



Protected 'A'

Integrated Market Enforcement Team IMET



2018 Performance Improvement Action Plan



Royal Canadian Gendarmerie
Mounted Police royale du Canada

This document is the property of the Royal Canadian Mounted Police (RCMP). It is loaned specifically to your department/agency in confidence and for internal use only, and it is not to be reclassified, copied, reproduced, used or further disseminated, in whole or in part, without the consent of the RCMP.

2018/07/31

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Contents

Preface	5
RCMP IMET Performance Improvement Action Plan Working Group.....	5
1.1. Project Implementation Team – Resource requirements	6
IMET Mandate.....	7
Issues Related to the Current IMET Model	7
2017 Federal Priorities	8
12-Point Action Plan to Improving IMET Operational Effectiveness	9
Working Group Recommendations	9
Summary of Milestones – Relative to the Project Planning and Implementation Phase	10
2. Program Organization and Framework.....	11
2.1. IMET Program Mandate.....	11
2.1.1. 2018 IMET Mandate Directive	11
2.2. IMET Program Affordability	12
2.2.1. IMET Program Funding	12
2.2.2. RCMP IMET Program Funding Allocation.....	13
2.3. Market Enforcement Service Delivery Model.....	14
2.3.1. Strategic Oversight Components	14
IMET Executive Council	14
IMET Executive Council Working Group	15
2.3.2. IMET Governance Components	16
2.3.3. Operational Components.....	18
Outreach	18
Intake	19
National IMET Market Surveillance Operations	19
Market Surveillance Data Analysis.....	21
Market Surveillance Case assessment (Proofing, de-confliction, scoping).....	21
2.4. Program Performance Management	22
3. Human Resources	23

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

3.1.	IMET Qualifications Requirements	24
3.1.1.	National Headquarters IMET positions.....	24
	IMET National Executive Director	24
	IMET National Director of Operations	25
	National Market Surveillance and Case Assessment Manager.....	25
	National Program Director.....	26
	National Program Coordinators	26
3.1.2.	Divisional IMET Positions	26
	Regional Director of Market Enforcement.....	26
	Manager of Investigations	27
	Administrative Manager	27
	Market Investigators – Team Leader	28
	Market Investigators.....	28
	Market Enforcement Analysts	29
	Forensic Accountants.....	30
	Legal Advisors/ Prosecutors.....	30
3.2.	IMET Team Composition.....	31
	IMET HR Matrix Framework.....	33
3.3.	Attraction and Retention of Investigators	34
	Expertise National Call-out for desired skills sets	34
	FPCO- FC Professional Membership Fees Reimbursement Approval Initiative.....	35
	Financial Crime Special Advisors	35
3.4.	IMET Expertise Learning and Development Framework	35
4.	Operational Effectiveness	37
4.1.	Lean and Focused Investigations	37
	IMET Priority Rating of Operational Files (PROOF)	38
	IMET Ops Plans (Form 2350) and Investigation Reports (Form C-237)	38
	Federal Policing Tiering Process.....	39
	Preparation of Post-mortems	39

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Matters outside the IMET mandate.....	39
Strategies to reduce IMET operational disruptions	40
4.1. IMET Partnerships.....	40
4.2. Sense of Urgency of IMET Investigations.....	41
Conclusion:.....	42
Annex “A” – Project Management Plan	43
Annex “B” – Le Pan Report Summary of Findings, Recommendations and Responses	49
Annex “C” – The 2010 IMET Program Evaluation by Public Safety	54
Annex “D” – 2013 Expert Panel Report Summary of Findings, Recommendations and Responses	57
Annex “E” – Priority Rating of Operational Files (PROOF) tool.....	65

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Preface

The Integrated Market Enforcement Team Program (IMET or the Program) is a horizontal initiative of the Government of Canada which involves participation from five federal departments: RCMP, Finance Canada, Public Safety, Justice Canada and Public Prosecution Service of Canada (PPSC). The Deputy Commissioner of Federal Policing (DCFP) is a Co-chair on the IMET Executive Council (EC), along with the Assistant Deputy Minister (ADM) from Finance Canada. The IMET EC provides strategic oversight to the Program. IMET was created in 2003 to target serious capital markets criminal offences on Canada's listed exchanges which negatively impact Canada's economic integrity. The Program receives a total of \$40 million in funding, with \$30.9 million allocated to the RCMP per annum.

The Program has been the subject of several evaluations aiming at identifying avenues to improve operational effectiveness, namely: The 2007 Le Pan Report, the 2009 TBS Evaluation, and, most recently, the 2013 Expert Panel report. The majority of the recommendations in these reports did not materialize in a robust manner.

An effective IMET Program is of significant importance to the Canadian economy and, as the partner with the most resources devoted to IMET operations, the RCMP has the greatest control over the Program's results. There is a strong body of evidence demonstrating that the IMET Program is incompatible with the RCMP Federal Policing (FP) model that followed the 2012 Federal Policing Re-Engineering. Specifically, the concept of a generalist approach to IMET in relation to management, governance, review, coordination, investigation, human resources, intelligence, and training has hindered the Program's development and placed serious question marks on the prospect of success in the future.

Few, if any, programs within the RCMP have faced the level of scrutiny IMET has endured in the form of poor media coverage and uncomplimentary reviews. These critiques have negatively affected the confidence of Canadian and international investors and harmed the reputation of the RCMP. The results of IMET and the repeated calls for improvement by experts, the media and the horizontal initiative partners demonstrate that transformation is necessary.

RCMP IMET Performance Improvement Action Plan Working Group

In February of 2018, the Officer in Charge of Federal Policing Criminal Operations - Financial Crime (FPCO – FC), with the support of the Director General FPCO – FC, assembled an IMET Performance Improvement Working Group comprised of financial crime subject matter experts (SMEs), including RCMP regular members and civilians. The Working Group was selected based on their significant expertise in financial crime specific investigations, intelligence, prosecutions, and strategic policy, in addition to their university educations in the areas of business, law, finance, economics, accounting, and program design. The goal of the Working Group was two-fold: (1) To conduct a comprehensive review of the various program evaluations and consult with key stakeholders to identify areas for improvement in core program elements; and (2) To develop an evidence-based IMET Performance Improvement Action Plan for the RCMP Senior Management's consideration, which, if implemented, would create the

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

template for a robust IMET model that would be efficient, dependable and produce results. In April 2018, the Working Group consulted with the RCMP officers in charge (OICs) of IMETs and RCMP Financial Crime Assistant Criminal Operations (CrOps) Officers from Quebec, Ontario, Alberta, British Columbia and National Headquarters, and there was a general consensus amongst this group that in order to achieve the desired IMET Program outcomes, the RCMP needed to make changes in areas consistent with this proposed action plan.

The members of the Working Group are as follows:

- Insp. **Personal Information** (OIC FPCO-FC – Former Manager of Toronto IMET JSIU)
- S/Sgt. **Personal Information** (A/ OIC FPCO-FC – Former Montreal IMET Senior Investigator)
- Sgt. **Personal Information** (FPCO-FC – IMET Program Coordinator – Former IMET Reviewer)
- **Personal Information** (IMET Special Advisor – Former OSC Director of Enforcement)
- Sgt. **Personal Information** (FPCO-FC – Former IMET Program Coordinator)
- **Personal Information** (FPCO-FC Manager of FC Analytical Team – Former IMET Analyst)
- **Personal Information** (FPCO-FC – Former member of IMET Branch)
- **Personal Information** (FPCO-FC - Former member of IMET Analyst)
- Sgt. **Personal Information** (FPCO-FC–Chartered Accountant and AML/POC Subject Matter Expert)
- **Personal Information** (Strategic Policy – Financial Crime)
- **Personal Information** (Director Federal Policing Human Resource Management)

1.1. Project Implementation Team – Resource requirements

It is recommended that during the implementation phase, the following full-time resources be dedicated to the Project:

- One (1) IMET Team Leader – FC SME
- One (1) IMET Project Manager – FC SME
- One (1) IMET Operations - FC SME
- One (1) IMET Analyst – FC SME
- One (1) IMET HR Specialist
- One (1) IMET Communications Specialist

Where noted above, the implementation team members should be Financial Crime (IMET) Subject Matter Experts. To ensure consistency and a commitment to building the Program, these team members would ideally continue on as leaders within the IMET Program after the completion of the implementation. (Note: An estimate of 6 resources are based on initiating the implementation phase of the action plan with a 6-12 month completion date. The resource level is scalable based on expectation / direction).

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

IMET Mandate

The closure of the former RCMP Commercial Crime Sections and a general lack of expertise and knowledge of how to detect and conduct serious capital market criminal cases has caused a mandate-creeping situation in relation to the work being carried out by IMET. Specifically, IMET has not been taking on the types of serious capital market investigations which fall within its mandate.

The IMET Program is officially mandated to investigate serious Criminal Code capital markets' fraud offences that are of regional or national significance and that threaten investor confidence or economic stability in Canada. Since Federal Policing Re-Engineering, there have been few cases investigated that fit the IMET mandate. Instead, IMET teams have been investigating criminal activity pertaining to unregistered investment vehicles or small cap stocks trading on US OTCBB, instead of registered Canadian investment vehicles. Registered Canadian investment vehicles undergo significant regulation and have reporting requirements designed to create transparency and protect investors. Investors, both international and domestic, expect that they can rely on the information circulated by regulated and registered investment vehicles to make investment decisions. IMET is currently ineffective at detecting, deterring and disrupting misconduct related to Canadian registered investment vehicles and as a result they have very few cases that are mandate compliant.

Within the scope of this Action Plan, the Working Group will be conducting a critical review of the existing IMET Mandate with the aim to provide clear direction to frontline IMET Operations.

Issues Related to the Current IMET Model

RCMP Federal Policing Re-Engineering plans did not consider the needs of IMET or the recommendations of the independent reviews. As a result, it took little time for IMET operations to deteriorate in Montreal and Toronto, while they were replaced by Federal Serious and Organized Crime (FSOC) teams in Calgary and Vancouver, and closed in Ottawa National Head Quarters (NHQ).

In 2014, IMET recommenced in Toronto as the "Toronto Model" Pilot Project. The team was staffed and moved to downtown Toronto in the same building as the Ontario Securities Commission (OSC). The Toronto Model continued to operate within the principles of the Federal Re-Engineering.

Over three years later, the Working Group has concluded that the Toronto Model pilot did not realize anticipated results. It is recommended that this model not be adopted as the solution to IMET performance issues.

Current issues with the Toronto Model:

- Toronto IMET's inability to attract and retain the requisite level of investigator knowledge and expertise; and
- Lack of results commensurate with the level of funding being allocated.

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Current issues with the Program at large:

- An HR generalist approach to IMET staffing that failed to recognize the importance of attraction, development and retention of specialized knowledge and expertise for IMET investigators, analysts and managers;
- A reporting and review function, co-handled by Division CrOps and FPCO, that lacked the knowledge, expertise and governance to fulfill the challenge function and keep IMET investigations on mandate, focused, and producing timely results;
- Inadequately staffed IMET Program Coordination at NHQ which has been unable to meet the needs of IMET;
- A post Federal Re-Engineering prioritization and scoring system that was originally designed without consideration for the IMET mandate, and the manner in which securities offences need to be investigated. As a result, IMET investigations scored high for RCMP priority enforcement targets, even if they were off the original IMET mandate. Investigations also scored higher, if investigators used certain police techniques that may have been unnecessary to prove the securities offense. Investigations were not encouraged to be lean and focused on the evidence required to prove the offence;
- Dependence by IMET units to receive capital markets criminal investigations' referrals from the provincial regulators. Though a close working relationship with the provincial regulators is encouraged, the IMET Program needs to be self-sufficient enough to independently identify criminal capital markets' misconduct that genuinely poses a risk to the economic integrity of Canada's capital markets;
- IMET intelligence that lacks the proper tools, knowledge, and expertise to consistently detect on-mandate investigations and disruption opportunities for IMET teams;
- The IMET Program does not have a Market Surveillance Program and real-time monitoring in relation to investor blogs, irregular trading, insider trading, suspicious news releases and reporting by publicly-traded companies, and suspicious new prospectuses filed with the Commissions. This work is essential for IMET to protect the Canadian capital markets, detect on-mandate investigations and disruptions and to develop self-sufficiency.

2017 Federal Priorities

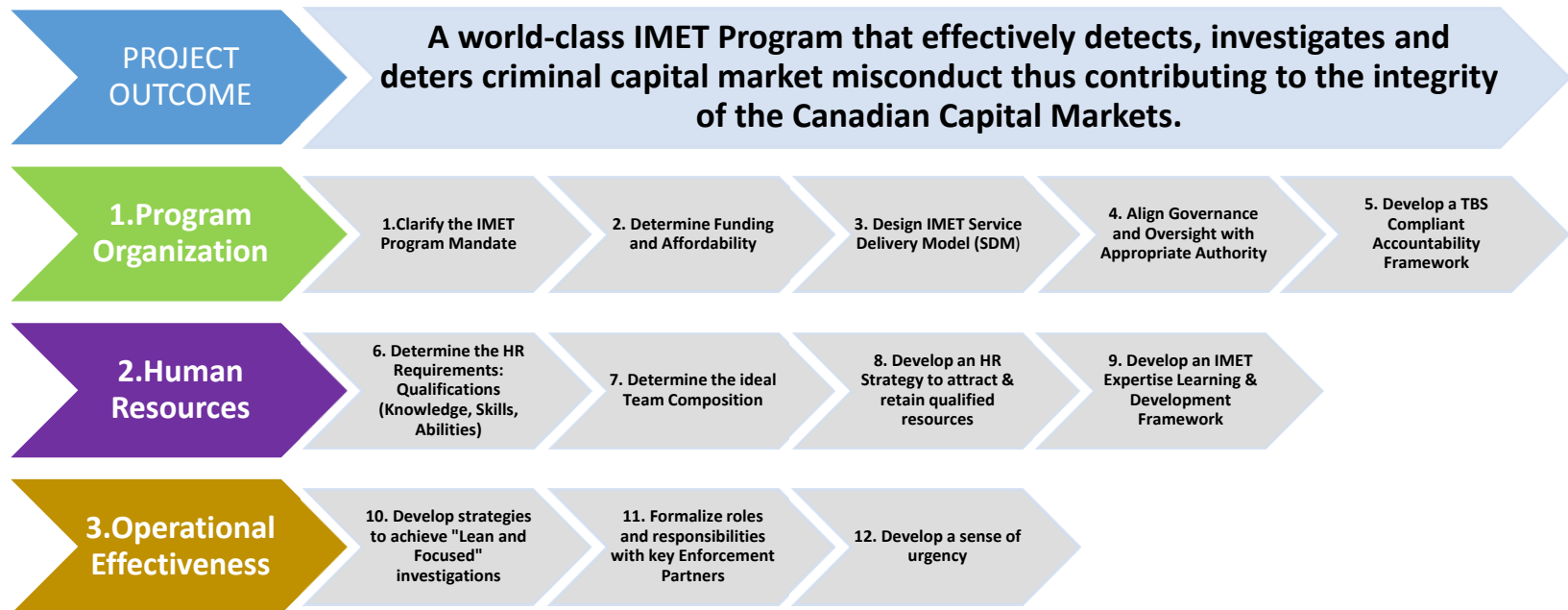
When IMET was made a Federal Policing Priority in the fall of 2017, it demonstrated the importance of the Program. Divisions have responded by attempting to rebuild their IMET Teams. However, OICs have been challenged to: develop on-mandate cases, staff positions with knowledgeable and skilled employees, provide IMET specific training, develop local intelligence programs, build and maintain relationships with key partners, and make decisions in relation to their portion of the IMET funding. FPCO FC has seen a significant increase in calls for program coordination, training, HR, best practices and solutions to issues. However, FPCO-FC lacks the resources and expertise to consistently provide the required level of support and service to rebuild the IMETs.

12-Point Action Plan to Improving IMET Operational Effectiveness

Working Group Recommendations

The Working Group has considered the recommendations made in past IMET Program evaluations, and note that most of these recommendations still have merit and do not exist in today's IMET Program. These reviews assumed that there was an IMET Program, with centralized leadership, financial stewardship and accountability, coordination, and HR policies that attempted to recruit and attract employees with the requisite knowledge, skills and abilities. Given that this has not been IMETs reality for over the past six years, the improvements now required are even more significant. The IMET Performance Improvement Action Plan, if implemented, will require a deviation from the current Federal Policing model.

Following a comprehensive review of the findings and recommendations made in previous Program evaluations, as well as consultations with IMET OICs and other SMEs, the Working Group has created a Twelve Point Action Plan to improve IMET:



2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Summary of Milestones – Relative to the Project Planning and Implementation Phase

Summary Milestone Schedule 2018		
Project Milestone	Phase	Target Date
<ul style="list-style-type: none"> • Final IMET Action Plan Approval by RCMP Senior Management 	Planning	2018-06-15
<ul style="list-style-type: none"> • IMET Action Plan to the IMET Executive Council for Approval 	Planning	2018-06-15
<ul style="list-style-type: none"> • IMET Executive Council Approval 	Planning	2018-07-15
<ul style="list-style-type: none"> • Detailed IMET HR Plan and Strategy prepared by Working Group 	Planning	2018-07-15
<ul style="list-style-type: none"> • Form/Acquire the Implementation team 	Implementation	2018-08-15
<ul style="list-style-type: none"> • Issue directive on IMET Mandate 	Implementation	2018-08-31
<ul style="list-style-type: none"> • Implement “Lean and Focused” strategies 	Implementation	2018-09-15
<ul style="list-style-type: none"> • Implement Performance Management Framework 	Implementation	2018-09-15
<ul style="list-style-type: none"> • External Stakeholder consultations 	Implementation	2018-09-15
<ul style="list-style-type: none"> • Develop Change Management Plan 	Implementation	2018-09-30
<ul style="list-style-type: none"> • Develop Performance Accountability Framework 	Implementation	2018-09-30
<ul style="list-style-type: none"> • Review and update IMET Program Policy 	Implementation	2018-11-30
<ul style="list-style-type: none"> • Formalize roles and responsibilities of regional, national and international IMET enforcement partners 	Implementation	2019-03-29
<ul style="list-style-type: none"> • Governance Structure 	Implementation	TBD
<ul style="list-style-type: none"> • IMET Service Delivery Model 	Implementation	TBD

2. Program Organization and Framework

The 2008 TBS IMET Submission outlines the IMET Program’s purpose, objective and mandate as follows:

Purpose: To deter the commission of capital markets fraud offences by increasing the risk that persons who commit these offences will be detected, charged and prosecuted.

Objective: To effectively enforce the law against serious criminal capital market fraud offences in Canada.

Mandate: To investigate serious Criminal Code capital markets fraud offences that are of regional or national significance and threaten investor confidence or economic stability in Canada. To this end, the RCMP further identified the following as part of the IMET mandate:

- To work to ensure that those who commit these offences are brought to justice in an effective and timely manner; and
- To collaborate with other law enforcement agencies and securities regulators to ensure that all complaints and inquiries received by IMETs pertaining to other market offences are addressed by the appropriate body.

2.1. IMET Program Mandate

Action Point # 1	Review and clearly define the IMET Mandate, Objectives and Outcome(s).
------------------	--

In an effort to provide a clear strategic and operational direction to RCMP IMET operations, members of the IMET Working Group have conducted consultations with key stakeholders including IMET OICs from Montreal, Toronto, Calgary and Vancouver as well as various NHQ IMET experts. The main recommendation is in relation to the IMET mandate centered on the importance of providing enforcement teams with a clear direction on the criteria for case selection and resourcing of IMET investigations. Furthermore, key participants expressed the importance of strong program governance and oversight to ensure adherence and compliance with the IMET mandate and stewardship of Program resources and funding.

2.1.1. 2018 IMET Mandate Directive

The following IMET mandate directive, aims at informing the decision-making process as it relates to the allocation of resources in the prevention, detection, assessment, and investigational activities by RCMP IMET personnel.

The IMET Mandate directive is:

To detect, deter and investigate serious Criminal Code capital market fraud affecting publicly – traded companies and other registered investment vehicles such as mutual funds, and capital market fraud committed by market professionals, such as lawyers, accountants, investment bankers, and registrants, which pose a genuine threat to investor confidence and economic stability in Canada, and to the integrity

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

of Canada's capital markets, having regard to such factors as market capitalization, impact on investors, and prevalence of the form of misconduct.

2.2. IMET Program Affordability

This section aims at determining the total funding received from TBS for the IMET Program Operations and Maintenance (O&M), and how this funding is allocated.

Action Point # 2	Determine (Confirm) the IMET Program funding and affordability.
-------------------------	--

2.2.1. IMET Program Funding

To ensure optimal performance of the IMET Program, increased accountability is needed for both human and fiscal resources. Under the RCMP's current Federal Policing Service Delivery Model, resources are continuously re-aligned to address other operational priorities. As a result, actual expenditures for IMET can be expected to fluctuate from year to year based on emerging and shifting operational priorities. The funding allocated to each division for IMET is unknown as it is included with the overall Federal Policing funding. Since specific IMET funding is not identified, it is very difficult to track or determine what portion of the allocations are from funds the RCMP receives for IMET, or how much of their spending is IMET related. Separating this funding from other Federal allocations and restricting its use solely to IMET Program salaries and activities will allow for more appropriate stewardship. A "Fenced Funding" model with increased central oversight of spending increases the chances for program success.

Since 2008/2009, in accordance with the Treasury Board Submission, the RCMP is provided with an annual budget allocation in the amount of \$30,968,817 for IMET. This amount is then reduced due to federal government reduction requirements as well as the internal realignment of funds to address priority programs. IMET is not excluded from these reduction requirements, either by the federal government, or internally by the RCMP. FP Financial Management advised the current calculations are based on the 2015-2016 RCMP Report on Plans & Priorities (RPP). The reduction for this Fiscal Year is \$5,058,560. There are also various deductions totalling \$6,852,470 which are listed in the table below. The net total budget allocation for IMET is \$19,057,787 for the 2018-2019 FY. The breakdown is \$15,445,236 for salary and \$3,612,551 for operating costs.

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

2.2.2. RCMP IMET Program Funding Allocation

IMET TBS	30,968,817
RPP Adjustments (2015-2016)	- 5,058,560
Employee Benefit Plan	- 3,030,726
Accommodations (Public Works/PWGSC)	- 455,700
Capital	- 399,000
Internal Services (Corporate Overhead)	- 2,967,044
2018-2019 IMET Budget Allocation	19,057,787
Salary	15,445,236
Operating Costs	3,612,551

Employee Benefit Plan: For planning purposes, approximately 20% (\$3,030,726) of IMET's salary allocation (\$15,445,236) are held by TB Secretariat and are used for employee benefits such as insurance benefits. RCMP does not receive these funds.

Accommodations: Public Works/PWGSC requirements at HQ

Capital: Remains the same amount year over year

IMET Horizontal Partner Funding:

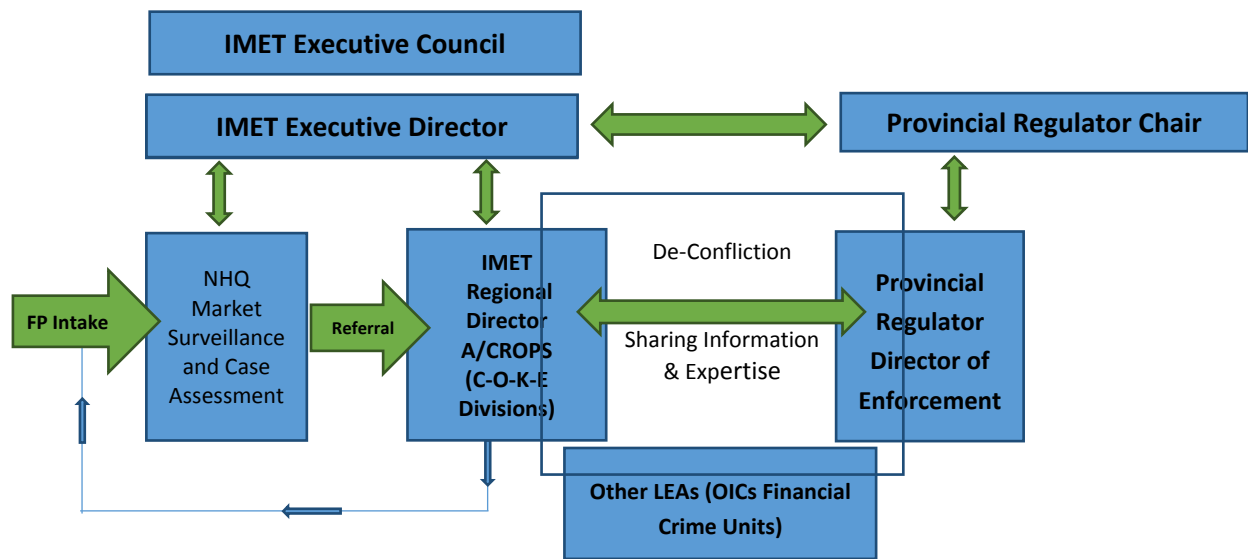
The main scope of the Working Group's recommendations relates to the RCMP, but the Working Group also noted that changes made in how all Horizontal Partners and other Federal Regime Partners, such as SPMD and FAMG use their resources. These partners should be encouraged to take on functions directly within the IMET Program, either at National Headquarters or at Regional IMET offices. Given the move toward civilianization, there would be roles for all partners in the new IMET structure.

Further, the Working Group recommends that PPSC, who received the second most amount of IMET funding, conduct its work as part of the IMET unit in a blended legal investigation advice and prosecution function. As the RCMP moves past the generalist approach in this complex area, it is important that PPSC follow suit to develop its own subject matter expertise and attempt to improve IMET's success rate with prosecutions. 'Cradle to grave' legal advice and prosecution has been sighted by other securities enforcement agencies and securities regulators as a key best practice to a successful model.

2.3. Market Enforcement Service Delivery Model.

Action Point # 3	3. Design IMET Service Delivery Model (SDM)
-------------------------	--

This section describes the core components of the Market Enforcement Model deemed essential to achieving the desired program results and outcomes. These components stem from the three Program responsibilities by the RCMP as described on the 2008 Treasury Board IMET Submission namely: (1) Program Management and Policy, (2) Prevention, and (3) Investigations. The following Market Enforcement Service Delivery Model is proposed.



IMET Service Delivery Model

2.3.1. Strategic Oversight Components

IMET Executive Council

The IMET Executive Council provides strategic oversight for the IMET Program and plays a collective role in horizontal program governance and leading policy development for the Program. The Executive Council is comprised of Assistant Deputy Ministers or equivalent from each of following departments and agencies that participate in the IMET Program:

1. Royal Canadian Mounted Police (Co-Chair)
2. Department of Finance Canada (Co-Chair)
3. Department of Public Safety Canada
4. Office of the Director of Public Prosecutions
5. Department of Justice Canada

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

For greater clarity, the role and responsibility of the Executive Council, including its strategic oversight function, do not extend to the day-to-day operational decisions of IMET partners.

Based on Terms of Reference, the IMET Executive Council:

1. Oversees the ongoing implementation of the Program and identifies policy and performance gaps; formulates recommendations and plans, or ensures that partners have plans and recommendations in place to address these gaps;
2. Review any changes in direction or implementation of the Program that will enhance or impact its effectiveness;
3. Promote coordination among IMET partners, identifies coordination issues and ensures such issues are resolved;
4. Engages with key stakeholders, including securities regulatory authorities, self-regulatory organizations, and other federal and provincial departments and agencies with a view to strengthening current relationships and identifying new opportunities to enhance collaboration;
5. Ensures the strategic orientation and performance of the Program to ensure it remains efficient and effective in the investigation of serious Criminal Code capital markets' offences;
6. Contributes to Program evaluation activities, approves the management response and develops actions to enhance program effectiveness and efficiency; and,
7. Directs the Working Group to establish an annual work plan that will address the Council's priorities and guide its activities and produce a reporting tool to support its program management function.

IMET Executive Council Working Group

The Working Group is co-chaired by the same departments and agencies as the IMET Executive Council. The co-chairs (RCMP and Finance Canada) provide leadership and coordination to ensure that the activities of the Working Group are consistent with its purpose.

The IMET Working Group:

1. Supports the Executive Council in fulfilling its mandate to ensure the contributions of the Program participants are coordinated and aligned with the strategic direction of the IMET Program;
2. Identifies policy issues relevant to the IMET Program and brings forward policy options for consideration by the IMET Executive Council;
3. Ensures action items assigned by the Executive Council are delivered upon within agreed timeframes;
4. Prepares a reporting tool prior to each Executive Council meeting to support policy development and performance measurement;
5. Obtains information and analyses data relevant to the IMET Program; and,
6. Contributes to Program evaluation activities to satisfy Treasury Board requirements.

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

2.3.2. IMET Governance Components

Action Point # 4	Align Governance and Oversight with the appropriate authority
-------------------------	--

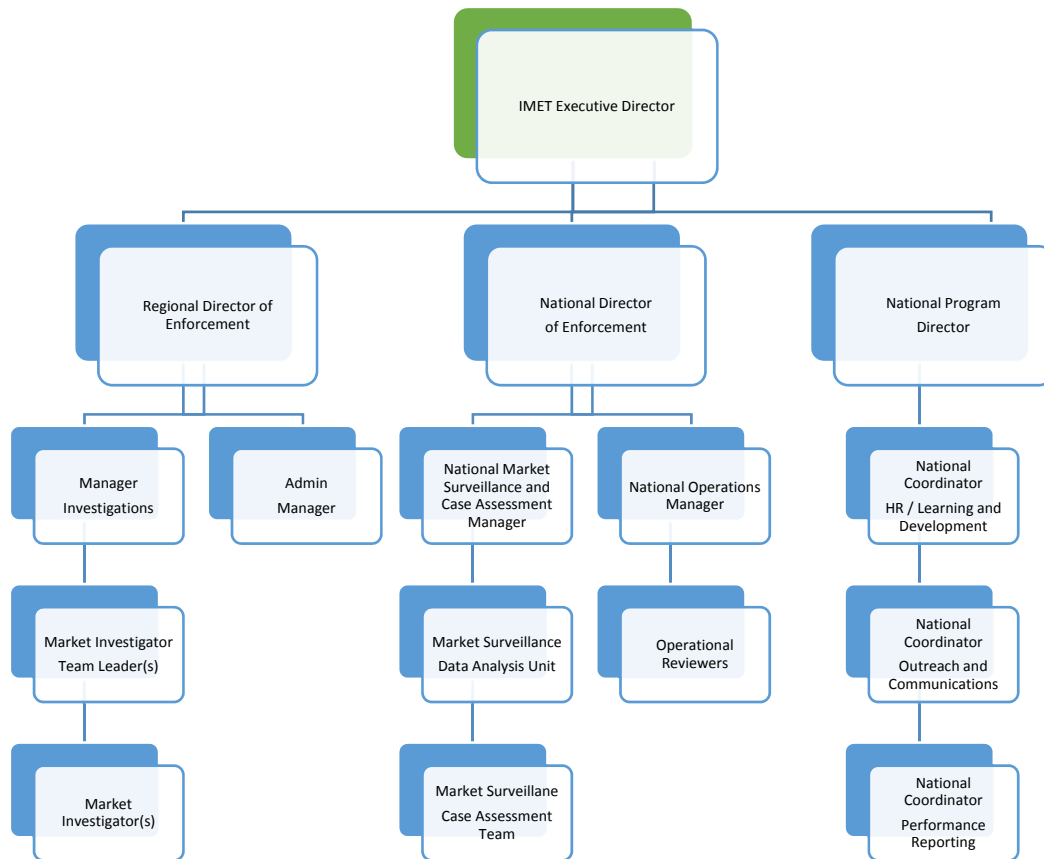
Prior IMET reviews are consistent with the Working Group’s findings that consider IMET a unique specialized program, which requires special consideration to effectively recruit and build the required knowledge and experience. A second consistent finding is the requirement for strong Headquarters’ leadership, governance, operational support, and expertise.

Similar to market industry regulators such as the provincial securities commissions and foreign securities enforcement agencies, IMET employees require a complement of employees at all levels that have a foundation of knowledge and understanding of Canadian capital markets. In addition, IMET employees at all levels require criminal financial investigation and/or financial analytical skills sets. Although IMET specific knowledge can be taught, if a robust IMET training program is established, the required level of investigational expertise will only come from extensive experience successfully completing financial investigations.

The new team composition, as described below in the HR Plan, does not call for costly IMET Special Advisors as has been the recent practice for the RCMP, because the plan being proposed is to hire individuals who possess Special Advisor calibre knowledge and skills sets and to normalize these individuals into full time IMET leadership positions. Legal professionals, who are knowledgeable in securities enforcement, would be encouraged to apply for senior IMET positions, but IMET should be seeking legal advice on operations from IMET prosecutors. The Working Group strongly encourages a plan for IMET Prosecutors to obtain industry-related education such as the Canadian Securities Course and to also develop a retention strategy to keep them within the IMET program. A “cradle to grave” prosecution strategy for IMET cases is also viewed as essential to IMET’s success.

The IMET HR plan recommends a deviation from the RCMP Regular Member (RM) rank structure in favour of more civilian friendly position titles, for both RMs and civilian employees. The structure also allows for IMET employees to compete for IMET Senior Management positions. It is anticipated that future IMET Senior Management, when appropriate, would be recruited from within the Program. IMET’s Senior Management must be able to communicate effectively and demonstrate securities knowledge and expertise which will build trust and confidence in IMET’s abilities. At the management level, the titles of Executive Director, Director and Manager are recommended to align with the industry and demonstrate appropriate levels of authority. For example, a Regional IMET Director (formerly known as an OIC) could then communicate with the Provinces’ Enforcement Directors as an equal. Similarly, IMET Managers could communicate with other Provincial Enforcement Managers, while the IMET Executive Director would be in a position to communicate with more senior members of the Provincial Securities Commissions. All IMET Senior Management should be able to provide an adequate level of governance and communicate as SMEs on IMET criminal investigations and other related matters, whether to RCMP senior management, the IMET Executive Council, or the media.

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN



IMET Governance Structure:

IMET Executive Director has the overall accountability for the IMET Program and is ultimately accountable for all aspects of the Program to the IMET Executive Council. The IMET Executive Director should be provided the authority to make decisions in the best interest of the Program.

IMET National Director of Enforcement is accountable for the timeliness and effectiveness of IMET operations. Provides Senior Management with timely and relevant situational awareness on relevant operational IMET matters.

IMET Regional Director of Enforcement (Assistant Divisional Criminal Operations Officer) would have a dual reporting line to the Divisional CrOps Officer and the IMET Executive Director, and is responsible for planning, directing and managing budget, human resources and operations. Managing risks and providing operational direction regarding investigations. The IMET Regional Director of Enforcement is ultimately accountable for IMET team’s performance and success.

IMET National Program Director is responsible for the coordination of the IMET Program performance enhancements, evaluation and reporting for the purpose of achieving IMET’s operational readiness and effectiveness; lead and coordinate the design and delivery of IMET specific training and development initiatives in collaboration with RCMP Federal Policing Training Services; implement initiatives and

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

strategies for the attraction and retention of human resources; and relationship building and communication with internal and external IMET stakeholders.

National Market Surveillance and Case Assessment Manager is responsible for directing market surveillance operations for the purpose of the timely detection of capital markets criminal misconduct, meeting the IMET mandate criteria and the timely assessment and scoping of IMET cases.

National Operations Manager is responsible for leading the review of IMET project investigations to ensure adherence to applicable policies and legislation; measuring progress of IMET investigations against approved operational plans; and providing Senior Management with timely and relevant situational awareness on significant operational cases.

2.3.3. Operational Components

Outreach

The IMET outreach strategy will be focused on capital markets fraud crime prevention and detection, education, and media and public relations when required.

IMET Outreach will participate in key events in the finance sector and in financial crime conferences or venues. Outreach would raise awareness of capital market offences and of the IMET Program and would also help with potential source recruitment, and in setting the stage for future intake of cases/tips/whistleblowers from the public and industry. When IMET media requests are received the Program will be ready and well prepared to respond in a professional manner.

Capital Market Fraud Crime Outreach:

Investment Conference Examples:

- Prospectors & Developers Association of Canada (PDAC) (Annual)
- The Investor Forum (Annual)
- Ria Conference
- Mining Investment North America
- ACAMS Annual AML & Financial Crime Conference
- Ontario Real Estate Conference
- ETFs Global Markets Roundtable

Marketing outreach to Business/Accounting/Finance/ Economics students:

- Present on related undergraduate and graduate courses: Business Schools of major Canadian Universities
- Participate at Canadian University Job Fairs

IMET outreach would also consist of developing partnerships with Provincial Securities Regulators, the Investment Industry Regulatory Organization of Canada (IIROC), the Canadian Securities Administrators (CSA), and any other relevant domestic and international market enforcement participants. To raise

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

awareness and build synergies related to the IMET Market Surveillance Unit, partnerships with these stakeholders will also need to be built and maintained. Regional outreach would be done in cooperation with the appropriate IMET Regional Director. The goal would be to create partnerships to improve information sharing, increase intake and output of referrals, and to develop and build a relationship of trust and mutual respect, to enhance Canada's enforcement and deterrence capabilities writ large.

In relation to IMET Media request and Public Relations activities, IMET Outreach capacity would strengthen the Program's ability to provide focussed and consistent messaging. IMET media lines and standard IMET presentations would consistently be updated in consultation with RCMP NHQ Media personnel and IMET Horizontal Partners.

Intake

The IMET Intake function is a centralized component of the IMET service delivery model by which complaints and referrals could be received from multiple sources, including the public, industry professionals (individuals and organizations) as well as domestic and international market enforcement partners. The IMET Intake function would not replace the intake channels already in operation within the RCMP or other enforcement partners. IMET intake refers to the first point of contact into the IMET Program, where a centralized hub of IMET experts (Market Surveillance and Case Assessment team members) with access to specialized tools and a national perspective can determine if the case meets the IMET mandate criteria. The case would either be worked on by IMET Case Assessment or Market Surveillance Teams or be referred to the appropriate enforcement agency or an IMET Regional Director for Division investigation. This model is consistent with Provincial Regulators who have the task of efficiently evaluating incoming information and making quick decisions and referrals to those best suited to respond.

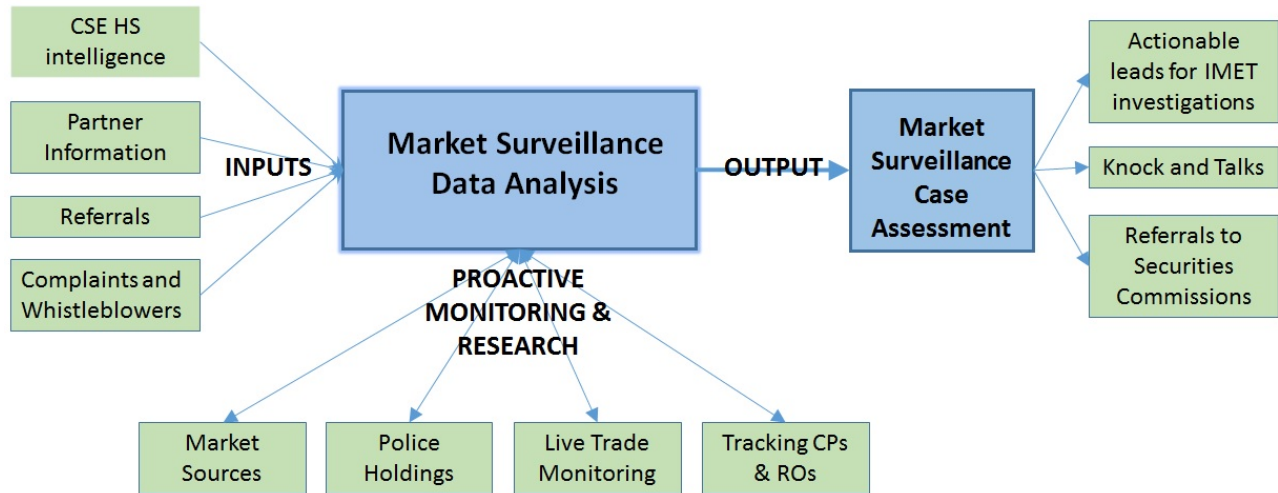
National IMET Market Surveillance Operations

Market Surveillance Operations is a new proposal for the IMET Program that will give IMET a national perspective and provide a significant value added to the entire Canadian Securities Enforcement Regime. The addition of Market Surveillance Operations to the IMET Program will mean that Regional IMETs will be provided with: *lean and focused* IMET investigations that are on-mandate and ready for investigating, and more disruption opportunities that will help protect investors by stopping securities frauds before they have a chance to harm victims.

Market Surveillance Operations will surpass the recommendations by both Le Pan in 2007, and the Expert Panel in 2013 which called for the creation of an IMET national intelligence database. Market Surveillance Operations will develop real-time actionable intelligence, start disruptions, and generate case referrals for IMET and other securities enforcement partners. It will function as the expertise center and data hub for all sources of suspicious market activity, with its two main units, the Market Surveillance Data Analysis Unit and the Market Surveillance Case Assessment Unit. Market Surveillance Operations will investigate referrals from market participants or the public, conduct real-time and validation analysis and proactively detect and investigate possible instances of market abuse.

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

IMET Market Surveillance Operations



Market Surveillance Operations would be tasked with real time monitoring of capital markets activities to detect cases that are on IMET’s mandate and other opportunities to disrupt fraudulent activities in progress. It would also make IMET more self-sufficient and less reliant on Provincial Regulators to supply IMET with investigations.

Local IMETs will continue to be encouraged to form partnerships with Provincial Regulators and form IMET Joint Securities Intelligence Teams (JSIUs). Understanding that this will not always be possible, Market Surveillance Operations will have its own expertise and capacity to drive disruptions and case generation across the country. Local IMETs will work closely with Market Surveillance Operations to identify sources, execute general search warrants and conduct “knock and talks”. A “knock and talk” is an overt visit to a publicly-traded company or market participant to confirm the accuracy of publicly released information. “Knock and talks” were historically a highly successful disruption and case generation strategy for IMET. This was a strategy that IMET taught to securities enforcement partners around the world. Over time IMET stopped using this strategy but with proper training and an increase in the level of IMET expertise and market knowledge, this strategy can once again produce results.

Goals of Market Surveillance Operations:

- Proactive National oversight and enforcement of Canada’s capital markets;
- Production of actionable on mandate referrals to IMET Teams;
- Prepare initial Judicial Authorizations to confirm criminal activity, and commence preparation of investigational planning and report (Form 2350) with clear path to success;

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

- Disruption Activities (Detect, Deter and Disrupt Fraudulent IPOs, Prospectuses, M&As);
- Referrals to Securities Commissions and other partners domestically and abroad;
- Create a deterrence to those contemplating fraud in the Canadian securities market by increasing the risk of being detected; and,
- Development and retention of SMEs with unique market fraud detection techniques.

Market Surveillance Data Analysis

The Market Surveillance Data Analysis (MSDA) unit will function through a combination of intake from various sources (CSA, IIROC, securities commissions, stock exchanges, Investment Canada tipoffs (CE), domestic and International regulators, law enforcement, and whistleblowers, etc), live stock exchange monitoring (NEO Exchange (NEO-N, NEO-L), CSE, TSX, TSX-V, NCXL, OTCBB, regulated ATS's (ICX, Liquidnet, Omega, Match Now), MX), proactive marketwire research (IPOs, prospectus, bulletins, stockwatch, capital pools, corporate financials, M&As, forums, etc), and targeted police and open source database research (PROS, PRIME, SPROS, NCDB, ACIIS, PIP, corporate registries, liens, SEDI, SEDAR, bankruptcies, etc).

This unit would monitor specific high-risk corporate activity through surveillance of databases to monitor corporate disclosures, particularly in relation to trading activity, IPOs (Initial Public Offerings), RTOs (Reverse Take-Overs) or CPCs (Capital Pool Companies), where potential major frauds can, in many cases, be curtailed before disaster strikes. The MSDA would aim at preventing fraudulent prospectuses from being receipted and disrupt other fraudulent activities through knock and talk referrals to the Case Assessment unit, regional IMET Teams or the Provincial Regulators' Corporate Finance Sections.

The MSDA would be a centrally located unit consisting of market enforcement analysts and investigators with very strong knowledge and skills related to capital markets' investigations. The members of this unit would gain unique financial analytical experience and IMET would retain this experience through an attractive HR model. The MSDA will keep these SMEs working together in one location, as it is through collaboration and working alongside peers within the same investigative niche that the Program's expertise will develop and grow. This is also in line with both the Le Pan report and the Expert Panel review which stated that de-centralization was a risk to IMET.

The combination of SME, data analysis through referrals, proactive techniques, and police research will produce actionable leads for disruptions, IMET investigations, or domestic and international referrals.

Market Surveillance Case assessment (Proofing, de-confliction, scoping)

The Market Surveillance Case Assessment (MSCA) unit will triage and assess the potential leads produced by the MSDA and other sources using the IMET Proofing system. They will distinguish between leads for disruptions (knock and talks), IMET investigations, or referrals to enforcement and corporate finance and would package and present them accordingly.

For the investigative leads, if appropriate, the unit will start the preliminary stages of the investigation through FINTRAC Voluntary Information Reports (VIRs), affidavit writing (Information to Obtain (ITO's)

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

(primarily production orders at financial institutions for market data using MICA), and may draft Operational Plans with a clear path to success. If appropriate, members of the MSCA may conduct the preliminary stages of the investigation to the point where an offence is located and can be referred to Provincial IMETs who will be able to conduct a lean and focussed 12-month investigation.

Only viable best cases will be referred to the Division. The MSCA, in cooperation with the Regional Director, will ensure that cases are only referred if the Unit has the capacity to investigate. The MSCA may decide to refer a case to a different IMET unit if the resources are available to take on a new project.

2.4. Program Performance Management

Action Point # 5	Develop a Treasury Board Secretariat compliant Accountability Framework
-------------------------	--

Following the approval of an IMET Performance Improvement Action Plan and the acceptance of the deliverables by the RCMP Senior Management, members of the IMET Working Group will conduct a critical review of the existing IMET Performance Tool including and related performance indicators to establish a TBS compliant Logic Model and Performance Information Profile.

Following the approval of this Performance Framework by the RCMP Senior Management and the Executive Council, members of the IMET Working Group will work with various internal stakeholders such as Planning and Performance and IMET Divisional authorities to implement the necessary tracking and reporting in relation to IMET funding, human resources and operational results.

3. Human Resources

It is well established that the ability to deliver quality policing services in a highly technical and regulated field such as the capital markets is heavily dependent upon the ability of its staff. This fact was strongly emphasized in both the 2007 Le Pan Review and the 2013 Expert Panel Report. Lessons learned from the Toronto and Montreal experiences indicate that integration and co-location alone are not sufficient to acquire and develop the necessary level of specialized expertise needed to conduct timely and effective major capital markets fraud investigations. There is a distinct need for an HR program, focussed on the attraction, retention and development of staff with the required competencies and a need for a mix of specialized skills and experience.

“The ‘core’ of the IMET HR plan aims at achieving operational readiness”

The ‘core’ of the IMET HR plan aims at achieving operational readiness. That is the capacity to respond to known and anticipated requests for service and to adapt to a changing operational environment through an evidence based continuous improvement process.

For the IMET program to succeed it must be structured in such a way that it provides members the opportunity to have a career in market investigations and prosecutions. Through attrition, more opportunities at the senior levels within the IMET structure will be present as the members build on their knowledge, skills and competencies within the program.

We have learned from decades of securities commission experience that a combination of specialized skills is necessary to build an effective investigation and prosecution team. The Enforcement teams of the securities commissions have a balance among former law enforcement financial crime investigators, forensic accountant investigators and legally trained investigators.

To build similar investigation teams within IMET it will be necessary to adjust the ratio of regular members to non-members within the IMET teams. To achieve this, as well as to provide a career path for RCMP regular members, it will be necessary to create a new HR structure where all team members would be employed within a single tier of market investigator positions. For example, an accountant market investigator or lawyer market investigator, would have the same position designation and responsibility as an RCMP regular member market investigator. The key determinant for eligibility for any of these positions would be knowledge (education) qualifications and investigational competencies.

At the foundation of the IMET program is a strong complement of fully competent investigators, analysts, accountants and lawyers. The attraction and retention of expertise within the IMET Program is a key success factor in the program. This has been illustrated in several independent reports such as the Le Pan Report and the IMET Expert Panel Report. One of the areas the Working Group focused on was the HR challenges inherent in the current IMET HR model. The Working Group has concluded that the existing HR framework is not meeting the IMET Programs operational requirements and should be revised within the context of the IMET Program.

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

The Working Group is recommending a new IMET HR model that would attract and retain the best resources that would include an enhanced career path for market investigators, analysts, accountant, lawyers and managers.

This Action Plan calls for the creation of a 'Market Investigator' category open to both RMs and Civilians. This is an RCMP paradigm shift, and would create an environment where an employee would benefit from spending their entire career exclusively within the IMET Program, and not need to seek promotions in other RCMP units or Government organizations. The new classification framework / HR Matrix introduced in this section is modeled to take the focus off the current RM rank structure and maximise attraction and retention of IMET investigational expertise within the Program. The model would provide financial and professional incentives in the form of performance and competency based advancement throughout the IMET Investigator Grid.

This is a paradigm shift, an employee career path may lie exclusively within an individual program such as IMET and not within the overall context of the organization.

The Working Group has held numerous discussions with the Director of Federal Policing Human Resource Management (This department includes RCMP Org and Class) on the need to modernize the RCMP HR Policies to enhance expertise attraction and retention of IMET investigators. Should this plan be supported, members of the IMET Working Group could be tasked to work with FP-HR to develop a detailed IMET HR plan.

3.1. IMET Qualifications Requirements

Action Point # 6	Determine the Qualifications- Competency-based Knowledge / Skills / Abilities (KSA's)
-------------------------	--

This section describes the core qualifications / KSA's of key positions within the proposed Market Enforcement Service Delivery Model. The IMET Working Group members have conducted consultations with the IMET units, key stakeholders, various NHQ IMET experts and a literature review (i.e. Le Pan Report, Expert Panel Report and various internal RCMP HR reports) to determine the qualifications and the desired KSAs. Furthermore, an inventory of core activities per position was developed.

3.1.1. National Headquarters IMET positions

IMET Executive Director

The **IMET Executive Director** has the overall accountability for the IMET program and supports the Deputy Commissioner of Federal Policing in relations to his/her responsibilities as the Co-Chair of the IMET Executive Council. The Executive Director is accountable for overseeing all aspects of IMET operations, which entail investigations and prosecutions through the offices of the appropriate Crown Attorney. Investigations will focus on: serious market crimes such as market manipulation, insider trading, and fraud on investors in securities by individuals, registrants and issuers of securities.

The Executive Director is responsible for ensuring that all IMET teams are staffed with qualified people. The Executive Director will ensure that IMET provides an effective deterrent to market crime through

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

the efficient and timely conduct of investigations falling within the IMET mandate. The Executive Director is responsible for establishing and maintaining relationships with the regulatory partners, including the securities commissions and the self-regulatory organizations responsible for oversight of public markets and registrants. The Executive Director is responsible for establishing and maintaining relationships with international partners and domestic government partners, such as the Department of Justice, Public Prosecution Service Canada, Public Safety, Finance Canada and the provincial prosecution services, Securities and, Exchange Commission, IIROC, FBI, and NASD.

IMET National Director of Enforcement

Under the direction of *IMET Executive Director*, the *IMET National Director of Enforcement* is responsible for the oversight of IMET operations, including providing Senior Management with timely and relevant situational awareness on significant operational IMET matters, providing operational expert advice, specialized investigative techniques and criminal trends awareness, and coordinating the sharing of information and subject matter expertise amongst internal and external stakeholders, including operational expert advice, specialized investigative techniques and criminal trends. The IMET National Director of Enforcement directs the overall operations of IMET to achieve its operational and strategic objectives.

Key Activities

- Operational Performance Reporting
- Operational Communications (Domestic / International)
- Operational Partnerships and Relationship Building
- Coordinate the sharing of information / Subject Matter Expertise
- Operational Expert advice
- Oversight and Governance

National Market Surveillance and Case Assessment Manager

Under the direction of the **IMET National Director of Enforcement**, the **National Market Surveillance and Case Assessment Manager** is responsible for the oversight and direction of the Market Surveillance Data Analysis unit (MSDA), and, responsible for case assessment approvals and dissemination control of the Market Surveillance Case Assessment (MSCA) team. The National Market Surveillance and Case Assessment Manager will be responsible for employees of the MSDA and of the MSCA. Their function is to ensure that proactive efforts and MSDA analysis are on mandate, and that disruption or enforcement referral leads outputted from the MSCA are lean and focussed and presented to regional IMETs or other enforcement partners in an efficient and professional manner. The National Market Surveillance and Case Assessment Manager will have strong subject matter expertise, be able to task and review all the work MSDA produces, be able to support their technological requirements with senior management, and will function as the gatekeeper for viable leads that will be briefed to the IMET National Director of Enforcement before being referred.

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

National Program Director

Under the direction of *the IMET Executive Director*, the *National Program Director* is accountable for overseeing the coordination of the IMET program performance enhancements, evaluation and reporting for the purpose of achieving IMET's operational readiness and effectiveness; leading and coordinating the design and delivery of IMET specific training and development initiatives in collaboration with FP training services; maintaining a program performance and reporting framework; implementing and maintaining a human resource strategy for the attraction and retention of IMET qualified resources; providing Senior Management with timely and relevant situational awareness on significant IMET program performance matters; liaising and collaborating with internal and external stakeholders to strengthen the collective capacity to combat financial market misconduct and related criminality; leading the development, implementation and interpretation of IMET program policies, protocols and directives; and leading the review, analysis and response to public inquiries in relation to IMET program matters, including ATIP requests.

Key Activities

- Program Performance
- HR / Learning and Development
- Outreach and Communications
- Performance Reporting
- Program Design
- Program Reporting
- Partnerships and Relationship Building
- Policy Analysis
- Public Inquires / Federal Policing Tasking
- Media Requests

National Program Coordinators

- National Program Coordinator- HR Learning and Development
- National Program Coordinator- Outreach and Communications
- National Program Coordinator- Performance Reporting

3.1.2. Divisional IMET Positions

IMET Regional Director of Enforcement

IMET Regional Director of Enforcement (Assistant Divisional Criminal Operations Officer) would have a dual reporting line to the Divisional CrOps Officer and the IMET Executive Director, and is responsible for planning, directing and managing budget, human resources and operations. Managing risks and providing operational direction regarding investigations. The IMET Regional Director of Enforcement is ultimately accountable for IMET team's performance and success.

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Key Activities

- Internal / external partnering and communication
- Motivating / managing personnel performance
- Managing (HR / financial) resources
- Strategic management
- Managing unit / program performance
- Creating a conducive work atmosphere
- Managing risk
- Providing direction and expertise

Manager of Investigations

Under the direction of the **IMET Regional Director of Enforcement**, the **Manager of Investigations** is responsible for the overall operational direction of the team; overall development and implementation of investigational plans; the coordination of team members; the provision of advice and recommendations on market intelligence received through internal and external sources; the development of liaison networks, managing partnership relations with other agencies and the management of resources. The Manager of Investigations is primarily accountable for effective team performance in reaching its operational objectives and the day to day oversight of the IMET team.

Key Activities

- Internal / external partnering and communication
- Motivating / managing personnel performance
- Managing human and financial resources
- Strategic management
- Managing unit / program performance-ensuring client satisfaction
- Creating a conducive work atmosphere
- Managing risk
- Providing direction and expertise
- Facilitating daily operations
- Overseeing the investigations

Administrative Manager

Under the direction of the **IMET Regional Director of Enforcement**, the **Administrative Manager** is responsible for administrative functions pertaining to the team (i.e. performance measurement, reporting, Annual Performance Planning (APPs), knowledge management (performance agreements), expertise succession planning). The Administrative Manager is accountable for providing administrative management and support to the IMET team.

Key Activities

- Overall quality assurance of IMET team's activities and outputs
- Managing Human Resources administration and staffing processes
- Managing logistics / space requirements / other resources

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Market Investigators – Team Leader

Under the direction of **Manager of Investigations**, the **Market Investigator Team Leader** supervises and conducts complex, high risk and often very sensitive financial and stock market-related investigations as a member of an investigative team of experts in financial markets. The Team Leader provides investigative advice and tools in support of IMET team projects. Furthermore, he/she provides advice to and liaises with internal and external stakeholders. IMET investigations will require senior investigators to deal with senior levels in corporate and regulatory environments, both in Canada and in other countries. The Team Leader oversees the development of investigation (OPS) plans, coordinates the activities of the IMET team members and provides operational direction to the investigative process. Accountabilities include managing risk, mediating conflicts within the team, and conducting day to day quality assurance. As the direct supervisor of IMET team members, the Team Leader provides coaching and mentoring and ensures that required training and skill development needs are addressed within the group.

Key Activities

- Oversees and develops investigational plans
- Coordinates investigative activities
- Conducts day to day quality assurance activities
- Coaches / Mentors team members
- Recommends / coordinates training
- Team administration
- Identifies and makes strategic investigative decisions

Market Investigators

Under the direction of **Market Investigator Team Leader**, the **Market Investigator** conducts complex, high risk and often very sensitive financial and stock market-related investigations as a member of an investigative team of experts in financial markets. These are potentially high profile cases, with very aggressive timelines. The investigator will work as part of a team and determine how various cases are actioned based on the particular areas of knowledge and expertise of the individual team members. Depending on the nature of the case, an investigator may be called upon to take more of a leadership role based on their strengths/expertise and therefore manage complex project plans in order to meet deadlines.



2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Key Activities

- Participates as a member of a team of investigative experts in the conduct of high risk, highly visible, complex financial market investigations (Domestic / International components)
- Must be able to perform investigative duties independently and with minimal supervision
- Preparation of operational planning and terms of reference
- Provides expert advice, input and recommendations on cases
- Identifies, explains, and develops analysis regarding case development and opportunities related to specific projects
- Identifies and makes strategic recommendations in relation to projects
- Conducts necessary corporate, business and financial research into corporations and individuals (utilizing investigative techniques such as wire taps, computer forensics, electronic Major Case Management processes etc.) in order to complete investigations, develop conclusions and formulate recommendations
- Interviews professionals/specialists such as accountants, corporate lawyers, business persons in relation to complex and often very sensitive corporate or stock fraud cases
- Analyzes information and develops reports for use by management, crown attorneys and other investigative agencies
- Develops liaisons and networks with members of other enforcement and/or regulatory agencies including foreign law enforcement and other units and divisions within the RCMP
- Manages and secures exhibits for large financial and stock market crime cases
- Takes complex, multi-faceted information and puts it before the court in a clear, concise, logical manner
- Mentors other less experienced Market Investigators (MIs)
- Drafts multiple judicial authorizations during complex, long term investigations
- Develops and manages human sources within Canada's financial market community
- Develops and maintains a network of contacts within the financial and stock market community
- Participates in team working group meetings, contributing to the development of plans, priorities, milestones and schedules
- Within the eMCM model, must be able to independently plan and complete investigative tasks which may be extremely complex in themselves
- Must be capable of taking on a full eMCM responsibility for a particular case as required

Market Enforcement Analysts

Under the direction of the National Market Surveillance and Case Assessment Manager, the **Market Enforcement Analysts** would work for the Market Surveillance Data Analysis unit. The Market Enforcement Analyst role is to conduct research into high-risk corporate activity, conduct live-stock

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

exchange monitoring in relation to uncovered risks, and produce proactive referrals that are on mandate. The market enforcement analysts would also manage the incoming referrals to determine if a market offence may have been committed through their live stock exchange monitoring, proactive marketwire research, and targeted police and open source database research. They will be responsible for writing referral analysis reports to the case assessment team who will decide whether the offence warrants an investigation, a disruption via knock-and-talk, a referral to a different body, or to keep for intelligence purposes. The Market Enforcement Analysts will maintain a database of repeat market offenders, recidivists, and criminalized professionals (corporate insiders, brokers, investment dealers, underwriters, large shareholders, transfer agents, promoters, lawyers, and market makers etc.) to become a self-sufficient target and intelligence generating entity for IMET.

The Market Investigator and Market Analyst stream is the first stage of the IMET career path and an important building block for the success of the program. Market Investigator and Analyst compensation will increase as competencies and experiences are built. Consistent with industry standards, the title of “Senior” Investigator and “Senior” Analyst will be provided to those with a higher level of IMET related expertise. It is recommended that most positions within the IMET Program, up to and including the Executive Director, would commence as a Market Investigator or Analyst and that all senior IMET managers up would possess IMET or similar financial crime relevant investigator or analyst expertise.

Forensic Accountants

As part of the IMET ‘overall team composition’ the working group recommends continued service delivery from FAMG in providing ‘high level’ independent forensic accounting services to the IMET program on criminal market related investigations. FAMG’s work includes specialized financial reports and expert testimony within the IMET program. This includes the presentation of information for court purposes in a clear concise manner.

Legal Advisors/ Prosecutors

As part of the IMET ‘overall team composition’ the working group recommends a ‘cradle to grave’ approach to prosecution for capital market cases. This entails a comprehensive approach in providing legal services in advice and prosecution from ‘start to finish’. Currently, PPSC counsel as a partner in the IMET program provides legal and strategic advice to the IMET teams on operational issues such as wiretap applications, search warrants, disclosure and privileged information. PPSC prosecutors lead the prosecution of IMET cases where provinces have decided not to prosecute, pursuant to their right of first refusal. PPSC may also provide staff or engage agents to participate in prosecutions as a member of provincially-lead teams. However, historically the main role of PPSC within the IMET program is in providing advice to the IMET units during the course of their investigations. This creates a situation where the legal counsel providing advice may not be the legal counsel or even the agency providing prosecution services in regards to IMET cases. As a result, the advisor and the prosecutor may have differing opinions on the investigation, creating delays, less accountability and a decreased commitment to the successful prosecution of the cases. It is recommended that a new approach in legal advice and

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

prosecution be adopted in the way of 'cradle to grave' for IMET investigations. The Working Group is recommending that IMET prosecutors work within the IMET office.

3.2. IMET Team Composition

Action Point #7	Determine the ideal team composition
------------------------	---

This section describes the ideal team composition deemed essential to create a world class criminal capital markets enforcement program capable of achieving successful results and operational effectiveness. The following is the proposed IMET team composition:

The Working Group consulted with the IMET units, key stakeholders as well as various NHQ IMET experts to determine the ideal team composition. The main recommendations were a blend of specialized expertise, skills and experience for investigators, analysts, legal counsel and accountants. In addition to their specialized field these specialists would also be expected to be results oriented and possess strong knowledge in project management, finance, accounting, and financial crime investigations and/or financial crime prosecutions.

The proposed new IMET HR Framework will have an integrated and common classification framework for both RMs and civilian staff (including Public Servant Employees). This approach would encourage members to develop and enhance their skill sets and provide a career path with promotional opportunities. It could also provide RCMP regular members who are lawyers and accountants an opportunity to work in their trained profession, should they choose. The proposed human resource framework outlined below is based upon a matrix of levels for Market Investigators. These levels are based upon qualifications, such as, number of years of relevant investigative experience, education, accreditations and industry experience. The horizontal progression is based on annual progression and the vertical progression is based upon expertise, qualifications and responsibility. This model would adopt an appropriate compensation framework based upon comparable industry standards / labour markets. This framework is role-based which provides flexibility in the deployment of resources and provides a unified, classification and compensation framework. Career progression through to IMET management would be in-sync with the development of the individual's competency.

The Working Group has mainly considered the requirements to retain and attract investigators into the program but a similar model could be designed for IMET Enforcement Analysts, Accountants and Legal Advisors/ Prosecutors.



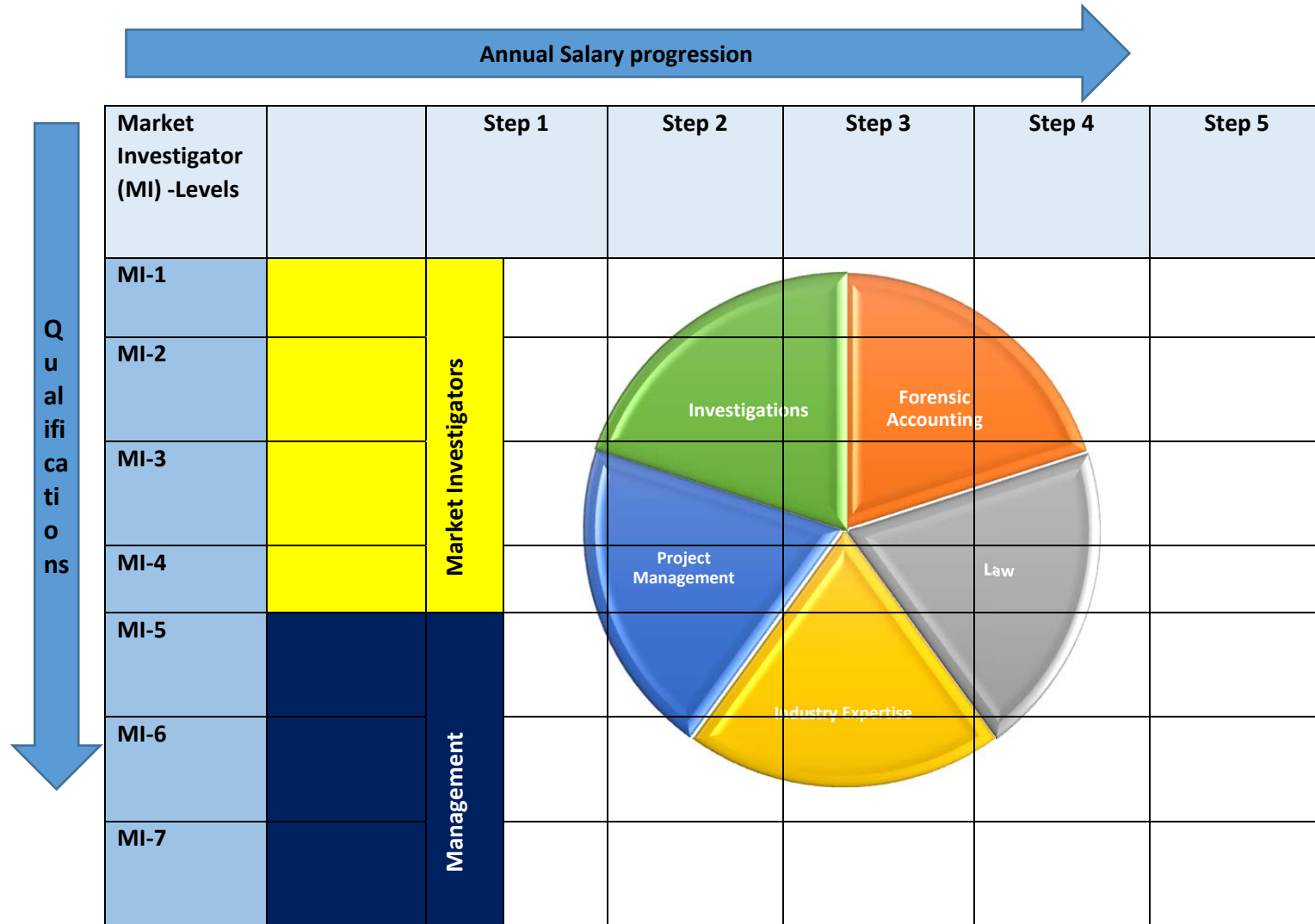
2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Benefits of this Model include:

- Common classification framework for both RMs and Civilians
- Expertise working collaboratively together towards a common goal
- Career Path with promotional opportunities
- Based upon qualifications
- Retention and Attraction based upon a compensation framework
- Career path in-sync with individual's competency
- Development and maintenance of Expertise
- Increased ability to learn from, contribute to and complement the multi-disciplinary expertise within the HR framework
- Mentorship
- Designed specifically in the development of a career professional in IMET investigations

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

IMET HR Matrix Framework



Steps- The annual pay increment period for employees paid in the MI levels is twelve (12) months.

MI Levels- Based upon qualifications, competencies, expertise and experience

3.3. Attraction and Retention of Investigators

Action Point #8	Develop a Strategy to attract & retain qualified resources
------------------------	---

The current RCMP federal Re-Engineering model (generalist versus specialist approach) has had a detrimental impact on IMET’s ability to attract, retain and develop the required subject matter expertise. Attraction and retention of expertise remain critical to the success of the IMET Program. As the Program has matured it has become increasingly apparent that a specialized skill set is essential to investigate complex capital markets crimes. There are highly qualified individuals that given their level of competencies and/or expertise requires a salary progression that meets their qualifications with a clear career path. The IMET program would recruit individuals with various levels of competency. The salary levels based on the HR Matrix would reflect the varying degrees of competency and responsibility. Salary may not be the only consideration but it does play a key strategic role in the attraction and retention of this type specialized expertise. The compensation scheme takes into account the individual’s level of expertise, competencies and market value outside of IMET.

The proposed compensation matrix should be competitive with the industry; this will allow IMET to compete with other Government agencies for investigative talent. The salary range would be based upon individual qualifications and competencies. This would enable IMET to retain highly qualified individuals who would otherwise leave for a more lucrative opportunity. The new IMET HR Strategy strives to attract and retain expertise with a global approach of targeting highly skilled and knowledgeable individuals that are RMs and Civilians.

With this new HR model, specific competencies will be considered during the selection of potential candidates where RMs and civilians are considered. The Working Group is preparing the competency profiles for each position but this exercise will not be completed in time for the release of this report. The opportunities for career advancement would encourage individuals to remain and aspire to become experts in this field. Under this model there would be a greater pool of potential candidates (RMs and Civilians). In addition to attracting highly qualified individuals, the IMET HR matrix provides an element of growth (career progression) by focusing on motivated and dedicated individuals from Universities and/or Industry that have a strong interest in financial crime.

Expertise National Call-out for desired skills sets

FPCO Financial Crime will be seeking the endorsement of the Deputy Commissioner Federal Policing (DCFP) in a ‘national call-out’ for expertise (RMs / Civilians) who are currently employed within the RCMP and wish to work in the IMET Program. This call out will be in support of the development of a centralized Financial Crime skills set inventory, with a focus on targeted recruitment. Similar callouts were done by the RCMP in the early 2000s. At that time the RCMP was able to identify many police officers working in uniform policing duties, who possessed sought after skill sets and

knowledge and who in many cases spent their careers in Financial Crimes after accepting the callout.

FPCO- FC Professional Membership Fees Reimbursement Approval Initiative

FPCO – FC is currently exploring an initiative endorsed by the Deputy Commissioner of Federal Policing in creating a "central approval process" for professional membership fees incurred on Financial Crime members. This central approval process will create a standardized consolidated list of RCMP employees currently working for a Financial Crime team who belong to a professional association. Members within the Federal Financial Crime program are currently paying for professional membership fees out of their own pocket. In the current environment of developing and enhancing expertise within the financial crime program, FPCO - FC will be requesting that this expense to be incurred by the RCMP in an effort to improve recruitment and retention within the Federal Policing Financial Crime programs.

Financial Crime Special Advisors

Financial Crime currently has three Financial Crime Special Advisors hired on contract to support the Financial Crime program, more specifically IMET. One is an IMET Special Advisor in Ontario and the other is the OIC of IMET in Toronto. A third Financial Crime Special Advisor was hired in Vancouver to address 'expertise gaps' within the RCMP Financial Crime program in regards to complex financial crime investigations. These Financial Crime Special Advisors provide national support to FPCO - FC and the Divisions where they are employed. Should IMET's HR plan be implemented there will no longer be a requirement for Special Advisors within the IMET Program, as the IMET HR structure would allow for the hiring of these individuals as full-time employees.

3.4. IMET Expertise Learning and Development Framework

Action Point #9	Develop an IMET Expertise Learning and Development (L&D) Framework
------------------------	---

Investigations involving capital markets can often be complex and sophisticated due to the unusual volume of documents sometimes required to prove a capital market fraud. Specialized expertise, skills and knowledge are often required to successfully investigate and prosecute these complex cases. Strong investigative skills, knowledge of forensic accounting and other advanced financial investigative tools are essential.

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

In collaboration with Learning and Development design and implement a training framework to support the development of IMET investigators. This implementation will include the following:

- National Training regime to support the development of IMET investigators
- Conduct an IMET Program L&D needs assessment
- Development of an IMET learning and development path
- National IMET Subject Matter Expert training within the IMET program.
- National IMET Mentorship program
- National coordinated approach to the utilization of expertise
- National Training Standard for IMET personnel
- Develop / acquire Source Development Units and Undercover Operations IMET expertise

Strong investigative skills, knowledge of forensic accounting and other advanced financial investigative tools are essential.

This framework will serve as the foundation for the creation of a training regime to improve investigative skills and knowledge in order to maximize performance in duties, operational readiness and to meet the operational objectives of the program. The development of the National IMET training regime will include consultations with IMET investigators, analysts, crown attorneys, forensic accountants, stakeholders and other subject matter experts.

Specific training needs would include areas such as the following:

- Specialized Interviewing techniques (Interviews with Senior Executives)
- Investigative skills
- Electronic Major Case Management (EMCM)
- Report writing
- Investigative planning / strategy
- Disclosure
- Stakeholders and Partnership Building
- International Investigations
- Legislation
- Emerging issues
- Best practices

4. Operational Effectiveness

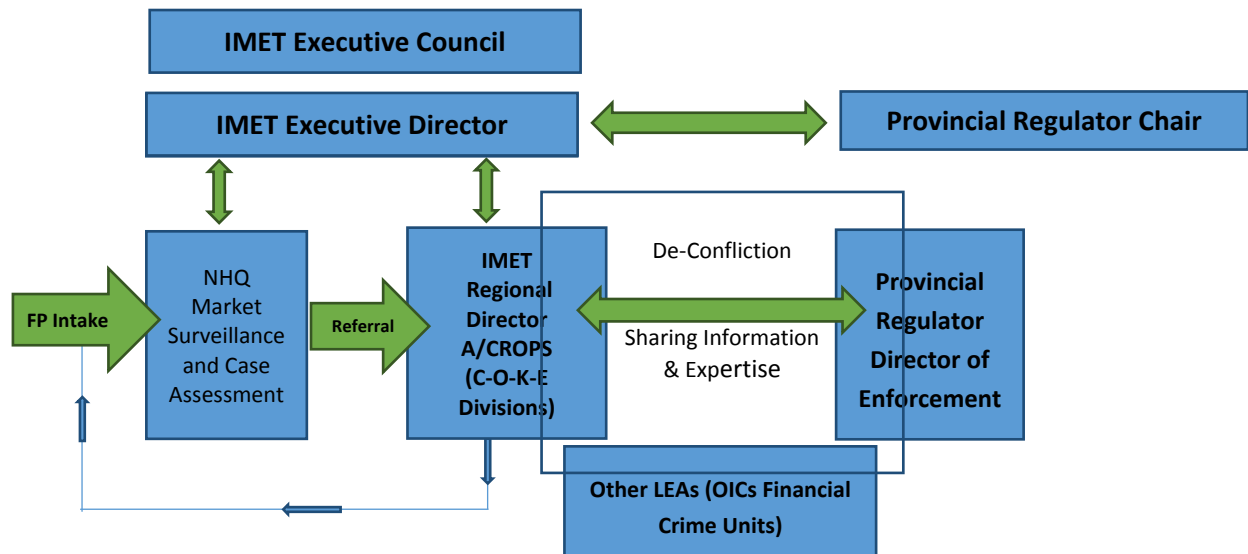
This section presents three key areas critical to achieving timely investigations. In making these recommendations, it is acknowledged that there are multiple factors that contribute to the complexity of each IMET case and that there is an inherent fluidity throughout the investigational process, in some cases, due to external factors.

Recommendations made in this section are based on findings and recommendations from previous Program evaluations and studies including the 2009 IMET Benchmarking Study, as well as consultations with IMET OICs and Assistant CROPS.

4.1. Lean and Focused Investigations

Action Point #10	Develop strategies to achieve "Lean and Focused" Investigations
-------------------------	--

To achieve Operational Effectiveness, the following Market Enforcement Service Delivery Model is proposed:



IMET Service Delivery Model

The essence of a criminal investigation is to identify those responsible for a specific criminal offence and gather the necessary evidence to lay criminal charges that will lead to a successful conviction. The “lean and focused” concept that is intended to be applied to all future IMET investigations consists of determining the most appropriate criminal charges to lay and mapping out the way to obtain the required evidence to secure a conviction in the most efficient way possible right from the onset. Historically, IMET investigations have taken too long because, among other reasons, they have failed to achieve and maintain a narrow focus.

Development of realistic Ops Plans strategies and schedules for a 12-month project investigations

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

They have often targeted too many potential offenders, and investigated too many potential offences, usually resulting in a narrowing of the focus only near the end of the investigation. Going forward, IMET investigations will be “*lean and focused*” and target only a narrow range of offences, and the most serious offenders. To this end, the focus of offences may not necessarily be on the most potentially serious ones, but instead, on the ones that can be proven.

Maintaining this focus will require discipline at all levels. It calls for an operational plan that sets out specific achievable investigational objectives with a clear breakdown of activities required to achieve them. It calls for management of the investigation that sticks to the plan. While investigations may alter course as new evidence emerges, management should be responsible for ensuring that deviations are both necessary and will not significantly affect the ultimate targets for completion.

While aggressive timelines must be established for each investigation, it is equally important that arbitrary limits not be applied to all investigations. The most organized offenders are increasingly creative in executing their activities with a view to making investigations complex. The most common of these is to use multiple international jurisdictions to camouflage trading activities and flow of funds. Criminals should not be rewarded by law enforcement decisions not to pursue cases simply because the offenders have done a good job creating investigative complexity. That being said, remaining lean and focused, the IMET investigation in most cases, is expected to be completed within a 12-month period.

Market related intelligence, partner information, referrals, complaints, and whistleblowers are to be referred to the Federal Policing Intake unit. Once a file is created and the subjects are carded, the matter would then be tasked to the Market Surveillance Data Analysis unit to have it scrutinized, corroborated, and furthered if appropriate. If a Judicial Authorization is not being pursued, the analytical process should be completed within a 30 day period. Once this has been done, the next course would be to refer the matter to the Market Surveillance Case Assessment unit who will measure it against the IMET PROOF to make sure it adheres to the IMET mandate and in consultation with the **IMET Regional Director/Assistant CROPS** would start preparing the operational plan before sending it to the appropriate IMET for investigation.

IMET Priority Rating of Operational Files (PROOF)

In order to assess the degree to which an investigation meets the IMET mandate inclusion criteria, the **IMET National Director of Operations** in consultation with the respective IMET Divisional A/CROPS, will ensure that every proposed IMET investigation is subjected to IMET PROOF. The IMET PROOF has been redrafted by the Working Group to better capture the IMET mandate. A copy is attached at Annex E.

IMET Ops Plans (Form 2350) and Investigation Reports (Form C-237)

Defining precisely what the scope of the investigation and how it should be conducted should be a standard requirement of any IMET Operational Plan. Over the years, there have been many

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

inconsistencies in how these plans are prepared. The Operational Plan should essentially capture the following information: The theory of the offence; the specific infraction, the legal and geographical jurisdiction, and the required elements to prove it; how this evidence will be obtained, and an approximate timeline to obtain such evidence.

Spending more time on the preparation of the Operation Plan should enable the investigators to delve further into what is needed and allow them to also present a general idea of the amount of interviews that may be required and from whom, the amount and nature of required judicial authorizations, the necessity of obtaining evidence from a foreign jurisdiction and the necessity for analysis and expertise of the evidence collected. This information is paramount to enabling IMET supervisors and IMET Reviewers within the Market Surveillance Case Assessment unit to follow the investigational steps and intervene in a timely fashion when bottlenecks (things or events that slow down or delay the investigation) or roadblocks (things or events that halt the investigative process entirely) are encountered. The Operational Plan should only be updated when a deviation is warranted and the authority of the IMET Executive Director should be sought to do so. All efforts should be put into fostering a culture where a well thought out Operational Plan needs to be produced. This is a sign of great investigational skills and sound stewardship, foresight, discipline and management.

The bi-weekly or monthly investigation reports (Form C-237) will have to concentrate on what has been laid out in the Operational Plan and provide a clear snapshot of where the investigation stands at that time.

Federal Policing Tiering Process

IMET files should all be sent for tiering once the investigation is established. The Federal Policing Tiering Process would remain the same but the IMET Executive Director or delegate will present IMET cases to the Prioritization Committee.

Preparation of Post-mortems

Post-mortems will be prepared once the matter has been disposed of in Court. Best practices, issues, number and name of accused, charges laid, number and nature of judicial authorizations along with the court decision and any media related material should be captured in a brief summary. This summary should be shared with all IMET investigators, partners and stakeholders as a learning tool and to refine operational strategy over time.

Matters outside the IMET mandate

If the Market Surveillance Case assessment comes to the conclusion that the matter does not fit the IMET mandate but that it would benefit from a different form of enforcement action, it should be referred to the appropriate investigational unit, law enforcement agency or market regulator for furtherance. The establishment of Regional Steering Committees is a best practice that is encouraged to facilitate de-confliction, cooperation and collaboration.

Strategies to reduce IMET operational disruptions

The IMET Program has been impacted by operational disruptions due to long and short-term deployment of IMET specialized resources to other priority tiered investigations, often in areas outside of Financial Crime. Current challenges have been observed within the Program that include, a shift from the IMET mandated files in Financial Crime programs to work on other 'Tier 1' files and the secondment of IMET resources. This shift in resources has created a climate where IMET files cannot reach their full potential due to lack of resources. Capital Market investigations have traditionally been under the public 'spotlight' and are very specialized investigations in nature that require the availability of experienced investigators. As a result, the prioritization of files in some divisions, has created a reduction in continuity within the program, where at any given point resources can be drawn from IMET investigations creating a situation where IMET files are potentially put on hold until resources become available. This 'ebb and flow' effect creates unpredictability within the program where files lose momentum and the speed and flow of the investigation is impacted.

This 'ebb and flow' effect creates unpredictability within the program where files lose momentum and the speed and flow of the investigation is impacted.

The Working Group has recommended the following to counter operational disruptions and to maintain stability within the IMET program:

- Deem IMET Resources as a "last resort" option for short / long term secondments
- Maintain a minimal HR threshold for IMET operational effectiveness supported by Senior Management.
- DCFP approval for the re-allocation of IMET resources below the minimum HR threshold.
- Limit the length of outgoing secondments due to surge operations with strict oversight on those secondments.

4.1. IMET Partnerships

Action Point #11	To formalize roles and responsibilities of IMET enforcement partners for optimal sharing of information, resources, and expertise.
------------------	---

Enhanced collaboration and coordination among federal and provincial IMET partners other industry stakeholders are key elements impacting the quality and timeliness of investigations. In order to build a world-class Market Enforcement Program, it is imperative that decision-makers at all levels not only build robust relationships with key enforcement partners, but that these relationships are sufficiently codified in order to withstand the test of time and reduce the risk of diminished enforcement capacity due to inter-agency differences.

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

It is recommended that the Implementation Team undertake the following steps:

- Conduct an environmental scan to identify key operational and strategic IMET stakeholders
- Determine each stakeholder’s mandate and core responsibility within the IMET’s service delivery model
- Analyze if existing terms of reference and/or MOUs exist and if they sufficiently codify the partnership
- Develop a stakeholder communication and engagement plan

4.2. Sense of Urgency of IMET Investigations

Action Point #12	To generate a sense of urgency of IMET operations
-------------------------	---

In addition to the implementation of best-practices aiming at providing “lean and focused” investigations, the Working Group has identified the need to instill “sense of urgency” throughout the investigational cycle. To that end, the Working Group is proposing the following recommendations:

- Develop a program and unit level statement of performance expectations. The expectations of each team member should be explained with linkages to the overall success of the unit;
- Implement monthly reviews of Project progress status based on the approved investigational plan;
- Formalize monthly reporting on operational status based on the Performance Management & Accountability Framework;
- Hold Units/Divisions/NHQ managers and employees to account on performance agreements Continuous Operational Oversight; and
- Recognition and appreciation of individual and collective successes

On-going mechanisms to monitor and coordinate operations including frequent, open and highly interactive communications

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Conclusion:

The IMET Working Group is pleased to submit this IMET Performance Improvement Action Plan to the RCMP Senior Management for consideration. This Plan aims at providing a blueprint for a renewed IMET Program for a future Implementation Team. Furthermore, the proposed Plan could be of assistance in addressing on-going concerns raised by members of the IMET Executive Council in relation to the accountability of the IMET Program funding, resources and results. The IMET Working Group remains committed to supporting the future success of IMET and are available to provide further consultation as requested. The Working Group will continue with the IMET HR Action Plan which will be submitted once completed.

Respectfully submitted to RCMP Senior Management on behalf by the RCMP IMET Working Group,

Inspector Gordon Aristotle
OIC RCMP Federal Policing Criminal Operations – Financial Crime
RCMP IMET Performance Improvement Action Plan Working Group – Project Team Leader

Reviewed and Supported by:

Superintendent Peter Payne
OIC RCMP Federal Policing Criminal Operations – Financial Crime

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Annex “A” – Project Management Plan

Outcome	A world-class IMET Program that effectively detects, investigates and deters criminal capital market misconduct thus contributing to the integrity of the Canadian Capital Markets.		
Output 1:	A Senior Management approved Evidence-Based IMET Program Performance Improvement Plan.		
Description: FPCO-FC in consultation with key IMET stakeholders will develop an evidence-based IMET Performance Improvement Action Plan outlining the specific improvements needed to achieve the desired Program results.			
Objectives	Activities / Strategies	Deliverable	Status / DD
Objective 1.1 To obtain support from Senior Management to develop an IMET Improvement Plan	1.1.1 Brief SM (DG, A/Commr. And DCFP on the status of IMET Program funding, HR, and results and strategic considerations	2018 IMET Strategic Performance Report.	Completed
	1.1.2 Form an RCMP Working including FPCO, FP Strat, FP Corporate, and selected IMET SMRs	Brainstorming – Way forward	Completed
Objective 1.2 To conduct a comprehensive literature review to frame the problem and identify lessons learned and best practices.	1.2.1 Review the 2003 and 2008 MC	Summary of program funding requirements and expectations.	Completed
	1.2.2 Review all program evaluations: 2007 Le Pan, 2013 Expert Panel, Benchmarking, 2009 PSC evaluation	Summary of findings, recommendations, gaps and best practices	Completed
	1.2.3 Corelli Report	Summary of findings	Pending
	1.2.4 Review market enforcement models from similar domestic and int’l LEAs	Summary of findings	Pending
Objective 1.3 To conduct Stakeholder consultations to identify/validate what is working well (sustain), what we need to do better (improve), and what we aren’t doing that needs to be done (create).	1.3.1 Develop interview guide(s), presentation, specific to internal and external stakeholders	Communication and Engagement plan, interview guide	Completed
	1.3.2 Conduct consultations in C-O-K-E Divisions including IMET OIC and FC A/CROPS. Re: IMET Mandate, Enforcement Model, Program Elements, Team Composition, Skill set required, partnerships	Minutes from meetings – Recommendations for Divisional support to this project	Completed
	1.3.3 Conduct consultations with IMET Executive Council members	EC Council strategic direction and endorsement at EC meeting	July 31, 2018
	1.3.4 Conduct consultations with securities commissions in C-O-K-E Divisions	Formal endorsement of IMET Enforcement Model.	June 2018
Objective 1.4 National IMET Threat & Risk assessment	1.4.1 Define Risk Assessment Scope, topics, key informants, etc.	IMET Risk Assessment Proposal	Completed
	1.4.2 Risk Assessment Tool Design based on requirements	Survey questionnaire tool proofed RCMP and	Completed

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

		Finance Can	
	1.4.3 Disseminate RA and gather data	Survey sent to 29 Stakeholders LEAs, Regulators, Intel agencies	Completed
	1.4.4 Analyze data and draft report on findings and strategic considerations	Summary of findings complete by FPCO/Finance Canada	Final Draft Complete
Objective 1.5 To gain RCMP Senior Management and IMET Executive Council support and approval of the IMET renewal Project	1.5.1 Draft: Scope, schedule, roles and responsibilities, deliverables, reporting cycle.	Project Plan	Completed
	1.5.2 Develop a stakeholder Communication/Engagement Plan	DCFP/DG Communique	DD Pending
	1.5.3 Gain final acceptance of deliverables by the Responsible Authorities	DCFP/A/Commr./DG Approval for execution	DD 2018/06/15

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Output 2:	IMET Program Framework		
This section provides a high-level description of the architecture of the IMET Program as it relates to essential internal Program components, services, their organization, and the results and outcomes being sought.			
Objectives	Activities / Strategies	Deliverable	Status
Objective 2.1 To Review and clearly define the IMET Mandate, Objectives and Outcome(s).	2.1.1 Review/define mandate inclusion criteria	NHQ Directive - Mandate priority	Complete
	2.1.2 Review update IMET PROOF to ensure alignment with Mandate	IMET PROOF	Complete
Objective 2.2 To determine the IMET Program affordability and determine funding allocation	2.2.1 In collaboration with FP Resource Management determine the total IMET funding allocation from TB to the RCMP	Total IMET funding	Complete
	2.2.2 In collaboration with FP Resource Management provide a breakdown of IMET funding allocation.	RCMP funding allocation	Complete
	2.2.3 Seek budget letter from DCFP to Divisions outlining spending expectations	Funding accountability matrix	DD 2018-06-30
Objective 2.3 To develop an evidence based Market Enforcement Service Delivery Model.	2.3.1 Describe core IMET Program components essential achieve Outcomes (Prevention, Detection, and Investigation)	Market Enforcement Service Delivery Model.	Complete
	2.3.2 Develop an inventory of activities (internal and External) required to provide essential program services	Inventory of key activities, responsibilities and related competency profiles	Complete
	2.3.3 Implementation of Model		Pending

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Output 3:	IMET Human Resources		
Description: The IMET HR Plan aims at achieving operational readiness. That is, the capacity to respond to known and anticipated requests for service (including self-generated, complaints from the public and referrals from other agencies) and to adapt to a changing operational environment through an evidence based continuous improvement process.			
Objectives	Activities / Strategies	Deliverable	Status
Objective 3.1 To determine the Qualifications (Competency-Based KSAs)	3.1.1 HR Literature Review (HR Reports) Review all program evaluations: 2007 Le Pan Report, 2008 Report of the IMET Human Resource Committee, 2013 Expert Panel Report	Review / Identify- HR recommendations, gaps and best practices	Complete
	3.1.2 Conduct consultations with IMET-Project WG and IMET OICs on the qualifications and KSAs requirements	Inventory of key activities, responsibilities, qualifications, and competency profiles	Complete
Objective 3.2 To determine the ideal team composition	3.2.1 Form a working group including FPCO, Strategic Policy and FP HR to determine ideal team composition.	Team Composition confirmed	Complete
	3.2.1 The development of an IMET HR Matrix framework in consultation with FPCO, FP HR and Org and Class.	IMET Managers Positions IMET Investigator Positions IMET Admin Support staff positions	Complete
Objective 3.3 To develop a Human Resources Framework to attract and retain IMET qualified resources	3.3.1 Expertise National 'call out' for desired skill sets	BN to DCFP in support of expertise call-out.	Pending
	3.3.2 The development of a Financial Crime Skills Set inventory for targeted recruiting	FC Skills Set Inventory	Pending
	3.3.3 Reimbursement of Financial Crime Program professional fees approval initiative	IMET investigators professional fees reimbursed	Pending
	3.3.4 Hire HR Consultant	HR Recommendations / Report	Pending
	3.3.5 Targeted Recruiting (Internal/External)		Pending
	3.3.6 Engagement of Policy Centres		Ongoing
	3.3.7 Investigative Forensic Accountants initiative with FAMG	Investigative Forensic Accountants embedded in IMET as IMET investigators	Pending
	3.3.8 Hiring of High Level Financial Crime Special Advisor	Financial Crime Special Advisor hired.	Pending
Objective 3.4 To develop an IMET Expertise (L&D) framework	3.4.1 Conduct an IMET Program L&D Needs assessment	IMET L&D Plan	Ongoing
	3.4.2 Development of an IMET learning and development path	IMET Learning Path	Pending
	3.4.3 Develop/acquire SDU and UCO FC-IMET expertise within IMETs.		Pending
	3.4.4 Development of an IMET SME program		Not Started

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Output 4:	Operational Effectiveness		
Description: Operational Effectiveness refers to the timeliness of prevention and investigation and level of impact (results) that program activities have.			
Objectives	Activities / Strategies	Deliverable	Status
Objective 4.1 To achieve lean and focused IMET investigations	4.1.1 Review the IMET Benchmarking Study	Best practices for achieving Timely and effective investigations	
	4.1.2 Develop and implement an IMET operational oversight process of tiered investigations including the IMET Regional Director, SME	Policy and protocol	
	4.1.3 Re-design an Operational Plan (2350) the ops plan clearly outlines the Project Investigational Scope, elements of the offence, Investigational Strategy, risks, schedule and budget	Updated 2350	
	4.1.4 Develop and deliver a training workshop for IMET Ops managers, CROPS and FPCO reviewers on the Ops plan development, measurement, and reporting	Lean and focused Strategy	Not Started
Objective 4.2 To formalize roles and responsibilities of IMET enforcement partners for optimal sharing of information, resources and expertise.	4.2.1 Conduct an environmental scan to identify key operational and strategic IMET stakeholders	Stakeholder Registry	Pending
	4.2.2 Determine each stakeholder's mandate and core responsibility within the IMET's service delivery model	Clear role, responsibilities	Not started
	4.2.3 Analyze if existing terms of reference and/or MOUs exist and if they sufficiently codify the partnership	Clear mutual expectations	Not started
	4.2.4 Develop a stakeholder communication and engagement plan (this activity should be conducted in conjunction with Objectives 1.3.3 and 1.3.4	Partnerships	Not started
Objective 4.3 To generate a sense of urgency	4.3.1 Develop a program and unit level statement of performance expectations	Performance agreement template	Not Started
	4.3.2 Implement monthly reviews of Project progress status based on the approved investigational plan (Scope, Schedule, Results)	Ops oversight process	Pending
	4.3.3 Formalize monthly reporting on operational status based on the Performance Management & Accountability Framework (See	Performance reporting process	Pending

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

	objective 4.4 of this plan)		
	4.3.4 Hold units/divisions/NHQ managers and employees to account on performance agreements	IMET employee performance accountability framework	Pending
	4.3.5 To develop strategies to reduce IMET operational disruptions caused by surge operations.	Minimal HR threshold for operational effectiveness supported by Senior Management.	In-Progress
Objective 4.4 To develop and implement a program performance management and accountability framework	4.4.1 Form a working group including FPCO, Planning and Performance, IMET WG members (Lead is PSC)	PIP Action Plan	Pending IMET EC Approval
	4.4.2 Develop Performance Information Profile (PIP) based on core responsibilities, results and performance indicators	PIP Submission to the EC	Awaiting next EC Meeting
	4.4.3 Gain approval from RA and IMET EC	Support and approval	Awaiting next EC Meeting
	4.4.4 In collaboration with SASU, ORMS, Divisions and FPCO to implement RBMAF	Compliance with TBS Policy on Performance	Not started

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Annex “B” – Le Pan Report Summary of Findings, Recommendations and Responses

The table below provides a snapshot of findings, recommendations from the “2007 *Enhancing Integrated Market Enforcement Teams, Achieving Results in Fighting Capital Markets Crime*” (October 25, 2007)

I. GOVERNANCE, ORGANIZATION AND ACCOUNTABILITY		
Key Findings/Observations	Key Recommendations	Key Responses
a. Leadership and Tone from the Top		
<ul style="list-style-type: none"> • There are problems of leadership, accountability, oversight, management, timely focus, timely support for investigations, internal and external communications, and human resources that must be addressed. • Tone from the top in the RCMP and PPSC includes an enhanced sense of urgency, proactivity and the need for focus, achieving more timely, high-quality results, and expectations of enhanced cooperation. This message needs to be followed up by strong leadership to address internal blockages that slow down investigations, by better monitoring of the program at senior levels and by reacting in a more timely way to program successes and challenges. 	<ul style="list-style-type: none"> • The Commissioner of the RCMP and the Director of the PPSC should communicate their expectations of enhanced urgency and results focus to staff, and have periodic means to personally follow up on progress and reinforce their expectations. 	<ul style="list-style-type: none"> • RCMP adopted reporting requirements to ensure senior executives were kept abreast of developments that would be expected to effect the success or reputation of the IMET Program. • PPSC also created a reporting structure featuring monthly reports and meetings of IMET advisors, with the involvement of the PPSC Director.
b. Enhance Priority Within the RCMP, PPSC and Other Organizations		
<ul style="list-style-type: none"> • Starting in 2003, Economic Integrity has been 	<ul style="list-style-type: none"> • The RCMP should appoint a 	<ul style="list-style-type: none"> • The RCMP created a

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>added as one of the RCMP's five strategic priorities. Serious capital markets fraud is one of the most important components of this strategic priority.</p> <ul style="list-style-type: none"> • The RCMP needs to give IMETs a higher priority. It needs more focused, continued, proactive, and knowledgeable leadership at senior executive levels to help solve the inevitable management issues that arise. That leadership should also participate, more pro-actively, in strategic decisions, in oversight, and in driving program expectations and program enhancements. • 	<p>Program Leader for the IMET Program at the Assistant Commissioner level for financial crime.</p> <ul style="list-style-type: none"> • PPSC should also develop a plan to play a lead coordinating role in developing prosecution approaches under existing legislation that could improve results. • Co-chairmanship of the Executive Council should be assumed by Finance Canada and the RCMP. 	<p>Program Leader position.</p> <ul style="list-style-type: none"> • The Securities Fraud and Economic Crime Prosecutors Affiliation, a subcommittee of the FPT Heads of Prosecution Committee, was established. It was tasked with, among other things, developing best practices and implementing a seamless system for sharing prosecutorial expertise and education for the investigation and prosecution of large economic crime cases. • Co-chairmanship of the Executive Council was assumed by Finance Canada and the RCMP.
<p>c. Clarify Accountability Within the RCMP</p>		
<ul style="list-style-type: none"> • Greater clarity of roles, responsibilities and accountability up and down the chain of command and at RCMP HQ is essential for results. • The risk is that no one is really in charge. • The concept of day-to-day Division control of operations balanced by strong effective RCMP HQ oversight and intervention, when necessary, 	<ul style="list-style-type: none"> • RCMP should clarify the role of HQ and Divisions in accountability and responsibility for IMETs. • The RCMP should adopt an accountability structure with Divisions responsible for day-to-day IMET operations subject to strong national 	<ul style="list-style-type: none"> • The RCMP adopted a reformulated organization model to ensure an appropriate level of central oversight. • The RCMP created a Program Leader position. • The RCMP named a

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>is a package. Divisions need to exercise effective day-to-day oversight. They need to take their responsibility for resourcing IMET seriously and integrating it into Division HR processes. RCMP HQ needs to exercise proactive oversight, challenge and intervention to deal with operational problems before they become big problems.</p> <ul style="list-style-type: none"> To support the accountability framework, the RCMP should put in place better internal performance reporting. 	<p>oversight and coordination by the Assistant Commissioner Program Leader.</p>	<p>Deputy Commissioner 'Program Overseer'.</p>
<p>II. ACHIEVING TIMELY RESULTS</p>		
<p>Key Findings/Observations</p>	<p>Key Recommendations</p>	<p>Key Responses</p>
<ul style="list-style-type: none"> Better focus of investigations from the beginning and throughout, better management, constructive challenge and oversight, better IM/IT and Technical Crime support for investigations, better use of expertise from within and outside the RCMP and PPSC will all contribute to more timely results. The IMET Program needs to set internal expectations of results, not as promises but as a management tool to communicate expectations internally, and identify when things may need more senior level focus and attention. 	<ul style="list-style-type: none"> The IMET Program should set internal, informal reasonable expectations for the various stages of IMET cases, and use these benchmarks for identifying issues that may need to be dealt with to expedite investigations. 	<ul style="list-style-type: none"> A study was prepared that provided recommendations to assist the IMET program in setting specific benchmarks and expectations for investigations and prosecutions (i.e., referred to as the Benchmarking Study).
<p>III. PRIORITIES FOR ENHANCED FUNDING</p>		
<p>Key Findings/Observations</p>	<p>Key Recommendations</p>	<p>Key Responses</p>
<ul style="list-style-type: none"> Priority for funding should be to alleviate 	<ul style="list-style-type: none"> The RCMP, PPSC and the 	<ul style="list-style-type: none"> The RCMP established

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>existing bottlenecks and improve the existing system.</p> <ul style="list-style-type: none"> • Accepting smaller cases would have significant advantages for the IMET program (e.g., having success in smaller cases would add to the credibility of IMETs and capital markets enforcement; an excellent training ground for IMETs investigators and prosecutors). 	<p>federal government should develop a simple, more formal implementation plan re desired and achievable caseload, including more capacity to investigate and prosecute more, smaller, less-complex investigations.</p>	<p>positions to support this function.</p>
<p>IV. HR MATTERS</p>		
<p>Key Findings/Observations</p>	<p>Key Recommendations</p>	<p>Key Responses</p>
<ul style="list-style-type: none"> • HR policies and practices within the RCMP (e.g., pension policy, policies that promote frequent rotation of staff, the rank system of pay, and the promotion and performance evaluation system) are going to constrain the flexibility that is available to a program like IMET. • IMETs clearly face HR challenges. High vacancy rate, significant turnover of staff, few promotions in the program, and few opportunities for civilian members are all issues. Many of these can have tangible effects on results. • The RCMP had a challenge from the beginning. It needed to create a relatively small police unit that required high-quality major case management police skills, and other basic investigation skills, coupled with high-quality expertise in various other disciplines. But it had to do this without alienating so much of the rest of the organization to cause isolation and lack of 	<ul style="list-style-type: none"> • The RCMP stakeholders should seek consensus on an updated HR vision. • The new position of Program Leader should develop an HR plan. • RCMP HQ should have a dedicated HR resource for IMET. • Implementation of HR policies should be linked more closely to Divisions, without losing a national focus. • The IMET Program should not adopt a new, separate pay scale, performance pay system or classification system at this time. 	<ul style="list-style-type: none"> • The RCMP adopted and implemented a number of targeted HR retention recommendations of an “IMET HR Committee” comprised of representatives from HQ and Divisions. • The RCMP hired an IMET Human Resource Manager. • There was a realignment of HR responsibilities between RCMP HQ and Divisions. •

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>cooperation and legitimate feelings of unfairness.</p> <ul style="list-style-type: none">• Teams cannot achieve results with only regular policing skills; they need capital markets and other expertise as well.• There is not a strong enough justification existing for across-the-board special treatment for IMET (i.e., for the new classification system, new pay ranges and performance pay system recommended by Deloitte).		
--	--	--

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Annex “C” – The 2010 IMET Program Evaluation by Public Safety

V. IMET RELEVANCE		
Key Findings/Observations	Key Recommendations	Key Responses
<ul style="list-style-type: none"> • There exists an ongoing need to prevent, investigate and prosecute serious capital market fraud in Canada, and doing so falls within the purview of federal government mandates and the missions and objectives of the five federal IMET partners. • There are strong arguments for maintaining this function within the national police force given the current context and existing infrastructures. • IMET appears to have reached practical balance between its focus on cases of national significance while allowing for the pursuit of cases of regional significance as required so that it remains relevant in the regions. 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A
VI. IMET PERFORMANCE: EFFECTIVENESS		
Key Findings/Observations	Key Recommendations	Key Responses
<ul style="list-style-type: none"> • IMET has shown that it is capable of addressing important operational issues (i.e., given the seriousness and thoroughness with which the Le Pan recommendations were addressed). • Considerable, sustained effort will still be required by the RCMP and the PPSC to address current and projected human resource issues 	<ul style="list-style-type: none"> • Under the leadership of the Executive Council, action plans that address the outstanding recommendations of the Le Pan Report and the Benchmarking Study be 	<ul style="list-style-type: none"> • The five federal partners committed to ensuring that the Executive Council is as effective as it can be. • A Benchmarking Study action plan, as well as an

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>of attraction and retention in a creative and pro-active manner to meet operational requirements.</p> <ul style="list-style-type: none"> • Some groundwork has been completed in the development and documentation of methods and data collection practices to monitor the progress of investigations and prosecutions, and to identify reasons for extraordinary delays. • The Executive Council should continue to actively reinforce its leadership, oversight, and contribution to policy development roles. • The challenge for IMET is to increase its profile by debating, developing and communicating an integrated IMET initiative position on key issues relevant to combating serious capital market fraud, both to internal and external stakeholders. 	<p>developed, tracked and reported by the lead organizations.</p> <ul style="list-style-type: none"> • The RCMP and PPSC continue to expend necessary efforts to address and resolve current and anticipated recruitment, retention and capacity issues specific to IMET. • The Executive Council continue to contribute to an enhanced central policy capacity while respecting the individual responsibilities of each partner organization and to an ability to communicate with a concerted voice to teams, partners and stakeholders, on issues of IMET performance. • The Executive Council periodically review the appropriateness of IMET goals and expectations. 	<p>action plan dealing with the remainder of the Le Pan recommendations, was submitted to the Executive Council.</p> <ul style="list-style-type: none"> • RCMP committed to continuing to treat HR and capacity issues with the highest priority; PPSC committed to establishing an inventory of training courses and opportunities that addressed the skill sets that IMET legal advisors and prosecutors require.
VII. IMET PERFORMANCE: ECONOMY AND EFFICIENCY		
Key Findings/Observations	Key Recommendations	Key Responses
<ul style="list-style-type: none"> • IMET would benefit from developing, over time, assurances (and accompanying self- 	N/A	N/A

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>monitoring mechanisms) that all its resources are focused on and devoted to activities that contribute to the achievement of investigation and prosecution outcomes in an economic and efficient manner.</p> <ul style="list-style-type: none">• Establishing a recommended size and scope for the IMET initiatives is an elusive goal, as there is no consensus opinion as to how large or small the problem of serious capital markets fraud is in Canada.• Other players and forces also combat serious market fraud, and they have a strong impact on IMET case outcomes. There appears to be no large gaps in coverage existing and that regional IMET offices are adapting to their regional IMET needs.• IMET has demonstrated that it possesses the tools to assure that its expenditures are committed and reported on in a reasonable fashion, though some inconsistencies in financial reporting have been noted.		
---	--	--

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

Annex “D” – 2013 Expert Panel Report Summary of Findings, Recommendations and Responses

VIII. GOVERNANCE & OVERSIGHT		
Key Findings/Observations	Key Recommendations	Key Responses
a. Executive Council Strategic Oversight		
<ul style="list-style-type: none"> • “When problems are identified, and recommendations are made and implemented, yet the problems remain, this indicates that there are governance issues.” • The Executive Council has not had the necessary information to effectively monitor the RCMP’s implementation of IMET. • Oversight becomes more problematic when the RCMP, not Public Safety, is one of the co-chairs of the Executive Council. • The Executive Council’s effectiveness would be enhanced if all members shared a more nuanced understanding of the doctrine of operational 	<ul style="list-style-type: none"> • The Executive Council should adopt a robust approach to its oversight responsibilities and a more nuanced understanding of operational independence of the police and prosecutors. • The Executive Council should appoint to the Executive Council an independent person (with appropriate clearance) from outside of government with expertise in capital markets criminal enforcement in order to provide an independent perspective on the IMET program. The Executive Council should also invite people with expertise and information on capital markets enforcement to attend sessions and share insights. • The Executive Council should not be chaired by the RCMP or the PPSC, which are operational agencies that are the subject of oversight. The Executive Council should be chaired by an ADM coming from Public Safety and/or Finance. • The executive teams of the IMET partners should provide sufficient, meaningful information, analysis and explanation of their performance against specific performance measures to be 	<ul style="list-style-type: none"> • Updated Terms of Reference for the Executive Council, including membership, frequency of meetings, roles and responsibilities, and requiring IMET partners to share relevant information in a timely manner, was created. Terms of Reference for the Working Group was also created. • New performance reporting tool to support Executive Council’s role in providing strategic direction to the IMET program was created. • A list of potential experts to be invited to meetings on an ad hoc basis to provide an independent

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>independence.</p> <ul style="list-style-type: none"> The RCMP does not have an external, independent watchdog that can review its performance in key areas, and make recommendations that the RCMP must heed. 	<p>established by Public Safety to the Executive Council on a regular basis.</p> <ul style="list-style-type: none"> The Executive Council should task the Working Group to analyse information, identify issues and propose options for actions by the Executive Council in advance of Executive Council meetings. 	<p>perspective was created. The appointment of an independent Executive Council member was not accepted.</p> <ul style="list-style-type: none"> Recommendation regarding chairmanship of the Executive Council (i.e., exclusive of operational agencies) was not implemented.
<p>b. Funding</p>		
<ul style="list-style-type: none"> There needs to be a transparent and detailed accounting of how funds are used, or not used (and, if not used, why) to enable the Executive Council to assess whether the RCMP is fulfilling its IMET responsibilities. Despite Treasury Board's decision to substantially increase IMET's funding in 2008, a significant amount of the budget allocation has not been spent on IMET. Of greatest concern is the under-spending by the RCMP. The significant 	<ul style="list-style-type: none"> The Executive Council should employ an independent auditor, with expertise in the RCMP and commercial crime, to conduct an audit of each agency in receipt of IMET funding to determine where IMET money has, in fact, been spent, and also to evaluate the systems, procedures and controls for tracking IMET funding. The Executive Council should develop an agreed upon approach to the transparent and flexible use of, and reporting on, the funds received to achieve effective enforcement of the securities fraud laws. The Executive Council should institute an "audit committee" mechanism, either as a sub-committee of the Executive Council or reporting to the Executive Council, comprised of financial experts, to review financial information provided 	<ul style="list-style-type: none"> New performance reporting tool to provide information and data about how IMET partners have used their IMET funding over the most recent fiscal year and how they plan to use funding over the coming year was implemented. Recommendations regarding creation of an "audit committee" and the appointment of an independent auditor was not implemented. Financial oversight through departmental Chief Financial Officers is

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>lapsed funding from the IMET budget appears to have been reallocated to other programs of the RCMP.</p> <ul style="list-style-type: none"> • 	<p>by IMET partners.</p>	<p>in place. The IMET program, a horizontal initiative, requires CFO attestation on an annual basis, as well as an internal audit every 4 years. CFO attested financials would be discussed at the Executive Council meeting immediately following receipt of the financials, and internal audit reports would be tabled for reference.</p>
<p>c. Performance Reporting</p>		
<ul style="list-style-type: none"> • The current level of IMET performance reporting does not live up to its most recent accountability framework and it is neither useful for learning, nor for accountability. • The major current deficit in reporting could be considered a breach of accountability, as well as presenting a significant barrier to management learning and 	<ul style="list-style-type: none"> • The IMET program should be required to report on the key performance elements outlined in its 2008 Results-based Management and Accountability Framework. • The IMET program should more fully account for its use of both financial and human resources (qualitative and quantitative) as devoted to the component areas of IMET. 	<ul style="list-style-type: none"> • New performance reporting tool to allow for more effective monitoring and improved measurement of program relevance, efficiency and effectiveness was implemented.

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

improvement.		
IX. IMET PARTNERSHIPS		
Key Findings/Observations	Key Recommendations	Key Responses
<ul style="list-style-type: none"> • The greatest challenge facing the PPSC is growing a cadre of expert securities fraud prosecutors. The MOU which gives the provinces a right of first refusal on the prosecution of IMET cases is a poor deal for the PPSC. • Given the complexity and cost of IMET investigations, there are sound policy reasons for prosecutors to assume a proactive advisory role in the investigation. 	<ul style="list-style-type: none"> • The PPSC should work with provincial crowns to develop an exchange system of seconding prosecutors between federal and provincial agencies to increase securities fraud and economic crime prosecution expertise. • The PPSC should work with the four IMET units and provincial crowns to adopt and implement a vision of the role of the prosecutor as a proactive participant in the pre-charge stages of a case, providing real-time advice from referral onwards. 	<ul style="list-style-type: none"> • Bilateral discussions with representatives of federal and provincial prosecution services regarding exchange system was to occur. • The PPSC acknowledged the importance of advisory support in the IMET program, and provides on-going legal and strategic advice upon request. However, the role of the Crown Attorney in Canada is quite different from its U.S. counterpart (i.e., at the investigative stage, the Crown can provide legal and strategic advice, but it cannot direct the investigators).
X. HUMAN CAPITAL		
Key Findings/Observations	Key Recommendations	Key Responses
<ul style="list-style-type: none"> • Lack of specialist 	<ul style="list-style-type: none"> • N/A. See “ RCMP Management” below. 	<ul style="list-style-type: none"> • N/A. See “ RCMP

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>expertise, case continuity and staffing churn are all attributable to the RCMP's HR policies.</p> <ul style="list-style-type: none">• The RCMP has been left to be the leader of IMET and has not succeeded in building up and retaining a cadre of investigators and investigator-leaders with sufficient specialist expertise.• If the RCMP does not embrace the challenge of revolutionizing its HR policies, and deliver quickly, then the operationalization of IMET does not belong inside the RCMP house, and some alternative will need to be found.• If these problems were addressed, IMET could undertake substantially more cases than the handful of files currently handled, and it would avoid the reputational consequences of high-profile acquittals.• As per the		Management" below.
---	--	--------------------

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>recommendation of Le Pan, the RCMP created two high-level positions to drive changes to HR policies, but RCMP HR policies barely budged.</p>		
<p>XI. RCMP MANAGEMENT</p>		
Key Findings/Observations	Key Recommendations	Key Responses
<ul style="list-style-type: none"> • There are a number of risks to the IMET program, attributable to (1) re-engineering, (2) RCMP HQ decision to abandon efforts to re-build the Jensen model (i.e., applicable to the Commercial Crime Branch from 1965 through the 1980s), and (3) converting civilian members employed under the <i>RCMP Act</i> to civilian members. • There is concern that, under the re-engineered model (which has accelerated the shift in the balance of power from RCMP HQ to Divisions), RCMP HQ has insufficient visibility of 	<ul style="list-style-type: none"> • The RCMP’s decentralized organizational model should be adapted to provide for strong, expert, and sustained leadership of the IMET program. • At RCMP HQ, one Assistant Commissioner should have sole operational and functional oversight of IMET. • The RCMP should adopt policies related to recruitment, eligibility, promotions, transfers, and training that grow, consolidate, and maintain specialist expertise in the investigation of complex capital market offences. • Within the next 12 months, a study should be undertaken to determine the feasibility of establishing an independent agency with a mandate for capital market criminal enforcement. 	<ul style="list-style-type: none"> • RCMP was to continue to assess the re-engineering model and how IMET cases are prioritized on an ongoing basis. • Recommendation regarding having one Assistant Commission with sole oversight of IMET was not implemented. The Deputy Commissioner Federal Policing has the oversight responsibility for IMET, with support from three Assistant Commissioners, each of whom have a leadership role to play in influencing the direction of different aspects of IMET. • Under the new Toronto

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>IMET cases, and limited influence to fix the problems it identifies.</p> <ul style="list-style-type: none"> • RCMP HQ responsibility for IMET is split between two commands (i.e., co-ordination versus operational oversight); inevitably this muddies accountability and undermines oversight. • As a consequence of re-engineering, the IMET intelligence database has been neglected. • Both the need for specialization, and how to achieve it, are not fully understood at the top of the RCMP. 		<p>model (i.e., IMET/OSC integration and co-location), the RCMP was to leverage expertise from key partners (e.g., provincial securities commissions), which was to reduce reliance on developing all of the required expertise within the RCMP.</p> <ul style="list-style-type: none"> • Assessing the feasibility of an independent agency with a mandate for capital markets criminal enforcement was determined to be outside the scope of the Executive Council. Public Safety was to study this recommendation.
<p>XII. LEGAL TOOLKIT</p>		
<p>Key Findings/Observations</p>	<p>Key Recommendations</p>	<p>Key Responses</p>
<ul style="list-style-type: none"> • There is a need to engage in a national conversation on legal issues, leading to a common understanding and consensus on what is needed to modernize the legal toolkit so that it is adapted to the 	<ul style="list-style-type: none"> • There should be a federal-provincial conference to discuss, among other things: (a) the scope of constitutional guarantees on information sharing, best practices and protocols, and (b) modernization of the legal toolkit. 	<ul style="list-style-type: none"> • Justice and PPSC was to undertake to start consultation on a federal-provincial conference. • Justice and PPSC had strong reservations

2018 IMET PERFORMANCE IMPROVEMENT ACTION PLAN

<p>complexities of investigating and prosecuting complex case work, including securities fraud.</p>		<p>regarding the ability develop “common understandings” regarding scope of constitutional guarantees and modernization of the legal toolkit.</p>
---	--	---

Annex “E” – Priority Rating of Operational Files (PROOF) tool

Integrated Market Enforcement Team Modified Proof (A)

			VALUE
Type of Criminal Code Investigation	Market Manipulation	5.00%	5.00%
	False Prospectus	5.00%	
	Insider Trading	5.00%	
	Fraud	1.00%	
Scope of Service	High	10.00%	10.00%
	Moderate	5.00%	
	Nil	0.00%	
Repeat Offender	Yes	5.00%	5.00%
	No	0.00%	
Age of Offence	Ongoing	10.00%	10.00%
	< 1 year	5.00%	
	1 - 5 years	3.00%	
	> 5 years	0.00%	
Value of Benefit to Offender	> \$10 Million	12.00%	12.00%
	\$5 - 10 Million	6.00%	
	\$1 - 5 Million	4.00%	
	< \$1 Million	0.00%	
Insider Involvement	Senior Executive (CEO, CFO, etc.)	14.00%	14.00%
	Director	12.00%	
	Auditor	12.00%	
	Market Intermediary	10.00%	
	Insider Shareholder	10.00%	
	Other Professional	8.00%	
	Nil	0.00%	
Market Type	Interlisted (CDN)	20.00%	20.00%
	TSX / S&P Composite Index	18.00%	
	TSX or MX	15.00%	
	TSX – Venture	10.00%	
	Other	10.00%	
Public Interest Level	International	10.00%	10.00%
	National	8.00%	
	Local / Provincial	8.00%	
Market Capitalization	> \$500 Million	14.00%	14.00%
	\$100 - 500 Million	12.00%	
	\$5 - \$100 Million	10.00%	
	< \$5 Million	0.00%	
Total Possible Score			100.00%

Integrated Market Enforcement Team Modified Proof (A)

Question 1 – Type of Criminal Code Investigation

This question highlights the type of offence that a particular file concerns. If more than one of the Criminal Code Investigation types hold true for the file, then please select the most relevant (i.e. the core focus of the investigation). (A)

Question 2 – Scope of service elements

This criteria refers to the absence (Nil) or the presence of the following elements in a (High) or (Moderate) proportion. (A)

- Threat to Canada's economic integrity
- Threat to the integrity of GOC's systems/programs
- Threat to national security
- Threat to critical infrastructure
- International in scope
- Inter-jurisdictional in scope with national implications
- Canada/US border

Question 3 – Repeat Offender

This criteria should only be checked in the affirmative investigation by any other police force, OR, by any other regulatory body with the authority to lay criminal charges AND, if that investigation pertains to a difference scheme from the current one being proofed. (A)

Question 4 – Age of the Offence

This criteria refers to the age of the actual incident as opposed to the time the incident was reported. Did the offence take place several years ago, or is it something that is happening now? (A)

Question 5 – Value of Benefit to Offender

This may or may not be a subjective assessment of the estimated value of the benefit that the offender has received as a result of the commission of this offence. (A)

Question 6 – Insider Involvement

This question is intended to highlight those cases that involve the illegal use of material non-public information. Weighting is assigned according to the level of fiduciary duty that the selected role carries with it to the Canadian investing public. (A)

If "insiders" of different roles are involved in the commission of the same offence, the highest of the following ranked (from highest to lowest) roles should be selected: (A)

1. Senior Executive (CEO, CFO, etc.) (A)
2. Director (A)
3. Auditor (A)
4. Market Intermediary (A)
5. Insider Shareholder (A)
6. Other Professional (A)

7. Nil - This file contains no reference to Insider Involvement. (A)

Question 7 – Market Type

This question indicates which exchange the file primarily concerns. If a particular file concerns a security that satisfies more than one of the selections, the highest of the following ranked (from highest to lowest) roles should be selected: (A)

- **Interlisted (CDN)** – this file concerns a security listed on both a Canadian and foreign stock exchange. (A)
- **TSX/S&P (Composite Index)** – this file pertains to a security that is a member of the TSX/S&P Composite Index. (A)
- **TSX or MX** – this file pertains to securities listed on the Montreal Exchange OR all other securities that trade on the Toronto Stock Exchange but are not included in the TSX/S&P Composite Index. (A)
- **TSX - Venture** – this file pertains to securities listed on the TSX Venture Exchange (formerly the Canadian Venture Exchange (CDNX)). Please note that securities that did trade on the Winnipeg Stock Exchange should be included in this category as the WSE merged with the CDNX on November 24, 2000. (A)
- **Other** – This file pertains to securities traded on an exchange other than the ones listed. (A)

Question 8 – Public Interest Level

This is a subjective assessment of the level of public interest in this particular investigation. For example the Bre-X investigation was of obvious “international” interest. An insider trading investigation concerning a well-known Canadian securities analyst would most likely be of “national” interest. “Local” interest would be of particular concern at the divisional level. If in doubt, it is recommended that raters use the Internet to conduct a simple news media search of the company name. Should the company be significantly recognized on an international basis (i.e. non-Canadian sites refer to the company), it might be considered to be of international interest. Similarly, the Internet can be used to estimate the level of interest on a local or national basis. (A)

Question 9 – Market Capitalization

This question is intended to measure the potential capital at risk given the commission of a capital markets offence. For the purposes of this form, the determination of “Market Capitalization” should be measured by taking the highest capitalization between a period commencing three months before the beginning of the offence and ending three months after the end of an offence. (A)

“Market Capitalization” is to be calculated as the quoted price of one common share multiplied by the number of common shares outstanding. (A)

Example:

An investigation of ABC Company commenced on May 8, 2004 but the period under review was from January 4, 2004 to May 8, 2004. The market capitalization at risk should be reported as follows: (A)

Highest level of capitalization between Oct 4, 2003 and August 8, 2004 was determined to be 2 million shares outstanding X \$5 share market price on December 14, 2003 = \$10 million. (A)