

# 2021 IMLIT Way Forward

## Executive Summary

### Purpose

In an effort to improve investigational outcomes related to Proceeds of Crime and Money Laundering, RCMP Federal Policing has moved forward with the development of Integrated Money Laundering Investigative Teams (IMLITS) in C,O,K,E divisions to better address the ML/POC components of priority investigations.

### Overview

Canada's Anti-Money Laundering Regime has come under increased scrutiny both internationally and domestically. Internationally, a 2016 assessment completed by the Financial Action Task Force (FATF), an international body that reviews Regime compliance, found Canada to be deficient in a number of areas, which highlighted Canada's limited results in terms of ML/POC seizures, arrests, and prosecutions. As such, Finance Canada published a White Paper in February 2018 entitled, "Reviewing Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime," which informed the statutory review of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act conducted by the House of Commons Standing Committee on Finance from February to June 2018. This report included several recommendations leading to additional policy measures to address the ML/POC threat in Canada.

### Current Situation

In response, RCMP Federal Policing is re-focusing its efforts to create money laundering ML investigative teams in C, O, K, and E division to better address POC/ML components of priority investigations. ML investigative teams dedicated to the investigation of POC/ML, would enhance both capacity and effectiveness. As a result, funding for the IMLIT teams have been approved and all four divisions have started their respective staffing processes with the goal of having these positions in place by the end of March 31, 2021.

### Mandate

To build integrated partnerships with RCMP municipal and/or provincial policing partners and other Federal agencies, such as the Canada Revenue Agency (CRA), Canada Border Services Agency (CBSA), Public Prosecution Service of Canada (PPSC), and Forensic Accounting Management Group (FAMG). The objectives of establishing the new ML investigative teams will be to reduce the capacity of, and increase enforcement actions against targeted organized crime groups through the removal of their assets, as well as increasing knowledge and understanding of ML/POC. Dedicated RCMP personnel focussing on ML/POC investigations will help the RCMP be more intelligence-led while maximizing an integrated approach to identify, seize, restrain, and forfeit illicit and unreported wealth accumulated by the highest level of organized crime groups.

### Strategic Consideration

Funding for these positions was part of a 2019 Treasury Board. As such, accountability on resources and outcomes will likely take place through semi-annual assessments and reviews.

## 2021 IMLIT Work Plan

### Overview

The IMLIT Plan outlines how the RCMP will deploy resources for Money Laundering and Proceeds of Crime Investigations with 4 teams of regular members in the C, O, K, and E divisions, in addition to 1 analyst position at NHQ.

RCMP Federal Policing have made it a priority to effectively address Transnational Organized Crime in Canada. In doing so, the development of new strategies to appropriately tackle Criminal enterprises from multi-pronged approaches is under way. One of these strategies is to appropriately follow the money on Serious and Organized Crime(SOC) investigations.

Results in recent years have shown that a follow the money approach has no longer been the focus of Tier 1 and Tier 2 Federal Policing investigations. Out of 164 Tier 1 and 2 files, in Financial Crime, Serious Organized Crime, and Cyber Crime, only 66 files are pursuing a ML component (40%).

There are a number of reasons for these results, including resource constraints on the financial crime program, disbandment of the former IPOC units with a loss of expertise, deviations of roles in FSOC units with teams primarily focussed on predicate offence investigations, R v. Jordan concerns, and PPSC determinations.

In light of these results, FP advanced efforts to create 5 new investigative positions in the COKE divisions through a portion of a recent Treasury Board Submission to tackle money laundering and POC. While this is a step in the right direction, Federal Policing will still require far more of a shift in focus to get the results it needs in appropriately following the money and confiscating the proceeds of crime.

On February 4<sup>th</sup>, 2020, the Deputy Commissioner of Federal Policing sent a memo to all Divisional CROPS Officers stating that all future FP Serious and Organized Crime Investigations submitted for approvals and tiering must clearly denote all dimensions being considered, examined and investigated in relation to the accumulation of illicit funds and wealth including the laundering of money derived from criminal activity.

### Alignment with RCMP Programs

Federal Policing have prioritized targeting Transnational Organized Crime in Canada, and doing so requires a multi-pronged approach. This includes following the money on all tiered Federal Policing investigations, to identify, seize, and forfeit the major assets and criminal profits of these crime groups, in addition to uncovering their financial facilitators and criminalized professionals(such as lawyers, accountants, etc...) that enable their criminal enterprises to operate effectively. In order to appropriately meet this priority, additional resources for investigative capacity are required, and this submission is but a starting point to achieve this goal.

### Alignment with Government Wide Priorities

The RCMP is a member of the Government of Canada's AML/ATF regime, a horizontal initiative comprising 13 federal departments and agencies, eight of which receive dedicated funding totaling approximately \$70 million annually. The regime is led by the Department of Finance and includes an assistant deputy minister (ADM)-level Steering Committee, as well as an Interdepartmental Working

Group. The Proceeds of Crime Money Laundering and Terrorist Financing Act (PCMLTFA) was enacted and geared toward providing further tools and intelligence in support of the detection, investigation and prosecution of money laundering and the seizure, restraint and forfeiture of the proceeds of crime.

In the Financial Action Task Force's last mutual evaluation of Canada's AML regime, presented in 2016, a number of deficiencies were identified including the fact that Canada identified and investigated a low number of ML cases. Furthermore, the FATF reported that while a number of POC cases were pursued, overall, assessors felt the results obtained were not commensurate with Canada's ML risks.

In November 2018 Canada's Standing Committee on Finance completed a review of the administration and operation of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) and released a Report titled "CONFRONTING MONEY LAUNDERING AND TERRORIST FINANCING: MOVING CANADA FORWARD". The report noted that Canada's reputation is in jeopardy, as terms such as "snow washing" and the "Vancouver model" of money laundering are now associated with Canada. It was therefore recommended that the government bring forward Criminal Code amendments to make money laundering easier to investigate and prove, and suggested that additional resources be made available to law enforcement and prosecutors to pursue money-laundering crime

This proposal is in line with the goals of the overall AML regime and aims to combat some of the negative press, lack of results, and Canada's tarnished reputation as outlined in the above reports/reviews. In addition to some of this critique, the British Columbia Cullen Inquiry also aims to identify the issues and shed light on the reasons behind the regime's current failures, particularly in BC.

### Integrated Teams

Funding for the IMLIT teams is a starting point to supporting well-staffed investigative units dedicated to combating ML/POC. As four or five members per division is not sufficient for the vast majority of major project ML/POC investigations, integration with municipal, provincial, and federal partners will be imperative and illustrate the shared responsibility in this space where success will be demonstrated through results and will justify future resource asks. Incorporating resources from partner agencies, such as the CRA, FAMG, SPMD and CBSA will broaden expertise and invoke rigour within complex cases.

### Expected Results

Having dedicated resources that are specifically focused on pursuing the proceeds of crime and money laundering professionals will assist with Federal Policing's priority at tackling Transnational Organized Crime groups and the requirement to follow the money on all Tiered Federal cases. Providing these dedicated resources shows commitment on behalf of the Deputy Commissioner Federal Policing towards tackling the criminal enterprise in part through a follow the money approach. Funding for these positions was part of a 2019 Treasury Board submission – "Funding for Foundational Improvements of Federal Policing Capacity and Capability". As such, accountability on resources and outcomes will likely take place through semi-annual assessments and reviews.