Money Laundering/Proceeds of Crime – RCMP Federal Policing Perspective

Cullen Inquiry

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April 2021

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Federal Policing RCMP

Federal policing (FP) investigates criminal activity in relation to the Federal mandate and relevant legislation with a focus on current strategic priorities:

- Transnational and Serious Organized Crime (TSOC)

- Cyber Crime (CC)

- National Security (NS)

Within each priority theme, there are Key Activities to target. Within TSOC, Money Laundering and Proceeds of Crime is a key activity.

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Two Main Aspects:

- Following the money on all tiered Federal Policing investigations to identify, seize, and forfeit the major assets and criminal profits of these crime groups.

- Uncovering financial facilitators and criminalized professionals

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Federal Prioritization Process:

- Federal investigations must go through national headquarters for a prioritization committee to decide on their level of seriousness and access to Federal Resources.

- Cases are assigned as Tier 1, Tier 2, Tier 3, or do not get tiered.

- A Tier 1 case would require the most resources, and allows for Divisional Commanding officers to manage their resource/support service allocations accordingly.

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- Threat
  - Substantial Organized Crime activity
  - Criminalized professionals as facilitators
  - Compromise of Canada's economic integrity
  - National Security implications through links to criminalized professionals (MSBs, Lawyers, Accountants, etc)

- Context
  - International scrutiny of Canada's AML regime
  - Domestic focus on Money Laundering and Proceeds of Crime.

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Key Challenges

- Rapid evolution of technology and methods
  - encrypted communications, virtual currency, dark-web marketplaces

- Complexity of investigations
  - Investigative and intelligence capacity dependent on specialized and technical skills (e.g., forensic accountants, knowledgeable prosecutors)
  - Multi-faceted, multi-jurisdictional, resource-intensive, time consuming investigations involving numerous layers and concurrent investigations (e.g., drug trafficking, transnational organized crime, proceeds of crime)

- Limitations
  - Lack of transparency and accuracy in beneficial ownership information
  - Legislative restrictions (e.g. pre-charge tax information)
  - R. v. Jordan changes how investigators need to build cases

- Domestic and international pressure to augment investigative outcomes
  - Finance Canada, Financial Action Task Force, International Monetary Fund

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Role of Headquarters, FPCO Financial Crime

- Creates the ability to maintain situational awareness over the Program's activities nationally: Money Laundering WG, Virtual Currency WG, Integrated Market Enforcement Team.
- Provides oversight of operational files from a risk-based approach and maintenance of intelligence.
- Provides analytical support in Financial Analysis
- Works with FVEYs on common targets and initiatives
- Conducts Asset Tracing requests: Asset Recovery Interagency Networks and the Camden Assets Recovery Interagency Network
- Develops training
- Works with government stakeholders (PCMLTFA partners) on strategic policies and legislation

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Government of Canada Response

- Budget 2019
  - Funding for AML Action, Coordination and Enforcement (ACE) Team/Trade-Based Money Laundering (TBML) Centre of Excellence
  - $68.9M to RCMP over five years and $20M per year ongoing for enhanced federal policing capacity, including to fight ML

- Other GoC Investments (RCMP)
  - $10M to help the RCMP invest in information management and IT infrastructure and digital tools to pursue complex financial crimes.

- Suite of legislative and regulatory amendments including Beneficial Ownership, inclusion of recklessness provision in the Criminal Code, amendments to the PCMLTFA

- Established new governance regime, including a DM level committee on AML

- Established BC/Federal Working Group

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RCMP Federal Policing Actions

- Budget 2019 investment in foundational investigative capacity

- Enhanced information sharing
  - Participation in ACE Team
  - Developing Public-Private Partnership on underground banking with major financial institutions

- Revitalize the focus on following the money to identify proceeds of crime and money launderers on all Federal investigations

- Developing and implementing an HR modernization strategy to address the evolving threat environment.

- Greater partnerships with PPSC, FAMG, and SPMD to address gaps, such as issues with prosecution(unnecessary delays, or R. *v* Jordan), forensic accounting requirements, and managing assets (such as crypto-currencies).

- Expansion of training programs and development of new advanced proceeds of crime course

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Significant POC/ML Operations

Project COLLECTEUR:

- Montreal RCMP lead a 3-year investigation on a money laundering network facilitating the transnational flow of POC.
- In February 2019, RCMP officers charged eleven individuals in Montreal and seven individuals in Toronto.

Project ATHENA:

- Developed by BC CFSEU to address underground banking in Canada and is being expanded into a national program
- Multiple stakeholders engage through lawful sharing of information, with quarterly meetings to discuss trends, ML typologies and issues.
- Early success has resulted in financial institutions making systemic changes to their processes in identifying clients on bank drafts.

Project EPIRATE:

- Significant disruption of ML network through investigation.
- Significant legislative and regulatory impact in BC.

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