crimes
Identity theft and fraud	Vehicle theft

REVIEW QUESTIONS

1. What makes organized crimes unique compared to more rudimentary or “unorganized” crimes?
2. What are some of the different ways that organized crimes can be conceptualized?
3. What are the different predatory activities carried out by organized crime?
4. What are the features of these predatory crimes that make them “organized”?
5. How can a criminal activity be considered both predatory and consensual?
6. What are some of the characteristics of predatory e-crimes and how do they differ from traditional predatory crimes?

FURTHER READINGS

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10

CONSENSUAL CRIMES



CHAPTER OUTLINE

- Introduction and Overview
- Illegal Gambling
- Loansharking
- Smuggling
- Cyber-Trafficking and the Dark Web

LEARNING OUTCOMES

After reading this chapter, you should have a thorough understanding of the following:

- The nature of consensual criminal activities (excluding drug trafficking) and how they differ from predatory criminal activities
- Different types of consensual crimes carried out by organized criminal associations (OCAs)
- What makes consensual illegal activities associated with organized crime unique
- Factors that give rise to consensual criminal opportunities and illegal markets
- Common denominators among different consensual criminal activities
- The implications of the Internet (the “dark web”) for consensual crimes and illegal markets

INTRODUCTION AND OVERVIEW

Generally speaking, a consensual crime is one where no victim exists; that is, two or more individuals willingly engage in an (illegal) commercial transaction. Like any legitimate business transaction, one of the individuals involved is consuming the good or service (without coercion) while the other is supplying it. A distinguishing characteristic of organized crime (OC) is that it is in the business of providing goods and services to a consuming public primarily through underground “black” (illegal) markets. Naylor (2003b: 85) uses the term **market-based crimes** because they “involve the voluntary transfer of illegal goods and services based on some notion of a fair market value.” Thus, it is not only the supplier that benefits from this exchange (by making money), but the consumer also benefits (by receiving a product or service he or she demands). This is why consensual or market-based crimes are also referred to as “victimless” crimes.

Traditionally, black markets satisfy the demand for goods and services that have been prohibited or heavily regulated by the state because they are deemed immoral or destructive to the individual and society. Consensual crimes that satisfy people’s vices are a major reason that organized crime, OCAs, and black markets exist. As van Duyne (1996: 203) indicates, OC is inextricably intertwined with illegal markets: “What is organized crime without organizing some kind of criminal trade; without selling and buying of forbidden goods and services in an organizational context? The answer is simply nothing.” Participation in consensual criminal activities and black markets by both suppliers and consumers has resulted in the “commercialization” of society’s vices (Albanese, 2015: 41). Indeed, illegal markets and consensual criminal activities have been simultaneously fuelled by both demand (for illegal drugs, cheap cigarettes, off-track betting, games of chance, fast loans, and sex) and supply (OCAs are involved in drug trafficking, cigarette smuggling, bookmaking, gambling, loansharking, and the sex trade).

Key Terms: Trafficking and Illegal/Illicit/Black Markets

When discussing consensual crimes in the context of organized crime, the term **trafficking** is often used, which broadly refers to the sales, marketing, and distribution of illegal and criminal services. The word has become almost synonymous with organized crimes, especially regarding the trafficking of drugs and people. As these two examples insinuate, trafficking can entail both consensual crimes (the trafficking of drugs or other illicit goods) and predatory crimes (trafficking in people). The term *illegal markets* (or *illicit markets*) refers broadly to the sale and purchase of an illegal product (e.g., the cocaine market). The terms *underground market* and *black market* are also commonly used, although the former may simply refer to the provision of legal services without official invoicing or taxes being paid (e.g., the home renovation industry has a large underground market).

The goods and services provided by organized criminal offenders are not restricted to vices such as drugs, gambling, and prostitution. OCAs and illegal markets also provide a wide range of other goods and services that are in demand and for one reason or another are also offered in the underground economy. Two such examples are migrant smuggling (based on the demand for illegal immigration) and counterfeit consumer products (based on the demand for goods at a discount). Thus, the goods and services provided in underground markets include those that have either been made illegal by the state (e.g., drugs, bookmaking, the soliciting sex for money) or are heavily regulated and controlled by the state so that any unauthorized distribution or participation in such activity is illegal (e.g., cigarettes, liquor, prescription drugs, immigration).

CRITICAL THINKING EXERCISE

The inter-relationship between societal vices, consensual crimes, illegal markets, and OCAs raises the following question: Do the suppliers of illicit goods and services create black markets, or is it the “widespread demand for these things that stimulates and nourishes the illegal activities of organized crime groups?” (Albanese, 2015: 94). Is this an “either-or” question, or does the answer lie somewhere in the middle? Why is the answer to this question important in controlling black markets and organized crimes?

The remainder of this chapter examines four broad categories of consensual organized crimes and illicit markets in Canada: illegal gambling, loansharking, smuggling, and trafficking.

ILLEGAL GAMBLING

Albanese (2015: 40) defines **gambling** as “games of chance, where luck determines the outcome more than skill.” While there are numerous forms of legal gambling in North America (bingo, lotteries, horse racing, fantasy sports leagues), governments in North America have always had reasons to control this vice “stemming either from practical concerns—such as curbing gambling addiction and maintaining public order—or from religious and ideological principles.” Prohibiting or restricting gambling and sports betting, however, inevitably creates illegal markets “that organized crime groups have at times been able to dominate” (Spapens, 2014: 402), partially because operating “a large-scale gambling operation for a prolonged period requires a stable and significant level of organization” (406). Illegal gambling has been one of the most widespread and profitable organized crimes and can be divided into two broad categories: (1) games of chance, from illegal lotteries, card games, and underground

casinos, all the way to organized crime's influence in legalized gambling in Las Vegas, Atlantic City, or Macau; and (2) bookmaking, in which bets are taken on sporting events.

Illegal gambling has existed in North America for centuries, and over the years, it has become increasingly organized (both legally and illegally). In a May 1894 *Toronto Star* article entitled “On the Throw of Dice,” the newspaper describes the “gambling halls in full operation where many men lose most of their earnings and where a few make very comfortable livings without working.” The most popular destinations for gamblers in Toronto during this time were the “poker joints,” which were “frequent at the present time and have been for many years” (*Toronto Star*, May 21, 1894). By 1901, professional gambling operations in Toronto were perceived to be so widespread, and the police response so lax, that the city’s Board of Police Commissioners was compelled to hold a public inquiry (Schneider, 2016: 136).

In addition to gambling dens, **bookmaking** was becoming a growing source of revenue for underground entrepreneurs in Toronto. Local **horse-books** became widespread with the opening of the Woodbine racetrack in 1874 and its decision to license people to take bets on site. It was not long after that hordes of unlicensed bookmakers began showing up at the track, offering better odds than their legitimate counterparts. Off-track betting operations or “bucket shops” were also popping up throughout the city to accommodate those who were unable to attend Woodbine or other racetracks in person (*Toronto Star*, Apr. 4, 1903). Testimony at the 1901 police commission suggests that bookmaking operations in Toronto had already become organized in that some local bookies were part of a larger gambling syndicate based in Buffalo. This relationship allowed residents of upstate New York to place bets on horse races at Woodbine while Toronto residents could bet on races at various tracks in New York State through their local **bookie**. This long-distance betting was enabled by the telegraph system, which could quickly relay up-to-the-minute information on races and other sporting events between cities and countries.

Key Terms: Professional Gambler and Bookmaker

Traditionally, the term **professional gambler** refers to an individual that makes a living offering illegal gaming, such as lotteries, dice games, card games, and underground casinos. (Today, it may refer to someone who makes a living from playing card games for prize money.) A **bookmaker** (or *bookie* for short) refers to an individual who takes bets on sporting events. In gambling parlance, this term originated from the practice of recording wagers in a hard-bound ledger (the “book”). When one is laying bets, one is “making a book.”

As gambling operations became better organized, a division of labour began to emerge. This included such specialized positions as runners (those who took bets), collectors (those who collected money), enforcers (those who ensured bets were paid), controllers (mid-level managers who hire and supervise the bookies), bankers (those who control the money, pay winners, and bribe police), technicians (to install the wire service), operators (to decode the information sent over telegraph system), and “chalkers” (who tallied on a large blackboard the odds and results from horse races). By the 1920s, large-scale bookmaking consortiums were operating in Canada’s major cities, most of which had ties to American gambling syndicates. In December 1923, under the headline “Toronto Is Biggest Betting Place in North America,” *Daily Star* correspondent Ernest Hemingway reported that local gambling and bookmaking organizations were making as much as \$100,000 in profits a day. “It has been estimated that more men are employed in illegal betting in North America than work in the steel business,” Hemingway writes, “And it all goes on under the surface” (*Toronto Star*, Dec. 18, 1923).

It was at the end of Prohibition that gambling became the most profitable organized crime in the United States and Canada. Gambling (except on horse racing) was illegal throughout much of North America, although it was clear that it enjoyed enormous popularity, cutting across social class and ethnocultural groups. Realizing the demand for gambling outlets, OCAs began to branch out into bookmaking, private card games, and, most ambitiously, casino gambling. The enormous profits were often lent back to gamblers at usurious rates, making loansharking second only to gambling in terms of profit during the 1930 and 1940s (Hammer, 1975).

During the late 1940s and early 1950s, Montreal had become a North American mecca for gambling, which was gradually controlled by the Canadian crews of American La Cosa Nostra (LCN) groups. Tepperman (1976: 144) notes that it was the tightening of gambling laws in the United States following the Senate Crime Commission hearings of 1951 that precipitated the expansion of (organized) gambling in Quebec: “In an effort to evade these laws, it is said, the American Mafia figures decided to set up gambling activities in Montreal, connecting them to much of the American network by wire. It is said that at least three New York Families—Profaci, Genovese, and Bonanno—were involved in this operation and that Carmine Galante, a Bonanno Family lieutenant was sent to Montreal to supervise the gambling and dope-smuggling activities of these families.” Carmine Galante and his Canadian partner, Vic Cotroni, began by extorting independent gambling operations and then moved to take direct control over them. By the mid-1940s, a gambler could lay a bet in one of over two hundred underground establishments in greater Montreal, which collectively generated an estimated \$100 million annually in revenue (Weintraub, 2004: 61, 85). A 1946 *Time* magazine article describes how gambling at the luxurious Mount Royal Bridge Club often took in as much as \$100,000 on weekends through its crap games and roulette wheels (*Time*, Aug. 5, 1946). A series of *Montreal Gazette* articles published in the summer of 1945 reported that

during their peak periods between 9:00 p.m. and 4:00 a.m., the city's *barbotte* houses—so-named after a dice game similar to craps—employed close to four hundred people, who collected \$75,000 in bets every hour (*Montreal Gazette*, Jul. 12, 1945, Jul. 21, 1945).

Case Study: Harry Ship, the “King of the Montreal Gamblers”

Harry Ship possessed an abundance of attributes that propelled him to prominence among professional gamblers in Montreal during the 1940s: he had a great mind for business, was well respected among his peers, was highly innovative when it came to using new technology, and was a brilliant mathematician. Born in 1915, Ship was a mathematics student at Queen's University before dropping out and beginning his career as a bookmaker's clerk. In 1940, he started Montreal's largest bookmaking enterprise when he converted several apartments in a St. Catherine Street multi-residential building. Ship equipped each apartment with five telephone lines and several blackboards. Adapting the headsets worn by Bell telephone operators with long extension cords, each bookie was now free to take calls while writing bets on the blackboards, an innovation that allowed Ship to cut labour costs by combining two jobs into one. Business became so brisk that Ship used partitions to subdivide apartments into halves and then quarters. He was supplied with racing forms from a nearby printing office, and by 1943 he was contracting the telegram service of the Canadian National Railway to receive the results of horse races and sports scores from across the continent. He also had a sports ticker service installed in the hall of the building, which in 1946 was hooked up to a Trans-Lux projector that illuminated onto a large screen the racing information coming in over the ticker service.

Ship's bookmaking operations covered so many events and his slip writers took so many wagers that blackboards had to be replaced monthly. When he appeared before a public inquiry into organized gambling and graft in 1952, Ship admitted that between 1940 and 1946, he grossed more than \$1 million annually from his bookmaking business, most of which was deposited into a bank account registered in the name of the Victory Cigar Store. During the same period, Ship's St. Catherine Street operation was raided 34 times by police, leading to 37 convictions against his bookies, the padlocking of various apartments in the building, and thousands of dollars in fines. “The fines we paid took care of the police department's salaries, or a large part of them, and the city coffers were getting fat,” he said. “I think that's why we were tolerated.” Despite his substantial revenue, Ship cried poverty when he was arrested on gambling charges in 1946. “The horses forgot to win,” he laconically explained to Justice Caron (*Montreal Star*, Jul. 23, 1952).

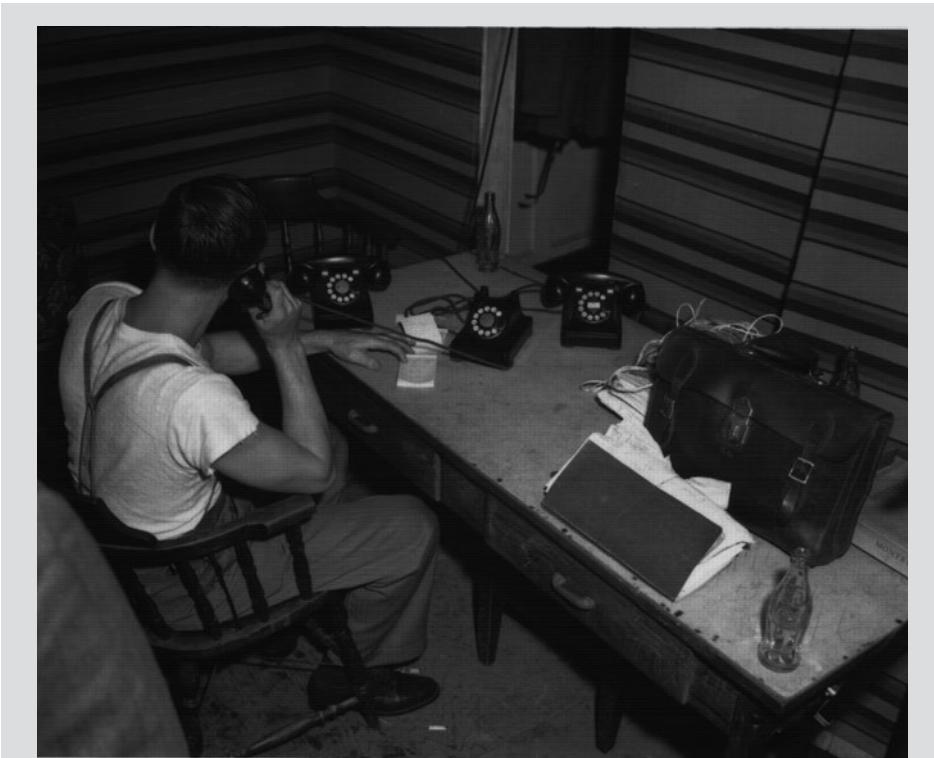


Photo 10.1: One of Harry Ship's slipwriters working in a partitioned cubicle

Source: Reprinted with permission from the Library and Archives Canada and Southam Inc./*Montreal Gazette*, PA 144557

On January 8, 1948, the 33-year-old was convicted on three counts of operating an illegal gaming house and was sentenced to six months in prison (Phillips, 1963a: 11–12; Weintraub, 2004: 74–75; *Montreal Gazette*, Jan. 10, 1948).

Ship's assertion that he was broke may very well have been true. He was an inveterate gambler who had no qualms about betting thousands of dollars on a single horse race or sporting event. Because of his gambling debts, Ship was forced to take on local Mafiosi as partners in his gambling operations. Before long, American LCN bosses began instructing their bookies to pack up and relocate to Montreal, and by the spring of 1953, the city had become one of the biggest bookmaking centres on the continent. The incursion of the LCN into the local gambling scene helped pave the way for the eventual consolidation of local criminal rackets under New York's Mafia families, and the transformation of organized crime in Quebec into a branch of the American LCN.

During the 1940s and early 1950s, most of the numerous gambling operations in Ontario were largely independent, although the largest bookmaking operation in the province, run by Max Bluestein, reportedly had more than two hundred people working for him (Freeman & Hewitt, 1979: 79–81). In July 1960, betting slips seized by police during a raid on one of Bluestein's gaming parlours showed its daily average revenue over a nine-day period was \$37,700 (Roach, 1962: 358). Like Quebec, however, the days of the independent gambling operator in Ontario were numbered as the emerging provincial Mafia chief, John Papalia, consolidated his grip on several criminal rackets in that province. He began by ordering each of the independent gambling operators to provide him with a cut of their profits. Eventually, all the major gambling operations in the Toronto–Hamilton area, with the exception of Bluestein, were paying protection to Papalia. Along with Danny Gasbarrini, Papalia set up his gambling hall called the Porcupine Mines Social Club in Hamilton, just a block away from the city's central police station. Years later, Gasbarrini told the press, "For two years the police never bothered with us although they knew it was going on. But we never paid anyone off. It was just that

we ran an honest game and had some of the best people in town coming to it" (*Hamilton Spectator*, Oct. 18, 1963, as cited in Freeman & Hewitt, 1979: 80). To understand the widespread nature of underground gambling, one must appreciate the extent to which illegal gambling operators were protected by law enforcement and politicians in return for generous compensation. Gambling was often viewed as an innocent vice by police and other government officials so they could rationalize accepting bribes to look the other way.

By the end of the 1950s, Papalia was the most powerful OC figure in Ontario. When all the other professional gamblers in the province had capitulated to Papalia, Bluestein continued to resist. He would pay for his defiance in April 1961, as he was brutally beaten by Papalia and six of his men as he left a Toronto restaurant (Freeman & Hewitt, 1979: 79–81; *Toronto Star*, Apr. 7, 1961).



Photo 10.2: Max Bluestein

Source: Illustration by Ben Firsch

During the 1960s, several developments in gambling occurred that diminished the mob's powerful control over gambling in the United States and Canada. Government-run lotteries became the norm, as the profitability of legalized gambling was too hard to resist. Other forms of gambling, including off-track and casino betting, were also made legal in various jurisdictions. The legalization of various forms of gambling did not

eliminate illegal bookmaking operations as the professional gamblers and bookmakers adapted by offering their clients better odds, more convenience, and more selection, as well as credit and on-the-spot loans.

CRITICAL THINKING EXERCISE

Compare and contrast state-run gambling operations in Canada (e.g., Lotto 649) with those run illegally. Critically analyze whether the legalization of some forms of gambling in Canada has resulted in any reduction in illegal gambling and bookmaking.

In its 1992 report on organized crime, the Canadian Association of Chiefs of Police (CACP, 1992: 78) revealed that bookmaking activity in Metropolitan Toronto “is dominated by several established bookmakers who are in the 60- to 70-year age group. These individuals are financially established and very active in sports betting action. They rely on younger individuals to generate new action and to act as a shield between themselves and law enforcement.” A 1996 classified report by the Criminal Service of Ontario states that the many types of illegal gambling in the province were taking in an estimated \$10 billion a year (as cited in *Ottawa Citizen*, Mar. 14, 1996). Three years later, the provincial government established the Illegal Gaming Enforcement Unit, and that year, 941 gambling-related charges were laid against 623 people (Criminal Intelligence Service Canada [CISC], 2000: 19). While betting on single sporting events was prohibited in Canada up until 2021 (see below), the *Criminal Code* still allowed Canadians to make what are called **parlay bets** (wagering on the outcome of three or more events).

CRITICAL THINKING EXERCISE

While betting on single sports events has long been illegal, fantasy sports leagues have emerged to take legal wagers. Websites like Draft Kings (www.draftkings.com) take in millions of dollars in revenue every month from individuals who build their fantasy teams in leagues such as the National Football League (NFL), National Basketball Association (NBA), National Hockey League (NHL), and Major League Baseball (MLB), and then compete against other fantasy teams for cash prizes. Conduct research into these fantasy leagues and analyze them in the context of sports betting and bookmaking operations. Why do you think fantasy sports leagues were legal during the time when betting on individual sporting was illegal? If bookmaking is illegal, do you believe fantasy sports leagues should be illegal as well? Conversely, if fantasy sports leagues are legal, should betting on single games be legal as well?

The Canadian Gaming Association (CGA) estimates that more than \$14 billion annually is wagered illegally on single sporting events in this country (*CBC News*, Jan. 24, 2020). This figure may be inflated given the CGA is a lobby group for the gaming industry and a strong advocate for the legalization of single-sport betting in the country. With that said, it is clear that billions of illegal bets are taken every year and have been steadily increasing since the advent of the Internet. Today, most illegal wagers are placed on professional team sporting events (not horse racing), and bets are made through the Internet and smartphone apps. Montreal's Rizzuto family helped usher in a new era of high-tech bookmaking and has been linked to sophisticated and highly profitable operations in Canada over the years.

Case Study: High-Tech Bookmaking and the Rizzuto Mafia Family

In November 2002, an Ontario court levied fines and ordered forfeitures totaling \$300,000 against Dario Zanetti, who was in charge of a vast inter-provincial bookmaking ring that police believed was being run by the Montreal Mafia. "He's working for the Rizzuto crime family, and he took the rap for his bosses back in Quebec," one police officer told the press (*Globe and Mail*, Nov. 9, 2002). The financial penalties were the culmination of a police operation codenamed Project Juice, in which more than three dozen people in Toronto, Montreal, and Ottawa were arrested in April 2001 following a seven-month investigation. As part of a plea bargain, charges were dropped against nine other men, including made members and associates of the Rizzuto family. Police said that over five months, the inter-provincial bookmaking ring took in more than \$20 million in wagers on professional and college sports, using a website, BlackBerry pagers, and PalmPilots to take bets (*Globe and Mail*, Nov. 9, 2002; *Montreal Gazette*, Nov. 9, 2002; *Toronto Star*, Nov. 10, 2002).

In November 2012, the RCMP in Ottawa announced the results of an inter-agency police investigation called Project Amethyst, which culminated with the arrest of 21 people linked to the Rizzuto family, who were allegedly behind a sophisticated web-based sports bookmaking operation in Ontario and Quebec. The RCMP said that bets of several million dollars were placed over one year, mostly related to the NHL, the NFL, and the Olympics. The illegal website took in approximately \$5 million in bets that generated nearly \$1.2 million in profits. Clients were given the secret website address as well as a username and a password. Among those arrested were four people who police said were the main organizers of the bookmaking operation: Gary Saikaley, Benedetto Manasseri, Stephen Parrish, and Domenic Arrechi. All four pleaded guilty in 2014 to a variety of gambling-related charges. One bettor told police that Manasseri was at the "top of the organization" and when he gave the "word," the bettor got paid his winnings

(collected in cash at a local car wash) (*Ottawa Sun*, May 16, 2014). Saikaley, who admitted to being the administrator of the website, was previously fined \$22,500 in 2006 for bookmaking offences and also served a seven-year prison sentence for a 1986 shooting. Stephen Parrish was responsible for collecting debts from bettors (CBC News, Nov. 9, 2012; *Ottawa Citizen*, Nov. 9, 2012, Apr. 29, 2014, May 15, 2014; *Ottawa Sun*, May 16, 2014; RCMP News Release, Nov. 9, 2012). A 2019 article in *La Presse* states that members of the Montreal Mafia still operate illegal gambling and bookmaking websites and monopolize illegal sports betting in Montreal (*La Presse*, Dec. 11, 2019).

CRITICAL THINKING EXERCISE

For decades, the *Criminal Code* made it illegal to wager on a single sporting event, except for horse racing. In 2020, a private member's bill to legalize betting on individual sporting events was introduced in the Canadian Parliament. This was the most recent of many bills introduced into Parliament over the years, all of which ultimately failed to change the laws. Supporters of these bills say the legislation would deprive OCAs of illegal revenue while subjecting it to taxation and regulation by the provinces (*Globe and Mail*, Jun. 2, 2021). In August 2021, single-sport betting took a big step toward legalization when the federal government amended the *Criminal Code* and other legislation to allow provincial governments to regulate single-sport betting (i.e., to create a legal market for it). Conduct research into the most recent federal decision. Do you support the legalization of individual event sports betting? What are the pros and cons of legalizing betting on individual sporting events? Do you believe this bill will help eliminate or minimize illegal sports betting and the involvement OCAs in bookmaking?

Like other organized crimes, illegal bookmaking and gambling have been revolutionized by the Internet. Illegal gambling websites can be broken down into two categories: those that offer casino games such as blackjack, roulette, and poker, and those that take bets on racing and sporting events. Internet gambling sites provide numerous features that are ideally suited for organized crime. The Internet offers a distinct advantage over conventional gambling operations in the sheer volume of bettors and bets that can be accommodated. An investment of as little as \$100,000 can purchase the hardware and software required to establish a gambling website capable of reaching millions of prospective bettors, which can take in tens of millions of dollars in wagers 24 hours a day (Federal Bureau of Investigation [FBI], 1998). Most are hosted outside of North America, which effectively puts them beyond the



reach of the legal systems of Canada and the United States. In addition, the offshore location and faceless technology of websites provide shady operators the opportunity to rig games. Spapens (2014: 411) notes that according to 2007 figures, 401 gambling websites were traced to the Kahnawake Mohawk reserve in Canada. Jurisdictions that host a comparable number of gambling websites include Antigua (537), Costa Rica (474), and Curacao (343).

Canadian companies and entrepreneurs have become involved in the Internet gaming industry by developing software and even starting up their own gambling websites. In the first prosecution of a Canadian online gambling firm, Vancouver-based Starnet Communications International Inc. pleaded guilty to an illegal gambling charge in 2001. While it only paid a fine of \$100,000, the court ordered the forfeiture of \$6 million it deemed to be the proceeds of crime. The company reinvented itself under a different name, World Gaming, and moved to the Caribbean island of Antigua (Canadian Press, Aug. 21, 2001). In another case, Francesco del Balso, a member of the Rizzuto Mafia family, was arrested in Quebec in March 2007 after police shut down a sports bookmaking operation that in the space of just 11 months took in almost half a billion dollars in bets and netted del Balso a profit of around \$17 million. All bets were made through a website called World Sport Centre. He was arrested as part of a sweep of the Rizzuto family and its associates in November 2006 (*National Post*, Mar. 6, 2007).

In its 2019 annual report on organized crime in Canada, the CISC notes that illegal gaming “is controlled” by Italian Mafia groups and outlaw motorcycle gangs “either working together or on their own in numerous urban centres.” These illegal gaming networks “generate millions of dollars of revenue each year, and OCGs [organized crime groups] involved in this market use these illicit funds to finance other forms of criminality, such as drug importing and trafficking” (CISC, 2019: 12). The *Journal de Montréal* reported in 2021 that a casino under construction in the Kane-satake territory of the Mohawk Nation is being financed in part by senior members of the Montreal Mafia and two full-patch members of the Quebec Hells Angels (*Journal de Montréal*, Apr. 12, 2021). On the west coast, illegal gambling operations are also run by organizers linked to Chinese criminal networks that provide money laundering services (Combined Forces Special Enforcement Unit—BC Press Release, Jun. 13, 2017).

LOANSHARKING

Usury—the lending of money at interest rates that exceed legal limits (Albanese, 2015: 47)—has long been a source of revenue in the criminal underworld. Before

the 1960s, it was believed that **loansharking** was second only to gambling as a source of revenue for organized crime. Loansharking operates on two principles: “the assessment of exorbitant interest rates in extending credit and the use of threats and violence in collecting debts” (Goldstock & Coenen, 1980: 2). Interest rates levied by loansharks could run anywhere from 100 to 2,000 percent annually (the *Criminal Code of Canada* makes it illegal to charge more than 60 percent of the credit advanced). In March 2001, three Toronto-based members of a Chinese OCA pleaded guilty to lending money at usurious rates. Police alleged that they operated a loansharking ring in Casino Rama, located about 110 kilometres outside of Toronto. “Most of the victims willingly went to these people just to get money to gamble,” according to an official with the Casino Intelligence Unit of the Ontario Provincial Police. The loans averaged about \$5,000, with 10 percent being taken off the top right away (so a borrower would only receive \$4,500 cash on a \$5,000 loan). The borrower then had to repay the entire \$5,000 within an agreed-upon time, usually three days. If the amount was not paid within the specified period, another \$500 would be tacked on to the principal (*National Post*, Mar. 14, 2001).

Loansharking is an illegal activity that is tailor-made for OCAs. Access to large amounts of capital allows them to pour substantial cash into the underground credit market. Loansharking is also closely tied to gambling, and OCAs that have a hand in both can expect their clients who both borrow and gamble to pay them twice for the privilege of losing their money (borrowed money lost at games of chance still must be repaid to the lender). The violent reputation of OCAs lends credence to potential reprisals, thus augmenting the aura of fear and intimidation that is critical to success in the loansharking business (Goldstock & Coenen, 1980: 177–78). With that said, Reuter and Rubinstein (1978: Appendix 3–4) deny that most loansharks are in the “muscle” business; they are in the credit business, and thus “they lend money to customers whom they expect will pay off and eventually return as customers again.” Repeat business is the key to successful loansharking operations studied by Reuter and Rubinstein (1978), and, as such, the loanshark tends not to carry out the implicit threat of force. In this respect, loansharks view themselves as businesspeople and operate very much like traditional banks. They will run credit checks on prospective borrowers and will often secure collateral for the loan. Alternatives to violence are also pursued; the debtor has assets seized, is forced to work off the loan, or takes in a loanshark as a partner in his legitimate business in lieu of repayment or as partial payment.

The underground credit market is useful for OCAs and criminal entrepreneurs because it serves two other useful purposes: the proceeds of drug trafficking and other organized crimes can be lent out, generating more revenue from the illicit capital.



Photo 10.3: Shakespeare's Jewish character Shylock, the grotesque and comic villain in *The Merchant of Venice*, provided an anti-Semitic euphemism for loansharking, just as his demand for a "pound of flesh" has become a metaphor for cruel and relentless greed.

Source: Lamb, C., & Lamb, M. (1901). *Tales from Shakespeare*. Philadelphia: Henry Altemus Company.

Case Study: Lending and Laundering Drug Money through Mortgages

An investigative report by the *Globe and Mail* in February 2018 contends that cash from drug sales is being funnelled into Vancouver's real estate market as private mortgages and loans. The cash is laundered through monthly mortgage payments, and "if the property is sold, the loan is paid out from the sale proceeds, in clean money, all seemingly legal. Except these financiers are unregulated and unlicensed and the loans they grant are in cash, which is likely dirty money derived from drug deals or other crimes" (*Globe and Mail*, Feb. 16, 2018). The *Globe* identified 17 underground mortgage lenders in Vancouver and cites one case involving the Zhang family, who police allege charged interest rates of 39.6 percent. Other similar lenders charged up to 120 percent interest. Collectively,

these lenders claimed a \$47-million stake, plus interest, in 45 Vancouver-area properties at the time the article was published. The Zangs alone had financial stakes worth at least \$20.7 million, individually or through numbered companies. Police caught the Zangs reportedly with \$660,970 in small bills (covered with traces of fentanyl and other street drugs). The newspaper identifies other private mortgage lenders in British Columbia who have been convicted of drug crimes (*Globe and Mail*, Feb. 16, 2018). Paul King Jin has been accused by the provincial government of laundering drug money through private mortgages and loans to real estate developers, often in cash. He allegedly threatened or used violence to collect from his debtors, including an unsuccessful attempt to kidnap the child of one (*Globe and Mail*, Mar. 22, 2019).

CRITICAL THINKING EXERCISE

The last few years have witnessed the meteoric rise of the so-called **payday loan** industry, which provides short-term, high-interest loans (often advertised as “advances on pay cheques”) to its customers. This legal industry has been under considerable criticism for its predatory lending practices of charging mostly poor, desperate people annual interest rates that can be as high as 650 percent for cash loans. If a lender is unable to make payments, he or she may be charged additional fees (Financial Consumer Agency of Canada, 2016). Conduct some research into these companies and the controversy that surrounds them. In your opinion, are these payday loan companies simply loansharks masquerading as legitimate businesses? What is the difference between these legal companies and illegal loansharking? Why do they continue to be legal in Canada when the interest rates on their loans are so high?

SMUGGLING

Smuggling is one criminal activity that is inexplicably tied to (transnational) organized crime and to underground markets in Canada that deal in a wide variety of drugs and other **contraband**. As Kleemans (2014: 47) writes, “many profitable criminal activities boil down to international smuggling activities—drug trafficking, smuggling illegal immigrants, human trafficking for sexual exploitation, arms trafficking, trafficking in stolen vehicles.” Chapter 1 details Canada’s long history with smuggling, which dates to its colonial days when tariffs imposed by Britain promoted widespread contraband markets for tea and other necessities. Government taxes on opium and cigarettes continued to fuel smuggling into Canada during the 19th century. In the first quarter of the 20th

century, Canada was the destination of smuggled opium, heroin, and cocaine, and other contraband, including cigarettes, motor fuels, wildlife, artifacts, jewellery, gems, blue jeans, and people. In the postwar era, the smuggling of drugs became the principal preoccupation of many transnational crime syndicates, given the high level of demand and profit potential. Liquor and cigarettes are also some of the commodities most frequently smuggled into Canada. One 1994 report from the CACP is still applicable to this day: “All major facets of organized crime are involved in the smuggling trade. These include traditional organized crime groups, outlaw motorcycle gangs, the aboriginal criminal element, criminals of Asian descent and a variety of other criminally active ethnic groups. Over the past several years, new organized smuggling groups have evolved for the sole purpose of smuggling various products into Canada” (CACP, 1994: 7).

Several factors contribute to Canada’s smuggling problems. Public demand for drugs and other contraband is a major driving force. The high price of certain goods in Canada relative to the United States, which is often a function of higher taxes in the former, helps create underground markets in Canada for goods smuggled in from the US. The extent of inbound smuggling into Canada is greatly affected by its proximity to the US, which is a major supplier or transit country for drugs, cigarettes, liquor, and firearms smuggled into Canada. The US is also the destination for outbound smuggling from Canada as it represents the largest market for marijuana and synthetic drugs produced in this country. Canada is also a transit country for illegal migrants (mostly from Asia) secretly entering the US. The fact that the two countries share the world’s longest undefended (and poorly enforced) border creates an opportunity for smugglers who feel that they can easily evade interdiction. Canada also has a large concentration of its population living within a short distance of that border, which provides a convenient marketplace for inbound smuggled goods as well as a sympathetic and skilled labour pool from which to draw smugglers. Smuggling routes are well established along the Canada-US border, with some dating back to the 19th century. As discussed earlier in this book, a major conduit for smuggling between the United States and Canada is the Akwesasne reserve, which straddles the international border.

The increase in international trade and the intertwining of national economies (often referred to as *globalization*) is cited as a factor that has enabled contemporary smuggling, with transnational organized crime groups and networks taking advantage of the easing of international trade restrictions. Transnational criminal operations have also capitalized on the primacy of the sovereign nation-state and the resulting limitations this brings to international law enforcement, such as different legal systems, the lack of an international criminal justice system, and obstacles to co-operation and coordination among law enforcement in different countries. In contrast, the level of international networking and co-operation among OCAs located in different countries has greatly augmented smuggling (Allum & Gilmour, 2012; Di Nicola, 2014). China’s emergence

as the world's largest producer of counterfeit goods and supplier of fentanyl combined with the presence of well-established criminal networks in Canada with strong links to China, has only worsened Canada's smuggling problems.

All modes of transportation are used to smuggle drugs and other contraband into and out of Canada. The largest payloads are brought in via marine containers (through marine ports) and tractor-trailer trucks (through official land border crossings). Heroin is frequently transported via the airlines, either through air cargo or hidden in the suitcases of passengers on commercial flights. Heroin, fentanyl, and illegal pills have also been mailed into the country. Smuggling occurs through both **official ports of entry** (guarded by customs agencies) and "**unofficial" (unguarded) ports of entry**. When official ports of entry are used, the smuggler and the vehicle blend "into the flow of licit cross-border traffic and trade," but the contraband is hidden. Alternatively, smuggling takes place over the "green border" (unguarded crossings, in particular, those that are "remote, poorly monitored or difficult to monitor"), in which the smuggler and the contraband are all meant to be hidden from official scrutiny (von Lampe, 2012: 194).

Tobacco Smuggling

Contemporary **tobacco smuggling** is not without historical precedence. By the end of the 19th century, tobacco products had become the most popular contraband in Canada. In the 1890s, the Dominion government imposed an import duty to protect domestic cigarette manufacturers from foreign competition. This duty raised the cost of a small package of cigarettes imported into Canada to 10 cents; in the United States, they could be purchased at half that price. The result, according to an 1895 *Toronto Star* article titled "Smuggle the Vile Cigarette," was that tobacco smugglers were now "doing business on a tremendously large scale, bringing the goods both to Toronto and to Montreal" (*Toronto Star*, Aug. 2, 1895).

It was in the 1990s that the scope of cigarette smuggling into and out of the country exceeded any previous period in its history. This was due to a significant increase in the Canadian government tax on the domestic sale of cigarettes while no similar tax was applied to exports to the United States, which meant they were much cheaper to purchase there. Between 1991 and 1993 alone, cigarette exports to the United States rose 824 percent (Canadian Tobacco Manufacturers Council, n.d.). The vast majority of these cigarettes were then smuggled back to Canada (through the Akwasasne reserve that straddles the US–Canada border) and distributed through networks of wholesalers, legitimate retail outlets, and street vendors, who sold them for far below their legitimate market price. By 1993, there were an estimated 90 to 100 million cartons of contraband cigarettes in the country, representing 40 percent of the \$12.4 billion Canadian cigarette market (Chrétien, 1994: 6). Research conducted in 1998 by the consulting firm KPMG indicated that a case of a thousand cigarettes smuggled into Canada across the



Photo 10.4: Cigarette smuggling is a global problem. In this photo, the UK Border Agency discovered one million Chinese-made cigarettes hidden inside concrete blocks during a search on October 27, 2010

Source: UK Home Office, via Wikimedia Commons

New York–Ontario border had a landed cost of \$636. When transported to British Columbia, the same case could potentially sell for up to \$1,750 (KPMG, 1998: 22). The profit potential attracted a diverse range of individuals and groups to a smuggling trade that steadily became more organized, sophisticated, and voluminous. By 2009, the size of this black market in Canada was conservatively estimated at \$1.3 billion (*Montreal Gazette*, Mar. 26, 2009). The Ontario Convenience Store Association said in 2015 that contraband products account for approximately 33 percent of all cigarettes purchased in Ontario (*Postmedia News*, May 30, 2015). In comparison, contraband cigarettes only make up an estimated 10.7 to 11.6 percent consumed worldwide (*Toronto Star*, Dec. 10, 2014).

Loose tobacco is also brought illegally into Canada to be manufactured into cigarettes in the many plants located on First Nations reserves in Ontario and Quebec (see chapter 8). In 2013, for example, a tractor-trailer at the Peace Bridge commercial border crossing from upstate New York to Fort Erie, Ontario, was discovered to be carrying 99 boxes with 13,464 kilograms of loose tobacco. The estimated street value was \$1.7 million (Canada Border Services Agency News Release, Mar. 23, 2013).

In 2008, an RCMP threat assessment on contraband tobacco in Canada estimated that “105 organized crime groups of varying levels of sophistication are currently known to be involved in the illicit tobacco trade” (RCMP, 2008: 5). Nearly half of them are based in central Canada and take advantage of the unique smuggling opportunities presented by the Akwesasne reserve (National Coalition Against Contraband Tobacco

Press Release, Nov. 19, 2015). Many groups and networks were established exclusively around cigarette smuggling due to the profits, ease of entry, low risk, and relatively minor penalties. For existing criminal groups, the contraband cigarette trade represents yet another profitable trade that takes advantage of existing smuggling routes and distribution networks. As the RCMP (2008: 5) notes, 69 percent of the OCAs involved in tobacco smuggling are “also involved in drug trafficking, mainly marihuana and cocaine, and/or weapons trafficking. Furthermore, 30% of these groups are known to have violent tendencies.” Canadian police cases and research demonstrate that most tobacco smuggling and distribution operations are carried out by a network of individuals and small groups, many of which specialize in specific aspects of the smuggling pipeline, such as arranging financing, purchasing the cigarettes in the United States, brokering transportation, physically transporting the goods, as well as storing, wholesaling, and retailing.

Migrant Smuggling

In addition to legal and illegal merchandise, people are also a highly profitable “commodity” smuggled across national borders. Illegal or **undocumented migration** is when someone enters a country (that is not their country of origin) without the proper authority. The profits to be made responding to the demand for illegal international migration has given rise to a massive, global trade in **migrant smuggling**. According to the United Nations Global Program Against Trafficking in Human Beings, migrant smuggling is the procurement of illegal entry of a person into a country of which the person is not a citizen with the objective of making a profit. Human smuggling may be contrasted with the related and somewhat more complex concept of human trafficking (examined in chapter 9). Migrant smuggling can be considered a consensual crime when the migrants willingly consent (and even initiate) their unauthorized transport to and entry into another country. When individuals are coerced or forced to migrate to another country, this is more apt to be considered human trafficking. As Di Nicola (2014: 151) points out, people smuggling entails at least three phases—recruitment, transfer, and entrance into the destination country—while human trafficking involves an additional stage: exploitation.

According to Di Nicola (2014: 143), “During the past three decades, immigration has become a profitable area for organized criminals, who have started to provide migration services for people from less developed regions of the world seeking to reach richer countries. The intervening variable in (illegal) migratory processes world-wide is therefore organized crime.” Most international human smuggling operations are not dominated or centrally coordinated by Mafia-style, hierarchical, transnational criminal organizations. Instead, as Kleemans and Smit found, “smuggling is harmonized by looser organizations through social networks.” The organizers often have social ties with both the countries of origin and destination. Human smuggling syndicates have been known to charge their clients anywhere from \$500 to \$50,000, depending on the destination, the distance, and the range of services offered (Kleemans & Smit, 2014: 384–85).

Illegal immigrants entering Canada come from all over the world, but the majority are from the southern provinces of China and, to a lesser extent, South Asia (India and Pakistan). For years, Canada has been seen as a sanctuary for illegal immigrants, in part because most anyone who lands here can immediately claim refugee status and then access the country's health care and social welfare services. Those who are smuggled into the country are often instructed to claim refugee status upon arrival. While Canada may be a destination country for some entering the country illegally, it is mostly used as a transit point for those who wish to enter the United States. Smuggled migrants are brought to Canada aboard airliners, on passenger ships, and even in cargo containers, while most of those choosing to go on to the United States are taken across unmanned land border crossings. As discussed in chapter 8, an elaborate illegal infrastructure has been established on the Akwesasne reserve, which straddles the Ontario, Quebec, and New York State borders, to facilitate this illegal entry, which includes safe houses for the migrants to hide in as well as their physical transport across the border (usually across the St. Lawrence River).

A 2005 federal study entitled *Illegal Migrant Smuggling to Canada* notes that the country has “emerged as a preferred destination in the human smuggling marketplace” (as cited in Canadian Press, May 1, 2005). The smuggling groups may provide fake passports, as well as other Canadian immigration documents and Canadian citizenship certificates to those being smuggled. The report estimated that 12 percent of people who arrived in Canada without proper documents between 1997 and 2002 were directly linked to an “escort” or “facilitator”—someone who provided services including a travel document, air ticket, safe house, or referral to people-smuggling contacts (as cited in Canadian Press, May 1, 2005).

Case Study: Smuggling Illegal Migrants from Southwest Asia

In 2012, American federal investigators dismantled a human smuggling ring that brought more than 70 people into the United States from India and Pakistan via Canada, some of whom had forged passports. Sixteen suspects were indicted by federal prosecutors in Seattle, with 11 defendants pleading guilty to conspiring to smuggle illegal immigrants along unguarded areas along the border. One of the group’s purported leaders, a resident of British Columbia, admitted to receiving and lodging the illegal immigrants in the province before they crossed into the United States. The owner of a Seattle-area hotel was sentenced to 15 months in federal custody for his role in housing the illegal immigrants before they were transferred elsewhere in the US. He also hired drivers to take immigrants who crossed into Washington from BC to his motor inn. In addition to charging \$1,000 per person for transportation from the border to his hotel, he charged his guests \$3,000 for a forged Washington driver’s licence and \$20,000 for a fraudulent marriage licence (*Seattle Post Intelligencer*, Jun. 8, 2012).



Photo 10.5: A ship used to bring undocumented migrants to Canada is towed to Esperanza Inlet on the west coast of Vancouver Island

Source: Nick Didlick/Vancouver Sun

Weapons Smuggling and Trafficking

Firearms and other weapons are smuggled into Canada by both OCAs and individuals acting alone. The market for many of the smuggled weapons includes collectors as well as criminal offenders. Firearms that pose the greatest smuggling threat are those that are easily concealable and less detectable, along with automatic firearms and military assault weapons (*Vancouver Sun*, Oct. 25, 2012). The greatest source of guns smuggled into Canada is, by far, the United States. Many firearms that are restricted or prohibited in Canada, such as handguns and automatic weapons, are readily available throughout the US. The ridiculously lax US firearm controls contribute to their illegal transport into Canada, and many are purchased in the US from legally registered dealers. Canadians can cross into the US and attend gun shows, where dealers sell weapons at cut-rate prices with few or no questions asked and without even having to conduct a background check on the buyer. The origins of most guns smuggled into Ontario are Michigan, Florida, Ohio, Georgia, and New York, and many guns are illegally transported into Canada in private vehicles through both official and unofficial land border crossings. Firearms smugglers may use the same routes to transport contraband cigarettes and liquor into Canada.

“Firearms are one of the most significant threats facing border security today,” according to a 2010 internal report by the Canada Border Services Agency (as cited in *Windsor Star*, Dec. 17, 2013). For fiscal year 2020–2021, the CBSA seized a total of 548 firearms at the border—a number that is only a fraction of what is illegally brought into the country. Foreign-sourced guns make up the majority of **crime guns** seized by police

in Canada (a crime gun is any gun that is illegally possessed, has an obliterated serial number, or is seized in relation to a criminal act, such as a shooting). Smuggling firearms into Canada is attractive due to the profit potential; a handgun purchased for \$100 in Detroit can be resold for up to \$1,000 or more north of the border. A 2013 *Toronto Star* exposé on gun smuggling and trafficking details the US–Toronto handgun pipeline and how it affects pricing (and profit potential) the further the gun travels into Canada:

With a driver's licence, or sometimes without any ID at all, a supplier buys a cheap \$150 handgun on the Internet, as *Star* reporters recently did in Atlanta, or at a store or gun show in Michigan or Georgia, typically anywhere along the Interstate 75 corridor. A smuggler transports the gun across the border. In Windsor, that \$150 handgun will sell for \$800 to \$1,000. Another courier (or the initial smuggler who crossed the border) takes the pistol farther, along Highway 401 to Toronto, where the money doubles, the gun selling for \$2,000 or more. Alternatively, smugglers barter guns for cocaine, ecstasy, and other drugs more cheaply available in Toronto than in the U.S. The guns—often stored in a shoebox tucked away in the buyer's closet—are then ready for use in Toronto. Though the pipeline, in some cases, does not end there. The *Star* has found cases where handguns are then rented to the street, in one instance for as much as \$600 per night. (*Toronto Star*, Apr. 18, 2013)

Southern Ontario is the main entry point for guns smuggled into Canada. Police intelligence indicates that numerous OCAs are active in weapons smuggling through the Akwesasne reserve. At the same time, there are hundreds of independent brokers and smugglers. Gun smuggling mules, particularly women, are often used to attract less suspicion at border crossings (*Toronto Star*, Apr. 18, 2013). Gun smuggling and trafficking are organized along a network basis, with numerous individuals autonomously performing different roles: American suppliers, individuals who broker the sales, individuals who physically smuggle the weapons across the border, and brokers in Canada who traffic or even rent firearms in the black market.

There are also concerns that firearms and other weapons from the Canadian military are finding their way to the black market. In 2020, an arms trafficking investigation in Ontario discovered military-grade grenades and grenade launchers along with other firearms, ammunition, gun silencers, and drugs. In total, police seized 31 firearms of various types, 81 grenades, two grenade launchers, three explosive projectiles, more than 10 kilograms of cocaine and 216 pounds of illegal cannabis, 5 pounds of hash, and 36 pounds of magic mushrooms. Some of the guns were traced to the US. Codenamed Project Weaver, the investigation uncovered four different trafficking networks that dealt in both weapons and drugs—two based in Brantford and two based in London. One network was allegedly connected to the Outlaws Motorcycle Club, while another is reportedly linked to the Hells Angels. Among those arrested was a former president of the London, Ontario, Outlaws chapter (*National Post*, Mar. 18, 2021).

CRITICAL THINKING EXERCISE

This chapter documents police cases and intelligence information indicating that the majority of the “crime guns” used in Canada are smuggled in from the United States. Critically analyze this claim. Is there evidence to contradict this argument? To what extent do guns stolen from legitimate gun owners in Canada become “crime guns” in this country?

CYBER-TRAFFICKING AND THE DARK WEB

In its 2014 report on cybercrime, the RCMP writes, “The Internet and related technologies have created new opportunities, new markets, and new delivery methods for criminal transactions that are not possible in the ‘real’ world. For drugs, contrabands and other types of criminal trafficking, these technologies have created a virtual storefront presence where criminal networks can efficiently and anonymously buy, sell and exchange criminal products and services on an unprecedented scale” (RCMP, 2014: 11).

Cyber-trafficking has not necessarily created new types of crimes; it has simply taken advantage of the digital economy and communications to market illegal or heavily regulated goods and services. Arntfield (2015: 501–2) defines online trafficking as “any use of a computer network to move illicit images (or other media), controlled substances, or people.” Cyber-trafficking takes place in illegal online marketplaces, most of which are devoted to the sale of illicit drugs, although the products offered have diversified in recent years; stolen goods and counterfeit consumer goods, including forged bank cards and counterfeit prescription drugs, make up an increasing share of listings. Illicit online markets also offer “infrastructure, tools, or services to commit crimes online,” such as computer hackers for hire, hacking codes, malicious software, and stolen data (RCMP, 2020d, 11). The online black markets share many features with legitimate virtual marketplaces such as eBay or Amazon, with searchable listings of products for sale and buyers, the capacity to pay online, the hosting of independent third-party sellers, and the delivery of purchased goods via postal or courier services. However, online black markets are illegal and operate on what is called the “dark web” or “darknet,” which are websites that employ advanced encryption to protect sellers’ and buyers’ anonymity and to maximize the security of their transactions (Demant et al., 2018, 256). These sites are not indexed by search engines and are difficult for most Internet users to access. Many use The Onion Router (TOR), designed to make it almost impossible to physically locate the computers hosting or accessing a website. The security of the dark web and the anonymity of suppliers and buyers are also strengthened through the use of cryptocurrency, such as bitcoin, which is virtually untraceable, unlike traditional online credit card transactions (Bertola, 2020; Broséus et al., 2016).

Even though dark markets represent only a tiny fraction of the global drug trade, they are depicted as a “revolution and a criminal evolution” (Broséus et al., 2016: 7) in drug trafficking, given their worldwide reach, the anonymity they provide, the vast array of illegal drugs and other goods offered, and the end to physical interactions between transacting parties (which in theory reduces conflict and violence). The dark web has “benefits for both vendors (security, worldwide market) and consumers (diversity of available drugs, information about products and vendors, quality of products, security) compared to traditional market” (Broséus et al., 2016: 8). In this context, online black markets not only offer “a new distribution channel” (Demant et al., 2018: 256), but they function “under a direct distribution model” in that “drugs can simply be posted online directly from producers to consumers” without such intermediaries as wholesalers, brokers, street retailers, or other intermediaries (Bertola, 2020: 29). Illegal online markets are both a reflection of and an accelerant to the ongoing decentralization of drug trafficking in that they promote a greater number of sellers and less of a chance of monopolization by any one OCA. A review of the literature by Bertola (2020: 27) indicates no empirical evidence of direct involvement of OCAs as vendors in illicit online markets, although some evidence points to their indirect role as suppliers of illegal drugs to online vendors.

Case Study: Silk Road

The first and the most infamous online illicit market was called Silk Road, which went live in 2011. It operated on the dark web and provided opportunities for sellers to list products and services for sale. Silk Road operators collected a commission on all sales, which was initially set at 6.23 percent of the sales price. All purchases were required to be made in bitcoin. It had more than a million registered users, and by the time it was shut down two years later, the site is believed to have brokered more than \$1 billion in sales. While it primarily sold drugs, it had more than two hundred distinct categories—such as “Cannabis,” “Psychedelics,” and “Stimulants”—and more than 13,000 listings. Marijuana was the most commonly sold product (Christin, 2013).

The driving force behind Silk Road was Ross William Ulbricht—a 20-something programmer who lived in a modest apartment in San Francisco with two other roommates and whose online avatar was “Dread Pirate Roberts.” Ulbricht was eventually identified and arrested by police. According to CBC News, his final mistake “was ordering fake identification documents from a Silk Road vendor from Canada. One of the nine documents was a California driver’s license with Ulbricht’s photograph, birthdate but a different name. The package was intercepted at the border during a routine U.S. Customs search, which ultimately led to his arrest” (CBC News, Oct. 3, 2013). During the subsequent investigation, the FBI seized

various servers associated with Silk Road in Iceland, as well as backup servers in the United States. Ulbricht was eventually convicted and sentenced to life imprisonment in the US.

Ulbricht's arrest led to numerous other police investigations into those selling drugs on Silk Road. One of the targets was James Ellingson of Vancouver, who was arrested on US drug charges for allegedly selling methamphetamine, cocaine, heroin, and other drugs through the website. Ellingson reportedly made \$2 million from drug sales on Silk Road (*Vancouver Sun*, Nov. 19, 2018).

KEY TERMS

Bookie	Migrant smuggling
Bookmaker	Official/unofficial ports of entry
Bookmaking	Parlay bets
Contraband	Payday loan
Crime guns	Professional gambler
Dark web	Smuggling
Gambling	Tobacco smuggling
Horse-books	Trafficking
Loansharking	Undocumented migration
Market-based crimes	

REVIEW QUESTIONS

1. Identify and describe the main characteristics of consensual organized crimes. How do they differ from predatory criminal activities?
2. What are some of the consensual crimes carried out by OCAs?
3. Describe gambling as an organized crime.
4. How does bookmaking fit into the overall pantheon of illegal gambling?
5. What is loansharking and why is it necessary that this crime be organized to be most effective?
6. What are some of the items that are most frequently smuggled into Canada?
7. What are some of the factors that contribute to organized smuggling into Canada?
8. How are firearms smuggled into the country? What is a “crime gun”?
9. What is cyber-trafficking? Compare and contrast it with traditional drug trafficking. What potential does the dark web have to transform trafficking in illicit goods and services in general?

FURTHER READINGS

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11

DRUG TRAFFICKING



CHAPTER OUTLINE

- Introduction and Overview
- A Brief History of Illegal Drugs and Drug Trafficking in North America
- Heroin
- Cocaine
- Marijuana
- Hashish
- Synthetic (Chemical) Drugs
- Conclusion to Part III

LEARNING OUTCOMES

After reading this chapter, you should have a thorough understanding of the following:

- The significance of drug trafficking in the revenue-generating repertoire of organized crime
- The history of illegal drug smuggling and trafficking affecting Canada
- Organized criminal associations (OCAs) involved in drug trafficking
- Recent trends and developments concerning drug trafficking in Canada
- Which illegal drugs are dominant in Canada
- Source countries for illegal drugs imported into Canada
- The rise in the domestic production of illegal drugs and Canada's role as an international source country for marijuana and synthetic drugs

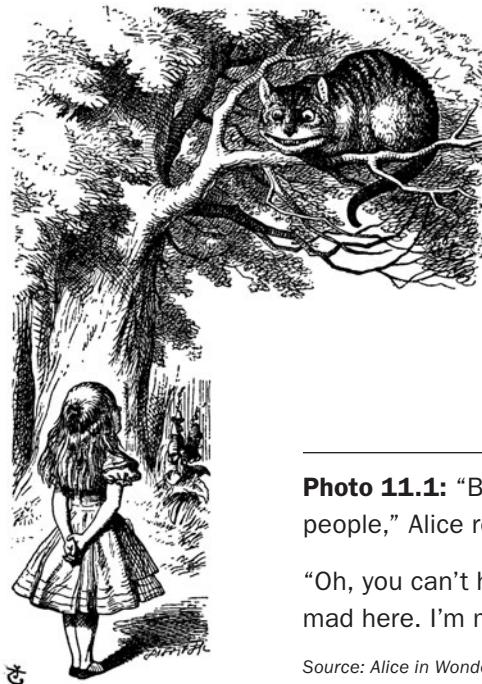


Photo 11.1: “But I don’t want to go among mad people,” Alice remarked.

“Oh, you can’t help that,” said the Cat. “We’re all mad here. I’m mad, you’re mad.”

Source: *Alice in Wonderland* by Lewis Carroll (1866)

INTRODUCTION AND OVERVIEW

The steep escalation of illegal drug use and trafficking that began in the 1960s may very well constitute one of the most significant turning points in the history of organized crime in North America. By the 1980s, drug trafficking had transformed organized crime by contributing to the following:

- a proliferation of OCAs and an increase in their scope, wealth, and power;
- an increase in cross-border smuggling and other criminal activity;
- greater levels of co-operation and networking among the many (independent) offenders in international drug production, smuggling, and trafficking;
- the rise of the multi-millionaire “drug lord”;
- an unprecedented level of corruption in drug source and drug-consuming countries;
- a level of harm inflicted on drug-consuming societies that is unparalleled among organized crimes;
- a greater need for and an increase in money laundering (with far greater amounts of illicit funds in the legal economy);
- the unprecedented mobilization of enforcement resources;

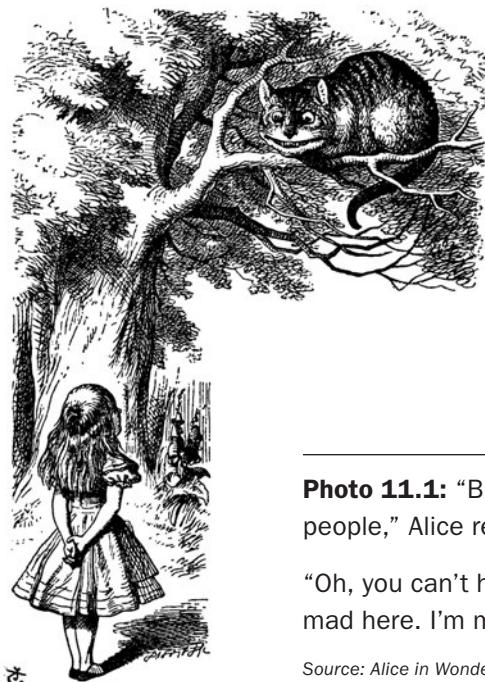


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INTRODUCTION AND OVERVIEW

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- a level of harm inflicted on drug-consuming societies that is unparalleled among organized crimes;
- a greater need for and an increase in money laundering (with far greater amounts of illicit funds in the legal economy);
- the unprecedented mobilization of enforcement resources;

- a meteoric spike in the correctional population (especially in the United States but also in Canada) and the disproportionate incarceration of members of racialized groups;
- an unrelenting debate over the effectiveness of the so-called war on drugs and the broader issue of whether drugs and other human vices should be legal or illegal; and
- the advent of online illicit markets led by cyber-drug trafficking.

Most illegal drugs are considered **psychoactive** substances that primarily affect the central nervous system, altering brain functions and resulting in temporary changes in perception, mood, consciousness, and behaviour. In general, psychoactive substances (whether legally or illegally sold) can be classified into four categories, based on the effect they have on the central nervous system:

1. Stimulants—Enhance mental alertness and physical activity, reduce fatigue, and suppress hunger (e.g., cocaine, amphetamines, caffeine);
2. Hallucinogens—Produce changes in mood and perception, often inducing a dream-like state (e.g., LSD [lysergic acid diethylamide], peyote, cannabis);
3. Depressants—Dull mental awareness and reduce physical activity; often induce sleep or a dream-like state, include alcohol, synthetic drugs (e.g., valium), and opiates (e.g., morphine, heroin); and
4. Narcotics—Dull the senses, relieve pain, and induce numbness, lethargy, and sleep (e.g., heroin, morphine).

While most psychoactive drugs are developed for legitimate medicinal reasons, they are used recreationally as well. The criminalization of many drugs, combined with their popularity among the consuming public has led to the creation of sizeable black markets in this country (and more recently the Internet), and many are supplied by well-organized OCAs. Paoli, Spapens, and Fijnaut (2010: 626) write, “The trafficking of illegal narcotics and other psychoactive drugs is considered one of the prototypical activities of organised crime and is a matter of serious concern worldwide.” The very logistics of large-scale (transnational) drug trafficking necessitates some level of organization. The illegal production, transportation, and trafficking of drugs entail many phases, processes, and activities—cultivation, refinement, transportation, storage, wholesaling, retail distribution, corruption, security, and money laundering—which often necessitates a large number of autonomous offenders, while requiring a great deal of planning, co-operation, and coordination. Due to the logistical complexities of international drug trafficking, it can best be explained through the network model of organized crime; that is, few OCAs handle all aspects from cultivation to street-level trafficking. Moreover, as Reuter (2014: 359) notes, it is difficult to generalize about the characteristics of domestic drug markets and how transnational drug trafficking is structured and carried out:

"In fact, the nature of the enterprises in drug markets varies greatly across countries, drugs, and levels of distribution in terms of their size, durability, and relationship to other criminal activities. Thus, considerable variability exists in the relationship of these criminal enterprises to organized crime." As a criminal activity, drug trafficking can be considered as both consensual and predatory; while most retail drug deals are between a willing supplier and consumer, the trade is parasitic in that it preys upon the vices and vulnerabilities of people while helping to create highly destructive personal addictions.

CRITICAL THINKING EXERCISE

Conduct research into international drug trafficking to discern the extent to which it is carried out by large transnational criminal organizations or is more characteristic of the network model. Also determine whether illicit drug markets in Canada are monopolized by large OCAs or are highly competitive, involving numerous smaller independent groups.

In its 2007 annual report, Criminal Intelligence Service Canada (CISC, 2007: 24) estimated that 80 percent of the OCAs operating in Canada were involved in the illegal drug market. This remains true today: the primary or overwhelming source of revenue for most OCAs is illegal drugs. According to the US *International Narcotics Control Strategy Report* for 2021, "In 2020, transnational criminal organizations trafficked cocaine, heroin, methamphetamine, synthetic drugs, and counterfeit prescription drugs to Canada for domestic consumption, some of which transited the United States," while Canada also remains "a primary source of synthetic drugs, cannabis, and MDMA (ecstasy) trafficked to the United States" (United States Department of State, 2021: 108). There are currently four drugs that dominate the Canadian black market: cocaine, methamphetamine, cannabis, and fentanyl. In recent years, the proliferation of fentanyl on the black market has caused one of the worst overdose epidemics ever experienced in this country.

I have seen the exact manner in which the junk virus operates through fifteen years of addiction. The pyramid of junk, one level eating the level below (it is no accident that the junk higher-ups are always fat and the addict in the street is always thin) right up to the top of tops since there are many junk pyramids feeding on peoples of the world and all are built on basic principles of monopoly: (1) Never give anything away for nothing. (2) Never give more than you have to give (always catch the buyer hungry and always make him wait). (3) Always take everything back if you possibly can. The pusher always gets it all back. The addict needs more and more junk to maintain human form ... buy off the monkey. (Burroughs, 1959: 8)

A BRIEF HISTORY OF ILLEGAL DRUGS AND DRUG TRAFFICKING IN NORTH AMERICA

The history of intoxicating substances is rooted in the history of humankind. Alcohol was produced, consumed, and abused as far back as oral history extends, while cannabis, opium, coca, and other plants containing mood-altering ingredients have been imbibed almost as long. Concern over **opium** and its derivatives (**morphine** and **heroin**) was largely responsible for the introduction of the first statutes criminalizing substances in Canada and the United States (and, as such, this historical review will focus primarily on opium and heroin trafficking). The word *opium* is derived from the Greek word *opion*, meaning “juice of the poppy” and is mentioned by Homer in his epic poem *The Odyssey* (circa 700 BCE). The Sumerians may have been the first to use opium, around 5000 BCE, suggested by the fact that they have an ideogram for it, which has been translated into English as *Hul*, meaning “joy” or “rejoicing.” Alexander the Great may have brought the opium poppy plant to Persia and India around 330 BCE, while opium was introduced to East Asia roughly six hundred years later by Arab merchants. As Islam began to spread in the seventh century, opium became widely used as an alternative to alcohol, which is forbidden by Islamic laws (Snyder, 1989: 30). During the 1700s, British traders, with the backing of their government, forcibly pushed opium into the Chinese market (traded for tea leaves), making them some of the world’s first large-scale, transnational drug traffickers. Aggressive efforts by Britain to sell the drug in China, despite the emperor’s edict forbidding its importation, led to the so-called **Opium Wars** between China and Great Britain, which occurred between 1839 and 1860.

During the 18th and 19th centuries, the recreational use of opium was popularized by English intellectuals such as Thomas De Quincey (1785–1859). In his book entitled *Confessions of an English Opium Eater*, De Quincey refers to the “divine luxuries” of ingesting the drug, although the autobiographical account must ultimately be viewed as a diary of an increasingly desperate addict whose 30-year habit destroyed an otherwise brilliant mind. Numerous other authors and poets



Photo 11.2: Thomas De Quincey

Source: The British Library, via Wikimedia Commons



Photo 11.3: Advertisement for opium-laced cough drops, circa 1890s

Source: Miami University Libraries, via Wikimedia Commons

have composed important works while under influence of opium, including Lewis Carroll (1832–98), Edgar Allan Poe (1809–49), Samuel Coleridge (1772–1836), and Elizabeth Barrett Browning (1806–61).

Around 1803, a German pharmacist named Friedrich Sertürner poured liquid ammonia over opium and obtained an alkaloid in the form of a highly potent white powder. Because of its tendency to cause sleep in some of his test patients, he originally named the substance “morphium” after the Greek god of dreams, Morpheus. By 1827, morphine was being marketed commercially for the relief of pain. Opium itself would become the essential ingredient in innumerable over-the-counter elixirs for the treatment of pain and numerous illnesses, which were legally available in the US and Canada without a prescription up until the first quarter of the 20th century. The addictive nature of the substance became increasingly apparent, and the typical American opiate addict during the 19th century, notes Courtwright (2001), was a middle-aged white woman of the middle or upper class who began ingesting opiates for medicinal purposes.

In North America, the smoking of opium for recreational purposes was popularized by Chinese migrants beginning in the mid-19th century. The Chinese were also the first to operate commercial opium dens in North American cities, which were perfectly legal and viewed in the same class as saloons (Katcher, 1959: 287). Opium was legally imported into Canada mostly from the British colony of Hong Kong, and newspapers were filled with advertisements for raw and processed versions of the narcotic. British Columbia became a centre for producing the black tar opium that was used for smoking. The colonial, provincial, and Dominion governments also benefited from the early opium trade in Canada; they received licensing fees from manufacturers, taxes imposed on the retail sale of opium, and tariffs on opium imports. In February 1865, a 50-percent tariff on opium imported into the British colony of British Columbia was imposed, far exceeding the usual 12.5 percent applied to most other imports (*British Columbian*, Feb. 18, 1865). The substantial tariff prompted the widespread smuggling of opium into Canada and was a significant impetus to modern-day drug trafficking in Canada.

In 1890, the US Congress imposed its own prohibitive tariffs on opium and morphine imports. The result was that even larger amounts of raw opium were being brought into Canada (legally and covertly), processed through BC-based opium factories, and then smuggled into the US to avoid the tariffs. On February 8, 1888, for example, federal officials in the US captured an illegal shipment of opium in upstate New York, which was imported from China via Vancouver and transported by train to Brockville, Ontario. Law enforcement connected this seizure to an ongoing smuggling operation that transferred the illegal goods across the St. Lawrence River “by ferries in summer and sleighs in winter which were met by wagons or sleighs on the American side and then shipped to New York as butter, eggs, etc.” (*New York Times*, Feb. 9, 1888). In 1891, 141 pounds of opium were confiscated in Swift Current, Saskatchewan, and a saloon in Sweet Grass, Montana was shut down when the Mounties told their American counterparts that it was a transfer point for opium entering the United States (Chan, 1983: 76). In an 1895 dispatch from Montana, American customs officials there alleged that “large quantities of opium” were smuggled from the Manitoba side of the border “in the stomachs of live cattle, and that a great many of cattle are also smuggled” (*Manitoba Free Press*, May 22, 1895).

The Genesis of Modern-Day Drug Trafficking

During the first quarter of the 20th century, opium, morphine, and heroin were increasingly being consumed for recreational purposes. As Abadinsky (2012: 283) writes, the addict population in North America was already changing: “The public mind came to associate heroin with urban vice and crime. Unlike the (often female and) ‘respectable’ opiate addicts of the 19th century, opiate users of the 20th century were increasingly male habitués of pool halls and bowling alleys, denizens of the underworld. As in the case of minority groups, this marginal population was an easy target of drug laws and drug-law enforcement.”

According to Giffen, Endicott, and Lambert (1991: 45), three converging forces were instrumental in bringing about drug prohibition laws in Canada: (1) a general climate of moral reform, (2) an international movement to stop the opium trade in Asia, and (3) general hostility toward Chinese immigrants in Canada (racist and xenophobic politicians, temperance movement leaders, and other “moral entrepreneurs” blamed the Chinese for selling and using the drug). In 1908, the Canadian government enacted the *Opium Act*, prohibiting the sale, importation, and manufacture of opium in this country. For the first time in Canadian history, a narcotic substance was now outlawed. In 1911, a more stringent *Opium and Drug Act* made opium smoking and possession a criminal offence and created penalties for using the drug or being present when it was smoked or otherwise ingested. By 1921, amendments to the *Opium and Drug Act* included a maximum seven-year penalty for the importation, manufacture, and sale of opium or any other narcotic drug mentioned in the act. In 1922, Parliament added cocaine to the



Photo 11.4: William Lyon Mackenzie King

Source: The World's Work, via Wikimedia Commons

leading edge of a new **moral entrepreneurship** in Canada that “successfully marketed a new morality with respect to drug use” (Boyd, 1991: 10).

schedule of prohibited drugs, and the following year, marijuana was added to the list. In 1929, even more punitive criminal legislation was enacted, the *Opium and Narcotic Drug Act* increased jail sentences for trafficking and possession, and broadened police search and seizure powers. The legislation would be in force until the 1960s.

The driving force behind the criminalization of narcotic drugs in Canada was William Lyon Mackenzie King, beginning when he was a federal civil servant and continuing during his time as a Cabinet minister in Wilfrid Laurier’s Liberal government. He used his notoriety as an anti-drug crusader to enter politics and eventually became Canada’s longest-serving prime minister. As Neil Boyd observes in his book *High Times*, King adroitly positioned himself at the

CRITICAL THINKING EXERCISE

Criminal laws may be changed due to numerous factors (and not simply because the target of the legislative amendments posed a particular social problem). Using the Canadian government’s criminalization of heroin in 1908 or the criminalization of marijuana in the United States in the 1920s and 1930s, identify, discuss, and analyze the different social and political factors that contributed to changes in the respective laws, including motivations and powerful actors behind the changes.

The black market for opium and morphine experienced a substantial growth following the end of the First World War, given the heightened demand fuelled by the many morphine-addicted soldiers returning from the battlefields in Europe or released from domestic hospitals. In 1922, the RCMP was calling attention to “the alarming increase in the use of narcotic drugs in Canada and the growing traffic in the same” (RCMP, 1922: 59). Between October 1920 and September 1921, the number of drug

cases investigated by the RCMP in Quebec was 167. During the following fiscal year, the number had jumped to 531, and for the rest of the decade, the RCMP investigated an average of 250 cases annually in the province (RCMP, 1922: 59, 1923: 57).

In 1922, the federal Opium and Narcotic Drug Branch declared that the illegal opium traffic “is controlled almost altogether by large drug rings, which employ numerous agents to distribute the drug. Some of these agents simply act as a medium or distribution, between a dealer with a large stock and the small peddler, and work on a commission basis” (City of Vancouver Archives, MSS. 69). Smuggling and trafficking linkages also began to emerge between Canadian and American cities, the most notable being Montreal and New York. During the 1920s, Montreal became established as a central conduit through which opium, morphine, and heroin from Europe or Southwest Asia would be transported to New York—due to its marine ports, its role as a terminus for Canadian and American railways, and its proximity to the American border—through the new asphalt highways that ran from Montreal to New York City. Montreal’s vibrant red-light district and large addict population also helped to ensure a substantial domestic market. In 1924, more than three thousand pounds of morphine, heroin, and cocaine were seized amid a shipment of cocoa and other legal goods from Switzerland that were destined to a variety of companies in Montreal (*The Globe*, Apr. 9, 1926). A 1925 report by the RCMP’s Quebec division reflects the growing organization and sophistication of the underground drug trade in that province: “The traffic in drugs in Montreal has now reached such a science and has been driven so far underground that it is only with the greatest difficulty we can obtain any good results” (RCMP, 1925: 36). Vancouver also continued to be a major port of entry for opium from Asia and a major trans-shipment point for other markets in the Pacific Northwest of the United States and as far east as Toronto. According to one confidential RCMP report dated May 20, 1922, of the 14,000 tins (114,000 ounces) of opium estimated to have been smuggled through Vancouver’s ports, some 9,000 tins (72,000 ounces) were sent to the US, and the balance was consumed locally, in the interior of British Columbia, and in Alberta (National Archives of Canada, RG 18, File No: 1922-HQ-189-Q-1).

Post–Second World War: The Rise of the French Connection

The heroin trade would expand tremendously following the Second World War due to a substantial spike in demand and supply. By 1947, the number of RCMP drug investigations had jumped by 40 percent over the previous year, and in 1949, they increased by another 28 percent (RCMP, 1947: 24–25, 1949: 28). This was due to a rise in demand, including the return of thousands of morphine-addicted veterans and a rise in drug-friendly counterculture movements, such as the “beatniks.” The end of the war also meant an increase in supply in North America as there were fewer obstacles to opium production in Asia and heroin refining in Europe, as well as the reopening of merchant shipping. Heroin supply also increased in the postwar years because production, smuggling, and wholesale distribution became increasingly concentrated in the hands of a

confederation of drug trafficking syndicates—the French *L'Union Corse*, the Sicilian Mafia, the American La Cosa Nostra (LCN), and its Canadian subsidiaries. Together, they constituted what would become known as the **French Connection**, one of the largest and longest ongoing heroin trafficking conspiracies of all time.

At the start of the 1940s, Italian Mafia families in the United States and Canada became the largest illegal dispensers of opiates, and for the next 40 years, they dominated the wholesale distribution of Turkish heroin in both countries. Their main supplier was the world's biggest heroin producer: *L'Union Corse*, a criminal syndicate made up of French nationals who hailed from the island of Corsica. By the end of the 1940s, a seamless international narcotics cartel was in place whereby brokers working on behalf of the Corsicans purchased opium in Turkey, which would be smuggled into Syria or Lebanon, where it was processed into morphine and then shipped to one of the many clandestine heroin-processing laboratories in the French port city of Marseilles. From there, it would be smuggled to the United States and Canada (Charbonneau, 1976: 45–48; Mann, 1968: 176; McClellan Committee, 1976: 188–94; *Time*, Sep. 4, 1972).

CRITICAL THINKING EXERCISE

Research and critically examine the legendary French Connection. Which of the conceptual modules of OCAs discussed in chapter 4 are most applicable to this drug trafficking conspiracy? As far as its organizational structure is concerned, do you think it is a historical anomaly? To what extent did it influence future international drug trafficking conspiracies?

Throughout the 1950s, the American LCN and its Canadian branches—the Cotroni organization in Montreal, which reported to New York's Bonanno family, and in Ontario, Anthony Sylvestro, the Agueci brothers, and John Papalia, who answered to Stefano Magaddino in Buffalo—were the biggest customers of *L'Union Corse*, which only increased the importance of Montreal's marine ports and the role of the Montreal Mafia in heroin importing (Shawcross & Young, 1987: 44–45). According to a 1963 US Senate Committee on organized crime, “the advent of the Corsicans as major traffickers brought changes in the smuggling operations; for years, the main port of entry had been New York but now the French Corsicans supplied the drugs to their French-speaking Canadian confederates for smuggling into the United States” (McClellan Committee, 1976: 196).

In 1971, the Nixon administration persuaded Turkey to ban the cultivation of opium in exchange for the subsidization of alternative crops while also pressuring French authorities to crack down on the extensive heroin-processing plants based in Marseilles. The result of these measures was a major reorganization of heroin trafficking: Turkey was replaced as the chief supplier of opium by the **Golden Triangle** of Thailand, Myanmar, and Laos and the **Golden Crescent** of Pakistan, Iran, and Afghanistan.



Photo 11.5: Opium poppy field in Afghanistan

Source: davric, via Wikimedia Commons

Drugs in the Psychedelic Era and Beyond

As the so-called **psychedelic era** emerged in North America in the 1960s, illegal drug consumption skyrocketed, and many tried to cash in on the demand. The escalation of recreational drug use would radically transform the criminal underworld in North America, propelling it toward levels of profit and power never before seen and paving the way for the emergence and ascendance of a variety of drug trafficking OCAs from all over North America and the world. In the 1960s, outlaw motorcycle gangs (OMGs), in particular, the Hells Angels and the Outlaws, began as street-level dealers of speed (methamphetamine), and by the 1970s they were manufacturing other chemical drugs in Ontario and Quebec. During the 1970s, Chinese criminal traffickers began to dominate the heroin trade, flooding the North American market with a highly potent variety known as **China White**. By the early 1990s, **purity** levels at the wholesale stage were as high as 99 percent, while at the street level, purities were as much as 85 percent. On November 26, 1998, 70 kilograms of heroin was seized in Vancouver that was tested at 93 percent pure. Two years later, 43 kilograms of Southeast Asian heroin was seized at the Port of Vancouver that was 99 percent pure (RCMP, 2000: 5). The result of the increase in purity levels was an epidemic of overdoses. Of the 53 heroin-related deaths

in Ontario in 1992, 36 involved heroin that was between 80 and 85 percent pure. The number of overdose deaths in British Columbia increased from 67 in 1989 to 160 in 1992 (*Vancouver Sun*, Oct. 30, 1992).

Another significant change in the drug trafficking world was the remarkable rise in the demand for and supply of cocaine that began in the mid-1970s. From that time through to the mid-1990s, Colombian groups were some of the biggest cocaine wholesalers in Canada. The Medellin and Cali cartels were the foremost importers and wholesalers in the country during this time while supplying other cocaine trafficking wholesalers, most notably the Hells Angels and the Montreal Mafia. As the CISC noted in a 1985 report, the astronomical revenues accruing to cocaine traffickers at all levels attracted numerous organized crime groups to the trade: “Depending upon where it is distributed, a retailer can buy a single kilogram of pure cocaine from a wholesaler for between \$60,000 and \$95,000. Then the retailer cuts the drug to 50% purity and sells it on the street as a mixture of 50% cocaine and 50% filler. Since one gram of this mixture contains only ½ gram of cocaine and sells for \$100 to \$300, the actual selling price for cocaine has doubled to between \$200,000 and \$600,000 for a kilogram of pure cocaine” (CISC, 1985: 19).

By the late 1980s, crack cocaine was being marketed in many US cities and then later major Canadian urban centres. Catering to those who could not afford the pricey powdered substance, crack cocaine led to a significant expansion of the addict population and is also blamed for a substantial increase in gang violence in America’s inner cities. Around this time, domestic marijuana **grow operations** were being discovered by police in Canada, and in the following years, the number of grow-ops and the amount of high-potency pot produced in this country exploded. Not only did Canada become self-sufficient in an illegal product that used to be imported from other countries; it was now exporting large quantities to the United States. By the new millennium, marijuana production and export would become a stock-in-trade for many OCAs throughout Canada.

The 1990s also heralded a boom in so-called designer drugs—in particular, MDMA (ecstasy) and, later, the highly addictive crystal meth. Driven in part by Chinese criminal networks and outlaw biker gangs, Canada became a major producer and exporter of both. By 2005, illegal drug labs were being discovered across the country. “Clandestine laboratories, particularly those producing methamphetamine, continue to grow rapidly and are being reported in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Quebec,” according to the RCMP (Royal Canadian Mounted Police News Release, Sep. 7, 2005). The rebirth of synthetic drug production in Canada in the late 1990s was due to numerous factors: intensified enforcement actions in the United States, restrictions on the sale of precursor chemicals in that country (and the lack of such restrictions in Canada), the ease in which ecstasy and crystal meth can be produced, the high profit potential of both, the country’s proximity to the large US market, and the presence of criminal groups with plenty of experience in drug manufacturing and trafficking. Canadian border officials on the west coast now had to be on the lookout for the thousands of gallons

of precursor chemicals used to produce the synthetic drugs, which was illegally imported through Vancouver's marine ports, while American border officials were on guard at land crossings against the deluge of the finished product being exported southbound.

Other notable trends and developments in Canada's drug trade in recent years include an increase in **poly-drug trafficking** (the handling of numerous kinds of illegal drugs by criminal groups and networks), the involvement of Canadian crime groups in both the southbound smuggling of Canadian-produced drugs (ecstasy and marijuana) into the US, and the northbound smuggling of cocaine into Canada (which includes co-operation among different criminal players in these illegal ventures). The following two case studies illustrate how some OCAs not only traffick in multiple types of drugs, but multiple commodities (drugs and firearms).

Case Studies: Poly-Drug Trafficking in Manitoba

Project Divergent

In 2018, police in Manitoba uncovered what they called a "significant Canada-wide operation involving the trafficking of illicit drugs and firearms." According to the RCMP, "multiple police techniques were used to infiltrate the networks, and investigators began to see large-volume transactions happening with cocaine; methamphetamine; opiates, specifically fentanyl; and assault-style firearms and ammunition."

As a result of Project Divergent, police seized 110 kilos of cocaine, 41.4 kilos of methamphetamine, 3 kilos of fentanyl, and .5 kilos of MDMA. Police also seized 14 handguns, 5 assault-style rifles, and more than \$445,000 in Canadian currency. This was the largest single seizure of drugs ever made by the RCMP in Manitoba, with a street value estimated at more than \$70 million.

Much of the drugs seized were supplied by Mexican drug cartels, smuggled into Canada, and then distributed across the country, the RCMP allege.

Among the 22 people charged was Damion Ryan, a full-patch Hells Angels member from Greece, who was arrested in Ontario in February 2022. The RCMP say his arrest resulted in a "huge disruption to the supply chain of drugs and guns that he helped facilitate" (RCMP Press Release, Mar 29, 2022; CBC News, Mar 29, 2022).

Operation Phoenix

An investigation that began into a suspected gun trafficking ring in Winnipeg culminated with the seizure of dozens of firearms and more than \$7 million in drugs. As part of Operation Phoenix, police seized 31 guns, some of which were illegally transported from the US. Also seized were about 165 kilograms of drugs. Police allege that some of the drugs were smuggled into the Stony Mountain Penitentiary in Manitoba using drones.

Police executed 16 search warrants in Manitoba (including Stony Mountain), 4 in Alberta, and 3 in the Greater Toronto Area. The search warrants resulted in the following seizures: In addition, 40 firearms, 6 kilograms of fentanyl, 30 kilograms of methamphetamine, 15 kilograms of cocaine, 100 kilograms of cannabis, and smaller amounts of heroin, MDMA, and psilocybin (magic mushrooms).

"This was a well-insulated group," Winnipeg Police Service Insp. Elton Hall said at a news conference. "We struggled a long time in this investigation to prove the allegations." (CBC News, Jan. 13, 2022; CTV News, Jan. 13, 2022).

Police in Ontario have also routinely seized multiple types of drugs during investigations into a single OCAs. In just one of many examples, Halton Police concluded an investigation that it says targeted "a sophisticated drug trafficking network responsible for supplying cocaine and fentanyl throughout Greater Toronto." As a result of the investigation, police arrested seven people and reportedly seized 17 kilograms of cocaine, 3 kilograms of fentanyl, and 1 kilogram of MDMA (*InsideHalton.com*, Apr. 8, 2021). Street-level trafficking groups are also dealing in a variety of drugs. An investigation began in Ontario when police became aware of a network of drug dealers, with ties to Greater Toronto Area-based street gangs, who were selling fentanyl and crack cocaine in Simcoe County and the District of Muskoka. Among the drugs seized were 427 grams of fentanyl, 734 grams of cocaine, 53 grams of crack cocaine, 30 hydromorphone pills, and 15 oxycodone pills (*OrilliaMatters.com*, May 27, 2021).

By 2010, a new opiate epidemic was gripping Canada and the US, a problem that was attributed in part to the pharmaceutical industry's irresponsible flooding of the legal market with prescription painkillers and the introduction of an even more potent and addictive synthetic opioid to the black market: **fentanyl**. Addicts were now moving away from traditional heroin to synthetic opioids, which are much more potent yet cheaper. A major source of the opioid epidemic in the US and Canada was Purdue Pharma, a corporation run by the Sackler family that used predatory tactics to market the highly addictive drug OxyContin, in turn helping to create a severe public health crisis in North America in which millions of people became addicted and thousands would die of overdoses (Keefe, 2021). In Canada alone, there were more than 16,000 opioid-related deaths between January 2016 and March 2020 (United States Department of State, 2021: 108).

The remainder of this chapter examines those illegal drugs that currently predominate among recreational users and organized suppliers in Canada. This list includes heroin, fentanyl, cocaine, marijuana, hashish, and synthetic drugs.

HEROIN

Heroin is a derivative of morphine, both of which come from the opium poppy. As discussed, the majority of the world's opiates originate in Southwest and Southeast Asia.

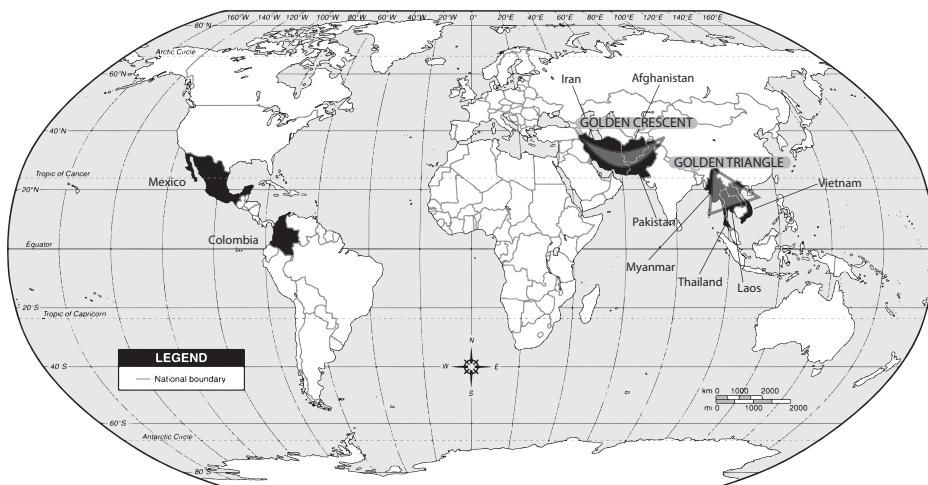


Figure 11.1: Main opium-producing regions of the world

Source: Map by Devon Rogers

Afghanistan is the world's single largest supplier of opium, while Mexico is the main source for the US market. There is nothing unique about the soil or environment that makes these locations particularly conducive to opium cultivation. Instead, these areas are fertile producers due to economic reasons: "Because the yield per acre is small and because laborious care is required in collecting the juice, [the opium poppy] can only be grown profitably where both land and labour are cheap" (Ausubel, 1978: 9).

International heroin smuggling and trafficking conspiracies are usually organized on a networked basis (as illustrated by the French Connection), and the heroin rarely remains under the control of a single organization as it moves from poppy fields and refineries to the streets of the United States and Canada. After the heroin is imported to North America, it is usually sold in quantities of 10 to 50 kilograms to national or regional wholesalers. The wholesaler then arranges for the dilution of the almost pure heroin, and when the cutting is complete, it is sold to street wholesalers in quantities of two to five kilograms. From there it moves to street retailers, and finally to consumers. Typically, at each step of the process, the heroin is cut, resulting in street-level purities that are far below that at the wholesale level but increases the amount available for sale (thereby maximizing profits for the wholesalers and retailers). Despite fluctuations in opium production, the heroin supply in North America has been quite abundant, as evidenced by its stable or dropping price and, as mentioned earlier, high street-level purity levels.

For years, much of the heroin supply in Canada west of Ontario was from Southeast Asian sources, which connects independent brokers and shippers in Asia to Chinese importers and wholesalers in Canada. The majority of Southeast Asian heroin imported into Canada enters through the west coast and Vancouver specifically (the city is also



Photo 11.6: Boiling heroin crystals into liquid form for intravenous use

Source: Wikimedia Commons

a major conduit for Southeast Asia heroin destined for the United States). Seizures are routinely made at marine ports and at Vancouver's international airport. In May 2014, two men were arrested after 35 kilograms of heroin from the "Golden Triangle" were seized at Vancouver's international airport. One of the men arrested was an airport employee who worked in the air cargo warehouses (*24 Hours Vancouver*, Jun. 12, 2014; *MetroNews*, Jun. 11, 2014; *Richmond Review*, Jun. 13, 2014).

While heroin is routinely smuggled into Canada via cargo, the most frequent seizures are from passengers and their luggage on commercial flights. This smuggling technique relies on numerous nondescript couriers, usually women, who take circuitous routes to Canada from source countries. On April 24, 2013, for example, 12 kilograms of heroin was seized from the suitcases of a female traveller arriving at the Calgary International Airport from Amsterdam (the largest seizure of heroin in Alberta by the Canada Border Services Agency to date). Around a week later, a second traveller was arrested for attempting to smuggle four kilograms of suspected heroin. In both cases, the drugs were concealed in false-bottom compartments of suitcases. An RCMP inspector said it is not clear if the drugs were destined for Calgary. He estimated that 16 kilograms would be equivalent to at least 800,000 doses of heroin (*Calgary Herald*, May 3, 2013).

Toronto and Montreal international airports are frequent entry points for Southwest Asian heroin smuggled into Canada by couriers travelling on commercial aircraft. West African groups, in particular, those from Ghana and Nigeria, are major importers

of Southwest Asian heroin into Canada. Some of the largest seizures from individual passengers have occurred at Toronto's Pearson International Airport. According to the CBSA, during the first four months of 2013 alone, agency officers in the GTA seized over 127 kilograms of suspected heroin (CBSA News Release, May 27, 2013). Pakistan is a frequent origin from which passengers smuggle heroin into Toronto. In May 2013, for example, the CBSA at Pearson airport announced it had made a "significant seizure" of more than 22 kilograms of heroin, found in a duffle bag, from a passenger flight from Pakistan (CBSA News Release, May 27, 2013). Heroin is also shipped through Pearson airport via air cargo. In June 2014, four people from Toronto were arrested after 22.4 kilograms of heroin was discovered at the airport by CBSA officers inspecting a shipment of carpets from Pakistan. The heroin was concealed in several strings and woven within the weave of four area carpets (*Mississauga News*, Jun. 27, 2014; *Toronto Star*, Jun. 27, 2014).

COCAINE

Cocaine is an alkaloid found only in the leaves of the **coca** shrub, which grows in the Andes of Peru, Ecuador, and Bolivia and the mountainous regions of Colombia. The practice of chewing coca leaves has been part of the culture of Indigenous Peoples in

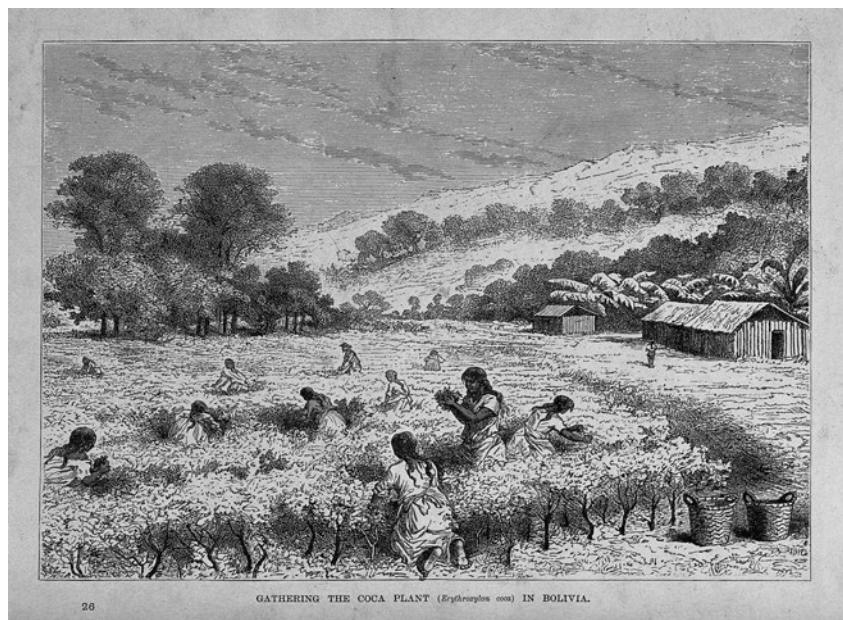


Photo 11.7: Women gathering leaves from coca plants in Bolivia, wood carving, 1870

Source: Courtesy of Wellcomeimages.org

these regions for centuries. When Spanish explorers observed this, they introduced the idea of adding lime (calcium carbonate), which releases the cocaine from the leaves when chewed.

By the 19th century, the coca leaves were being converted into “cocaine hydrochloride,” a white crystalline powder that is about 95 percent pure. In the middle of the 19th century, scientists and physicians began experimenting with the substance, noting that it showed promise as a local anesthetic. By the late 1880s, cocaine was the main active ingredient in many tonics and potions that were sold as a cure for everything from toothaches to hysteria. It was also used for flavouring in drinks, the most famous example, of course, being Coca-Cola, which was first bottled in 1894. In 1908, a US government report listed over 40 brands of soft drinks containing cocaine (Helmer, 1975). For most recreational users of cocaine, it is inhaled directly into the nostrils using a straw or rolled paper (usually paper currency) or from a small spoon. The drug can also be injected intravenously. During the 1920s, cocaine use became associated with the deviant underworld, and by the next decade, cocaine was criminalized throughout North America. There was limited demand for the drug, but by the mid-1970s, cocaine became associated with the privileged elite and the disco glitterati; the result was that demand and prices spiralled dramatically.

Colombia, Bolivia, and Peru cultivate the world’s entire supply of coca for cocaine with Colombia producing an estimated 70 percent (United Nations Office on Drugs and Crime



Photo 11.8: Advertisement for cocaine toothache drops circa late 19th century

Source: KiloByte, via Wikimedia Commons

[UNODC], 2019). The 2019 *World Drug Report* estimates that the global production of cocaine “reached an all-time high of 1,976 tons in 2017, which was more than double the level recorded in 2013 and represented an increase of 25 per cent over the level in 2016” (UNODC, 2019: 13). The primary reason is a 17 percent expansion in the area used for coca bush cultivation in Colombia, which resulted in a 31 percent rise in the amount of cocaine produced.

Like heroin, cocaine is attractive to many criminal entrepreneurs because of the enormous profits that can accrue at each level of the industry. Once in North America, cocaine is diluted for retail sale by adding sugars such as lactose, talcum powder, or other neutral substances. After it is cut, cocaine sold at the retail level typically has a purity of less than 20 percent. In South America, a kilogram of pure cocaine hydrochloride can be purchased for around \$5,000. Once it is in Canada, the same kilogram can be wholesaled for between \$35,000 and \$50,000 a kilogram. As the popularity of cocaine escalated across North America and Europe beginning in the 1970s, Colombian OCAs came to dominate its international distribution. By the new millennium, production, export, and wholesale distribution of cocaine had become much more decentralized, although Mexican drug trafficking organizations have now become the dominant source, especially for the American and European markets. In recent years, Cocaine destined for the Canadian market is either purchased directly in Colombia by Canadian-based wholesalers and importers (including major OCAs, such as the Montreal Mafia and the Hells Angels), purchased from Mexican suppliers (which is the case for the 'Ndrangheta clans in Ontario), or supplied directly by Mexican cartels that have established cells in Canada. Much of the cocaine imported from Colombia into Canada is shipped in marine containers and often routed through transit countries before arriving at container ports of the east coast.

Main global trafficking flows of cocaine



Figure 11.2: Global cocaine smuggling routes

Source: United Nations. (2015). *UN World Drug Report, 2015* (p. xv).

Case Study: Smuggling of Cocaine through Canadian Marine Container Ports via Transit Countries

In June 2013, the CBSA announced it seized about 170 kilograms of cocaine—with an estimated street value of around \$21 million—in two separate incidents at the port of Saint John in New Brunswick. The first seizure of 121 kilograms was made on May 29 of that year after CBSA officials at the port decided to inspect a container from Guyana. The shipping container was on its way to Mississauga and was filled with sauces, seasonings, and noodles. CBSA inspectors discovered the cocaine in several plastic bags concealed within hollowed-out wooden pallets. This was the largest cocaine seizure at the Saint John port since 2008, when 270 kilograms of cocaine were discovered. On June 5, another shipping container from Guyana was inspected and 49 kilograms of cocaine were spotted stashed between corrugated cardboard that separated bottles of hot sauce (*Cape Breton Post*, Jun. 23, 2012; *Daily Gleaner*, Jun. 23, 2012). On January 30, 2014, the CBSA announced that its officers had seized 244 kilograms of cocaine at the Port of Montreal found hidden in a container on a ship coming from Paraguay (Government of Canada News Release, Feb. 7, 2014). On October 29, 2014, the CBSA made a seizure of more than 459 kilograms of cocaine found hidden in a commercial cargo shipment at the Port of Halifax while searching a container ship from Argentina that arrived via Panama (CBC News, Nov. 3, 2014; Government of Canada News Release, Nov. 5, 2014).

The use of tractor-trailers to smuggle cocaine through official land border crossings appears to have increased since the start of the new millennium. This trend is due to the rise of Mexican cartels as the continent's main supplier of the drug. Most of the cocaine smuggled into the US from Mexico comes through land border crossings in California and Texas on commercial trucks, which then fan out throughout the United States and Canada to wholesale customers. In 2013, *CBC News* reported that at least a dozen truckers from the GTA alone had been charged with smuggling cocaine in recent years. The payloads vary, but it is not unusual for a single shipment to be hundreds of kilograms in size (*CBC News*, Mar. 26, 2013; *QMI Agency*, Jan. 16, 2013). The busiest official land border crossing for cocaine imports is the Ambassador Bridge connecting Detroit and Windsor (which is not surprising, given it is the busiest border crossing for commercial traffic between the two countries). More cocaine is seized there by customs officials than any other land border crossing in Canada. In 2019, a Canadian trucker was arrested for allegedly attempting to smuggle 120 kilograms of cocaine—with an estimated street value of \$6 million—across the bridge (*CTVNews.ca*, Sep. 10, 2019). British Columbia's official land border crossings are also the sites of particularly large cocaine seizures. In 2013, for example, CBSA officials found 115 kilograms of cocaine at the Pacific Highway border crossing, also hidden in a commercial tractor-trailer (CBSA

News Release, Jul. 11, 2013). In 2019, American border protection officers seized 170 kilograms that were hidden in a tractor-trailer preparing to enter Quebec at Vermont's Derby Line border crossing. The truck was registered in Quebec (Canadian Press, Dec. 15, 2019). In April 2021, the RCMP in Manitoba announced they had made the largest cocaine seizure in the history of the province. Eighty-one kilograms of cocaine, with an estimated street value of \$7.6 million, along with \$1.5 million in cash, was seized in Winnipeg (*CBC News*, Apr. 9, 2021a). The RCMP said that Project Drone targeted and disrupted a "major international drug trafficking network" that was "responsible for the importation of significant quantities of illicit drugs into Manitoba through Ontario" (*CTVNews.ca*, Apr. 9, 2021).

The wholesaling and distribution of cocaine in Canada is carried out by a diverse range of individuals, groups, and networks in Canada. The CISC (2020: 2) estimates there are over eight hundred OCAs in Canada involved in cocaine trafficking. In its 2019 report, it states five major Canadian OCAs are "involved in some of the largest cocaine importing networks in Canada, which leverage ties to Mexican and Colombian drug trafficking organizations, such as the Sinaloa Cartel, to import up to 1,000 kilograms of cocaine per month." These OCAs "use multiple cocaine importation facilitators, and have extensive international criminal connections throughout Latin and Central America that likely facilitate cocaine importations into Canada and overseas to destinations such as Italy, Australia, and New Zealand" (CISC, 2019: 4). For years, two of the largest cocaine importers and wholesalers in Canada have been the Rizzuto Mafia family and the Hells Angels.

Case Studies: Cocaine Smuggling and Trafficking by Mafia-Style Criminal Groups

In June 2012, 45-year-old Giuseppe (Ponytail) De Vito was sentenced to a 15-year prison term for his role in a conspiracy to import cocaine from Haiti through Trudeau Airport in Montreal. De Vito became known to police during Project Colisée, an investigation into the Rizzuto Mafia family in 2005, after a shipment of 218 kilograms of cocaine was seized by the RCMP. He was convicted of conspiracy to smuggle cocaine and committing a crime for the benefit of a criminal organization. According to the *Montreal Gazette*, "wiretaps revealed De Vito was furious, not because the cocaine had been seized but because the people who did the actual smuggling lied to the Montreal Mafia about how much they were importing to avoid a so-called tax the Rizzuto Family charged for 'a door' through the airport created by De Vito" (*Montreal Gazette*, Jun. 20, 2012). According to police evidence, De Vito played a key role in recruiting airport employees to help bring cocaine into Canada (*Montreal Gazette*, Jun. 5, 2012, Jun. 20, 2012).

Five full-patch members of the Hells Angels were arrested (and later convicted) in British Columbia in 2012 following a series of police raids,

including one at their Kelowna clubhouse. Among those arrested was David Giles, vice-president of the Kelowna Hells Angels chapter. Police allege that Giles, four other Hells Angels members, and four other associates conspired to import and traffic five hundred kilograms of cocaine from September 2011 to August 2012 (*Kelowna Daily Courier*, Aug. 29, 2012; *Vancouver Sun*, Aug. 28, 2012). In 2013, four Canadian members of the Hells Angels were arrested in Pontevedra, a port city in the northwest of Spain, for allegedly smuggling five hundred kilograms of cocaine into the country with the aim of distributing it. One of them had arrived in the coastal city by yacht, allegedly having sailed from Colombia with the drugs while the others preceded him to plan the wholesaling. Two of the Canadians arrested were full-patch members of Hells Angels chapters in British Columbia (Associated Press, Sep. 14, 2013; *Vancouver Sun*, Sep. 16, 2013).

With the emergence of the Mexican cartels as North America's main suppliers of cocaine, Canadian drug smugglers and traffickers have been travelling to Mexico to cut deals. One indication of the increased direct contact between Canadian drug traffickers and their Mexican suppliers is the rash of killings of suspected Canadian traffickers while in Mexico. According to an internal RCMP report cited by the *Toronto Star*, between 2008 and 2012, at least nine Canadians "with extensive criminal associations" were shot or killed in that country. The victims included three members of the BC-based United Nations gang, which had become a major supplier of cocaine in that province. According to a 2012 story on *Insightcrime.com* (Jan. 19, 2012), "The UN Gang has been active in Mexico, in one form or another, for the past four years—if not longer. The alleged leader of the gang, Clayton Roueche, was arrested on May 19, 2008, during a stop-over in Texas from a flight originating in Mexico City. He was charged with conspiring to possess cocaine, conspiring to export cocaine, conspiring to import marijuana, and conspiring to launder money, and was sentenced to 30 years in prison" (*CBC News*, Mar. 6, 2012; *Globe and Mail*, Sep. 29, 2009; *Insightcrime.com*, Jan. 19, 2012; *Toronto Star*, Apr. 19, 2013).

Mexican suppliers and Canadian traffickers are also increasingly using Canada as a cocaine trans-shipment point to other countries (*Insightcrime.com*, Sep. 12, 2014). A 2013 report by the Australian Crime Commission (ACC, 2013: 105) noted that the Netherlands was the transit country that accounted for the greatest number of "cocaine detections" in Australia, while Canada and Germany are "other prominent embarkment points." In terms of the cumulative weight of cocaine imports detected in Australia, Canada was second only to Chile as a trans-shipment country (ACC, 2013). Cocaine is smuggled out of Canada primarily through marine ports and airports. The Port of Vancouver is the main conduit for cocaine destined for Pacific Rim countries, while Toronto's Pearson Airport has been identified as a departure point for cocaine being smuggling to the United Kingdom (RCMP News Release, Nov. 15, 2013).

CRITICAL THINKING EXERCISE

Research and critically examine the extent to which Canada's wholesale cocaine importation and wholesaling are dominated by large (Mafia-style) OCAs. Find case studies and other evidence that supports this argument as well as those that contradict this thesis.

MARIJUANA

For many years, **marijuana** has been the most widely consumed illegal substance in North America. The source of marijuana is the **cannabis** plant, which grows wild throughout most of the tropical and temperate regions of the world. The psychoactive substance of the marijuana plant is (-)3,4-trans-delta-1-tetrahydrocannabinol, also known as delta-1-THC, delta-9-THC, or simply **THC**. It is most highly concentrated in the resinous flowering (or “buds”) of the cannabis plant. The THC level of marijuana varies considerably, depending on how it is grown and pollinated. Historically, most of the marijuana grown or imported into North America had less than 0.5 percent THC, since the plants were originally introduced to produce hemp fibre. More recently, some strains exhibit much higher levels of THC, the result of careful crossbreeding to maximize the psychotropic qualities of marijuana. In addition to its psychotropic properties, the plant (including the non-intoxicating hemp variety) can be cultivated for several useful products: the fibre can be used to make rope, clothing, paper, and more; the seeds can be eaten or crushed into oil for lighting, soap, and cooking, and in the manufacture of varnish, linoleum, and paint; and it is used for medicinal and spiritual purposes.



Photo 11.9: Flowering marijuana plant

Source: Wikimedia Commons

Marijuana was not a particularly popular or widespread drug during the first half of the 20th century; nonetheless, it was caught up in the temperance movements and drug prohibition laws that swept through North America during that period. To sell the merits of prohibition, temperance movement leaders equated marijuana use and trafficking with racialized and ethnocultural minority groups, deviants, crime, psychoses, and violence. Laws prohibiting marijuana in the United States and Canada were not the result of widespread misuse or rigorous scientific or medical evidence proving its negative health impacts or addictive properties. Instead, its criminalization was the result of the nativist reaction to Mexican immigrants who were accused of bringing the “loco weed” into both countries. Various industry groups involved in such sectors as timber and cotton also lobbied for the cannabis plant to be outlawed because of its potential to produce fibres for paper and clothes. The groundswell of opposition to marijuana in the 1920s and 1930s produced an avalanche of hysterical anti-marijuana propaganda, including the unintentionally laughable 1936 film *Reefer Madness*.

In Canada, laws against the use of marijuana (as well as heroin and cocaine) were greatly influenced by the sensationalized and bigoted writings of Judge Emily Murphy, whose intent was to arouse public opinion and pressure the government into enacting



Photo 11.10: Still from the 1936 movie *Reefer Madness*

Source: Wikimedia Commons

stricter drug laws. In her 1922 book, *The Black Candle*, a Los Angeles County police official is quoted as saying, “persons using this narcotic smoke the dry leaves of the plant, which has the effect of driving them completely insane. The addict loses all sense of moral responsibility. Addicts to this drug, while under its influence are immune to pain. While in this condition they become raving maniacs and are liable to kill or indulge in any forms of violence to other persons, using the most savage methods of cruelty without, as said before, any sense of moral responsibility” (Murphy, 1922: 332). In 1923, cannabis was made illegal in Canada through the *Opium and Narcotic Drug Act*. In 1937, the US Congress passed the *Marijuana Tax Act*, which put an end to lawful recreational use of the substance.

Beginning in the 1960s, the popularity of marijuana as a recreational drug skyrocketed as rebellious youth and countercultures asserted their independence from their parents and mainstream society. People who wanted to experiment with drugs or occasionally get high felt that they could indulge in “grass” without the dangers of serious long-term health damage or physical addiction associated with heroin.

Within the global context, Canada has traditionally been a marijuana-consuming country, with most of it being imported from tropical climes, such as Jamaica, Colombia, Mexico, Cambodia, Thailand, and California. According to the RCMP, of the foreign marijuana seized in or en route to Canada in 1999, at least 5,535 kilograms originated from Jamaica, 825 kilograms from South Africa, and 860 kilograms from Mexico. Foreign shipments arrive directly into Canadian ports of entry or transit through the United States before reaching Canada. On June 11, 1999, for example, US Customs intercepted 2,464 kilograms of Jamaican marijuana and 141 kilograms of hash oil at Newark, New Jersey, in a marine container bound for Montreal. Just a few weeks later, another 2,617 kilograms of marijuana from Jamaica destined for Canada was seized in Florida (RCMP, 2000: 6).

By the start of the 21st century, Canada was well on its way to becoming self-sufficient in producing marijuana. Illegal grow operations—most of them indoors—proliferated throughout British Columbia, and then the rest of the country, producing a potent and popular form of marijuana that became known internationally as “BC Bud” or “Canadian Gold.” In addition to providing ideal year-round growing conditions, the use of indoor grow-ops avoids the need for large plots of land and enhances privacy. Indoor production also allows for the use of specialized horticultural technology and cloning methods that increase the drug’s potency. From 1994 to 2002, the amount of domestically grown marijuana seized in Canada grew by more than 600 percent (from 6,472 to 54,372 kilograms), a statistic reflective of both an increase in production and intensified enforcement attention (RCMP, 2002b). In 2003, the RCMP estimated the annual production of marijuana in Canada to be at least eight hundred metric tons, approximately five million plants. According to a 2002 RCMP report, “every year, several multi-thousand plant operations are discovered, both indoor and outdoor.” Profit is the most obvious attraction. With a “comparatively small initial investment, the grower

can potentially reap profits of well over \$1,000,000 within the first year for an operation capable of producing a few hundred plants of high-quality marijuana about every three months" (RCMP, 2002b). In 2009, Canadian law enforcement seized a total of 34,391 kilograms of marijuana and 1,845,734 plants (RCMP, 2009: 16).

British Columbia has long been considered the illegal marijuana grow-op capital of Canada, and as early as 2001, the total value of the cultivation industry in that province was estimated at \$6 billion (MacQueen, 2001: 28). In a 2004 study entitled *Marijuana Growth in British Columbia*, Stephen Easton, a professor of economics at Simon Fraser University, calculated there were as many as 17,500 illegal grow-ops in the province in 2000 (Easton, 2004: 3). Illegal cannabis cultivation soon spread to other provinces. One police report suggests that between 2000 and 2002, indoor marijuana grow-ops in Ontario increased by more than 250 percent. In 2002, Ontario was home to as many as 15,000 cultivation operations, producing marijuana worth up to \$12.7 billion, making it the third most valuable agricultural crop in the province (Ontario Association of Chiefs of Police, 2002: 2; *Toronto Star*, Dec. 18, 2003). Between September 8 and 19, 2003, a police task force in eastern Ontario seized more than 12,000 marijuana plants (RCMP



Photo 11.11: Growing marijuana indoors

Source: Wikimedia Commons

News Release, Sep. 29, 2003). By this time, the production of illegal marijuana had become a multi-billion-dollar industry in Canada that employed thousands of people. The proliferation of illegal marijuana grow-ops throughout Canada was due to several factors:

- the relatively low level of capital required to begin operations;
- advances in cultivation technology and the widespread and legal availability of this technology and other equipment;
- a high profit potential;
- a large and receptive consumer market—both domestically and internationally;
- the high level of potency of Canadian-grown marijuana; and
- the relatively lenient penalties for marijuana offences in this country.

Like other illegal drug markets, the extent to which domestic marijuana is controlled by well-organized criminal enterprises is a matter of dispute. Research suggests that it is a highly competitive industry made up of thousands of producers and distributors. One study published in 2016 by the Canadian Drug Policy Coalition cites government data over an eight-year period indicating that just 5 percent of a random sample of five hundred criminal cases involving marijuana production had links to OCAs or street gangs (*Globe and Mail*, Aug. 9, 2016). Notwithstanding this research, large OCAs became involved in production early on, which helped bolster the production, distribution, and export of domestically grown pot. A 2003 RCMP report argues marijuana production in Canada had become “a staple for all crime groups” (RCMP, 2003). By that time, police investigations had repeatedly turned up large grow operations controlled by OMGs. In 1996, police raided a warehouse in a suburban Montreal industrial park that housed a hydroponic facility with 11,000 plants in full bloom. This installation was traced to the Rockers, a motorcycle gang affiliated with the Quebec Hells Angels’ Nomads chapter (CISC, 1997: 24). Since this case, police have linked dozens of illegal marijuana grow operations across the country to the Hells Angels and its associates.

The OCAs involved in marijuana production in Canada effectively distance themselves from the actual day-to-day production. They will hire or contract out production to others who may be registered as the owners of homes or farmland used for the crops and who will get a cut of the profits. These “crop sitters” tend to the plants, look after the lighting and watering systems, and may act as security. The RCMP has reported that some of those who owe money to crime groups are coerced into becoming crop sitters to pay off their loans or gambling or drug debts (RCMP, 2003). Farmers and land-owners have been subjected to intimidation tactics by members and associates of OMGs that want to use their fields to plant illegal crops (RCMP, 2000: 6). One sure sign of the involvement of OCAs in marijuana production is the scale of some of the grow operations raided by police. The sheer size of marijuana grow operations has reached

“unprecedented levels,” the RCMP observed in 2002 (RCMP, 2002b). As the scale of individual grow-ops increased, the trend was to move away from residential homes to industrial spaces that accommodated larger illegal operations.

Case Study: Use of Industrial Facilities to House Massive Marijuana Grow Operations

On January 12, 2004, police raided the largest indoor marijuana grow operation found in Canada to date, which was located in a former Molson Brewery in Ontario. Inside, police found approximately 30,000 plants in various stages of production. The pot factory (which one attending officer called “little Saskatchewan”) operated 24 hours a day and was capable of producing as many as three or four crops annually that could be worth as much as \$100 million. Plants covered more than 60,000 square feet of space, and hundreds of thousands of dollars were spent to convert the old brewery, which included the addition of dormitory-type living quarters for up to 50 workers. Many of the plants were maturing inside 25 beer vats that had been turned into hothouses with the installation of a thousand high-powered lights. Each vat also had a filtration system that pumped fresh air into the vat and then removed the unmistakable skunk-scented air, which was filtered and then sent into a separate self-contained room (*Globe and Mail*, Jan. 12, 2004; *Toronto Star*, Jan. 12, 2004, Jan. 13, 2004).

By 2003, police began discovering grow operations, including ones outdoors and underground, in more remote locations in British Columbia and other parts of Canada.

Case Studies: Large-Scale Marijuana Grow Operations in Rural Canada

On September 19, 2003, Canadian military police showed reporters 783 mature cannabis plants they had seized from a field located midway between Montreal and Quebec City on land owned by the Department of National Defence (and used as an ammunition testing ground) (*Globe and Mail*, Sep. 20, 2003). In November 2003, RCMP officers seized 3,600 marijuana plants and 1.6 kilograms of dried pot from an elaborate grow operation in two underground bunkers, 30 kilometres west of Dawson Creek in BC (*Peace River Block Daily News*, Nov. 8, 2003). In October 2004, 16 people were arrested in connection with a major grow operation in the tiny BC community of Seymour Arm, at the north end of Shuswap Lake. Police discovered 20,000 marijuana plants located in attics, basements, and bunkers, some of which were capable of holding more than 5,000 plants at a time. “We figure that just over half of the residents were involved in this well-organized criminal enterprise,” an RCMP spokesperson told the media (*CBC News*, Oct. 6, 2004,

Oct. 8, 2004). Sûreté du Québec officers carried out one of the largest marijuana seizures in the province's history on June 23, 2005, when they discovered 17,000 plants in a farmer's field. Two men police believe were linked to a Chinese crime group were arrested (*Ottawa Citizen*, Jun. 23, 2005). In 2013, the RCMP in British Columbia seized 12,000 marijuana plants that were just about to be harvested on Crown land in the Pemberton area (*Vancouver Sun*, Sep. 12, 2013). The largest marijuana grow-op ever discovered in Canada was located in a cornfield in eastern Ontario, about 150 kilometres from Ottawa. Police were astounded to find a massive plantation of 40,000 plants (*Toronto Star*, Sep. 22, 2008).

The location of grow-ops on farmland signalled a new trend in which big, cheap, vacant farms located in more northerly parts were leased to grow cannabis crops. In addition to the secrecy that remote properties provide, warm summer days and cool nights allow for excellent growing conditions. Producers have even enriched the clay soil, while new strains have been tested to determine which ones grow best in the northern climate. Outdoor crops also allow for economies of scale in that a large amount of pot can be harvested from relatively inexpensive farmland, compared to the smaller yields grown indoors in expensive urban and suburban homes.

Canada had not only become self-sufficient in marijuana, but it also became an exporter to the United States, where Canadian-grown marijuana is highly popular and fetches a high price, due to its quality and relative scarcity in the United States. While the quantity of Canadian pot imported into the US is estimated at only one fifth of what comes from Mexico, there has been a steady rise in exports from Canada. This is reflected in an increase in the quantity of Canadian pot seized in the United States: from 2,235 kilograms in 2000 to 9,487 kilograms in 2002 (RCMP, 2003). In its 2004 annual report, the White House Office of National Drug Control Policy concluded that the "marijuana Americans smoke comes from three main sources: U.S. outdoor and indoor cultivation, Mexican outdoor cultivation, and high-potency indoor cultivation from Canada." The report estimated that on an annual basis, Mexico was supplying approximately 5,000 metric tons, 2,500 metric tons are grown domestically in the United States, with roughly 1,000 tons coming from Canada (White House Office of National Drug Control Policy, 2004: 43).

The demand for potent Canadian cannabis in the United States results in a substantial increase in its price as soon as it crossed the border. As a 2000 report by the Drug Enforcement Administration (DEA) states, Canadian-produced cannabis "sells for \$1,500 to \$2,000 per pound in Vancouver. Smuggled to Bellingham, Washington, the price increases to about \$3,000; if brought to California, it can sell for as much as \$6,000. In New York City, Canadian marijuana has sold for up to \$8,000 per pound. DEA officials in Portland, Maine, report that high-potency Canadian-grown marijuana is sold in the region at up to five times the price of domestic and Mexican marijuana" (US DEA, 2000). The inflated price fetched in the United States contributes to greater

profits for producers and distributors, which in turn has led to increased production in Canada and the smuggling of larger amounts across the border.

The involvement of OCAs in marijuana production also contributed to the increase in exports to the United States, and some groups in Canada produce marijuana exclusively for illicit markets in the US (RCMP, 2009: 17). In 2010, the International Narcotics Control Board maintained that Canada continued to be self-sufficient in illicit cannabis but also supplied a “significant amount” of the homegrown product to the United States, some of which is traded for “cocaine and other contraband, such as firearms and tobacco” (*National Post*, Mar. 2, 2011).

Case Study: Marijuana Smuggling between British Columbia and Washington State

At the end of June 2006, Canadian and American police dismantled one BC-based smuggling network that used remote, mountainous locations as staging points for helicopters and airplanes transporting thousands of kilograms of BC marijuana to Washington State and hundreds of kilograms of cocaine into Canada. Codenamed Frozen Timber, the two-year investigation ended with the seizure of 3,640 kilograms of marijuana, 365 kilograms of cocaine, three aircraft, and \$1.5 million in American cash.

Six people were arrested in Canada, while 40 arrests were made in the United States. The key Canadian figure in the smuggling ring was Daryl Desjardins, who, according to police, was subcontracted by several criminal groups (including the Hells Angels, the Montreal Mafia, Indo-Canadian gangs, and Asian crime groups) to ferry the drugs between the two countries. Desjardins was arrested in a Bell Jet Ranger helicopter on May 10 after allegedly transporting 150 kilograms of pot across the border. He was convicted of smuggling and trafficking in a BC courtroom and sentenced to 4.5 years (Canada NewsWire, Jun. 29, 2006; *Chilliwack Progress*, Aug. 18, 2006; *Vancouver Sun*, Jun. 29, 2006).

In another smuggling operation, three men were arrested by DEA agents in the US who had been monitoring the efforts of the trio as they toiled for eight months digging a 110-metre tunnel that ran from Aldergrove, BC, to Lynden, Washington. The tunnel was constructed using shovels, a mechanical winch to raise and lower cartloads of drugs, and a sump pump to drain off water. It was wired for lighting and its walls were reinforced with concrete, steel, and about one thousand two-by-six-inch wood supports spaced two inches apart. The cost involved in building the tunnel and acquiring the property on both sides of the border was in excess of a million dollars, which led police to believe it was funded by at least one well-heeled criminal organization. The men were arrested in Bellingham, Washington, after they had transported 42 kilograms of marijuana through the tunnel (*Globe and Mail*, Jul. 22, 2005, Jul. 23, 2005; *Vancouver Sun*, Jul. 22, 2005).

The cannabis industry in Canada took its initial steps toward legalization with the advent of Health Canada's Marijuana Medical Access Regulations (MMAR) in 2013, which allowed cannabis to be grown legally for medical purposes with a licence from the federal government. However, even this legitimate industry has been used to supply the underground market. In its 2009 *Drug Situation* report, the RCMP writes that the MMAR "is susceptible to exploitation by drug trafficking organizations" that obtain legal licences and then produce more than the quantity allowed under a Health Canada permit with the excess being diverted to the black market (RCMP, 2009: 16). In March 2013, police in the Niagara region of Ontario laid criminal organization charges after it was discovered that one federally licensed marijuana production facility had generated hundreds of thousands of dollars in profits from the "egregious exploitation" of Canada's medical marijuana laws. Police told the media that a Hamilton-based criminal group obtained "several dozen" licences to produce marijuana under the guise that it was for medical purposes (*Postmedia News*, Mar. 7, 2013). However, most of the pot was sold on the black market. In effect, the group was running a highly profitable marijuana grow operation whose distribution network stretched to Newfoundland, police claim. In all, 12 people were charged with a variety of criminal offences (*Hamilton Spectator*, Mar. 8, 2013; *Postmedia News*, Mar. 7, 2013). In October 2019, police laid charges against three men that had a Health Canada licence allowing for 475 outdoor plants and 124 indoor plants on the premises. Police say they found well over two thousand plants on the site, and they seized millions of dollars worth of marijuana (*CP24.com*, Oct. 7, 2019).

Despite the 2018 legalization of marijuana for recreational use in Canada (see chapter 13), there continue to be illegal grow-ops that supply both domestic and foreign black markets. Between July and October 2020 alone, the Ontario Provincial Police seized more than 122,000 illegal cannabis plants across the province, worth an estimated \$143 million. Many of the targets were large-scale, sophisticated, illegal cannabis operations, each with hundreds and sometimes thousands of plants, according to the OPP (*QuinteNews.com*, Oct. 22, 2020). One reason illegal production still flourishes in Canada is that lucrative export markets continue to exist in much of the US, where many states still prohibit cannabis consumption. The US *Narcotics Control Strategy Report* for 2021 says that after Canada legalized cannabis for non-medical purposes in 2018, "there was a surge in U.S. seizures of cannabis in transit from Canada to the United States." The Buffalo field office of US Customs and Border Protection saw marijuana seizures from Canada increasing from 1.5 tons in fiscal year 2019 to 18.2 tons in fiscal year 2020 (United States Department of State, 2021: 108–9). In March 2021, Hamilton police said they seized more than 296 kilograms of marijuana hidden in sand-blasting bags stacked on the skids of a truck destined for Illinois (*Toronto Sun*, Mar. 11, 2021).

HASHISH

Hashish (hash) is a derivative of marijuana and contains the intoxicating resinous secretions of the cannabis plant, which are collected, dried, and then compressed into a variety of forms. Its potency typically exceeds that of marijuana, which helps to explain its popularity. Most hash is imported into Canada from the Middle East and Southwest Asian countries—in particular, Lebanon, Pakistan, Afghanistan, and Morocco. Hundreds of tons of hashish enter Canada every year. According to its website, for fiscal year 2020–21, the CBSA (2021) seized 10.32 kilograms of hashish (a small fraction of what is imported into the country). Generally speaking, hash is imported into Canada on a networked basis: the marijuana is grown in one of the aforementioned regions and usually converted to hashish there. Brokers arrange for the shipment, while Canadian groups coordinate its entry into Canada. Much of the hashish imported into the country is shipped via marine containers and enters through Montreal or Halifax, and multi-ton shipments direct from Pakistan are common (Canada NewsWire, Jun. 5, 2006; *Montreal Gazette*, Aug. 9, 2002, Jun. 6, 2006, Sep. 26, 2006). As one RCMP officer observed

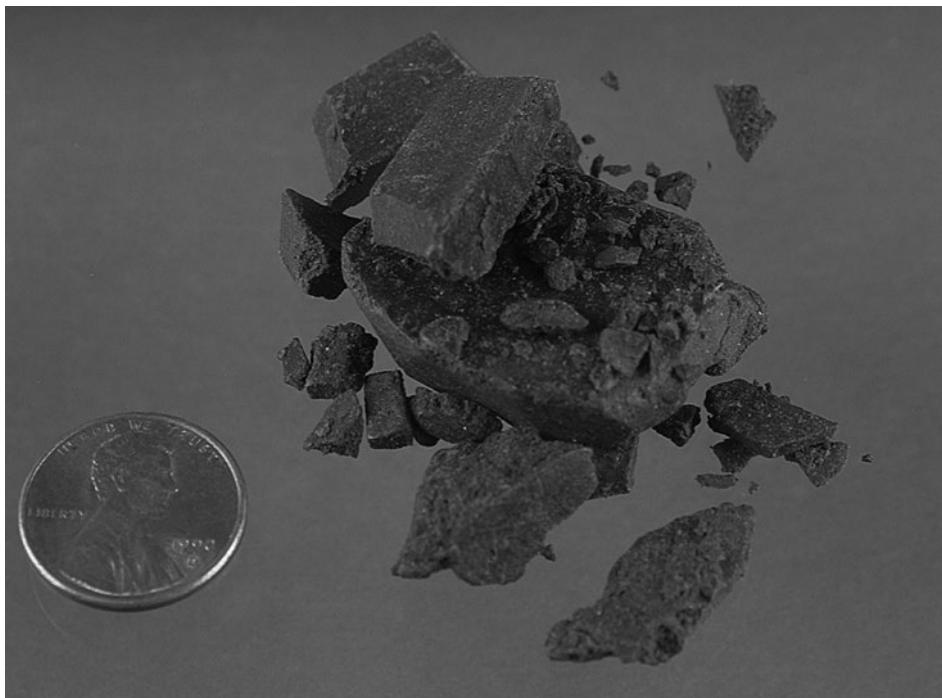


Photo 11.12: Hashish (cannabis resin)

Source: Wikimedia Commons

following a large bust at the Port of Montreal, marine containers are essential to hashish smuggling into Canada “because it’s hard to hide 4,000 pounds of hash in the trunk of a car” (*Montreal Gazette*, Aug. 9, 2002).

Case Study: The West End Gang

One Canadian crime group that has dominated the importation of hashish in Canada is Montreal’s West End Gang, a moniker applied by police to a network of offenders, mostly of Irish descent. The fateful decision to start importing hashish was made in the mid-1970s by Paul Ryan, the original leader of the gang, whose criminal background up to that point was largely confined to robberies. Using his criminal contacts, he began to purchase and sell small quantities of hashish, and by the end of the decade, he had made enough money to start importing hash shipments. Before long, he was one of the biggest distributors in Montreal. Under Ryan’s leadership, hash arrived at the Port of Montreal by the ton and was then distributed through a network of wholesalers that extended west into Ontario and east into the Maritimes (Burke, 1987).

By the late 1980s, the West End Gang was under the leadership of Gerald Matticks, who wholesaled hashish and cocaine to the elite of Quebec’s underworld—the Hells Angels, the Rock Machine, and the Rizzuto family, as well as Asian and Russian criminal groups. Matticks was able to move large quantities into Montreal because of the influence he had at the marine ports and in the hiring of “checkers,” a waterfront job responsible for overseeing the movement of containers off ships. Gerald’s son Donald even worked on the docks as a checker for 15 years before being caught up in a police dragnet in 2002. Donald Matticks would later tell a parole board that he began working at the port at the age of 24 and used his position to sneak drug-filled containers past the port gates without being inspected (*Journal de Montréal*, Dec. 6, 2002; *Montreal Gazette*, Dec. 5, 2002).

Gerald Matticks was arrested on May 26, 1994, when he, his brother Richard, and nine others were charged by the Sûreté du Québec (SQ) in connection with a 2,650-kilogram shipment of hashish found in a shipping container on the Montreal waterfront earlier that month. At the time, it was one of the largest hashish seizures ever in Quebec. The SQ announced that the Mattickses would also be charged in connection with another thousand kilograms discovered in March. When the case came to court, however, allegations began to surface that the provincial police had planted incriminating evidence against Matticks. In June of the following year, all the charges were dismissed by a Quebec court judge who ruled that the SQ had fabricated evidence, falsified documents, and provided inconsistent testimony in court.

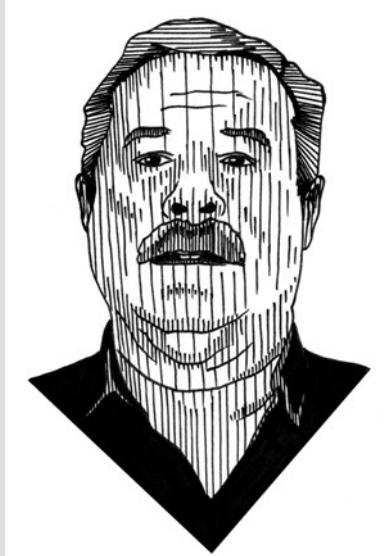


Photo 11.13: Gerald Matticks

Source: Illustration by Ben Firsch

The brush with the law did not deter Matticks. In December 1999, he and another drug-dealing partner, Louis Lekkas, orchestrated a 2,363-kilogram shipment of hash that landed at the Montreal port. This was followed a month later by another load of over 20,000 kilograms, although this one was seized by police. In 2000, Matticks and Lekkas imported 4,037 kilograms of hash and sold 1,500 kilograms to the Hells Angels. Another consignment in October of 2000 brought in 5,485 kilograms of hash, but this was also seized by police. Their last shipment of 9,000 kilograms landed at the Montreal port in February 2001. In a little over a year, Matticks and Lekkas brought in eight illegal shipments containing more than 44,000 kilograms of hashish and 265 kilograms of cocaine. Police estimated

that once on the street, the drugs had a value of around \$2 billion. On August 6, 2001, Matticks pleaded guilty to drug charges and received a 12-year sentence. While in jail, he was hit with a bill for \$2.1 million from the Quebec government for taxes owed on his drug sales (Cherry, 2005: 181–82; Sher & Marsden, 2003: 336; *Globe and Mail*, Apr. 23, 2004; *Montreal Gazette*, Aug. 9, 2002; Sûreté du Québec Communiqué, Dec. 4, 2002).

Following the conviction of Gerald Matticks, crime reporter Michel Auger wrote that despite the jail term, “his people are still there” (*Montreal Gazette*, Aug. 9, 2002). Auger was referring to the West End Gang’s influence at the Port of Montreal, which was still intact despite the recent convictions. Sure enough, on May 10, 2006, the RCMP seized 989 bales of hashish, weighing around 22,500 kilograms, off of a ship that departed from Angola in southern Africa and was destined for the Port of Montreal. The hash had been transported part of the way by an “undercover” ship chartered by the RCMP and crewed by police officers. Once in Montreal, a controlled delivery of the hash was made by police to a home about 50 kilometres southeast of Montreal. Three men police say were affiliated with the West End Gang were arrested, convicted, and sentenced on drug charges (Canada NewsWire, Jun 5, 2006; *Montreal Gazette*, Aug. 9, 2002, Jun. 6, 2006, Sep. 26, 2006).

Despite the arrests, the remnants of the West End Gang continued to be involved in importing hashish through Montreal. In April 2012, nine Montreal-area residents were charged in connection with several seizures of hashish at the ports of Halifax and Montreal between March and November 2010 that eventually totalled an astounding 43,000 kilograms (worth an estimated \$860 million). Among those arrested were two men who are listed as members of the International Longshoremen's Association, a union that represents workers at the Port of Montreal. Police say that individuals associated with the West End Gang bought the hash in Pakistan, and from there it was hidden in coffee and clothes shipments that were then sent to several European cities before ending up in Montreal. When the hash arrived in Canada, corrupt workers checking containers at the Port of Montreal alerted the West End Gang their shipment was ready. Police believe the cache of drugs was divided up and then shipped throughout North America (Canadian Broadcasting Corporation, Apr. 19, 2012; CBC News, Apr. 19, 2012; *Montreal Gazette*, Apr. 19, 2012).

Huge shipments of hashish continue to be imported through marine ports in Quebec and Nova Scotia. In May 2014, the CBSA seized 858 kilograms of hashish at its Port of Montreal container examination facility after having targeted a container arriving from Morocco. In July, the CBSA seized another 209 kilograms of hash, hidden in boxes of chocolate, at the Montreal Trudeau International Airport (Government of Canada News Release, Jul. 24, 2014, Aug. 15, 2014). On December 10, 2015, Canada Border Services officers at the Port of Montreal seized more than 1,300 kilograms of suspected hashish. The drugs were found in a marine container arriving from Malawi filled with floorboards and wooden handcrafted furniture (CBSA News Release, Dec. 24, 2015).

SYNTHETIC (CHEMICAL) DRUGS

Cocaine, heroin, and cannabis are all derived from naturally occurring plants (although synthetic agents are used to produce cocaine and heroin). The underground drug market is also characterized by an ever-expanding array of **synthetic drugs**, which are wholly made up of chemicals. This category includes such drugs as diazepam (Valium), methamphetamine (crystal meth), methylenedioxymethamphetamine (MDMA or ecstasy), **lysergic acid diethylamide (LSD)**, **phenylcyclohexyl piperidine (PCP**, also called angel dust), and fentanyl.

Canada is an importer, consumer, transit country, and producer of some of these drugs. The Outlaws and Satan's Choice motorcycle gangs established Canada as illegal

synthetic drug producers in the late 1960s and 1970s, when they began manufacturing a sedative made up of diazepam. In 1982, the RCMP ended a two-year undercover operation with the arrests of 22 people, most of whom were members of the Outlaws or the Hells Angels, following the seizure of 51 pounds of illegal phencyclidine powder, 10,787 PCP tablets, and 34,800 tabs of LSD (*Montreal Gazette*, Oct. 9, 1982). When a laboratory in Madoc, Ontario, was busted in 1983, police said they found enough chemicals to make **methamphetamine** worth \$3.6 million. Members of Toronto's Satan's Choice and Para-Dice Riders chapters were arrested in that raid (*Toronto Star*, Sep. 20, 1983). In 1984, Toronto police raided another outlaw biker lab and seized about 2.8 kilograms of methamphetamine with a street value of \$4 million, arresting a chemist and his assistant in the process (CISC, 1985: 22). In July 1985, Quebec provincial police busted a laboratory they claimed was responsible for producing part of the \$8 million worth of synthetic drugs seized at Hells Angels hiding places across Quebec the month before. The lab, which was set up in a Montreal home, was capable of producing 15 pounds of methamphetamine a week (*Montreal Gazette*, Jul. 10, 1985). In its national drug estimates for 1987, the RCMP wrote that OMGs in Quebec are "believed to be responsible for much of Canada's PCP production, while the gangs located in Ontario are active in the production of methamphetamine" (RCMP, 1987b: 8).

Since these initial forays, there has been a surge in the domestic production of MDMA and "crystal meth," as well as a spike in the importation of chemicals used to produce these synthetic drugs. The United Nations' 2011 *World Drug Report* states that large-capacity methamphetamine and ecstasy laboratories in Canada are controlled by Asian organized crime groups and OMGs (UNODC, 2011). Ouellet and Morselli (2014: 37) have analyzed data from drugs seized in Quebec between 2007 and 2008 and conclude that the synthetic drug market in that province "is composed of a high number of small structures, indicating a competitive and decentralized market." Another Quebec-based study that examined police operational files for the 2000–10 period concludes that "the production of these types of synthetic drugs in Quebec is dominated by large 'superlabs' or sophisticated medium-scale facilities, producing illicit drugs in tablet form" and that "no more than 30" people with the chemical "knowledge, experience and skills required" were needed to run a sophisticated clandestine synthetic drug operation (Chartrand & Thibault-Vézina, 2013: 2, 3).

To produce these illegal drugs, vast quantities of chemicals need to be used, including those brought into the country illegally. Most "precursor chemicals" smuggled into Canada, including fentanyl powder, come from China and enter through the Port of Vancouver and smaller ports along the BC coast. In October 2012, for instance, the CBSA at the Prince Rupert Marine Container Examination Facility announced the seizure of 14 tons of four different kinds of precursor chemicals for the production of drugs like methamphetamine and MDMA. The chemicals originated in China, and according to the CBSA, this was the third seizure of its kind at Prince Rupert Port in the last two years (CBSA News Release, Oct. 24, 2012). In April 2013, CBSA officers at the

Port of Vancouver Container Examination Facility seized over two thousand litres of hyphosphorous acid, a precursor chemical used in the production of methamphetamine (CBSA News Release, Apr. 30, 2013). The use of legal chemicals by organized criminal groups for illicit drug production was such a problem the RCMP set up a National Chemical Precursor Diversion Program (United States Department of State, 2021: 49).

MDMA

By the early 1990s, Canadian law enforcement agencies began intercepting imports of a new “designer drug” that had already gained widespread popularity in Europe. The pharmacological name of the drug is **methylene dioxyamphetamine**, but it is commonly referred to by its abbreviation, **MDMA**, or by its street name, **ecstasy**. MDMA comes in pill form and generally contains between 70 and 120 milligrams of the active ingredient. The profit margin for MDMA is extremely high: during the mid-1990s, one pill selling for \$35 to \$40 cost between 50 cents to \$2 to produce. Throughout the decade, most of Canada’s supply of MDMA was imported from Europe by couriers arriving on commercial air flights. Between January 15 and February 1, 2000, close to 100,000 pills were discovered following body searches of six travellers, including two teenagers, returning to Canada from France at Pearson Airport in Toronto. On May 4 of the same year, 144,000 ecstasy pills were found at Montreal’s Dorval airport stashed



Photo 11.14: Ecstasy tablets

Source: US Drug Enforcement Administration, via Wikimedia Commons

inside computers that had arrived on a cargo jet from Belgium. On May 17, 2000, the RCMP at Pearson airport found 170,000 tablets hidden in crude body packs strapped to three passengers who had just flown in from Rotterdam. In December 2000, the RCMP seized another 150,000 MDMA tablets in Toronto that had been shipped via a courier company from Brussels by an Israeli drug trafficking organization. The shipment was destined for the United States. In May 2001, almost 860,000 tablets were seized from an air cargo shipment to Canada declared as bedsheets (RCMP, 2002b; *Globe and Mail*, May 18, 2000; *Toronto Sun*, May 11, 2000).

In addition to these imports, Canadian police also have to contend with the domestic production of MDMA. In June 1999, the RCMP dismantled a laboratory in Sainte-Julie, Quebec, that had sufficient chemicals to produce 750,000 ecstasy tablets. In October of that year, police raided a laboratory in Chilliwack, BC, with the potential to produce two million tablets. A month later, two MDMA labs were discovered in Ontario, the first in a rural area near Hawkesbury and the second in a large apartment complex in Mississauga. Eight MDMA labs were discovered by Canadian police in 2000, and between November 2002 and July 2005, police dismantled 17 labs in mid-western Ontario alone. In July 2003, police busted an ecstasy lab in the basement of a middle-class Scarborough home, confiscating 93,000 pills and more than 100 kilograms of powder, which police believe was a combination of ecstasy and methamphetamine that could produce more than 800,000 pills. Later that summer, Canada Customs agents at the Port of Montreal found 260 kilograms of MDMA powder, enough to produce 2.6 million pills. The powder was discovered aboard a freighter that had originated in Belgium and was ultimately destined for British Columbia, where it supposedly would be pressed into pills. A controlled delivery was made to Vancouver by rail, and when it arrived on the west coast, police arrested its recipient, Chi Fai Leung of Burnaby, who was charged with possession for the purposes of trafficking (RCMP, 2000; Canada Customs News Release, Dec. 11, 2003; *Toronto Star*, Jul. 30, 2003).

On June 27, 2005, Vancouver police removed toxic chemicals from an illegal drug lab housed in a multi-million-dollar home in the affluent neighbourhood of West Point Grey. Inside, police found 85 litres of solvents, 40 litres of muriatic acid, and 80 kilograms of red phosphorous, along with heating equipment and condenser tubes (*The Province*, Jun. 28, 2005; *Vancouver Sun*, Jun. 28, 2005). Also in June of that year, Calgary police made one of the largest ecstasy busts ever in Alberta, seizing 213,000 tablets with a street value of about \$4.25 million during a search of a home. The seizure was the result of an eight-month investigation that was initiated after police learned a shipment of ecstasy was coming to Calgary by land from Vancouver. The 250-milligram ecstasy tablets were laced with 20 milligrams of methamphetamine, which is supposed to increase the intensity of the high. In addition to the drugs, \$25,000 in cash, two stun guns, a semi-automatic rifle with a partially loaded clip, and body armour were seized from the residence. One 32-year-old man, Hui Xu (a.k.a. Phillip Tu), was charged (Canadian

Press, Aug. 17, 2005; *Globe and Mail*, Aug. 18, 2005). In September 2014, the RCMP in Mission, BC, announced that investigators discovered a total of approximately 60 kilograms of MDMA—enough for 600,000 individual doses—which would be worth up to \$3 million on the street (*CBC News*, Sep. 10, 2014). The RCMP said the lab was storing enough volatile chemicals to level a city block in the event of an explosion. “It’s a large-scale operation and it’s sophisticated as well,” RCMP Staff Sergeant Rob Dixon told the media (*Mission Record*, Sep. 10, 2014).

Methamphetamine (Crystal Meth)

Crystal meth, the street name for a popular smokable version of methamphetamine, is made by mixing various forms of amphetamine or derivatives with other chemicals to boost its potency. Ephedrine or pseudoephedrine, which are found in many cough medications, is often used as the basis for the production of the drug, along with chemicals such as drain cleaner, battery acid, lantern fuel, or antifreeze. Canada is both an importer of methamphetamine and also a producer.

In its 2020 annual report, the CISC asserts that meth “continues to be one of the most significant national-level criminal market threats to communities across Canada with OCGs [organized crime groups] supplying substantial quantities to the Canadian



Photo 11.15: Crystal meth rock

Source: Psychonaught, via Wikimedia Commons

market through domestic manufacturing and international importation, as well as exporting to international markets”:

Domestic methamphetamine production is characterized by OCGs operating clandestine labs, supplied by brokers and facilitators capable of sourcing and diverting hundreds of kilograms of unregulated chemicals and precursors. Currently, the most significant methamphetamine network in Canada is estimated to encompass two-thirds of all OCGs and individuals reported to be involved in the precursors/chemicals and manufacturing markets and includes members of a national HLT [high-level threat] group. It includes a distribution network spanning from British Columbia to Nova Scotia and is highlighted by KFs [key facilitators] and chemical brokers who are suspected of diverting precursors and chemicals to manufacturers in British Columbia, Ontario, and Quebec. Mexico has become a key source of imported methamphetamine in Canada, with Mexican drug-trafficking organizations producing increasingly significant quantities, driving down wholesale prices, and flooding international markets. Since 2019, hundreds of kilograms of Mexican methamphetamine have been directed at Canada, mostly through commercial truck transportation (via the United States) and through maritime shipments. Oftentimes, international transactions are reciprocal, whereby Canadian groups exchange, for example, ecstasy (to the United States) for hundreds of kilograms of methamphetamine, heroin, and cocaine. Sizeable seizures are likely indicative of OCGs coming together to work collaboratively on imports, partnering to leverage reduced wholesale purchase prices of large drug loads, as well as saving on brokerage and transportation fees. (CISC, 2021: 10)

All indications are that methamphetamine importation, production, and trafficking are on the rise in Canada: “In 2019, there were more arrests for possession of methamphetamine than opioids, and methamphetamine trafficking was up 17 percent. Experts attribute the rise in part to lower drug prices due to increased availability of inexpensive methamphetamine manufactured in Mexico” (United States Department of State, 2021: 108). The CBSA reported a 333 percent increase in methamphetamine seizures from 2017 to 2018 (Canadian Integrated Response to Organized Crime Committee, 2020: 2). Meth appears to be a particularly popular street drug in the Prairie provinces. In August 2019, the CBSA announced they had seized 50 kilograms of meth from a tractor-trailer coming into Alberta from Montana. Inside they found 33 bags of white crystals, enough for 500,000 hits and worth \$3 million on the street (*National Post*, Aug. 1, 2019). In December 2020, the Alberta Law Enforcement Response Team seized nearly 14 kilograms in Edmonton. The drugs were enough to produce more than 45,000 doses and are estimated to have a street value of \$1.35 million. In addition to

the meth, police also seized cocaine, MDMA, fentanyl, cannabis, and OxyContin pills. In January 2019, police in Winnipeg announced that a series of drug busts led to the confiscation of methamphetamine, worth approximately \$1 million. Over the course of 50 days, the drug enforcement and street crime units targeted mid-level drug dealers, focusing on methamphetamine, cocaine, and heroin. During the multiple investigations, more than 10 kilograms of meth were seized. A Winnipeg official said the amount of meth seized in Winnipeg has increased steadily over the years. In 2016, police seized 11 kilograms; in 2017, that number was 12 kilograms; and in 2018, it grew to nearly 27 kilograms (*CBC News*, Jan. 11, 2019, Feb. 18, 2019). *CBC News* (Feb. 18, 2019) reports that much of the meth sold in Manitoba is smuggled from BC but it originates in Mexico: “The product is shipped along the West Coast toward the United States, and then enters British Columbia by land, sea or air. It is then transported east toward centres like Winnipeg.”

FENTANYL

Fentanyl is a synthetic opioid analgesic that is said to be 80 times more potent than morphine and 15 to 20 times more potent than heroin. The opiate is normally prescribed to treat terminal illnesses or severe pain following surgery. However, like many prescription drugs, it has made its way to black markets as a recreational drug. Fentanyl is so powerful that as little as two milligrams can kill someone (by comparison, a common Aspirin tablet contains 325 milligrams of active ingredients). Some of the fentanyl pills seized by police have a purity level of up to 100 percent (which means there are no fillers), which can easily kill a user (*Vancouver Sun*, Nov. 2, 2020). Illegal fentanyl pills are now the cause of most overdose deaths in Canada, contributing to one of the gravest health crises facing this country (fatal fentanyl overdoses outnumbered COVID-19-related deaths in 2019 and 2020). The illegal distribution and consumption of fentanyl are estimated to cost Canadian society \$6 billion annually, including health care costs, lost productivity, and criminal justice costs (United States Department of State, 2021: 108).

The majority of the illegal fentanyl entering Canada is in powdered or liquid form and comes primarily from China through the Port of Vancouver and, to a lesser extent, Mexico, smuggled through land border crossings (CISC, 2021: 2). Police have uncovered numerous clandestine labs in Vancouver and other parts of Canada that turn the powdered fentanyl into pills. On April 19, 2021, for instance, the RCMP executed a search warrant at a commercial warehouse in Port Coquitlam. The warehouse turned out to be a large fentanyl manufacturing site containing multiple pieces of laboratory and drug manufacturing equipment. In addition, officers located 37 kilograms of chemicals used in the manufacturing of pure fentanyl, which had the potential to yield more than 13 million pills. The RCMP believes this lab was capable of producing this

volume on a weekly basis (RCMP News Release, Apr. 13, 2021). In its *International Narcotics Control Strategy Report* for 2021, the US government argues that “fentanyl production in and trafficking from Canada may also be increasing” (United States Department of State, 2021: 79). The CISC estimates that more than two hundred OCAs are involved in some type of fentanyl trafficking in Canada (CISC, 2021: 2).

In recent years, police in Canada have made numerous large seizures of fentanyl pills from both wholesalers and producers. In just two examples, a total of 250,000 pills were found in a Calgary apartment in 2018 (*GlobalNews.ca*, Nov. 13, 2019) while half a million pills were seized on Vancouver Island in 2020 (*Vancouver Sun*, Nov. 2, 2020).

Case Study: Arrests of OMG Members for Drug Trafficking

In January 2015, charges were laid by Saskatoon police against 14 people who were trafficking in cocaine, heroin, methamphetamine, and fentanyl. Nearly 3,360 fentanyl pills were seized. The arrests were part of Project Forseti, a joint force investigation that began in November 2013 and targeted the Hells Angels and its puppet club, the Fallen Saints, in Alberta and Saskatchewan. Police said the investigation resulted in the seizure of the following: 5.4 kilograms of methamphetamine, 2.6 kilograms of cocaine, 3,358 fentanyl pills, 107 grams of heroin, 145 pounds of marijuana, 456 hydromorphone pills, and 454 grams of hash. In total, the drugs were valued at over \$8 million. In addition, police confiscated approximately two hundred firearms, including prohibited and restricted firearms, tens of thousands of rounds of ammunition, and four ballistic vests. Approximately \$100,000 in cash and seven vehicles were seized as proceeds of crime.

The investigation stretched all the way to Burnaby, British Columbia, where police seized two pill presses and mixtures used for manufacturing the fentanyl and Dilaudid pills (police said the presses had previously been used to produce ecstasy tablets and counterfeit OxyContin pills). The investigation originated in Saskatchewan following the deaths of three teenagers who overdosed on fentanyl in September 2014. Police say the pills that killed the Saskatoon teens had the same chemical composition as those seized in the drug raid targeting the two Saskatoon biker gangs. However, police would not say if the pills that killed the teens came from the gangs.

Among those arrested, charged, and convicted was a full-patch member of the Hells Angels in Saskatoon, the local president of the Fallen Saints Motorcycle Club, a full-patch member of the Hells Angels in Calgary, and another member of the Fallen Saints in Saskatoon (CBC News, Jan. 15, 2015; *GlobalNews.ca*, Jan. 26, 2015; *Star Phoenix*, Jan. 15, 2015, Jan. 16, 2015).

Canada as an International Synthetic Drug Source Country

As with marijuana, the production of synthetic drugs in Canada is not just for domestic consumption: Canada is now an exporter of MDMA and crystal meth. In its 2010 report, the United Nations-affiliated International Narcotics Control Board stated that Canada supplies a “significant share” of the international market for methamphetamine and is also a “major source” internationally of MDMA (as cited in the *National Post*, Mar. 2, 2011). Glenny (2009) calls Canada the “new global drug lord” because of the apparent shift in illegal drug markets and consumer patterns from the old “organic masters” (e.g., cocaine and heroin) to synthetic drugs (e.g., methamphetamine and ecstasy). In its 2005 *International Narcotics Control Strategy Report*, the US State Department declared that the sharp increase in the production of ecstasy north of the border had created conditions “for Canada to become a major U.S. supplier of this dangerous drug” (United States Department of State, 2005). The frequency and quantities of MDMA seizures by American authorities at the US–Canadian border in 2005 appear to corroborate these conclusions. On May 9 of that year, two men from Abbotsford were arrested after they attempted to smuggle 48,000 ecstasy pills across the border (*Abbotsford Times*, May 13, 2005; *The Province*, May 12, 2005). On June 12, American border agents in Washington State arrested a man and a woman and seized 167,000 ecstasy pills that were being smuggled in a pickup truck (*Vancouver Sun*, Jun. 17, 2005). On June 23, two Quebec men were arrested in New York State with 350,000 ecstasy tablets and 15 kilograms of cocaine (*Montreal Gazette*, Jun. 25, 2005). On August 1, 94,000 ecstasy tablets were discovered in a car driven by a Windsor man that was entering the United States through the Detroit–Windsor tunnel. On August 12, another 204,000 pills were intercepted entering the United States by ferry from Walpole Island, which straddles the Ontario and Michigan border (*CBC News*, Sep. 6, 2005).

By the end of 2005, approximately 2.4 million MDMA tablets were seized at US border points in New York, Michigan, and Washington. “The continuing rise in domestic Ecstasy production has given Canada an increased role as a source country in both the domestic and international markets,” the RCMP wrote in its 2006 drug intelligence report. “This was confirmed in 2005 by escalated cross-border MDMA trafficking from Canada to the United States and overseas smuggling of MDMA and methamphetamine, particularly to Japan and Australia” (RCMP, 2006: 11–12).

Numerous cases provide a glimpse into the emergence of Pacific Rim countries as a destination for Canadian-produced drugs. In 2009, two Japanese students were accused of smuggling drugs back to Japan when they were arrested at Vancouver International Airport with 47,000 ecstasy pills with the Chanel logo in their luggage (*Toronto Sun*, Jan. 28, 2012). In 2013, the Combined Forces Special Enforcement Unit in BC announced that it helped dismantle a drug trafficking organization that

smuggled 45.5 kilograms of methamphetamine and 5.2 kilograms of cocaine to Australia hidden in furniture imported from BC (*Vancouver Sun*, Oct. 21, 2013). In July 2019, Australian officials say 7.5 litres of liquid methamphetamine worth around \$1 million on the street was found hidden in 15 souvenir snow globes sent from Canada (*National Post*, Jul. 25, 2019). In December of the same year, a Canadian man from Thornhill, Ontario, was arrested in Australia and accused of being a representative of a “high-level transnational organized crime syndicate” following the seizure of 645 kilograms of ecstasy hidden inside a shipment of barbecues (*National Post*, Dec. 17, 2019).

One reason Australia and other Pacific Rim countries have become such an attractive destination for Canadian drug smugglers is that the street values of cocaine and synthetic drugs are far higher there, resulting in much greater profits than if the drugs were sold in Canada. Canadian traffickers also have “significant connections” with Australian outlaw biker gangs and other OCAs, according to the Australian Crime Commission (as cited in Canadian Press, Aug. 31, 2014).

Fentanyl produced in Canada or transiting this country is also destined for the US. Fentanyl seizures by Customs and Border Patrol officials in the US at the northern border increased to more than 26 kilograms in 2020, up from slightly over 3 kilograms in 2019 (United States Department of State, 2021: 79). While Canada may be an exporter of synthetic drugs, one study estimated that it only produces between 0.6 and 4.6 percent of the world’s supply of amphetamine-type stimulants (amphetamine, methamphetamine, and MDMA) (Bouchard et al., 2012).

CONCLUSION TO PART III

The third part of this book has described and analyzed the dominant profit-oriented organized crimes that are undertaken in Canada. Based upon what was documented in the last three chapters, a number of salient features of these Canadian organized crimes can be identified:

- Organized crimes encompass both predatory and consensual crimes.
- The business of organized crime—in particular, those crimes that are considered consensual—includes trafficking in both goods and services.
- The business of organized crime includes transactions in the underground economy and the legitimate economy.
- Extensive underground markets exist for a wide range of illegal goods and services as well as legal contraband that has been diverted there.
- Smuggling has long been connected to many organized crimes in this country (e.g., drug trafficking, contraband cigarettes, counterfeit consumer products, and human trafficking).

- Drug smuggling into Canada has been facilitated by the corruption of workers who handle cargo at marine ports and airports.
- Drug trafficking is a staple of many organized crime groups and networks in this country.
- OCAs are extremely opportunistic in developing and marketing new illicit goods, services, and markets.
- Organized crimes in Canada frequently cross provincial as well as national borders.
- Both predatory and consensual crimes are increasingly been committed online.
- Despite the legalization of marijuana, illegal production, distribution, black markets, and unlawful exports continue.

None of the organized crimes described in this part of the book, or the features listed above, are unique to Canada. As such, one cannot conclude there is a distinctive Canadian take on organized criminal activities. With that said, the country plays different roles in the global theatre of transnational organized crimes: a consumer of international illegal goods and services; a source of counterfeit consumer products and mass marketing fraud; and a source, destination, and transit country for international migrant smuggling, human trafficking, and illegal drugs.

For most of its history, the sole destination of exported, Canadian-made illicit goods was the United States. During the 19th century, Canada was a source of counterfeit US currency as well as opium processed in British Columbia. A good portion of both of these illegal goods was smuggled into the United States. During the 1920s, this country was the main supplier of illegal liquor imported into a dry America. Between the 1930s and 1970s, Canada was a major transit country through which heroin entered the United States and also played a central role in transborder bookmaking operations (facilitated through the wire service). Around the 1950s, Canada was again identified as a major source of counterfeit American currency and was also accused of being home to numerous boiler room operations that pressured and bamboozled Canadian and American citizens to purchase worthless stock. During the late 1960s, Canada emerged as a source country for synthetic drugs destined for the US and produced by OMGS. Beginning in the 1990s, BC became a significant exporter of high-grade marijuana to the United States. Today, counterfeit consumer products, marijuana, and synthetic drugs (ecstasy and crystal meth) produced in Canada are exported to countries outside of North America.

Canada has become a global player in transnational organized crimes for several reasons. The first is simply this country's proximately to the United States. In this regard, Canada's role in transborder crime is strongly tied to smuggling, which, as indicated above, is central to many organized crimes in this country. What may make Canada unique among other countries as far as conditions for smuggling are concerned is twofold: first, this country has the world's longest undefended border

with the United States (the world's largest national black market for illegal goods) and a population where more than 80 percent live less than 100 kilometres from this border (which provides a pool of labour, resources, and expertise to smuggle goods out of the country).

Another reason Canada has become a global emitter of illegal goods and predatory criminal activities is that transnational OCAs have established a presence in this country. Their goal is not simply to supply the domestic market but to capitalize on Canada's proximity to America's vast underground markets and to obfuscate their smuggling through the extensive legitimate trade between the two countries. This is particularly true of Chinese criminal networks, which are active in smuggling Canadian-produced cannabis and synthetic drugs into the United States while also using Canada as a transit country for Southeast Asian heroin and migrants illegally transported south of the border. These criminal networks also take advantage of Canada's extensive trading relationship with China and, concomitantly, the role the Port of Vancouver plays as a North American portal for precursor chemicals (for synthetic drug production), Southeast Asian heroin, counterfeit consumer goods, and contraband cigarettes exported from China.

In sum, similar to the conclusions reached in part II of this book, an analysis of organized crimes in Canada does not reveal anything that may be distinctively Canadian except perhaps for how its long, unguarded border with the United States has contributed to establishing Canada as a major source and transit country for smuggling. Even this conclusion must be tempered by the fact that the same situation applies to Mexico.

KEY TERMS

Cannabis	Methamphetamine
China White	Methylenedioxymethamphetamine (MDMA)
Coca	Moral entrepreneurship
Cocaine	Morphine
Crystal meth	Opium
Ecstasy	Opium Wars
Fentanyl	Phenylcyclohexyl piperidine (PCP)
French Connection	Poly-drug trafficking
Golden Crescent	Psychedelic era
Golden Triangle	Psychoactive
Grow operation (grow-op)	Purity
Hashish	Synthetic drugs
Heroin	THC
L'Union Corse	West End Gang
Lysergic acid diethylamide (LSD)	
Marijuana	

REVIEW QUESTIONS

1. What is the significance of drug trafficking in the study of organized crime in Canada and internationally?
2. What are some of the important milestones in the history of illegal drug smuggling and trafficking affecting Canada?
3. Which illegal drugs are dominant in Canada's black market?
4. What are some of the major OCAs involved in drug trafficking? Do any particular OCAs specialize in a particular type of drug?
5. What are some recent trends and developments concerning illegal drugs and trafficking in Canada?
6. What are the source countries for illegal drugs imported into Canada?
7. Explain the history, nature, and scope of domestic illegal drug production in Canada.
8. Explain Canada's role as an international source country for illegal drugs.

FURTHER READINGS

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PART IV

CONTROLLING ORGANIZED CRIME

The final part of this textbook examines the theory and practice of organized crime (OC) control, which emphasizes traditional criminal justice approaches but also discusses alternative measures. Chapter 12 describes and analyzes OC control in conceptual terms, focusing on underlying principles, theories, objectives, and strategies. Chapter 13 then explores OC control in Canada, examining criminal justice policies (laws and legislation) and the principal enforcement agencies (and the units and programs in these agencies) tasked with combatting this criminal problem.

While understanding the nature and scope of OC in Canada offers some insight into Canadian society, the same can be said of efforts to combat this problem; the type of interventions implemented by the state to combat organized crime (and crime in general) provides a glimpse into broader governance issues. When deliberating on whether Canada has a distinctive approach to combatting organized crime, one should consider the influence of American enforcement principles, policies, and strategies (including its “war on drugs”) have had on Canadian approaches.

CRITICAL THINKING EXERCISE

Of all the topics in this book that students are encouraged to critically analyze, *enforcement* is perhaps the most important. This is due to the inherent challenges in controlling organized crime, the many controversies over how best to contain this problem, and the many failures (and successes) experienced in containing this problem, not to mention the “Americanization” of law enforcement in Canada and around the world. As you read through the next two chapters, analyze both traditional and alternative approaches to combatting OC in Canada, including their assumptions, theoretical groundings, social constructions, and actual effectiveness. The efficacy of OC control initiatives should also be scrutinized in light of what you have learned thus far regarding the causes, nature, scope, and impact of OC in Canada, as well as recent trends and developments. A particularly salient question is whether the scope and nature of the control measures adopted in Canada are commensurate with the causes, complexion, scope, and harm of OC in this country.





12

ORGANIZED CRIME CONTROL IN THEORY: THEORETICAL OVERVIEW, CONCEPTS, OBJECTIVES, AND STRATEGIES

CHAPTER OUTLINE

- Introduction and Overview
- Organized Crime Control Objectives
- Traditional Organized Crime Enforcement: The Prohibition/Enforcement Model
- Enforcement Operational Tactics and Techniques
- Alternative Organized Crime Control Strategies

LEARNING OBJECTIVES

After reading this chapter, you should have a thorough understanding of the following:

- The broad objectives of organized crime (OC) control
- The difference between OC control and enforcement
- The OC prohibition/enforcement model
- Traditional OC enforcement strategies
- Common enforcement (operational) tactics and techniques
- Alternative (non-criminal justice) OC control tactics and techniques and how they differ from traditional criminal justice approaches
- Best practices in OC control

INTRODUCTION AND OVERVIEW

The purpose of this chapter is to provide a conceptual overview of organized crime control measures, including objectives, strategies, techniques, and tactics that predominate and the underlying assumptions, theories, principles, and concepts that guide them. The term **control** is used instead of the narrower concept of **enforcement** for two reasons. First, while measures to combat the problem of OC are dominated by criminal law enforcement, some strategies fall outside the criminal justice system. Second, it is almost universally recognized that the goal of eradicating organized crime is unattainable, so the emphasis is now placed on simply controlling it—that is, managing and reducing the harms that OC inflicts on society. Within this context, the chapter divides OC control measures into two broad categories: (1) traditional organized crime enforcement, and (2) alternative organized crime control strategies. The first category can be further divided into two categories: (1) the strategies necessary to achieve the enforcement goals, and (2) enforcement operational tactics and techniques used as part of each broad enforcement strategy. This conceptual breakdown of organized crime control is depicted in Figure 12.1.

In addition to broad strategies, OC control can be broken down by its different targets. In carrying out an organized crime prevention or enforcement strategy, criminal justice agencies generally target one or more of the following: (1) individual offenders or groups of offenders, (2) criminal activities, (3) the revenue and assets derived from criminal activities, (4) consumers, and (5) underground markets.

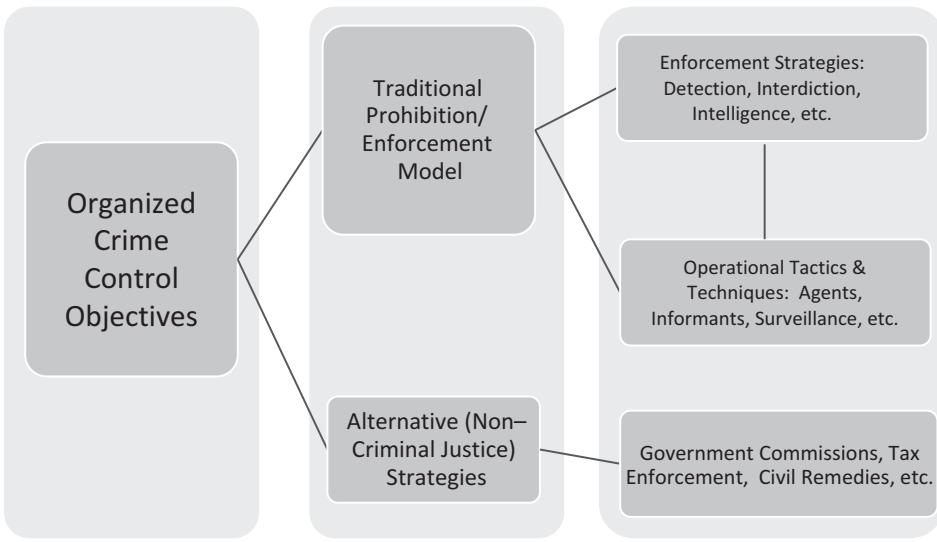


Figure 12.1: An organized crime control conceptual framework

Efforts to combat OC in North America and around the world are overwhelmingly based on the criminal justice enforcement approach. As Naylor notes, the criminal justice system appears to have fallen short in containing OC and minimizing the harms it imposes on societies. However, the reaction of the state has been to double down on the traditional model, which means “there are frequent calls for dramatic new investigatory and prosecutorial powers. These take the form, among others, of increased freedom for police to use illegal means in conducting undercover operations, measures to trace and seize the proceeds of crime, and laws to make membership in a criminal ‘organization’ a crime per se” (Naylor, 2003a: 36). Paoli and Vander Beken (2014: 15) add that “since the 1990s, the majority of governments, at least in the developed world, and many international organizations, including the UN, have adopted bills, decrees, action plans, or international treaties specifically targeting organized crime, often foreseeing extensive new prosecutorial powers to law enforcement agencies—as the United States had already done in the 1960s and 1970s.”

The introduction of more punitive laws and the expansion of law enforcement resources and powers have been criticized as being premised upon faulty assumptions, a lack of theoretical grounding, and the absence of any proven techniques that work to contain organized crime. Moreover, some lawmakers and criminal justice agencies have been accused of inflating the threat posed by (transnational) organized crime to increase their powers and resources. The United States and United Nations have been singled out by critics for pressuring countries to adopt criminal laws as punitive as those implemented in the US while continuing the so-called war on drugs (which many consider to be an abject failure).

In more recent years, governments in North America and elsewhere have implemented alternative approaches to combatting organized crime, many of which fall outside the criminal justice system. These alternative approaches have arisen largely because of the failures and limitations of the criminal justice–centred approach, although the vast majority of government resources continue to be dedicated to traditional enforcement measures. The specific strategies and tactics used as part of the traditional (criminal justice) enforcement measures and alternative approaches are summarized in Table 12.1.

ORGANIZED CRIME CONTROL OBJECTIVES

Ideally, the ultimate goal of any effort to combat OC is its complete suppression. This would include dismantling or incapacitating organized criminal associations (OCAs), incarcerating the high-ranking members and central organizers in these OCAs, eradicating organized serious crimes, and wiping out underground markets. As should be apparent by now, most countries, including Canada, will never be rid of organized crime, illicit markets, or the demand for prohibited goods and services that helps sustain both.

Table 12.1: Traditional Criminal Justice Tactics and Alternative Approaches to Organized Crime Control

Traditional Enforcement Strategies and Operational Tactics	Alternative (Non-Criminal Justice) Control Approaches
Strategies	Government commissions
Detection/interdiction	Tax enforcement
Intelligence function	Currency and suspicious activity reporting
Investigative function	Civil remedies (in particular, civil forfeiture)
Prosecution	Government regulatory agencies
Punishment	Foreign policy and programs: trade and aid
<i>Operational Tactics</i>	The Armed Forces
Witnesses, informants, and agents (including immunity and witness protection programs)	National and foreign security intelligence agencies
Surveillance	Citizen-based action
Undercover operations	Private-sector initiatives
Controlled deliveries	
Search and seizure (obtaining physical evidence)	
Proceeds of crime enforcement	
Urban and highway patrol function	
Multi-agency co-operation and coordination	

Edelhertz, Cole, and Berk (1984) argue that OC is not an adversary that can be targeted, attacked, and defeated once and for all. Instead, the best we can hope for is to contain the problem: “It is a form of group behaviour that can be expected to surface again and again in response to new opportunities or to markets for illicit goods or services. Since total victory and perpetual safety are not attainable, states engaged in enforcement programs should strive to create responses and conditions that will minimize the threat to their citizens and maximize the integrity of their persons and property. We call this objective **containment**” (Edelhertz et al., 1984: 51–52).

Deterrence is a fundamental goal of the criminal justice system and is premised on the rational choice theory of offender decision-making, which argues that criminals make rational choices and decisions in the course of planning and carrying out a criminal act, and thus can be deterred (Clarke & Cornish, 1985). A major goal of punishment is to make a criminal act less attractive to and less likely for the motivated, rationally thinking offender. In theory, sanctions such as incarceration, fines,

or the forfeiture of assets are said to deter those convicted from reoffending while dissuading other would-be offenders from committing similar crimes (although the extent to which such penalties act as a deterrent is a matter of debate). One example of a deterrence strategy specific to organized crime is criminal laws that provide harsher penalties for crimes committed as part of an ongoing organized criminal conspiracy. Proceeds of crime enforcement and asset forfeiture, in which the state confiscates the ill-gotten gains of criminal offenders, are meant to punish the offenders but are also meant to serve as a deterrent by reducing the rewards of (profit-oriented) crimes.

The deterrent effect of criminal justice sanctions has been the subject of intense scrutiny, as critics argue that the prospect of arrest and imprisonment (or even execution) does not serve to deter the most serious and chronic organized criminal offenders (Nagin, 2013). Some offenders may not be deemed sufficiently rational to be deterred from committing crimes or may suffer from several cognitive or behavioural deficits that obstruct them from adopting more pro-social behaviour and desisting from crime. Other offenders may not be deterred because they simply do not want to leave their deviant lifestyle and criminal subculture. Still others who may want to adopt a more pro-social lifestyle could be subject to intense pressure to remain in a particular criminal organization, market, or activity. Finally, many offenders may be so attracted by the profit potential of lucrative organized crimes that they are willing to assume the risk of arrest and punishment.

CRITICAL THINKING EXERCISE

Conduct research into the deterrent effect of (punitive) criminal justice laws on organized criminal offenders. First, review the theory of deterrence as well as empirical research that examines whether tough penalties serve to deter offenders and control crime. Second, review any theories or research about the deterrence effect of laws and sentencing specific to organized crime offenders. Answer such questions as the following: Do punitive laws serve to deter individuals from becoming involved in profit-oriented organized criminal activities? Do tough sentences, incarceration, or asset forfeiture reduce recidivism by convicted organized criminal offenders?

Even the less ambitious goals of control, containment, and deterrence appear to have failed, given the proliferation of organized crime groups and networks and the ever-expanding repertoire of their illegal activities in Canada and globally. The growing realization that the war against organized crime (and drugs) has effectively been lost speaks volumes about society's ability to control crime and to eliminate or even regulate vices and underground markets. For Paoli (2014a: 6), a more realistic goal is **harm**

reduction—“interventions that can reduce the total harms resulting from both the organized crime phenomena and the policies aiming to control these phenomena, drawing from the realization that both organized crime actors and activities and the related policies cause harms and that bad policies may even inadvertently create opportunities for organized crime.” An example of a harm reduction strategy would be prioritizing those criminal activities and groups that inflict the most harm on society (e.g., prioritizing heroin trafficking over marijuana grow operations).

TRADITIONAL ORGANIZED CRIME ENFORCEMENT: THE PROHIBITION/ENFORCEMENT MODEL

The strategies that have traditionally been employed to combat organized crime in North America overwhelmingly fall within what can be called the **prohibition/enforcement model**. As reflected in its title, this expansive approach encompasses two fundamental elements: (1) laws that *prohibit* (criminalize) goods, services, and activities that are deemed personally and socially harmful, and (2) the *enforcement* of such laws primarily through the criminal justice system. This dominant approach targets predatory crimes (e.g., the criminalization and enforcement of theft, fraud, human trafficking, etc.), as well as the harmful vices that make up consensual crimes (e.g., drugs, gambling, prostitution). The goal of the prohibition half of this approach is less about combatting organized crime and more about reducing the harms of the goods and services that satisfy these vices. Yet, as described in chapter 4, the criminalization or even regulation of certain goods and services can help to fuel organized crime and illicit markets. Indeed, there is a symbiotic relationship between prohibition policies and law enforcement; the state helps create organized crime and black markets through certain criminal laws and then must address the repercussions through its criminal justice agencies. (As described in chapter 13, the alternative to the prohibition/enforcement model is the **legalization/regulation model**, in which the goods and services that satisfy society’s vices are legal but are regulated by the state to minimize their harms.)

The conceptualization of organized crime as either the organization of offenders or the organization of crimes carries over into enforcement strategies. One of the many debates in OC enforcement is whether the focus is best placed on the criminal offenders or criminal activities. According to Marvelli and Finckenauer (2012: 511), the first approach is “to identify criminal organizations and individuals with the goal of disruption and/or prosecution.” This includes **king pin** or **head-hunting**, enforcement measures that target the leader(s) of a particular OCA on the assumption that “the farther up that hierarchy an arrest goes, the more disruptive it is to the business of organized crime” (Lyman & Potter, 2014: 397). This typically begins with the arrest of a lower-level participant in an OCA and then pressuring them to become a **state witness**: **Flipping** is the time-honored practice of arresting a low-level offender on a relatively minor charge with the goal of using his or

her testimony against either the boss or another higher-up in the organization" (Lyman & Potter, 2014: 395). The premise of this enforcement method is that the prosecution of the "bosses" and others in control "will make organized crime less prevalent and less threatening" (Albanese, 2015: 111). This approach has been criticized for falsely assuming OCAs are hierarchical (and, hence, there is an identifiable individual or individuals in charge); although to be fair, it can also be applied to the network model by targeting a central broker or cell. Regardless, the king pin approach has been criticized as ineffective because "once these entrepreneurs are removed by arrest or incarceration, others emerge because the demand remains, as do the opportunities for criminal exploitation of the legitimate marketplace" (Albanese, 2015: 111). Simply put, this enforcement strategy is undermined by one of the fundamental attributes of an OCA—its continuing nature, despite personnel changes. Thus, removing the leadership or central figure of an OCA does not necessarily mean an end to the group or its illicit activities. According to Lyman and Potter (2014: 397),

Organized crime syndicates long ago learned that to be successful in a threatening legal environment, they must be prepared to adapt their structures and practices. The irony of the situation is that the more successful federal investigators and prosecutors become in incarcerating organized crime leaders, the more the industry responds by decentralizing and maintaining temporary and ephemeral working relationships. Because the headhunting approach never disables more than a small proportion of the total number of organized crime entrepreneurs at any given time, it can actually strengthen some organized crime groups by weeding out their slothful and inefficient competitors.

Alternatively, law enforcement can focus on criminal activities (e.g., interdicting drugs), which deprives OCAs of their very reason for existing: making money. However, **supply-side enforcement** strategies that focus on detecting and stopping criminal activities are limited for one main reason: the state simply does not have the capacity to interdict the vast amount of drugs and other contraband being smuggled and trafficked, let alone to stop all forms of organized crimes. Supply-side enforcement is also limited because it does not address the demand for prohibited goods and services (and where there is demand, there will always be a supply).

Key Terms: Supply-Side versus Demand-Side Initiatives

Supply-side enforcement refers to measures undertaken by criminal justice agencies to limit the source of illegal goods or services through their detection and interdiction. **Demand-side measures** are those geared at reducing people's desire or need for illicit or harmful goods or services. In the context of illegal drugs and

drug trafficking, supply-side enforcement includes drug seizures as well as broader drug trafficking investigations, while demand-side initiatives include providing substance abuse treatment services for users. Both are complementary, although vastly more resources are dedicated to the former than the latter. Many argue that the “war on drugs” will never be won unless more is done to reduce demand.

The remainder of this section examines specific OC enforcement strategies, whether the focus of such strategies is on targeting criminal offenders and OCAs, criminal activities, or criminal markets. Adapting a typology first developed by Edelhertz, Cole, and Berk (1984), this section examines five fundamental enforcement strategies: (1) detection and interdiction, (2) the investigative function, (3) the intelligence function, (4) prosecution, and (5) punishment. These strategies are not mutually exclusive; rather, they are interdependent: the challenge of any comprehensive organized crime control program is to ensure that all of these strategies are in place, are compatible with one another, are coordinated, and are implemented with a high degree of fidelity, justice, and integrity.

Detection and Interdiction

Policing and law enforcement are all about detecting and then stopping a particular criminal act, which includes seizing illegal goods (e.g., drugs, contraband cigarettes) or ensuring the discontinuance of certain illegal services (e.g., loansharking or human trafficking). **Detection** and **interdiction** are at the core of organized crime enforcement because to arrest, prosecute, and punish criminal offenders, it must be proven that a crime has been committed, which in turn often requires tangible evidence, such as the illegal drugs being trafficked. Detection and interdiction are also part of broader harm reduction strategies because they reduce the quantity of harmful goods, services, and activities that exist in a society. Criminal justice agencies carry out detection and interdiction in two main ways: first, through border control agencies that guard against the illegal importation of drugs, other contraband, and even immigrants; and second, through the investigation function, which, as mentioned, includes the seizure of harmful goods for evidentiary purposes and to reduce supply.

The detection of organized crimes is considered much more challenging compared with more rudimentary, street-level crimes for several reasons. Since many organized criminal activities are consensual, there is no victim to make a report to police. The violence, intimidation, and corruption tactics (i.e., risk management) employed by OCAs can also be effective in shielding them from law enforcement. The increasingly sophisticated techniques used to smuggle drugs and other contraband have made detection and interdiction by law enforcement agencies daunting.

The Investigative Function

Along with interdiction, the investigative function is the bread-and-butter of organized crime enforcement and covers a wide range of techniques to identify criminal offenders and offences and to gather information and evidence used to arrest, charge, and convict them (Edelhertz et al., 1984: 59). Some of the most complex, time-consuming, and resource-intensive **investigations** a law enforcement agency can undertake are concerned with organized crime. One of the great challenges facing OC enforcement stems from the sheer scope of some organized criminal operations. Police must often target multiple criminal acts persisting over time committed by numerous offenders in several jurisdictions. Enforcement goals include gathering sufficient evidence to identify and charge as many conspirators as possible, disrupting or even ending the OCA or specific criminal conspiracy, and interdicting as many illegal goods as possible.

Key Term: Project-Style Investigations

Enforcement efforts against a particular OCA and/or a ongoing criminal conspiracy are frequently undertaken as a **project-style investigation** (sometimes known as a *task force*). These large-scale investigations are often provided with a code name (e.g., Project Trojan Shield) and include a managing director, a budget, multiple plain-clothes investigators supported by (civilian) analysts, the involvement of numerous law enforcement agencies (sometimes across different jurisdictions and countries), strategic planning, multiple advanced enforcement techniques (e.g., electronic and physical surveillance, undercover operators, agents), and a heavy emphasis on intelligence gathering. These project-style investigations can take months if not years to conclude.

Lyman (1989: 125–26) details the basic steps in an intelligence-led project-style investigation of an organized crime conspiracy:

- STEP 1: Review any available intelligence to help determine the organized crime group's membership, structure, and criminal activities.
- STEP 2: Conduct a background check on the suspected members and associates of the criminal group by using agency files, public record checks, and informant information.
- STEP 3: Gather original intelligence data specific to the criminal conspiracy in order to identify other information on the criminal group that will be essential to the investigation, such as meeting places, methods of communication among members, criminal activities conducted, jurisdictions in which they operate, vulnerabilities of the group or individual members, etc.

- STEP 4: Decide on the scope of the investigation, as well as specific techniques that will be used. Will it be an overt or covert investigation? Will it be an undercover investigation? If so, will it involve a police undercover operator or will an agent or informant be used? If surveillance is to be used, will it be electronic or physical? Will there be a concurrent proceeds of crime investigation? What other organizations (law enforcement and otherwise) should be involved? Will the investigation require the participation of law enforcement agencies in other countries?
- STEP 5: Draft an operational plan to address all of the above questions and detail how the investigation will be conducted (including techniques to be used), the resources required, enforcement units and/or agencies to be involved, a work plan, and a timeline.
- STEP 6: Approve the operational plan and begin the investigation, emphasizing the collection of information that is to be used for evidentiary and/or intelligence purposes.
- STEP 7: Once sufficient evidence has been collected, management decides the next steps in the investigation, including how it is to be concluded (e.g., how arrests are to be made).
- STEP 8: Make arrests and collect the remaining physical evidence.
- STEP 9: Interview the arrested subjects with a view to obtaining confessions and further evidence. Decisions are made as to providing immunity to lower-echelon members in return for their becoming witnesses for the prosecution.
- STEP 10: Prepare appropriate reports for prosecutors. Disclosure is made to defence counsel.

The Intelligence Function

The United States Department of Justice (2003: 54) defines **criminal intelligence** as “information compiled, analyzed, and/or disseminated in an effort to anticipate, prevent, or monitor criminal activity.” Criminal intelligence can be divided into two categories. **Tactical intelligence** (also called *operational intelligence*) is collected for the short term in support of an immediate law enforcement objective, in particular, an active investigation. **Strategic intelligence** encompasses the collection and analysis of data in support of a law enforcement agency’s long-term planning, management, and threat assessments (to understand the “big picture”). In other words, “the central tasks of criminal intelligence analysis are to help officials—senior law enforcers, policy makers and decision makers—deal more effectively with uncertainty and new challenges; provide timely warning of threats; and support operational activities and complex investigations” (Interpol, n.d.a: 1). The intelligence function is integral to OC enforcement due to the need for proactive tactical intelligence information as part of the planning stage for complex, project-style investigations. Strategic intelligence is

needed to monitor the broader landscape of organized criminality and illicit markets within a particular jurisdiction to identify which groups or markets pose the greatest threat and, in turn, to establish operational priorities for a law enforcement agency (or government as a whole). There are five key aspects to the intelligence process: (1) gathering the data (through informants, surveillance, investigations, and publicly available information); (2) collating the data; (3) analyzing the data; (4) documenting the resulting intelligence information (in a report or database); and (5) disseminating the intelligence information (to management, investigators, other agencies, and the public). As this process indicates, raw data become actionable intelligence information once they have been collated and analyzed.

Key Term: Intelligence-Led Policing

“Intelligence-led policing is the application of criminal intelligence analysis as an objective decision-making tool in order to facilitate crime reduction and prevention through effective policing strategies and external partnership projects drawn from an evidential base” (Ratcliffe, 2003: 3).

Prosecution

A **prosecution** entails all the activities surrounding the preparation of a criminal case and its litigation in court. Prosecution strategies only proceed once criminal charges are laid (Edelhertz et al., 1984: 60). There are unique challenges to prosecuting those involved with OCAs and who commit serious offences. These include the difficulties in linking the upper echelons of OCAs to crimes they never physically took part in, prosecuting numerous defendants simultaneously, and handling vast amounts of evidence and many witnesses (including those who are reluctant to provide testimony against the accused).

Key Term/Case Study: Mega-Trials

Given that multiple offenders are involved in organized crime, attempts have been made to prosecute several defendants arrested in a project-style investigation in one criminal trial, otherwise known as a **mega-trial**. Despite the logic in simultaneously prosecuting defendants charged in the same criminal enterprise, mega-trials have come under much criticism. They require a huge body of evidence and a team of well-trained and experienced prosecutors. They are also time-consuming and prohibitively expensive (in some cases, new courtrooms have had to be constructed to accommodate all the defendants). “Mega-trials

monopolize the resources of the justice system and disrupt and delay the prosecution of other cases before the courts"; they are often prosecuted with only minimal success and have also been criticized for undermining the rights of the accused, prompting numerous legal challenges (Desroches, 2013: 405). University of Manitoba law professor Lee Stuesser is quoted in the *Globe and Mail* (Sep. 12, 2003) as saying that mega-trials are too big and complex to work, given the sheer number of defendants, charges, witnesses, and evidence introduced. A jury may not be able to digest the hundreds of witnesses' testimonies, the tens of thousands of pieces of evidence, and the laborious wiretaps and police surveillance videos presented during a mega-trial. These trials are also much more susceptible to *Canadian Charter of Rights and Freedoms* challenges. The inability of the police and the Crown to disclose evidence to the defence counsel in a full and timely manner is frequently the reason that mega-trials fail (*Globe and Mail*, Sep. 12, 2003). Because of the complexity of these massive cases, another danger is that they may take too long to get to trial, thereby violating defendants' rights to a speedy trial.

In 2003, an Edmonton judge threw out charges against 11 people accused of conspiring to traffic in cocaine, saying the lengthy delay in trying the case—chiefly because federal prosecutors and the RCMP were slow in disclosing 38 banker boxes of evidence to the defence—violated the defendants' Charter rights. The men on trial were arrested in 1999 and already had charges related to participating in a criminal organization dropped by the Crown in 2001. The federal government had spent an estimated \$20 million in fees for defence lawyers, and the Alberta government paid \$2 million to build a high-security courtroom for the case. Given the number of defendants and the complexity of the case, the Crown was expected to enter into evidence 281,000 wiretapped conversations and 180,000 pages of documents (*Globe and Mail*, Sep. 10, 2003, Sep. 12, 2003, Sep. 25, 2003).

In 2013, Quebec's appeals court issued a decision that upheld a lower court decision to free 31 Hells Angels members and associates arrested and charged as a result of Operation SharQc because it had taken too long to put them on trial. This case was one of six complex mega-trials of 155 Hells Angels members and associates arrested in 2009. In 2011, the defendants were ordered released by Superior Court Justice James Brunton, who stressed that his decision had nothing to do with guilt or innocence but with the fact that the justice system was ill-equipped to deal with a file as complex as this in a timely manner. The defendants had been charged with drug trafficking and participation in a criminal organization (Desroches, 2013: 405; CTVNews.ca, Apr. 11, 2013; *Montreal Gazette*, Apr. 5, 2013; *Vancouver Sun*, Apr. 6, 2013).

CRITICAL THINKING EXERCISE

A mega-trial involving multiple defendants would seem to be perfectly suited for individuals accused of involvement in an organized criminal conspiracy. Critically analyze the use of mega-trials to prosecute individuals accused of serious (organized) criminal offences. Examine the use of mega-trials for organized criminal offenders in other countries (e.g., Italy). How do they operate? Do they suffer or have they suffered from the same problems or experiences in Canada? If so, have they overcome these problems?

Punishment

Generally speaking, **punishment** is meted out to defendants who have been convicted of a criminal offence and entails sanctions that range from probation to incarceration (and, in some countries, death). The most common form of punishment is imprisonment. Another form of punishment for those involved in serious profit-oriented organized crimes is forcing them to forfeit money and assets deemed to be the proceeds of crime. In Canada, specific laws were introduced beginning in the late 1990s to increase the punishment of offenders who have committed crimes for the furtherance of a criminal organization (see chapter 13 for more details).

Laws and Legislation

Criminal laws provide the legal foundation for police and prosecutors to charge, prosecute, convict, and punish offenders. The business of organized crime involves multiple offences that violate numerous laws. These laws prohibit certain goods, services, or activities that produce revenue for OCAs, although they can be applied to any offender regardless of whether the crimes were carried out in an “organized” fashion or not. Typical laws that capture organized crimes include those that prohibit the possession, transport, or sale of a particular good (e.g., drugs, counterfeit items, weapons), those that outlaw certain services (the sex trade, gambling, loansharking, corruption), and those that prohibit certain predatory crimes (extortion, theft, fraud, etc.).

Conspiracy Laws

An important foundation of laws and legislation targeting organized crime lies in the legal concept of *conspiracy*, which is codified in both Canadian and American criminal statutes. In the legal context, **conspiracy** refers to an agreement between two or more people to commit a criminal act. In Canada, this offence is set out at section 465 of the *Criminal Code of Canada* and states that anyone who conspires with another person to

commit an indictable offence “is guilty of an indictable offence and liable to the same punishment as that to which an accused who is guilty of that offence would, on conviction, be liable.” A conviction for a conspiracy offence requires proof beyond a reasonable doubt that the conspiracy exists and that the accused was one of two or more people who planned to commit or committed an **indictable offence** (*R. v. Carter*, 1982). The conspiracy need not be a formal agreement but can be implicit (Goode, 1975: 16) as long as there is “a common plan with a common objective” among the co-conspirators, as per the Supreme Court’s decision in *R. v. Cotroni* (1979). Other Supreme Court decisions have ruled that the crime of conspiracy is a separate offence from the predicate offence the co-conspirators planned to commit or committed, and the predicate offence need not be perpetrated for the offenders to be convicted of conspiracy.

Conspiracy statutes provide valuable tools for prosecuting those involved in organized crimes for at least two reasons. First, they target more than one person (and, of course, a fundamental trait of organized crime is the involvement of multiple offenders). Second, conspiracy laws target not just those offenders who are caught physically committing a crime; any other person who conspires to commit the offences is also subject to prosecution. Thus, conspiracy laws can be invaluable in indicting those in an OCA who play a coordinating role but are not physically involved in a particular crime.

Laws Specifically Targeting Organized Crime

Various countries have augmented their conspiracy laws with statutes specifically targeting organized crimes, OCAs, and individual criminal offenders. According to Desroches (2013: 401), the “purpose of such legislation is to provide law enforcement with additional legal authority and harsher penalties to investigate, apprehend, prosecute, and incarcerate members of such groups and to protect the public from serious and violent crime.” Based upon a review of such statutes from various countries, Desroches (2013: 403) summarizes the various ways they have augmented organized crime enforcement:

- the laws increase the number of offences applicable to a criminal organization;
- a greater number of offenders participating in an OC conspiracy can be charged and prosecuted in order to seriously disrupt or shut down an OCA
- a large number of defendants can be tried in a single case;
- defendants can be convicted of crimes committed through the actions of others;
- police are given greater powers to use electronic surveillance and search warrants;
- the laws reduce or eliminate restrictions imposed by rules of evidence and/or other legislation such as a statute of limitations;
- the state does not have to prove that an individual committed an overt act to gain a conviction;

- the laws provide harsher sentences and other penalties, such as the seizure of property and assets;
- the laws allow prosecutors to present an overview of the organization, the offences committed, and place the defendants within the context in which the offences occurred;
- a broad range of evidence gathered over an extended period can be introduced at trial;
- the laws restrict bail;
- offences are created for participating in, committing a crime for, or counselling someone to commit a crime for a criminal organization;
- the laws increase the penalties for firearms-related offences; and
- money laundering laws require financial institutions to maintain records and disclose all large and/or suspicious financial transactions.

CRITICAL THINKING EXERCISE

An explicit statutory focus on organized crime began in the United States through the creation of one of the most powerful, punitive, and controversial criminal laws in that country: the **Racketeer Influenced and Corrupt Organizations Act (RICO statute)**. Conduct research into the American RICO statute, including its provisions and penalties, as well as the controversies that have surrounded it. Based on what you know about RICO, organized crime in Canada, and current laws in this country, should similar legislation be enacted in Canada? Would such legislation pass a challenge under the Charter of Rights and Freedoms?

ENFORCEMENT OPERATIONAL TACTICS AND TECHNIQUES

This section discusses operational tactics that are commonly used as part of enforcement strategies targeting organized criminal offenders and crimes. Most of these tactics are related to law enforcement's investigative function and are summarized in Table 12.1.

Witnesses, Informants, and Agents

The criminal law system in Western societies relies heavily on the direct testimony of witnesses to establish the facts upon which criminal guilt must rest. A **witness** is any person who can provide evidence (usually testimony) that will further a criminal investigation and/or can be used in a court of law to prosecute or defend any individual charged with a criminal offence. Broadly speaking there are three categories of witnesses. The first is an **expert witness**, who specializes in a particular technical area of relevance to

the case and uses that expertise to provide testimony that supports the case of either the state or the defence. The second category is a **character witness**, someone who knows or knew the victim, the defendant, or other people involved in the case and is usually used by defence counsel to paint a glowing picture of the defendant (often during the sentencing hearing to minimize the criminal sentence handed down by the sentencing judge). The third category is the **lay witness** (the most common type of witness during a trial), someone who observed certain events germane to the trial and can describe what they saw. Within the context of organized crime prosecutions, lay witnesses fall into one of two categories: the “good citizen” and the “criminal offender.” The former is usually an innocent bystander or a victim of a criminal offence. The latter is often someone involved in the criminal underworld and even a member of an OCA who has decided to co-operate with police and prosecutors in exchange for a reduced charge or sentence, or immunity from prosecution. Reliance on the criminal offender informant in organized crime cases is common. Albanese (2015: 271) writes, “The use of confidential informants is the most cost-effective investigative tool in organized crime cases.” However, the greatest liability of informants with a criminal past is their reliability and credibility, which are inevitably attacked by defence counsel.

Organized and serious crime investigations often place individuals within the criminal milieu expressly to gather first-hand evidence that is crucial to the investigation and to convict the targeted offenders. An **informant** supplies information to a police investigation, usually based on prior knowledge of a criminal offence, and does not become actively involved in an investigation. An informant may be either a good citizen or a criminal offender witness. An **agent** is someone who becomes an active participant in an investigation by gathering evidence upon the direction of police. This evidence is gathered through the agent’s immersion in the criminal underworld and a specific criminal syndicate and/or illegal activity. Agents often fall into the criminal offender category of witnesses and may be indemnified from prosecution if they take part in an illegal offence during the course of their work. With that said, a common provision in a contract between a law enforcement agency and an agent is that the latter not be engaged in anything deemed illegal while working as a police agent.

Case Study: Dany Kane, Police Agent

One of the more infamous police agents in Canada was Dany Kane. While a member of the Rockers, a Montreal-based puppet club that answered to the Nomads chapter of the Quebec Hells Angels during the 1990s, Kane was working as an agent for the RCMP and later the Sûreté du Québec (SQ). From 1994—the time he began wearing a “wire,” meeting with police handlers, and providing computer disks from Hells Angels’ computers—to his death in 2000, Kane would become the most productive informant ever to infiltrate the Hells Angels in Canada. His job as a police agent meant that he was living a double life. He was not only a contract

Killer for the Angels (participating in at least 11 murders between 1994 and 1997) but a husband and father of four children. He was also the gay lover of fellow hitman, Aimé (Ace) Simard, whom he had met through a personal ad.

Kane's life as a police agent began when he contacted the RCMP while serving a sentence for firearms violations. He returned to the street and, as a part of the Rockers, often acted as a bodyguard and driver for Nomads members David Carroll and Normand Robitaille, a job that elevated Kane's status as a police agent. In February 1997, Kane and Simard were ordered by Carroll to travel to Nova Scotia and eliminate a drug dealer named Robert MacFarlane who owed them money. The two faithfully carried out the orders. The only problem was that Kane was a police agent at the time. After it was revealed that Kane was involved in MacFarlane's death, his contract with the RCMP was terminated, and he was arrested and sent to Halifax, where he was charged with murder. These charges were dismissed in November 1998, when the judge declared a mistrial due to the inconsistent evidence and testimony provided by police. Kane returned to the Rockers and was given a new contract by the SQ. It was in his capacity as an SQ agent that Kane gathered first-hand information that led to the arrest and conviction of dozens of members of the Hells Angels and the Rockers.

Kane would never see the fruits of his labour. On August 7, 2000, the 31-year-old was found dead by his son in his garage at home. He was asphyxiated by carbon monoxide poisoning, and his death was ruled a suicide (Sher & Marsden, 2003: 235; *Montreal Gazette*, Apr. 19, 2002, May 17, 2002, May 22, 2002, May 28, 2002). Kane left a suicide note that reflected an existential identity crisis brought about by his multiple lives. In his rambling note, he scribbled, "Who am I? Am I a biker? Am I a policeman? Am I good or evil? Am I heterosexual or gay? Am I loved or feared? Am I exploited or the exploiter?" (Sher & Marsden, 2003: 235).

While numerous ethical issues stem from the use of informants and agents, they are an extremely important resource for law enforcement in intelligence gathering, initiating cases, gathering evidence, and successfully prosecuting organized crime offenders. A cursory review of the prosecutions of major organized crime figures in Canada in the last 40 years or so demonstrates the frequent use of informants and agents by police and the crucial role they play as Crown witnesses in successful prosecutions.

Case Study: Police Agents' Role in the Conviction of Maurice Boucher

On June 26, 1997, two members of the Rockers Motorcycle Club, Stéphane Gagné and André Tousignant, gunned down 42-year-old prison guard Diane Lavigne as she drove home following the end of her shift at Montreal's Bordeaux prison. On

September 8, Gagné and another Rocker named Paul Fontaine murdered Pierre Rondeau, a 49-year-old guard at Rivière des Prairies jail in northeast Montreal, who was shot while sitting behind the wheel of an empty prison transport bus. After Gagné confessed to the murders, he agreed to provide evidence implicating Hells Angels Quebec Nomads president Maurice Boucher, who had ordered the correctional officials killed as part of his campaign to destabilize the criminal justice system in Quebec. Less than two weeks later, Boucher was arrested by police. Gagné eventually pleaded guilty to the first-degree murder of Diane Lavigne and the attempted murder of fellow prison guard Robert Corriveau, who was wounded when Rondeau was killed. The Crown dropped a second murder charge for Rondeau's death in return for Gagné's testimony against Boucher.

Boucher's trial for the murder of the two prison guards began on November 2, 1998. Gagné was the main witness for the Crown. Boucher's defence team hammered away at the Crown witness to such an extent that Gagné had little credibility in the eyes of the jury, and Boucher was pronounced innocent of all charges. However, Boucher was arrested and charged again with the murders; in a subsequent trial in 2002, he was found guilty of first-degree murder in the death of both prison guards and sentenced to life imprisonment. The main prosecution witness in this trial was once again Stéphane Gagné, who by this time was much more polished and credible when he took the stand. He was supported this time by other Hells Angels associates who had become Crown witnesses. In their book on the Quebec biker wars, Sher and Marsden (2003) reported that a lawyer working for the Hells Angels offered Gagné \$1 million so he would not testify. Gagné turned down the offer (Cherry, 2005: 188; Sher & Marsden, 2003: 351).

Witness Protection Programs

Witness protection programs are used to encourage the co-operation of witnesses—including offenders, informants, agents, innocent bystanders, and victims—by providing them with security from those against whom they are testifying. Witness protection may entail escorting a witness to court, giving the witness (and their family) a new identity, providing financial compensation, relocating the witness to another jurisdiction, and helping him or her start a new life. According to one former US District Attorney, before the American federal government began protecting its witnesses, organized criminals had a history of acquittals that far exceeded acquittal rates for other types of defendants. This was due at least in part to the ability of OC figures to corrupt, intimidate, hurt, or even kill witnesses testifying against them. Giuliani (1986: 104) states that “since the advent of the Witness Security Program, established by Title V of the *Organized Crime Control Act of 1970*, almost every major racketeering prosecution has depended, at least in part, on the testimony of one or more protected witnesses....”

Because of organized crime's demonstrated use of murder and other acts of violence over the years were it not for the Witness Security Program the Government would have few if any witnesses available for its organized crime prosecutions." Witness protection programs are routinely criticized for providing chronic and violent offenders (who should be behind bars) with a new identity.

Surveillance

Police frequently undertake **surveillance** in the context of an organized or serious crime investigation. The goal of police surveillance is the collection of incriminating statements or actions without the consent of an individual or individuals under investigation. The evidence collected is used to lay charges and is also admissible at criminal trials. The very nature of organized crime and the challenges inherent in securing credible eyewitness testimony or penetrating OCAs through the use of agents or police undercover operations often necessitates the use of surveillance.

Broadly speaking, police surveillance can be divided into two categories: **physical surveillance** (in which police follow and watch suspects) and **electronic surveillance** (through audio and video recordings). These two approaches are often used as part of the same criminal investigation in that physical surveillance may also involve video and audio recordings. Physical surveillance may include following suspects or setting up an observation post outside a home, a place of business, or a frequent meeting place. Electronic surveillance may entail one or more of the following: having a peace officer or an agent wear a recording device, setting up an audio or video recorder in a particular locale, or intercepting telephone conversations. In more recent years, electronic surveillance may entail intercepting a suspect's emails, text messages, and/or web browsing.

Case Study: Audio and Video Surveillance of the Montreal Mafia

In December 1970, Bob Menard, an undercover police officer posing as an electrician, began renting a flat above Reggio Bar, located on Jean-Talon Street in the St. Leonard district of Montreal. The bar was owned by Paolo Violi, a senior member of the Montreal wing of New York's Bonanno crime family. Menard's new residence allowed police to plant electronic listening devices throughout the bar and Violi's adjoining offices. Police now had almost unlimited access to conversations Violi and his colleagues held in his de facto headquarters, in addition to the telephone surveillance already in place (Charney, 1979: 29, 31).

Beginning in October 1975, the Quebec Crime Commission began to release publicly some transcripts of the recordings. The result, according to journalist Anne Charney, was that "Violi's private conversations, revealed for all the world to hear, made him vulnerable not only to public authority but also the authority of the Mafia. In a world where silence, *omerta*, is a first commandment, the daily serialization

of Violi's rule rendered him instantly obsolete" (Charney, 1979: 31). Violi's power and stature within New York's Bonanno family were obliterated by the release of the wiretap transcripts; he would never be forgiven for allowing himself to become enmeshed in a police dragnet. On January 22, 1978, Violi was murdered—an assassination sanctioned by his superiors in New York—ironically while at the Reggio Bar playing cards. Whether or not the public release of the transcripts played a role in the murder, it did transgress a fundamental ethical principle of police surveillance: ensure it does not endanger the life of any individual, including those who are subject to the recording.

Years later, police in Montreal installed video surveillance cameras inside the favourite meeting place for members of the Montreal Mafia: the Consenza Social Club, also located in the St. Leonard district. The surveillance was part of Project Colisée, which concluded in 2006 and resulted in successful convictions against numerous members and associates of the Rizzuto crime family. The video surveillance captured, among other things, images of couriers transporting thousands of dollars in tightly packed wads of cash in and out of the club. The cash was from proceeds of a "tax" levied by the Rizzuto family on construction firms who won municipal government construction contracts. The video surveillance became crucial to the Charbonneau Commission investigating corruption in Montreal's construction industry. One construction firm owner, who allegedly served as a middleman between the Rizzuto clan and other companies, was captured more than two hundred times at the Consenza Café on police video surveillance. In many recordings, he is seen handing over the cash to senior members of the Montreal Mafia (Canadian Press, Sep. 25, 2012; *Montreal Gazette*, Mar. 17, 2007, Sep. 27, 2012).

In Canada, telephone **wiretaps** and other forms of electronic surveillance are referred to as a **Part VI investigation**. This term stems from the part of the *Criminal Code* that details the legal authority necessary for police to conduct electronic surveillance and the strict provisions they must adhere to after obtaining judicial authorization to do so. These provisions are in the *Criminal Code* to safeguard against privacy concerns and other abuses that may result from the use of such intrusive measures. Police in Canada must go before a provincial or superior court judge to show just cause as to why they believe they need to conduct electronic surveillance.

One of the downsides of surveillance for law enforcement agencies is its costs:

Many law enforcement agencies find lawful authorization of electronic surveillance too expensive to pursue; it is a high-cost method of investigation. Such costs are attributed to (1) the assignment of personnel to supervise the command post and conduct surveillance assignments (which usually pulls officers away from their

regular assignments); (2) extensive overtime because most wires are staffed on a 24-hour basis; (3) the acquisition of expensive and highly technical equipment, such as pen registers, computers, and cellular and GPS technologies; (4) training for the use of the equipment; and (5) overtime for clerical and staff support who must type numerous surveillance reports and transcribe recorded conversations. (Lyman & Potter, 2014: 386)

According to Albanese (2010: 270–71), “The cost and effectiveness of electronic surveillance remain matters of debate. Electronic surveillance has formed the basis for many significant organized crime convictions in recent years, but some have questioned its cost-benefit.” Electronic surveillance is often impractical because of the costs, its time- and labour-intensive nature, the many restrictions that are intended to prevent the abuse of such an intrusive method, and the difficulty in recording suspects in multiple locations. The conversations recorded may also be easily dismissed as evidence because they are taken out of context or due to problems of interpretation (e.g., words and phrases may be vague and interpreted differently, or those heard on the recording may be lying or bragging). More astute criminals undermine electronic eavesdropping by speaking in code, taking measures to detect a recording device, or holding conversations in noisy environments.

One of the most significant developments in electronic surveillance has been its adaptation to 21st-century information and communications technology. Police now monitor communications through and gather evidence from cellphone calls, emails, text messages, and web servers. However, this does not come without challenges, due to the increasingly sophisticated encryption technology used in digital and cellular communications that is meant to protect the privacy of legitimate users but has been exploited by offenders. In turn, police have adapted sophisticated and invasive technology and methods to break or work around such encryption.

Case Study: The Royal Canadian Mounted Police’s Advanced Digital Surveillance and the Montreal Mafia

Between 2012 and 2014, more than 30 members and associates of the Rizzuto Mafia family were criminally charged with an array of indictable offences, including drug trafficking, importation and production of drugs, arson, kidnapping, and weapons offences. Project Clemenza was a technologically advanced investigation in which police intercepted more than a million electronic messages sent through the BlackBerry cellphones of the suspects. The messages were supposed to be protected by BlackBerry’s highly regarded security features, but police were nonetheless able to gain access to them. Defence lawyers apparently demanded that the RCMP’s digital surveillance techniques be disclosed so that their clients would receive a fair trial, and a Quebec Superior Court Justice agreed. The result of the

court's decision, according to the *Globe and Mail*, was the first public disclosure that the RCMP was using "machines called IMSI catchers that imitate cellphone towers and can trick smartphones in a targeted area into giving up information that identifies the devices. Police obtained a judicially authorized 'assistance order' that required BlackBerry Ltd., which had built its brand on secure messaging, to enter into a kind of a partnership with the Mounties. Copies of messages the suspects had sent via their phones believing they were secure were relayed to authorities as they transited the company's corporate servers. Police unscrambled the messages with a global decryption key" (*Globe and Mail*, Mar. 21, 2017). As the Canadian Press (Mar. 21, 2017) reported, "At the time of the first wave of arrests, the RCMP proudly boasted about the tactic, which saw more than one million private PIN to PIN BlackBerry messages intercepted between 2010 and 2012 and analyzed." In 2017, however, the federal Department of Justice decided that the charges against many of the accused would be dropped, reportedly because the RCMP refused to fully disclose how it gathered evidence from the suspects' BlackBerry cellphones (Canadian Press, Mar. 21, 2017; *Globe and Mail*, Mar. 21, 2017; *Montreal Gazette*, Jul. 17, 2017).

Undercover Operations

In addition to surveillance, another commonly used approach to surreptitiously gathering intelligence and/or evidence is infiltrating an OCA (or a specific criminal activity) by a law enforcement officer. An **undercover operation** may last for just one illegal transaction (e.g., one drug deal) or it may be ongoing, lasting several months or, in rare cases, several years (which may be the case when infiltrating an OCA). It can be an effective enforcement approach because it allows the undercover operator to witness criminal activity first-hand. When a law enforcement officer acts as a buyer of an illegal substance or service, the undercover work is called a **sting** operation. When police or an agent acts as a seller or a broker of an illegal substance or service, the undercover work is called a **reverse sting** operation.

Case Study: Money Laundering Reverse Sting Operations in Canada

In the 1990s, the RCMP-led Integrated Anti-Drug Profiteering (IADP) units embarked on ambitious reverse sting operations in Montreal, Toronto, and Vancouver. The Montreal IADP unit initiated Project Compote, which involved establishing a retail currency exchange business called the Centre International Monétaire de Montréal (CIMM) on de Maisonneuve Boulevard in the downtown core. Based on the Montreal model, the Vancouver IADP unit launched Project Eyespy, which also

involved a fake retail currency exchange operation, Pacific Rim International Currency Exchange. Both “businesses” were staffed by undercover police personnel.

The goals of the undercover operations were to identify and collect intelligence and evidentiary information on large-scale drug trafficking organizations by luring them to the currency exchange businesses with the promise of providing a much-needed service: laundering drug money. Police used informants to put the word out that the currency exchange businesses would provide numerous services that would launder large amounts of cash for a nominal fee.

At the culmination of the Montreal undercover operation on August 30, 1994, 57 people were arrested and charged with hundreds of counts of money laundering and drug offences. The undercover operations can be considered a success given the high-level targets that did business with the covert currency exchanges. One of those who used the services of CIMM was a Montreal lawyer named Giuseppe (Joseph) Lagana, who was accused of having ties to Vito Rizzuto and who personally transported drug money to CIMM, where he had the staff exchange small denominations into larger denominations or bank drafts, conduct international wire transfers, and open bank accounts and establish companies in Switzerland as part of the money transfers. Police were able to prove that the funds provided to CIMM were the proceeds of drug trafficking and that Lagana was personally responsible for laundering more than \$15 million in Canadian funds over four years. Evidence collected from the undercover operation led to Lagana being convicted and sentenced to 13 years for proceeds of crime and money laundering offences. The undercover investigation also revealed a plot by reputed members of the Montreal Mafia and the Hells Angels to transport 558 kilograms of cocaine from Colombia to Europe (*Globe and Mail*, Jun. 30, 1995; *Montreal Gazette*, Oct. 16, 1994, Jun. 30, 1995).

According to the RCMP, Project Eyespy, which ran from 1993 to 1996, identified 430 people in the Vancouver area who laundered money through the undercover currency exchange business. In the end, 90 people were charged with more than one thousand criminal counts related to the laundering of approximately \$40 million in criminal proceeds. Most of the money was revenue from cocaine and marijuana trafficking and, to a lesser extent, contraband liquor and tobacco sales. The exchange was particularly attractive to those selling British Columbia marijuana in the United States, which typically involves converting American dollars smuggled back into Canada into Canadian currency. The undercover operation also led to the seizure of 222 kilograms of marijuana, 815 kilograms of cocaine, \$2.5 million in cash, and several handguns, as well as the dismantling of at least three marijuana grow operations in Greater Vancouver (*Edmonton Journal*, Jan. 25, 1996; *Montreal Gazette*, Jan. 25, 1996; *The Province*, Jan. 25, 1996; *Vancouver Sun*, Jan. 26, 1996).

Despite these successes, the RCMP came under fire when the *Ottawa Citizen* published a series of articles in June 1998 accusing CIMM of assisting drug traffickers in laundering millions of dollars in drug proceeds over four years. Because the IADP unit was so overwhelmed with the volume of cash processed through the exchange, it could seize only \$16.5 million from the \$141.5 million in drug money that passed through the operation. The conversion of Canadian to American currency allowed Canadian traffickers to purchase cocaine in the United States while the RCMP was accused of helping to move more than \$94.7 million in drug money to Colombia in 1992 and 1993. The *Citizen* articles asserted that the RCMP-led operation was undermined by a chronic shortage of personnel and technical resources. One RCMP member in Vancouver was also charged with corruption after trying to embezzle some of the drug cash, an obvious risk of such a cash-intensive operation that is not sufficiently managed (*Ottawa Citizen*, Jun. 11, 1998, Jun. 12, 1998, Jun. 13, 1998, Jun. 14, 1998).

Controlled Deliveries

A **controlled delivery** is a technique in which law enforcement authorities allow specific consignments of illicit drugs or other controlled substances they have interdicted to reach their ultimate destination while under surveillance. This allows police the opportunity to collect important evidence and intelligence information that may not be obtained if the shipment were confiscated at the point of interdiction. The ultimate goal of a controlled delivery is to identify and arrest offenders while in possession of the illegal shipment. To safeguard a controlled delivery operation, police will frequently replace the drugs or other contraband from their conveyance upon detection with a legal substance (e.g., cocaine will be replaced by sugar). This is to guard against problems that may occur with the transport of illegal substances by police (such as the goods getting lost, the offenders absconding with the illegal goods upon delivery, or even charges that police are abetting an illegal transaction).

Search and Seizure (Obtaining Physical Evidence)

Of great importance to arresting, charging, and successfully prosecuting a criminal offender is the police's ability to secure physical evidence relevant to the criminal offence, such as drugs, illegal gambling equipment, cars or vehicles used to transport drugs, other contraband, and financial records. The legal means of obtaining physical evidence is chiefly accomplished through a judicially authorized search of a specific site or sites, which usually takes place in the later stages of an investigation.

Proceeds of Crime/Money Laundering Enforcement

Proceeds of crime enforcement is part of what Kilchling (2014: 657) calls “finance-oriented strategies of organized crime control.” The pre-eminent tool used by law enforcement in North America to take the profit out of crime is to confiscate the illicit revenues and accumulated assets of criminal offenders. This is often referred to as **asset forfeiture**, in that offenders are forced to forfeit their assets to the state as part of a criminal prosecution (or in some cases as the result of a civil suit). The legal principle behind asset forfeiture is that the state may permanently take property from an individual or organization “without compensation to the owner if the property is acquired or used illegally” (Albanese, 2015: 342).

This strategy assumes that rational criminal offenders involved in profit-oriented illegal activities will desist if they are deprived of the fruits of such offending. For Kilchling (2014: 658), “the leading argument is that traditional responses such as imprisonment and fines alone are ineffective; the better alternative is to attack the property (rather than persons).” Asset forfeiture should be seen as a complement to traditional punishment. With that said, the proceeds of crime enforcement strategy is not simply about punishing and deterring offenders; it is also said to be a principal technique to disrupt a criminal organization by forcing them to sustain financial losses, including their ability to finance future crimes (Kilchling, 2014: 657–58). Two other benefits of the asset forfeiture strategy are that it can produce revenue for the state (which can be reinvested into policing or distributed to victims), and it can reduce what is seen to be “particularly dangerous about highly lucrative criminality—i.e., the infiltration of dirty money into the legitimate economy” (Beare, 2012: 268).

For Kilchling (2014: 658), proceeds of crime enforcement consists of three major elements: “(1) the tracing of assets, (2) their provisional blocking (freezing, seizing), and (3) their final removal or recovery (forfeiture, confiscation).” To force a defendant to forfeit assets through a criminal court in Canada, there first must have been a conviction of a predicate offence that generated the proceeds of crime (e.g., drug trafficking, extortion, fraud, etc.) and proof beyond a reasonable doubt that the seized assets derive from this specified criminal offence. Because asset forfeiture through the criminal courts in Canada requires a predicate criminal offence to first be established, proceeds of crime investigations are carried out concurrent with or following the investigation of the revenue-generating offence.

Proceeds of crime enforcement and asset forfeiture strategies were initially met with great optimism as a way to combat organized crime. However, as Beare argues, “no one has been able to determine with any remote degree of confidence whether or not the proceeds-of-crime approach to crime control has had any discernible impact on the operation of illegal markets or on the amount, distribution and behavior of illegal income and wealth.” Moreover, “there is no evidence that anti-laundering works as an effective ‘prevention’ strategy to significantly reduce the amount of organized crime or terrorism” (Beare, 2012: 269).

The Urban and Highway Patrol Function

Often forgotten in the fight against organized crime and drug trafficking are city and highway patrol officers. Both can serve numerous enforcement functions, including detection, interdiction, intelligence gathering, education, and harm reduction. A 1974 manual on organized crime that was prepared for Canadian patrol officers states that “if a patrol officer is lax in observing violations, overlooks gambling and prostitution and fails to make reports regarding suspicious actions, he or she is contributing to the success of organized criminal groups” (Securesearch, 1974: 3). The manual goes on to assert that specialized OC enforcement units “depend to a very considerable extent on the patrol constable’s observations and information” because “the uniformed constable on patrol knows the conditions in his area and can often spot criminal activity that the detective might not observe. Every police officer should consider himself as part of a vast, front-line intelligence network that funnels information back up the line to be pieced together and evaluated” (Securesearch, 1974: 6–7). The urban and highway patrol officers are the first to arrive at a crime scene that may be part of a broader organized criminal conspiracy, where they can arrest suspects and collect relevant evidence. Patrol officers are often in a good position to recruit informants for organized crime enforcement if they are well integrated into and trusted by local communities (Leighton, 1991).

Drug trafficking transportation networks in Canada and the US rely heavily on the highway system to move their cargos from entry points (e.g., marine ports) to distribution hubs to their final destinations. As such, highway patrol officers have been tasked with playing a proactive role in detecting and interdicting drugs as well as other contraband on North American freeways. Programs like Operation Pipeline, which began in the United States in 1984, encourage a coordinated response from law enforcement agencies at all levels to deter the flow of drugs that are frequently transported along highways. The original Drug Enforcement Administration–funded program featured state police and highway patrol officers with expertise in highway interdiction who provided training to other officers throughout the country to detect and interdict drugs or other contraband from passenger vehicles or commercial trucks. Similar programs have been implemented that attempt to detect contraband tobacco transported between the Akwesasne reserve and cities and towns in Ontario and Quebec where it is sold.

This approach is not without controversy. Critics charge that it is heavy with racial profiling, which police in Canada and the United States vehemently deny. Others argue the program violates people’s constitutional rights through unlawful search and seizure and unreasonable detention. As Gary Webb writes in a 2007 article in *Esquire* magazine, “Over the past thirteen years, Operation Pipeline has been waging an expanding and largely invisible war on the nation’s highways against ‘mules,’ people who haul cash and drugs for dope dealers. In its time, Pipeline has scored some impressive victories. But as with any war, it has left considerable collateral damage in its wake: legions of law-abiding motorists who have been ticketed, interrogated, and searched simply because they looked or acted funny—or happened not to be white.”

Multi-Agency Co-operation and Coordination

Historically, efforts to combat crime have been characterized by the unilateral actions of individual law enforcement agencies within their respective jurisdictions. Indeed, one of the greatest limitations of traditional OC enforcement has been a lack of inter-agency coordination and co-operation. It is almost universally agreed upon that combatting organized crime, especially that spanning different jurisdictions, demands an integrated, coordinated effort among different agencies, both within and outside of the criminal justice sector, and includes pooling resources and expertise as well as sharing intelligence information. Inter-agency collaboration is also essential because OCAs “often integrate multiple types of crime in their operations, for example combining drug trafficking with money laundering and cyber-crime. Combatting such networks requires intensive collaboration with domestic and international law enforcement partners” (RCMP, 2020d: 11). A report evaluating the Joint Investigative Team—a multi-agency unit targeting smuggling and organized crime around the Akwesasne reserve that includes various Canadian and American federal law enforcement agencies, the Ontario Provincial Police (OPP) and the Mohawk Police Service—documented how members of the participating agencies “identified increased inter-agency co-operation as one of the main successes of the Initiative.” The report concluded the team’s “coordination with other police services to be a best practice for law enforcement collaboration in the region” (Public Safety Canada, 2019a: 6).

During the 1990s, the Canadian government used program funding to create the multi-agency IADP units and their successors, the Integrated Proceeds of Crime units. Both were made up of the RCMP as well as provincial and municipal police forces, Crown lawyers, forensic accountants, and even Canadian Revenue Agency taxation officials. Federal funding to combat contraband smuggling through the anti-smuggling initiative in the 1990s also promoted increased coordination through the Integrated Border Enforcement Teams (discussed below). In the face of escalating violence among rival outlaw biker gangs in Quebec in the 1990s, Project Carcajou was formed and consisted of more than one hundred members from the municipal, provincial, and federal police (this initiative was weakened by poor relations among the different police forces, and the Montreal police force eventually pulled out citing budget constraints) (*Reuters*, Aug. 7, 1998). Subsequent multi-agency task forces in Quebec have realized more permanency. The Combined Forces Special Enforcement Units (CFSEUs), located in Ontario, Quebec, British Columbia, and other provinces, are currently mandated to undertake large-scale investigations targeting OC groups.

Case Study: Combined Forces Special Enforcement Unit—British Columbia

According to its website, the CFSEU-BC (2013) is “an integrated joint forces operation that draws upon and develops highly specialized officers from federal, provincial and

municipal agencies around the province.” One of the benefits of this multi-agency unit is that it “enhances intelligence sharing, coordination, and strategic deployment against threats of violence posed by organized crime groups and gangs in B.C.” The integrated nature of the CFSEU (n.d.) is also “a cost-saving measure by reducing duplication of efforts” among the different agencies involved in combatting organized crime in the province. The CFSEU–BC integrates 14 law enforcement agencies in the province, including municipal agencies (e.g., Vancouver police, Abbotsford police, Delta police), federal agencies (the RCMP, Canada Border Services Agency), and one provincial law enforcement agency (the Organized Crime Control Agency of British Columbia). Within the CFSEU–BC are more than four hundred employees divided among nine investigative teams and six specialty teams. These include outlaw motorcycle gang coordinators, asset forfeiture investigative teams, uniform gang enforcement teams, and firearms enforcement teams.

Finally, there are inter-agency task forces made up of Canadian and American law enforcement agencies. Most notable are the Integrated Border Enforcement Teams (IBETs), which target cross-border criminal activity between the two countries and include the Canada Border Services Agency, the RCMP, US Customs and Border Protection, the US Coast Guard, and the US Immigration and Customs Enforcement. According to Public Safety Canada (2015: 2), “Originally developed in 1996 as an innovative method to address cross-border crime along land and marine borders between British Columbia and Washington State, IBETs have evolved into a major enforcement success. IBETs have effectively disrupted smuggling rings, confiscated illegal drugs, weapons, liquor, tobacco and vehicles, and made numerous arrests. IBETs have also intercepted criminal networks attempting to smuggle illegal migrants across the border.” One specific initiative within IBET is the “Shiprider program,” in which the RCMP and the US Coast Guard “work together to seamlessly enforce the law on both sides of the border in shared waterways.” This includes placing Canadian and US “law enforcement officers on a single patrol vessel,” combining law enforcement resources, and providing “the operational flexibility required to interdict suspect vessels across jurisdictions, removing the international maritime boundary as a barrier to law enforcement” (RCMP, 2015: 25). The US State Department notes that Canada and the US also “cooperate extensively on drug control through federal arrangements and interactions between state, municipal, and tribal entities” (United States Department of State, 2021: 108). One of the most recent bilateral agreements is the Joint Action Plan to Combat Opioids, launched in 2020.

ALTERNATIVE ORGANIZED CRIME CONTROL STRATEGIES

In addition to the dominant law enforcement approach to combatting organized crime, other strategies fall outside the criminal justice system. Many of these strategies are to

be preventative, which is in contrast with the overwhelmingly reactive tactics that characterize the traditional enforcement paradigm. OC prevention strategies are typically directed at potential victims to make them less susceptible. The following are some examples of prevention strategies specific to organized crime:

- Situational crime prevention initiatives that attempt to reduce the opportunity for certain crimes to be committed, such as “hardening” a target (e.g., increased security at marine ports to prevent cargo theft) or enacting laws that prohibit or regulate access to “facilitators” that are exploited for organized crimes (e.g., strict regulatory controls over chemicals and pill presses used in the production of illegal synthetic drugs).
- The creation of agencies and/or policies and procedures that regulate legitimate industries and commercial sectors vulnerable to organized crime (e.g., construction, marine ports, waste removal, transportation, and legalized gambling). Albanese (2015: 346) describes how the Trade Waste Commission was created in New York City to screen and license every waste service provider after 23 trash-hauling companies and four trade associations were indicted for corruption. Since its creation, the commission has realized some success in preventing criminal groups from further infiltration into waste management in the city.
- Stringent screening of employees of industries vulnerable to organized crime (e.g., banks, marine ports, government agencies, and casinos) to ensure these employees are not connected to or corrupted by criminal offenders or OCAs.
- The prevention of corruption within the public sector. According to Lyman and Potter (2014: 397), “At a minimum, increased and more comprehensive reporting of assets and sources of income by public officials in key decision-making positions is required.”
- Civil remedies that require residential and commercial landlords to put in place measures to prevent and detect the presence of gangs and criminal groups, drug trafficking, and other criminal activity. In the United States, “civil gang injunctions” rely on public nuisance ordinances to curtail gang activity by restricting certain (legal) activities of particular gang members (e.g., possessing a cellphone, associating with other gang members) or seek to exclude them from certain public or private spaces. Civil remedies can be both proactive and reactive in pursuit of their ultimate purpose: “They may aim to prevent behaviors and situations before they become a problem, or they may aim to reduce or eliminate problems that already exist” (Mazerolle & Roehl, 1998: 7–8).
- Public education campaigns to raise awareness, for example, about consumer fraud schemes to prevent victimization or how consumption of contraband cigarettes helps fund OC. According to Pace and Styles (1983: 207–8), the “most positive approach for controlling organized crime is to inform the police and citizens of the magnitude and implications of organized crime in a community.”

Case Study: Contraband Tobacco Public Education Campaigns

In their 2008 contraband tobacco strategy, the RCMP acknowledges that “raising awareness of the tobacco black market and the consequences of purchasing and possessing contraband tobacco is essential to reducing the demand” (RCMP, 2008: 39). One of the main goals of the National Coalition Against Contraband Tobacco, according to its website, is to “educate people and urge government to take quick action to stop this growing threat.” In Ontario, as well as other provinces, Crime Stoppers has produced television and radio commercials as well as billboard ads that are meant to educate the public on how the purchase of contraband cigarettes contributes to the coffers of organized crime (Crime Stoppers News Release, Sep. 17, 2015).



Photo 12.1: Crime Stoppers ad depicting the link between contraband cigarettes and organized crime

Source: Used by permission of Ontario Crime Stoppers

A more fundamental preventative approach targets the root causes of criminal behaviour. The topic of **criminality prevention** is vast, and it is beyond the scope of this book to adequately delve into the goals, strategies, tactics, and best practices in this field. Suffice it to say that social problem-solving measures designed to prevent the onset of criminal and violent behaviour by addressing its root causes—especially among youth at risk of serious and chronic offending—hold great promise. In her report entitled *Youth and Gun Violence: The Outstanding Case for Prevention*, Shaw (2005: 6–7) identifies a range of social problem-solving interventions that collectively form a comprehensive strategic plan to reduce gun violence by young men:

- Targeted support for high-risk children and youth
- Early intervention home visiting, parental and family support programs
- Targeted and school-based educational and curriculum programs to change attitudes and behaviours to violence
- Conflict resolution, peace-building, and peace-making training
- Cross-cultural youth life-skills and leadership training
- Projects around gender and masculinity
- Education, job training, micro-credit, and job creation to provide alternative outlets for young people
- Targeting high-risk areas, local communities, and the general public
- Child and youth recreational and cultural programs
- School-based educational and curriculum programs to change attitudes
- Projects to strengthen community capacity
- Urban renewal projects
- Public education campaigns to change attitudes, behaviour, and social norms using creative media (Internet, film, music, etc.)
- Social, health and economic support services
- Mentoring programs to provide ongoing supports, and life skills and leadership training

Case Study: Social Developmental Initiatives Undertaken by the Akwesasne Mohawk Police Service Joint Investigative Team (AMP-JIT)

As part of a broader initiative to prevent and control smuggling and other criminal behaviour by residents in and around the Akwesasne Mohawk reserve, several social developmental initiatives have targeted children and adolescents. Most of these projects include education about the negative consequences of becoming involved in drugs, smuggling, organized crime, and other criminal activity. They also aim to build positive relationships between law enforcement officers and local

youth. Some of the activities sponsored by the AMP-JIT include the following (Public Safety Canada, 2019a: 8):

- “Kids for Fishing” (which is meant to discourage smuggling across the St. Lawrence River by promoting its recreational benefits);
- presentations at schools and community events on the negative effects of drugs and involvement in organized crime;
- “Lacrosse out Drugs” youth sporting event, which promotes healthy choices among children;
- a half-day presentation on drug abuse and the long-term mental and physical effects of drug use at a traditional-based cultural camp; and
- Christmas basket deliveries.

Also relevant to OC control are social problem-solving initiatives that target gangs and gang-involved youth. In the United States and Canada, schools have become central institutions through which gang awareness and prevention and interventions are delivered. One of the most widespread school-based prevention programs is Gang Resistance Education and Training (GREAT), which is delivered to secondary school students on a universal basis by trained, uniformed police officers. The goal of the program is to help youth develop positive life skills and social competencies, minimize risky behaviour, resist peer pressure, resolve conflict, and make positive, pro-social choices while imparting facts about the consequences of gang involvement and drugs. Gang intervention strategies target gang-involved individuals to induce them to leave a gang or at the very least to reduce their gang-related criminal and violent activity (Maher, 2010: 318; Maxson et al., 2014: 441). A social problem-solving intervention targets the risk factors that sustain an individual’s involvement in a gang (e.g., treatment of mental health of substance abuse disorders, social and life skills training, access to crisis shelters, job training, and education) while also providing meaningful alternatives to a gang lifestyle, such as education and employment. In their review of the literature on ways offenders can disengage from gangs and organized crime, Douglas and Smith (2018: 11) write, “Mentoring by ex-members, enhancement of family ties, education and employment programs, reintegration assistance, religious support, and prosocial modelling appears to be more successful in supporting effective disengagement.”

Government Commissions

Various countries have established special governmental commissions to conduct strategic assessments of organized crime. Often created through legislation and chaired by elected officials or judges, these committees can be granted such powers as compelling testimony from witnesses through subpoenas and invoking prison sentences if this testimony is not forthcoming or is perjurious. While these commissions have the

power to compel witnesses to testify, they are not criminal courts, so they do not have the jurisdiction to find individuals guilty of criminal offences. The commissions are often high-profile affairs, helping to raise awareness of organized crime issues. Smith and Salerno (1970: 103) argue that the main purpose of these commissions is one of exposure: focusing public attention on the problem. A secondary objective of these commissions is to investigate the causes, scope, nature, and impact of the problem under consideration and to recommend policies and programs.

Case Studies: Government Organized Crime Commissions in Canada

Government commissions investigating organized crime have taken place in Canada at the provincial and municipal levels. During the first 30 years of the 20th century, each of Canada's three largest cities had at least one judicial inquiry into government corruption resulting from organized criminal activities—gambling, in particular. Toronto's first judicial inquiry was held in 1901 (there would be more municipal and provincial corruption investigation in the years to come) and was charged with investigating underground gambling and government corruption in the city. The inquiry was formed following a series of newspaper articles claiming the police department was failing to suppress professional gambling and even accusing some police officials of being in collusion with gambling operators and bookmakers. While the commission exonerated most senior police officials, the inquiry did find that several police officers were placing bets with local bookmakers (City of Toronto Archives, Fonds 15).

A judicial inquiry into vice and its enforcement in Montreal conducted by Justice Louis Coderre in 1924 and 1925 documented the dozens of "houses of ill repute" operating in the city's red-light district (*Montreal Star*, Mar. 14, 1925). A judicial inquiry into the local vice industry and resulting police corruption was held in Vancouver in 1928 (City of Vancouver Archives, Vancouver Police Fonds, Series 181, Vols. 5, 6, 9). Allegations of lackadaisical enforcement, protection of gambling operations, and corruption within the Montreal police force resulted in another public inquiry—the Commission of Inquiry into Gambling and Commercialized Vice in Montreal—which was held between 1950 and 1953 under Justice François Caron. In his final report, Justice Caron concluded that the Montreal police were allowing commercial vice to go largely unenforced. The commission led to a provincial police investigation that resulted in charges being laid against 20 municipal police officers (Archives of the City of Montreal, P43).

In the late 1950s and early 1960s, several high-profile police raids of illegal gambling operations in Toronto and accusations that prominent provincial politicians intervened to secure charters for the social clubs that were used for gambling led to the creation of a Royal Commission in Ontario headed by Justice

Wilfred D. Roach. The inquiry, which began public hearings on March 20, 1962, and concluded with the commissioner's report dated March 15, 1963, focused on illegal gambling and the extent to which it was controlled by organized crime (Roach, 1962). In the end, Justice Roach cleared government officials of corruption. He acknowledged that illegal gambling had reached a "staggering" volume in the province but concluded that little evidence existed suggesting "there was organized crime in the province to any alarming extent except in the field of organized gambling" (Ontario Police Commission, 1964: 357). He also denied the existence of the Mafia in Canada. These findings contradicted recent events, and some observers later said Roach whitewashed the commission's findings to take the pressure off the provincial attorney general and the Conservative government, which had been accused of corruption and failing to take sufficient action against organized crime in the province.

The discovery of corruption within the OPP's anti-gambling squad, as well as emerging developments that contradicted Roach's conclusions, led to yet another provincial commission in Ontario, this one headed by Judge Bruce Macdonald, who delivered his report on January 31, 1964. In startling contrast to the conclusions of the Roach Commission, Justice Macdonald asserted, "Organized crime has existed in Ontario and in some cases still does, in varying degrees from time to time as conditions change." He also stated there was solid evidence that American criminal syndicates had infiltrated Ontario, although no one group had a monopoly over a particular region or criminal activity (Ontario Police Commission, 1964: 117–18).

Beginning in the late 1960s and continuing in the 1970s, the Quebec government held several commissions that targeted organized crime. These commissions were given subpoena power, and several powerful gangsters in Montreal were forced to appear before the commissions, including Vic Cotroni and Paolo Violi. When both refused, they were cited for contempt and incarcerated. More recently, the Quebec government convened a public inquiry into allegations of corruption in the tendering of public construction contracts in Montreal. Otherwise known as the Charbonneau Commission, as it was presided over by Quebec Superior Court Justice France Charbonneau, the inquiry began in May 2012 and heard testimony from bureaucrats, engineering executives, union officials, and construction company owners and managers about widespread collusion that hiked the price of government construction contracts. Various witnesses revealed that companies, the Mafia, political parties, and corrupt municipal and provincial bureaucrats all benefited materially from the collusion. In November 2015, the commission submitted its 1,741-page report with 60 recommendations for the Quebec government (CBC News, Nov. 24, 2015; *Globe and Mail*, Nov. 24, 2015; *Macleans.ca*, Nov. 24, 2015; *Montreal Gazette*, Nov. 24, 2015a, Nov. 24, 2015b).

Tax Enforcement

Tax enforcement is a unique tool in governments' arsenals to prosecute and punish organized crime figures while indirectly confiscating the proceeds of crime. Tax fraud is a charge that is now routinely applied to criminal entrepreneurs, in addition to or in place of asset forfeitures that result from a criminal conviction. This technique provides the government with a broad spectrum of weapons against organized criminals. As taxpayers, they are prosecutable for a wide range of acts and omissions involving tax laws. They are liable if they fail to file required returns or maintain required records. If they do file but submit a false return or make a false statement in documents relevant to their taxes, they violate any number of tax laws. These various offences are not confined to personal income taxes; they can also apply to various other forms of tax evasion, including customs, excise, and sales taxes.

The objective of a tax assessment into criminal offenders and criminally controlled entities is partially to ensure they pay the proper amount of taxes, but more importantly it is used to deprive them of their wealth through hefty penalties that result from non-compliance with tax laws. Under most taxation legislation, government authorities only have to prove that unreported revenue received by an individual or entity is taxable to initiate a civil assessment (and this revenue can be either [or both] legally or illegally obtained). Once it is proven that a criminal offender has generated certain revenue and has not paid taxes on that revenue, an order can be made forcing the defendant to pay back taxes as well as significant monetary penalties (effectively serving the goal of asset forfeiture). The offender can also be hit with other penalties under tax laws, including the garnishing of future wages or revenues and even incarceration.

Case Study: The Tax Assessment of William Obront

During the early to mid-1970s, William Obront maintained at least nine personal accounts at four banks. From 1974 to 1975, 46 people and 14 companies made deposits—ranging from \$2,500 to \$1.7 million—into these accounts. During these two years, the deposits from his revenue plus that which he laundered for other members and associates of the Cotroni Mafia group totalled over \$18 million. Obront's annual declared income during this time was around \$38,000. When Quebec's Department of Revenue reassessed his taxable income for the years 1965 to 1973 to include estimates of his illegal income, the government figured he had an undeclared income of \$2,197,801, which meant he had an unpaid tax bill of \$1,058,102.79 (plus fines and interest). After the assessment, the Quebec government seized Obront's assets and charged him with tax fraud. He was also sentenced to 20 months in jail and was ordered to pay \$683,046 in back taxes and fines (Quebec Police Commission Inquiry on Organized Crime, 1977b: 12; *Globe and Mail*, Feb. 1, 1979).

In more recent years, tax evasion and fraud charges were laid against two Hells Angels members in Ontario as a result of a joint criminal investigation with the OPP. Robert Barletta was charged with failing to report revenues of more than \$770,000 for the years 2015 to 2018, while Craig McIlquham was charged with failing to report revenues totalling more than \$2,000,000 for 2014 to 2018. The tax charges against Barletta stemmed from an investigation into a multi-million-dollar illegal gambling operation allegedly controlled by members of the Hells Angels. Barletta was also charged with money laundering (*Biker-news.com*, Jul. 30, 2020; Government of Canada News Release, Dec. 19, 2019).

Currency and Suspicious Transaction Reporting

A financial transaction monitoring and reporting system is part of a series of public policies that mandate the private sector to detect and report suspected proceeds of crime and money laundering to government agencies. The private-sector entities are primarily in the financial services sector, but other vulnerable industries, such as casinos, are also mandated to report. The significance of transaction reporting is that it represents a fundamental shift in responsibility for detecting specific OC activity from the government to the private sector. Transaction reporting by the private sector is designed to expose the money laundering process at its most vulnerable choke points: when cash enters the financial system, when cash is transported across national borders, or when funds are transferred between financial intermediaries.

By imposing an obligation to provide information that may reveal criminal activity, a transaction-reporting regime can theoretically serve several important policing and regulatory functions. It provides government agencies with a greater capacity to uncover evidence of money laundering as well as the criminal sources of the illicit proceeds. It also works to ensure that proper records are in place within private-sector companies to facilitate subsequent money laundering investigations. Transaction reporting is also meant to serve as a deterrent or, at the very least, an inconvenience to those attempting to launder the proceeds of crime. Due in part to pressure from the United States and multinational bodies such as the Financial Action Task Force, transaction reporting has been adopted by a growing number of countries throughout the world, including Canada.

Transaction reporting can be demarcated into two general categories: currency transaction reporting (CTR) and suspicious activity reporting (SAR). A CTR system requires that specified financial intermediaries report any currency transaction over a specified threshold (\$10,000 in Canada and the United States). A SAR system mandates regulated entities to report transactions that appear to be suspicious, regardless of the amount, and this is meant to provide more discriminate information relative to a CTR system.

To process the reports submitted by private-sector companies and professionals, most countries have created a financial intelligence unit (FIU), a specialized national

government agency created to “serve as a national centre for the collection, analysis and dissemination of information regarding potential money-laundering” (United Nations, 2000: Appendix X, Article 7, para. 1b). This information is then analyzed and made available to enforcement agencies as a basis to initiate investigations or to augment ongoing ones. The FIU in Canada is known as the Financial Transactions Reporting Agency (more on this agency, as well as the laws and regulations that it enforces, is provided in chapter 13).

Government Regulatory Agencies

It is the government regulatory system that carries much of the burden for monitoring legitimate industries and the commercial and financial transactions that are vulnerable to organized criminal activity. As such, public regulatory agencies have a potentially significant role to play in combatting racketeering in specific sectors of the economy. For example, in Canada, the Office of the Superintendent of Financial Institutions is the primary regulator of federally incorporated financial institutions and pension plans. The mission of this agency is to safeguard policy holders, depositors, and pension plan members from undue loss and administer a regulatory framework that contributes to public confidence in the country’s financial system. This agency has also taken steps to help address money laundering through its regulatory oversight of the banking sector, including guidelines on how to best identify and report suspicious transactions.

Civil Remedies

For criminal convictions, countries using common law systems require proof beyond a reasonable doubt, which often translates into a heavy burden for prosecutors. This is especially true with the prosecution of high-level organized crime offenders who successfully insulate themselves from enforcement actions. Some governments have enacted legislation that provides them with the tools to undertake civil action against individuals and entities involved in criminal activity. This includes “civil forfeiture” laws that endow governments with the power to seize property through civil, rather than criminal, courts: “A civil forfeiture occurs independently of any criminal proceeding and is directed at the property itself having been used or acquired illegally. Conviction of the property owner is not relevant in a civil forfeiture” (Albanese, 2015: 342). Because the asset forfeiture is now pursued through the civil courts, the burden of proof placed is reduced from “beyond a reasonable doubt” to a “balance of probabilities.” In other words, governments can confiscate money or assets where reasonable suspicion exists that this cash or these assets constitute the proceeds of crime and the owner is unable to provide a satisfactory explanation of its legitimate origin. The onus of proof is now shared between the state and the defendant; that is, unlike in a criminal trial where there is no obligation by the defendant to prove his

innocence, in a civil forfeiture process, an onus is placed on the defendant to prove that the assets in question were derived through legal and legitimate means.

The application of civil sanctions against organized and economic crimes has been most vigorously (and controversially) applied in the United States. The federal RICO statute makes it unlawful to acquire, operate, or receive income from an enterprise through criminal means. RICO allows the government or a private citizen to file a civil suit requesting the court to order sanctions or to provide injunctive relief against an individual or organization involved in a “pattern of racketeering.” While the Canadian government has long resisted the adoption of civil forfeiture laws to combat organized crime and terrorism, some provinces have enacted them. Details on provincial civil remedy laws and the agencies that enforce these laws against organized criminal offenders are described in chapter 13.

Foreign Policies and Programs

Some national governments have used foreign policy tools to address organized criminal activities. Foreign aid and trade policies and programs addressing organized crime focus overwhelmingly on controlling the supply of drugs at the source through crop eradication or substitution. The United States government has dedicated considerable resources toward controlling the production of illegal drugs through a foreign policy package that consists of a combination of financial aid and trade incentives to source countries (United States Agency for International Development, 1994). This policy has largely targeted the Andean region of South America, the world’s prime source of cocaine, and is exemplified by the *Andean Trade Preference Act* (ATPA), which became law on December 4, 1991. ATPA has several components. First, the act reduces tariffs on products originating in Andean nations, which is intended to create viable alternative outlets for resources currently involved in the illegal drug economy. Second, ATPA is meant to foster the expansion of lawful industries in the Andean region to broaden local tax revenues and to increase the resources available for state drug interdiction. Third, ATPA strengthens US commitment to the long-term economic development of the Andean nations and improves co-operation with governments in the region that are essential to US counter-narcotics policies. Fourth, ATPA indirectly contributes to the US economy through increased exports to the Andean nations (Magill, 1992). In its 2015 *National Drug Control Strategy Report*, the White House touts the role played by the US Agency for International Development in leading US government efforts “in support of alternative development projects in Colombia, Peru, and Afghanistan” that promote licit economic development as an alternative to illicit coca and opium production (Executive Office of the President of the United States, 2015: 70). Crop eradication has been criticized for its negative effects on the lives of subsistence farmers, especially since the alternative crops are worth just a fraction of the coca plants. Crop eradication programs

have also faced particular outrage over the use of pesticides that have had a detrimental impact on the health of people and animals living in affected areas.

The Armed Forces

Many countries have engaged their military to support organized crime enforcement. While the emphasis has been on drug interdiction along international borders and in source countries, naval forces have been used by Western governments to combat sea-borne drug and migrant smuggling. The deployment of the Armed Forces is meant to capitalize on its advanced reconnaissance and intelligence-gathering capability, its omnipresence in high-risk regions of the world, and its overwhelming logistical prowess and military might.

In Canada, the Department of National Defence (DND) is mandated to assist other federal departments in achieving various national goals, including drug interdiction and smuggling enforcement. The involvement of the Canadian Armed Forces in criminal enforcement operations is sanctioned under subsection 273.6(1) of the *National Defence Act*, which states the federal government “may authorize the Canadian Forces to perform any duty involving public service.” In February 1994, the RCMP along with Canadian military fighter jets and the navy destroyer *Terra Nova* seized five metric tonnes of cocaine from the hold of a fishing boat off the coast of Shelburne in southwestern Nova Scotia (Criminal Intelligence Service Canada, 1996: 17). The RCMP has also partnered with DND in a domestic marijuana eradication program known as Project Sabot, which uses military helicopters to identify illegal outdoor marijuana farms (Canadian Armed Forces, 2016). The Canadian Air Force and Navy also support drug interdiction operations in the eastern Pacific Ocean, the Caribbean Sea, and as far as the Indian Ocean. In international waters, Canadian naval vessels often deploy with the United States Navy or Coast Guard through a 2010 Memorandum of Understanding. In June 2021, the Royal Canadian Navy’s HMCS *Shawinigan*, a coastal defence vessel based in Halifax, was deployed to the Caribbean Basin as part of US-led anti-drug trafficking efforts. In August, the US Coast Guard reported that the operation resulted in the seizure of 27,080 kilograms of cocaine and 649 kilograms of cannabis from drug smuggling vessels (*CTVNews.ca*, Aug. 6, 2021). The Canadian Navy has also detected Chinese migrant smuggling ships off the west coast using intelligence information passed along from the US Navy (*Vancouver Sun*, Sep. 24, 1999).

Citizen-Based Action

A central assumption of community crime prevention is that private citizens play a major role in maintaining order in a free society and therefore should be encouraged to

accept more responsibility for public safety at the local level. Pace and Styles (1975: 89) contend that one of the cornerstones of any comprehensive effort to control organized crime is “an aroused citizenry.” The importance of citizen involvement in the fight against organized crime is reflected in the expanded efforts of law enforcement agencies to disseminate information about, raise awareness of, and educate people on its scope and nature and the challenges of its enforcement. These campaigns have utilized direct mail, public presentations, the media, and the Internet. Law enforcement agencies have also relied on toll-free tip lines—traditionally geared toward local property crime and violent offences—to solicit information on organized crimes such as drug trafficking, fraud, and contraband smuggling. The RCMP has worked with Crime Stoppers to solicit anonymous tips on suspected smuggling operations and local contraband suppliers. This was adapted to cigarette smuggling through the “River Watch Program”—a campaign to encourage residents living along the St. Lawrence Seaway to be watchful of and report suspicious activity in well-known smuggling routes. Public tip lines have also been dedicated to specific categories of OCAs, most notably, the outlaw biker hotline established by the Criminal Intelligence Service Canada.

Several tip lines are now dedicated to combatting consumer fraud and deceitful telemarketing. Two North American examples include the National Fraud Information Center, operated by the Washington-based National Consumers League, and the Canadian Anti-Fraud Centre, a joint initiative involving the federal Competition Bureau, the RCMP, and the OPP. Both agencies take reports and complaints from consumers and provide public education campaigns to alert the public to current fraud schemes targeting the public.

Case Study: A Comprehensive Approach to Controlling Human Trafficking

In 2012, the government of Canada enacted the National Strategy to Combat Human Trafficking, which is meant to “consolidate ongoing efforts of the federal government to combat human trafficking and introduce aggressive new initiatives” (Government of Canada, 2012: 9). The plan focuses on four core areas (the four Ps: the *prevention* of human trafficking, the *protection* of victims, the *prosecution* of offenders, and working in *partnership* with others both domestically and internationally) (Government of Canada, 2012: 9).

Among the preventative initiatives, the action plan promotes training for front-line service providers, supports and develops new human trafficking awareness campaigns, and provides communities with assistance to identify people and places most at risk. The plan places particular emphasis on “developing holistic

strategies that address the root causes and risk factors that can lead to human trafficking and related forms of exploitation, and that will assist in reducing the levels of victimization and the harms associated with it" (Government of Canada, 2012: 11).

In 2019, a subsequent national strategy was launched (covering 2019 to 2024) that continues and builds upon the previous one. It emphasizes a "whole-of-government approach" in which "federal anti-human trafficking efforts are being undertaken by numerous federal departments and agencies, in order to address this crime from various angles" (Public Safety Canada, 2019b: 6). A national hotline was implemented "to help victims and survivors of human trafficking easily access the services they need" (Public Safety Canada, 2019b: 19). Information collected through the hotline is also meant to help identify gaps in services for victims and survivors, as well as assist in developing better law enforcement intelligence to target human trafficking (Public Safety Canada, 2019b). Ibrahim (2021: 4) notes that information shared through the hotline helped to identify 415 cases of human trafficking. The hotline can be reached by telephone at 1-833-900-1010 or accessed online at <http://www.canadianhumantraffickinghotline.ca>.

One element the national strategy lacks is a concerted effort to engage vulnerable or culpable private-sector industries in helping to recognize and combat human trafficking. A report by the House of Commons Standing Committee on Justice and Human Rights (2018: 65) encourages the hospitality industry (e.g., bars, hotels, and taxi services frequently exploited by pimps and traffickers) "to create self-governance within their membership to regulate human trafficking within the industry. This should include an appropriate code of ethics regarding the facilitation of such crime within their establishments. The industry should also be given proper education on human trafficking and be encouraged to collaborate with local police to facilitate the identification of traffickers." These recommendations are in line with initiatives undertaken in the Netherlands that focused on "barriers for all 'facilitators' of sexual exploitation and forced labor, such as hotels, landlords, tax attorneys, and physicians, that might knowingly or unknowingly provide services to traffickers" (Waardenburg et al., 2018: 315).

Legislatively, Canada has enacted several provisions to combat and prevent human trafficking, as can be found in the *Immigration and Refugee Protection Act* (IRPA) and the *Criminal Code*. The IRPA came into force in 2002. Section 118 makes it an offence to organize "the coming into Canada of one or more persons by means of abduction, fraud, deception or use or threat of force or coercion." Section 279 of the *Criminal Code* makes human trafficking an indictable offence in Canada, and there are six offences specifically related to human trafficking.

Most police forces undertake human trafficking investigations as part of their duties to enforce the *Criminal Code*. The RCMP is often the lead agency on investigations involving an international component and also hosts the Human Trafficking National Coordination Centre (HTNCC), “which is a focal point for policing efforts to combat and disrupt individuals and criminal organizations involved in human trafficking activities.” The RCMP’s HTNCC priorities include “developing tools, protocols and guidelines to facilitate human trafficking investigations and coordinate national awareness, training and anti-trafficking initiatives” (Public Safety Canada, 2019b: 19).

KEY TERMS

Agent	King pin
Asset forfeiture	Lay witness
Character witness	Legalization/regulation model
Conspiracy	Mega-trial
Containment	Part VI investigation
Control	Physical surveillance
Controlled delivery	Prohibition/enforcement model
<i>Criminal Code of Canada</i>	Project-style investigation
Criminal intelligence	Prosecution
Criminality prevention	Punishment
Demand-side measures	<i>Racketeer Influenced and Corrupt Organizations Act (RICO statute)</i>
Detection	Reverse sting
Electronic surveillance	State witness
Enforcement	Sting
Expert witness	Strategic intelligence
Flipping	Supply-side enforcement
Harm reduction	Surveillance
Head-hunting	Tactical intelligence
Indictable offence	Undercover operation
Informant	Wiretap
Intelligence-led policing	Witness
Interdiction	Witness protection programs
Investigation	

REVIEW QUESTIONS

1. What are the broad objectives of organized crime control? What are the differences between eradication, deterrence, harm reduction, and containment as objectives?
2. What is the difference between organized crime control and organized crime enforcement?
3. What are the broad parameters and characteristics of the traditional organized crime prohibition/enforcement model?
4. What are common organized crime enforcement strategies?
5. What are common enforcement (operational) tactics and techniques?
6. What are alternative (non-criminal justice) organized crime control tactics and techniques, and how do they differ from traditional criminal justice approaches?
7. What are the best practices in organized crime control?

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13

ORGANIZED CRIME CONTROL IN PRACTICE: CRIMINAL LAW AND ENFORCEMENT AGENCIES IN CANADA



CHAPTER OUTLINE

- Introduction and Overview
- Organized Crime Laws and Legislation
- Organized Crime Enforcement in Canada: Responsibilities, Jurisdictions, and Agencies
- The Theory and Practice of Organized Crime Enforcement: A Critical Analysis
- Future Organized Crime Enforcement Policy Options
- Conclusion to Part IV

LEARNING OUTCOMES

The objective of this chapter is to apply the organized crime control principles, strategies, and tactics outlined in the previous chapter to Canada, with emphasis on the criminal laws and criminal justice agencies mandated to combat this problem. Specifically, this chapter is intended to foster a better understanding and critical analysis of the following issues:

- Laws and legislation in Canada relevant to organized crime control
- The structure of organized crime enforcement in Canada, including responsibilities, jurisdictions, and agencies involved
- Critiques of the traditional enforcement model
- Factors that make the goal of containing—let alone eradicating—organized crime in Canadian society so difficult
- The constraints placed on enforcement strategies in free, democratic, common law countries

- Critiques and weaknesses of organized crime enforcement in Canada
- Future organized crime enforcement policy options
- Pros and cons of the legalization of recreational drugs, and other illegal goods and services, and its impact on organized crime

INTRODUCTION AND OVERVIEW

Organized crime (OC) has been deemed one of the most serious criminal threats by governments and law enforcement agencies in Canada. The *Criminal Code of Canada* was amended in 1997 to include offences specific to criminal organizations. The RCMP is typically the lead law enforcement agency in combatting OC, primarily through its federal enforcement mandate, and various units carry out this mandate. Municipal and provincial police are also active in OC enforcement on their own or as part of integrated, multi-agency task forces. These task forces have now become the norm in organized crime enforcement in this country.

There are unavoidable constraints that limit the power of criminal law enforcement in Canada, such as the courts' strict adherence to the *Charter of Rights and Freedoms*, but there is also no shortage of critiques of OC enforcement in Canada. Policy options that are invariably proposed to maximize the effectiveness of OC enforcement in Canada include increasing law enforcement resources; expanding the authority and powers of police; more punitive laws and legislation; shifting resources away from the criminal justice system toward more proactive, harm reduction approaches; and decreasing criminal opportunities and illicit markets by decriminalizing or legalizing products and services sold in illegal markets. The recent legalization of marijuana in Canada is one test of this last proposition, although to date, its illegal production, distribution, and export continue to be widespread in this country.

Laws and Legislation in Canada

The enactment of criminal law in Canada is the exclusive jurisdiction of the federal Parliament, a responsibility that derives from the *British North America Act* passed in 1867. As such, the federal government is responsible for drafting and introducing the vast majority of legislation concerned with OC in this country. The two most important statutes that are used as the legislative basis to combat OC in this country are the *Criminal Code of Canada* and the *Controlled Drugs and Substances Act*. Other relevant legislation, such as the *Customs Act* and the *Immigration Act*, contain provisions that address specific organized crimes, such as smuggling and human trafficking, respectively.

Criminal Code of Canada

In 1892, Canada's Parliament passed legislation called *An Act respecting the Criminal Law (Criminal Code)*, which consolidated all existing crimes and criminal law procedure in a single statute. Since its initial enactment, it has been amended on numerous occasions. It is within the current ***Criminal Code of Canada*** (R.S.C., 1985, c. C-46) where most activities associated with organized crime are made illegal, including the following:

- Travel document offences, including counterfeiting, fraudulent use of passports, etc. (ss. 57 and 58)
- Weapons trafficking (ss. 99–101)
- Corruption of government officials (ss. 118–25)
- Illegal gaming and betting (ss. 201–9)
- Prostitution-related offences (ss. 210–13)
- Theft (ss. 322–34)
- Extortion (s ss. 346)
- Criminal interest rate (ss. 347)
- Forgery (ss. 366–78)
- Fraud (ss. 380–96)
- Product piracy (ss. 406–14)
- Counterfeit money (ss. 448–62)
- Possession of the proceeds of crime/money laundering (ss. 462.31–62.5)
- Conspiracy (s. 465)

The *Criminal Code* also prescribes (and places limits on) investigative techniques that can be used by law enforcement officials, such as electronic surveillance and searches of private property.

For much of its existence, the *Criminal Code* did not look beyond individual offences when prosecuting offenders. This changed in recent years with amendments—in particular, the addition of section 467.1, which defines a *criminal organization*. Section 467 of the *Criminal Code* begins by defining a criminal organization as “a group, however organized, that (a) is composed of three or more persons in or outside Canada; and (b) has as one of its main purposes or main activities the facilitation or commission of one or more serious offences that, if committed, would likely result in the direct or indirect receipt of a material benefit, including a financial benefit, by the group or by any of the persons who constitute the group.” Section 467 makes a point to exclude “a group of persons that forms randomly for the immediate commission of a single offence” from this definition.

Section 467.11 of the *Criminal Code* then creates offences specific to “participation in activities of a criminal organization” and proclaims, “Every person who, for the purpose of enhancing the ability of a criminal organization to facilitate or commit an indictable offence under this or any other Act of Parliament, knowingly, by act or omission, participates in or contributes to any activity of the criminal organization is guilty of (a) an indictable offence and liable to imprisonment for a term not exceeding five years; or (b) an offence punishable on summary conviction.”

Subsection 467.111, entitled “Recruitment of members by a criminal organization,” reads, “Every person who, for the purpose of enhancing the ability of a criminal organization to facilitate or commit an indictable offence under this Act or any other Act of Parliament, recruits, solicits, encourages, coerces or invites a person to join the criminal organization, is guilty of an indictable offence and liable.” The maximum sentence for this offence is five years.

Subsection 467.12(1), entitled “Commission of offence for criminal organization,” applies to anyone who commits an indictable offence or offences on behalf of a criminal organization. This subsection reads, “Every person who commits an indictable offence under this or any other Act of Parliament for the benefit of, at the direction of, or in association with, a criminal organization is guilty of an indictable offence and liable to imprisonment for a term not exceeding fourteen years.” In other words, committing an indictable offence on behalf of a criminal organization can result in a further indictable offence for the offender. Subsection 467.13(1), entitled “Instructing commission of offence for criminal organization,” creates an offence and corresponding penalties for anyone associated with a criminal organization who instructs another person or persons to commit a criminal offence for that criminal organization. The subsection reads, “Every person who is one of the persons who constitute a criminal organization and who knowingly instructs, directly or indirectly, any person to commit an offence under this or any other Act of Parliament for the benefit of, at the direction of, or in association with, the criminal organization is guilty of an indictable offence and liable to imprisonment for life.”

As can be seen, the maximum penalties prescribed under section 467 can be substantial and include life imprisonment (which generally means a sentence of no more than 25 years). Moreover, section 467.14 states that any sentence handed down for any of the offences listed in section 467.1 shall be served consecutively to any other sentence handed to the defendant for the predicate offences committed.

Key Terms: Consecutive versus Concurrent Sentences

Consecutive sentencing means that anyone convicted of and sentenced to multiple offences must serve the sentences one after another. For instance, if a defendant is convicted of a drug trafficking offence (and receives a 10-year sentence) and is then subsequently convicted under section 467.12 for selling the drugs on

behalf of a criminal organization (and receives a 10-year sentence for this offence), the offender's total sentence is 20 years. A **concurrent sentence** is one in which someone convicted of two offences is eligible to serve both sentences at the same time; that is, two 10-year sentences are served in one 10-year period.

Case Study: Early Application of Section 467 and Resulting Court Rulings

Since the original enactment of the criminal organization laws in 1997, charges under section 467.1 have been laid regularly by police throughout Canada. The first major test of the legislation was not particularly successful, however. In July 2000, the Crown dropped criminal organization charges against 12 alleged members of the Manitoba Warriors gang in exchange for guilty pleas for cocaine trafficking. The accused were arrested and charged in October 1998 with numerous drug trafficking offences as well as offences under section 467. Of the 35 people originally arrested, only 2—both of whom were deemed minor players in the drug trafficking case—pledged guilty to participating in a criminal organization and received jail time (*Montreal Gazette*, May 17, 2000).

A more successful test of the legislation came in July 2005. That month, Madam Justice Michele Fuerst found two members of an Ontario chapter of the Hells Angels guilty of extortion and of committing that crime in association with a criminal organization. The ruling was viewed as a significant victory for the government, not only because it upheld section 467.12 of the *Criminal Code* but because Justice Fuerst ruled the Hells Angels to be a criminal organization (*R. v. Lindsay*, 2005) (see chapter 5 for more details on the case and the judicial decision).

Later that year, another court ruling called into question the constitutionality of section 467.13. The trial involved three British Columbia Hells Angels members who were charged with drug trafficking offences and one count under section 467.13, whereby the three were accused of instructing another person to sell cocaine and heroin for the benefit of the Hells Angels. BC Supreme Court Justice Heather Holmes struck down this provision, concluding that the law was too broadly worded (*Vancouver Sun*, Dec. 13, 2005; *R. v. Terezakis*, 2005 BCSC 1727). Shortly after this decision was made, the federal Department of Justice announced it would appeal the decision, and in 2007, the BC Court of Appeals overturned Justice Holmes' decision (*R. v. Terezakis*, 2007 BCCA 384).

In a 2011 case (*R. v. Punko*, 2011 SCC 39) involving the Hells Angels, the judge instructed the Crown to prove the following elements beyond a reasonable doubt, which illustrates the challenges of securing convictions under the criminal organization laws: that the accused committed the substantive offence; that the

Hells Angels was a criminal organization; that the accused knew the Hells Angels was a criminal organization; that the accused committed the offence for the benefit of, at the direction of, or in association with the Hells Angels; and that the accused committed the offence with the intent to do so for the benefit of, at the direction of, or in association with the Hells Angels. The trial lasted six months, and the jury convicted members of the Hells Angels on drug-related offences but acquitted them of the criminal organization charges (as cited in Desroches, 2013).

Other relevant amendments to the *Criminal Code* include Bill C-14—*An Act to amend the Criminal Code (Organized Crime and Protection of Justice System Participants)*—which came into force in 2009. Among other things, the bill amended the *Criminal Code* “so that any murder committed in connection with a criminal organization is first-degree murder, regardless of whether it is planned and deliberate” (summary). Section 270 of the *Criminal Code*, which deals with assaults on police officers, was also amended to increase the maximum penalty from 5 to 10 years.

Controlled Drugs and Substances Act

In May 1997, Bill C-8 was enacted, which created the ***Controlled Drugs and Substances Act*** (CDSA). This act replaced two separate statutes: *The Narcotics Control Act* and the *Foods and Drug Act*. Like its predecessors, the CDSA prescribes offences concerning the possession, use, manufacture, importation, and trafficking of both **prohibited drugs** (those that are illegal) and **controlled drugs** (those that are legal but are subject to restrictions on their distribution and use—in particular, prescription drugs). The legislation also prescribes certain powers to a peace officer in carrying out duties when enforcing the statute, such as search, seizure, and detention. In addition, the CDSA includes proceeds of crime and money laundering offences committed in relation to drug offences and provides police with the power to seize cash and other assets deemed to be the proceeds of drug trafficking. Courts are also given the power to force a defendant convicted of proceeds of crime offences to forfeit relevant assets. The statute provides the legislative foundation for police to be protected from prosecution while committing illegal acts as part of their undercover operations (e.g., selling drugs as part of reverse sting operations). Recent amendments to the legislation address the increase in the illegal manufacturing of synthetic drugs sold in pill form by requiring federal licences for tabletting and encapsulating machines being imported into the country.

Immigration and Refugee Protection Act

The ***Immigration and Refugee Protection Act*** (IRPA) came into effect in June 2002 and covers all legal issues pertaining to foreign nationals who are visiting, immigrating,

or claiming refugee status in Canada. Part III of the IRPA codifies into law issues related to illegal immigration, including sections on “human smuggling and trafficking” (s. 117) and offences related to official travel documents (e.g., counterfeiting) (s. 122). The legislation includes a new offence for human trafficking and introduces significant penalties, such as fines of up to \$1 million and life in prison, for individuals involved in the smuggling of migrants. It also creates new offences that allow the federal government to seize and forfeit the proceeds of crime derived from specific immigration offences. Other enforcement-related provisions in the IRPA empower government officials to bar from entering Canada anyone accused of “serious criminality” (s. 36(1)) or “organized criminality” (s. 37(1)). According to subsection 37(1) of the legislation, “A permanent resident or a foreign national” is inadmissible to Canada on grounds of organized criminality if it can be proved that said person is a member of a criminal organization.

Customs Act

The ***Customs Act*** is the principal piece of legislation that pertains to the smuggling of contraband and drugs into Canada. Part VI of the *Customs Act* details specific enforcement provisions, including customs-related offences and the powers of customs officers to search individuals and vehicles coming into Canada and to seize any items that may contravene the *Customs Act* or any act of Parliament that “prohibits, controls or regulates the importation or exportation of goods” (s. 101).

Proceeds of Crime (Money Laundering) and Terrorist Financing Act

The ***Proceeds of Crime (Money Laundering) and Terrorist Financing Act*** establishes the regime to detect and deter the proceeds of criminal activity or funds that may be related to the financing of terrorist activities. It does so by establishing record-keeping and client identification requirements for private-sector companies and other persons or entities that engage in businesses, professions, or financial or commercial activities that are susceptible to being used for money laundering or the financing of extremist activities. The legislation sets out the obligations of these entities to report suspicious financial transactions and cross-border movements of currency and monetary instruments. The legislation stipulates that entities covered by the legislation must report any cash transaction over \$10,000 or any transaction deemed suspicious. It also requires anyone carrying \$10,000 or more across the Canadian border to declare it. The legislation also established the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), which is the federal agency that receives cash and suspicious transaction reports (described in more detail later in this chapter).

Witness Protection Program Act

The *Witness Protection Program Act* establishes a formal, national program to protect those who are involved directly or indirectly in providing assistance in law enforcement matters. The act outlines admission criteria, reasons for terminating a witness's enrollment in the program, and the range of protective measures offered to witnesses. In 2014, amendments to the act were made to improve the effectiveness of the federal Witness Protection Program, administered by the RCMP, to better meet the needs of witnesses in the program. These amendments included expanding the types of witnesses permitted to be enrolled in the program, greater coordination with provincial governments placing further restrictions on the disclosure of information of individuals in the federal witness program, and providing for the extension of emergency assistance to witnesses not enrolled in the program (Casavant & Morrise, 2013: 1–2; Government of Canada News Release, Nov. 1, 2014).

Case Study: Canadian Witness Protection Program

While the *Witness Protection Program Act* was introduced in 1996, a national Witness Protection Program (WPP) has been operated by the RCMP since 1984. While each police force in Canada is responsible for ensuring the safety and security of its witnesses, most municipal law enforcement agencies in Canada participate in the RCMP WPP on a cost-recovery basis. The WPP is mandated to protect Crown witnesses by providing everything from short-term protection to permanent relocation and identity changes. According to the RCMP, the program is meant to ensure the safety of “protectees,” address their needs (e.g., counselling, addiction treatment, etc.), and allow for their self-sufficiency and easy re-establishment: “Depending on the case, there is a range of protective measures available. When appropriate, there are immediate, short-term measures available, which allow coordinators to respond quickly to potential threats. Long-term measures may include relocation, accommodation and change of identity. It usually includes counselling and financial support to ensure the protectees’ security and facilitate their reestablishment and self-sufficiency (financial support is limited and does eventually expire)” (RCMP, 2016). The annual report for the WPP for fiscal year 2019–20 states that 38 cases (a case may include an entire family) were referred to the program while 12 were admitted. The total cost to run the WPP for this fiscal year was just over \$16 million (RCMP, 2020e).

Witness protection programs in Canada have been criticized by those who have been enrolled in the programs. Their complaints include poor treatment by police and program administrators (such as not respecting the terms of their agreements), failing to adequately provide program participants with new identities, and

failing to protect them while enrolled in the program (*Globe and Mail*, Apr. 14, 2004, May 4, 2004). The 1996 legislation was enacted due to controversies over the protection of witnesses by the RCMP, including “the lack of transparency in its management and failure to honour protection agreements” and some of the “protectees who were dissatisfied with their treatment by the RCMP jeopardized their own safety by publicizing their disputes with the RCMP” (Casavant & Morrise, 2013: 3). Despite the new legislation, complaints from those in the program persist. In 2016, a woman who entered the WPP launched a civil suit against the RCMP for negligence, alleging the RCMP compromised her identity and stopped providing her with financial support (CBC News, Jun. 13, 2016). In a lawsuit filed in 2021, another protectee claims the RCMP and the federal government failed to provide adequate support as he and his family endured mental health breakdowns and “loss of freedom” stemming from their years in witness protection. In response, an RCMP spokesperson said the WPP had undergone “significant enhancements” over the past couple of years, including improved standards and greater focus on the needs of protectees (*Toronto Star*, Mar. 14, 2021).

Competition Act

In 1999, Bill C-20 amended the ***Competition Act*** (R.S.C., 1985, c. C-34) by creating new offences related to “deceptive marketing practices” (Part V11.1), which it defines as “a representation to the public that is false or misleading in a material respect” (s. 52(1)). Among the type of deceptive marketing practices covered by the act are bait-and-switch selling, charging above the advertised price, and predatory promotional contests. Maximum penalties for these offences are fines of \$15 million for corporations and \$1 million for individuals. The government can also issue a **civil injunction** that stops an individual or organization from conducting any further business. A further amendment allows the government to seize and forfeit any proceeds from the commission of this offence. This legislation has been used to investigate and penalize deceitful mass marketing operations.

Extradition Act

The ***Extradition Act***, along with extradition agreements negotiated with foreign governments, provides the legal framework to deport someone from Canada at the request of another country with which Canada has a treaty (*Extradition Act*, S.C. 1999, c. 18, s. 3(1)). In general, individuals are extradited to face charges or punishment or who have escaped justice in another country. One of the conditions that must be met before an individual is extradited from Canada is that the criminal offence in the country requesting the extradition must be an offence in Canada and be punishable by imprisonment of at least two years.

Multilateral Conventions and Their Influence on Canadian Laws

As noted in chapter 2, it is not coincidental that the definition of a criminal organization in the *Criminal Code* is a carbon copy of that in the *United Nations Convention against Transnational Organized Crime*. As a signatory to the convention, the Canadian government was obligated to provide a similar legal definition. The larger issues concern the different multilateral international treaties addressing (transnational) organized crime that Canada has signed and the extent to which they influence domestic criminal laws, policies, and enforcement approaches.

Throughout the years, numerous multilateral conventions covering crime and justice issues have been negotiated through the UN, including ones addressing the treatment of prisoners, the conduct of law enforcement officials, the rights of juveniles, and a ban on torture. One of the main goals of such conventions is to ensure that signatory countries follow certain universal standards and norms. As Reichel and Albanese (2014: 281) write, “The efforts of the U.N., as the most globally representative international body, serve to build a common language and consensus on fundamental issues of human rights and justice, and the agreements negotiated there have built a body of work since World War II that guides the development and evaluation of criminal justice and crime prevention in all world regions.” A particular goal of multilateral conventions is the harmonization of laws across different countries. In this context, Wheatley (2012: 77) acknowledges the underlying justification behind such transnational harmonization:

Organized crime groups move across national borders with less difficulty than national law enforcement authorities, which are confined to their domestic jurisdictions and which must cooperate with foreign authorities to investigate crimes occurring beyond their borders. Accordingly, differences in legislation and policies across states may result in uneven progress against a given group in the places where it operates, since a group may move its operations to less risky jurisdictions. It is not essential for legislation and policies to be consistent from state to state. However, greater consistency may facilitate progress against organized crime groups, as governments engaging in cross-border law enforcement would not have to navigate such differences in their investigations and prosecutions. Likewise, organized crime groups would be less able to capitalize on differences in legal systems to limit risks to their groups.

The centrepiece UN treaty that addresses organized crime is the *Convention against Transnational Organized Crime*, which was finalized in December 2000. The convention lays out a definition of a criminal organization as well as model laws, policies, enforcement techniques, and prevention strategies that signatory countries are expected to follow. Member states that ratify the convention commit themselves to adopting domestic laws that criminalize participation in criminal organizations (Article 5), money

laundering (Article 6), corruption (Article 8), and obstruction of justice (Article 23). The convention also directs participating countries to co-operate with one another (through mutual legal assistance treaties, the adoption of extradition frameworks, and law enforcement co-operation, as well as aid in training and technical assistance). As of March 2014, 179 of the world's 193 UN member states have ratified this convention (Paoli, 2014a: 2).

The convention is supplemented by three separate protocols that target the issues of human trafficking (*The Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children*), migrant smuggling (*The Protocol against the Smuggling of Migrants by Land, Sea and Air*), and illegal firearms production and trafficking (*The Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition*). These three protocols also direct countries to criminalize certain actions and take steps to investigate and prosecute suspects, as well as devote resources to training and prevention efforts.

Canada is a signatory to the above convention and the accompanying protocols and has implemented what is required of member states. In turn, this has exposed Canada to what some critics argue are fundamental problems with the convention and how it was arrived at. Paoli and Vander Beken (2014: 24) contend, "Countries were called to adopt many of the measures pioneered by the United States and Italy in their fight against mafia-type organized crime, neglecting the fact that this form of organized crime was not present in most UN Member States and was far from controlling illegal markets and exhausting organized crime *qua* enterprise crime even in the two aforementioned countries." More specifically the US was accused of using the convention to ensure its war on drugs, and anti-money laundering policies "became internationally accepted" (van Duyne & Nelemans, 2012: 41).

CRITICAL THINKING EXERCISE

Do you believe that Canada should be a signatory to multilateral conventions, especially given the above critiques as well as criticisms that it restricts our sovereignty? Consider this question in light of the current federal Liberal government policy of marijuana legalization, which means Canada is in contravention of the *UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances*.

ORGANIZED CRIME ENFORCEMENT IN CANADA: RESPONSIBILITIES, JURISDICTIONS, AND AGENCIES

Since the early part of the 20th century, the **Royal Canadian Mounted Police** (RCMP) has assumed the lead among law enforcement agencies in combatting organized crime

in this country. With that said, municipal and provincial police have long been involved in the fight against OC, drug trafficking, and other relevant *Criminal Code* offences, on their own and as part of multi-agency task forces.

Royal Canadian Mounted Police

As the problem of drug trafficking intensified beginning in the 1920s, the RCMP became the de facto lead agency in investigating organized criminality. During the 1960s, the RCMP was designated as the coordinating body for the collection, analysis, and dissemination of criminal intelligence at the national level. As the federal police force, the RCMP continues to serve as the central agency in OC enforcement in Canada and the lead agency in many multi-agency police task forces. Much of the OC-related enforcement carried out by the RCMP falls under its Federal Enforcement Directorate: “Federal Policing targets the most serious criminal threats to Canadians, including national security, transnational and serious organized crime, and cybercrime. Federal Policing is a core responsibility of the RCMP that is carried out in every province and territory in Canada, as well as internationally” (RCMP, 2020d: 8). Specifically, the mandate of RCMP federal policing as it relates to organized crime is to “enforce federal laws, secure Canada’s borders, collect and operationalize criminal intelligence, and ensure the safety of critical infrastructure; investigate criminality related to national security, serious and organized crime, and financial crime; and investigate other serious and complex crimes under the *Criminal Code*,



Photo 13.1: The RCMP is Canada's lead police agency in combatting organized crime

Source: Vince Alongi, via Wikimedia Commons

especially those with an inter-provincial or international dimension” (RCMP, 2020d: 8). The following is a summary of the different policing functions to combat OC, which fall both within and outside of the RCMP’s federal mandate:

- *Criminal Intelligence*: Federal policing operations are supported and informed by criminal intelligence, and “that intelligence is centred on the threat actors, the offences they commit and the national/international environment in which they operate.” Dedicated units of intelligence analysts at the RCMP national headquarters and within provincial divisions “provide operational support and services to RCMP federal policing units and domestic law enforcement partners” (RCMP, 2020d: 10).
- *Border Integrity*: This program is mandated to enforce the country’s customs laws and to help secure the border by addressing serious inbound and outbound criminal threats. This mandate includes “identifying, investigating and interdicting persons, organizations and goods that either threaten the national security of one or both countries or that are involved in organized criminal activity” (RCMP, 2015: 23). Federal enforcement of contraband and drug smuggling is shared with the Canada Border Services Agency (CBSA), which is responsible for interdiction at all official ports of entry (see description of the CBSA below). The RCMP has law enforcement jurisdiction over all other locations along Canada’s borders as well as inland investigations into contraventions against the *Customs Act*: “Federal Policing’s key target activities related to border integrity are serious criminal activity at seaports, airports, or between ports of entry” (RCMP, 2020d: 15).
- *Drug Enforcement*: This section enforces federal drug laws in Canada and is particularly concerned with large-scale organized drug manufacturing, importation, and trafficking. Hundreds of RCMP members are assigned exclusively to this task through the drug enforcement sections located at all RCMP divisions. According to the RCMP’s performance report for the 2014–15 fiscal year, the drug enforcement section undertakes “intelligence-led police operations in partnership with a variety of domestic and international partners. It also works in partnership with domestic and international agencies to reduce the impact of organized crime activities and substance abuse issues through prevention, education and awareness. It also comprises a research and operational support component to enhance the effectiveness of these investigations and operations” (RCMP, 2015: 24).
- *Immigration, Passport, and Citizenship Enforcement*: This program is responsible for investigating violations of the *Immigration Act*, the *Citizenship Act*, and the *Criminal Code* relating to immigration offences and government travel document offences (e.g., forged passports). Immigration enforcement priorities include investigating migrant smuggling, investigating refugee claimants

arriving in Canada, criminal screening to identify OC groups and war criminals who may want entry into Canada, and arresting people who are subject to an *Immigration Act* warrant (e.g., for being in the country illegally or who are subject to deportation hearings).

- *Proceeds of Crime/Money Laundering Enforcement:* The Proceeds of Crime (POC) program is mandated to identify, assess, and seize cash and other assets accumulated through criminal activities. Beginning in the mid-1990s, the POC sections worked under the auspices of the Integrated Proceeds of Crime Units, a multi-agency task force also comprising provincial and municipal police, Department of Justice lawyers, forensic accountants, and CBSA officers. These units were largely disbanded, and POC enforcement was then morphed into a broader “financial crime” program, which was mandated to “maintain the integrity of the Canadian economy by protecting Canadians, their governments and financial systems from financial crimes committed by criminal organizations and others.” Particular emphasis was placed on targeting “threats by individuals and groups involved in money laundering and terrorist financing” (RCMP, 2015: 26). When the RCMP came under intense criticism for its diluted approach to POC enforcement in British Columbia following the discovery of a massive money laundering operation (German, 2019, *Globe and Mail*, May 2, 2021), close to \$100 million was allocated to fund new integrated money laundering investigative teams in British Columbia, Alberta, Ontario, and Quebec. The RCMP also pledged to mandate the pursuit of proceeds of crime cases at the onset of all major federal investigations (RCMP News Release, Dec. 17, 2020).
- *Commercial Crime Enforcement:* The commercial crime program is responsible for criminal offences concerning white-collar and corporate crimes such as fraud and false pretences, theft, breach of trust, secret commissions, offences against the Government of Canada, corruption of public officials, counterfeiting and offences relating to intellectual property rights, the insolvency process, and securities fraud. Included under this banner is the Integrated Market Enforcement Teams, a joint-force operation led by the RCMP along with provincial securities regulators and local law enforcement agencies that is mandated to combat crime in Canadian securities markets.
- *Cybercrime Enforcement:* According to its *Federal Policing Strategic Plan, 2020–2023*, the RCMP will focus “on cyber-enabled crimes by domestic or international cybercrime networks and actors who are targeting Canadians or Canada’s critical infrastructure.” A particular priority of Federal Policing is to target “cyber-enabled criminal activity and foreign interference” carried out by “transnational and serious organized crime” entities that is “beyond the scope and capability” of local and provincial police forces (RCMP, 2020d: 15).

- *Technical Services:* Technical services sections provide support for criminal investigations in such areas as the authorized interception of communications (electronic eavesdropping), physical surveillance (including both ground and aerial surveillance), and “Internet intercepts” (detecting and seizing digital data).
- *International Operations:* In the Liaison Officer (LO) program, RCMP members are stationed in other countries, often working out of Canadian embassies. “The primary role of an LO is to maintain a link between law enforcement agencies in Canada and their countries of accreditation in order to facilitate bilateral co-operation to advance criminal matters that have a Canadian connection. LOs will assist whenever the RCMP engages another country in pursuing major, long-term investigations related for instance to national security, drugs, organized crime, homicide, proceeds of crime, corruption and human smuggling.” The LOs do not have police powers in foreign countries and do not conduct investigations overseas. Their role instead is to facilitate major Canadian investigative inquiries in foreign countries, develop and maintain the exchange of criminal intelligence between the RCMP and foreign authorities, and provide assistance to foreign agencies in investigations that affect Canada (RCMP, 2020a).

Canada Border Services Agency

On December 12, 2003, the Canadian government announced the creation of the **Canada Border Services Agency** (CBSA). The CBSA incorporates several enforcement and intelligence functions formerly carried out by the Canada Customs and Revenue Agency, Citizenship and Immigration Canada, and the Canadian Food Inspection Agency. The mandate of the CBSA is to provide “integrated border services that support national security priorities and facilitate the free flow of people and goods, including food, plants, animals and related products across the border” (CBSA, 2015: 7).

The main organized crime enforcement role played by the CBSA is the detection and interdiction of prohibited and restricted goods (drugs, weapons, and other contraband) that are transported across official border entry points (land border crossings, airports, marine ports, and Canada Post international mail sorting centres). The *Proceeds of Crime (Money Laundering) Act* also empowers CBSA agents to identify and seize cash (above \$10,000) or other suspicious monetary instruments or assets crossing the border that may constitute the proceeds of crime or terrorist financing. Key enforcement tactics used by the CBSA to combat drug and contraband smuggling include risk assessments and inspections, intelligence collection and dissemination, security screening, and investigations.

The CBSA is on the front lines in interdicting drugs, contraband, and people being smuggled into the country. Inspections (or “examinations,” as the CBSA calls this function)



Photo 13.2: Emblem of the Canada Border Services Agency

Source: Ng556, via Wikimedia Commons

are performed on vehicles, people, cargo, and conveyances crossing into the country. A primary examination entails an initial inspection of a vehicle at an official port of entry, and the vehicle may be referred to a more in-depth secondary examination if suspicions have been raised. Secondary examinations “may be performed with the use of specialized tools (e.g., gamma-ray imaging, Vehicle and Cargo Inspection System, ion scanners and detector dogs) and may include a full or partial offload of the goods to detect the presence of prohibited or restricted goods (e.g., narcotics or weapons)” (CBSA, 2015: 33).

The CBSA’s risk assessment and targeting functions seek to identify inbound ships, planes, or vehicles that should be subject to a more in-depth examination once in Canada: “The Risk Assessment Program ‘pushes the border out’ by seeking to identify high-risk people, goods and conveyances as early possible in the travel trade continuum to prevent inadmissible people and goods from entering Canada” (CBSA, 2015: 19). The CBSA operates “a number of automated advanced information sources from carriers and importers to identify people, goods, and conveyances that may pose a threat to Canada” (CBSA, 2015: 22). This is complemented by a staff of analysts who are trained to identify anomalies and other signs that may indicate suspicious cargo or individuals.

According to its website, the CBSA “collects, analyzes and distributes actionable intelligence regarding people, goods, shipments or conveyances bound for or leaving Canada to help the CBSA and other law enforcement partners identify people, goods, shipments or conveyances that may be inadmissible or pose a threat to the security of Canada” (CBSA, n.d.b). The CBSA also provides strategic, operational, and tactical intelligence advice to government authorities related to “threats to national security, including information on terrorism, weapons proliferation, war crimes, organized crime, smuggling, immigration fraud and irregular immigration” (CBSA, n.d.b). The CBSA operates its own intelligence systems: the Integrated Criminal Enforcement System (an intelligence database) and the Primary Automated Lookout System (an automated system to identify high-risk travellers at official ports).

Although it does not have the powers to lay criminal charges, the CBSA does operate a criminal investigations program to deal with offences against federal laws that it is mandated to enforce. According to its website, the CBSA “investigates and pursues the prosecution of travellers, importers, exporters and/or other persons, citizens and non-citizens, who violate Canada’s border-related legislation” (CBSA, n.d.b).

The CBSA also plays a role in immigration enforcement. Its Security Screening Program is responsible for conducting background checks on foreign nationals who have been referred to the agency by an official with Citizenship and Immigration Canada (CIC): “The CBSA is responsible for ensuring that there are no security concerns related to the individual seeking entry to Canada (e.g., counter-terrorism, counter-espionage, war crimes, crimes against humanity and organized crime) and, based on a thorough screening exercise (including the review of information and intelligence from a wide variety of internal and external sources), makes a recommendation to CIC on the admissibility of the individual” (CBSA, 2015: 24). The CBSA is also mandated to remove individuals who may pose significant threats to Canada. Through the Inland Enforcement Program, the agency is “responsible for pursuing enforcement action against foreign nationals and permanent residents … who are inadmissible to Canada under the Immigration and Refugee Protection Act (IRPA). The IRPA also provides for the arrest and detention of a permanent resident or foreign national (with or without a warrant) who the [CBSA] officer has reasonable grounds to believe is inadmissible, a danger to the public or unlikely to appear for an immigration proceeding (e.g. admissibility hearing, removal)” (CBSA, n.d.a).

Financial Transactions and Reports Analysis Centre of Canada

The *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (S.C. 2000, c. 17), which became law in 2001, created a mandatory reporting system for large volume cash and suspicious transactions as well as the cross-border movement of currency and monetary instruments. This legislation also established an independent “financial intelligence agency” within the federal government to receive and analyze reported

information about regulated transactions and cross-border currency movements. This agency, called the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), is mandated to receive and analyze cash and suspicious transaction reports filed by private-sector entities (and Canada Customs in the case of cross-border currency reports) with a view to creating information that can be used by law enforcement and national security agencies to combat money laundering and terrorist financing. To this end, FINTRAC has the authority to disclose information related to suspicious financial transactions in limited circumstances to Canadian law enforcement agencies investigating suspected proceeds of crime offence. It also has the authority to release information to Canada Revenue Agency and provincial government tax agencies if the information relates to a taxation matter arising from money laundering activity; to CIC if the information relates to immigration offences; and to the Canadian Security Intelligence Service if the information relates to a suspected threat to national security. Information can also be released to foreign law enforcement agencies if the federal government has entered into an agreement with a foreign state or international organization regarding the exchange of such information.

Department of Justice

The primary responsibilities of the federal Department of Justice in relation to (organized) crime are the development of criminal legislation and policy and the prosecution of cases under federal statutes—in particular, drug, immigration, and customs statutes (provincial attorneys general are mandated by the Constitution to prosecute *Criminal Code* infractions). Unlike the Justice Department in the United States, the Canadian Department of Justice does not take an active role in criminal investigations; its role is to prosecute files that are brought to them by law enforcement agencies.

Organized Crime Enforcement at the Provincial Level

This section describes some examples of organized crime enforcement agencies and units in British Columbia, Ontario, and Quebec.

More than a dozen agencies are part of the Combined Forces Special Enforcement Unit—British Columbia (CFSEU–BC), an integrated multi-agency task force that coordinates organized crime and gang enforcement in that province. The mandate of the CFSEU–BC is to “target, investigate, prosecute, disrupt, and dismantle the organized crime groups and individuals that pose the highest risk to public safety due to their involvement in gang violence.” According to its website, it is the largest integrated law enforcement program in Canada, “made up of members from every police department in B.C., including the RCMP,” and is the “third largest police ‘force’ in the province with over 400 officers.” Based out of the RCMP’s Metro Vancouver Division Headquarters, the CFSEU–BC is funded by the provincial government and is “intended to improve coordination of the province’s



Photo 13.3: Entrance to the Department of Justice headquarters in Ottawa

Source: Photo by S. Schneider

response to the growing concern over violent organized crime and gangs as well as their associates.” In 2009, the CFSEU–BC absorbed the Organized Crime Agency of British Columbia (OCABC) and the British Columbia Integrated Gang Task Force. The OCABC was established under the provincial *Police Act* in 1999, and like municipal police departments, it is an independent law enforcement agency. Its focus now is on providing “operational and administrative support” to the CFSEU–BC through its “highly trained and specialized professionals” that include “subject matter experts in important investigational, technical and analytical disciplines.” The OCABC is meant to provide “continuity and structure to CFSEU–BC,” and its staff are, “for the most part, permanent employees not affected by departure due to other police agency’s rotational secondment models or promotion or transfer back to those agencies” (CFSEU–BC, n.d.).

The Ontario Provincial Police (OPP) is the lead agency in that province with respect to investigating and combatting organized and other serious crimes. Investigations and Organized Crime is one of four “senior command areas” within the OPP and is mandated to conduct investigations “in numerous areas from health care fraud

to organized crime.” Located within this command area is the **Organized Crime Enforcement Bureau**, the purpose of which is “to disrupt and suppress organized crime.” The OPP is also the lead agency on the Biker Enforcement Unit (BEU), a joint-force operation with representation from 23 different federal, provincial, and municipal police agencies that “allows for investigations of outlaw motorcycle gang activity that cross traditional police jurisdiction boundaries” (OPP, n.d.). The BEU is mandated to provide “training, multi-jurisdictional investigations and enforcement projects to curtail the organized crime activities of outlaw motorcycle gangs,” which includes gathering intelligence and evidence to support prosecutions under the “criminal organizations” sections of the *Criminal Code* (OPP, 2021: 1). While the BEU restricts its investigations to Ontario, it has become a national resource for law enforcement agencies in their efforts to combat one-percenter motorcycle clubs. As such, the BEU serves “in an expert resource capacity to assist law enforcement investigations in Ontario, throughout Canada and internationally; provide training for front-line police officers, stakeholders and Crown Attorneys and provide ‘expert’ testimony at judicial court proceedings” (OPP, 2021: 1).

In Quebec, the provincial police, known in French as *Sûreté du Québec*, is the lead agency for organized crime investigations in that province and is responsible for coordinating joint-force regional squads targeting criminal groups and activities provincially. The provincial government also operates the *Unité permanente anticorruption* (Permanent Anticorruption Unit). Founded in 2011, the unit is housed in the provincial Ministry of Public Security and serves to coordinate the efforts of various provincial agencies to combat corruption in provincial and municipal government agencies in the province. The unit is supported by a team of provincial Crown investigators and prosecutors. While the unit investigates all forms of corruption, it focuses on the infiltration of criminal groups and was formed following allegations that the Rizzuto Mafia family and the Hells Angels had corrupt ties to individuals in government agencies (including police departments), private-sector companies, and trade unions. The unit operates a toll-free telephone line and web-based reporting form that accepts anonymous information and tips on suspected corruption in government agencies (*Unité permanente anticorruption*, n.d.).

In addition to the enforcement agencies, provincial attorneys general are responsible for prosecuting all *Criminal Code* offences. Some provincial justice departments include special units designated to prosecute criminal groups and gangs.

Some provinces have also enacted laws and operate units or agencies responsible for expediting the civil forfeiture of assets from criminal offenders, which means they are responsible for litigating lawsuits against such individuals. In 2002, Ontario became the first to enact legislation that would allow provincial government authorities to confiscate cash or any other assets suspected of being the proceeds of crime without a criminal conviction. The *Remedies for Organized Crime and Other Unlawful Activities Act* allowed a civil court judge to authorize the seizure of assets once the Crown had proven on a

balance of probabilities that the assets were obtained with the proceeds of crime. The bill also gave the province the power to file civil suits against two or more people who conspire to commit unlawful activities that harm the public. The provincial legislation initially met with stiff opposition from the legal community in Canada. The law “presumes guilt,” John Rosen, a noted criminal lawyer in Toronto, said in a media interview. “It’s contrary to our whole history of criminal justice in our country” (*National Post*, Dec. 7, 2000). Proponents of the legislation argue that it does not intrude on federal jurisdiction because it is made up of civil laws, which are within the jurisdiction of provincial governments. Provincial governments also contend that the legislation focuses on criminally derived property, and property rights are not protected in the *Charter of Rights and Freedoms*.

British Columbia’s civil forfeiture program began in 2006 and up to 2019 has resulted in the permanent confiscation of cash and assets worth \$87 million, much of which is “linked to drug, gang and organized crime” (British Columbia Government News Release, Mar. 5, 2019). In March 2019, the provincial government announced it would expand the reach of its civil forfeiture laws to make it easier to seize cash that is stored with illegal drugs or stolen goods as well as assets that criminals try to hide in another person’s name or outside of BC. The proposed changes to the provincial *Civil Forfeiture Act* would shift the onus to the defendant “to prove that a particular asset is not an instrument or proceed of unlawful activity, in cases where the Civil Forfeiture Office (CFO) provides the court with sufficient evidence clearly linking the asset to organized crime, gang activity or drug trafficking” (British Columbia Government News Release, Mar. 5, 2019). In one high-profile case, the CFO sought to confiscate \$4.86 million in cash and various other items, as well as a \$764,000 Richmond condo, which it says was owned by Paul King Jin—the man accused of orchestrating a massive money laundering scheme in BC (*Globe and Mail*, Mar. 22, 2019, see also the “Vancouver Model” case study in chapter 6). Over several years, the BC CFO has been fighting the Hells Angels in the BC Supreme Court over three clubhouses—in Vancouver, Kelowna, and Nanaimo—which it says should be forfeited because they are likely to be used to plan crimes. The Hells Angels have counter-sued the provincial government in an attempt to keep their property, claiming the *Civil Forfeiture Act* is unconstitutional. The Hells Angels prevailed in a 2020 court decision in which the presiding judge ruled that the province did not have the authority to seize property based on possible crimes that could be committed in the future (*Castanet.net*, Jun. 11, 2020).

Provincial governments have implemented other civil laws targeting criminal gangs and organizations. Section 69.1 of the provincial *Gaming and Liquor Act* in Alberta grants police discretion to direct people “associated with a gang” to leave licensed premises (such as bars, taverns, pubs, etc.). “The section does not prohibit people who are associated with a gang from being in licensed premises,” a background document prepared by a provincial justice official reads. “Instead, it gives police discretion to tell them

to leave and charges arise only if they refuse to do so. It enables proactive ‘public order’ policing, which seeks to prevent criminal activity and limit its effects. The general purpose of s.69.1 is to eliminate bars as places where gangs congregate” (Wiltshire, 2015: 3).

National Inter-Agency Enforcement Bodies

In addition to federal, provincial, and municipal agencies, inter-governmental bodies have been created to coordinate organized crime enforcement and intelligence across jurisdictions and provinces.

Criminal Intelligence Service Canada

The Criminal Intelligence Service Canada (CISC) is an umbrella organization made up of approximately four hundred agencies in Canada. Its primary purpose is to facilitate the exchange of criminal intelligence among enforcement units, intelligence units, and CISC provincial bureaus: “It informs partners, government, and other stakeholders about criminal markets in Canada and assists law enforcement leaders in making decisions regarding organized crime enforcement priorities” (CISC, 2019: 1). Any Canadian law enforcement agency that has one or more staff engaged in full-time criminal intelligence can apply for regular membership. Associate membership is extended to police agencies without a full-time intelligence unit, and affiliate membership is extended to non-police agencies. Its regular membership is nation-wide and includes the RCMP, the OPP, the Sûreté du Québec, the Royal Newfoundland Constabulary, and more than 60 municipal and regional police departments. The CISC has a central bureau in Ottawa and 10 provincial bureaus. The central bureau “assesses the national scope and direction of organized criminal activity in Canada” and produces a National Threat Assessment, which is meant to help enforcement agencies prioritize their resources (CISC, 2019: 1). The provincial bureaus create intelligence products and services for that province: “While each bureau operates independently, each assesses organized crime through a common Integrated Threat Assessment (ITA) process, which ensures a consistent national approach to assessing organized crime and facilitates comparisons between provinces” (CISC, 2019: 1).

CISC’s principal mechanism for sharing intelligence information is the Automated Criminal Intelligence Information System (ACIIS), a database that covers all major organized crime associations (OCAs), individual offenders, and their criminal activities. The CISC is the lead for all intelligence coordination and analysis related to OMGs and operates Project Focus, a national database on outlaw motorcycle gangs (which has been incorporated into ACIIS).

Canadian Integrated Response to Organized Crime

The Canadian Integrated Response to Organized Crime Committee (CIROC) was created with a mandate to coordinate a strategic plan for fighting organized and serious

crime through the integration of law enforcement efforts at the municipal, provincial/territorial, regional, and national levels. The lead agency is the RCMP, while the Committee includes representation from other federal agencies (e.g., CBSA, FINTRAC) and national inter-agency bodies (e.g., the Criminal Intelligence Service Canada). The goal of CIROC is to increase inter-provincial co-operation as it relates to intelligence sharing and operational coordination in Canada by ensuring information is disseminated in a more timely, reliable, and efficient manner and to help ensure intelligence information produced by CISC and its provincial bureaus are used effectively in OC enforcement strategic planning, prioritizing, and specific investigations. CIROC's organizational structure consists of two co-chairs, a national coordinator, representatives from all provinces, and the director general of the CISC. Beginning in 2016, CIROC focused solely on outlaw motorcycle gangs as a priority, coordinating all federal, provincial, and municipal responses to mitigate this threat (RCMP, 2018). In recent years, CIROC has undertaken a national strategy to address methamphetamine production and trafficking (Canadian Integrated Response to Organized Crime Committee: 2020; Standing Committee on Justice and Human Rights, 2012).

Canadian Association of Chiefs of Police, Organized Crime Committee

The goal of the Canadian Association of Chiefs of Police, Organized Crime Committee is to address the needs of the country's law enforcement community in combatting OC through the following:

- exploring, evaluating, and promoting innovative law enforcement initiatives against organized crime through leadership at both national and international levels through research, best practices, training, legislative/police reform, international partnerships, public awareness, and addressing gaps and barriers;
- enhancing public communications, awareness, and education through advocacy concerning policy and legislation;
- promoting policy development and action against organized crime;
- forging partnerships and model action plans to guide a unified law enforcement response to the threat of organized crime in Canada; and
- reducing the threat and impact of organized crime (Canadian Association of Chiefs of Police, n.d.).

Special Programs

Periodically, federal and provincial governments will allocate funding for projects or programs directed at particular organized crime-related issues. The funding is often directed at developing a comprehensive strategy that includes different OC control paradigms (prevention, enforcement, education, outreach, etc.) and involve multiple agencies. There are national programs that address specific types of crimes (e.g., human

trafficking, methamphetamine trafficking) and specific types of OCAs (e.g., outlaw motorcycle gangs), as well as those that address both OCAs and organized crimes (e.g., the Initiative to Take Action against Gun and Gang Violence).

The Methamphetamine Enforcement Strategy was established by CIROC to disrupt the supply of meth in Canada. The strategy incorporates five components: (1) to nationally coordinate provincial investigations of identified organized crime groups, (2) to restrict the importation and exportation of methamphetamine and its precursors, (3) to prevent the diversion of chemicals used to produce meth through greater regulation and oversight, (4) to identify domestic production of methamphetamine as well as its precursor chemical and funding sources, and (5) to proactively foresee future precursors, OC group involvement, and production methods and strategically partner and communicate with stakeholders (Canadian Integrated Response to Organized Crime, 2020).

The National Strategy to Combat Outlaw Motorcycle Gangs was initiated by the Canadian Association of Chiefs of Police in 1996. Its key components are to develop and coordinate a national response to OMGs among federal, provincial, and municipal law enforcement agencies by promoting information sharing, a national OMG database, regional and national threat assessments, development of best practices, the training of law enforcement personnel and expert witnesses, and public education and awareness (CISC, 2019). In 2017, the National Operations Coordination Group was founded, and a pan-Canadian enforcement framework was put in place to be used by the domestic law enforcement agencies in the development of provincial and municipal response strategies. The framework consists of four key pillars: “intelligence, enforcement, stakeholder engagement/education, and performance management/results” (RCMP, 2018: 3).

Other federal project funding announcements include \$327 million over five years for the Initiative to Take Action against Gun and Gang Violence, which is intended to promote collaborative, multi-pronged approaches that involve all levels of government and communities to combat the trafficking and use of firearms especially within a gang and OC context. Funds are provided to federal agencies, such as the CBSA (to combat firearms smuggling) and the RCMP (which is responsible for conducting firearms background checks), but much of the funding is allocated to provincial governments to do the following:

- develop and deliver gun and gang violence prevention and intervention initiatives;
- enhance law enforcement and prosecution capacity to address gun and gang violence;
- support data gathering/reporting and research, knowledge development, and information around gun and gang violence;
- provide training for enforcement, prevention, or other professionals; and
- support the development or refinement of strategies on gun and gang violence and assess the results of these strategies (Public Safety Canada, 2020).

THE THEORY AND PRACTICE OF ORGANIZED CRIME ENFORCEMENT: A CRITICAL ANALYSIS

Governments throughout the world have allocated billions of dollars to fight organized crime. Swelling enforcement budgets have been accompanied by intensified investigative, intelligence, and interdiction efforts and techniques; powerful new laws; and the creation of new agencies and joint-force task forces. Despite this, however, traditional enforcement approaches continue to fall short of their objectives in containing organized crime, let alone eradicating it. There is evidence of a growing number of OCAs in Canada and an ongoing proliferation, diversification, and sophistication of organized crimes.

In his review of the literature on the effectiveness of OC control policies, Gabor (2003) found no empirical support for the assertion that the traditional enforcement approach has led to any discernible reduction in organized criminal activity. As Lyman and Potter (2014: 395–97) put it, “Some argue that the idea that vigorous prosecution and stiff criminal penalties will win the war against organized crime is at variance not only with current research on organized crime but also with historic precedent. Literally, thousands of cases in which organized crime offenders have been arrested, convicted, and imprisoned in the past five decades could be discussed here. The fundamental question remains—So what? There is little evidence that these prosecutions have negatively affected or altered the activities of organized criminal entrepreneurial groups in illicit markets.” In short, “after more than a century of scrutiny by government officials and scholars, no final, workable solution to address organized crime has been found. Whether it will ever be purged from society completely is highly doubtful” (Lyman & Potter, 2014: 400).

Critiques of the traditional enforcement model abound and encompass vigorous denunciations of both its underlying theory and its application. The remainder of this section provides a critical analysis of the dominant prohibition/enforcement model, including an analysis of some of the inevitable obstacles to and weaknesses of OC enforcement in Canada.

Critiques of the Traditional Criminal Justice Enforcement Model

One existential critique of the traditional enforcement approach is that it is ill-equipped to counter the inherent nature of organized crime. The resilience and persistence of OC in many societies stem from its defining characteristics, detailed in chapter 3, including continuity; risk management; sophistication; its rational, profit-oriented nature; and perhaps most important, its symbiotic relationship with society (especially in terms of the public’s consumption of illegal drugs and support for other illicit markets). The traditional prohibition/enforcement model will never truly eradicate organized crime because it erroneously treats it as “a threat to, rather than part of, society” (Woodiwiss, 2003: 4).

The traditional enforcement model itself has been hampered by failed strategies and tactics. Arresting and punishing offenders is limited in its impact given the number of people willing and able to fill the void. A decrease in contraband seizures is more often indicative of enforcement failures than successes. Health Canada's evaluation of the federal tobacco control strategy reported a decrease in contraband seizures in the area between 2012 and 2016, although this did not necessarily reflect a decrease in contraband activities. Rather, the mode of transport across the Canadian border has shifted from highways to waterways (as cited in Public Safety Canada, 2019a: 11). The much-vaunted proceeds of crime/money laundering enforcement model has failed to live up to its expectations to such an extent that the RCMP largely abandoned conducting such financial investigations in recent years (German, 2018). The power of deterrence has been criticized as almost meaningless in the fight against serious and chronic (organized) criminal offenders who are not easily dissuaded from committing crimes (due, in part, to the highly attractive profit potential of organized crimes). Serious and organized offenders are more willing than others to accept prison as a potential cost of committing crime; they view incarceration as less threatening than most offenders; and within their subculture, "time spent in prison—especially 'hard time'—is often viewed positively and may enhance the offender's status or street credibility" (Crank & Brezina, 2013: 787).

The lightning rod for discontent over OC enforcement is the much-criticized "war on drugs" and its supply-side focus on interdicting drugs, minimizing drug markets, and punishing traffickers. While drug enforcement has won a few battles, the war on drugs has been lost or, at the very least, is at a "stalemate" (Grayson, 2003: 147). Paoli (2014a: 5) succinctly argues that drug enforcement "may have helped keep the U.S. drug market relatively 'disorganized' but has failed to reach its main goal of reducing drug availability." More concerning is the growing evidence that the supply of many recreational drugs and their purity levels have increased while prices have dropped (Werb et al., 2013). The uninterrupted introduction of new types of illegal street drugs in recent years (crack cocaine, crystal meth, bath salts, ecstasy, synthetic marijuana, fentanyl, etc.) is another indicator of how a reliance on supply-side enforcement has failed to curtail innovative, opportunistic, and entrepreneurial drug trafficking.

The failed war on drugs also highlights another criticism of the traditional prohibition/enforcement model: it does more harm than good. Paoli (2014a: 4–5) summarizes the many costs to society that accompany the traditional prohibition/enforcement model: "First, these interventions involve the disbursement of considerable financial and human resources that could have been used elsewhere. Second, they restrict the rights of the defendants, convicts, and sometimes even of the public at large. Third, through the criminalization of specific goods and services, they also create opportunities for corruption and violence, because the criminals involved aim to obtain the covert support of government officials or the control of legitimate businesses, or because they

resort to violence or the threat of violence to solve conflicts that obviously cannot be brought to court. Fourth, these policy interventions occasionally prompt the offenders and/or the final customers to engage in very harmful practices.”

The war on drugs in the United States is overwhelmingly responsible for the unprecedented surge in the correctional population in America, with drug convictions accounting for almost half of American federal prisoners (Carson & Golinelli, 2013: 3, as cited in Paoli, 2014a: 5). Victims of the war on drugs include those sent to prison for mere possession offences, many of whom have untreated substance abuse and other mental health disorders, as well as street-level traffickers who are involved in the trade to support a drug habit. Another category of victims is people of colour who are disproportionately singled out for arrest and (excessive) punishment. Grayson (2003: 157) contends that “drug laws and the war on drugs have served as justifications for increasing levels of surveillance on American citizens, particularly those who are members of minority groups.” As discussed in chapter 8, Indigenous Peoples are vastly over-represented in Canadian prisons.

Organized crime and drug enforcement agencies, as well as policy-makers, have been accused of constantly campaigning for increased powers and resources. These actors “claim that organized crime has come to represent such an unprecedented level of threat that the only way to protect society and its citizens is to take additional security measures, even if in a different context the latter would not be acceptable.” This process “has often been criticized for increasing the power of State and international actors, through the issuing of security discourses arguing in favour of the multiplication of repressive and preventive instruments at the expense of citizens’ civil liberties” (Carrapiço, 2012: 27).

Constraints on and Weaknesses in Applied Organized Crime Enforcement

In addition to the aforementioned critiques of organized crime and drug enforcement, numerous other factors have undermined efforts to contain OC in Canada. These factors can be grouped into two broad categories: (1) unavoidable constraints that limit the effectiveness of enforcement, and (2) the weaknesses and failures of government efforts to combat the problem.

Unavoidable Constraints That Limit the Effectiveness of Organized Crime Enforcement

The persistence of organized crime in Canada is partially due to the unavoidable constraints that face law enforcement, lawmakers, and the overall societal effort to combat the problem. These constraints should not be confused with critiques that have been levelled against specific government policies and law enforcement strategies. Instead, these constraints are largely unavoidable in free, democratic, common law countries with a strong emphasis on human rights.

Constitutional Constraints

One constraint on OC enforcement in Canada stems from the primacy of civil and human rights in Western societies (enshrined in Canada through the *Charter of Rights and Freedoms*). While protections against unwarranted government actions are the cornerstone of freedom, liberty, and the rights of individual citizens, criminal offenders can benefit from and often exploit such protections. The defendant's right to remain silent, the right to legal counsel, the right to a speedy trial, the right to confront witnesses, the right to refuse to provide self-incriminating testimony, the right to see all evidence collected by police, and the right to be protected from unreasonable searches and seizures are all entrenched in the Canadian Charter. While one wants to avoid pejoratively characterizing human and civil rights as constraints, they have served to place limitations on the powers of law enforcement to combat organized crime in this country.

A number of accusations have been made that criminal offenders and their defence counsel exploit the *Charter of Rights and Freedoms* to avoid criminal penalties. The guilt of the defendants who pursue Charter challenges is often never in doubt; what is called into question is certain law enforcement tactics that may be interpreted as violations of the Charter. Some of these Charter challenges have been successful and the resulting case law has had significant (and often negative) implications for organized crime enforcement. In the case of *R. v. Campbell* (1999), restrictions were placed on the use of undercover operations by police, while *R. v. Stinchcombe* (1991) expanded the obligation police and prosecutors must meet in the full disclosure of evidence they have gathered to defence counsel. For the latter decision, police complain that in addition to the burdensome amount of work required to disclose all information to the accused in a timely fashion, the full disclosure requirements may expose highly sensitive intelligence information and investigative techniques. With that said, egregious examples exist in which police and prosecutors have abused their powers by failing to disclose evidence to defendants, which has resulted in serious criminal charges against members of OCAs being stayed by the courts.

Case Study: Dismissal of Serious Charges against Members of the Quebec Hells Angels

In October 2015, a Superior Court judge in Quebec presiding over a murder trial involving Hells Angels members granted a defence motion for a stay of proceedings, thereby ending their trial. The ruling was made because Crown prosecutors withheld evidence from the defence for years. The defendants, members of the Sherbrooke HAMC chapter in Quebec, had all been charged with first-degree murder and conspiracy to commit murder. The charges were laid as a result of the biker war that took place in Quebec during the 1990s.

Justice Brunton made the decision exactly one month after the jury began hearing evidence. Defence lawyers had been demanding the Crown disclose evidence from two previous investigations into the Hells Angels. In December 2011,

the Crown responded to the request by saying it did not have the documents in their possession, which was a falsehood.

Justice Brunton was highly critical of the Crown and police for failing to disclose the evidence given it was crucial to the defence of the Hells Angels members on trial because it contradicted the testimony given by a key informant for the Crown. This lack of disclosure on behalf of the Crown made it impossible for a new trial to commence. "No other remedy can make up for the abuse described in this judgment," Justice Brunton said in his decision. "The court doesn't hesitate to conclude that it has before it a serious abuse of process.... This abuse goes beyond negligence or even vexatious actions. It constitutes an attack on the fundamental principles of fairness that all criminal cases should benefit from." Brunton said that the prosecutors had adopted "a desire to win at all costs to the detriment to the fundamental principles that form the foundation of our penal justice system" (*Montreal Gazette*, Oct. 10, 2015; see also Canadian Press, Oct. 16, 2015; CBC News, Aug. 8, 2015; CTVNews.ca, Oct. 9, 2015a).

In other cases, the courts have stayed charges against members of major OCAs in Canada due to the blatant disregard of the rights of the defendants by police, such as fabricating evidence (see the West End Gang case, chapter 9) or intercepting phone calls between the defendants and their lawyers, which is a significant breach of solicitor-client privilege (see the Figliomeni Crime Family case, chapter 5).

While the Charter, and the courts' strict interpretation of it, may make this country the envy of people throughout the world, some say it has tilted the pendulum toward the rights of offenders and away from the collective safety and security of the public. The counter-argument is that the added responsibilities for ensuring justice is served by police and prosecutors are reasonable given the importance of protecting the rights of Canadians.

Jurisdictional Limitations

As discussed, some OCAs and organized crimes in Canada transcend different jurisdictions, including provincial and international borders. Most law enforcement, however, is carried out by municipal police forces. Even those federal law enforcement agencies that have national jurisdiction, such as the RCMP or CBSA, are limited due to constraints in conducting international investigations. Criminal laws do not extend beyond national boundaries, and there is no international police force that conducts investigations. International co-operation and coordination among law enforcement agencies, while steadily increasing, pales in comparison to the nature and scope of the international co-operation that exists among criminal entrepreneurs and OCAs. The legal means that are available to law enforcement to facilitate international enforcement, such as extradition or mutual legal assistance treaties, can take months and even years to expedite. Meanwhile,

organized crime groups and networks do not require any of this legal apparatus to forge international connections.

Resource Constraints

In Canada, while some law enforcement budgets have increased in recent years, this growth has been offset by the time- and labour-intensive nature of organized crime investigations. Court decisions upholding the Charter rights of defendants have made law enforcement jobs even more onerous. There are wholly insufficient resources to satisfactorily detect and interdict drugs and other contraband on the streets, from wholesalers, and at the border. The lack of a law enforcement presence at marine ports means that less than 1 percent of shipping containers are screened for drugs (*GlobalNews.ca*, Sep. 12, 2019). Supreme Court decisions, such as the aforementioned *R. v. Stinchcombe* case, have also increased the workload of police and Crown prosecutors: “Disclosure of all evidence against the defendants constitutes a major undertaking for the prosecution and requires expensive replication of documents, wiretap transcripts, and translations” (Desroches, 2013: 405).

Threat assessment models that help prioritize law enforcement investigations have emerged, in part, due to the limited resources of law enforcement agencies, forcing them to be selective about what OCAs they will target. Limited enforcement resources often mean that investigations are cut short, or plea bargains made, to avoid time-consuming and costly trials. It is not unusual for some investigations of OCAs to be shelved indefinitely due to a lack of law enforcement resources. The resource constraints facing OC enforcement have only been heightened as finite government resources shifted to national security enforcement in the wake of the 2001 US terrorist attacks and the subsequent threats posed by global and homegrown terrorists (*National Post*, Nov. 2, 2001; *Toronto Star*, Nov. 2, 2001). In 2015, the RCMP announced that three hundred investigators had been reassigned from organized crime and financial crimes files to National Security Enforcement Teams across the country. A retired RCMP deputy commissioner voiced his concern that if this trend continued, OC in Canada would “flourish” and “then there might be consequences for Canadian society writ large.” The greatest threat to safety and security in Canada is organized crime, and the foremost “weapon of mass destruction” is illicit drugs (Canadian Press, Feb. 4, 2015). In a public speech, the assistant commissioner in charge of the RCMP in BC said that limited resources meant that “only 30 percent” of known OCAs in the province could be targeted every year (RCMP “E” Division, 2005; *The Province*, Dec. 4, 2005). The RCMP has complained in recent annual reports that it has “been constrained by government-wide spending reduction exercises which have resulted in significant financial pressures” (RCMP, 2020b: s. 3), and “without new funding” and “sufficient technology, tools, and information systems, there is a risk that Federal Policing may not be able to meet critical operational requirements” (RCMP, 2020c: 8).

Weaknesses and Failures of Organized Crime Enforcement in Canada

The often-unavoidable constraints and limitations that confront government and law enforcement have been exacerbated by a history of ill-informed and often weak and ineffectual policies, legislation, and enforcement practices and programs in Canada. The genesis of organized crime enforcement failures in Canada can be traced to the head-in-the-sand approach that some politicians and senior police officials took when it came to confronting the existence of the Mafia in this country. Carrigan (1991: 200) succinctly summarizes this problem as such:

As late as the 1960s police and officials in some jurisdictions were still claiming that organized crime was not a problem in Canada. A 1963 Ontario Royal Commission report found very little evidence of organized crime except in gambling. It also stated there was no evidence “that any of the activities those engaged in organized crime were in any way associated with Mafia.” The Attorney-General at the time the commission was established went even further. He confidently stated that any suggestion that the Mafia was operating in Ontario was “ignorance and loose talk.” He went on to claim that, even in Italy, the Mafia had been pretty well eliminated by Mussolini. Subsequent revelations have shown that such statements were rather uninformed and naive.

The same critiques have been applied to failures in slowing the growth of the Hells Angels in Canada. Sher and Marsden criticize police agencies and government policy-makers for allowing Canada’s most powerful outlaw biker gang to expand across the country. They accuse Canadian police of “ignoring the bikers for too long” (Sher & Marsden, 2003: 313) and allege that police was so “plagued by rivalries, incompetence and a general underestimation of the threat posed by the bikers” that they “did little to take on the Hells Angels until their power made them virtually impregnable” (363–64). One of the long-standing criticisms of OC enforcement in Canada is that it is too fractionalized, epitomized by a lack of co-operation, coordination, and information sharing among criminal justice agencies, which is the product of several factors: jurisdictional boundaries, differing mandates, rivalries, jealousies, resource shortages, and statistics-driven enforcement (Kirby & Renner, 1986; Schneider, 2004). Other criticisms that have been levelled at OC enforcement and the broader criminal justice system in Canada can be summarized as follows:

- inadequate laws and legislation (e.g., some would like to see in Canada more powerful legislation similar to the American RICO [Racketeer Influenced and Corrupt Organizations] statute);
- the absence of a long-term, strategic national plan to combat the problem of organized crime;

- too much emphasis on reactive enforcement approaches, at the expense of more proactive and preventative approaches, especially those that address the root causes of (organized) criminality;
- an insufficient emphasis on the use of regulatory, civil, and administrative sanctions;
- a preoccupation with reducing the supply of drugs and other contraband, at the expense of attempts to reduce demand;
- a lack of basic and applied research that can foster a better understanding of organized crime and identify and anticipate emerging trends and developments; and
- a police culture that refuses to take guidance from other experts.

The findings of a study examining the operational effectiveness of the Combined Forces Special Enforcement Unit (CFSEU) in Greater Toronto encapsulate some of the constraints and weaknesses that impinge upon OC enforcement operations in Canada. Those involved in the CFSEU and surveyed as part of the research viewed the joint-force operation favourably, although “most believe that it simply has insufficient resources to make a significant impact on organized crime, especially when considering the growing scope and sophisticated nature of the problem.” Other obstacles to the effectiveness of the CFSEU identified by survey respondents include inadequate legislation, the low quality of some personnel on the unit, and a lack of intelligence sharing between participating law enforcement agencies (Schneider, 2004: 2).

Organized crime enforcement cases typically have lower clearance rates than unorganized street crimes, which is a product of the inherent nature of organized crime but also exacerbated by problems endemic in the criminal justice system such as inadequate police and prosecution resources. Armstrong, Plecas, and Cohen (2013) found that gang-related homicides have a much lower clearance rate than other homicides. Ibrahim (2021: 8) reports that in 2018 and 2019, 89 percent of human trafficking charges in Canada were stayed, withdrawn, dismissed, or discharged, while only 7 percent resulted in a guilty finding. In comparison, 31 percent of all violent offence charges completed the same year in Canada resulted in a finding of guilt. According to data from Statistics Canada’s Integrated Criminal Court Survey, 86 percent of all money laundering charges laid between 2012 and 2017 were withdrawn or stayed (*Toronto Star*, Dec. 27, 2019).

The Americanization of Organized Crime and Drug Enforcement

Accusations have been made that the organized crime control agenda internationally, and in Canada specifically, has been too heavily influenced by American definitions, approaches, and policies. Wheatley (2012) writes that the *UN Convention against*

Transnational Organized Crime was most influenced by and reflective of American and Italian experiences with the Mafia. Some see the *UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances*, with its unyielding stance on the prohibition and criminal enforcement of recreational drugs, as nothing more than an extension of the US war on drugs (van Duyne & Nelemans, 2012: 40). As Carrapico (2012: 24) writes, “The US’s growing perception of its domestic narcotic situation as a war on drugs gradually established itself as an important element of the country’s foreign policy, which in turn rapidly became part of the international agenda.” This entails putting pressure on other countries to sign extradition treaties, implement made-in-America criminal justice policies, accept American law enforcement agents on their soil, and submit to crop eradication programs (Grayson, 2003: 152). Some say that after the collapse of the Soviet Union, America’s attention globally shifted to transnational drug trafficking organizations, which supplanted the Communists “as the international bogeymen threatening global security” (Roth, 2014: 17).

Canadian laws and other policies and programs directed at recreational drugs have been influenced both directly and indirectly by the United States. Indirectly, Canada has adopted all of the aforementioned UN conventions. For years, the US State Department has designated Canada as a “primary concern” for global money laundering in its annual international narcotics strategy reports, which is indicative of the pressure placed on this country to adopt America’s more punitive proceeds of crime laws.

FUTURE ORGANIZED CRIME ENFORCEMENT POLICY OPTIONS

The limitations of and criticisms levelled at OC enforcement have prompted a lively debate over how to move forward in the future. Based loosely on categories developed by Abadinsky (2000), policy options that are routinely put forward to increase the effectiveness of OC enforcement include the following: (1) increase law enforcement resources; (2) expand the legal powers of law enforcement and other government agencies; (3) shift resources toward more preventative (harm reduction) approaches; and (4) decrease organized criminal opportunities (through legalization). Each of these policy options is discussed below.

Increase Law Enforcement Resources

One policy option that is constantly touted as a way to heighten the effectiveness of OC enforcement is to increase the resources provided to relevant enforcement units and prosecution agencies. In Canada, hundreds of millions of dollars have been added to existing budgets as well as new initiatives to combat organized crime, including

such multi-million-dollar projects as the Integrated Proceeds of Crime Units, the Anti-Smuggling Initiative, the BEU, CFSEUs, and the Financial Transactions and Reports Analysis Centre. At the same time, finite resources have been shifted to other priority areas, particularly national security enforcement. Even if resources are increased, there are no guarantees this would decrease the threats posed by and harms realized from organized crime. History has shown that while increased budgets may lead to short-term victories, they have little impact overall on the problem of organized crime (as discussed earlier in this chapter).

Expand the Power and Authority of Government and Law Enforcement

In addition to, or in lieu of, allocating more resources, the power and authority of government agencies could be increased. This would inevitably involve new legislation and regulations to increase the intrusive powers of law enforcement in conducting electronic surveillance, undercover operations, search and seizure, and so on. While these changes may enhance organized crime enforcement by making it more efficient, they could very well be implemented at the expense of privacy and individual liberties. Such measures would also inevitably be faced with Charter challenges in Canada.

In recent years, legislation that augments the power of government agencies to combat organized and serious crimes has been introduced. This includes legal powers meant to address the limitations placed on law enforcement by Supreme Court decisions, such as allowing police to commit crimes in the course of their (undercover) criminal operations. Other legislative examples include the *Proceeds of Crime (Money Laundering) Act*, which enhances the power of federal government agencies to collect information from private industries, and civil forfeiture legislation adopted by provincial governments, which allows them to seize the proceeds of crime without having to lay criminal charges.

Shift Resources toward More Preventative Harm Reduction Approaches

The vast majority of resources that have been mobilized in the fight against OC have been dedicated to reactive, supply-side enforcement initiatives, such as investigations, interdiction, prosecutions, and punishment. Calls for more proactive, preventative interventions have arisen out of the failures of the predominately reactive enforcement approach. The argument is that the traditional “cops, courts, and corrections” approach is an insufficient deterrent to acts threatening the public safety and has ultimately failed to control crime. Crime prevention is based upon the assumptions that the criminal justice system has failed to cope with the actual quantity of crime, identify many criminal offenders and bring them to justice, rehabilitate those offenders who are identified by the criminal justice system, and address the underlying factors associated with crime and criminality.

As discussed in chapter 12, crime prevention is antithetical to traditional criminal justice approaches in that it is meant to be more proactive, including in addressing the root causes and other factors that give rise to crime. A preventative approach to OC would pay particular attention to youth and young adults who are susceptible to becoming involved in criminal gangs and OCAs. In addition to addressing such causes as poverty, inequality, poor parenting, and discrimination, preventative approaches specific to addressing organized crime would entail a greater emphasis on reducing demand for illicit goods and services—drugs, in particular. The argument is that demand reduction approaches would not only diminish the scope and power of organized crime but may also reduce other crimes that stem from drug abuse (e.g., property crime, street-level drug trafficking, and prostitution). In this context, there is a need to implement what is known as “drug courts” for offenders with substance abuse problems, which “seek to rehabilitate drug-involved offenders through a combination of community-based treatment and intensive judicial oversight” (Rempel et al., 2012: 166).

Central to this crime prevention philosophy is the belief that illegal drugs and other social problems currently being dealt with through the criminal justice system should be treated as public health issues. Most notably, illegal drug possession and use should be treated as a health care issue, especially when dealing with the substance-abusing population. As such, there is great need for more addiction treatment resources (to reduce demand) and, at the very least, more needle exchange programs and safe injection sites (to reduce overdoses and communicable diseases). A public health approach to crime and violence also emphasizes such alternatives to the criminal justice system as social workers (to work with troubled families), outreach workers (for at-risk youth and homeless populations), conflict mediators (to prevent violence), community-based psychiatric nurses (to deal with mental health emergencies), supervised group homes (for those with complex needs), and restorative justice (as an alternative to courts).

Decrease Organized Criminal Opportunities (through Legalization)

One of the most controversial organized crime control options is the legalization of certain black market goods and services, in particular, drugs. The theory behind **legalization** is that once a product or service is legal, production and distribution are taken out of the underground markets and placed in legitimate markets, where it can be supplied by legal entities and regulated by the state. The major point of contention of this approach centres around the damage that illegal drugs and substance abuse inflicts on society and whether this damage will increase or decrease if recreational drugs are legalized. A related question is whether the legalization of drugs will rid society of organized crime and illicit markets (or at the very least help to minimize them and their harms).

One of the pillars of the pro-legalization argument is that the greatest damage inflicted by drugs is the result of their illegal status. Brecher contends that when morphine,

opium, and heroin were legal many years ago, addicts led respectable, productive lives despite their addiction. The plight of most addicts since heroin was criminalized results primarily “from the high price of heroin, the contamination and adulteration of the heroin available on the black market, the injection of the drug instead of safer modes of use, the laws against heroin and how they are enforced, the imprisonment of addicts, [and] society’s attitudes toward addicts,” as well as other non-pharmacological factors (Brecher, 1972: 528). The attempt to protect drug users from themselves “backfired, as it did during the prohibition of alcohol. We have only succeeded in making drug use much more dangerous and driving it underground, out of the reach of moderating social influences” (Committee on Law Reform of the New York County Lawyers Association, 1987: 6).

John Kaplan (1983: 101) agrees, asking, “Could we not lower the total social costs of heroin use and the government response to it by allowing the drug to be freely and cheaply available in liquor stores, or as an over-the-counter drug?” Drug legalization would be consistent with the approach taken with legal vices, such as cigarette smoking, drinking alcohol, or playing the lottery, which acknowledges the inherent rights of adults to make personal choices (as long as they do not harm others) but nonetheless uses state regulation to minimize their harms on the individual and society as a whole. If recreational drugs are legalized, advocates argue government regulation and oversight would minimize unregulated illicit manufacturing that produces drugs with dangerous and lethal agents or that have unknown potency levels (both of which contribute to high rates of overdoses, morbidity, and mortality). Moreover, as discussed previously, legalization would mean that drug possession and substance abuse would not be considered a criminal justice issue and treated more as a health care issue. Advocates for legalization argue that it would reduce overdose deaths given that the current criminal nature of drug possession drives users to abuse drugs surreptitiously.

The legal availability of recreational drugs may also curtail secondary criminality among addicts who support expensive drug habits through property crimes, street-level drug trafficking, and prostitution. Others argue that legalization would enable the use of social controls that inhibit anti-social, albeit lawful, behaviour. Because drugs are illegal, users avoid detection and are shielded from social pressure; “therefore, illicit drug users generally escape the potent forms of social control that are applied to smokers and drunk drivers” (Alexander, 1990: 8). The legalization of drugs would also ensure greater consistency in how harmful substances are treated in society; there would be less hypocrisy surrounding why some intoxicating substances are legal (i.e., liquor and cigarettes) while less harmful ones (i.e., marijuana) are not.

Another pro-legalization argument is that the immense financial and social costs associated with criminalized substances—including those borne by the criminal justice system, the health care system, the economy (i.e., lost economic productivity due to addictions), and local communities—would be reduced. The legalization of consensual goods and services would also free up law enforcement resources to target harmful predatory crimes.

Those who advocate against legalization of drugs say its potential consequences are widely unknown. Kaplan (1983) argues that our inability to predict the consequences of making heroin freely available undermines any policy of drug legalization. Another counter-argument to legalization is that the most widely abused substances in Canadian society—the same ones that inflict the greatest harm on individuals and society as a whole—are those that are currently legal (i.e., cigarettes, liquor, and prescription drugs). Thus, legalization would create greater access to harmful drugs, which would lead more people to experiment with them and ultimately to more addiction (Spapens, 2012). A similar contention is that legalizing all psychoactive substances may signal an acceptance of their use similar to the acceptance of alcohol and tobacco. Jacobsen and Hanne-man (1992) state that the illegitimacy of drug abuse allows for the activation of informal social controls through families, peers, and communities that restrain drug abuse. In short, the legalization of drugs would lead to easier access and signs of wider societal tolerance of their use, which in turn may lead to greater use and abuse, especially among younger people who are more apt to experimentation. As Zimring and Hawkins (1992: 115) state, “If there is a universal proposition that is accepted by all parties to the debate on drugs, it is that children and youth should not have unregulated access to potentially harmful psychoactive substances.” Thus, “to the extent that prohibition policies make drugs more difficult or more expensive for adults to acquire, the same policies will mean that young persons will encounter a prohibited drug less often and will often be unable to afford the purchase even when a source is located” (Zimring & Hawkins, 1992: 121).

Spapens (2012) discusses how in the Netherlands, the decriminalization of gambling, such as casino gaming, bingo, lotto, and sports betting, reduced the harmful impact of the illicit markets. However, illicit operators continued to function while greater access to legal gambling gave rise to more gambling addictions, especially among young males. This case study highlights the importance of conducting research and designing predictive models before decriminalizing or legalizing outlawed goods or activities to identify, anticipate, and minimize any negative repercussions.

The debate most germane to this textbook is whether the legalization of drugs would rid society of organized crime and illicit markets or at least reduce their scope and impact. Those who advocate for legalization argue it would greatly diminish criminal control over the manufacture and distribution of drugs and deprive crime groups of a major source of revenue. This in turn would minimize other deleterious effects that illegal drug trafficking groups have on society, such as gang-related violence and corruption. As discussed above, legalization may also reduce the considerable government resources dedicated to drug law enforcement and incarceration. With legalization, enforcement resources could be shifted to more productive areas of crime control, to drug treatment and prevention efforts, and/or to address other social problems (including initiatives that address the root causes of crime and criminality).

The pro-legalization argument is also based on the contention that the war on drugs has failed miserably and that governments simply do not have the resources to

effectively combat the plethora of organized criminal activities and groups that tower over the comparatively meagre criminal justice resources. The growing scope of organized criminality at the national and international levels, especially in the face of limited and largely ineffectual law enforcement initiatives, requires some prioritization, which may involve legalizing less harmful substances, such as marijuana, which would free up resources to combat far more harmful drugs, such as heroin, crystal meth, or cocaine.

Critics argue that legalization does not guarantee that drugs will no longer be available in the black market, which is substantiated by the vast underground trade in cigarettes and prescription drugs. As detailed in chapter 11, the legalization of marijuana in Canada has not resulted in the disappearance of illegal production, black markets, or the involvement of OCAs in this trade. Indeed, criminal entrepreneurs have adapted by infiltrating the legal medical and recreational cannabis markets and by ramping up exports to countries where weed is still illegal. The laws of supply and demand mean that black markets often offer legalized products at a lower price or a higher quality (or both) compared with legitimate markets.

The legalization of drugs will most certainly not eradicate organized crime. Many OCAs are engaged in multiple enterprises, and if one illicit market is legalized, they may simply turn to another illegal market or activity. For example, when liquor was legalized in America in 1933, criminal groups seamlessly shifted their efforts to satisfying other vices, most notably, gambling. Moreover, while consensual crimes serve as a major revenue source for OCAs, they also make their money from predatory crimes that can never be legalized, such as extortion, theft, fraud, and labour racketeering. If a government drives organized crime from servicing society's vices, this may cause an increase in predatory crimes. As Molina (2019: 1) writes, in the period leading up to legalizing the recreational use of marijuana in Canada, "the media began speculating that drug sellers would respond by selling harder illicit drugs in the hidden drug economy, such as crack cocaine, crystal methamphetamine, MDMA, and prescription pills."

CONCLUSION TO PART IV

The failure to eradicate or even contain organized crime in Canada (and most other countries) is a combination of many factors: its symbiotic relationship with society as suppliers of goods and services in demand, the perpetual existence of vices to be satisfied and the creation of illicit markets through government prohibitionist policies, the inherent characteristics of OCAs that make them so resilient, the unavoidable constraints that limit policing and law enforcement in free democratic societies, and the avoidable weaknesses and mistakes of criminal justice policies and law enforcement.

While law enforcement efforts have had notable successes, it is generally acknowledged that the war against organized crime and drug trafficking has effectively been lost. As such, OC enforcement mandates and objectives are increasingly couched in less ambitious

(and more realistic) objectives, such as organized crime “control,” “harm reduction,” or “containment.” Yet even these more modest goals have proven to be elusive. Over the last few decades, OCAs have proliferated, organized crimes have evolved, and illicit markets have expanded, while the Internet and other digital technologies have extended the vast reach of organized fraudsters, predators, and traffickers. The harm inflicted on society is as grave now as it has ever been—perhaps even more so, given the fentanyl-induced crisis that has claimed hundreds of thousands of lives across North America in recent years.

Traditional criminal justice policies and programs have also evolved and expanded to meet the growing threat of organized crime but must also confront an inherently uneven playing field: OCAs and illicit markets are well financed and can be exceptionally profitable, while the state has finite criminal justice resources; OCAs work almost seamlessly across jurisdictions and borders, while international law enforcement is still mired in legal and bureaucratic obstacles; organized crime is flexible, adaptable, and fluid, while law enforcement is moribund by rigid hierarchical paramilitary structures. Criminal justice actors in Canada are legally bound by the provisions of the *Charter of Rights and Freedoms*, which some say favours the criminal offender over the demands of law enforcement and the collective security of society. Others have argued that the most effective measure to counter organized crime is reversing public policy decisions that have helped spur underground industries in the first place, such as the repeal of liquor prohibition laws, the legalization of gambling, or the lowering of federal taxes on cigarettes. Notwithstanding the consideration that should be given to this policy option, one would be naïve to think that laws legalizing certain narcotic drugs would eliminate the illegal market in drugs, let alone discard organized crime to the ashbin of history. As Earle Johnson, Jr., special attorney in the Organized Crime and Racketeering Section of the United States Department of Justice, said back in 1963, “It would be unrealistic to suggest that organized crime can be overcome merely by new applications of old laws or by enacting some new ones. Organized crime is not merely a legal problem. It is a social-political-economic-legal problem. Various aspects of the problem admit in varying degrees to a legal solution. There are certain aspects for which no change in the law could possibly be of assistance” (Johnson, 1963: 1).

The implications of Johnson’s erudite observation insinuate that governments can no longer slavishly pursue failed policies (read: the war on drugs) while ignoring viable alternatives. There is no scientific basis to the prohibition/enforcement model; policies and programs aimed at controlling OC demand a more scientific approach to discerning the costs and benefits of different enforcement strategies; the goal of any public policy is to maximize the benefits to society while minimizing costs. Given the billions of tax dollars spent on the criminal justice system every year, governments should discern which approach delivers the greatest net benefit to society (or, at the very least, results in the smallest net cost to society). This means rigorously and comprehensively calculating and then comparing the costs and benefits of prohibition and enforcement against alternative models, including legalization

and regulation. Paoli (2014a: 4) writes, “If the prospects of controlling global illegal market flows are rather bleak, government authorities, even in democratic societies, are not powerless vis-à-vis organized crime activities. In particular, government action can heavily impact the size, organization, and operating methods of the groups—or ‘enterprises’—that engage in predatory activities or products, or trade in, illegal products.” This optimism is refreshing, but the implication is that governments in Canada may have to completely rethink how they deal with organized crime (and crime in general). This may mean shifting resources away from the criminal justice system to institutions that address the root causes of serious and chronic criminality as well as illicit markets in this country.

KEY TERMS

Canada Border Services Agency	<i>Immigration and Refugee Protection Act</i>
Civil injunction	Legalization
Competition Act	Organized Crime Enforcement Bureau
Concurrent sentencing	<i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i>
Consecutive sentencing	
Controlled drugs	Prohibited drugs
Controlled Drugs and Substances Act	Royal Canadian Mounted Police
Criminal Code of Canada	<i>United Nations Convention against Transnational Organized Crime</i>
Customs Act	<i>Witness Protection Program Act</i>
Extradition Act	

REVIEW QUESTIONS

1. What is the role of criminal law in combatting organized crime in Canada?
2. How is the legal concept of conspiracy central to laws and legislation targeting organized crime in Canada?
3. What is the *Racketeer Influenced and Corrupt Organizations Act*? Why is it considered so controversial?
4. What are the principal laws and legislation in Canada used to combat organized and serious crime in Canada? Which sections of the *Criminal Code* are most relevant to efforts to combat organized crime?
5. How do Canadian criminal laws specific to organized crime compare to those in the United States?

6. What federal departments and agencies are involved in organized crime control in Canada?
7. What are some of the main critiques of the traditional enforcement model? Why is the goal of controlling, let alone eradicating, organized crime in Canadian society so difficult to achieve?
8. What are some of the unavoidable constraints that law enforcement faces in combatting organized crime in a free, democratic society with a strong emphasis on human rights?
9. What are some of the critiques that have been levelled at organized crime enforcement in Canada?
10. What are some alternative policy options that have been touted as potentially more effective, compared to enforcement, in controlling organized crime and its various harms?

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CONCLUSION

IS THERE A DISTINCTIVELY CANADIAN VERSION OF ORGANIZED CRIME?

One over-arching conclusion of this book is that there is an appreciable difference between organized crime in Canada and that of other countries. In other words, it would be a misnomer to suggest that a distinctively Canadian version of organized crime exists. The characteristics of organized criminal associations, organized crimes, the ways that organized crimes are carried out, as well as the illegal markets in this country are similar to that of other countries.

While Canadian organized crime may not be distinct in comparative terms, one goal of this book is to encourage readers to view this problem as a product of structural and systemic forces, developments, and institutions in Canada. Within this context, the onset, development, proliferation, and diversification of organized crime in Canada are the result of the following:

- the many vices of Canadians that are satisfied through illegal goods and services provided by criminal entrepreneurs;
- government policies that have criminalized these goods and services, helping to create illicit markets and organized criminal entrepreneurs;
- the many social conditions (e.g., poverty, inequality, marginalization, racism) that contribute to the onset and persistence of (organized) criminal behaviour among high-risk individuals and communities; and
- Canada's place in the world (historically, influenced by its colonial ties with Great Britain, its postcolonial ties to America, its economic and cultural ties to China, and its thorough integration into the global economy—both licit and illicit).

Organized crime has flourished in Canada (and most other countries) because criminal offenders have exploited opportunities arising from social, economic, and political circumstances. As Allum and Gilmour (2012: 1) write, organized crime is “not an extension of a foreign body to the existing system, country or infrastructure. If anything it is the product of a country’s history, its social conditions, its economic system, its

political elite and its law enforcement regime. It is a bacterium that lives and is produced in the body and which attacks and contaminates it.”

There is no one factor accounting for the rise in organized criminal groups and activities in this country. Some argue that Canada’s relatively lax criminal laws are to blame; Canada is said to play an important role in international organized crime, according to a *Globe and Mail* article (Apr. 20, 1996), because it “has a well-earned reputation for letting drug traffickers off lightly when they get nabbed.” Generally speaking, large-scale drug traffickers can count on spending only four to six years in a Canadian federal correctional institution for every ten years served in a federal penitentiary in the United States. This also means that there is considerably less incentive for an operative who is arrested in Canada to roll over and play witness (*Globe and Mail*, Apr. 20, 1996). This line of reasoning, however, is undermined by a similar proliferation of organized crime in other countries with much more punitive criminal justice systems, such as the United States, Russia, or China.

Globalization has certainly increased opportunities for transnational organized crime in Canada as it has for many other countries. Emerging technologies such as the wire service, fax machine, email, cellphones, the Internet, and social media have broadened the international reach of Canadian mass marketing fraudsters, for example, who often prey on American seniors.

Canada’s proximity to an undefended border with the United States has been a major factor in the growth of organized crime in this country. No doubt the American demand for Canadian illicit products—whether it was opium during the 19th century, liquor during the 1920s, or, more recently, synthetic drugs, marijuana, and counterfeit consumer products—has contributed to the growth of organized crime in this country. The United States not only represents a huge market for illicit goods, but its large population also provides a ready-made pool of potential victims for Canadian-based groups and companies engaged in predatory crimes, such as mass marketing fraud. The influx of sophisticated transnational crime groups into Canada has also increased this country’s position as a global epicentre of illegal drug production, currency and credit card counterfeiting, product piracy, and mass marketing fraud.

Whether the prohibitive taxes imposed by the British government on tea and other necessities of colonial life starting in the 18th century, the outlawing of professional gambling and the sex trade in the 19th century, the criminalization of drugs beginning in the early part of the 20th century, temperance laws in Canada and the United States that prohibited liquor in the first quarter of the 20th century, or hikes in cigarette taxes during the 1990s, government policies have been a catalyst for the creation and persistence of illegal drug and contraband markets. The smuggling trade, which underpins much of organized crime in this country, also accentuates the realization that organized crime is an extension of the broader economic, political, and social forces of Canada. Underground markets embody the principles of the free market system and are

a capitalist's dream: an unfettered market with no government regulation. The massive cross-border traffic in both legal and illegal commodities simply reflects (and takes advantage of) the massive trading relationship between Canada and the United States.

The multi-ethnic character of organized crime is a reflection of the multicultural nature of Canadian society. This is aggravated by historically rooted institutionalized racism in Canada whereby certain ethnocultural and racialized groups—Jews, Chinese, Italians, Hispanics, Jamaicans, Indigenous Peoples—have been serially shut out of legitimate economic opportunities en masse. Social critics in Canada view organized crime and serious and chronic criminal behaviour generally as a product of social, political, and economic cleavages in Canadian society itself. The postwar political economy helped forge the structural preconditions for spatial concentrations of crime and the root causes of criminality in most larger cities and First Nations by fuelling socioeconomic disparities and the concentration of poverty and other social problems within certain neighbourhoods or groups.

Canada's response to organized crime also lacks any distinction compared with that of other countries. Canada has mostly pursued the prohibition/enforcement model like most other countries, in part due to the dominance that the criminal justice system has assumed in social problem solving here and elsewhere. This traditional enforcement paradigm will not be replaced any time soon, especially given the pressure placed on Canada and other countries by the United States, which seeks to replicate its own punitive policies and the war on drugs across the globe. Canada is one of the few countries in the world to legalize marijuana in order to shrink this one illicit market. And while this country has been on the leading edge of this policy approach internationally, the legalization of cannabis appears to be gathering steam throughout the world (despite the lack of impact this policy has on cannabis black markets domestically and globally).

The very definition and characterization of organized crime in Canada needs to be the subject of more intense scrutiny and research. Beyond some law enforcement intelligence and threat assessment estimates, little is known about the structure of organized criminal associations, how organized or disorganized illicit markets in this country are, and the factors that contribute to the onset of criminal behaviour, including involvement in organized criminal associations, organized crimes, and illicit markets. Questions revolve around how organized crime has been socially constructed in this country and whether a distinct version of social problems that we can call *organized crime* exists. These epistemological inquiries are not simply for academic reasons; they form an essential theoretical and empirical basis for how to best control this problem—if it can be controlled at all. Most importantly, as previously stated, to understand crime and other social problems in this country, whether they are distinctively Canadian or not, one must understand the influence and confluence of Canada's history and the social, cultural, political, and economic structural forces and institutions—both domestically and internationally.

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