



**COMBINED FORCES  
SPECIAL  
ENFORCEMENT  
UNIT  
BRITISH COLUMBIA**

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## **CFSEU-BC Proceeds of Crime/Asset Forfeiture Team**

### **BACKGROUND**

In December 2018, a Proposal was submitted in relation to the formation of a Proceeds of Crime/Asset Forfeiture Team, (“Proceeds of Crime Team”), with a view to combatting organized crime groups in the business of making money derived from criminal activity. These criminals require working capital to run their enterprises, buy product and purchase assets thus generating profit and reaping the benefits.

The community impact of these crimes is growing and there is increasing demand from citizens, politicians and the media to find innovative and aggressive approaches to solving the problem. Criminals should be stripped of their assets and their enterprises shut down. Local police forces lack the resources and expertise to undertake these investigations. Having a Proceeds of Crime Team in place with an asset forfeiture component would provide investigators in CFSEU-BC with the knowledge and tools to not only investigate the predicate offence, but pursue the proceeds of crime with a focus on seizing and forfeiting the assets. This approach will hamper their ability to obtain illegal products (ie: firearms, drugs and explosives) and disrupt the advancement of their organization’s influence.

Recently, proceeds of crime and money laundering have been in the forefront particularly in the revealing of the German Report, money laundering in the casinos and through the purchasing of real estate and high end luxury vehicles in LMD. As a result of a number of complex money laundering investigations, evidence has led to the identification of sophisticated underground banking systems in place to facilitate the movement of money with tentacles reaching as far as Asia and South America. In the current climate, money laundering and proceeds of crime are not investigated to the fullest extent often due to lack of expertise, resources and education. The *Criminal Code* provides an extensive tool box available to investigators to pursue seizure and restraint of assets. In addition to the legislation under Part XII of the *Criminal Code*, in 2003, the *Criminal Code* broadened the definition of Offence Related Property which now enables investigators to broaden the scope of their investigations by seizing assets and cash as Offence Related Property as these assets are often used to facilitate the commission of the predicate offence.

Amendments to the Civil Forfeiture Act have now included legislation addressing proceeds of unlawful activity related to property and companies under the control of criminal organizations. The onus is now on the criminal organization to prove legitimacy. These amendments also

include cash found in close proximity to drugs or packaged in a manner that is not consistent with standard banking practices and as such is deemed to be proceeds of crime.

In the event that assets are not pursued through the criminal courts, the Civil Forfeiture Act enables investigators to seize and forfeit criminal assets at a lower threshold.

A proactive approach in focusing on an Organized Crime Group's assets from the onset of the investigation will result in the disruption and dismantling of these groups.

## **MAIN OBJECTIVE**

The proposed Proceeds of Crime Team will meet the following objectives:

- Provide assistance to CFSEU investigations through consultation, assessment and identification of assets derived from criminal activity from the onset.
- Assess and provide options and avenues of investigation to pursue assets.
- Provide education by training and mentoring CFSEU investigators in the application of proceeds of crime legislation pursuant to the *Criminal Code* and *CDSA*.
- Provide guidance in the preparation of judicial authorizations relating to the gathering of evidence relating to proceeds of crime and money laundering.
- Share precedents and assist in the building of judicial authorizations (ex: Production Orders, Tax Affidavits, Sec. 490 CC extensions)
- Assist in the seizure and forfeiture of the assets derived from criminal activity and provide guidance in the tracing of assets with a view to criminal prosecution.
- Provide assistance in preparing referrals to the Civil Forfeiture Office or Canada Revenue Agency as an alternative disruption tool.
- Provide advice on the use of effective police techniques that strengthen the evidence as well as assist in the gathering of documentary evidence to support the charge.

## **ROLES AND FUNCTIONS**

The role of the Proceeds of Crime Team will be to provide support to investigative teams within CFSEU. The focus will be on educating investigators to pursue assets for restraint, seizure and forfeiture once the asset has been proven to be offence related property or proceeds of crime. There will be a focus on that criminal activity surrounding an Organized Crime Groups' activities that result in a profit. The role of the Proceeds of Crime Team will be to provide members with a broader knowledge base while applying the legislation. The investigative team will work hand in hand with Proceeds of Crime Team from inception to completion of the case while using the following process:

- Once an investigation identifies the potential for a proceeds of crime component, a Proceeds of Crime Team member will attend briefings, review the evidence gathered to date and provide an assessment that would assist in pursuing the assets while paralleling the investigation of the predicate offence. Involvement of the Proceeds of Crime Team at the early stages of the investigation will enhance evidence gathering related to assets.
- Will prepare or assist the teams in obtaining pertinent judicial authorizations for restraint or forfeiture through the criminal courts.
- Will provide training to the investigative teams on Proceeds of Crime and Asset Forfeiture processes
- Once the evidence is gathered, the team will assist in analyzing the evidence and will provide insight into asset tracing and/or a recommendation to engage the Forensic Accounting Management Group (FAMG) based on the number of assets and/or the complexity of the investigation.
- Will provide ongoing advice, outside agency contacts and Crown liaison on the proceeds aspect
- Will provide guidance on the Civil Forfeiture or Canada Revenue Agency Referral process.
- Will track forfeitures
- Provide “Expert Evidence” when needed, in relation to proceeds of crime charges laid.

## **IMPLEMENTATION**

### Phase 1

The implementation of the Proceeds of Crime Team will be in two phases. The first phase will encompass the initial establishment and training of personnel to provide immediate results from existing resources.

#### Proceeds of Crime Investigations:

- Engage in assessment of existing best practices, team structure and the operational approach to be taken by the team as they integrate into investigations taking the mentoring role.
- Provide training in Proceeds of Crime Legislation as well as Civil Forfeiture Legislation to CFSEU Units across the province
- Assess ongoing files for opportunities to advance proceeds of crime components.
- Will prepare or assist the teams in preparation of pertinent judicial authorizations.
- Build on relationships with partner agencies that will be engaged in the investigative process whether asset forfeiture, civil tax assessment and asset management.

### Phase 2

The second phase anticipates further resourcing and, based on the demand, will take into consideration the complexity of investigations, workload and resources needed to provide ongoing service to the LMD CFSEU Team as well as teams in Victoria, Kelowna and Prince George. Growth will ensure a consistent and robust focus on proceeds of crime and asset forfeiture throughout the province.

## ORGANIZATIONAL STRUCTURE AND FUNDING

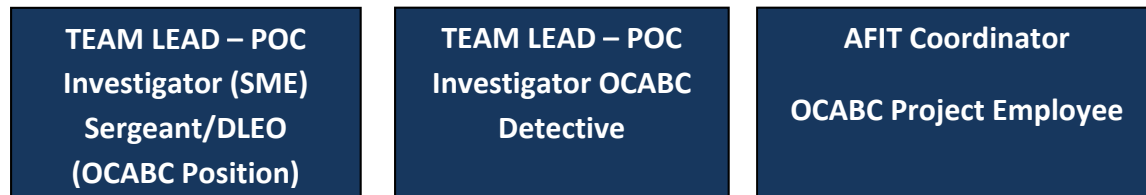
### Phase 1 - Fiscal Year 2019-2020

During the start-up of the Proceeds of Crime Team, it is anticipated the Team will consist of three investigators, all of whom have an extensive proceeds of crime / asset forfeiture background and years of experience in policing.

Two investigators will work with both the investigative teams and the Asset Forfeiture investigator to ensure the investigative team’s objectives are met and there is a smooth transition between asset seizures and forfeitures.

It is proposed that due to their extensive knowledge and experience with proceeds of crime investigations that Melanie PADDON and [REDACTED] assist in managing these duties until the Proceeds of Crime Team can be staffed.

### PROCEEDS OF CRIME TEAM – PHASE 1



### Funding/Rate of Pay per position – Contract

		2019-2020	2019-2020
Rank	Index (%)	Hourly (\$)	Yearly (\$)
Sergeant/DLEO/OCABC	12	V4	
OCABC Detective	12		
OCABC AFIT Coordinator	12		

V4

V4 [Redacted]  
 [Redacted]  
 [Redacted]

Phase 2 –Fiscal Year 2020 – onwards

In the second year of the creation of the Proceeds of Crime Team it is anticipated the Team will expand based on demand, ongoing investigations, further education and an uptake in referrals. The team would consist of a Team Lead (Sergeant/DLEO/OCABC), an OCABC Detective, the AFIT Coordinator and two RCMP secondments to the team.

The secondment positions would be on a one year rotational basis providing the members with ongoing training, broadening of knowledge and independence in assessing investigations and guiding others. This opportunity would provide development to members benefiting CFSEU-BC across the province. In the event that resources are not available through secondment, contract positions have been factored into Option 2.

In Phase 2, consideration should be given in consultation with the Province to seek funding based on the recovery of a percentage of the assets forfeited. This will offset some of the operating costs, further described in subheading “CFO Referral Metrics”.

**Option 1**

			2020-2021
Rank	Index (%)	Hourly (\$)	Yearly (\$) + 12%
Sergeant/DLEO/OCABC	120	V4 [Redacted]	[Redacted]
OCABC Detective	120	[Redacted]	[Redacted]
OCABC AFIT Coordinator+		[Redacted]	[Redacted]
RCMP Cst. (secondment)		[Redacted]	[Redacted]
RCMP Cpl. (secondment)		[Redacted]	[Redacted]

In Option 1, calculations based on the above are as follows:

Sergeant/DLEO/OCABC V4 [Redacted] + OCABC Detective V4 [Redacted] + 2 RCMP Cst. (V4 [Redacted] + O&M) + OCABC AFIT Coordinator V4 [Redacted]

- Should a second OCABC AFIT position be considered, salary **will be paid by the B.C. Civil Forfeiture Office**

**Option 2**

Sergeant X 2			2019-2020	2020-2021
Rank	Index (%)		Hourly (\$)	Yearly (\$) + 12%
Sergeant/DLEO/OCABC	120		V4 [Redacted]	[Redacted]

OCABC Detective	120	V4
OCABC AFIT Coordinator		
OCABC Contract X 2		

\*OCABC Contract – Project Employee V4

**+Should a second OCABC AFIT position be considered, salary will be paid by the B.C. Civil Forfeiture Office**

In Option 2, calculations based on the above are as follows:

- Sergeant/DLEO/OCABC V4 + OCABC Detective V4 + 2 Contract employees V4 OCABC AFIT Coordinator V4

### PROCEEDS OF CRIME TEAM – PHASE 2



Information has been gathered and analyzed from CFSEU and the Civil Forfeiture Office in order to determine the number of referrals made, the dollar value before forfeiture and the total value after forfeiture for the years 2015-2019. They are as follows:

#### 2015

The RCMP Asset Forfeiture Unit received and reviewed 565 RCMP cases for this year. Of those, 30 cases came from EDIV CFSEU. The total cash referrals for these 30 cases was \$298,256.35. A total of 5 vehicles were referred along with one piece of real estate from CFSEU. The total value of CFO of all forfeitures was \$725,370.11.

#### 2016

The RCMP Asset Forfeiture Unit received and reviewed 686 RCMP cases for this year. Of those, 15 cases came from EDIV CFSEU. The total cash values for these 15 cases was \$46,884.11. A total of 7 vehicles were referred from CFSEU. The drop this year is likely equated to the realignment of CFSEU priorities. The total value of all forfeitures was \$66,846.59.

#### 2017

The RCMP Asset Forfeiture Unit received and reviewed 751 RCMP cases for this year. Of those, 33 cases came from CFSEU (1 from Pr. Rupert and 1 from Vancouver Island). The total cash referrals for these 33 cases was \$640,052. A total of 3 vehicles, 3 real estate properties, gaming equipment and jewellery were also referred. The total value of all forfeitures was \$232,009.42.

### 2018

The RCMP Asset Forfeiture Unit received and referred 862 RCMP cases for this year. Of those, 65 cases came from CFSEU (4 from NSE). The total cash referral for these 65 cases was \$510,928.65. A total of 8 vehicles and 2 real estate properties were also referred. The total value of all forfeitures (including administrative forfeitures) was \$376,384.65.

### 2019

The Asset Forfeiture Unit has so far received and referred 201 RCMP cases to date. Of those 22 cases have come from CFSEU (1 from Vancouver Island). The total cash referral for these 22 cases is \$84,975. A total of 2 vehicles, electronics and jewelry have also been referred.

Accordingly, for the requested period, the CFSEU has been responsible for referring \$1,581,096.11 (cash) not including other hard assets vs. \$28,559,429 total RCMP cash referrals for the same time period (not including other hard assets). CFSEU represents slightly less than 3% of the value of total RCMP referrals to CFO.

Based on this information, speculatively, CFO estimates an increase of referrals from the RCMP Asset Forfeiture Unit to rise due to the current environment and is estimated to be 10-15% per year. Due to an ongoing bottleneck of referrals submitted to the Asset Forfeiture Unit, on average there may be up to 600 files in the queue that require file updates on the administrative proxy. This would include file processing, status updating, gathering information from the submitting investigator, completing a referral letter and documenting the outcome of the referral etc. Due to the volume of incoming files, some of these tasks are delayed or left unattended in order to address priorities.

Currently there is one full time CFO employee working with the RCMP Asset Forfeiture Unit. The employee is responsible for the intake of all referrals province wide, including CFSEU. The employee has part time assistance to address the backlog however the positions are often filled with members returning to work after an illness. Due to ongoing absenteeism the assistance is not consistent. CFSEU had one part time employee reviewing referrals prior to submission to Civil Forfeiture Office employee for final review and referral. That employee is no longer with CFSEU.

In the event that a large project file's assets are referred, the CFO employee is tasked with focussing on the referral and the regular workload is disrupted. The average referral takes up to 4 hours to review and process. In the case of Project EPIRATE, 120 hours were expended on asset referrals in preparation for Civil Court, thus affecting incoming referrals significantly. In

cases such as this, there is no one available to address the backlog. Furthermore, it is anticipated that the current employee is approaching retirement which would cause further disruption of the process.

### **ANTICIPATED OUTCOMES AND MEASURES**

This initiative enables CFSEU-BC to support the Division Performance Plan by providing enhanced public safety by combatting Organized Crime Groups using their profits to further their criminal enterprises, live a lavish lifestyle and accumulate wealth.

Taking a proactive approach while working collaboratively with investigative teams and partner agencies will enhance community safety and disrupt organized crime groups, their enterprises and profit. A more focused and informed approach to investigations will ensure that opportunities to disrupt these groups are not missed.

The engagement of CFO will examine assets that are not forfeited through criminal courts but are viable for seizure civilly. Referrals to Canada Revenue Agency will enable individuals to be pursued such as the Civil Assessment process related to offences under the Income Tax Act.

### **OVERSIGHT AND GOVERNANCE**

The Proceeds of Crime Team will report directly to the Specialty Support NCO under Operations Support. Proceeds of Crime Team members involved in specific investigations will follow MCM principles and work with the Command Triangle while updating management on overall process and progress made.

### **CONCLUSION**

Should the Proceeds of Crime Team be implemented, all CFSEU investigative teams across the province will benefit by having the opportunity to work with experienced members who have the knowledge of current legislation related to the seizure, restraint and forfeiture of assets. The Proceeds of Crime Team, in an assistance role will ensure assets are managed from initial seizure to forfeiture. Alternative disruption tools will be considered through referrals to partner agencies. Pursuant to the Civil Forfeiture Act, forfeited funds are often shared back to the province in the form of grants to support further education/equipment to enable the police to combat crime. Measures will be taken to maximize resources in an effort to identify proceeds of crime and money laundering activity and disrupt organized crime through the removal of assets.



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Submitted by Melanie Paddon  
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Recommended by: [REDACTED]

Specialty Support NCO

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Approved by [REDACTED]

CFSEU-BC Deputy Operations Support Officer