



Transnational Organized Crime in E Division

RCMP, E Division Federal Serious and Organized Crime

Context

The following brief provides an overview and assessment of Transnational Organized Crime (TNOC)ⁱ in E Division, concentrating on information gleaned from four current E Division Federal Serious and Organized Crime files, **V3-Ongoing Investigation** [REDACTED] as well as related police files, human intelligence, open source reporting and literature on TNOC. This report is not intended to provide a comprehensive review of all TNOC in E Division.

Key Findings

- Mexican TNOC is assessed as a high level threat in Metro Vancouver. These groups have been importing large quantities of illicit drugs (100s kg per month) into Metro Vancouver, with the product being distributed both within British Columbia and across Canada. **V2** [REDACTED]
- **V3-Ongoing Investigation** [REDACTED]
- **V3-Ongoing Investigation** [REDACTED]
- Asian TNOC money laundering groups located in Metro Vancouver are assessed as a high level threat, moving in the hundreds of millions of dollars per year from Canada to variety of locations around the world, including China, Australia, Mexico, and drug source countries in South America.
- **V2** [REDACTED]
- **V2** [REDACTED]
- Bulk cash collected by Asian TNOC money laundering groups is being laundered utilizing high level gamblers at Metro Vancouver casinos.

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Strategic Considerations

- The nature of TNOG necessitates that the criminal operations of these groups are conducted in multiple countries. To combat the complex operations of TNOG there is a requirement to engage in cooperation with partner law enforcement agencies around the world. It is important to continue to build and enhance these relationships.
- Within a TNOG operation there are organized crime groups in multiple locations providing specific services to further the criminal enterprise. To provide maximum disruption, attempts should be made to target individuals or groups who are either 1) involved in multiple facets of the operation, such as facilitators or suppliers, or 2) have a very specialized skill set that is not easy to replace, such as large scale money movers. These groups may or may not be located within Canada, which further establishes the need to work with law enforcement partners to pursue targets that will cause maximum disruption to the TNOG enterprise.
- An assessment of all TNOG in E Division should be completed to provide a representation of the full scope of the issue. Similarly, an assessment of TNOG in each division should be completed to provide a picture of the National scope of TNOG in Canada.
- An examination of the nexus between TNOG and National Security should be completed which includes from Classified information as well as the partnership/assistance of other stakeholders such as CSIS, CBSA, CSEC, FINTRAC and INSET.

Analysis

TNOG is one of the preeminent criminal threats to Canada and its global partners. Due to the operational infrastructure necessary to function transnationally, TNOG should generally be considered at the top of the criminal hierarchy. A recent report by former US ambassador to the Organization of American States, and assistant secretary of state for Western Hemisphere affairs, Roger Noriega stated that “Transnational organized crime (TNOG), in some cases abetted by hostile and lawless regimes in Latin America, is a principal threat to US security”ⁱⁱ. In 2011, the US government created the Strategy to Combat Transnational Organized Crime in which it stated “Transnational organized crime (TOG) poses a significant and growing threat to national and international security, with dire implications for public safety, public health, democratic institutions, and economic stability across the globe.”ⁱⁱⁱ In 2000, the United Nations Office on Drugs and Crime (UNODC) adopted the United Nations Convention against Transnational Organized Crime “to promote cooperation to prevent and combat transnational organized crime more effectively”.

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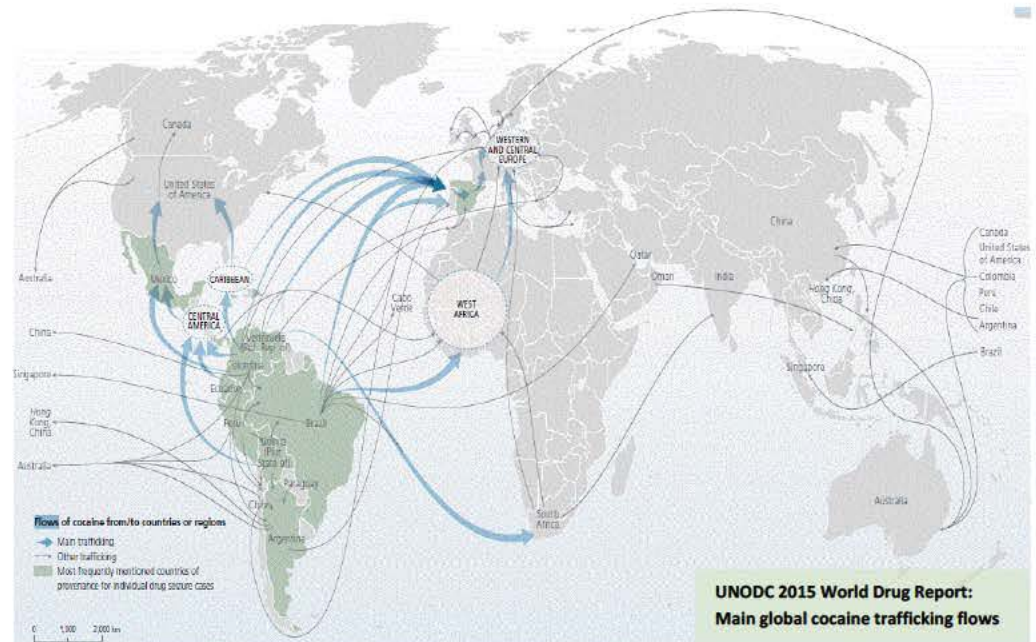
TNOC has been identified as a National Security concern and there is evidence that TNOC and terrorist-listed entities are cooperating in illicit business to further each group's own goals; increasing profits for TNOC, and procuring funds for the terrorist groups' operations. In a US House Committee on Homeland Security report in 2012, it noted "growing collaborations between Iran, Venezuela, Hezbollah and transnational criminal organizations"^{iv} and during a Senate Homeland Security and Government Affairs committee meeting on March 25, 2015, Lieutenant General Kenneth Tovo stated in regards to TNOC in Central America, that "terrorist and militant organizations easily tap into the international illicit marketplace to underwrite their activities and obtain arms and funding to conduct operations".^v Ayman JOUMAA, a Lebanese national and Hezbollah supporter was indicted in Virginia for allegedly laundering over \$250 million USD of cocaine proceeds of the Mexican TNOC group, the Zeta Cartel, between 2005 and 2007 from sales in the United States, Mexico, Central America, West Africa and Europe. Bulk cash that was received in Mexico was paid out to cocaine suppliers in Colombia.^{vi} Recently, information was shared with the **3rd Party**

Asian and Mexican Transnational Organized Crime

Extensive information is available substantiating Mexican TNOC groups working with Central and South American TNOC groups to traffic cocaine to countries around the world. Cocaine from South America is transshipped through Mexico and/or Central America, or is moving directly from the source countries in South America to consumer countries around the world, including Canada.

The 2015 International Narcotics Control Strategy Report stated that approximately 83 percent of the cocaine imported into the United States in the first half of 2014 first transited through the Mexico/Central America corridor^{viii}.

In January, 2015, brothers Pedro and Margarito FLORES were sentenced for smuggling at least 71 tons of cocaine and heroin and nearly \$2 billion USD for the Sinaloa Cartel between 2005 and 2008. Prosecutors stated that the operation was run from a Mexican ranch and the network stretched from New York, Detroit, and Washington DC to Los Angeles



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and Vancouver, BC.^{ix} V3-Ongoing Investigation [REDACTED]

[REDACTED] V3-Ongoing Investigation [REDACTED]

it has been estimated that up to 90% of the methamphetamine consumed in the USA is produced in Mexico^{xi}. V2 [REDACTED]

Within the realm of Asian TNOC, the criminal activities are not limited to Asia itself but are carried out in countries all over the world. Asian TNOC organized crime is involved in multiple serious crimes, including money laundering, illegal gambling, extortion and drug trafficking.^{xiii} In the last decade, China has experienced rapid socio-economic changes including globalization of the economy and increases in wealth for many citizens. This rapid rise has encouraged the revival of organized crime in China.^{xiv} According to Global Financial Integrity (GFI), China leads the world in illicit capital flows. GFI estimates that over \$1 trillion of illicit money left China between 2003 and 2012 with a variety of money laundering techniques being used.^{xv} Asian TNOC groups have been noted as being involved extensively in money laundering^{xvi} and it has been reported that Latin American drug cartels are expanding into Hong Kong and the region in a bid to launder dirty money and source the chemicals needed to make methamphetamine.^{xvii} Vancouver has a large Asian diaspora and many high level AOC groups maintain contacts in, and travel back to Asia.

Mexican TNOC Presence in Metro Vancouver

Metro Vancouver is a major hub utilized by Mexican TNOC groups to import drugs into Canada. Mexican TNOC groups have worked with various criminal groups in Metro Vancouver to import and distribute cocaine, methamphetamine and heroin into Metro Vancouver to distribute locally, interprovincially and internationally. V2, V3-Ongoing Investigation [REDACTED]

[REDACTED]

V3-Ongoing Investigation [REDACTED]

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V3-Ongoing Investigation [REDACTED]

While the methods of moving the drugs across the border are not always clear, backpacking, using personal vehicles with hidden compartments, commercial trucks, shipping containers through the ports and personal watercraft are all viable and have been used in the past.

V3-Ongoing Investigation [REDACTED]

[REDACTED] V3-Ongoing Investigation [REDACTED]

[REDACTED] Electronic communication is used by Mexican TNOG to communicate with its operatives and local criminal groups in Metro Vancouver to provide operational direction. The use of encrypted communication devices is becoming more prevalent, and V3-Ongoing Investigation [REDACTED]

[REDACTED] V3-Ongoing Investigation [REDACTED]

The following is a summary of significant Mexican TNOG investigational information and intelligence since 2010 (not inclusive):

- V2, V3-Ongoing Investigation [REDACTED]

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- V2 [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
- V3-Ongoing Investigation [Redacted]
[Redacted]
[Redacted]
- V3-Ongoing Investigation [Redacted]
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- V3-Ongoing Investigation [Redacted]
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- V3-Ongoing Investigation [Redacted]
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- V3-Ongoing Investigation [Redacted]
[Redacted]

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V3-Ongoing Investigation
[Redacted]

- In 2010, Mexican National, V1 [Redacted], along with Canadian nationals V1 [Redacted] and V1 [Redacted] were arrested importing 97 kg of what they believed was cocaine (sham cocaine) secreted in a fruit grinding machine into Kelowna from Argentina V2 [Redacted]
[Redacted]
- In 2010, Canadian National V1 [Redacted] and Mexican National V1 [Redacted] were arrested with 1001 kg of cocaine in a sailboat in the Port Hardy area. V2 [Redacted]
[Redacted]

Asian TNOC Money Laundering

The goal of TNOC is to obtain power, influence, and monetary and/or commercial gains. The amount of money that is produced through, and necessary to further, the criminal activities of TNOC requires that large sums of money be legitimized and moved to countries around the world to provide funds for operations, transportation, and the purchase of drugs from source countries.

Asian TNOC groups in Metro Vancouver are involved in laundering very large amounts of cash for a variety of criminal organizations and transferring the money to various locations around the world, including many drug source countries. V2, V3-Ongoing Investigation [Redacted]

[Redacted]

V2, V3-Ongoing Investigation [Redacted]

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V2, V3-Ongoing Investigation [Redacted]

The following is investigational and human intelligence pertaining to two current Asian TNOOC money laundering groups operating in Metro Vancouver:

- V3-Ongoing Investigation [Redacted]
 - [Redacted] V3-Ongoing [Redacted]
 - [Redacted] V2 [Redacted]
 - [Redacted] V2 [Redacted]
 - [Redacted] V2 [Redacted]

- V2, V3-Ongoing Investigation [Redacted]
 - V2 [Redacted]
 - V3-Ongoing Investigation [Redacted]

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V3-Ongoing Investigation [Redacted]

V3-Ongoing Investigation [Redacted]

V3-Ongoing Investigation [Redacted]

V3-Ongoing Investigation [Redacted]

V2 [Redacted]

[Redacted]

National Security Issues^{xlii}

Open source reporting provides various accounts of terrorist groups working with TNOC. Some examples include: multiple reports of money being funneled to Hezbollah through drugs sales in cooperation with Latin American TNOC; an Iranian Revolutionary Guard (IRG) General working with the Taliban to traffic opium and heroin from Afghanistan to fund Hezbollah^{xliii}; and a foiled plot directed by IRG Quds Force officials to hire a Mexican Cartel member to assassinate the Saudi Arabian ambassador to the US.^{xliv} Iran and Hezbollah continue to attempt to establish their presence in Latin America^{xlv}, which could advance criminal cooperation between these groups and TNOC groups in the region.

In British Columbia there are various factors that could cause concern in terms of a nexus between TNOC and national security V2, V3-Ongoing Investigation [Redacted]

[Redacted]

There is a money laundering infrastructure in Metro Vancouver with the ability to move large sums of money around the world.

While the above factors have similarities to what has been reported in much of the literature pertaining to a nexus between National Security and TNOC V2, V3-Ongoing Investigation [Redacted]

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V2, V3-Ongoing Investigation [REDACTED] the information reviewed for this report does not allow for the ability to assess the likelihood that this nexus exists in E Division.

To provide a picture of the ties between National Security threats and TNOC, a fulsome review of material germane to the subject must be conducted. An intelligence product specifically targeting the nexus between TNOC and National Security, which includes Classified information as well as inclusion of other stakeholders such as CSIS, CBSA, CSEC, FINTRAC and E Division INSET would allow for an amalgamation of the necessary material to provide an assessment of the link between National Security and TNOC in E Division.

The following is intelligence gleaned through research for this report that may have National Security implications:

- V3-Ongoing Investigation [REDACTED]
- V2 [REDACTED]
- V2 [REDACTED]

Concluding Remarks

Transnational Organized Crime is conducting criminal business in British Columbia. TNOC groups are at the highest echelon of criminal organizations in the province and responsible for organizing the importation huge amounts of illicit drugs that eventually make their way onto the streets of Canada's cities and towns causing extensive harm to society.

The TNOC groups are also responsible for massive profits being moved from British Columbia to multiple countries around the world. These illicit profits are of great concern to the financial integrity of money service businesses, banks, casinos and other businesses involved in the finance sector in Canada as they are being used to legitimize and move cash to TNOC groups abroad.

i While TOC is a popular abbreviation in a large majority of the literature pertaining to Transnational Organized Crime, within the RCMP "TOC" is a generally accepted abbreviation for Traditional Organized Crime, referring to specific Italian Organized Crime groups. Therefore, TNOC will be used to abbreviate Transnational Organized Crime.

ii Organized crime in the Americas: A call to action, Robert F. Noriega, July 2015

iii Strategy to Combat Transnational Organized Crime, Addressing Converging Threats to National Security, The White House, 2011

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- iv A Line in The Sand: Countering Crime, Violence and Terror at the Southwest Border, A Majority Report by the US House Committee On Homeland Security Subcommittee On Oversight, Investigations, And Management Representative Michael T. Mccaul, Chairman, November 2012
 - v Written Statement of Lieutenant General Kenneth Tovo, US Army, Military Deputy Commander, Before 114th Congress Committee on Homeland Security and Governmental Affairs, March 25, 2015
 - vi United States of America v. Ayman JOUMAA Case 1:11-cr-00560 (Eastern District of Virginia)
 - vii Procuraduría General de la República, File Yume 90-48
 - viii US Dept of State, Bureau for International Narcotics and Law Enforcement Affairs, International Narcotics Control Strategy Report: Volume I Drug and Chemical Control, March 2015
 - ix <http://www.theguardian.com/us-news/2015/jan/26/twins-revealed-secrets-alleged-drug-cartel-kingpin-face-sentencing>, <http://www.chicagotribune.com/news/local/breaking/ct-flores-brothers-cartel-sentencing-met-0128-20150127-story.html>
 - x **V3-Ongoing** [REDACTED]
 - xi https://www.washingtonpost.com/world/the_americas/losing-marijuana-business-mexican-cartels-push-heroin-and-meth/2015/01/11/91fe44ce-8532-11e4-abc5-5a3d7b3b20b8_story.html
 - xii **V3-Ongoing Investigation** [REDACTED]
 - xiii <http://www.interpol.int/Crime-areas/Organized-crime/Asian-Organized-Crime>
 - xiv Routledge Handbook of Transnational Organized Crime, TOC in the Indo-Asia Pacific, Roreric Broadhurst, Sandy Gordon and John McFarlane, 2012
 - xv US Dept of State, Bureau for International Narcotics and Law Enforcement Affairs, International Narcotics Control Strategy Report: Volume II Money Laundering and Financial Crimes March 2015
 - xvi Canadian International Council, Global Transnational Crime: Canada and China, July 2010; <http://www.interpol.int/Crime-areas/Organized-crime/Asian-Organized-Crime>
 - xvii <http://www.businessinsider.com/mexican-drug-cartels-expand-into-hong-kong-to-laundry-money-2015-4>
 - xviii While these are the major groups identified, other individuals or groups may have contacts within, and be organizing importations with, Mexican TNOC.
 - xix **Brd Party** [REDACTED]
 - xx **V3-Ongoing** [REDACTED]
 - xxi **V2** [REDACTED]
 - xxii **V2** [REDACTED]
 - xxiii **V2** [REDACTED]
 - xxiv **V3-Ongoing** [REDACTED]
 - xxv **V3-Ongoing** [REDACTED]
 - xxvi **V3-Ongoing** [REDACTED]
 - xxvii **V2** [REDACTED]
 - xxviii **V3-Ongoing** [REDACTED]
 - xxix **V2, V3-Ongoing Investigation** [REDACTED]
 - xxx **V3-Ongoing** [REDACTED]
 - xxxi **V3-Ongoing** [REDACTED]
 - xxxii **V2, V3-Ongoing Investigation** [REDACTED]
 - xxxiii **V2** [REDACTED]
 - xxxiv **V2** [REDACTED]
 - xxxv **V2** [REDACTED]
 - xxxvi **V2** [REDACTED]
 - xxxvii **V2** [REDACTED]
 - xxxviii **V2** [REDACTED]
 - xxxix **V3-Ongoing** [REDACTED]
 - xl **V2** [REDACTED]
 - xli **V2** [REDACTED]
 - xlii Information regarding National Security and TNOC links was gleaned through research conducted for this report. Research was not conducted specifically to assess TNOC and National Security links.
 - xliii A Line in The Sand: Countering Crime, Violence and Terror at the Southwest Border, A Majority Report by the US House Committee On Homeland Security Subcommittee On Oversight, Investigations, And Management Representative Michael T. Mccaul, Chairman, November 2012
 - xliv http://www.nytimes.com/2011/10/12/us/us-accuses-iranians-of-plotting-to-kill-saudi-envoy.html?_r=0
 - xlv Written Statement of Lieutenant General Kenneth Tovo, US Army, Military Deputy Commander, Before 114th Congress Committee on Homeland Security and Governmental Affairs, March 25, 2015
 - xlv **V3-Ongoing Investigation** [REDACTED]
 - xlvi **V3-Ongoing Investigation** [REDACTED]
 - xlvii **V3-Ongoing Investigation** [REDACTED]
 - xlviii **V3-Ongoing Investigation** [REDACTED]
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APPENDIX A

Definition

For the purposes of this brief, the definition provided by the Whitehouse Strategy to Combat Transnational Organized Crime was used to define TNOG:

“Transnational organized crime refers to those self-perpetuating associations of individuals who operate transnationally 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, or while protecting their illegal activities through a transnational organizational structure and the exploitation of transnational commerce or communication mechanisms. There is no single structure under which transnational organized criminals operate; they vary from hierarchies to clans, networks, and cells, and may evolve to other structures. The crimes they commit also vary. Transnational organized criminals act conspiratorially in their criminal activities in their criminal activities and possess certain characteristics which may include, but are not limited to:

- In at least part of their activities they commit violence or other acts which are likely to intimidate, or make actual or implicit threats to do so;
- They exploit differences between countries to further their objectives, enriching their organization, expanding its power, and/or avoiding detection/apprehension;
- They attempt to gain influence in government, politics, and commerce through corrupt as well as legitimate means;
- They have economic gain as their primary goal, not only from patently illegal activities but also from investment in legitimate businesses; and

They attempt to insulate both their leadership and membership from detection, sanction, and/or prosecution through their organizational structure.”