

SOC 3290 Deviance
Overheads Lecture 27: Organized Crime:

Today we will review two interrelated topics:

- (1) The changing nature of fraud in Canada;
- (2) Organized crime and money laundering

(1) The Changing Nature of Fraud in Canada:

- * Fraud = “any attempt through deceit or falsehood to obtain goods, services, or financial gain without legitimate rights.”
- * Includes: a wide array of criminal activities (among other things):
 - writing bad cheques
 - electronic money transfer
 - telemarketing scams
 - debit card copying
 - credit card theft
 - personal identity scams.
 - insurance fraud
 - much computer crime.
- * Fraud statistics:
 - * In 1999 lowest fraud rate in more than 20 years, representing less than 7% of all property crimes (297/100,000 population).
 - * Much driven by a steep decline in *cheque* frauds since the 1970's. Yet, *credit card* & “*other*” frauds have *increased substantially* (143%) since 1978
 - * Highest provincial rate in 1996: Saskatchewan
Below average: Quebec, Newfoundland, Ontario and the NWT
 - * Frauds more likely to be solved by the police than other property crimes (in 1996, nearly 2 in 3).
 - * Persons accused of fraud offences older than accused in other property

crimes.

* Probation =most common sentence for fraud offences, prison terms were short (60 days), and fines small (\$200).

* Fraud targets: 53% commercial enterprise
28%, bank or financial institution

(2) Organized Crime and Money Laundering:

* “Organized crime” indicates a *process* or *method* of committing crimes, not a distinct type of crime or criminal.

* Common features:

- A political organization with the capability to use political corruption and/or the potential for violence;
- A structure that allows the individual criminals to be interchangeable without jeopardizing the visibility of the criminal activity; and
- Criminal activity committed via continuing criminal conspiracies

* Organized crime evolves /does not remain static. Better to focus on common process than the radical changes in crimes and markets.

* Keep in mind that the one constant is the pursuit of *profit*.

* Canadian legal framework:

- 1988 - Bill C-58 The Mutual Legal Assistance in Criminal Matters Act
- 1989 - Bill C-61 The Proceeds of Crime Legislation
- 1993 - Bill C-9 The Proceeds of Crime Money Laundering Act
- 1993 - Bill C-123 The Seized Property Management Act
- 1997 - Bill C- 95 An Act to Amend the Criminal Code (Criminal Organizations)
- New Anti-Terrorism Act

* To truly understand organized crime, one must understand:

- the globalization of financial markets/ criminal activities
- political changes opening up opportunities
- increasing cooperation/linkages between organized crime groups
- marketing analysis

* In Canada, organized crime activities involve all of the following

- Narcotics
- Loan sharking
- Smuggling
- Pornography
- Credit card theft/ frauds
- Gambling
- Motor vehicle theft
- Extortion
- Organized frauds and scams
- Illegal immigration
- Prostitution
- Murder/ contract killings
- Environmental crimes
- Money laundering

* Literally all ethnic groups are involved, but some concentrate due to:

- Ties of loyalty extending beyond profit
- Difficulty in police penetration
- Efficiency of controlling seamless operation

* Groups operating as organized criminals in Canada:

- Traditional Italian organized crime families
- Asian Triads/ Vietnamese gangs
- Aboriginal organized crime groups
- Outlaw motorcycle gangs
- Colombian cartels
- Russian organized crime groups
- Nigerian groups
- Eastern European groups
- Jamaican organized crime
- Japanese Yakuza

* Major players:

- Usually involved in more than 1 type of activity
- Exhibit much overlap/interdependence

* Organized crime requires facilitators /accessories in conventional society:

- accountants
- computer specialists
- customers
- lawyers
- financial advisors

* Criminal justice response: follow the money

- Seize profits/ assets thereby hurting organization
- Money laundering laws

* Money laundering = “ the conversion of illicit cash to another asset, often involving the ‘placement’ of the funds into a financial institution”

* Accomplished by:

- Concealing the true source or ownership of proceeds
- Creating a paper trail that is hard or impossible to follow; and
- The creation of the perception of legitimacy of source and ownership

* Institutions generally targeted include:

- Deposit-taking institutions
- The securities industry
- Real estate
- Lawyers and accountants
- The gold market
- Luxury goods industries
- Currency exchanges
- The insurance industry
- Casinos
- The travel industry
- Precious gems/ jewelry stores
- The incorporation and operation of companies

* Most laundering schemes have a lawyer involved:

- Some knowing accomplices/ some not
- Many hide behind solicitor-client privilege (controversial)
- Services can include:

Providing a nominee function	Incorporating companies
Conducting transactions	Managing/ handling illicit cash
International coordination	Buying and selling real estate

* More recently lawyers targeted by law enforcement:

- When do they become criminals themselves?
- Can their assets be seized under proceeds of crime laws?
- Sting operations
- New reporting laws being fought

* Ultimately:

- Organized crime market driven
- Socially, politically and economically defined
- Hard to tackle, as:

interwoven with conventional society
different jurisdictions/enforcement priorities