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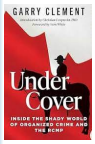
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To all Mothers, Happy Mother's Day.



Over the last several months I have highlighted how Canada is falling farther behind when it comes to combating the threats posed by transnational organized crime and China's expansion into Canada under its Belt and Road Initiative.

I recognize both these issues pose significant challenges that require co-ordinated responses from governments worldwide. Failure to address these challenges have far-reaching consequences for democracy, the rule of law and human rights, undermining the foundation of stable and inclusive societies.

To enhance our reputation on the world stage we need to demonstrate a commitment to combatting state sponsored activities occuring on Canadian soil and transnational organized crime which often times is comingled. The recent investigation that failed to successfully prosecute the Italian mafia has highlighted, once again, that we have gaps in our legislative framework which thwarts the ability of law enforcement to tackle organized and embedded crime groups. The Jordan decision mandating a trial within 30 months fails to consider the complexity of these files and only serves to benefit the continuance and expansion of these criminal enterprises.

The time is long past for our government to take concrete measures to strenghten law enforcement and prosecution efforts: investing in law enforcement and prosecution and provide them with the necessary resources, training and technology. This would enable more effective enhanced international cooperation.

Lastly we need comprehensive legislation, introducing and enforcing robust laws and regulations.

RCMP's ability to defend national security is eroding, report warns

Federal policing is 'stretched thin' and it's putting Canadians at risk, Management Advisory Board says

Catharine Tunney · CBC News · Posted: Apr 26, 2024

The RCMP's federal wing is at a "critical juncture" and its ability to police key files like foreign interference, terrorism and financial crime is on the line, says a recent report from the Mounties' independent advisory board.

After studying the sustainability of federal policing for more than a year, a task force set up by the external Management Advisory Board drafted a report that says the RCMP must change to survive — and the federal government needs to step up to protect Canadians' safety.

"Federal policing has now arrived at a critical juncture of its sustainability, which present risks for the national security and safety of Canada, its people, and its interests," says the report, shared with CBC News this week.

It's just the latest report to offer dire warnings for the federal government about the direction of the national police organization.

"There is, I think, a real call for political leadership in this report," said Christian Leuprecht, a professor of political science at the Royal Military College and of intergovernmental relations at Queen's University.

"Without that dedicated attention, the rest is simply going to be moving deck chairs on the Titanic."

Federal policing is the section of the RCMP that investigates some of the most complex criminal files, those involving national security, organized crime, money laundering, cyber attacks and war crimes.

The RCMP is also responsible for boots-on-the-ground policing in large parts of the country, including many rural and remote areas.

The Management Advisory Board, created in 2019 by the federal government to provide external advice to the RCMP commissioner, set up a task force in the fall of 2022 to study the federal policing program.

"Canada and its people have already begun to see the repercussions of the federal policing program being stretched thin," says the task force's report, completed at the end of last year.

The report says budget and personnel shortfalls have left the RCMP "operationally limited," restricting the number of cases it can take on annually.

That problem "is further exacerbated by other competing urgent criminal priorities (e.g. national security)," the report adds.

The report points to the 2022 Cullen Commission, the money laundering inquiry launched by British Columbia. It concluded that the primary cause of poor law enforcement results on money laundering files in that province was a lack of police resources.

Canada's credibility on the global stage at risk

The task force warns that there are global implications to the weakness of federal policing, since the RCMP represents Canada in global security bodies such as the Five Eyes intelligence alliance and INTERPOL.

"Federal policing's overall eroding capacity may have implications for the credibility of Canada's federal police force and its investigations on the international stage," says the report.

"Ultimately, this may influence Canada's overall approach and standing in international politics, including its ability to advance global priorities."

The report links the slow collapse of federal policing to government cost-cutting, starting with the $150 million trimmed from the RCMP in 2008 by the government of Prime Minister Stephen Harper.

That reduced funding "significantly impacted [the RCMP's] investigative capabilities," it says.

The RCMP has struggled in recent years to recruit and retain regular members, a problem that's particularly acute in federal policing, the report says.

The highly-skilled people the RCMP needs to advance complex investigations are in short supply and in high demand.

The force also has to compete for experts in cyber crime with the private sector — which can hire people faster and pay them more — and with other security agencies, such as the Communications Security Establishment and the Canadian Security Intelligence Service, says the report.

The task force suggests that the RCMP obtain "special allowances" from the Treasury Board of Canada to offer higher salaries to people with specialized skill sets.

Feds' priorities come at the expense of core operations

Another factor acting as a drag on RCMP federal policing is the effect of the force's contractual obligations, the report says. Regular members are routinely pulled from federal policing to work in regional contract policing and are not replaced.

The task force says federal policing has lost about 1,000 regular members in a 10-year period — about 24 per cent of its officer workforce. It also says the federal policing unit is being pulled in multiple directions by federal government policing priorities, such as "protective services for political figures and dignitaries" and "ideologically-motivated violent extremism."

Regular members are also generalists, the report notes. All Mounties get the same initial training as cadets at the depot in Regina, whether they're being tasked with patrol work in New Minas, N.S., or with taking on a mob boss.



Prime Minister Justin Trudeau visits with cadets at RCMP Depot in Regina on Thursday, January 26, 2017. (Michael Bell/Canadian Press)
The advisory board recommends the RCMP focus on training would-be investigators with specialized skills.

Some of the report's 10 recommendations suggest an alternative training structure that would allow recruits with specialized skills to join the federal policing unit directly, without going through depot training — a concept the RCMP was piloting before it was paused by a union complaint.

While the Management Advisory Board was set up to provide the RCMP commissioner with guidance, its latest report saves its most pointed language for the federal government.

"After all, the remit of federal policing is at the very core of the mandate of the RCMP, Public Safety Canada and the government of Canada," the task force concludes.

The advisory board's report echoes recommendations made by one of Parliament's intelligence and

security watchdogs, the National Security and Intelligence Committee of Parliamentarians (NSICOP).

NSICOP's November report said federal policing is not "as effective, efficient, flexible or accountable as it needs to be to protect Canada and Canadians from the most significant national security and criminal threats."

The public inquiry that investigated the worst mass shooting in modern Canadian history raised concerns about the RCMP's structure and called for a review of how it operates.

The Mass Casualty Commission, launched in response to the 2020 mass shooting in Nova Scotia that killed 22 people, suggested that review should "specifically examine the RCMP's approach to contract policing."

The task force's conclusions come as no shock to Garry Clement, who spent 30 years with RCMP, starting as a uniformed officer before eventually moving to the money laundering investigations unit.

He said he constantly saw investigators leave federal policing to fill gaps on the contract policing side.

"You were only keeping competent investigators for maybe three years and that's just an insufficient amount of time," he said.

"It takes about five years [for a] competent investigator ... to be effective in this arena, especially in transnational organized crime and money laundering."

Clement, now the chief anti-money laundering officer at VersaBank, said he believes the heart of the problem is the long-standing tension between the RCMP's contract and federal policing responsibilities.

"It's time that ... we take a look at an organization and ask ourselves as a country, can we really afford to have a group trying to be all things to all people?" he said. "And the reality of it is it won't work in this complex world we're in today.

"Let's quit talking about it. Let the federal government pull their head out of the sand, realize they have to do something, and let's get on with it."

Despite the growing list of critical reports, Leuprecht said he isn't convinced change is on the horizon.

"I think this government is not particularly seized with anything to do with defence, security or intelligence," he said.

"This government also has electoral constituencies that are not particularly favourable to issues of intelligence, defence and security. And as a minority government, I think this is rather not the gunfight that they would like to pick with their own electoral constituencies, possibly further alienating their shrinking electoral base."

A spokesperson for Public Safety Minister Dominic LeBlanc said the department agrees with the Management Advisory Board "on the critical importance of the RCMP's federal policing functions to the security of Canada."

"We will work collaboratively at every step of the way with the RCMP to ensure that they have the resources necessary to carry out those functions," said Jean-Sébastien Comeau.

The head of the federal policing, Deputy Commissioner Mark Flynn, said he welcomes the board's findings and will have more to say about how he plans to shake up the unit.

"But of respect to our employees who have not seen the report yet, I will not go into great detail with respect to specific items in the report until they have access to it," he said in a statement.

"However, I will tell you that I believe the report will be well received by our employees who are working hard keeping Canadians safe, as it will help us make our organization stronger and to build on the amazing work they do in a complex and demanding environment."

https://www.cbc.ca/news/politics/rcmp-federal-policing-mab-1.7182615



VersaBank Reports Results for First Quarter Fiscal 2024: Continued Robust Growth in Point-of-Sale Receivable Purchase Program Drives 41% Year-Over-Year Increase in EPS to Another New Record

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Value of DRT

Penetration testing, often abbreviated as pen testing, holds significant value in enhancing the security posture of organizations. Here are some key reasons why it's valuable:

1. **Identifying Vulnerabilities**: Penetration testing helps in identifying vulnerabilities in systems, networks, and applications before malicious attackers exploit them. By simulating real-world attacks, organizations can discover weaknesses and prioritize remediation efforts.
2. **Risk Mitigation**: By identifying vulnerabilities early, organizations can mitigate the risk of potential breaches or data compromises. This proactive approach can save them from potential financial losses, reputation damage, and legal liabilities.
3. **Compliance Requirements**: Many regulatory standards and

frameworks, such as PCI-DSS (Payment Card Industry Data Security Standard) and HIPAA (Health Insurance Portability and Accountability Act), mandate regular penetration testing as part of their compliance requirements. Compliance helps organizations avoid fines and penalties while demonstrating their commitment to security.

4. **Enhancing Security Awareness**: Penetration testing raises awareness among employees about the importance of security and the potential consequences of security breaches. It helps foster a security-conscious culture within the organization.
5. **Improving Incident Response**: Penetration testing can also evaluate the effectiveness of an organization's incident response processes. By simulating attacks, organizations can identify gaps in their response capabilities and refine their incident response plans accordingly.
6. **Third-party Assurance**: For businesses that provide services to other organizations, undergoing regular penetration testing can provide assurance to clients and partners about the security of their systems and data.
7. **Continuous Improvement**: Penetration testing is not a one-time activity; it should be conducted regularly to address evolving threats and changes in the IT environment. By continuously testing and refining security measures, organizations can stay ahead of emerging threats.

Overall, penetration testing plays a crucial role in proactive security measures, helping organizations stay one step ahead of cyber threats and safeguard their assets, reputation, and customer trust.

Feature Articles

Gen. Rick Hillier: Ideology masking as leadership killed the Canadian dream

Opinion by Special to National Post



Scenes from the homeless encampment at Crab Park with a cruise ship docked at Canada Place as the City continues to remove tents from sidewalks in the Downtown Eastside of Vancouver, B.C.., on April 23, 2023.© Provided by National Post

"This is not Canada," is a phrase we hear far too often. It seems to come from every politician, from all levels. It's exclaimed after every illegal demonstration, hate crime, blocked street, gang shooting, home invasion, car theft and emergency room horror story.

Those exclamations ring hollow as food bank lines stretch longer and as hopeless thousand-yard stares of good men and women grow more prevalent. While dreams of home ownership fade, shantytowns grow and our confidence in the future plummets. We hear the official inflation rate, but it bears little resemblance to our real-life experience. "This

is not Canada" grates, harshly, especially when it comes from those who seem so out of touch with reality.

The Canadian dream, so wonderfully launched in 1867 with the partnership that was the Dominion of Canada, is dead. Killed by ideology masking as leadership. Slaughtered by economic suicide posing as climate control. Bled by crushing taxes wasted on scandalous and foolish endeavours. Crushed by debt that compromises long-term fiscal viability. Wounded by battles over responsible care for children. Frightened by our abandonment of some 300,000 Canadians, attacked not because they're bombing Gaza, but because they're Jews.

Coupled with increasing brain drain, capital flight and failing infrastructure, we face a harsh reality: the great experiment, a federation of like-minded peoples that was the Dominion of Canada, is failing.

Our responses are feeble. More regulations. More and higher taxes. Massive amounts of immigration, without a plan to integrate. Decrying American politics without acknowledging that our dirty politics are homegrown, with leaders dividing instead of uniting. Think of former governor general Julie Payette, who as head of state mocked religious Canadians by complaining that "we are still debating and still questioning whether life was a divine intervention or whether it was coming out of a natural process let alone, oh my goodness, a random process."

Our leaders missed a truly inspirational opportunity during the COVID pandemic: to form a "war cabinet" to combat the enemy attacking our nation. Just as the United Kingdom's Winston Churchill did in 1940, in the face of another brutal enemy, we could perhaps have risen above the fray of partisan politics in our darkest hour. We did not.

The cure for what ails us is simple to say, but difficult, perhaps impossible, to implement: leadership.

Real leaders have a vision for what we can be, a strategy to get there, a plan to execute the strategy and priorities to get things done daily. Those who wish to be political leaders should articulate what their leadership will mean and how it will function, including how they would hold the public service accountable for delivering priorities under the plan.

Equally crucial to a leader's vision is the economy. In the federal domain, any strategy should consider how to unfetter and inspire a private sector that delivers transformational technology, investment opportunity, well-paid employees and hope for a better future. Underscoring all of this should be a rethink of how, and how much, we tax. Canadians are tired of "tax and spend" policies.

Canada should also have a plan to develop, rather than dismantle its energy sector. Climate change is real. The country must stop committing economic suicide as a solution, however.

Instead, leaders should work with Indigenous peoples to produce the cleanest, safest, most ethical LNG to power the world. Canadian LNG can replace coal for power generation throughout much of Asia and the rest of the world, reducing global carbon emissions by millions of tons while creating massive economic benefits for Canadians. Our contribution and leadership to combat climate change should be enormous, not ludicrous.

Last on this incomplete list is the empowering of personal ambition, initiative and ingenuity. De-regulate, remove red tape and stop being an obstacle. Our current housing crisis, our inability to dream of owning a home, can be traced in large part to the red tape and taxes with which we have handicapped both builders and buyers.

It all starts with responsible leadership. We have succeeded in tough times before. As Canada's prime minister during the First World War, Sir Robert Borden led through a brutal conscription crisis. During the Second World War, then-prime minister Mackenzie King became a powerful influencer to two of the greatest leaders ever, Churchill and Franklin Roosevelt, shaping the world to Canada's advantage.

Strong prime minsters continued to strengthen the nation in the decades that followed: Lester B. Pearson in the '60s, Brian Mulroney in the '80s and '90s and ruthless Jean Chretien in the '90s into the early 2000s.

We need that leadership now. Enough of the gas-lighting, evading, blaming and deluding. The mission is clear: make this our Canada.

National Post

Rick J. Hillier is a retired Canadian Forces general who served as the chief of defence staff from February 2005 to July 2008.

https://www.msn.com/en-ca/news/canada/gen-rick-hillier-ideology-masking-as-leadership-killed-the-canadian-dream/ar-BB1IjNBV?ocid=ent-newsntp&pc=LCTS&cvid=5109e629d792451faac251ed0b2ee923&ei=37

Dan Knight

@DanKnightMMA

The Winnipeg Lab Leak: A Tale of Naivety and National Security Neglect Let's cut to the chase. Watching Meeting No. 36 of the Special Committee on the Canada–People's Republic of China Relationship was like stepping into a world where common sense has left the building. We've got a lab in Winnipeg, Canada's only high-security virology institute, embroiled in what's essentially a spy movie plot, except it's real life. Two scientists, Xiangguo Qiu and her husband Keding Cheng, get shown the door over what? Allegedly sending deadly viruses to China. The stuff of nightmares, right? But here's where it gets rich. Enter the Honourable Mark Holland, grilled in committee about why, after being flagged by CSIS, these scientists were still allowed to send those pathogens to China. His answer? A masterpiece in missing the point, extolling the virtues of due process and the reputation of scientists as if those are our only concerns when dealing with potential global security threats. Then there's his spiel on China. According to Holland, collaborating with China is this grand opportunity for humanity. Really? When it comes to shipping deadly viruses, I'd say the only opportunity is for a disaster. Holland's defense of the indefensible, prioritizing process over precaution, is a stark reminder of how out of touch he is. And then, as if to show us what backbone looks like, Dr. Stephen Ellis steps up. This guy gets it. He cuts through the nonsense, asking the hard questions, like whether Wuhan had the Ebola virus before this espionage act. Holland, true to form, dances around the answer. That silence? It's deafening. It's as if our government handed over a biological ticking time bomb to China on a silver platter, wrapped in the guise of saving humanity. So, what are we left with? A government so embroiled in bureaucratic red tape and political correctness that it can't see the forest for the trees. The more they talk, the more you realize they're not just missing the point; they're not even in the same library. Final thoughts I'll leave you with this, my dear reader: as we peel back the layers of governance in our nation, the urgency for change becomes not just apparent but critical. The more I witness the complacency and the ideological rigidity of those at the helm, the more I'm convinced of the need for a seismic shift in our political landscape. It's not just about choosing between left and right anymore; it's about choosing between sense and sensibility versus reckless disregard for the principles that have kept our nation strong. Is handing the reins over to the conservatives with a supermajority the solution? It's a question that weighs heavily on many minds, mine included. However, the status quo is untenable. The upcoming election isn't just another cycle; it's a crossroads for Canada. A time for us, the electorate, to stand up and remind those in power that they serve at our pleasure, not the other way around. We are at a moment of reckoning. A moment where every vote is a statement, every voice a clarion call for leaders who place the well-being of Canada and its people above partisan politics and personal gain. The parties currently in power would do well to remember their duty to the electorate, lest they find themselves relics of a bygone era, swept away by a public that demands and deserves better. So, as we look forward to casting our votes, let's remember the power that resides in our hands. The power to shape our nation's future, to uphold the values of freedom, integrity, and resilience that define us. Let's rally behind the call for a government that truly represents the best of Canada, a government that not only listens but acts with the courage and conviction worthy of this great country. The time for change is now. The time for action is upon us.

And to those in power: Take heed. The Canadian people are watching, they are informed, and they are ready to reclaim the promise of a nation built on the principles of truth, justice, and unwavering determination. Together, let's make the next chapter in our history one of revival and renewed strength.

De-Risking's Blind Spot: China's Targeting of Global Civil Society

Any de-risking strategy that does not include a focus on protecting civil society from CCP interference will fall short.
By Kevin Sheives
April 01, 2024

"De-risking" has become the buzzword in China policy circles since G-7 leaders endorsed the concept in May of last year. The task of reevaluating the complicated global supply chain with the People's Republic of China (PRC) has catapulted to the top of elites' minds from Washington to Brussels to Tokyo. However, this laser focus on vulnerabilities in the economic relationship with China ignores a critical blind spot: the vulnerability of democratic societies and their non-governmental sectors.

Chinese Communist Party (CCP)-affiliated entities have pierced – and in some cases, subsidized – civil society groups around the world. Universities, researchers, media outlets, overseas Chinese, and a variety of non-governmental organizations (NGOs) grapple consistently with the impact of the PRC's tactics of censorship, propaganda, transnational repression, and bribery.

Whereas governments can craft laws and regulatory processes enacting safeguards to de-risk their economies from China, civil society's very existence in functioning democracies depends on government *not* regulating it. Without new civil society-led initiatives and better efforts by democratic governments to protect the space for non-governmental actors from the CCP's pressure, policymakers will find these critical drivers of democratization neutered and, in some cases, working at cross-purposes. Any de-risking strategy toward China without a focus on protecting civil society will fall short.

Document No. 9's Decade-long, Global Ripple Effect on Civil Society

To better understand the CCP's vision for the role of civil society in democracies, one should simply look at what the CCP says it wants for it. One year after Xi Jinping's ascent to the post of general secretary in 2012, the CCP General Office issued secret Document No. 9 to all Party members. The edict comprehensively repudiated the legitimacy of civil society, media, and the market of ideas and organizations that might in any way "oppose the Party's theory or political line."

As just two examples of this repudiation, take media and the knowledge sector (universities, research institutions, and think tanks), both critical sources of freedom of expression and government accountability. Document No. 9 stated that "the media and publishing system must be subject to the Party's discipline," and "be infused with the spirit of the Party," in order to guard against "overseas media and reactionary publications."

China is now home to one of the world's most restrictive media environments and its most sophisticated system of censorship. Within the knowledge sector of universities and research institutions, the Party sees "ideology as an intense struggle" requiring Party members to "seize their leadership authority and dominance" in promulgating Xi Jinping Thought. The Party's decades-long campaign to bring universities and ideological elites under its control reached a milestone in January as university "Party cells" have now merged with presidents' offices in order to ensure that the CCP's ideology remains the dominant strand of thinking on Chinese college campuses.

A decade since Document No. 9's issuance and its establishment in 2017 of an autocratic overseas NGO law, that same ideology and approach within China has gone global. The ripple effects of the CCP's intensified crackdown on civil society at home are now reaching the shores of nations and non-governmental sectors eager to benefit from engagement with China.

In a June 2021 speech to the Politburo, Xi reaffirmed Document No. 9's application to the Chinese party-state's engagement in the world, pointing to the "system of internal and external propaganda"

that should "build a media cluster with international influence." The Party's "struggle on the ideological battlefield" is part and parcel of its efforts to, in Xi's words, "expand the circle of international public opinion friends who know China and who are friendly with China."

The CCP's position that non-governmental entities – with some exceptions in the business realm – simply have little to no legitimacy holds enormous implications for independent civil society beyond China's borders.

Globally, Party-controlled radio, news, social media companies, and TV outlets have massively expanded into new global markets and have struck licensing, content-sharing, and advertising agreements to influence foreign narratives about China. Leveraging these arrangements, Chinese embassies have coordinated harassment and pressure campaigns against outlets that publish news or opinions disfavored by the Chinese government. Freedom House's deeply researched Beijing Global Media Influence report found these types of highly repressive tactics in 16 of the 30 countries they surveyed.

Even in the relatively open society of Brazil, a content partnership with the PRC's CCTV and a 24-hour cable news channel, Bandnews TV, led journalists to censor themselves on China-related topics and more positively framing China's engagement in Brazil and Latin America.

Within the knowledge sector of many democracies, China studies programs across Latin America, Africa, and Asia are propped up by China's Ministry of Education or other Party-affiliated entities. After the closure of many Confucius Institutes in Western societies, some simply re-branded themselves under a new Party-directed initiative. Even on foreign university campuses, the CCP's capacity to compel Chinese diaspora members and researchers have for many made "living outside of China feel like living inside of China." These subsidization and intimidation techniques create pervasive self-censorship, where what is *not said* by public intellectuals can far outnumber what *is said* about the PRC.

The CCP's ongoing pressure campaign against civil society goes well beyond university and media officials. Its global campaign of transnational repression against Chinese citizens who speak out is rooted in Document No. 9's labeling of "internal dissidents as anti-government forces." Its squashing of any Chinese political party not under the CCP umbrella has manifested globally in its rapid expansion of CCP-led political party exchanges with parties of all ideologies and its training on one-Party rule of African politicians and diplomats at a new facility in Tanzania.

Civil Society's Power and Independence

As the world sees time and time again during natural disasters, non-government organizations are often the first to arrive on the scene. Governments can't (and shouldn't) do everything on their own. Civil society, on the other hand, can be fast, entrepreneurial, and responsive. Its suite of activists, protest movements, investigative journalists, academics, and opposition groups can prevent – and have prevented – autocratization when illiberal leaders or parties rise to power.

A strong non-governmental sector and the accountability and scrutiny of government decisions is a competitive advantage for democracies. When left largely unregulated by the state, they remain that way. A media organization under pressure from or co-opted by a government or ruling party won't hold that government accountable. A university unable to elevate voices that dissent to the prevailing views of a government will simply choose not to elevate them – or at worse, silence them. Civil society's power is in its independence, providing it credibility in the public sphere and sensitivity to citizen needs and shifting public opinion.

Government support to civil society is best implemented by, first and foremost, protecting their space to operate. Free and independent media needs an enabling environment of laws and regulations to ensure media can thrive, journalists are protected, and news gathering rights are upheld. Universities and research institutions need measures to ensure their intellectual freedom, spaces to educate the public, and – if needed – funding unencumbered by control over their political views.

De-Risking Civil Society from CCP Pressure

In a healthy democracy, the autonomy that civil society enjoys from government regulation presents unique challenges in combating pressure on the

non-governmental sector coming from outside a country's borders.

As with China's trade and economic ties, Chinese entities' engagement in nearly every country's society is inevitable. Decoupling Chinese media, universities, students, and NGOs from the world is not only untenable, but probably counter-productive toward other critical aims, like maintaining democratic freedoms of expression, association, and the press. The current U.S. debate over TikTok is a microcosm of the range of available policy options. Do you allow a CCP-influenced social media platform to operate openly in your free society? Or do you cut your society off from the platform entirely, including from all of the benign aspects of it? Or is there a middle ground that properly balances risk, values, and opportunity?

Civil society in democracies finds itself at a similar crossroads of options, and at a particularly vulnerable moment. The rate of China's engagement with the world over the past two decades has outpaced the ability of governments, civil society, and businesses to adapt and prove the resilience of their democratic models. These vulnerable societies need effective, democracy-affirming strategies to de-risk themselves from the PRC's malign, authoritarian impacts in their non-governmental spaces.

These strategies for resilience go above and beyond traditional mechanisms and roles used to beat back authoritarian drifts. They involve cross-sectoral collaboration within civil society and with government entities, assertive messaging and exposure campaigns about these vulnerabilities, and intense competition with China's overseas investments in non-governmental sectors by funders, the business sector, and democracy support groups.

More than a decade ago, the CCP took direct aim at Chinese civil society, striking a near-fatal blow, after which it then began targeting civil society abroad. Civil society, government, and other stakeholders now face the urgent need to shield themselves and prove the resilience of their democratic societies to this authoritarian pressure.

https://thediplomat.com/2024/04/de-riskings-blind-spot-chinas-targeting-of-global-civil-society/

The China Nexus: Thirty Years In and Around the Chinese Communist Party's Tyranny

By Rana Siu Inboden on April 8, 2024

Benedict Rogers's book, *The China Nexus: Thirty Years In and Around the Chinese Communist Party's Tyranny* (Optimum Publishing, 2022), traces different aspects of the Chinese Communist Party's (CCP) mounting repression. It is a sobering and, at times, terrifying account of the myriad rights abuses in the People's Republic of China (PRC), with chapters on the PRC's harsh treatment of human rights defenders, Christians, Hong Kong protestors, Falun Gong practitioners, North Korean refugees, as well as ethnic Tibetans and Uyghurs.

Yet the chapter on the atrocities against the Uyghur population, even among other tragedies, is particularly haunting. It opens with the words, "Son, they are taking me," the last words spoken by Uyghur advocate Kuzzat Altay's father before being detained; many Uyghurs have been sent to camps and face other abuses, including lack of freedom of movement and privacy. Mr. Rogers not only details the types of violations faced by non-Han ethnic groups in China, particularly ethnic Uyghurs and Tibetans, but also the Chinese government's harassment, monitoring and detention of dissenting views. He complements the chapters on those suffering under PRC repression with chapters on the PRC's complicity with Myanmar's crimes against humanity and a chapter on how the CCP props up the Kim regime in North Korea, underscoring how the CCP's authoritarian rule reaches beyond China. He also includes a chapter on Taiwan, laying out a case for why the world should not allow Taiwan to come under CCP rule.

Mr. Rogers's background as a journalist lends readability to the text and his previous work as an advocate grants him access to content that is gripping as he chronicles the pervasive violations under Xi Jinping. While the abuses he describes can be hard to comprehend, the book is not exaggerated and the human rights abuses he describes are corroborated by other sources, including reporting by civil society organizations, academics, foreign

governments and international organizations. He relies on dozens of interviews to help paint a comprehensive record of life under totalitarian CCP rule that is both credible and poignant in The China Nexus. Mr. Rogers does an excellent job of balancing explanations for patterns of the PRC's repression, including the historical context of CCP rule in Tibet and the Uyghur region, with vignettes from people who have been directly affected by the CCP's harsh rule.

Aside from mapping China's rights abuses, the book also chronicles Mr. Rogers's career and experience with China, Myanmar, and North Korea. For those familiar with China, the descriptions of his early career will evoke nostalgia for a time when China was merely authoritarian rather the totalitarian rule that now characterizes CCP rule. It kindled my own fond memories of the initial years of my career in the early 2000s when the PRC was tolerating limited forms of dissent, experimenting with village elections, and improving aspects of respect for individual rights, such as introducing some safeguards for the criminally accused, and there was a glimmer of hope that these initial reforms might blossom into something more significant.

The book also provides a glimpse into Mr. Rogers's activism—from his personal involvement and commitment to generating momentum for initiatives such as the Uyghur Tribunal to his advocacy on behalf of jailed Hong Kongers. It also conveys something about Mr. Rogers's courage in his work as a human rights advocate, from sitting on the board of the UK-based NGO Stop Uyghur Genocide to his role as co-founder and Chief Executive of Hong Kong Watch. Despite being denied entry into Hong Kong in 2017, facing Chinese government harassment in the United Kingdom, including PRC government letters to his neighbors and mother, he remains undeterred in speaking out. Mr. Rogers decades-long record of advocacy also provides him with meaningful access to key interview subjects, ranging from North Korean refugees to escaped Hong Kong activists.

The book's greatest strengths include acknowledging and describing the handful of acts of terrorism by Uyghurs and debunking the Chinese government's narrative that its policies, including forced sterilization, mass and arbitrary detention, and forced labor, are effective counter-terrorism measures. Mr. Rogers started his career in Hong Kong, where he worked as a journalist, and the chapter on Hong Kong shows his mastery of the developments in that city. He also rightly uses the chapter on Myanmar to point to the hypocrisy of Beijing's claim to adhere to "non-interference," noting that China regularly and persistently interferes in Myanmar's internal conflicts. Readers should be aware that he also rightly includes some harrowing accounts, including of torture and organ harvesting, that at times are difficult to read. Interwoven with these tales of oppression are examples of Chinese brave enough to speak out as well as their allies in the international community, like former Canadian Senator De Nino and U.S. Representative Chris Smith. However, it is the dedication and commitment of those who have endured the CCP's repression and advocate for those still in China—even at the risk of their own personal well-being—that will leave the reader most inspired.

https://providencemag.com/2024/04/book-review-of-the-china-nexus-thirty-years-in-and-around-the-chinese-communist-partys-tyranny-optimum-publishing-2022-by-benedict-rogers/

The Lamentable Decline of Canada's Reputation as a Dependable and Globally Respected Nation: Peter Menzies in the Epoch Times

Canadians are awakening to the fact that they are no longer living in the country they thought they were.

March 26, 2024

in Domestic Policy, Peter Menzies, Columns, Latest News, In the Media, Social Issues

Peter Menzies, March 26, 2024

It's been a few years now since Canada was the moderate, sensible, dependable, and globally respected nation that it grew into during the 20th century.

What we have become instead is a country with the world's most radical collection of social policies, that is mocked mercilessly by international media for its foolish extremism, is taunted for its unwillingness to defend itself, and no longer has any influence to speak of on the international stage. While we once had a voice that was respected, we now have one that solicits, if anything at all, condescending grins of amusement.

First, let's deal with social policies. While all Western countries respect women's right to make decisions involving their own bodies, Canada is the only one in which there are no laws or restrictions on abortions. At all. It is available on request and without any of the term limits imposed in other liberal democracies. There is, in fact, no law. You may think that's great or you may disapprove. But what is undeniable is that you can't get much more liberal than that.

When it comes to gay rights and gender issues, Canada has been a leader, particularly in recent years where Prime Minister Justin Trudeau has not only championed those cause in all their forms domestically but internationally.

Mr. Trudeau has brought LGBTQ2 and gender issues to the table in discussions involving trade partners with ASEAN nations and famously chided Italian Prime Minister Giogia Meloni at the G7 Summit in Hiroshima last year. He has been less vocal when it comes to Ukraine, where gay marriage is not legal, or Gaza, where homosexuality is so vigorously forbidden that its rulers, Hamas, executed one of their own leaders, Mahmound Ishtiwi, for having sex with another man.
Again, you may agree or disagree with the prime minister's primal progressivism, but no other national leader has been more iconoclastic.

Then there's euthanasia, or as we call it in Canada, Medical Assistance in Dying. Initially justified as a way to allow people suffering from terminal illness to die without having to experience intolerable pain, it is now used to shut down Roman Catholic hospices that refuse to terminate lives onsite, and there are plans to expand the law to include the mentally ill and those with depression. These days, it is pointed to with alarm by disability groups and has been condemned internationally.

As the Washington Post editorial board, hardly renowned as a collection of reactionaries, put it: "The expansion of euthanasia Canada is currently contemplating … goes too far. … Its MAID regulations are looser than those of Belgium and the Netherlands, where psychiatric euthanasia has been lawful since 2002 — and where serious concerns have arisen about that practice."
Those are just some of the big culture war issues of modern times and, while people in a few other countries tend to view these matters more liberally than Canadians, none have policies that reflect that.

Then there's the issue of what appears to me and our allies to be the Trudeau government's almost complete disinterest in defending Canada's sovereignty, let alone meeting our NATO commitment to spend 2 percent of GDP on our military. We are, at the moment, about $18 billion shy of that number and are so disinterested in making up that gap that the Royal Canadian Air Force announced it is retiring its training jets and will send its aspiring pilots to Texas, Finland, and Italy to earn their wings. This comes less than a month after Julianne Smith, the U.S. representative to NATO, made it clear Canada's allies have run out of patience.

"Canada is hovering now just above 1.3 per cent and has no concrete plan to get to that 2 per cent, while other allies have made and created plans to get there, if not this year, in the next few years," she said in an interview with CBC. "Here inside the NATO alliance, and certainly back in Washington, we very much encourage our friends in Canada to develop some sort of concrete plan to meet that 2 percent pledge."

Little wonder then, that the RCMP recently warned that Canada faces pressure to cede some of the territory it is so disinterested in adequately patrolling.

There's no need to even start with how the government's fence-sitting regarding the war in Gaza has coincided with a shocking rise in anti-Semitism and rendered Canada completely ineffective diplomatically. Or that the prime minister has declared his

nation both genocidal and systemically racist and, in doing so, eliminated the moral authority it once possessed.

It is worth pointing out, however, that the government's extremist effort to restrict freedom of speech via the Online Harms Act has further raised foreign eyebrows.

Writing in Britain's The Telegraph, David Collins labelled the bill Trudeau's "most tyrannical attack on freedom yet" being "brought to you by the same farcically-named 'Liberal' party who froze the bank accounts of the truckers who protested vaccine-mandates."
Canadians are awakening to the fact that they are no longer living in the sensible, respected, and prosperous middle power they thought they were. They are now in a nation where responsible, moderate opinions are casually labelled by politicians and supplicant observers as "far right."

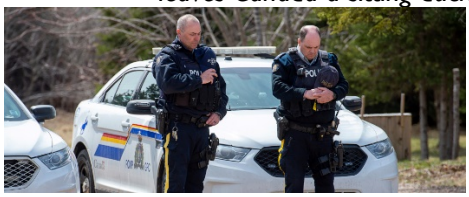
It's unclear whether they have the courage to fix it.

Peter Menzies is a senior fellow with the Macdonald-Laurier Institute, an award winning journalist, and former vice-chair of the CRTC.

https://macdonaldlaurier.ca/the-lamentable-decline-of-canadas-reputation-as-a-dependable-and-globally-respected-nation-peter-menzies-in-the-epoch-times/

Michael Kempa: One year after the Nova Scotia massacre report, it's time to divide the failing RCMP in two

As things stand, a beleaguered, poorly structured RCMP leaves Canada a sitting duck



Two RCMP officers observe a moment of silence to honour slain Const. Heidi Stevenson and the other 21 victims of the mass killings at a checkpoint on Portapique Road in Portapique, N.S. on Friday, April 24, 2020. Andrew Vaughan/The Canadian Press.

By Michael Kempa | Posted on April 5, 2024

This past Easter weekend, Canada silently marked the one-year anniversary of the publication of the Mass Casualty Commission's damning report into the RCMP's response to the 2020 Portapique massacre, the worst mass shooting in Canadian history.

In response to a 3,000-page report calling for 130 bedrock reforms to the mounties, Commissioner Michael Duheme could only offer families of victims the faint promise that the force intends to act on those modest areas of reform that are under its control.

The main player for reinventing the RCMP, the federal government, however, was not on the scene to shed any light on its plans for the force. In keeping with the Trudeau government's weak handling of the foreign interference and reform to the Emergencies Act files, timidity on the anniversary of the MCC report signals a lack of leadership, urgency, and vision on matters of national safety, security—and even identity.

Here is what Prime Minister Justin Trudeau, flanked by Public Safety Minister Dominic Leblanc, to share a little spotlight, should have said last week:

A failure to embark on a radical program to reform the RCMP—by dividing it into two separate entities to handle the very different demands of local law enforcement and federal high policing—would be catastrophic for Canadians and the honourable RCMP officers who serve them. This government will immediately embark on a program to work with the provinces to renew the RCMP. It will be a key part of our larger program to modernize Canada's architecture for local and federal policing, security, and emergency preparedness, that involves interconnected reforms to the CSIS and Emergencies Acts.

Why should the federal government take this route? The compelling *why* behind this bold program shift can be found within the report itself, by looking into the depth of the RCMP's problems during the brutal shooting rampage of April 2020, where a man disguised as an RCMP officer murdered 22 innocent Nova Scotians. Gabriel

Wortman, dressed in full RCMP uniform, first shot his neighbours, and then set out in a replica police cruiser on a shooting spree over 200-plus kilometre distance.

The inquiry's findings

The inquiry found organizational and command-structure confusion, poor communication with the public, and a lack of cooperation with neighbouring police agencies contributed to the duration of the shooting spree. They also concluded there were opportunities missed to bring a troubled person long known to police under control prior to the tragedy. In particular, the MCC focused on the RCMP's delay in issuing a province-wide emergency warning and its obtuse decision to instead communicate only partial information to the public in rural Nova Scotia via social media. The commission concluded that citizens were "deprived…of the opportunity to evaluate risks and take measures to better protect themselves," such as staying off the roads and sheltering in place.

Over the course of the inquiry, it came to light that local RCMP command in Nova Scotia had bristled at then Commissioner Brenda Lucki's alleged repeated pressure on them to share information about the origin and types of guns the shooter had used with the federal government. Lucki had reportedly perceived the government wanted this information to help their interests in selling new gun control legislation to the public. However, local RCMP commanders felt sharing it could compromise their ongoing investigation. The commission then did the heavy lifting of drawing upon previous reviews of the RCMP's shortcomings, dating back nearly a half-century. They highlighted the many structural reforms that have been repeatedly prescribed, ignored, diluted, or botched by successive federal governments going back to Trudeau Père in the early 1980s.

Reforming the RCMP

Moving in ascending order of complexity, the MCC first focused on reinventing RCMP training for modern policing purposes. This would mean abolishing the paramilitary training model tracing back to the 1880s that they regarded as embodied in the physical environment of their "Depot" training academy in Regina, Saskatchewan.

While I am not as confident in the MCC's view that it is necessary to shutter Depot entirely, I agree that having only one location for six months of boot camp-style training in rural Saskatchewan is not suitable for attracting educated, diverse recruits from across Canada. I'm also certain that a single model of training cannot possibly prepare recruits for very different futures in local community crime prevention across Canada's mostly rural environments versus federal policing responsibilities in mostly urban centres. Modern training specific to each set of policing purposes ought to be delivered in regional centres across the country, closer to where new police recruits intend to reside. Very likely, this policing training infrastructure could involve partnerships with postsecondary institutions across the country. There is no reason why the excellent Depot facility could not carry on as one key node in this police training network, partnered with the neighbouring University of Regina.

The second set of recommendations involves reimagining the purpose of the RCMP. The MCC recommended the government undertake an independent review of the feasibility of a single service continuing to provide local policing by contract in largely rural centres and smaller municipalities across the country, separate from those with highly specialised federal policing responsibilities. Responding to domestic disturbance calls or instances of assaults at bars in remote areas at night is very different from receiving actionable intelligence from CSIS to begin a criminal investigation into hate crimes committed by terror groups on Canadian soil. Each requires very different resources and skill sets.

Whether you cleave the RCMP into two separate organizations or have two streams under one organisational roof, the evidence to date (especially in a recent, damning report issued by the National Security and Intelligence Committee of Parliamentarians) indicates the current RCMP structure does not work. It bleeds personnel from federal issues to cover its vast local policing responsibilities. It also leaves newly minted federal police officers uninitiated on the complex new files they must manage. Perhaps the "Royal Canadian Rural Police" and the

"Royal Canadian Federal Police" are suitable monikers for two new separate organisations.

To its credit, Mountie brass recently tried to take a small step in this direction. They set up a pilot program to directly recruit specially qualified entrants in federal policing directly to HQ in Ottawa—bypassing the traditional route of all applicants first passing through Depot, spending a decade in local policing, and only then "advancing" to the unrelated field of federal policing. While this is a welcome development (many of my University of Ottawa criminology students, for example, express more interest in a career in the Mounties focused on federal policing functions), there was a glaring problem: RCMP command forgot to involve the Mounties' police federation (i.e., union) in its program to overhaul recruitment, promotion, and hiring practices. This is a major management and collective agreement "oops" which has placed that pilot initiative on ice.

Desperately needed massive RCMP restructuring won't only require the union's go-ahead, but must be informed by a better understanding of the officers already serving. There need to be surveys of RCMP membership to determine what types of policing futures officers would like to concentrate on. For example, questions like who would like to transfer to independent local policing services, and how many might like to be a part of a federal policing-focused service?

Second would be tackling the economics of shifting the federal subsidy of contracted RCMP services (the federal government pays 30 percent of the total cost of the Mountie contracts, in most instances) to help local governments with start-up costs for new independent services or separate revamped, locally-sourced-and-run RCMP units.

This takes us into the most complex and important dimension of RCMP reform detailed by the MCC and the many unheard ancestor reports before it: governance and accountability.

For both local and federal policing to truly be democratic, two things must exist. First, mechanisms to input society's values and priorities (including those of our weakest citizens) into police policies and approaches—proactively shaping policing through both community knowledge and skilled business management. Second, proper mechanisms to hold the police to account for achieving results within the framework of the Charter.

At present, in all the above dimensions, the RCMP has inadequate governance and accountability for both local and federal policing.

Locally sourced policing

A national police service with officers hailing from across the country that is legislatively responsible to a commissioner and federal minister in Ottawa will never be truly attentive to local communities and their unique needs. They cannot compare to homegrown police services that answer to special city council committees (see Quebec) or independent civilian oversight bodies (see other parts of Canada).

A half-century of RCMP scandals and collapses (1970s harassment of political opponents in the Parti Québecois, anyone?) shows that commissioners too often manage with "one eye looking up," anticipating the needs (or, more rarely, following the commands) of their political bosses. After all, they are considered a deputy minister, serving at the pleasure of the minister for public safety.

The half-century of recommendations makes it essential that the modest civilian RCMP Management Advisory Board that the Trudeau government has established now be legislatively empowered to act as a real board of management, where the directives of government and the responsibilities of commissioners are overseen.

The status quo cannot go on. As things stand, a beleaguered, poorly structured RCMP leaves Canada a sitting duck to foreign interference, ideologically motivated violence, and global organized crime.

It also leaves RCMP officers under-resourced, stressed, and saddled with an insular and dated culture—all factors that mean the force will continue struggling to retain skilled veterans and recruit diverse members.

Similar to the 1980s, we are at the threshold of a bold triptych of potential reform. The original

RCMP Act, CSIS Act, and Emergencies Act were all drafted in the middle of that decade in support of their common purpose to contribute to collective security and national identity, all under the organising wings of the Charter.

But without bold federal action on all three fronts, the Mounties are now on a collision course for organizational collapse. The Trudeau government has only shown timidity on this front, like all governments before it. Plans for this triptych must be front and centre in all of the parties' platforms when election day 2025 arrives.

ByMichael Kempa

Michael Kempa is a criminologist with the spirit of an investigative journalist. He focuses on exposing the politics behind policing, security and criminal justice operations, policies and reforms. Based out of the University of Ottawa, he has contributed to The Hub, The National Post, CBC, Walrus Magazine, and others. He once sought a federal Liberal nomination in his native Scaborough, Ontario, but was saved from (Liberal) party politics by the arrival of a higher-profile leader-endorsed candidate. @MichaelKempa1

https://thehub.ca/2024-04-05/michael-kempa-its-time-to-divide-the-failing-rcmp-in-two/

FINTRAC CANAFE

AND OTHER WORLD REGULATORY BODIES.

Budget 2024 proposes new reforms to combat financial crime in Canada

- Malcolm Aboud
- Emilie Dillon

Topics:

- Corporate Governance
- Managing External Risk
- Regulatory Compliance and Enforcement

Apr 18, 2024

The federal government's Budget [PDF] 2024, released on April 16, 2024, contains a number of initiatives and legislative reforms aimed at combatting financial crime in Canada, including terrorist financing, corruption, sanctions evasion, tax evasion, money laundering, and fraud. The Budget promises changes to Canada's anti-money laundering and anti-terrorist-financing (AML/ATF), criminal, and tax regimes to create additional powers, efficiencies and incentives relating to compliance and enforcement, as well as the creation of new specialized units specifically tasked with complex financial crime.

Compliance and enforcement reforms proposed in the Budget

Amendments to PCMLTFA

The 2024 Budget introduces a number of amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA), Canada's principal anti-money laundering legislation. Following developments such as the Panama Papers and FinCEN Files data leaks in recent years, as well the June 2022 findings of the Government of British Columbia's Commission of Inquiry into Money Laundering in British Columbia (also known as the Cullen Commission, as we have previously written about), money laundering has increasingly been seen as a significant issue in Canada.

Consistent with this, the government has previously introduced a number of compliance reforms including establishment of a publicly accessible beneficial ownership registry (as we have previously written about, with the reporting obligations for federal corporation recently becoming effective in January 2024) and various amendments to the PCMLTFA. Those changes — discussed in further detail in our Legal Outlook 2023 articles on white-collar enforcement and financial services regulatory trends — have included, among others:

- improved information sharing between law enforcement and the Canada Revenue Agency (CRA), and Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)

- whistleblower protections for employees who report information to FINTRAC
- prohibiting money services businesses (MSBs) from engaging with agents or mandataries convicted of certain offences
- a new offence for structuring financial transactions to avoid FINTRAC reporting
- new regulations requiring the mortgage sector to comply with new AML/ATF obligations

Since June 2023, the Department of Finance and FINTRAC have been engaged in a public consultation to strengthen Canada's AML/ATF regime, seeking input regarding risks and vulnerabilities emerging in light of new financial technologies and in respect to national security risks. This consultation was concluded in August 2023.

Following this consultation, the 2024 Budget proposes a number of additional amendments to the PCMLTFA. Proposed amendments include the following:

- enhancing information-sharing abilities between reporting entities to detect and deter financial crime while maintaining privacy protections for personal information, including an oversight role for the Office of the Privacy Commissioner under regulations
- permitting FINTRAC to disclose financial intelligence to provincial and territorial civil forfeiture offices to support efforts to seize property linked to unlawful activity, and Immigration, Refugees and Citizenship Canada to strengthen the integrity of Canada's citizenship process
- enabling AML/ATF regulatory obligations to cover factoring companies, cheque-cashing businesses, and leasing and finance companies
- allowing FINTRAC to publish more information about violations of reporting obligations and resulting administrative penalties to strengthen transparency and incentivize compliance
- making technical amendments to close loopholes and correct inconsistencies

The exact form of these amendments has yet to be announced.

Criminal Code amendments

The 2024 Budget also included various proposed amendments to the *Criminal Code* aimed at combating money laundering, terrorist financing, sanctions evasion and other forms of economic crime. Specifically, the Budget introduces proposed amendments granting additional judicial powers to allow courts to

- make orders requiring financial institutions to keep accounts open for the purpose of assisting in the investigation of suspected criminal offences
- issue repeating production orders authorizing law enforcement to obtain ongoing, specified information o account activity connected to persons of interest in criminal investigations

These new proposals follow amendments to the *Criminal Code* introduced last year which gave law enforcement the ability to freeze and seize virtual assets with suspected links to crime (through a special warrant obtained pursuant to the new section 462.321 of the *Criminal Code*), as proposed under the 2023 Budget.

Additionally, the 2024 Budget includes proposed amendments to the *Income Tax Act* and *Excise Tax Act* authorizing Canada revenue Agency officials to seek general warrants through court applications.

Canada Financial Crimes Agency

In 2022, the federal government announced its intention to establish a new Canada Financial Crimes Agency (CFCA) to act as Canada's lead enforcement agency against financial crime. As currently

envisioned, the CFCA will act as a nation-wide agency whose sole purpose is to investigate highly complex crimes and enforce federal law in this area and would bring together existing law enforcement resources of the RCMP, intelligence capabilities of FINTRAC, and expertise of the Canada Revenue Agency. The 2024 Budget allocates $1.7 million over two years to the Department of Finance to finalize the design and legal framework of the CFCA.

The proposed establishment of the CFCA reflects an ongoing trend of specialized enforcement agencies or units dedicated to investigating and enforcing complex financial crimes, following criticism of Canada's perceived lack of enforcement. In 2020, the federal government announced the establishment of the new Integrated Money Laundering Investigative Teams in British Columbia, Alberta, Ontario, and Quebec, which seek to bring together expertise from a variety of agencies to assist the RCMP in addressing high-profile cases and advancing money laundering and proceeds of crime investigations nationwide. This follows the establishment of other agencies such as the Canadian Ombudsman for Responsible Enterprise (which reviews ethics and human rights complaints) and provincial agencies such as Quebec's Unité permanente anticorruption.

It remains to be seen what impact the proposed CFCA, and other recently established enforcement agencies, will have on Canada's perceived lackluster enforcement record.

Measures to fight trade-based fraud and money laundering

Finally, the 2024 Budget highlights "trade-based" financial crime as one of the most pervasive means of laundering money, through which an estimated hundreds of millions are laundered each year. As described by Public Safety Canada, trade-based money laundering is the process of disguising proceeds of crime and other illicit financial flows as legitimate international trade transactions. The federal government has previously announced in its 2023 Fall Economic Statement [PDF] several proposed enhancements to the Canada Border Services Agency's (CBSA) powers under the PCMLTFA, a well as the creation of a "Trade Transparency Unit" to detect, deter, and disrupt trade-based financial crime. The 2024 Budget proposes to provide $29.9 million over five years for the CBSA to support the implementation of its new authorities under the PCMLTFA to combat financial crime and strengthen efforts to combat international financial crime.

Takeaways for businesses

The initiatives set out in the 2024 Budget continue a trend in recent years of legislative reforms and additional enforcement developments for complex financial crime. While it remains to be seen how effective these additional measures will be, they are reflective of a regulatory and business environment in which companies are increasingly asked to demonstrate their commitment to compliance and acting ethically in the course of business. As always, organizations should apply best practices to manage AML/ATF and other financial crime risks. As the landscape continues to shift in Canada, remaining vigilant and ensuring policies are updated and revisited to ensure their compliance with all AML/ATF laws and regulations is key. Businesses should also anticipate increased coordination with provinces and territories as they begin to make legislative, regulatory and enforcement changes to respond accordingly within their own jurisdiction.

https://www.osler.com/en/blogs/risk/april-2024/budget-2024-proposes-new-reforms-to-combat-financial-crime-in-canada

Canada has become a safe haven for officials from Iran's monstrous regime

SAMIRA MOHYEDDIN
SPECIAL TO THE GLOBE AND MAIL
PUBLISHED APRIL 5, 2024



Seyed Salman Samani, former deputy interior minister of Iran. The IRB found Mr. Samani "inadmissible to Canada" under the Immigration and Refugee Protection Act.

Samira Mohyeddin is a journalist, a scholar of genocide, and the host and producer of the podcast Gay Girl Gone.

We only heard the man with blood on his hands speak twice: once, to correct his Persian translator, and later, to confirm that he understood the reasons for his deportation order.

This was Seyed Salman Samani's third and final hearing at Canada's Immigration and Refugee Board (IRB). His lawyer had requested that it be closed, but the IRB declined, and so I was among the three journalists who attended the virtual hearing last month. And in the end, IRB adjudicator Kirk Dickenson ordered Mr. Samani – Iran's former deputy interior minister – to be deported from Canada.

The IRB found Mr. Samani "inadmissible to Canada" under the Immigration and Refugee Protection Act's Section 35 (1), which stipulates that "a permanent resident or a foreign national is inadmissible on grounds of violating human or international rights." Mr. Samani's senior position in the government also meant he was inadmissible because he was "in the service of a government that, in the opinion of the Minister, engages or has engaged in terrorism, systematic or gross human rights violations, or genocide, a war crime or a crime against humanity."

Halfway through the hearing, as Mr. Dickenson was summarizing the evidence against Mr. Samani, he mentioned a key date: Nov. 15, 2019. He did not go into the details of why that day was significant for Mr. Samani's case. So allow me: That was when protests erupted across Iran and quickly spread to more than 100 cities, prompting Tehran to turn off the internet for seven days, in what the internet-tracking company NetBlocks called "the most severe disconnection in any country in terms of its technical complexity and breadth." During that weeklong shutdown, Reuters reported the killing of more than 1,500 protesters by Iran's security forces. Iran's deputy interior minister at the time was tasked with denying the deadly crackdown during what is now known as Bloody November. Seyed Salman Samani was that minister.

Canada had issued Mr. Samani a multiple re-entry visa on Nov. 25, 2017, in Ankara, Turkey; the visa was valid until Oct. 17, 2021. He arrived in Canada on Oct. 7, 2021 – about a year before Mahsa Amini was killed at the hands of Iran's so-called morality police in September, 2022, which sparked massive protests again. After Tehran cracked down on those protesters, reportedly killing more than 500 Iranians, Canada designated the Islamic Republic regime as a government that has engaged in terrorism and systematic and gross human-rights violations; as a result, all senior officials in the service of the Iranian regime from Nov. 15, 2019, onward were to be inadmissible for entry into Canada. But because of when he arrived here, Mr. Samani was granted visitor status for six months.

He's not alone. Canada Border Services Agency is now investigating dozens of cases involving senior members of the Iranian regime now living in Canada. One of the first deportation orders the IRB issued this year was for Majid Iranmanesh, the former director-general of Iran's Vice-Presidency for Science and Technology, who had also entered Canada with a visa issued in Turkey. During his deportation hearing, he angrily said: "I was transparent with regards to my jobs and job titles, so why did you give me a visa?"

This is also the question that perplexes most Iranian Canadians. Why is Canada handing out visas to Iranian regime officials in the first place? Does Canada's embassy in Ankara not have the ability to do a simple Google search?

And why did it take until the death of Ms. Amini, a 22-year-old non-Canadian living 9,000 kilometres away, for Ottawa to decide that Iranian regime officials are not welcome in this country? Why weren't the 55 Canadian citizens and 30 permanent residents killed on Flight PS752 enough for Canada to act? What about the hostage-taking of Saeed Malekpour, Ramin Jahanbegloo, Mostafa Azizi, Hadi Ghassemi-Shall, Homa Hoodfar, Hossein Derakhshan, Maryam Mombeini and Maziar Bahari, or the suspicious death of Canadian academic Kavous Seyed Emami – why weren't their plights enough to spur the government to give Tehran that designation?

In 2014, I attended another virtual hearing involving the Iranian government in Canada. Our Supreme Court was hearing the case of Zahra Kazemi, the Canadian photojournalist who was brutally

tortured, raped and murdered by Iranian authorities in 2003. For more than a decade, her son, Stephan Hachemi, had been trying to get justice for his mom, taking her case to Canada's highest court so justices could decide whether the State Immunity Act permits victims of torture and their families to sue perpetrating states and non-Canadian government officials. Disappointingly, the court ruled 6-1 against her son's ability to sue the Iranian state for what they did to his mother.

Ten years later, Canada would amend the act such that a foreign state that supports or has supported torture or extrajudicial killing is not immune from the jurisdiction of any court in Canada. But that was too little, too late for Ms. Kazemi.



Morteza Talaei, a former general with Iran's Islamic Revolutionary Guard Corps, during a student demonstration Nov. 13, 2002. Mr. Talaei was seen working out in Richmond Hill, Ont., while on vacation in 2021.

MORTEZA NIKOUBAZL/REUTERS

Then, in a horrible twist of irony, Morteza Talaei – a former general with Iran's Islamic Revolutionary Guard Corps who led Tehran's police force during Ms. Kazemi's detainment and killing – was filmed working out in Richmond Hill, Ont., the heart of the Iranian-Canadian community, while visiting his daughter and grandchildren on vacation in 2021. Canada sanctioned Mr. Talaei months after he returned to Iran. But the sighting of him and other Iranian regime officials here in Canada reminds me of Hannah Arendt's quote about Adolf Eichmann's trial in Jerusalem: "It is one thing to ferret out mass murderers and other criminals from their hiding places, and it is another thing to find them prominent and flourishing in the public realm."

Iranians who have chosen Canada as a sanctuary – as the place where they can restart their lives in peace – should not have to contend with the possibility that the very people they're fleeing could join them here. In fact, it is the Iranian community in Canada that has been forced to do the difficult work of spotting these former officials and notifying Canadian authorities. Just last week, a senior anchor for Seda va Sima, Iran's state broadcaster, was filmed in the Vancouver airport with his wife and daughter. The broadcaster's so-called journalists often double as interrogators of political prisoners and broadcast their forced confessions, and some of them are sanctioned by the U.S. Treasury.

Last week, as part of Canada's foreign-interference commission, Hamed Esmaeilion – whose wife and daughter were both killed on Flight PS752 – testified about the threats and intimidation he faces on a daily basis in his pursuit of justice. He brought up Seyed Salman Samani's case as an example of why he doesn't feel safe in this country. Why, he asked, was Canada deporting him, "instead of putting him on trial for crimes against humanity?"

It has become a running joke among Iranians that when the Islamic Republic government falls, half the officials will just make their way to Canada, because they already have a Canadian passport. But our immigration system shouldn't be fodder for comedians in Iran. When then-public safety minister Marco Mendicino designated Iran as a state that engages in systemic human-rights violations and declared senior officials of the Iranian government officially banned from Canada on Nov. 13, 2022, he stressed that this country would not be a safe haven for Iranian officials.

I hate to break it to the government, but it already is.

https://www-theglobeandmail-com.cdn.ampproject.org/c/s/www.theglobeandmail.com/amp/opinion/article-canada-has-become-a-safe-haven-for-officials-from-irans-monstrous/

Conservative MP asks CRA watchdog to look into 'bare trust' reporting reversal

Tax agency announced an exemption for 'bare trust' reporting just days before the deadline to file

Darren Major · CBC News · Posted: Apr 08, 2024



Conservative MP for Simcoe North Adam Chambers rises during question period on Thursday, November 23, 2023 in Ottawa. (Adrian Wyld/The Canadian Press)

A Conservative MP is asking Canada's taxpayers' ombudsperson to investigate the Canada Revenue Agency's handling of "bare trust" reporting requirements.

New reporting rules implemented this year initially required anyone with a bare trust to file a T3 tax form. But the CRA announced that such trusts would be exempt from the reporting requirements just days before the filing deadline.

"While the CRA's announcement was welcomed by some, it came only days before the filing deadline, which shows a complete disregard for the concerns and negative impacts felt by taxpayers," MP Adam Chambers wrote in a letter to Canadian Taxpayers Ombudsperson François Boileau on Monday.

- Some Canadians are out money after CRA made last-minute change to bare trust rules
- CRA pausing new 'bare trust' reporting requirement just days before filing deadline

A bare trust relationship is one where a person has legal ownership of a property or asset but doesn't hold beneficial ownership.

A bare trust can be something as simple as a joint bank account. A bare trust can also occur when a parent cosigns a mortgage for a child and becomes partial owner, or when an aging parent puts their kids down as partial owners of their house in anticipation of an impending death.

Canadians are not taxed on the value of a bare trust, but the government initially introduced the measures to target things such as money laundering, terrorist financing and tax avoidance.

Chambers said the new rules created confusion for Canadians.

"The rules were as confusing as they were when they were initially proposed and professionals had been seeking guidance from the CRA with little substantive response," he wrote in his letter.



Canadian Taxpayers Ombudsperson François Boileau speaks during a news conference in Ottawa on Tuesday, Dec. 13, 2022. (Justin Tang/The Canadian Press)

Many Canadians have spent hundreds of dollars in tax preparation fees in order to complete the complex tax forms.

Chambers said the reversal showed a lack of respect for Canadian taxpayers.

"The CRA's mishandling of the new reporting requirements for bare trust undermines confidence in the tax system, which has already eroded over the last few years," he wrote.

Boileau's office said it's heard from several Canadians with complaints about bare trust reporting and has been monitoring the issue.

"We will continue to gather more detailed information from the CRA. As per our normal procedure, we will be in a better position to determine

the best course of action once we have all the facts," a statement from Boileau's office said.

https://www.cbc.ca/news/politics/mps-asks-cra-watchdog-investigate-bare-trust-decision-1.7163442

Anti-money laundering watchdog gives failing grades to banks, real estate companies

By Andrew Russell Global News
Posted April 11, 2024



Why Canadians should care about money laundering in real-estate – Mar 2, 2020

An internal report from Canada's financial crimes watchdog found that most banking and real estate companies it audited last year are not following the country's anti-money laundering laws, sparking calls for greater oversight and higher fines.

The 2022/2023 report, prepared by the Financial Transactions and Reports Analysis Centre of Canada (FinTRAC), found that only 106 out of 237 financial institutions complied with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

Global News obtained the report under the Access to Information Act. It audited financial services and real-estate companies among other sectors but did not name any individuals or companies.

FinTRAC, which reports to the federal Finance Minister, works to identify and prevent dirty money from entering Canada by analyzing millions of documents submitted by reporting entities like banks, real estate businesses, casinos, and others.

More than 24,000 businesses currently fall under Canada's anti-money laundering act, according to the agency.

Financial crime and terrorist financing experts warn that the high failure rates across the finance and real estate sectors have profound consequences: Money laundering can lead to corruption or help criminals use illicit cash to fuel other enterprises, such as fraud or firearms trafficking.

"If crime remains profitable, there will be more crime," said Matt McGuire, a forensic accountant, noting anywhere from $40 and $130 billion a year is laundered through the Canadian economy.

"In the end, our communities are less safe."

Here are some of the report's highlights:

- Of the 18 financial entities it examined, including 11 banks, 78 per cent had incomplete or absent anti-money laundering policies and procedures, such as screening for potential criminals or sanctioned persons. (There are roughly 80 regulated banks in Canada, according to the Office of the Superintendent of Financial Institutions.)
- Of the 88 money-service businesses examined, roughly 74, or 88 per cent, of them had incomplete or non-existent processes to detect dirty cash and the majority hadn't completed proper risk assessment to determine whether the client or business had a link to criminal activity.
- Of the 71 real estate firms, 61 businesses had incomplete or no anti-money laundering policies and nearly half of the businesses "did not meet client identification requirements."
- Of the 38 securities dealers reviewed 33, or 87 per cent, lacked the proper

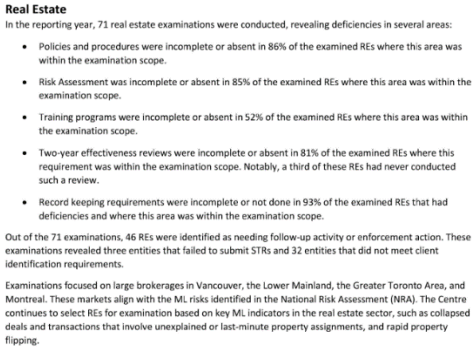
policies and procedures. Securities dealers, which help people buy stocks or investments, remain "susceptible to securities fraud, including investment misrepresentation and other capital market fraud-related misconduct, such as insider trading," the agency said.

- A smaller number of audits looked at B.C notaries, casinos, dealers in precious metals/stones, and life insurance companies. They found 12 firms were compliant, while 10 required follow up examinations.

Financial news and insights delivered to your email every Saturday.

The findings show an urgent need for more examinations across all sectors and a significant increase in fines for businesses that aren't following the laws, experts said.

For years, alarming evidence has emerged showing billions in ill-gotten cash flowing through Canada's housing market. A 2019 expert report in British Columbia estimated up to $5.3 billion had been laundered through real estate investments in the province, inflating housing prices by as much as 7.5 percent.



Real Estate

In the reporting year, 71 real estate examinations were conducted, revealing deficiencies in several areas:

- Policies and procedures were incomplete or absent in 86% of the examined REs where this area was within the examination scope.
- Risk Assessment was incomplete or absent in 85% of the examined REs where this area was within the examination scope.
- Training programs were incomplete or absent in 52% of the examined REs where this area was within the examination scope.
- Two-year effectiveness reviews were incomplete or absent in 81% of the examined REs where this requirement was within the examination scope. Notably, a third of these REs had never conducted such a review.
- Record keeping requirements were incomplete or not done in 93% of the examined REs that had deficiencies and where this area was within the examination scope.

Out of the 71 examinations, 46 REs were identified as needing follow-up activity or enforcement action. These examinations revealed three entities that failed to submit STRs and 32 entities that did not meet client identification requirements.

Examinations focused on large brokerages in Vancouver, the Lower Mainland, the Greater Toronto Area, and Montreal. These markets align with the ML risks identified in the National Risk Assessment (NRA). The Centre continues to select REs for examination based on key ML indicators in the real estate sector, such as collapsed deals and transactions that involve unexplained or last-minute property assignments, and rapid property flipping.

An image taken from the 2022/2023 report, prepared by the Financial Transactions and Reports Analysis Centre of Canada (FinTRAC) for the federal Finance Minister. (Global News)

Given the negative attention the sector has received over the years, the failing grades from real-estate firms were the most "maddening," McGuire said.

"This is a sector that [Canada's] spent the last five to ten years pummeling," McGuire added. "These failure rates are shocking.

"We're just not seeing that increase in compliance that we would expect."

The financial intelligence watchdog is also dealing with the fallout from a cyberattack last month, which has prevented businesses from sending updated transaction information to the agency.

Following the November 2023 FinTRAC report, the agency signalled a more gloves-off approach to those caught breaking the Canada's anti-money laundering laws by levying some of the largest fines in its history.

In December, the Canadian Imperial Bank of Commerce was fined $1.3 million and Royal Bank of Canada was hit with a $7.4 million penalty over failing to submit suspicious transaction reports.

CIBC and RBC both said the fines were related to "administrative matters" with the Royal Bank saying, "there is no connection to money laundering or terrorist financing offences."

FinTRAC told Global News that it's "actively stepping up its enforcement action," noting it handed out 12 penalties for violating Canada's anti-money laundering laws, resulting in an increase of 100% over the past fiscal year 2023/24.

"The total amount of these violations was $26,115,999.50, an increase of more than 2,245% percent in value from last year," the agency said in a statement.

In the 2022-23 fiscal year, FinTRAC issued six financial penalties, worth a combined $ 1.1 million.

The agency said it has also introduced new compliance measures, including a "Report

Card" system, which allows businesses to correct errors related to anti-money laundering compliance as they occur.

Jessica Davis, president of Insight Threat Intelligence, said the fines currently being handed out are a "rounding error" for some of Canada's largest banks.

"To really make [businesses] take these issues seriously, fines have to be in the tens of millions of dollars," Davis said. "If they're not, they really have no incentive to have a robust compliance regime."

Davis said the results were especially concerning for Canada, which has an upcoming evaluation by the Financial Action Task Force, a global money laundering and terrorist financing watchdog group based in Paris.

"Money laundering and terrorist financing have real costs for us," Davis said. "They enable organized crime and terrorism."

The FATF also periodically issues a report card-style evaluation, indicating whether a country is compliant or non-compliant with measures to combat money laundering and terrorist financing. Countries that receive poor compliance ratings can end up on the "black or grey lists," which can lead to economic actions from member countries.

Canada's next evaluation could come as early as December 2025, according to FATF.

Davis said while Canada is far from being grey or blacklisted, companies that don't follow Canada's anti-money laundering laws make themselves "vulnerable to being exploited by criminals and terrorists."

"In the very worst-case scenarios, they are actually helping them," she said.

https://globalnews.ca/news/10414820/canada-anti-money-laundering-agency-gives-failing-grades-to-banks-real-estate-companies/



23rd Annual Canadian Forum on
Anti-Money Laundering and Financial Crime
June 5 – 6, 2024One King West, Toronto, ON
I will be speaking with Sam Cooper on foreign interference



Invited back again this year, thanks to my good friend Becki Laporte.

Beechwood Cemetery – CSIS series of presentations entitled Spies in Cemetery

June 25. Presentation on Undercover, In the Shady World of Organized Crime and the RCMP, along with China's influence in Canada



Hotel Grand Pacific
Victoria, British Columbia, Canada
September 16,17 2024
Speaking with Nick Burbidge



March 11, 2024

Money laundering has been a concern for years throughout various territories and industries, and the art world is no exception. The allure of client anonymity and exclusivity, subjectively high-value transactions, the ease of conducting transactions and transporting art across borders, the increasing rate of online transactions,[1] and the widely accepted use of third-party intermediaries to purchase, sell, and hold artwork, make art an appealing commodity for criminals seeking to launder funds.[2] Congressional Research Service estimates that money laundering and other financial crimes in the art market may amount to billions of dollars each year.[3] This article explores the intricacies of money laundering in the U.S. art market and discusses regulatory and nonregulatory measures that already exist and still need to exist to successfully combat money laundering in the art world.

Understanding the Inner Workings of Money Laundering in the Art Market

There are various ways that criminals use art to launder money. For example, accepting art as payment to integrate illicit funds into the financial system, purchasing high-value art with questionably obtained funds then waiting years to sell it for a profit, and purchasing art with questionably obtained funds and offering it as collateral for a loan.[4] While the second example is a trending topic, money laundering committed by sellers of counterfeit goods is less



Hostile state agents could install Prime Minister without election, MP Michael Chong testifies

Liberal Foreign Minister Chrystia Freeland didn't respond to "veiled threat" against MP Chong in 2019 FIC also hears



SAM COOPER
APR 04, 2024

Canada's Foreign Interference Commission heard Wednesday that Conservative MP Michael Chong, who was threatened by Chinese intelligence operators in Toronto, fears foreign agents could infiltrate closed party leadership races and effectively appoint Canadian prime ministers and premiers.

Chong's testimony reflected concerns from CSIS intelligence documents exclusively reported by *The Bureau,* which found Chinese proxy agents have allegedly infiltrated leadership contests for provincial and national parties recently.

Networks of alleged United Front Work Department proxies and Chinese community leaders in Vancouver and Toronto have been the focus of Inquiry evidence so far, regarding Beijing's attempts to attack candidates seen as "anti-China" and support candidates favoured by the Chinese Communist Party in recent federal elections.

Commission lawyers have produced sanitized Canadian intelligence reports on the 2019 and 2021 federal elections which have suggested Ottawa knew Beijing was clandestinely meddling in numerous

ridings but took no steps to intervene or warn the candidates attacked by Beijing, such as NDP MP Jenny Kwan and former Conservative MP Kenny Chiu in Greater Vancouver, former Conservative leader Erin O'Toole, and also former Conservative MP Bob Saroya in Ontario.

Chong's case stands out because Chinese intelligence agents linked to Beijing's feared Ministry of State Security were proven to have targeted the MP and his family because he tabled legislation in early 2021 to recognize the genocide against Uyghurs in Xinjiang.

And yet Justin Trudeau's administration failed to alert Chong that a Toronto consular agent Wei ZHAO was tasked to target Chong, the MP testified. He said diplomats from other Western nations "expressed surprise to me, that I wasn't informed of being targeted."

That concern was heightened, Chong said, because he sometimes worked in close vicinity to the Chinese Consulate in Toronto where Wei ZHAO was posted.

In a tense exchange with a government lawyer that questioned Chong on what he meant by being "targeted" the Ontario MP shot back:

"A Consular official named Wei ZHAO, who has protection from certain types of prosecutions that Canadians are not afforded to, was gathering information about me and my family to pass along to the Ministry of State Security, which is the ministry in Beijing responsible for Beijing's secret police, in order to potentially further target me and my extended family. That's what I mean by targeting."

The inquiry also heard for the first time that Chinese agents or proxies could have targeted Chong with threats back in 2019.

But when Chong raised the concern of a "spoofed" email to Liberal Foreign Minister Chrystia Freeland, she neglected to respond.

The email came in relation to Chong advocating for human rights in Hong Kong.

The writer used an altered gmail account to appear as a message from China's foreign affairs ministry, and the writer ominously informed Chong he was banned from entering Hong Kong and Beijing and other Asian nations would be notified of the ban.

The Bureau's review of Chinese Consular accounts in Canada shows diplomats sometimes use gmail or hotmail accounts, as did alleged People's Liberation Army agents exposed in the Winnipeg Lab investigations.

"The reason I reported it to the Minister of Foreign Affairs [Freeland] is I thought she would want to let the Chinese counterpart know that somebody is spoofing their account and purporting to act on their behalf," Chong said.

While Freeland didn't act on Chong's initial complaint, after reports emerged of the Toronto Consular official Wei ZHAO and Ministry of State Security targeting Chong's family last year, an RCMP national security team picked up on Chong's spoofed email complaint, the inquiry heard.

Police found a second email in 2021 from a different account that aggressively attacked Chong's political stances was sent by the same person outside Canada.

But the emails did not "satisfy the elements of an uttering threats offence," an RCMP document tabled yesterday said.

"The information provided, although compelling, is not actionable," RCMP informed Chong.

Foreigners could pick Canadian premiers and prime ministers

Chong testified that after media reports exposed allegations of China's clandestine targeting of numerous MPs in the 2021 election he held a number of community roundtable discussions with Kenny Chiu and Bob Saroya, two 2021 Conservative candidates that are believed to have been directly targeted in Chinese intelligence operations in Vancouver and Toronto.

"We heard that the PRC often has a stronger presence in many Chinese communities in Canada than does the government of Canada," Chong said. "And that is why part of the community are often fearful, because they don't see the Canadian government, but they do see a large presence from PRC officials, including diplomatic officials."

While the Commission's mandate technically focuses on China's clandestine meddling in the 2019 and 2021 votes, Chong told his lawyer he is deeply concerned that foreign states can manipulate party leadership contests, giving rise to concerns that national and provincial leaders could be installed.

Chong argued if the "vulnerabilities" to federal elections that have been demonstrated to the Commission so far are not countered within party contests, "we are effectively opening up the appointment of heads of state or provinces."

"We could have a situation where a Prime Minister resigns, and a Prime Minister is appointed and elected through a leadership process impacted by non citizens and foreign state actors," Chong testified.

As *The Bureau* has reported, an October 2022 CSIS assessment alleges Chinese Communist proxy agents infiltrated a provincial and national party leadership contest in 2022.

In response to questions on the CSIS provincial investigation, in which a candidate allegedly met secretly with Consular officials before receiving support from the Consulate's community proxies, a spokesman for B.C. Premier David Eby stated:

"There is absolutely no truth to the assertion that Premier Eby had any meetings with or invited support from the Chinese Consulate, or any of their representatives, during his time as a candidate for the leadership of the BC NDP. The publishing of such an assertion is defamatory."

The same CSIS report indicated in 2022 "a PRC-linked proxy" was attempting to "help elect the next leader of a federal political party in Canada."

It added the proxy was also "encouraging individuals who are supportive of the Chinese Communist Party in Canada to join this same political party in an effort to influence 'the party towards having a more positive view of China.'"

The Bureau's investigation and sources suggest the alleged Chinese proxy could have supported an unsuccessful Conservative Party leader candidate in 2022.

Previously, *The Bureau* reported that in October 2021, a Chinese community group made headlines, asking then leader Erin O'Toole to step down and claiming that his criticism of Beijing had alienated Chinese-Canadian voters.

In testimony Wednesday, O'Toole told Commission lawyers he believes Chinese clandestine attacks on his leadership and candidates including Kenny Chiu in the 2021 contest could have impacted O'Toole's opportunity to continue leading the party.

O'Toole said he believes China wanted to defeat him because he would have taken a relatively harder line on national security and Chinese human rights abuses as prime minister than Justin Trudeau's party has.

The same group that undermined O'Toole in October 2021 subsequently supported a Conservative leadership candidate that was disqualified by the party in mid-2022, several months before Pierre Poilievre won the Conservative leadership race.

Party spokesperson Sarah Fischer previously told *The Bureau* "The Conservative Party of Canada is not aware of the allegations you mention."

"Party memberships purchased during the last leadership race could only be purchased with a personal credit card, personal cheque or Canadian bank-issued money order," Fischer said, in response to *The Bureau's* questions.

https://www.thebureau.news/p/hostile-state-agents-could-install?utm_source=post-email-title&publication_id=1444443&post_id=143244789&utm_campaign=email-post-title&isFreemail=true&r=2066ak&triedRedirect=true&utm_medium=email

New foreign interference documents raise questions about special rapporteur report

By Alex Boutilier & Touria Izri Global News

Posted April 5, 2024
New intelligence documents published by the federal foreign interference inquiry raise questions about the conclusions of former Governor General David Johnston's probe into the issue.

Johnston, whom Prime Minister Justin Trudeau appointed a special rapporteur on foreign interference, ruled out calling a public inquiry last May.

Had Johnston's recommendation been accepted, a trove of national security documents released this week by the Foreign Interference Commission would have never seen the light of day.

The new information, submitted by CSIS, highlights allegations of the People's Republic of China's (PRC) "highly capable and motivated" activities against Canada's democratic process and institutions.

Some of that information appears to directly challenge Johnston's interpretation of top-secret intelligence and the extent of foreign interference operations – principally by Beijing – in Canada.

A spokesperson for Johnston said Friday he "is not responding to any further media inquiries about his role as Independent Special Rapporteur."

Secret $250,00 fund earmarked for pro-Beijing network

Late Thursday afternoon, David Vigneault, the director of the Canadian Security Intelligence Service (CSIS), revealed they had intelligence that alleges that Beijing tried to funnel approximately $250,000 to interfere with the 2019 general election.

While CSIS offered no evidence that money changed hands, the summary it put forth suggests the money was intended to be disbursed through an alleged interference network including an influential community member, a staff member of a 2019 federal candidate, and an unnamed Ontario MPP. The intelligence suggests the money was meant to benefit 11 campaigns, including seven Liberals and four Conservative candidates.

Global News first reported the existence of the alleged quarter-million-dollar fund in 2022, citing unnamed national security sources.

But in his report released last May, Johnston called the reporting "inflammatory."

"It appears from limited intelligence that the PRC intended for funds to be sent to seven Liberal and four Conservative federal candidates through a community organization, political staff and (possibly unwittingly) a Progressive Conservative Party of Ontario MPP," Johnston's report read.

"The Prime Minister pointed out that he is not briefed on matters that are not supported by reliable intelligence. No recommendations were made to any minister or the Prime Minister about this allegation, and therefore no recommendations were ignored."

During Thursday's hearing, Vigneault did give the caveat that intelligence is not evidence, and that the alleged $250,000 in funding may require further investigation.

But the spy chief nevertheless said his words were "carefully chosen to make sure that (CSIS) are providing (the) commissioner and Canadians with the most accurate possible depiction of what we know while protecting classified information."

The spy agency's assessment was that the funds were possibly "for foreign interference-related purposes though most likely not an attempt to covertly fund the 11 candidates."

Both Prime Minister Justin Trudeau and his national security and intelligence advisor, Jody Thomas, repeatedly said there was no evidence

that money allegedly changed hands – but did not acknowledge the government knew about the money.

Han Dong's nomination and busloads of students

On Tuesday, the inquiry heard CSIS had intelligence that Chinese international students who went to a private high school were bussed in to vote in former Liberal MP Han Dong's 2019 nomination contest in the Toronto-area riding of Don Valley North, as first reported by Global News.

Dong did not mention the buses in his initial interview with the commission six weeks prior to the hearing. Dong instead told the commission the day before his testimony

"I was reminded by my wife," Dong said on Tuesday.

In his May report, however, Johnston called bussing voters standard practice.

"Reports of buses of people brought to nomination meetings may be a surprise to the less initiated, but numerous people with campaign experience told us that there are always buses, and wondered whether they get more attention when they contain racialized Canadians," read his report.

But a CSIS intelligence summary presented to the inquiry this week suggested that the students may not have lived in Dong's riding, were provided with fake identification, and had been coerced into voting.

"Some intelligence reporting also indicated that the students were provided with falsified documents to allow them to vote, despite not being residents of DVN (Don Valley North). The documents were provided by individuals associated with a known proxy agent," the summary read.

"Intelligence reported after the election indicated that veiled threats were issued by the PRC Consulate to the Chinese international students, implying their visas would be in jeopardy and that there could be consequences for their families back in the PRC if they did not support Han Dong."

Dong said he was told about the bus and presumed it had been organized by the school itself.

"I didn't pay attention to busing international students because… I didn't understand it as an irregularity," he said.

Johnston's report noted that while "irregularities were observed with Mr. Dong's nomination" in 2019 and that there were "well-grounded" suspicions those irregularities were tied to the PRC consulate in Toronto, Johnston "did not find evidence that Mr. Dong was aware of the irregularities or the PRC Consulate's potential involvement in his nomination."

Dong denied any knowledge of the students using falsified documents to vote in the nomination.

"I would be the first one condemning it. I think it's an insult to our democratic system," he said.

Asked if he accepted that the PRC was attempting to interfere in Canadian politics, Dong said he had "seen reports about that" but he had not personally "seen any evidence of it."

Dong's conversation about the "Two Michaels"

On Tuesday, the inquiry heard Canada's spy agency recorded a phone call between Dong and China's consul general in Toronto discussing the detention of the "Two Michaels" in early 2021, when the Canadians were still in custody.

The document, primarily created by CSIS, is described as an "incomplete" intelligence and its allegations have not been proven, despite having a recording of the phone conversation.

Global News first reported in March 2023, citing unnamed national security sources, that Dong spoke to a Chinese diplomat at the Toronto

consulate about the detention of the "Two Michaels" and advised against their immediate release. Dong has disputed those claims, and is suing Corus Entertainment, Global's parent company.

In a CSIS summary of the conversation, Dong allegedly speculated to the diplomat that if the Chinese government freed the Canadians right away it would bolster the "hardline" approach to Canada-China relations, whereas more "transparency" around their detention would placate public opinion and give the Liberal government "talking points."

"Mr. Dong expressed the view that even if the PRC released the 'Two Michaels' at that moment, opposition parties would view the PRC's action as an affirmation of the effectiveness of a hardline Canadian approach to the PRC," read the CSIS intelligence summary.

The declassified document also alleges Dong "stressed that any transparency provided by the PRC in relation to the 'Two Michaels' such as a court hearing or a court date, would help to placate Canadian public opinion and provide some valuable talking points to his own political party against the opposition."

Dong testified that he didn't recall making these statements, but added the information in the summary "didn't make a lot of sense".

The MP also maintained that he has always advocated for the release of the "Two Michaels."

Back in May, Johnston dismissed any notion Dong suggested China extend the detention of the "Two Michaels."

"The allegation is false. Mr. Dong discussed the 'Two Michaels' with a PRC official, but did not suggest to the official that the PRC extend their detention," Johnston wrote.

"Ministers and the Prime Minister went out of their way to defend Mr. Dong, whom they believe has been badly harmed by the reporting," the special rapporteur continued.

"They did not believe the media reports when they came out, as they found Mr. Dong to be a loyal and helpful member of caucus. They received no recommendations about this allegation, as it is false."

After the release of his report, Johnston admitted he did not interview Dong.

https://globalnews-ca.cdn.ampproject.org/c/s/globalnews.ca/news/10405608/foreign-interference-documents-questions-special-rapporteur/amp/

How China allegedly interfered with Canada's elections



By Amanda Coletta

Updated April 10, 2024

TORONTO — The conclusions in the top-secret intelligence briefing were stark: China "clandestinely and deceptively" interfered in Canada's 2019 and 2021 federal elections, seeking to support candidates favorable to Beijing's strategic interests.

The activity was aimed at discouraging Canadians, particularly Chinese Canadians, from voting for the Conservative Party, which it viewed as having an anti-Beijing platform, the Canadian Security Intelligence Service reported.

In both elections, China got the outcome it wanted — the reelection of Prime Minister Justin Trudeau with a minority government — but intelligence officials have said there is no evidence that Beijing's efforts had an impact on the result.

The document was prepared for the prime minister's office after Canadian news outlets reported last year on leaked intelligence documents that alleged that China sought to interfere in the elections. Now those claims are at the center of a public inquiry in Ottawa.

Trudeau, who long resisted pressure from opposition parties to launch a public inquiry, will testify before Quebec Court of Appeal Justice Marie-Josée Hogue on Wednesday.
The inquiry began public hearings in January and will wrap up in the fall. It will involve testimony from dozens of witnesses, including election officials, members of diaspora groups, the country's top spy and Trudeau's closest advisers.

Intelligence officials have cautioned that reports that have been introduced as evidence in the inquiry might contain information that is uncorroborated and based on a single source. The reports represent a snapshot in time, they've warned, and subsequent information might have since emerged to invalidate the findings.

Hogue will release an interim report in May and a final report in December.

Here's what to know.

What was China allegedly up to?

A secret 2021 intelligence report introduced as evidence identified China as "the most significant" foreign interference actor, one that acts in a "sophisticated, pervasive and persistent" manner to target politicians at all levels of government.

China, the report said, uses proxies, state entities, Chinese officials in Canada, its diaspora, Chinese-language news outlets and "inducements or coercive means" to achieve its aim: ensuring the election of candidates "perceived to further or at least not actively oppose" Beijing's interests.

Some targets are unaware of China's interest in them, the report said. Others "willingly cooperate."

A top-secret intelligence report from 2021 said there were several articles in Chinese-language news outlets and on WeChat that contained false claims about Conservative Party candidates ahead of that year's election to dissuade Chinese Canadians from voting for them.

While there wasn't "clear evidence" that the Chinese government directed the campaign, the report said there were "indicators of potential coordination" between Chinese-language news outlets in Canada and those of the Chinese Communist Party.

Erin O'Toole, leader of the Conservative Party during that election, testified that he believes the party lost as many as nine seats because of the campaign. It was "nowhere enough to change the results of the election," he said, but meant "democratic rights were being trampled upon."

The inquiry has also focused on a Liberal Party nomination race in 2019 for a Toronto-area electoral district. A 2020 intelligence report said Chinese government officials "likely manipulated" that contest, which was won by Han Dong. He was later elected in that year's federal race.

Han Dong, seen in 2014, was elected to a seat in Canadian Parliament in 2019. (Rene Johnston/Toronto Star/Getty Images)

Dong testified that he had sought the support of international students from China studying at a private high school. They were bused in to vote for him in the nomination race, but he said he did not know who chartered the bus.

In fact, he only remembered having sought their support after his wife reminded him of it shortly before his testimony. It is not against the rules for international students to vote in a Liberal Party nomination race as long as they live in that electoral district.

But an unclassified intelligence summary said that there were indications that a known proxy agent of the Chinese government provided students who didn't live in the district with falsified documents and that the Chinese Consulate threatened to revoke their student visas or punish their family members in China if they didn't vote for Dong.

The summary says that some of the information was reported to intelligence officials before the election but was "not firmly substantiated," while other information came to light after the vote.

Dong quit the Liberal caucus last year and sits as an independent.

China has long denied interfering in Canada's elections.

Hardeep Singh Nijjar, a Sikh separatist leader who was assassinated last year, is pictured on a banner in Surrey, British Columbia, in September. (Darryl Dyck/Canadian Press/AP)

Were other actors interfering too?

Intelligence reports introduced as evidence in the inquiry named India as a country that "actively" engages in foreign interference here, working through Indian officials in Canada and seeking to leverage its large diaspora community "to shape political outcomes in its favor."

An unclassified intelligence summary said that India focused on a small number of ridings in the 2021 election and that a proxy agent might have clandestinely provided illicit funding to pro-India candidates — possibly without their knowledge.

India, intelligence reports said, is focused on suppressing support for a separatist movement that seeks to carve from India an independent Sikh state called Khalistan and seeks to oppose the reelection of candidates perceived to possess pro-Khalistani views.

The Indian high commission in Canada did not respond to a request for comment, but the country's External Affairs Ministry has previously dismissed claims that it has sought to interfere in Canada's internal affairs as "baseless."
Trudeau in September said in Parliament that there were "credible allegations" that agents of the Indian government were behind the killing of a Sikh separatist leader in British Columbia last year. India has denied the allegations.

Pakistan is also named in the documents, though it is identified as a "limited" actor. Its aims are similar to those of India and China: to clandestinely support candidates with positions favorable to their interests.

A top-secret report from 2020 said that the Canadian Security Intelligence Service undertook a "threat reduction measure" to reduce the government of Pakistan's attempts to interfere in Canada's democratic processes that had a "tangible effect."

The high commission of Pakistan in Canada did not respond to a request for comment.

What about Russia?

Russia possesses "robust" foreign interference capacity, according to a July 2021 intelligence report introduced as evidence in the inquiry, but lacked the intent to interfere because Canada's main federal political parties are largely united in their stance toward Moscow. The Kremlin saw no benefit in supporting one party over the others.

Was the public alerted to alleged election meddling?

No. In 2019, the federal government created a panel of senior civil servants and tasked it with notifying candidates if they have been the target of interference and to alert the public about threats to election integrity.

Members of the panel told the commission that they made no such announcements because none of the intelligence they reviewed met the threshold for notification. They maintained that the overall results of the votes weren't compromised.
The bureaucrats said that sometimes the intelligence they were provided was based on a single source, uncorroborated or of limited reliability. It was also not clear, they said, whether misinformation or disinformation online was spreading organically or linked to a foreign actor.

"The possibility that a proxy may have done something is not enough," testified François Daigle, a deputy minister of justice and member of the panel. "We would need reliable information that we could test to know there's actually something nefarious going on here and we have to correct the record."

Nathalie Drouin, a former deputy minister of justice who served on the panel, said intervention could do "more harm than good."

"It had the potential to create confusion and also to be seen as interfering in a democratic exercise," testified Drouin, now Trudeau's national security

and intelligence adviser. “We want also to make sure that we were not being seen as taking a position — a partisan position — in any debate.”

Followed by strangers, families threatened: They say they're being harassed in Canada for their human rights work — and that Ottawa is doing nothing to stop it

As an inquiry into foreign interference in federal elections resumed public hearings on Wednesday, advocates from Canada's Iranian, Russian, Uyghur, Sikh and Chinese communities laid out the intimidation they say they grapple with on a daily basis.

ByStephanie LevitzDeputy Ottawa Bureau Chief

Breaking: Senior Trudeau security officials warned days before 2019 election that China clandestinely funded some candidates

"Panel of Five" and Trudeau's national security advisor briefed on clandestine transfers approximating $250,000, Commission hears



SAM COOPER
APR 08, 2024



Prime Minister Trudeau’s NSIA Greta Bossenmaier was alerted days before the 2019 Federal Election that China secretly supported some candidates financially

Three days before Canada’s 2019 federal vote incumbent Prime Minister Justin Trudeau’s national security advisor recieved intelligence alleging that Chinese officials had covertly transferred about $250,000 into a clandestine pro-Beijing network including federal candidates and political staffers, and “there was some financial support for some candidates,” Ottawa’s Foreign Interference Commission has heard.

Meanwhile, documents tabled Monday showed Prime Minister Trudeau was directly warned by his previous national security advisor Daniel Jean in 2017 that:

“PRC threat actors have clandestinely and deceptively attempted to influence the outcomes of Canadian elections at federal, provincial and municipal levels,” while “foreign influence and foreign funds in Canadian elections is increasingly getting attention.”

The explosive CSIS warning days ahead of the 2019 vote stemmed partly from investigations into suspected Chinese interference in the Toronto-area riding of Liberal MP Han Dong, the Commission heard Monday.

But while senior officials, including Greta Bossenmaier, Trudeau’s then-national security advisor [NSIA] and Ottawa’s so-called “Panel of Five” monitors recieved allegations of China secretly funding some 2019 candidates, they judged not to intervene and believed Canada’s election would be “free and fair.”

“Presumably, since NSIA had the information Friday, she could have convened a discussion if she felt it were necessary,” said a “Canadian Eyes Only” email sent several hours before polls opened on Monday, October 21, 2019.

That email from Lyall King, an election threat official, noted "Privy Council Office was provided a heads up on the report," on Friday, October 18th, and “once Elections Canada recieved the information, they reached out to Privy Council Office to consult (discussion on reliability of intelligence, etc.)”



The Panel of Five bureaucrats that recieved CSIS’s clandestine funding allegations before the 2019 election — including Greta Bossenmaier, Trudeau’s

current national security advisor Nathalie Drouin, and senior Public Safety Canada official Monik Beauregard — were examined by Commission lawyers Monday.

Prime Minister Trudeau and his top aide Katie Telford will be examined later this week on pre-2019 election Chinese interference alerts.

The Commission lawyers appear to be focused on whether the Panel of Five and Ottawa's so-called SITE election task force neglected to intervene publicly in the 2019 and 2021 federal votes, and possibly in ways that benefited Trudeau's Liberal government.

For example, the Commission has heard SITE didn't intervene or inform former Conservative leader Erin O'Toole and former MP Kenny Chiu that they were being smeared with Chinese disinformation on WeChat during the 2021 campaign.

But senior officials intervened with Facebook in 2019 to suppress a false and salacious report on Trudeau that was hosted on a United States-based website.

At issue in the Panel of Five's decision in 2019, the Commission heard Monday, was CSIS's investigation of Dong's nomination and a broader piece of intelligence that pointed to funds of "$250,000 from PRC officials in Canada," clandestinely "transferred via multiple individuals to obfuscate their origins via an influential community leader."

"Some of the intel had some funding allegations," Nathalie Drouin told Commission lawyers of investigations in Dong's riding, saying this is why her team reported these financial allegations to Elections Canada.

"We were aware the fact there was, uh, some financial support for some candidates," Monik Beauregard said, regarding the intel her team recieved Friday, October 18, 2019. "And we had to look at it."

"Was the panel made aware of intelligence reporting indicating that buses were used to bring international students to the nomination process?" a Commission lawyer asked, of CSIS's concerns in Liberal MP Han Dong's riding.

"Yes," Drouin answered. "One thing that was more corroborated was the existence of busses with students."

In a document tabled while Bossenmaier, Drouin and Beauregard were examined on their choice to call the 2019 election "free and fair" a Commission lawyer focused on CSIS's clandestine funding information, which Beauregard characterized as "ambiguous" intelligence.

The document said CSIS found prior to and during the 2019 election "a group of known and suspected People's Republic of China related threat actors in Canada, including PRC officials, worked in loose coordination with one another to covertly advance PRC interests though Canadian democratic institutions."

It said that some "threat actors received financial support from the PRC," and CSIS's "reporting indicated that 11 political candidates and 13 political staff members were assessed to be either implicated in or impacted by this group of threat actors."

The document said seven of these 2019 election candidates were from the Liberal Party and four were from the Conservative Party.

"Some of these individuals appeared willingly to cooperate in foreign interference related activity," while others appeared to be unaware, the document tabled Monday says, before pointing to a serious allegation involving the staff of one particular candidate.

According to confidential intelligence sources for *The Bureau* with awareness of this particular CSIS intelligence and allegation, the political staffers in question served for 2019 Liberal candidate Mary Ng, who is a sitting minister in Trudeau's cabinet.

Minister Ng has not been named in this document nor in the Foreign Interference Commission hearings, and Ng and the Prime Minister's Office haven't responded to questions from *The Bureau* on this intelligence allegation.

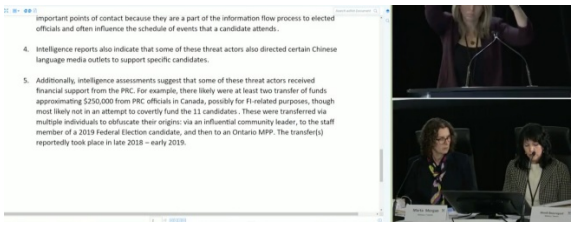
"In one example, intelligence reports indicate that officials from the PRC met with political staffers and specifically conveyed their expectation that the staffers screen their candidate's attendance at certain events such as those hosted by Taiwanese officials," the document examined Monday says.

It adds that "Intelligence reports also indicate that some of these threat actors also directed certain Chinese language media outlets to support specific candidates."

Regarding the clandestine People's Republic network and "threat actor" funding allegations specifically, the document says "intelligence assessments suggest some of these threat actors received financial support from the PRC."

"For example, there likely were at least two transfer of funds approximating $250,000 from PRC officials in Canada," the document examined by the Commission says. "These were transferred via multiple individuals to obfuscate their origins via an influential community leader to the staff member of a 2019 federal election candidate, and then to an Ontario MPP."

The document adds transfers "reportedly took place in late 2018 — early 2019."


important points of contact because they are a part of the information flow process to elected officials and often influence the schedule of events that a candidate attends.

4. Intelligence reports also indicate that some of these threat actors also directed certain Chinese language media outlets to support specific candidates.

5. Additionally, intelligence assessments suggest that some of these threat actors received financial support from the PRC. For example, there likely were at least two transfer of funds approximating $250,000 from PRC officials in Canada, possibly for FI-related purposes, though most likely not in an attempt to covertly fund the 11 candidates. These were transferred via multiple individuals to obfuscate their origins: via an influential community leader, to the staff member of a 2019 Federal Election candidate, and then to an Ontario MPP. The transfer(s) reportedly took place in late 2018 – early 2019.

Conflict between SITE and CSIS reporting on Han Dong's 2019 nomination

Meanwhile, the Commission heard for the first time last week that CSIS director David Vigneault agreed after a discussion with Greta Bossenmaier in 2019 to water down CSIS's assessment of suspected Chinese interference in Han Dong's 2019 nomination by revising the allegation that a "politically-connected Canadian" had certainly impacted the 2019 election in Dong's riding.

In testimony last week Dong said he was aware some high school students from China were bussed into his nomination in Don Valley North, but said he did not know who arranged or paid for the bus.

The Commission heard last week CSIS intelligence after the 2019 election summed up that "reporting also indicated that the students were provided with falsified documents to allow them to vote, despite not being residents of Don Valley North. The documents were provided by individuals associated with a known proxy agent."

Also last week, Canadian signals intelligence official and SITE task force member Lyall King explained why he took issue with CSIS's controversial report on Han Dong's nomination, before CSIS director Vigneault chose to "recall" and revise the report.

King said he had an issue with "the bottom line statements" in CSIS's assessment that said an unidentified politically-connected Canadian had compromised the 2019 election, and that the "messaging" between SITE and CSIS delivered to Trudeau's senior officials was "conflicting."

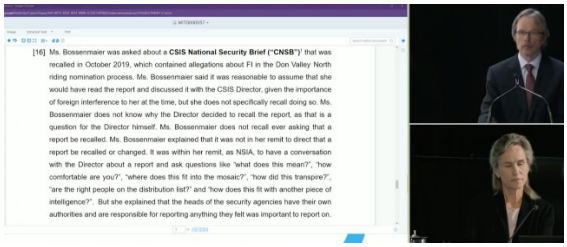
"My concern was with the dissemination," King said last week. "It was that it went to [senior Trudeau Government officials] as it went to SITE. And given the nature of it, just after the election and the bottom line statement seemed to have some disagreements with what we were saying from a SITE perspective with regarding the nature of the foreign interference."

"At first glance SITE was saying one thing," King said, "and this report seemingly said something different."

King said he had no knowledge of how Vigneault revised the assessment on Dong's riding after the CSIS director discussed concerns with Trudeau's then NSIA, Greta Bossenmaier.

However on Monday the Commission heard that Bossenmaier didn't specifically recall her discussion with the CSIS director or understand why he recalled the report.

"I would not and did not tell another intelligence agency to change their report," Bossenmaier told the Commission on Monday.



"You could have made an announcement around Mr. Chiu"

Later Monday, lawyers for a human rights coalition and Conservative MP Michael Chong pressed the 2021 Federal Election "Panel of Five" on their choice not to intervene in WeChat and Chinese disinformation that election threat officials were informed of, specifically against candidate Kenny Chiu in the 2021 campaign.

The Commission also heard the Panel of Five considered how a report in Ottawa's Hill Times newspaper regarding Erin O'Toole's platform was cited and amplified in Canada-based WeChat accounts that were evidently linked to Chinese Communist Party media reports.

"In your opinion, do you think it would have been valuable to make some sort of targeted announcements specifically to Chinese speaking voters … that are highly vulnerable to foreign interference?" a human rights lawyer asked the panel.

"You could have made an announcement around Mr. Chiu, even without attributing it to China," MP Michael Chong's lawyer told the panel, "and say to the people in writing there is disinformation and misinformation about his policies and positions."

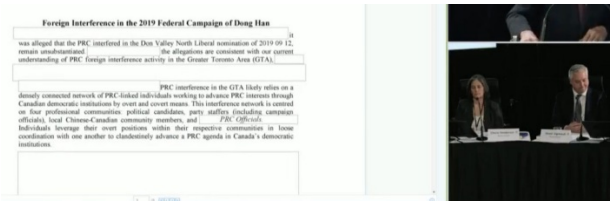
But the panelists, including Trudeau's former national security advisor David Morrison, said they never considered intervening in WeChat media accounts.

"We never adjudicated the threshold coming close to being met in either an individual (riding) level, or at the national scale," Morrison answered.

Testimony continues Tuesday.

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Editor's Note: This breaking story was updated with testimony from the evening of Monday, April 8th.



https://www.thebureau.news/p/breaking-senior-trudeau-security?utm_source=post-email-title&publication_id=1444443&post_id=143384809&utm_campaign=email-post-title&isFreemail=true&r=2a2vw2&triedRedirect=true&utm_medium=email

Marie-Josee Hogue - Public Inquiry Into Foreign Interference

CSIS Director recalled Liberal MP Han Dong intelligence report for 2nd time because of 2023 meeting with Prime Minister Trudeau

David Vigneault will be recalled for examination Friday on his meetings and briefings with Justin Trudeau, Commissioner Hogue rules Tuesday



SAM COOPER
APR 09, 2024



Two confidential CSIS witnesses have testified that CSIS director David Vigneault took the rare step of changing a sensitive intelligence report on MP Han Dong for the second time in 2023, following a meeting between Prime Minister Justin Trudeau and Vigneault regarding media leaks about CSIS investigations into suspected Chinese interference in Dong's 2019 nomination in Toronto.

Following a day of bombshell testimony regarding this and other meetings between Trudeau and Vigneault, Tuesday evening Commissioner Marie-Josée Hogue ruled that Vigneault will be recalled Friday for re-examination on his private discussions with the Prime Minister and Trudeau's top aides.

Last week the Commission heard that Vigneault had recalled the controversial report on Han Dong's 2019 nomination in Don Valley North a first time in October 2019, shortly after the report was forwarded to senior Trudeau officials including his then-national security advisor [NSIA], Greta Bossenmaier.

"An internal CSIS email sent shortly after the assessment was published [in October 2019] says that [Vigneault] asked for the assessment to be recalled further to a discussion with the NSIA," the documents say.

In that case Vigneault and CSIS watered down the assessment that an unidentified "politically-connected Canadian" had interfered in the 2019 election in Dong's riding.

"I would not and did not tell another intelligence agency to change their report," Bossenmaier told the Commission on Monday, while Vigneault testified he couldn't remember why he agreed to revise the October 2019 Han Dong intelligence.

Other senior Trudeau security officials examined Monday confirmed they were informed of CSIS allegations days before the October 21, 2019 federal vote that Chinese officials had covertly transferred about $250,000 into a pro-Beijing network involving numerous 2019 election candidates, and that CSIS intelligence on Han Dong's riding included funding allegations that were referred to Elections Canada.

On Tuesday Commission lawyers came back to CSIS's handling of the Han Dong intelligence reports first escalated to senior Trudeau security officials on October 1, 2019.

In his testimony last week, Dong acknowledged involvement in securing volunteers for his 2019 campaign among Chinese high school students that were bussed in to his nomination meeting, but Dong said he had no idea who paid for or arranged the bus.

The Commission heard Tuesday that Prime Minister Trudeau was briefed by his senior aide Jeremy Broadhurst in 2019 prior to the election — after CSIS provided Broadhurst classified information — on CSIS's allegations regarding irregularities in the Dong nomination including Chinese students bussed into Dong's riding.

A sanitized record of the information provided to Broadhurst on September 28, 2019, said allegations included: "Buses being used to bring international students to the nomination process, in support of Han Dong, at the direction of PRC officials in Canada."

"I determined that this was something that did need to be brought to the attention of the Prime Minister, uh, and I looked for the earliest opportunity," Broadhurst said.

Commission lawyers on Tuesday also tabled a sanitized version of their classified interrogation earlier this year of two unidentified CSIS witnesses, who told Commission lawyers about "an internal CSIS email exchange following a meeting between the

CSIS director [Vigneault] and staff from the Prime Minister's Office, sometime after 2022."

"In this exchange, CSIS employees discussed changes to an assessment concerning possible PRC interference in the nomination race for the LPC candidate in the Don Valley North riding," the Commission document called "Witness35" that was tabled on Tuesday says.

The document continues:

"Witness 3 explained that the purpose of the meeting was to discuss, after the media leaks, all intelligence regarding Han Dong. Witness 3 stated that the corrections in the assessment identified in the email exchange were based on that meeting."

And the other CSIS witness pointed at Jody Thomas, the national security advisor for Trudeau in 2023 at the time of the meeting between Trudeau and Vigneault.

Thomas has since retired.

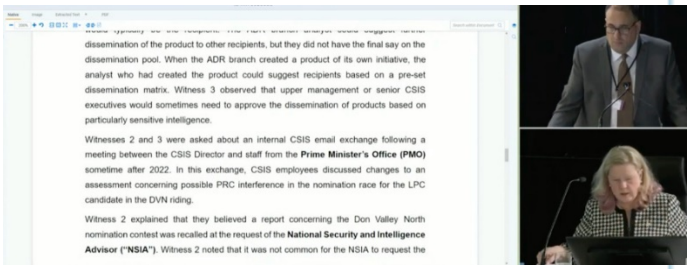
"Witness 2 explained that they believed a report concerning the Don Valley North nomination contest was recalled at the request of the National Security and Intelligence Advisor [in 2023]," the Witness35 document says. "Witness 2 noted that it was not common for the NSIA to request the recall of a report."

In evidence that appears to underline how thoroughly the finalized October 2019 Han Dong report was vetted within CSIS — before it was subsequently changed twice in three years by Vigneault — the Witness35 document added: "Witness 3 observed that upper management or senior CSIS executives would sometimes need to approve the dissemination of products based on particularly sensitive intelligence."

Regarding these new allegations, on Tuesday morning a Conservative Party lawyer questioned Trudeau's top bureaucrat at the time of the 2023 Trudeau-Vigneault meeting, former Privy Council Office clerk Janice Charette.

Charette confirmed she was in the Han Dong intel meeting with Trudeau and Vigneault and former national security advisor Jody Thomas. Charette has since retired.

"We have evidence from the CSIS witnesses that sometime after 2022 there was a meeting between a CSIS agent and Prime Minister's Office staff, the Prime Minister, the Clerk of the Privy Council [Charette], the NSIA [Thomas] and the CSIS director [Vigneault]," the Conservative Party lawyer said.


dissemination of the product to other recipients, but they did not have the final say on the dissemination pool. When the ADR branch created a product of its own initiative, the analyst who had created the product could suggest recipients based on a pre-set dissemination matrix. Witness 3 observed that upper management or senior CSIS executives would sometimes need to approve the dissemination of products based on particularly sensitive intelligence.

Witnesses 2 and 3 were asked about an internal CSIS email exchange following a meeting between the CSIS Director and staff from the **Prime Minister's Office (PMO)** sometime after 2022. In this exchange, CSIS employees discussed changes to an assessment concerning possible PRC interference in the nomination race for the LPC candidate in the DVN riding.

Witness 2 explained that they believed a report concerning the Don Valley North nomination contest was recalled at the request of the **National Security and Intelligence Advisor ("NSIA")**. Witness 2 noted that it was not common for the NSIA to request the

"And that the purpose of the meeting, was to discuss after the media leaks, all intelligence regarding Han Dong. I believe you may have mentioned this or referenced this Ms. Charette in your evidence just now, and that a result of that meeting, was CSIS actually recalled or corrected CSIS's assessment of the PRC Foreign Interference assessment."

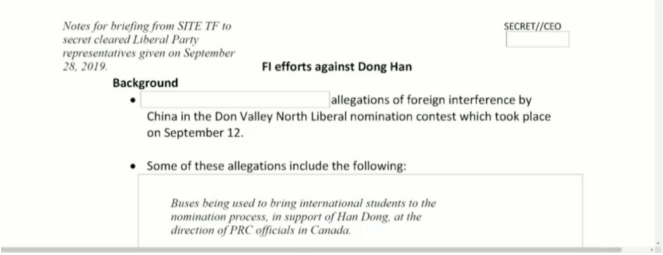
"Are you able to disclose what advice you gave the Prime Minister or the Prime Minister's Office as a result of this meeting?" the Conservative Party lawyer asked.

"Your question touches on a particularly sensitive word in your question, which is the question of advice," Charette answered.

"Ultimately, the Prime Minister can make his decisions. And so the idea of my advice is privileged to him. He makes whatever decision he wants. And so I'm not going to talk about advice."

"In rare cases (e.g. following the media leaks in 2023) the Prime Minister initiated the request to be briefed," a document tabled Tuesday says.

Trudeau's Top Aides deny October 2022 briefing information



Notes for briefing from SITE TF to secret cleared Liberal Party representatives given on September 28, 2019.

SECRET//CEO

FI efforts against Dong Han

Background

- allegations of foreign interference by China in the Don Valley North Liberal nomination contest which took place on September 12.
- Some of these allegations include the following:

Buses being used to bring international students to the nomination process, in support of Han Dong, at the direction of PRC officials in Canada.

Documents tabled Tuesday recounted an October 27, 2022 brief from CSIS to Prime Minister Trudeau and his top aides, among numerous other CSIS briefings provided to Trudeau and his top ministers.

The October 2022 brief focused on China's interference and noted that in 2019 NSICOP — Trudeau's bipartisan panel of intelligence-review Parliamentarians — had recommended legal changes to counter foreign interference, which Trudeau had yet to act on, notes tabled Tuesday said.

"Ultimately, state actors are able to conduct Foreign Interference [FI] successfully in Canada because there are no consequences, either legal or political," the meeting notes say. "FI is therefore a low-risk and high-reward endeavour."

"The Government's ability to respond to this threat is currently hampered by the lack of legislation, including criminal law," the notes continue, "and a true whole of government approach."

The notes indicate that CSIS told Trudeau they had continued to provide "defensive briefs" to Canadian politicians vulnerable to interference.

Since May 2021, 64 members of parliament, 13 federal ministers, five Senators, 12 provincial premiers or ministers, and eight municipal councillors were briefed, the October 2022 briefing notes for Trudeau say.

Meanwhile Canada's allies including Australia and United Kingdom had strong counter-measures, the Trudeau briefing notes say, such as publicly outing alleged Chinese agents.

"Canada has been slower than our Five Eyes allies to respond to the Foreign Interference [FI] threat with legislative and other activities," the October 2022 notes for Trudeau's brief continue, "such as proactively publicizing successful disruption of FI as a means of deterring future efforts."

They added that "the United Kingdom publicizes FI warning documents to certain office holders and their staff, including naming publicly a UK-based lawyer, Christine Lee, as a Chinese agent."

"These close allies and others, such as the United States, have also updated and modernized legislative authorities for their law enforcement and intelligence agencies," the notes said.

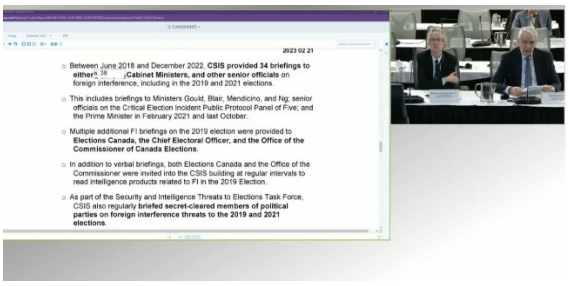
However Trudeau's top aides, including Jeremy Broadhurst, Katie Telford and Brian Clow, told Commission lawyers they didn't recall Trudeau receiving some of this information.

"Generally speaking, this does not resemble what the Prime Minister was told on the 27th (of October 2022)," Clow said, while acknowledging Chinese interference was raised to Trudeau.

Prime Minister Trudeau and top ministers including former Public Safety minister Bill Blair will testify Wednesday.

Hogue's ruling to recall Vigneault means lawyers for Conservative MP Michael Chong, a human rights group, and former Conservative leader Erin O'Toole, will have the chance to review a Commission lawyer's re-examination of Vigneault regarding what was actually said in his key meetings with Trudeau.

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- For example, in April 2019, **then-Minister of Democratic Institutions Karina Gould was briefed**
- In February 2021, I **briefed the Prime Minister on** PRC-linked individuals interfering with **the 2019 Liberal nomination in Don Valley North**. s. 39 s. 39 Cabinet Confidence s. 39 Cabinet Confidence
- CSIS has also spoken publicly about foreign interference threats in general and to democratic institutions, as well as those emanating from the PRC.
  - We have **prioritized outreach and engagement with communities** across Canada to build awareness and resilience.
  - We have also **published several unclassified products**, such as "Foreign Interference and You," "Foreign Interference Threats to Canada's Democratic Process," and "Protecting National Security in Partnership with All Canadians" that outline (in several languages) concrete ways that Canadians can defend themselves against national security threats, such as foreign interference.



Air Travelers Help Fuel $2 Trillion Global Money Laundering System

APRIL 21, 2024



Each year, money launders funnel $2 trillion in ill-gotten gains into the financial system.

And a lot of that money travels by air, in cash, often in people's suitcases, The Wall Street Journal (WSJ) reported Sunday (April 21).

The report cited figures from the United Nations Office on Drugs and Crime and the Financial Action Task Force (FATF) showing that international air travelers likely move hundreds of billions in laundered funds in cash each year.

According to the report, this rise in airline smuggling is the result of banks stepping up their suspicious transaction monitoring in the wake of money-laundering scandals.

"You just can't walk into a bank with this much money without being flagged," George Voloshin, of ACAMS, a money laundering watchdog group, told WSJ. "You will be arrested at the next branch."

The report noted that officials and industry groups argue that moving cash through airlines is a relatively low risk for smugglers.

Among them is a woman named Jo-Emma Larvin, part of a group of people accused of working for a money launderer from the United Arab Emirates. Authorities say they transported $125 million, primarily between July and October in 2020.

"How the hell did they get away with it — so much money in such a short space of time?" said Ian Truby, a senior investigating officer for Great Britain's National Crime Agency.

Part of the reason, he told WSJ, is that airport security is focused on flight safety, not spotting financial crime.

As PYMNTS wrote earlier this month, this trend is happening amid new efforts to crack down on money laundering and other financial crimes. Late last month, the Financial Crimes Enforcement Network (FinCEN) requested comments on its Customer Identification Program (CIP) requirements for banks.

And in February, the FATF added new countries to its "increased monitoring" list, with Kenya and Namibia joining that list while the group removed Barbados, Gibraltar, Uganda and the UAE.

Research by PYMNTS Intelligence and Hawk AI has found that more than 40% of financial institutions (FIs) are seeing increasing volumes of fraud and financial crime. Seventy percent of FIS said they now are using AI and machine learning to battle bad actors.

"Uncovering whether someone is who they say they are is critical," PYMNTS wrote. "Separate data shows that 4.6% of transactions were classified as synthetic identity fraud."

https://www.pymnts.com/news/security-and-risk/2024/air-travelers-2trillion-money-laundering/

PANAMA IS NOT A COUNTRY, IT'S A BUSINESS... SO IS PUTTING MOSSACK AND FONSECA IN THE DOCK GOOD FOR BUSINESS?

Jeffrey RobinsonJeffrey Robinson
Jeffrey Robinson
Old fashioned storyteller. International bestselling author of THE LAUNDRYMEN. 30 books & counting. Expert on money laundering & financial crime. Seasoned investigative journalist, television, film & keynote speaker.
Published Apr 16, 2024
+ Follow
(c) Jeffrey Robinson, 2024

The trial of lawyers Jurgen Mossack and Ramon Fonseca Mora, the outed-sleazebags behind the law firm Mossack-Fonseca – who came to international prominence thanks to the documents leak in 2016 known as The Panama Papers - went on trial this month (April 2024) in Panama, along with 25 of their employees.

Considering that their past is a sordid tale of aiding and abetting money laundering, fraud and tax evasion, how good an idea is this trial?

Conventional wisdom has it that several people in Panama are betting this will finally put an end to the ultimate embarrassment of sordid offshore shenanigans. That Panama can finally claim, we always wanted justice and here it is.

But in Panama, proper justice can be bad for business.

A full eight years after they were first exposed, and during which they denied any wrong doing, the trial opened with their repeated claims of innocence. "We had no control over the offshore companies that the firm set up for our clients."

Of course that's crap. But whwould you expect them to say?

Mossack was born in Germany in 1948. His father, who'd served during WWII in Waffen-SS, moved the family to Panama sometime around 1961. Mossack attended the small private Catholic university there and graduated with his law degree in 1973. He then left for London to practice foreign law. Admitted to the Law Society, he stayed for two years before returning home to open his own office.

Fonseca was born in Panama in 1952 studied at the Universidad de Panama got his law degree in 1976, and also offed to the UK. In his case, it was to spend a year at the London School of Economics.

It was in 1986 that the two merged their businesses to form Mossack-Fonseca and specialize in various aspects of offshore company formation and asset protection. The following year, they opened their first outpost in the British Virgin Islands. Thirty years later, BVI is believed to have registered over one million offshore entities, accounting for as much as 40% of companies registered in the entire offshore world. Mossack-Fonseca were believed to have registered 54% percent of their own clients' companies and trusts in the BVI.

Shockingly, Mossack-Fonseca was merely the third largest company formation agency in Panama, and only the fifth largest in the world. In other words, with all the nefarious BS that Mossack and Fonseca were peddling, there are four other firms that have, so far, escaped the microscope.

Now consider, for the sake of argument, the kind of money Mossack and Fonseca were making by selling chicanery. Depending on the jurisdiction, they were charging from $750 to twice that, and sometimes even more, per client. There were 214,000 companies included in the Panama Papers. At an average of say, $1000 that comes to $214 million just in basic formation fees.

Agreed, that's spread out over several years. But they were also charging annual fees for their services. Say those annual management fees averaged $800. Nominee shareholders and/or directors fees can be $500. Mail forwarding and powers of attorney can add another $500. On top of that, throw in $200 for miscellaneous fees. That rounds out the annual total to $2000.

If, out of 214,000 companies, they were servicing just 100,000, when you multiply that by $2000, you're talking $200 million a year. And that doesn't include charges for bank introductions, certificates of good standing, certificates of Apostille – which are necessary to do business in many countries – and a host of other up-selling.

Nor does it include the businesses Mossack-Fonseca had moved into in recent years, such as private aircraft and yacht registration.

Nor does it include what they referred to as "discretionary portfolio management."

Inside Mossack-Fonseca, they formed a company called Mossfon Asset Management (MAMSA). Records obtained by the International Consortium of Investigative Journalists (ICIJ) suggest that MAMSA – during the years 2006-2015 - was dealing with some 6000 transactions for their most private clients, on which they would have taken a fee. The value of those transactions was $1.2 billion.

When the sky came crashing down on their heads, both Mossack and Fonseca automatically responded with the tired ploy of blaming the media. "Information that has been accessed from our files has fallen into the hands of reporters from certain media outlets who have been taking information out of context and making false assumptions about the nature of our services."

Robinson's Law: When people in power blame the media, you know the bastards are guilty.

What became evident from reading so many of the documents, is that Mossack and Fonseca were smart enough, in most instances, to avoid working directly with end-users. To maintain plausible deniability, they turned to intermediaries, such as banks and asset management firms.

That brings up the question, what did the two lawyers really know about the end users of the products they were selling to middlemen?

They say, nothing.

But a serious answer would be, more than enough to create plausible deniability for themselves by hiding behind middlemen. Whenever a big name would surface, they'd insist, "None of Mossack-Fonseca's companies mentioned in various publications with regard to this matter have been investigated for any crimes related to money laundering or any other unlawful behavior."

Or, they'd sidestep with, "If you find one case where Mossack-Fonseca has been the defendant in a court case with regard to any of the actors or activities described above, please send us that documentation."

Buenos dias cabelleros, here it is!

In studying the Panama Papers, several media outlets remarked that the leaks contained very few American names. There are two likely reasons why.

First, when it comes to company formation, Americans have the convenience of Delaware. When it comes to tax evasion, there are traditional pipelines running through the Caymans and the Bahamas. Anyway, for many of those Americans, Panama, as an alternative, seems downmarket and shoddy.

Second, Mossack and Fonseca deliberately steered a wide berth around American clients because they feared the long reach of American prosecutors.

Like Colombian and Mexican drug traffickers, the last thing in the world they wanted was to find themselves in the dock in a US Federal Court. That is, definitely, a bad news destination, especially if you come from a culture where you need to count on bribes to save your sorry asses.

Which, with hindsight, makes setting up MF Corporate Services (Nevada) and AAA Corporate Services (Wyoming) – both run by one employee out of the Nevada office – seem uncharacteristically careless.

It hasn't hurt them yet, but it might.

Interestingly, this is the second time Mossack and Fonseca find themselves in the dock in Panama. The two were acquitted of different charges two years

ago in connection with a massive scandal in Brazil, known as Lava Jato or Car Wash.

What began as a money laundering inquiry, turned into the most significant political and financial corruption scandal in Latin America's history. Several businesses were revealed to have cooperated with each other, bribed company officials and bribed politicians to corrupt the bidding process for contracts with state-controlled oil conglomerate Petróleo Brasileiro SA (Petrobras).

One of those companies Odebrecht, is the largest construction firm in all of Latin America. The CEO, Marcelo Odebrecht, sprinkled money all over South and Central America – and is said to have used purpose built structures in Angola and Panama to funnel bribes – in order to win corrupt contracts for offshore oil drilling rigs, tankers, oil and gas pipelines and other heavy constructions deals. Apparently, the company even had a dedicated bribe department, known as "The Structured Operations Section."

Unfortunately for Odebrecht, he was arrested, found guilty and is currently serving 19 years in prison.

As the scandal grew, and more names were added to the mix, the prosecutors accused Mossack-Fonseca's office in Brazil of helping to create shell companies that were used in the commission of crimes. They called Mossack-Fonseca "a big money launderer," and filed criminal charges against five employees for money laundering offenses and the destruction of evidence.

The excuse from Mossack and Fonseca in Panama was that their office of the same name in Brazil, was just a franchise. (The McDonalds Defense?) That the firm in Panama practiced only in Panama and, therefore, they had no responsibility for anything that might have happened in Brazil.

Fonseca even insisted that he and Mossack were just "unwitting victims" of a political smear campaign.

Nevertheless, the prosecutor in Brazil continued to insist, "It is clear to us that there were at least two crimes committed by Mossack-Fonseca's office in Brazil — financial crime and organized crime." And that by registering companies offshores, Mossack-Fonseca's objective was, "To hide the truthful beneficiaries of these shell companies."

In and of itself, the situation in Brazil was bad enough for Mossack and Fonseca. But they escaped and must have felt safe, knowing that Panama does not extradite Panamanians on criminal charges. However, their Achilles heel might still, someday, turn out to be Nevada.

As investigators in Brazil were looking at Odebrecht's activities in Argentina, a private investigator there was looking for $65 million that was allegedly embezzled by a building tycoon named Lazaro Baez. His company, Austral Construcciones was a sometimes competitor and sometimes ally of Odebrecht.

And, like Odebrecht, Baez has since been arrested, convicted of money laundering and is in prison.

One private investigator managed to identify 123 shell companies that might be linked to the missing money – or at least to people who might be linked to the missing money – and each of those shells had been incorporated by MF Corporate Services.

When he asked Mossack-Fonseca about them, the response came back that Nevada operated independently of Panama and, consequently, they had nothing to do with each other.

The same excuse they'd given for the office in Brazil.

So now that private investigator set out to establish that the Nevada office worked exclusively for the Panama office. And he managed to do just that. He took his evidence to court in Nevada and a federal judge ordered Mossack-Fonseca to comply.

Mossack, who by then must have been living in fantasy land, flatly denied that MF Corporate Services (Nevada), was part of his group. He even testified in a deposition, under oath, that the two companies did not have a parent-subsidiary relationship, and swore that his firm in Panama did not control the daily operations of the outpost in Nevada.

Information contained in the Panama Papers, and discovered by the ICIJ, suggest that Mossack may have lied under oath. Apparently, they show the Nevada office as being wholly owned by Mossack-Fonseca in Panama. Apparently, they also show that certain Panama based IT people tried, remotely, to clean the logs of the PCs in the Nevada office, intending, as well, to eliminate any traces of Nevada's access to the firm's computer information system. And, apparently, a Mossack-Fonseca employee in Panama was sent to Nevada to get documents out of the country before the US Justice Department could find them.

There is even an email that reads, "When Andrés came to Nevada he cleaned up everything and brought all documents to Panama."

As the investigations into illegalities by Odebrecht and Baez widened in Brazil, Argentina, Panama and, especially, Nevada, the pressure on both Mossack and Fonseca continued to mount.

Word on the street was that the police were, also, now taking a very close look at their MossFon Asset Management company.

Back in April 2016, the police raided the Mossack-Fonseca offices seeking evidence of wrong doing as a result of the Panama Papers.

In early February 2017, the Panamanian prosecutors ordered a second raid, this time looking for connections to Odebrech.

And in the States, there were serious people who wanted to know a lot more about Mossack-Fonseca's adventures in Nevada and Wyoming.

With incoming from all sides, Fonseca found himself under siege. And he finally snapped. Perhaps feeling personally betrayed, he reacted to the second raid of his offices by openly accusing his longtime friend, the then President of Panama, Juan Carlos Varela, of taking bribes from Obedrecht.

At first Varela absolutely denied it. Then he decided, well, maybe there was some money from Odebrecht but it was a campaign contribution. He stated firmly that his campaign coffers were transparent and even released records to show all the donations he received. Nothing appeared to be from Odebrecht.

At that point, Mossack and Fonseca were both arrested, in conjunction with the investigation in Brazil. They were held without bail, as flight risks.

Sitting in their cells, Mossack and Fonseca continued to maintain their innocence and fought to have the "no bail" decision overturned. In April 2017, an appeals court over-turned the lower court and, without explanation, released them on $500,000 each.

And now here they are back in court in Panama.

What's at risk this time is more than just their liberty. The entire offshore company formation industry that is the business of Panama is also at risk.

Or could be, if no one deals off the bottom of the deck.

But this is Panama. And there is no way the powers-that-be will allow the criminal trial of Mssrs. Mossack and Fonseca to drag the those same powers down with them.

So just in case the evidence is so powerful that it might, the defense has been thrown a lifeline.

Nothing suspicious here.
By pure coincidence, well enough in advance of this trial, Panama's Supreme Court ruled, in a previous case, that shell companies and/or trusts used for tax fraud could not be considered a crime if those entities were incorporated before 2019.

Which is long after Mossack and Fonseca had been put out of business.

https://www.linkedin.com/pulse/panama-country-its-business-so-putting-mossack-fonseca-robinson-77hue
MARCH 26, 2024
MAAN BARAZY

Illicit Funding and Cash Economy Questioned by US Treasury, Estimated at Nearly 46% of GDP

GROWING CONCERNS HAVE EMERGED OVER LEBANON'S CASH ECONOMY

FACILITATING MONEY LAUNDERING, POTENTIALLY REVERSING ECONOMIC PROGRESS AND INCREASING VULNERABILITY TO FINANCIAL CRIMES. THE U.S. TREASURY HAS URGED LEBANESE AUTHORITIES TO PREVENT THE FUNNELING OF FUNDS TO GROUPS LIKE HAMAS, HIGHLIGHTING THE RISK TO LEBANON'S FINANCIAL INTEGRITY, WRITES MAAN BARAZY.

Growing concerns have surfaced that Lebanon's cash-based economy is facilitating money launderers in concealing the origins of funds for the Palestinian group Hamas' activities. Furthermore, the increasing reliance on cash transactions poses a threat to reverse the progress Lebanon made before 2019, making the economy more susceptible to financial crime vulnerabilities. Experts warn that the risk of money laundering is amplified by the use of cash to disguise illicitly obtained assets, and cash transactions could undo the efforts made prior to the crisis to bolster Lebanon's financial integrity and establish comprehensive anti-financial crime measures.

The US Treasury has voiced these concerns on several occasions. Moreover, a top U.S. Treasury official during a visit to Beirut urged Lebanese authorities to block the channeling of funds to Hamas through Lebanon. Jesse Baker, Deputy Assistant Secretary of the Treasury for Asia and the Middle East, engaged with Lebanese politicians and financial sector officials last week. Notably, the Office of Foreign Assets Control (OFAC) has enforced a Lebanon sanctions program since August 1, 2007, following President's Executive Order (E.O.) 13441, "Blocking Property of Persons Undermining the Sovereignty of Lebanon or Its Democratic Processes and Institutions."

An anonymous source from the Central Bank of Lebanon mentioned that the discussions bore resemblance to a fact-finding mission, including numerous other officials and members of the political elite here. "We underscored BDL's Anti Money Laundering protocols in place within the system," he added. The U.S. Treasury Department has identified several Lebanese companies used by Hezbollah and its affiliates for alleged money laundering. The involvement of Lebanon's financial sector in these activities is often unclear. Although most U.S. sanctions and court documents list companies in Lebanon involved in these operations, they rarely specify the financial institutions utilized. Nonetheless, this situation poses significant risks for the Lebanese banking sector.

Press reports have indicated that the acting governor of the Central Bank, Wassim Manssouri, reassured the US Treasury's Assistant Secretary for Asia and the Middle East in the Office of Terrorist Financing and Financial Crimes, Jesse Baker, that Hamas could not conduct bank transfers from Lebanon, whether through banks or financial companies, as relayed in local media and confirmed by Central Bank sources. Lebanon's reliance on its cash economy has attracted scrutiny. Bachir El Nakib, Founder of Compliance Alert Consultancy and an AML compliance expert, stated: "Lebanon's cash economy undoubtedly makes it easier for money launderers to hide the source of funds for illicit and illegal activities," adding that an increased dependence on cash transactions is likely to reverse the progress Lebanon achieved before 2019, exposing the economy to greater risks of financial crimes.

Speaking to NOWLEBANON, El Nakib mentioned that the risk of money laundering has escalated with the use of cash to mask illegally acquired assets, and cash transactions could undermine the progress made before the crisis in strengthening Lebanon's financial integrity and enacting widespread anti-financial crime measures. "The cash economy facilitates the thriving of organizations classified by OFAC as exchangers amid a growing dependency on cash, as foreign exchange companies began to deplete the cash reserves sought by Lebanon's Central Bank, turning instead to Hezbollah's shadow network of foreign exchanges to obtain these dollars," he explained.

The United States has sanctioned numerous Hezbollah-affiliated financial facilitators attempting to leverage the financial crisis to fund their activities, he added. On compliance issues, El Nakib noted: "FATF's mutual evaluation report 2023 surprisingly did not place Lebanon on the grey list; the country narrowly escaped this fate by scoring just one point above the threshold." The FATF grey list flags countries under intense scrutiny for inadequate measures to combat money laundering and terrorism financing. FATF's evaluation highlighted Lebanon's anti-money laundering protocols,

transparency in beneficial ownership, and mutual legal assistance in asset freezing and confiscation as areas of concern, marking the country as 'partially compliant' in these areas.

El Nakib stated that Lebanon is expected to submit a progress report to MENA-FATF in 2024, outlining identified deficiencies and the corrective actions undertaken. According to the World Bank, Lebanon's cash economy emerged amidst a financial and economic crisis, leading to a diminished confidence in the Lebanese banking sector, with a majority of financial transactions now conducted in cash and banking sector credit lines fully collateralized in cash. The World Bank emphasized the importance of estimating the cash economy's size to comprehend transaction dynamics and the potential impacts of a widespread cash economy on fiscal and monetary policy effectiveness. The report pointed out that a burgeoning cash economy dilutes fiscal policy's impact, hampers tax buoyancy, and incentivizes tax evasion. Moreover, it suggested that monetary policy efficacy is diminished as cash transactions supplant banking operations.

Concurrently, the World Bank described the USD cash economy as the total USD in circulation, largely encompassing legal transactions within a heavily dollarized Lebanese economy. The cash economy's size in Lebanon, calculated by comparing "GDP from the expenditures side" to Gross National Disposable Income (GNDI) as published by the Central Administration of Statistics (CAS), reached a peak of $2.8 billion (5.6% of GDP) in 2015, escalating to $4.5 billion (14.20% of GDP) by 2020. Due to the lack of updated data from the CAS' national accounts, the World Bank employed a tailored approach to estimate the cash economy for 2021 and 2022. This approach considered several USD cash circulation sources: withdrawals of pre-crisis foreign currency deposits, BDL's foreign exchange interventions, USD remittances from the Lebanese diaspora, USD cash stored in homes since the crisis onset, USD cash entering Lebanon through both legal and illicit means, humanitarian and development cash assistance, and post-crisis USD bank deposits not affected by informal bank-imposed capital controls. The World Bank made several assumptions for its estimation, including the immediate conversion of LBP cash to USD at market rates to preserve purchasing power and the calculation of banking sector deleveraging by deducting foreign currency loans from deposits.

Moreover, it assumed that the net foreign currency deposits, after loan deductions, were withdrawn in compliance with BDL circular 158, either in cash or through discounted checks, contributing to the cash economy. Consequently, the World Bank estimated Lebanon's cash economy at $6.05 billion in 2021, equating to 26.2% of nominal GDP, and $9.86 billion in 2022, accounting for 45.7% of GDP. The significant increase in the cash economy's size in 2022 was attributed to a near halt in capital flight, largely due to stricter informal capital controls, and the relative increase in cash economy size as a percentage of GDP resulted from a drop in nominal GDP from $23.13 billion in 2021 to $21.55 billion in 2022. The World Bank also noted that the prevalence of cash transactions heightens the risk of money laundering and creates more opportunities for tax evasion. The report cautioned that the growing reliance on cash transactions risks undermining Lebanon's progress in enhancing the country's financial integrity through robust anti-money laundering measures in the banking sector prior to the current crisis. Moreover, it observed that cash economies aid in obscuring the origins of funds used in illicit and illegal activities. Finally, the World Bank remarked that cash economies encourage informality among small and micro businesses and reduce productivity due to the lack of economies of scale, further exacerbating weaknesses in Lebanon's tax code.

A Treasury official, speaking anonymously on sensitive matters, shared with Lebanese authorities "specific concerns" about "the movement of Hamas funds through Lebanon, Hezbollah funds from Iran into Lebanon, and then out into other regional areas," urging "proactive measures" to address these issues. The official emphasized that these groups rely on fund flows to pay their fighters and conduct military operations, without which they cannot achieve their objectives. The Treasury official further highlighted that demonstrating compliance with global anti-money laundering and counter-terrorism financing standards is crucial for Lebanon to attract investment from the United States and the international community, which is essential for overcoming the country's prolonged crisis. Baker advocated for Lebanon to intensify efforts against the burgeoning sector of illicit financial service companies, including

illegal money exchange and unlicensed money transfer operations, which have thrived amidst the collapse of the country's formal banking system over four years of economic turmoil. These businesses, along with a cash economy that the World Bank estimates to comprise nearly 46% of Lebanon's GDP, provide alternatives for individuals and groups restricted from the formal financial system by U.S. sanctions, including Hamas and Hezbollah, both labeled as terrorist organizations by Washington.

Maan Barazy is an economist and founder and president of the National Council of Entrepreneurship and Innovation. He tweets @maanbarazy.

https://nowlebanon.com/illicit-funding-and-cash-economy-questioned-by-us-treasury-estimated-at-nearly-46-of-gdp/



Quebec man charged with conspiracy linked to illegal sale of Chinese drones to Libya

Accused is expected to appear at Montreal courthouse on Tuesday
Holly Cabrera - CBC News

Posted: April 23, 2024

Aviation Organization in Montreal have been charged with conspiracy for facilitating the illegal sale of Chinese drones and military equipment destined for Libya. (Louis-Marie Philidor/CBC)

Two former employees of the International Civil Aviation Organization (ICAO) in Montreal have been charged with conspiracy for facilitating the illegal sale of Chinese drones and military equipment destined for Libya, according to an RCMP investigation.

Fathi Ben Ahmed Mhaouek, 61, who is from Sainte-Catherine, Que., is expected to appear at the Montreal courthouse Tuesday afternoon. He was arrested at his residence Tuesday morning, RCMP Sgt. Charles Poirier confirmed.

Poirier says the man's alleged accomplice is Mahmud Mohamed Elsuwaye Sayeh, 37, a Libyan national, and is still wanted by police. Interpol has issued a red notice for his arrest. He is accused of using a scheme to conceal military equipment sellers and buyers.

Equipment involved in the scheme include drones that resemble "a small plane that can carry missiles," as well as control and command platforms to operate the drones, Poirier said.

"This equipment is subject to UN sanctions related to Libya and therefore cannot be sold to Libya," he said.

Chinese interference in Libya

Poirier said the current investigative theory suggests that China would have benefited from the deal by supporting the faction of Libyan National Army commander Khalifa Haftar.

"We're basically looking at a case of Chinese interference in Libya," Poirier said, noting that the RCMP investigation started in 2022. "It all boils down to activities in Canada that were made to facilitate that deal."

As part of the conspiracy, Mhaouek allegedly "conspired to facilitate the purchases of Libyan oil between prohibited entities and the People's Republic of China," a news release from the RCMP published Tuesday reads.



Mahmud Mohamed Elsuwaye Sayeh is a 37-year-old Libyan national accused of conspiring to sell Chinese drones to Libya with Fathi Ben Ahmed Mhaouek, who is from Quebec. Sayeh is wanted by Interpol. (RCMP)

"We're talking millions of barrels [of crude oil] that would have been leaving Libya to go to China," Poirier said.

He added that the men "certainly met at ICAO" while they both enjoyed functional diplomatic immunity.

ICAO said in a statement Tuesday that the accused had left the organization "a number of years ago." Citing the ongoing investigation and judicial proceedings, the organization did not provide more details.

Had the deal gone through, both of the accused would have received several millions of dollars in commission per month.

They are both charged under the United Nations Act and its Regulations Implementing the United Nations Resolutions and Imposing Special Economic Measures on Libya.

With files from Lauren McCallum

https://www-cbc-ca.cdn.ampproject.org/c/s/www.cbc.ca/amp/1.7181906



B.C. government flags cryptocurrency company with 3rd unexplained wealth order



By Amy Judd Global News
Posted March 27, 2024
The B.C. government has filed its third unexplained wealth order for money, gold bars and jewelry from a now-defunct cryptocurrency exchange company.

In a statement, Mike Farnworth, B.C.'s Minister of Public Safety and Solicitor General, said the application has been filed against Quadriga Coin Exchange (QuadrigaCX.).

"If successful, this application would see the forfeiture of $250,200 in cash, 45 gold bars, four luxury watches and a number of pieces of expensive jewelry," Farnworth said.

"Through this action, we are demonstrating again that criminals will have to prove that their assets are the proceeds of lawful activity and not financial crime."

In 2022, the company was the subject of a Netflix documentary called *Trust No One: The Hunt for the Crypto King*.

The daily email you need for Toronto's top news stories.

QuadrigaCX was founded by Gerald Cotten who died suddenly in 2018, taking the passwords to $250 million of investor's money with him.

Now the company might lose its remaining assets unless they can prove where they came from.

"The international, criminal actions of Quadriga Coin Exchange (Quadriga CX) led to thousands of people losing their life savings. The fact that this organization has been the subject of a Netflix documentary related to a high-profile cryptocurrency fraud shows that these types of

crimes do not show respect for borders," Farnworth said.

"The Quadriga CX case was also profiled by *Law and Order Toronto: Criminal Intent* in a February 2024 episode, *The Key to the Castle*. While the fallout of cryptocurrency theft that leaves many victims in its wake is topical, what is even more timely is the recovery of these ill-gotten funds and converting them to community benefits in a public way."

Farnworth said goods like gold bars and luxury goods attract the attention of police agencies and the B.C. government, and if they are found to be the proceeds of criminal activity, the government will go after them.

"We will continue to take the assets from unlawful activity and redirect the proceeds of crime to much-needed victim services programs and crime prevention initiatives, such as the anti-hate grants to communities announced on Feb. 15, 2024," Farnworth added.

https://globalnews.ca/news/10387491/unexplained-wealth-order-quadriga-coin-exchange/



Binance Founder Changpeng Zhao Faces 3-Year Prison Sentence for Money Laundering

Shalini Nagarajan

Last updated: April 24, 2024



US prosecutors are seeking a 3-year prison term for Binance founder Changpeng Zhao, per a Tuesday court filing.

Zhao is scheduled for sentencing on April 30 in Seattle, having pleaded guilty in November to breaching US anti-money laundering laws. He stepped down from his role as CEO at the crypto exchange, yet retains majority ownership. As part of the agreement, he agreed to a $50m fine, while the company offered to pay $4.3b in fines and compensation.

"Given the magnitude of Zhao's willful violation of US law and its consequences, an above-Guidelines sentence of 36 months is warranted," US prosecutors said.

Binance didn't return Cryptonews' request for comment by press time.

Prosecutors Push for Harsher Punishment for Crypto Mogul's Crimes

Zhao was initially set to face up to 18 months in prison, a condition he accepted without appeal. In November, he was released on a $175m bail while awaiting sentencing for banking law breaches. Still, he was required to adhere to travel restrictions within the US.

Now, prosecutors want a more severe penalty for him than what the federal sentencing guidelines recommend.

"Zhao reaped vast rewards for his violation of US law," the filing read. "And the price of that violation must be significant to effectively punish Zhao for his criminal acts and to deter others who are tempted to build fortunes and business empires by breaking US law."

Prosecutors claim that Zhao neglected to establish a robust anti-money laundering (AML) program at

Binance. This allegedly enabled illicit actors to exploit the exchange. Further, the actors used Binance for activities like operating mixing services to conceal crypto origins.

Moreover, Binance is said to have facilitated Iranian customers' transactions with US customers. This move undermined US sanctions against Iran and jeopardized exchange liquidity.

Operational Shortcomings and Reporting Failures

In February, a settlement addressed significant operational deficiencies found within Binance. Notably, this included the platform's failure to report more than 100,000 suspicious transactions linked to designated terrorist organizations, such as Hamas, al Qaeda, and ISIS.

Additionally, Binance faced allegations of facilitating transactions related to child sexual abuse materials and proceeds from ransomware activities.

Despite facing legal obstacles, Zhao's fortune has experienced significant growth over the past year, surging by nearly $10b, per the Bloomberg Billionaires Index. Currently, his wealth exceeds $42b, making him the 29th wealthiest individual worldwide, according to the index.

https://cryptonews.com/news/binance-changpeng-zhao-faces-3-years-prison-money-laundering.htm

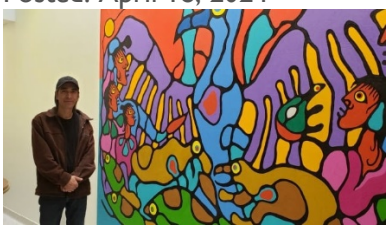


Norval Morrisseau's nephew, among those charged in massive art fraud case, reaches resolution with elders

Benjamin Morrisseau, in Thunder Bay, Ont., court Thursday, will take part in community reparation measures

Michelle Allan - CBC News

Posted: April 18, 2024



Benjamin Morrisseau, one of eight people charged in the Norval Morrisseau art forgery case, is shown in 2019 with one of his original works displayed at St. Joseph's Care Group's spiritual gathering lodge. (St. Joseph's Care Group)

One of the accused in the Norval Morrisseau art fraud ring case has reached a resolution with his community.

Benjamin Morrisseau, Norval's nephew, appeared in court in Thunder Bay, Ont., on Thursday on forgery charges. After meeting with elders, an agreement was reached that will see him undertake reparation measures, which can be part of the restorative justice process.

"Restorative justice principles can include a focus on relationships, repairing harm, taking responsibility, and taking personal and family history into account," according to the Ontario Crown Prosecution Manual.

In the Morrisseau case, the details of what reparative measures could look like, and what they may mean in terms of the charges he faced, are still unknown.

Norval Morrisseau was an Anishinaabe artist from northwestern Ontario who died in 2007 at age 75. Ontario Provincial Police have said addressing the fraud ring involved the largest art fraud investigation in Canadian history.

In total, police laid more than 40 charges against eight people in March 2023. The investigation led to

the seizure of more than 1,000 pieces of forged artwork.

Background of the case

Benjamin and two others were charged with knowingly making artwork falsely attributed to Norval. The offences allegedly occurred between Jan., 1, 2002, and Dec. 31, 2015.

Gary Lamont pleaded guilty on Dec. 4 and has been sentenced to five years of incarceration on a forgery charge and a charge of defrauding the public in an amount exceeding $5,000.

Lamont oversaw the production and distribution of hundreds of forged artworks falsely attributed to Norval Morrisseau starting in 2002, according to the agreed statement of facts submitted to the courts. Some of these forgeries were created by Benjamin, then signed with Norval's name.

All charges against Linda Tkachyk were withdrawn in December.

Court documents filed in proceedings against Lamont say Benjamin (also known as Benji) is a nephew of Norval. Benjamin, also an artist, paints in the Woodland style of art pioneered by Norval.

"Benji regarded Norval Morrisseau as a mentor and considers himself as one of Norval Morrisseau's apprentices and a very similar artist to him," reads the agreed statement of facts.

Benjamin provided Lamont with unsigned paintings, the statement says.

"According to Benji, Lamont had promised to arrange an exhibition of Benji's art, which never occurred."

Remaining accused due in court in June

The three remaining accused are:

- Jeffrey Gordon Cowan of Niagara-on-the-Lake.
- James (Jim) White of Essa Township.
- David P. Bremner of Locust Hill.

They are scheduled to appear in a Barrie court in June for a pretrial.

Earlier Thursday, the province's court listings stated Morrisseau was scheduled to take a plea and three other co-accused were scheduled to appear.

CBC News has since learned that was a technical error and only Morrisseau was in court for the matter.

https://www-cbc-ca.cdn.ampproject.org/c/s/www.cbc.ca/amp/1.7177419

$1.1M lost in just over a month to fraudsters posing as Chinese police: Richmond RCMP

Alyse Kotyk
CTVNewsVancouver.ca Journalist

Published April 19, 2024

Mounties in Richmond say more than a million dollars was lost to fraudsters posing as police or government officials in just over a month.

The detachment issued a warning Friday, saying it received seven reports of scammers pretending to be police between March 1 and April 8. While no money was sent in three of the cases, a total of $1.1 million was lost in the other instances.

Police said the fraudsters posed as Chinese police or government officials while targeting their victims.

"These fraudsters can be very convincing. They employ various tactics to trick people including spoofing legitimate phone numbers, or making threats of police action if payment is not made," said Sgt. Dave Au in a news release. "Ultimately, they have one objective, to get your money."

Mounties explained anyone who is asked by someone claiming to be a government official for payment in Bitcoin, Google Play or iTunes gifts cards should hang up and report the incident to police.

It's not just police-related scams locals need to watch out for. Last month(opens in a new tab),

Richmond RCMP said in a warning residents of that city lost more than $16 million in 2023 to "sophisticated online scams combining romance and investment schemes." Known as "pig butchering scams," police said the perpetrators typically spend weeks or months "grooming" their victims, often beginning their interaction "under the guise of a mistaken identity."

"These types of scams continue to surface in our community and unfortunately people continue to fall prey to these fraudsters," Cpl. Adriana O'Malley said in a statement. "These frauds can have a devastating financial and emotional impact on the victims which is why we continue to issue these public warnings in the hope of preventing further victimization."

Anyone who thinks they've been a victim of a scam should contact their local police department and the Canadian Anti-Fraud Centre.

With files from CTV News Vancouver's Ian Holliday
https://bc.ctvnews.ca/1-1m-lost-in-just-over-a-month-to-fraudsters-posing-as-chinese-police-richmond-rcmp-1.6854452

Grandparent scam suspects had ties to Italian organized crime, police allege

Codi Wilson
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A group of suspects that allegedly defrauded seniors across Ontario and other parts of Canada using a so-called emergency grandparent scam appear to have ties to "Italian traditional organized crime," according to an investigator involved in the OPP-led probe.

Details of the interprovincial investigation, dubbed Project Sharp, were announced at a news conference in Scarborough on Thursday morning.

Police said 56 charges have been laid against 14 suspect(opens in a new tab)s, who were all arrested in the Montreal area.

Deputy Chief Benoit Dubé, with the Sûreté du Québec, said it is believed that the suspects were part of a group that had "ties to Italian traditional organized crime."

According to police, since January, investigators have identified 126 victims who were defrauded out of a total of $739,000. Fifteen of those victims were targeted on multiple occasions, police said, resulting in the loss of an additional $200,000.

Majority of victims from Ontario
The victims, who range in age from 46 to 95, resided across the country, police said, adding that the majority were from Ontario.

According to investigators, four of the 14 suspects remain in custody while the other 10 have been released on bail. The charges they face include involvement in organized crime groups, extortion, impersonating a police officer, and fraud, police said.

OPP Det.-Insp. Sean Chatland told reporters Thursday that the investigation began as an intelligence probe in September 2022.

"It took us a significant period of time to really understand this group, to understand how they operated, to even just identify them," Chatland said.

"Once we were able to identify this group, we moved to a criminal investigation immediately."

By February 2023, Chatland said the probe was formalized into an OPP-led joint forces investigation involving police services in both Ontario and Quebec.

"This organized crime group demonstrated a deliberate and methodical approach in exploiting victims. They operated out of Ontario and Quebec, utilizing emergency grandparents scams on victims across Canada," he said.

"They would impersonate police officers, judges, lawyers, and loved ones, preying on grandparents who believed they were trying to help family members in trouble."

The victims, according to police, were instructed by the suspects not to speak to anyone due to a "gag order" that was in effect.



Police are shown at a news conference announcing the results of a multi-jurisdictional investigation into the grandparents scam. (CP24)

Victims had landlines

Chatland said in many cases, the suspects utilized "money mules" or couriers to collect large sums of money from the victims.

The victims, he said, were targeted based on the fact that they had landline telephones.

According to Chatland, the information the suspects used to defraud the victims was publicly available on the internet.

He said the impact on the victims in this case has been "devastating."

"This investigation is far more than fraud," Chatland said. "This organized crime group affected victims right across Canada in a manner that will be both mentally and financially life-altering for many."

He said investigators have "collaborated closely" with financial institutions and the Canadian Bankers Association to recover more than $500,000 in losses.

Police are seen taking evidence from a building in Quebec during a interprovincial investigation dubbed 'Project Sharp.' (Handout)

Fraud 'massively underreported'

Chatland said the OPP believes the group is responsible for more than $2.2 million in losses since the intelligence probe was launched in 2022.

"That is what we have been able to establish but we suspect it is probably larger than that," he said.

He noted that the OPP believe only about five to 10 per cent of all fraud cases are actually reported to police.

"Fraud is massively underreported," he said. "A lot of that has to do with victimization, with victim-blaming and people just feeling deceived. It is the nature of fraud."
https://toronto.ctvnews.ca/police-make-arrests-in-grandparent-scam-that-defrauded-victims-out-of-739k-1.6852423



Two go on trial in Switzerland over 'kleptocracy' scandal involving Saudi oil firm, Malaysian bank

Author of the article:

AP

The Associated Press
Jamey Keaten
Published Apr 02, 2024

GENEVA (AP) — Two managers of a Saudi oil exploration company went on trial in Switzerland on Tuesday for alleged fraud and money laundering over a scandal years ago linked to a Malaysian sovereign wealth fund that the U.S. Justice Department once described as the "biggest kleptocracy case" ever.

The defendants from PetroSaudi — a Swiss Saudi citizen and a Swiss British national who were not

identified by name for privacy reasons — are accused of having created a scheme in 2009 under which 1 Malaysia Development Berhad, or 1MDB, would set up a joint venture based on false premises.

Malaysian investigators allege that over $4.5 billion was stolen from the fund, established in 2009, and laundered by associates of former Prime Minister Najib Razak through layers of bank accounts in the United States and other countries.

Swiss prosecutors said the PetroSaudi managers were indicted on charges of commercial fraud, aggravated criminal mismanagement and aggravated money laundering, based on events that took place over at least six years.

The attorney general's office, in a filing last year, said the managers sought to enrich themselves and others by misappropriating at least $1.8 billion that was transferred to the state-owned investment fund.

The indictments are the first of their kind in Switzerland, where some financial institutions were ensnared in the far-reaching scandal.

The joint-venture deal called for 1MDB to pour in $1 billion and for PetroSaudi to contribute assets consisting of oil fields in Turkmenistan and Argentina valued at $2.7 billion, even though the oil company didn't actually own those assets, according to the criminal court in the southern city of Bellinzona.

After the deal was signed, about $700 million from 1MDB was transferred to a Swiss bank account linked to a Malaysian investor for whom the defendants had allegedly been working, and tens of millions ended up in the hands of the defendants and PetroSaudi, without serving the joint venture, it said.

Swiss prosecutors say the defendants also hatched other plots that aimed to cause the 1MDB board to transfer $830 million as part of an "Islamic loan" that followed the joint venture over the next two years. Those funds were also diverted, the court said.

Some of the looted money allegedly paid for jewelry, hotels, art and a luxury yacht, and helped finance Hollywood films such as "The Wolf of Wall Street."

More than $700 million landed in Najib's bank accounts. He was sent to prison in Malaysia in August 2022 to serve a 12-year sentence for graft. 1MDB was a development fund that he set up shortly after taking power in 2009.

The Swiss attorney general's office noted last year that "the U.S. Department of Justice described the affair as 'the largest kleptocracy case to date.'"

The three-judge panel in Bellinzona, which is home to the Swiss federal criminal court, is to hear arguments in the case through the end of April.

https://nationalpost.com/pmn/news-pmn/two-go-on-trial-in-switzerland-over-kleptocracy-scandal-involving-saudi-oil-firm-malaysian-bank



'You're Never Too Busy For Your Banker': How Italy's 'Ndrangheta Mafia Allegedly Infiltrated Canadian Banks

Credit: James O'Brien/OCCRP
by Brian Fitzpatrick (OCCRP), Robert Cribb (Toronto Star), Jared Ferrie (OCCRP), Alessia Candito (la Repubblica), and Alessia Cerantola (OCCRP/Investigate Europe)
18 April 2024
A faction of the 'Ndrangheta based in Toronto allegedly relied on relationships with staff at two major Canadian banks to facilitate their financial activities.

Key Findings

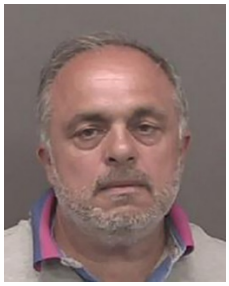
- An alleged faction of the 'Ndrangheta led by an Italian immigrant to Canada, Angelo

Figliomeni, appears to have had close relationships with employees at the Royal Bank of Canada and TD. Figliomeni declined to comment and the charges against him were stayed.

- Court filings, exhibits, and an internal police report indicate that two bankers were investigated by police for allegedly helping the group launder the proceeds of crime.
- Reporters have also linked another employee of TD to the Figliomeni group, via Italian police surveillance records.
- The RBC banker was charged with money laundering, and his bank has said it spotted suspicious transactions linked to him. He declined to comment on the police allegations, which were never tried in court.
- Neither of the TD bankers were charged, and both declined to comment. One remains at his bank on administrative leave.

Angelo Figliomeni wanted answers. The alleged mob boss had sent an associate to make a deposit into his account at the Royal Bank of Canada, but there was less cash than expected.

He got on the line with his "client care manager" at the bank branch, Nicola "Nick" Martino — who police alleged also happened to be a member of his organized crime group.



Credit: York Regional PoliceA mugshot of Angelo Figliomeni.

"Thirteen thousand, three hundred, tell me why?" Figliomeni asked Martino.

"Three days short, 'cause it was February checks," the banker replied.

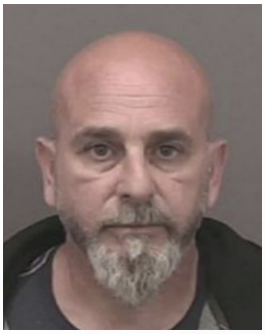
"Always an excuse!" Figliomeni barked at Martino.

Little did they know, police were listening in.

Police suspected the deposits were part of a steady flow of "pay up" funds — payments from members of the alleged criminal group to their boss. The money was deposited into Figliomeni's accounts at RBC by associates who police alleged were involved in a mafia money laundering scheme, court records show. Martino was investigated by police for helping the funds flow into seemingly legitimate accounts, but charges against him were not brought to trial.

The Italian-born Figliomeni is the suspected leader of a powerful Toronto-based faction of the 'Ndrangheta — a violent and secretive organization with tentacles stretching across the globe from its base in southern Italy.

His day job, according to police, is selling panini and delivering baked goods through businesses he owns in Vaughan, a city in the Greater Toronto Area. But in 2017, York Regional Police in Ontario launched a sprawling organized crime investigation targeting Figliomeni and his associates.



Credit: York Regional PoliceA mugshot of Nicola "Nick" Martino, a former client care manager at the Royal Bank of Canada.

Police dubbed the investigation Project Sindacato, and later called it "the biggest mafia takedown" in their history. But all charges against Figliomeni, Martino and other suspects were eventually stayed, police said. Prosecutors decided

not to proceed after it was shown that police had listened to calls between defendants and their lawyers.

The decision forced authorities to return more than CAN$35 million (US$27 million) worth of assets, police said. It also meant the details of the group's alleged abuse of Canadian financial institutions were never made public in court.

Now, a joint investigation from OCCRP, The Toronto Star, and Italy's la Repubblica newspaper reveals how two major Canadian banks were allegedly infiltrated by Figliomeni and his associates.

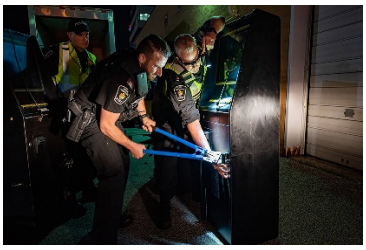
Reporters obtained court records from Project Sindacato, and spoke with law enforcement and banking sources close to the investigation. They also scoured court documents from Italy, where police worked on a parallel investigation in collaboration with their Canadian counterparts.

In addition to Martino at RBC, reporters uncovered evidence that Figliomeni's associates had contact with two TD Bank employees. Police alleged that one of the TD employees was "fully aware of the money laundering endeavors" of the Figliomeni group. Neither of them were charged.

Through his lawyer Martino declined to comment. Michael Lacy, a lawyer for Figliomeni, said: "Our client is neither participating nor commenting on your inquiries. You should draw nothing from his decision in that regard."

In a joint motion during the case, lawyers for the defendants argued that police had "investigative tunnel vision," mischaracterizing "mundane and innocuous actions as sinister criminal meetings" to match their preconceived notion that the accused were mobsters. As part of the investigation, police abused the use of wiretaps and conducted "significant invasions of privacy," violating the rights of the accused, the lawyers alleged.

In court filings, Figliomeni's lawyers described their client's phone conversations with Martino as regular interactions between a legitimate businessman and his banker. Martino's lawyers said in their legal filings that police had overstated Martino's role and authority at RBC, and misrepresented communications he had with Figliomeni.



Credit: York Regional PolicePolice open a gaming machine during July 2019 raids as part of the Project Sindacato investigation.

Officers on the investigation led by York Regional Police said they were unhappy that prosecutors decided to drop the case, given the large amount of evidence that was collected.

"This was an opportunity for the entire system to put its best foot forward and deal with a crime group in York Region that had an impact on public safety," said Police Chief Jim MacSween. "And they walked out the back door unscathed."

When contacted for comment, RBC acknowledged that the bank had been used for "unusual transactions" linked to the Figliomeni case.

"Our internal controls independently identified unusual transactions, relating to what police would eventually label Project Sindacato, and we worked closely with law enforcement throughout their investigation," said RBC spokesperson Cheryl Brean.

Martino no longer worked at the bank at the time of his arrest, Brean wrote in an email. She declined to say whether he had been fired or had left on his own accord.

A TD spokesperson, Allyson Theriault, told reporters the bank "has cooperated with authorities on this matter," referring to the Sindacato case. She declined to provide more detail.

"Actions were and continue to be taken, including with respect to current and former employees," said Theriault.

Ferraris and Panini

While Canadian police allege that Figliomeni is a major 'Ndrangheta crime boss in the Toronto area, Italian authorities say his power stretches back to Siderno, the city where he grew up.

His hometown lies on the coast of Calabria, the southern region where the 'Ndrangheta first emerged. From there, the group has expanded over the last few decades to become a major international crime organization.

Traditionally, 'Ndrangheta cells abroad were "subservient" to their bosses in Calabria, according to Stephen Schneider, a criminology professor at St. Mary's University in Halifax who studies organized crime. More recently, for the Siderno 'Ndrangheta faction, there has been a "power shift" to Canada.

Schneider explained that Ontario cells are more profitable, because the Canadian province is wealthier than Calabria, while at the same time Italian authorities have been successfully prosecuting 'Ndrangheta leaders at home.

"In Canada, for years, fugitives from the Ionian-Reggine ['Ndrangheta] gangs have found shelter," Italian police said in a document from the case they built alongside their Canadian counterparts.

They allege Figliomeni is one of them. He currently faces charges in Italy, and court documents show he was wanted there for "mafia association." But he cannot be extradited to his homeland, because mafia association is not in the Canadian criminal code, York Regional Police said.

Figliomeni was also convicted in his home country in the 1990s for illegal weapons and membership in a crime group, although Italian court documents do not provide details of the sentencing. He moved to Canada in the early 2000s, according to an affidavit in the Italian police documents, as well as an Immigration and Refugee Board of Canada decision regarding a Figliomeni family member. After emigrating, Figliomeni opened a sandwich shop, Via Panini, police say.

But his income appears to be fed by more than sandwiches. His group's revenue sources allegedly included illegal gambling and loan sharking, according to allegations included in court files which were never tried.

For someone who, on paper, is "simply the owner of a panini shop," Canadian prosecutors noted that Figliomeni appears to have "chauffeurs at the ready" who ferry him from meeting to meeting.

Managing the proceeds of Figliomeni's other alleged business activities was where bankers like Martino came in, according to evidence gathered by police. In files from the Sindacato case, police allege that Martino was among those responsible for "the manipulation and laundering" of the proceeds of crime, such as money generated from illegal gaming houses.

In Canada, suspicious activity reports must be submitted to the anti-money laundering supervisor, known as Fintrac, once the amount of money being moved meets a certain threshold, or if it is moved within a short period of time. A source close to the investigation, who requested anonymity because they were not authorized to speak to reporters, said when police reviewed banking data, it was evident that transactions beyond these thresholds, which Martino was involved in, had not been flagged to Fintrac.

In an affidavit quoted in the case files, police outlined how Figliomeni allegedly arranged for an RBC business account to be set up in one of his associates' names for a company that would then be used to launder money for him.

The defense argued that there was "no objective evidence" to suggest the account was set up to facilitate money laundering.

Vittorio Rizzi, a deputy director general of Italy's Public Security Department, said targeting Canadian banks fits with tactics the 'Ndrangheta has employed internationally.

"The infiltration of the banking system is absolutely in line with the strategies of penetration of the economic system," said Rizzi, who leads an Italian initiative that works with Interpol and 18 police forces, including Canadian, to combat the 'Ndrangheta.

In order for investigators to zero in on the Figliomeni organization's considerable wealth, Canadian police obtained judicial orders that compelled four of the country's biggest banks to hand over account information.

After an investigation that cost CAN$8 million (US$6.1 million) and involved about 500 officers, police seized more than CAN$35 million (US$27 million) worth of assets, including five Ferraris. Police also "restrained" 27 homes — meaning they could not be sold — together worth about CAN$24 million (US$18 million).

Police also shut down around 500 accounts at RBC, TD Bank, the Canadian Imperial Bank of Commerce, and the Bank of Montreal. Banks did not provide information about whether the accounts were reinstated later.



Credit: York Regional PoliceOne of the Ferraris seized by the York Regional Police in Canada.

But the assets were eventually returned, police say, and Figliomeni was never tried on the charges laid against him in Sindacato, which included directing a criminal organization.

'Donation to Something Church Whatever'

While the Sindacato case never made it to trial, court filings and wiretap summaries seen by reporters indicate Figliomeni's close relationship with Martino, who had at one point managed his sandwich shop in Vaughan, a city in the Greater Toronto Area.

In one wiretapped exchange between the two men on Sept. 10, 2018, Martino appears to indicate he is drafting a fake charitable donation receipt for Figliomeni.

"I'll do a draft, five thousand payable," Martino says, telling Figliomeni he will "write down on the bottom 'donation to something church whatever,' so you can have a copy for taxes."

Police suspicions about Martino's connections to Figliomeni date back to 2011. Court documents show that, in a separate investigation by the federal Royal Canadian Mounted Police, Martino allegedly stored large amounts of cash for Figliomeni at the shop he managed at the time.

Martino and Figliomeni were once next-door neighbors in Vaughan, and property records show that Martino sold a house to Figliomeni in 2013.

The close relationship between Figliomeni and Martino is also apparent in a telephone conversation caught on wiretap between the alleged mafia boss and an apparent family member of Martino's.

"Open the door for Joe," Figliomeni said, according to a police summary of the call. "He is coming to bring the croissant now."

Figliomeni would use the code word "croissant" to describe cash or checks that were the proceeds of illicit activity, the police allege.

Lawyers for Figliomeni insisted the term was an innocent reference to pastries being delivered as part of Figliomeni's bakery business.

"[C]roissants were in fact a real commodity," reads one defense document.

'More Important Than the Priest'

At the same time Martino was allegedly helping Figliomeni run his business at RBC, police wiretaps picked up conversations between a member of Figliomeni's group and Gabriel D'Andrea, a financial planner at a TD Bank branch in Vaughan.

While he was never charged as part of Project Sindacato, D'Andrea is described by police in a court document as a "kind of personal banker" to Vito Sili, a senior Figliomeni associate who was charged with money laundering in the case. Police accused Sili of playing "a significant role in the handling of money for the Figliomeni organization," although the allegations were never brought to court.

D'Andrea did not respond to repeated calls, emails and text messages seeking comment. Sili did not respond to questions sent via his lawyer, and to messages to phone numbers listed as his in court documents.

Police alleged that D'Andrea called Sili using his personal cell phone on more than one occasion to discuss business. Police said D'Andrea was "prepared to engage in unorthodox banking practices to satisfy these particular clients."

In one December 2018 call, D'Andrea used his personal phone to call Sili, who answered by saying, "Yeah Gabe … talk to me."

D'Andrea then asked Sili to come to the bank branch and pick up some forms. Sili seemed unwilling to run the errand, telling D'Andrea he was "so fucking busy."

"You're never busy for your banker. You know that, eh? Your accountant, your banker, even more important than the priest," D'Andrea replied. "You gotta come see me!"

In another call, later that evening, D'Andrea was recorded allegedly setting up a meeting with Sili and Figliomeni.

"But they [the bank] don't want to let me give [a Figliomeni associate] the file to bring home, so I gotta come tonight, meet with you and Angelo, get you to sign it," a police summary of the call reads.

"They are giving me a bunch of grief over it. I'm like, ok, fine, fuck it! I don't wanna hear this bullshit no more. I'll go meet the clients and sign it. So, where you gonna be later on tonight?" D'Andrea asked Sili.

An internal police report — separate from the court filings — shows that officers, who were surveilling a home that they believed was connected to the alleged crime group , watched as a man they identified as D'Andrea went to the house after work one evening in December 2018.

The report says police "were able to observe [a] meeting" between D'Andrea, Sili and Figliomeni, which had been arranged to set up an account for a business that Sili and Figliomeni shared.

The new business account was set up "for the purpose of laundering the proceeds of crime." D'Andrea's role at TD, the report says, would eventually be "as vital to the Figliomeni organization as Nick Martino's employment at Royal Bank of Canada to surreptitiously launder funds through the financial institution."

During the Sindacato case, lawyers for the accused countered the police evidence by saying that a banker's willingness "to provide personalized services does not support an 'unorthodox' business practice. Nor is it prima facie evidence that the banker knew that the people he is dealing with are engaged in illegal money laundering."

Reporters found that D'Andrea stayed on at TD Bank long after the Sindacato investigation ended.

The TD spokesperson, Theriault, declined to say whether the bank was aware that one of its employees had been caught on police wiretaps.

A different TD employee with knowledge of the situation, who was not authorized to speak publicly, said D'Andrea has been placed on paid administrative leave and the bank has initiated an internal investigation.

The employee said police had never informed TD they had been looking into D'Andrea.

The Third Man

Drawing on surveillance records from Italian authorities, reporters discovered that a third Canadian former banker met with associates of Figliomeni.

The Italians were tracking alleged 'Ndrangheta member Vincenzo Muià, who traveled from Calabria to Toronto to meet with Figliomeni in April 2019 to discuss the recent murder of his brother. Italian police alerted their Canadian counterparts when they heard about the upcoming trip.

From the time he arrived at Toronto's Pearson International Airport, Muià was under surveillance, along with a cousin who had traveled with him.

On April 7, 2019, police watched as a black Audi pulled up at the house of Luigi Vescio, a well-known Toronto-area funeral home director and associate of Figliomeni. (Vescio was not charged in Sindacato, but faced charges in Italy for alleged mafia association.)

A man described in Italian court documents records as "tall, thin and wearing a black Adidas tracksuit" got out of the Audi and went to Vescio's house. He got back in the car with Muià's cousin 20 minutes later, and they drove off.

Italian court documents identify the man in the tracksuit as Pietro Attisano.

A date of birth for Attisano included in the Italian records matches that of a Pietro Attisano who worked as a mortgage specialist and investment consultant at a TD branch in Woodbridge between September 2018 and May 2022.

There is no evidence that Attisano was working with Figliomeni or his associates in his day job at the bank, but police watched him interact with alleged 'Ndrangheta members from Toronto and Italy.

Vescio did not respond to requests for comment. Reached by phone, Attisano declined to comment.

The TD employee who spoke anonymously said Attisano had "voluntarily" left the bank several years ago.

The information revealed in Italian and Canadian court documents comes at a sensitive time for TD. Already reportedly facing fines in Canada, TD is also under investigation in the U.S. for alleged breaches of money laundering rules.

The bank's CEO, Bharat Masrani, acknowledged in a recent earnings call that the institution had a money laundering "issue," and told investors that TD was "making progress in fixing it."

https://www.occrp.org/en/investigations/youre-never-too-busy-for-your-banker-how-italys-ndrangheta-mafia-allegedly-infiltrated-canadian-banks

Italian mafia so powerful Canadian Police can't stop them

Credit: James O'Brien/OCCRP
by **Jared Ferrie (OCCRP), Brian Fitzpatrick (OCCRP), and Alessia Cerantola (OCCRP/Investigate Europe)**
24 April 2024

Vincenzo Muià was determined to find out who had killed his brother Carmelo, a leader in a faction of the feared 'Ndrangheta crime group who was gunned down on the streets of Siderno, a coastal city in southern Italy in 2018.

So he got on a plane to Toronto.

Muià wanted to talk with Angelo Figliomeni, 61, whom Canadian police have accused of leading a faction of the 'Ndrangheta so powerful that it is dictating events in Siderno from across an ocean.



Credit: York Regional Police A mugshot of Angelo Figliomeni.

"They know; they know who shot," said Muià on a wiretap quoted in a court document from Italy, where authorities were investigating him for his alleged involvement in organized crime.

After Italian police notified their counterparts in Toronto about Muià's impending journey across the Atlantic, the agencies began working together. Italian officers were watching as Muià cleared customs and immigration at Toronto's Pearson International Airport on the evening of March 31, 2019.

Muià's trip to Canada to speak with Figliomeni, which was previously reported by the National Post, underscores the power of the 'Ndrangheta faction he allegedly leads in the Greater Toronto Area, according to Italian and Canadian authorities and experts.

Figliomeni declined to comment through his lawyer. While Italian court documents show that Muià thought he had information about who may have killed his brother, there is no allegation that Figliomeni was in any way responsible for the murder.

The episode also highlights problems Canada has in prosecuting organized crime groups, due to what experts say are overly broad interpretations of laws meant to protect individual rights.

"The Canadian security intelligence apparatus, inclusive of the police, does not have the same protections and the same benefits that our international partners have when it comes down to investigating transnational organized crime threats," said Calvin Chrustie, a retired senior federal Royal Canadian Mounted Police officer.

Stephen Schneider, a criminology professor at St. Mary's University in Nova Scotia, said Italian authorities are "frustrated" by the fact that alleged 'Ndrangheta members have found security in Canada. But there's little they can do.

"There's just case after case of offenders who would otherwise be in jail in the United States or Italy that are roaming free here," said Schneider, the author of "Iced: The Story of Organized Crime in Canada."

Figliomeni was previously convicted on weapons charges in Italy and still faces charges there, where court documents show he was wanted for "mafia association." But he is safe in Canada, where the "mafia association" charge is not an extraditable offense. In fact, it doesn't even exist in the Canadian legal code.

Vittorio Rizzi, a deputy director general of Italy's Public Security Department, said inconsistencies in laws between countries challenge international efforts to combat the 'Ndrangheta.

"The misalignment of legal systems is a constant in cooperation activity," said Rizzi, who leads an initiative against the 'Ndrangheta involving law enforcement in 18 countries, including Canada.

Some years after he left Italy and set up in Canada, Figliomeni became the prime suspect in a major organized crime investigation by Toronto's York Regional Police, which led to charges that his organization had laundered illicit funds. But prosecutors abandoned the case after it was shown that police had listened to calls between defendants and their lawyers, and charges against Figliomeni and others were stayed .

The collapse of the case, known as Project Sindacato, added to a long list of Canada's failed efforts to prosecute organized crime, which experts blame mainly on two quirks of the legal system: an obligation for prosecutors to disclose to defense lawyers more information than in other countries — which can lead to lengthy wrangling over what must be shared — plus a separate law requiring cases that go before a province's Superior Court to be completed within 30 months of charges being laid.

Such laws "make it virtually impossible to prosecute certain criminal and threat convergence cases in Canada," according to a recent report by the International Coalition Against Illicit Economies, a Washington, D.C.-based security consulting firm.

Chrustie, who co-authored the report, said defense lawyers in Canada have the right to far more information than their counterparts in countries like the U.S., the U.K., and Australia.

"There are extremely limited provisions to protect sensitive information, informants or investigative techniques," he said in an interview.

The decision to drop the case against Figliomeni and his associates frustrated the officers who worked on Project Sindacato. York Regional Police had spent $8 million (US$6.1 million) and involved 500 officers in what they touted as the largest organized crime investigation in their history.



Credit: York Regional Police **An officer emerges from a building holding alleged gambling paraphernalia during raids in the Project Sindacato investigation in July 2019.**

As the former York Regional Police superintendent for organized crime, Mike Slack was a senior officer on the investigation. He said he was at police headquarters in a meeting with "the main players in the case" — including investigators and prosecutors — the evening the decision came down from government prosecutors that it would be abandoned.

"A lot of emotions were expressed," recalled Slack, who has since retired. "A lot of head shaking, walking around and coming back and sitting down."

Slack said police did not use calls between lawyers and their clients to build their case, and added that among about 1.5 million intercepted communications, it was normal that investigators might capture such calls.

"They don't have enough resources," he said of the government Crown prosecutors. "They don't have enough Crowns. The Crowns are basically working on their own, trying to go through volumes and volumes of disclosure. We get disclosure in a file with terabyte hard drives now."

Adam Boni, a Toronto criminal lawyer and former federal Crown prosecutor, called the criticisms made by senior York Regional Police officers "hard to swallow."

"These decisions to stay proceedings because of error, carelessness or downright dishonesty — these are decisions that are not lightly made," said Boni, who was not involved in Project Sindacato but has handled many organized crime cases in his 30-year career.

"It just smacks of armchair quarterbacking now to say, 'Well, you know, we could have or we should have proceeded,'" he said.

It was the wiretapped calls between suspects and their lawyers that convinced prosecutors to stay the charges. But early in the case, lawyers for the defendants also filed a joint motion arguing that police had mischaracterized "mundane and innocuous actions as sinister criminal meetings" to match their preconceived notion that the accused were mobsters.

Ontario provincial prosecutors declined to answer questions about why they decided to stay charges

relating to organized crime and money laundering in the Sindacato case.

Overseas Influence

Life in Canada is good for Figliomeni and his associates, judging by the huge amounts of cash and possessions police confiscated from them in 2019.

Authorities seized assets worth more than 35 million Canadian dollars (US$27 million) from the Figliomeni group. That included CAN$1 million (US$750,600) in cash, the equivalent amount of jewelry and Rolex watches, as well as luxury cars — including one Ferrari valued at CAN$880,000 (US$660,000). Police also restrained 27 properties — meaning they could not be sold — worth about CAN$24 million (US$18 million).

All of it had to be given back to Figliomeni and his group after prosecutors decided not to pursue the case, police say.

Figliomeni moved to Canada in the early 2000s, but Italian court documents show that his family's roots in crime and politics in Siderno run deep, including a relative who served as mayor before he was sent to prison as a 'Ndrangheta member.

His father, Vincenzo Figliomeni — known locally as "U Brigante," or "The Bandit" — was also an 'Ndrangheta member, according to Italian court documents, and was murdered outside his home in Siderno in 1988. His clan had been at war with a rival group, and he was shot twice in the head and torso with a shotgun, according to Italian media reports.



Credit: Turismo Reggio Calabria **Angelo Figliomeni is from Siderno, a town in Southern Italy's Calabria region.**

Now, from his base in suburban Toronto, Figliomeni is alleged to have influence over his 'Ndrangheta clan back home Siderno — a situation Italian authorities have described as unprecedented.

"This is something we have never seen in Italy," said Fausto Lamparelli, senior director of the Italian state police, at a 2019 press conference in Toronto announcing charges against alleged members of Figliomeni's group.

The 'Ndrangheta is notoriously secretive, and its global operations have always been dictated by leaders in southern Italy. But that is apparently not the case for the Toronto-based faction allegedly led by Figliomeni. According to Italian prosecutors on the case, "the fate of the entire association, also in Siderno, depends on decisions made in Canada."

While he is a long way from home, Figliomeni's alleged association with the 'Ndrangheta reflects the organization's increasingly international profile, according to Italian prosecutor Giuseppe Lombardo.

He described the criminal network as "a huge mafia holding company." The group's illicit earnings provide "enormous capital to invest" into the legal economy, he said.

Murder and Skin Cream

In 2019, mob violence on both sides of the Atlantic brought authorities in Canada and Italy together to investigate the Siderno group.

Dubbed "Canadian 'Ndrangheta Connection 2" by Italian authorities, the collaborative investigation exposed the power of the faction operating in Toronto, according to a report by Italy's anti-mafia division, the Direzione Investigativa Antimafia.

Filgiomeni's group had allegedly become embroiled in a war with a rival crime clan in the Greater Toronto Area city of Vaughan in 2017, which included "attempted murder, drive by shootings and arson," according to York Regional Police, who launched Project Sindacato to investigate.

Meanwhile, violence had also exploded back in Siderno, where authorities were investigating the murder of Carmelo Muià, according to Italian court documents.

When Vincenzo Muià traveled to Toronto seeking information about the murder, he brought along a phone that police had infected with "Trojan" bugging software. The tapped phone — which picked up calls as well as sounds nearby — gave Italian and Canadian police extra insight into the inner life of Figliomeni's group.

This included, an Italian court document says, "an important conversation" Muià had with Figliomeni over dinner at the home of Luigi Vescio, who runs the Fratelli Vescio funeral homes in Greater Toronto and was charged in Italy for alleged mafia association. (Vescio did not respond to a request for comment.)

The fact that Muià took a flight to Canada to see Figliomeni is "one indication of how the power shifted to Toronto," said Schneider, the criminology professor.

The wiretaps show Muià trying to get answers about his brother's murder in the middle of a discussion about facial skin care, with Vescio urging the other guests to try the high-end French brand La Mer.

"All these actors and actresses use this," Vescio tells Figliomeni. "I'll give you a sample this evening," he says, and goes upstairs to find the cream, leaving Figliomeni and Muià alone together.

As Figliomeni muses about getting a facelift, Muià brings the conversation back to his reason for traveling to Toronto. "I came specially to see you. Otherwise I don't know what the fuck I came for," says Muià.

It's unclear what happened next, but Muià appears to have left Canada frustrated and "embittered," according to Italian court documents.

After returning to Italy, Muià was convicted of mafia association, then acquitted upon appeal. However, he is currently serving a five-year sentence after being convicted on charges including extortion and weapons, including possession of a machine gun.

https://www.occrp.org/en/investigations/alleged-italian-mobsters-grew-powerful-in-toronto-experts-say-canadian-law-cant-stop-them

Interpol chief warns organised crime groups at risk of spreading globally like epidemic



Interpol secretary-general Jurgen Stock said the organisation has been warning law enforcement agencies of the threat posed by transnational criminal groups. ST PHOTO: CHONG JUN LIANG

Andrew Wong and Nadine Chua

MAR 27, 2024,

SINGAPORE - Organised crime is at risk of spreading at an epidemic level, with various groups forging alliances across jurisdictions and hiding behind the anonymity offered by the Dark Web and cryptocurrencies.

In an interview with The Straits Times on March 27, Mr Jurgen Stock, secretary-general of Interpol, said the international police organisation has been warning law enforcement agencies of the threat posed by transnational criminal groups.

He said that in recent months, Ecuador and Haiti have come under threat from organised crime. Ecuador, which is being overrun by gangs, saw 7,872 murders in 2023 – the most in the South American country's history – while the Haitian capital is now being run by criminal groups.

Mr Stock said several cities in Northern Europe, particularly those near ports, are also seeing violence and corruption driven by organised crime groups bringing in drugs and other illicit goods.

"As a police officer with 45 years of experience, including 10 years as the secretary-general of Interpol, my decision to warn the world of the potential of an epidemic of organised crime is not taken lightly," he said.

"Driven by online anonymity, inspired by new business models and accelerated by Covid, these organised crime groups are now working at a scale that was unimaginable a decade ago."

Interpol, which is headquartered in Lyon, France, is in the midst of completing a report on the threat posed by transnational organised crime groups. The report will list 10 syndicates of greatest concern to the 196-member agency.

Mr Stock said transnational organised crime has become a key global security threat.

Citing human trafficking as an example, he said what began as a regional crime threat in South-east Asia has now grown into a global crisis with millions of victims.

Rich gangs

Mr Stock said organised crime is becoming increasingly global in nature, with groups acting across continents and diversifying their criminal activity. The crime groups have significant resources as well.

While drug trafficking businesses still contribute a large part of criminal groups' income, these criminals are also varying their businesses, he added.

"We see groups clearly diversifying their criminal business using trafficking routes also for trafficking of human beings, trafficking of arms, intellectual property, stolen products and car thefts," he said.

But the Interpol head noted that criminal gangs that started their operations from drug trafficking will continue to remain in the drug market, estimating that it will still contribute 40 per cent to 70 per cent of the gangs' income.

He said around US$2 trillion (S$2.7 trillion) to US$3 trillion worth of illicit proceeds of crime are channelled through the global financial system each year.

"This gives an idea about the dimension of what organised crime groups are able to gain with their criminal activity," he said, noting that the international community needs to work on being better at going after the paper trail.

A maximum of 2 per cent to 3 per cent of these criminal assets are currently being traced and confiscated by law enforcement agencies, he added. This means around 97 per cent of these illicit proceeds of crime remain in the hands of criminals, and are reinvested in criminal activity and infiltrating the legitimate economy.

In December 2023, at the close of its centennial General Assembly, Interpol, which has an office in Singapore, called on its members to urgently tackle the growth and sophistication of transnational organised crime.

It spelt out five key actions: making the fight against transnational organised crime a global national security priority; building greater cooperation among members to tackle criminal activity; increasing information sharing among nations; empowering police on the front lines; and greater investment in innovation and technology.

Singapore has experienced the impact of transnational organised crime, with an ongoing money-laundering case that has seen over $3 billion worth of assets seized and the arrest of 10 foreigners.

Investigators have alleged that several of the suspects and their associates have links to criminal syndicates in China, Cambodia and the Philippines.

Mr Stock, who declined to go into the specifics of the ongoing probe, said Singapore has been actively sharing information on the case with Interpol.

"We are receiving the dots from the Government of Singapore and the Singapore Police Force (SPF), and we help to connect the dots, catching the criminals by identifying where the illicit proceeds of crime are going to," he said.

International operations

In the past year, Interpol has led global efforts to tackle syndicates and criminals, including those involved in cybercrime.

Mr Stock said the human trafficking and cyber scam centres have already expanded into a global network, making up to US$3 trillion a year.

In October 2023, law enforcement agencies from 27 member countries, including Singapore, launched operations that led to the rescue of 149 human trafficking victims and the arrest of 281 people. The operations involved more than 270,000 inspections and checks at 450 human trafficking hot spots.

In separate probes that ran from September to November 2023, agencies from more than 50 countries targeted groups and individuals behind phishing, malware and ransomware attacks.

Singapore police helped to take down 86 servers during the operation.

Mr Stock praised the SPF's Anti-Scam Command, where staff from six banks, the Government Technology Agency and e-commerce platforms Carousell and Shopee are deployed to tackle scam incidents quickly.

"That is actually a model for the rest of the world and integral in organising the same close cooperation between law enforcement and the private sector on a global level," he said.

https://www.straitstimes.com/singapore/courts-crime/interpol-chief-warns-organised-crime-groups-at-risk-of-spreading-globally-like-epidemic

Indian national sentenced in US$150M Canadian, U.S. dark web drug enterprise

FILE - The Justice Department in Washington, Nov. 18, 2022. (AP Photo/Andrew Harnik, File)

Charlie Buckley
CTVNews.ca Journalist

Published April 22, 2024

An Indian national has been sentenced in the United States to five years in prison in connection with a dark web drug enterprise that stretched as far as Canada, an American Department of Justice (DOJ) release says.

Banmeet Singh of the northern Indian city of Haldwani was arrested in the United Kingdom in April 2019 at the request of U.S. officials, and was extradited to the United States last year, the news release reads. This January, Singh pleaded guilty to conspiracy to commit money laundering, as well as conspiracy to possess with intent to distribute controlled substances.

According to the U.S. DOJ release, citing court documents and statements, Singh is described as having created multiple online retailing spaces for drugs including fentanyl, LSD, ecstasy, Xanax, ketamine and tramadol, paid for through cryptocurrencies supplied by customers and delivered by mail.

Singh's involvement in the enterprise is said to have lasted "from at least mid-2012 through July 2017," linked to eight distribution points within the United States. From there, the DOJ release says, shipments were repackaged and shipped across the country, as well as to Canada and other countries including Jamaica, Ireland, and even back to the United Kingdom.

"The Singh drug organization moved hundreds of kilograms of controlled substances throughout the United States and established a multimillion-dollar drug enterprise that laundered millions of dollars of drug proceeds into cryptocurrency accounts, which ultimately became worth approximately [US]$150 million," the release reads.

In addition to the five-year sentence, the DOJ notes that Singh has been ordered to forfeit approximately US$150 million.

The investigation preceding the case involved local and national law enforcement agencies including the U.S. Drug Enforcement Agency, Upper Arlington

and Columbus, Ohio, police departments, and the United Kindgom's National Crime Agency. https://www.ctvnews.ca/world/indian-national-sentenced-in-us-150m-canadian-u-s-dark-web-drug-enterprise-1.6857493

Police in Bosnia arrest 23 people suspected of being part of global drug kingpin's 'inner circle'

SARAJEVO, Bosnia-Herzegovina (AP) — Law enforcement officers in Bosnia arrested 23 people suspected of belonging to a "global drug kingpin's inner circle," including police and security officials, in a clampdown on criminal networks controlling much of Europe's cocaine trade, authorities said Tuesday. April 23, 2024

Members of the special police unit of Canton Sarajevo escort a person arrested in an operation codenamed "Black Tie" in Sarajevo, Bosnia, Monday, April 22, 2024.In a large-scale raid conducted in Bosnia and Herzegovina, law enforcement officers swarmed homes and offices of 23 persons suspected to be part of the 'inner circle' of a drug kingpin. (AP Photo/Armin Durgut)

SARAJEVO, Bosnia-Herzegovina (AP) — Law enforcement officers in Bosnia arrested 23 people suspected of belonging to a "global drug kingpin's inner circle," including police and security officials, in a clampdown on criminal networks controlling much of Europe's cocaine trade, authorities said Tuesday.

Europol, the European Union's law enforcement agency, and Bosnian officials said the suspects were detained Monday as security forces searched their homes and other locations. They are suspected of drug trafficking, money laundering and other organized crime offenses, officials said.

"Among the 23 persons arrested yesterday are not only accomplices, but also corrupt officials identified as facilitators of the network's criminal activities," Europol said in a statement.

The 23 are suspected of being part of the "inner circle" of a drug kingpin arrested in 2022 and sentenced to seven years in prison a year later in the Netherlands, it said.

Police seized guns, money, cars, laptops and other evidence during the raids.

Bosnian authorities had previously arrested two other people and seized 55,000 euros ($58,000), eight firearms, 11 police radios and money-laundering documentation, Europol said.

It said Monday's arrests were "another milestone" in the fight against the alliance of criminal networks.

Agents from the U.S. Drug Enforcement Administration and FBI also participated in the operation, it said.

In Bosnia, the state security agency SIPA said authorities temporarily froze bank accounts belonging to the suspects and halted any financial transactions.

It said evidence against the group included encrypted phone conversations.

https://www.thestar.com/news/world/europe/police-in-bosnia-arrest-23-people-suspected-of-being-part-of-global-drug-kingpins-inner/article_641e09a0-a708-5f0f-b096-803aa5fb22b7.html

Menace to society: Criminal gangs in Europe are infiltrating the legal world, Europol says

Criminal networks in the European Union are penetrating legal businesses across the 27-nation bloc and rely heavily on corruption to develop their activities. That's the bleak picture emerging from a report published Friday by the EU crime agency.

Europol has identified 821 particularly threatening criminal networks with more than 25,000 members in the bloc.

According to the agency, 86% of those networks are able to infiltrate the legal economy to hide their activities and launder their criminal profits.

Europol cited the example of a gang leader identified as an Italian businessman of Argentinian origin

residing in Marbella, Spain. The individual specialized in drug trafficking and money laundering and manages several companies, including one that imports bananas from Ecuador to the EU. He also owns sports centers in Marbella, commercial centers in Granada and multiple bars and restaurants, it said.

"An Albanian accomplice, based in Ecuador, takes care of the import of cocaine from Colombia to Ecuador and the subsequent distribution to the EU. Ecuadorian fruit companies are used as a front for these criminal activities," the report said.

Europol also cites families from Italy's 'Ndrangheta organized crime syndicate, one of the world's most powerful, extensive and wealthy drug-trafficking groups. Their profits from drug and arms trafficking as well as tax defrauding are invested throughout Europe in real estate, supermarkets, hotels and other commercial activities, it said.

Another characteristic of these networks is the borderless nature of their structure, with 112 nationalities represented among their members, the report said.

"However, looking at the locations of their core activities, the vast majority maintain a strong geographical focus and do not extend their core activities too broadly," Europol said.

As for their activities, drug trafficking and corruption are the main concern for EU officials.

As record amounts of cocaine are being seized in Europe and drug-related violent crime is becoming increasingly visible in many EU countries such as Belgium and France, drug trafficking is standing out as the key activity, the report said. Half of the most threatening criminal networks are involved in drug trafficking, either as a standalone activity or as part of a portfolio.

In addition, more than 70% of networks engage in corruption "to facilitate criminal activity or obstruct law enforcement or judicial proceedings. 68% of networks use violence and intimidation as an inherent feature of their modus operandi," the report said.

In Belgium, with Antwerp the main gateway for Latin American cocaine cartels into the continent, gang violence has been rife in the port city for years. With drug use on the rise across the whole country, federal authorities say trafficking is rapidly penetrating society.

"Organized crime is one of the biggest threats we face today, threatening society with corruption and extreme violence," said the European commissioner for Home Affairs, Ylva Johansson.

Europol said the data will be shared with law enforcement agencies in EU member countries, which should help better target criminals.
https://apnews.com/article/europe-organized-crime-corruption-drugs-19d82e725225189a9801dd3dc495bf25

BC's Anti-Gang Police Agency Is Faltering. Where's the Fix?

The province's response to organized crime and gang murders is 'weak, scattered, ineffective,' external reviewers say.

Geoff Meggs **YesterdayThe Tyee**

Geoff Meggs is a former journalist, Vancouver city councillor and chief of staff to Premier John Horgan. He has authored several books on B.C. history and politics. This article originally appeared on the Lotusland Substack.

The surprising aspect of the brazen daylight shooting of United Nations gang member Karman Grewal at the Vancouver International Airport (YVR) departures terminal in May 2021 was not the impact on terrified innocent bystanders, the bullet holes in a police cruiser's windshield, or that Grewal died.

What was unique about Grewal's murder was its location at YVR, briefly closed behind police tape, a fact that triggered headlines from Hong Kong to London and shone a harsh light on B.C.'s raging Lower Mainland gang conflict.
No world-class business and tourist destination wants to be known as a place where travellers can die from a stray bullet. Grewal's death put YVR in that category.

Police had warned the public five years earlier Grewal was on someone's hit list. What the public did not know was that police had no strategy to avert the crime, nor did the province's top anti-crime agency have a mandate to investigate the murder when it occurred.
Perhaps that's why, not long after Grewal's death, B.C.'s senior police official commissioned an external review of the province's response to organized crime and gang murders, which had included the execution of 14-year-old Tequel Willis five months earlier and a string of 10 shootings in three weeks leading up to the Grewal murder.

The report's damning conclusion: that B.C.'s $90-million-a-year Combined Forces Special Enforcement Unit (CFSEU-BC), the lead agency charged with confronting organized crime, was "not currently aligned with effectively preventing and responding to the escalation of key public safety threats, including emergency gang-related violence.

In fact, the CFSEU, despite having a mandate "to suppress gang violence and organized crime," does not have a mandate to investigate gang murders, the review found, relying instead on often overwhelmed local police jurisdictions.

The reviewers were unable "to identify any significant strategic interventions and violence prevention strategies" that were initiated during the period from December 2020 to March 2022 as gang killings followed one another in an endless cycle.

The existence of the report, "CFSEU-BC's Response to Organized Crime and the Lower Mainland Gang Conflict," was revealed in September 2023 by Vancouver Sun reporter Kim Bolan, who received a heavily redacted copy in response to a Freedom of Information request. This article is based on a copy I received, also much redacted, as the result of a similar FOI request.

An inadequate return on investment

The 137-page review, delivered to the Solicitor General's Policing and Security Branch in April 2023, takes care to praise the skills of CFSEU investigators and the efficiency of the agency's funding programs. The CFSEU's media page is crowded with news of successful investigations, including a recent massive seizure of contraband cigarettes.

But the review's bottom line is blunt: "As it is currently constructed, CFSEU is neither effective in suppressing gang violence and organized crime, nor is it providing the province with an adequate return on investment."

That has to be good news for all the wrong people.

Since all of the report's recommendations have been redacted, it's impossible to say what the authors proposed, or what the government might do about the clearly unacceptable governance, funding and mandate problems crippling police counterattacks on organized crime in B.C.

The report was commissioned by Wayne Rideout, then assistant-deputy minister in the Ministry of Public Safety and the Solicitor General. Rideout, since retired, told Bolan, "I was very concerned about the escalation of violence happening in our communities caused by these gangsters. I needed assurances that there were demonstrable results."

The reviewers — former Vancouver Police Department superintendent Mike Porteous, and criminologists Curt Griffiths and Yvon Dandurand — found that "CFSEU's response was weak, scattered, ineffective… in stark contrast to what is expected."

What's needed, they say, is "an integrated, co-ordinated approach involving CFSEU and all stakeholders."

An example is the Vancouver Police Department's strategy, developed in 2008, that targets "the most volatile gang groups, for whatever gateway offence that could be leveraged, to start low and build up into the criminal organizations.

"A robust major case management structure, highly qualified staff, sufficient resourcing, both financial and human, were fundamental features of these types of projects. Advanced investigative techniques were utilized… that had only usually previously been utilized for homicide, and perhaps, kidnap investigations in Vancouver."

VPD claims this approach "flattened the curve," reducing the "incidence of shootings, violence and murder."

A call to seriously confront organized crime

Dandurand, an expert on transnational organized crime and a fellow at Vancouver's International Centre for Criminal Law Reform and Criminal Justice Policy, has thought long and hard about the problems facing law enforcement.

In a speech to the International Centre for Criminal Law Reform in 2020, he was clear that the problems faced in B.C. are global in nature and unprecedented in their complexity.
Law enforcement, he declared, needs "to fundamentally rethink drug market enforcement strategies and priorities in light of the growing dominance of online markets."

Speaking before the chaos in Haiti or the gang takeover in Ecuador, Dandurand warned "that failure to seriously confront organized crime is clearly evidenced by its troubling proliferation and its penetration of every sector of social, commercial and economic activity, as well as the escalation of gang violence.

"Violence itself, including assassinations, develops into a marketable commodity. Impunity reigns. Yet, the fact is that most law enforcement strategies have thus far largely proved ineffective in combatting most forms of organized crime."

While public concern focuses, inevitably, on street violence, the most sophisticated and elite players "are usually those that are able to make strategic use of violence and systematic use of corruption and intimidation to weaken official controls and law enforcement. These criminal groups are also mobile."

All of these threats have been identified in B.C.

No justification for inaction

In the face of the dramatic expansion of organized crime in B.C., now driving an opioid crisis among many other harms, police forces have steadily moderated their goals, Dandurand noted, stepping away from pledges to "dismantle" criminal organizations, to strategies for "weakening" them and finally hoping just for some "disrupting."

"There obviously are some genuine obstacles to effective law enforcement action against organized crime, financial crime and money laundering," Dandurand concluded, "but they in no way justify inaction."

Ministry officials assured Bolan that the report's recommendations would all be reviewed and analyzed with the RCMP and CFSEU board.

No matter why Grewal was at YVR that day, we can be sure that his death was "work-related."

The murder, with its deadly risks to innocent bystanders and to police officers who bravely pursued the killers, underlines how each of these crimes, flowing from a multi-billion dollar criminal economy that is driving the overdose crisis, can do widespread damage to society and the economy as a whole.

Let's hope the CFSEU review, authored by three expert British Columbians and in government's hands for nearly a year, is having the necessary impact.

https://thetyee.ca/Opinion/2024/03/26/Anti-Gang-Police-Agency-Faltering/

While under investigation, Roberto Scoppa told an undercover agent that he made $1 million a year bringing cocaine into Canada.

Author of the article:
Paul Cherry • Montreal Gazette
Published Mar 26, 2024



Some of the items are shown that were seized in a January, 2024 investigation in the U.S. where Roberto Scoppa, the brother of deceased Montreal Mafia members Andrea (Andrew) and Salvatore Scoppa, is indicted on charges involving a conspiracy to smuggle drugs from Mexico to the U.S. and Canada. Photo: U.S. Department of Justice

Lawyers representing Roberto Scoppa, the brother of two deceased members of the Montreal Mafia, have been asked to produce more evidence of how a GPS locating device would work if their client is to be released while he fights an extradition request from the U.S. where he faces drug-smuggling charges.

On Tuesday, during a bail hearing held at the Montreal courthouse, Superior Court Justice Marc-André Blanchard asked Jeffrey Boro and another lawyer representing Scoppa if they could have a representative from a company that makes the device testify on Thursday about how it works.

While making arguments in support of Scoppa's release, Boro offered the bracelet as a solution for authorities to monitor his client if Blanchard ultimately grants him bail.

Erin Morgan, the lawyer representing Canada's justice minister in the extradition request, argued against Scoppa being released and said she wanted more information on the ankle bracelet. She noted there have been well-documented cases where people have been able to remove the bracelets with ease.

Blanchard agreed to resume the hearing on Thursday.

Scoppa, 55, is the brother of Andrea (Andrew) and Salvatore Scoppa, two influential leaders among the Montreal Mafia who were killed on different dates in 2019. According to evidence heard in recent murder trials held in Montreal, both brothers were the protagonists in a conflict between Calabrian and Sicilian clans within the Montreal Mafia. An informant who testified in those murder trials alleged that both Andrea and Salvatore ordered the deaths of several important people in the Rizzuto organization during 2016.

On Tuesday, Boro argued that while Roberto Scoppa's siblings might have been part of the Montreal Mafia, that does not mean his client is as well.

Morgan added that the U.S. government's request to deny bail is not based on an allegation that Scoppa is part of the Montreal Mafia.

Scoppa was arrested in late January as part of Operation Dead Hand.

According to a press release issued in January by the U.S. Attorney's Office, Central District of California, 19 people in all have been charged in the U.S. "for their alleged roles in the organized crime syndicate, including Mexico-based suppliers who brought large quantities of narcotics into the United States, United States distributors, a Canadian who led an exportation organization, Canadian-based semi-truck drivers who operate in the United States, and a large-scale Canadian trafficker and Italian organized crime figure, Robert Scoppa, whom investigators allege was purchasing massive quantities of drugs on a wholesale basis."

U.S. authorities allege the group used "handlers (who) co-ordinated the pickup and delivery of large shipments of cocaine and methamphetamine, which were loaded onto long-haul semi-trucks destined for Canada.

"The transportation was co-ordinated by a network of drivers working with dozens of trucking companies who made numerous border crossings from the United States to Canada via the Detroit Windsor Tunnel, the Buffalo Peace Bridge and the Blue Water Bridge."

While making her arguments against Scoppa's release, Morgan noted how, when Operation Dead Hand was underway, Scoppa had dinner with a person who was working as an undercover agent in the investigation.

(After some drugs had been seized) "Scoppa told the confidential witness that they need to make sure it doesn't happen again," Morgan said. "(Scoppa

also said) that they should do smaller loads of only 100 kilograms (of cocaine) a month to escape notice and that Scoppa makes $1 million a year using that method. This is an indication that he is someone of authority or of some planning, that he does this regularly.

"They also discussed money laundering through cryptocurrency."

Morgan also said there is evidence that, during the investigation, Scoppa stayed at the same hotel in Colombia as Martin Robert, one of the most influential members of the Hells Angels in Quebec. Scoppa testified during his bail hearing and conceded he stayed at the hotel at the same time as the Hells Angel, but denied having met with Robert.

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https://montrealgazette.com/news/local-news/brother-of-deceased-montreal-mafia-leaders-has-bail-hearing-in-extradition-case

48 stolen vehicles seized, 150 charges laid during 2 Toronto police investigations



TSP provides update on Project Paranoid



Codi Wilson, CP24.com Journalist
@CodiWilson

Published Wednesday, March 27, 2024

Officers say 48 vehicles with a combined value of just under $4 million were recently seized as part of an undercover Toronto police investigation focused on the trafficking, shipping, and re-vinning of stolen vehicles.

Speaking at a news conference in Toronto on Wednesday, police provided details on two separate but related undercover investigations, dubbed Project Spectre and Project Paranoid.

Police said Project Spectre, an investigation into a network of individuals involved in narcotics and firearms trafficking, was launched in April 2023. During that investigation, police said, an undercover operator managed to purchase six illegal firearms and a quantity of illicit drugs.



Some of the items recovered as part of an investigation into auto theft in Toronto are shown. (Toronto Police Service)

"Information obtained during Project Spectre led to a new investigation focused on the trafficking, shipping, and re-vinning of stolen vehicles," Staff Supt. Pauline Gray told reporters.

According to Gray, seven suspects face a combined 150 charges in connection with the two investigations.

Police said 20 of the vehicles that were seized during Project Paranoid were recovered as part of a joint effort with the Halton Regional Police Service. Those vehicles, police said, have a combined value of about $1 million and were found at a shipper location in Burlington.

Twenty other vehicles were intercepted by police in Toronto and Montreal with the help of the CBSA and five were purchased by an undercover operator, police said. Three more were located during the execution of search warrants, Supt. Steve Watts said Wednesday.

"During the investigation, there were several businesses in the GTA which were identified as locations where stolen motor-vehicles were stored and sold prior to being shipped overseas and/or re-

vinned and re-registered to be sold domestically," he added.

ONTARIANS 'ESPECIALLY VULNERABLE' TO AUTO THEFT

The probe was conducted in collaboration with investigators from Équité, a national organization that aims to reduce and prevent insurance fraud and crime.

"In Canada, a vehicle is stolen every five minutes. The vehicles that the organized crime groups are targeting in Ontario are newer and have greater value than ever before," Bryan Gast, the vice-president of investigative services at Équité, told reporters on Wednesday.

"Since 2020, the claim costs have increased by 319 per cent. And for the first time, Ontario has experienced over $1 billion in auto theft claims costs in a single year in 2023."

Gast said last year's auto theft claims costs were up $300 million from 2022.

"Profit margins are high and historically, the risk of consequences for criminals are low. As a result, stolen vehicles are frequently trafficked in order finance and carry out other criminal activity," he said.

"Ontario's population, high-volume of targeted vehicles and its proximity to the port of Montreal make it especially vulnerable.
https://www.cp24.com/news/48-stolen-vehicles-seized-150-charges-laid-during-2-toronto-police-investigations-1.6823981



'Suspicious' transaction at Niagara Falls casino leads to money laundering charge: OPP

Phil Tsekouras
CTVNewsToronto.ca Journalist
Published Feb. 1, 2024
A 26-year-old Mississauga resident is facing charges after he allegedly stole cash from a casino in the Greater Toronto Area and travelled to Niagara Falls to gamble.

In a news release issued Thursday, Ontario Provincial Police (OPP) said members of its investigation and enforcement bureau responded to a "suspicious" transaction at an unnamed casino in Niagara Falls on Jan. 19.

Police allege that the accused stole an undisclosed amount of cash from a casino patron in the GTA and then travelled to a Niagara Falls casino to use the stolen funds.

Gurvinder Singh was arrested in connection with the incident. He's charged with launderings proceeds of crime, possession of proceeds of property obtained by crime over $5,000 and theft over $5,000.

Singh is set to appear in a St. Catharines courtroom on March 4.
https://toronto.ctvnews.ca/mobile/suspicious-transaction-at-niagara-falls-casino-leads-to-money-laundering-charge-opp-1.6751397?cache=/7.651959/7.368869?autoPlay=true



2 Montreal-area men facing fraud and terrorism financing charges for alleged money-moving scheme

PRESS/Darryl Dyck

Daniel J. Rowe
CTVNewsMontreal.ca Digital Reporter
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Updated Nov. 23, 2023
The RCMP arrested two Montreal-area men who are facing fraud and financing of terrorism charges for an alleged $20 million scheme to move money from Canada to Algeria primarily via China.

Said Aimeur, 55, from Laval and Nesreddine Atoui, 58, from Montreal were arrested after a 13-month investigations by the Integrated Proceeds of Crime (IPOC) squad after the Financial Transactions and Reports Analysis Centre (FINTRAC) noted suspicious banking transactions, an RCMP news release reads.

The two men were are facing charges under the money laundering and terrorism financing act for "operating an unregistered money services business," the release reads.

"They face imprisonment for up to five years and/or a fine of up to $500,000," it reads.

The two men are scheduled to appear in court in Montreal on Dec. 1.
https://montreal.ctvnews.ca/mobile/2-montreal-area-men-facing-fraud-and-terrorism-financing-charges-for-alleged-money-moving-scheme-1.6657562?cache=piqnd-qvkh/7.494515



London law firm penalized for lapses in anti-money laundering training for its staff

The firm also failed to keep up-to-date AML documentation essential for its conveyancing operations

By Angelica Dino
19 Apr 2024

The Solicitors Regulation Authority (SRA) has fined Austen-Jones Solicitors, a South East London law firm, £ 15,200 for failing to adequately train staff in anti-money laundering (AML) regulations and maintain necessary AML documentation, *The Law Society Gazette* reported.

The sanction comes after the SRA discovered that the firm had not provided its employees with the requisite training on AML protocols or kept up-to-date AML documentation essential for its conveyancing operations. The regulatory scrutiny intensified when, during a routine engagement in 2020, the SRA required Austen-Jones Solicitors to submit a declaration confirming the presence of a risk assessment for their practices. The firm admitted its oversight in failing to conduct the assessment.

Further inspection in November 2022 revealed more extensive non-compliance issues. The SRA's supervisory team found that the firm had not implemented a comprehensive firm-wide risk assessment and had neglected to establish the necessary AML policies, controls, and procedures for nearly six years. This period of non-compliance spanned the firm's conveyancing activities, which are particularly vulnerable to money laundering risks and thus require stringent oversight.

The SRA criticized Austen-Jones Solicitors for not adhering to regulatory and legislative obligations over an unreasonable period. This lapse was serious given the firm's involvement in high-risk conveyancing work and the clear guidance and warnings provided by the SRA on the expectations for legal practices under AML regulations.

In determining the fine, the SRA considered the firm's annual domestic turnover, ultimately setting the penalty at 2.4 percent. Additionally, the firm was ordered to pay £ 1,350 in costs related to the investigation.

Despite these failures, the SRA acknowledged that Austen-Jones Solicitors had cooperated fully with the investigation, had taken steps to address the breaches promptly, and that there was no evidence of actual harm caused by these oversights.

This case is part of a broader enforcement trend following the SRA's adoption of enhanced fining powers, which now allow for penalties up to £ 25,000 and calculations based on a percentage of the firm's turnover. Since the introduction of these new powers last October, more than 20 firms have been fined for similar breaches of money laundering regulations.

https://www.canadianlawyermag.com/news/international/london-law-firm-penalized-for-lapses-in-anti-money-laundering-training-for-its-staff/385621

Top UK law firm's money-laundering defense hinges on awkwardness: 'In Europe, in my culture, we don't do that. You don't ask err, how much do you make?'

BY **JONATHAN BROWNING** AND **BLOOMBERG**
March 11, 2024

A top law firm faced allegations that it broke UK money-laundering rules by being too polite to ask a politically connected banker from a former Soviet republic how he got his cash.

Dentons overrode an internal warning urging "extreme caution" in dealing with him as a client and failed to ask the banker where his wealth came from in case it might be "impertinent or impolite," legal regulators had alleged at a London court. While the tribunal dismissed the case Monday, finding no breach of the industry watchdog's principles, it did find proof of shortcomings regarding money-laundering rules.

The banker, who can't be identified due to a court order, had spent tens of millions of pounds on London property and a family member is now the subject of a separate police probe. Dentons fought the case at the tribunal, arguing that it took "adequate measures" to establish the banker's source of funds. Lawyers for the firm said it knew that the client held a "substantial shareholding" in a state-controlled bank.

"We recognize that risk management and regulatory compliance requires constant vigilance and attention and, since the period in question, we have significantly enhanced our capabilities and procedures," the firm said in a statement.

The regulator's lawsuit is one of just a small number of cases scrutinizing the role of professional services in enabling the flow of illicit finance into Britain. Few cases go to trial in the UK despite the police estimating that hundreds of billions of pounds are laundered through the UK annually.

The banker became a client of Dentons in 2013 after an acquisition of a smaller firm, and was immediately identified as a "politically exposed person" — a term used to ascribe a higher level of risk and one that puts the onus on the firm to scrutinize transactions. But Dentons never asked the banker for his salary or the the size of his shareholding in the bank.

Dentons lawyer Francois Chateau, now based in New York, told the Solicitors Regulation Authority in an interview that he never asked the banker how much he earned.

"In Europe, in my culture, we don't do that. You don't ask err, how much do you make?" according to Chateau. He said he'd never asked anybody to show him their bank account and to give evidence of what they own that would be "visible for everybody to see."

The regulator called Chateau's answers "astonishing," saying that he adopted an "extraordinarily credulous attitude towards individuals of apparently spectacular wealth."

Dentons, which has offices throughout the world, said the regulator wasn't targeting any individuals, saying it had accepted that "no one at the firm committed any rule breach, or at least none serious enough to warrant prosecution."

It said Chateau knew the banker "was a wealthy man who was very successful in finance, that he was known for being opposed to corruption and that he was extremely well connected." A spokesman declined to comment on Chateau.

Dentons persisted with keeping the banker as a client even after the firm's general counsel said in 2014 that it shouldn't continue working for him.

Dentons' lawyers said even if the firm had breached money-laundering rules then its conduct wasn't sufficiently serious to merit any kind of penalty.

The regulator will await a written judgment before deciding on any steps, a spokesman said.

https://fortune.com/europe/2024/03/11/money-laundering-dentons-london-impolite-to-ask/





Global News initially ran this image in a report in 2020, but removed it after complaints that it was racist. Source: Global News

In December 2022, Cooper ran a story that admitted Trudeau had not been briefed and China hadn't earmarked any money for the 2019 election.

Then in February 2023, Cooper wrote a new story that repeated similar claims: it said that his confidential sources informed him that Trudeau had been warned more than a year prior to the 2019 election that Chinese agents were assisting Canadian candidates running for office—and once again claimed China was funding an interference network.

Cooper based this on a four-page intelligence memo. He also quoted an anonymous source claiming there was ample evidence placed in front of the Liberal Party of such Chinese interference – yet the Liberals had essentially done nothing.

Yet Johnston found Cooper based his story on an early draft of the memo. The later draft sent to Trudeau did not contain the claim China was assisting candidates, nor suggested any recommendations. In short, Cooper's story suggested inaction by the Liberals, when the memo seen by Trudeau did not say China was helping candidates—therefore no action was required.

By then *The Globe and Mail* was wading into the fray: it was being fed intelligence documents by a national security official within the government. In March of last year, they ran an op-ed article written by this source who said: "I endeavored, alone and with others, to raise concerns about this threat directly to those in a position to hold our top officials to account. Regrettably, those individuals were unable to do so."

In mid-February, 2023, *The Globe and Mail* ran its most sensational story headlined "CSIS documents reveal Chinese strategy to influence Canada's 2021 election." Based on secret CSIS documents, the story said China had an orchestrated machine operating in Canada that had two primary aims—to ensure a minority Liberal government was returned in

2021 and to defeat certain Tory candidates. The story claimed China had employed a "sophisticated strategy" and one of the MPs they'd targeted to take down was Kenny Chiu, a Tory who lost his seat in BC.

Yet when Johnston looked at the intelligence behind the *Globe's* story he found there were unconfirmed indications a very small number of Chinese diplomats expressed a preference for the Liberals over the Tories during the 2021 election. But he found no evidence that China had a plan to orchestrate a Liberal minority government that year. Overall, he found China preferred neither party—merely candidates who were sympathetic to them.

Regarding Kenny Chiu, Johnston discovered there was online misinformation about him— but it couldn't be traced to a state-sponsored source. *The Globe and Mail* also reported that sympathetic donors were encouraged to provide campaign contributions to candidates favored by China. Johnston found CSIS was aware of this allegation but had no intelligence showing it was actually occurring.

Wark points out that good intelligence agencies know the difference between intent and capabilities: just because someone says they would like to do something doesn't mean they have the capacity to carry it out. "It very much struck me that the *Globe* was not willing or able to make a distinction between expressions of intent and real capabilities," he remarks. "You know, the evidentiary base was not clear about forms of interference with nomination processes and so on and the role of proxies. It was all pretty murky."

Here is another curious thing about this and other *Globe and Mail* stories: it's not certain if Fife and Chase had in their possession intelligence reports it was basing their scoops on. Instead, the paper repeatedly said they "viewed" these reports.

"I asked *The Globe and Mail* senior editors what does this mean?" recalls Wark. "I got no answer, of course. And I have to assume that what it means is that *The Globe and Mail* was not allowed by its source to retain any of the documents…They could view them for how long? We don't know to what extent they were allowed to make notes and take away notes on the documents they viewed. In other words, a lot of questions about how they were able to extract stories from documents that they viewed."



Parliamentarian Han Dong is suing Sam Cooper for libel. Photo: Twitter

China's 'man in Canada'?

But arguably the most sensational stories surrounded those of Liberal MP Han Dong.

The mauling of his reputation got underway on February 24 of last year when Global News aired an "exclusive" story claiming he was part of a Chinese foreign interference network.

Produced by Sam Cooper, and based on confidential sources and intelligence documents he had "reviewed," Global alleged Dong was basically an agent working for China—or "a witting affiliate"—whose 2019 nomination in the Ontario riding of Don Valley North was impacted by Chinese operatives. The story said CSIS had had Dong under surveillance since June, 2019—and that Prime Minister Justin Trudeau's office knew of Dong's involvement in an interference network, yet seemed unconcerned.

The story even alleged that Dong travelled to New York state and met with a senior official working for China's United Front Work Department.

Then a month later, Global ran another "exclusive" story that was even more damning: again, based on confidential and intelligence sources, it claimed that in a conversation between Dong and China's Toronto consul general in February, 2021, the MP urged the Chinese diplomat not to release Michael Kovrig and Michael Spavor—the so-called "two

Michaels"—because doing so might help the opposition Conservatives. Kovrig and Spavor had been arrested in China in December of 2018 after Canada had detained Huawei's chief financial officer Meng Wanzhou.

Dong, who denied these allegations, resigned from the Liberal caucus and promptly sued Global for $15-million.

To this day, no credible evidence has emerged that indicates any of Global's claims Dong was working for China are true.

As part of his review, David Johnston looked at some of the intelligence behind Global's stories about Dong. He found that while there were some "irregularities" with Dong's nomination race, there was no evidence the MP was aware of them or about any involvement by the Chinese consulate in his nomination. Johnston said the story of Dong encouraging the consul general to keep the two Michaels in prison was "false".

Moreover, in his lawsuit against Global, Dong said he went to New York not to meet with a Chinese agent but to attend a Buddhist conference (Dong is Buddhist).

Tellingly, in Global's statement of defence in response to Dong's lawsuit, the network said their stories on Dong "are not presented as factual findings" but as allegations. In other words, if the stories are not true—it's not Global's fault, but their sources.

Wark says the story about Dong urging China's Toronto consul general to continue detaining the two Michaels made little sense. After all, the release of the two Michaels would clearly have benefited the Liberals and Trudeau instead of the Tories—as it would have given Trudeau a diplomatic coup without having to hand over the Huawei executive. "And in Sam Cooper's reporting, again, we see this indication that this is an allegation for which he doesn't have corroborating evidence," observes Wark.

Yet *The Globe and Mail* was also running stories with unsubstantiated allegations.

In March, 2023, they printed a piece claiming that, based on CSIS documents, China's Vancouver consul general interfered in the city's municipal politics, including grooming politicians to run in the city election held the previous year. What was missing from the story was any evidence this had actually occurred.

In that election, the incumbent Kennedy Stewart—who's been critical of China—lost in a landslide to a Chinese Canadian candidate, Ken Sim, by 36,000 votes. But Stewart was unpopular because of his failure to deal with Vancouver's growing homelessness, housing, violent crime and toxic drug supply crises. The *Globe* stories failed to mention any of this, though, while Sim angrily denied he had received help from China.

Then last May, the *Globe* reported that a secret CSIS report said Chinese officials had targeted Tory MP Michael Chong. The story said a Chinese diplomat in Toronto was involved. Chong has been critical of China's human rights records, in particular their treatment of the Uighurs.

This story made little sense either. For one thing, Chong had been completely unaware he was of any interest to China, having only been informed he was a target by *The Globe and Mail* reporters themselves just before publishing their story.

The claim about Chong originated in a 2021 CSIS report. Yet there was no evidence Chong or his family had been harassed by Chinese officials. Last August, Global Affairs Canada said there were some negative stories about Chong on WeChat, the Chinese social networking app—some of which appeared to be coming from state-sponsored sources. When David Johnston examined the intelligence, he found that there were indications Chinese officials contemplated action directed at Chong and family members in China but there was no proof they'd taken steps to threaten anyone.

These distinctions didn't matter, though: Poilievre and Chong made political hay for days that the Tory MP was a victim of Chinese bullying and the Liberals had done nothing to stop it.

Furthermore, it's common for countries like China to carry out research on politicians in foreign countries who they think will be players in future governments—which would be clearly true in Chong's case if the Tories win power in the next federal election.

Overall, Wark found that the total specific intelligence reports that *The Globe and Mail* referenced in their reporting came to about seven or eight.

"The concern is if you have access to seven or eight intelligence documents, you have access to seven or eight out of how many thousands?" he said. "In other words, you only have a tiny slice of the picture…It's a tiny handful of the overall production of the intelligence community…We've not seen, for example, any reports out of the RCMP, which is a principal player in national security and intelligence. We haven't seen any leaked reports from the Communications Security Establishment. So we certainly don't have a waterfront picture."

In June of last year, Sam Cooper suddenly left Global News. He's since set up a Substack page to continue his work. The timing of his departure was curious in that he quit an established mainstream media outlet at the peak of his success as a reporter. Which is not the usual career move of any investigative journalist these days.

In the end, the thrust of the Global News and *The Globe and Mail's* stories has been that the Liberals benefited during the last two elections from China's meddling at the expense of the Conservatives. So far there's no compelling evidence this is true.

Parts of this story originally appeared in a Bruce Livesey podcast for Canadaland.

https://breachmedia.ca/china-interference-canada/

The China Nexus: Thirty Years In and Around the Chinese Communist Party's Tyranny

By Rana Siu Inboden on April 8, 2024

Benedict Rogers's book, *The China Nexus: Thirty Years In and Around the Chinese Communist Party's Tyranny* (Optimum Publishing, 2022), traces different aspects of the Chinese Communist Party's (CCP) mounting repression. It is a sobering and, at times, terrifying account of the myriad rights abuses in the People's Republic of China (PRC), with chapters on the PRC's harsh treatment of human rights defenders, Christians, Hong Kong protestors, Falun Gong practitioners, North Korean refugees, as well as ethnic Tibetans and Uyghurs.

Yet the chapter on the atrocities against the Uyghur population, even among other tragedies, is particularly haunting. It opens with the words, "Son, they are taking me," the last words spoken by Uyghur advocate Kuzzat Altay's father before being detained; many Uyghurs have been sent to camps and face other abuses, including lack of freedom of movement and privacy. Mr. Rogers not only details the types of violations faced by non-Han ethnic groups in China, particularly ethnic Uyghurs and Tibetans, but also the Chinese government's harassment, monitoring and detention of dissenting views. He complements the chapters on those suffering under PRC repression with chapters on the PRC's complicity with Myanmar's crimes against humanity and a chapter on how the CCP props up the Kim regime in North Korea, underscoring how the CCP's authoritarian rule reaches beyond China. He also includes a chapter on Taiwan, laying out a case for why the world should not allow Taiwan to come under CCP rule.

Mr. Rogers's background as a journalist lends readability to the text and his previous work as an advocate grants him access to content that is gripping as he chronicles the pervasive violations under Xi Jinping. While the abuses he describes can be hard to comprehend, the book is not exaggerated and the human rights abuses he describes are corroborated by other sources, including reporting by civil society organizations, academics, foreign governments and international organizations. He relies on dozens of interviews to help paint a comprehensive record of life under totalitarian CCP rule that is both credible and poignant in The China Nexus. Mr. Rogers does an excellent job of balancing explanations for patterns of the PRC's repression, including the historical context of CCP rule in Tibet and the

Uyghur region, with vignettes from people who have been directly affected by the CCP's harsh rule.

Aside from mapping China's rights abuses, the book also chronicles Mr. Rogers's career and experience with China, Myanmar, and North Korea. For those familiar with China, the descriptions of his early career will evoke nostalgia for a time when China was merely authoritarian rather the totalitarian rule that now characterizes CCP rule. It kindled my own fond memories of the initial years of my career in the early 2000s when the PRC was tolerating limited forms of dissent, experimenting with village elections, and improving aspects of respect for individual rights, such as introducing some safeguards for the criminally accused, and there was a glimmer of hope that these initial reforms might blossom into something more significant.

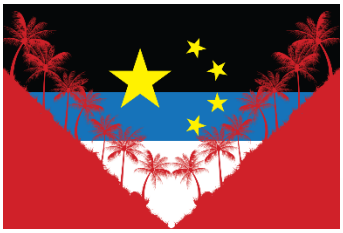
The book also provides a glimpse into Mr. Rogers's activism—from his personal involvement and commitment to generating momentum for initiatives such as the Uyghur Tribunal to his advocacy on behalf of jailed Hong Kongers. It also conveys something about Mr. Rogers's courage in his work as a human rights advocate, from sitting on the board of the UK-based NGO Stop Uyghur Genocide to his role as co-founder and Chief Executive of Hong Kong Watch. Despite being denied entry into Hong Kong in 2017, facing Chinese government harassment in the United Kingdom, including PRC government letters to his neighbors and mother, he remains undeterred in speaking out. Mr. Rogers decades-long record of advocacy also provides him with meaningful access to key interview subjects, ranging from North Korean refugees to escaped Hong Kong activists.

The book's greatest strengths include acknowledging and describing the handful of acts of terrorism by Uyghurs and debunking the Chinese government's narrative that its policies, including forced sterilization, mass and arbitrary detention, and forced labor, are effective counter-terrorism measures. Mr. Rogers started his career in Hong Kong, where he worked as a journalist, and the chapter on Hong Kong shows his mastery of the developments in that city. He also rightly uses the chapter on Myanmar to point to the hypocrisy of Beijing's claim to adhere to "non-interference," noting that China regularly and persistently interferes in Myanmar's internal conflicts. Readers should be aware that he also rightly includes some harrowing accounts, including of torture and organ harvesting, that at times are difficult to read. Interwoven with these tales of oppression are examples of Chinese brave enough to speak out as well as their allies in the international community, like former Canadian Senator De Nino and U.S. Representative Chris Smith. However, it is the dedication and commitment of those who have endured the CCP's repression and advocate for those still in China—even at the risk of their own personal well-being—that will leave the reader most inspired.

https://providencemag.com/2024/04/book-review-of-the-china-nexus-thirty-years-in-and-around-the-chinese-communist-partys-tyranny-optimum-publishing-2022-by-benedict-rogers/

China Building New Outpost on U.S. Doorstep, Leaked Documents Reveal

BY DIDI KIRSTEN TATLOW ON 04/19/24



The Chinese state is expanding rapidly in the Caribbean island of Antigua, part of a regional expansion that concerns the U.S. military.NEWSWEEK

On a Caribbean island just 220 miles from the shore of the U.S. Virgin Islands, a black-clad Chinese security guard swept an arm at more than a thousand acres of woodland and a glittering, aqua-green marine reserve beyond.

"It's like a small country," he said in Chinese.

This natural paradise on the island of Antigua, where officials will study the thoughts of Xi Jinping, is about to be razed for a Chinese-run special economic zone. According to documents reviewed by *Newsweek* it will have its own customs and immigration formalities, a shipping port and a dedicated airline and will be able to issue passports. It will

establish businesses offering everything from logistics to cryptocurrencies, facial surgery to "virology." China, its state-owned companies and aligned private businesses are expanding rapidly in the island nation of Antigua and Barbuda and in other Caribbean countries in this strategic region long known as "America's third border," according to a *Newsweek* investigation of government and corporate documents as well as interviews with Antiguan leaders.

China's growing regional presence is potentially the greatest external challenge to the United States in the Americas since the Soviet Union set up in Cuba in the 1960s—and the U.S. military is concerned. "We are aware that China may use its commercial and diplomatic presence for military purposes. In Asia, Africa and the Middle East, China has already abused commercial agreements at host-country ports for military aims; our concern is they may do the same in this region," a spokesperson for the Florida-based Southern Command (SOUTHCOM) told *Newsweek*.

Hundreds of millions of dollars of loans and grants from China and extensive construction by Chinese state-owned companies of critical infrastructure including ports, airports and water systems are turning Antigua—once considered part of America's "backyard"—into China's front yard, critics say.



A view of Antigua's coast from Boggy Peak, the country's highest peak.GEMMA HANDY

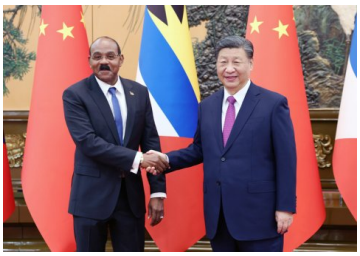
Antiguan Prime Minister Gaston Browne was effusive in his praise for China and its leader Xi in a *Newsweek* interview in St. John's, capital of this nation of just 97,000 people and 170 square miles that is about the size of the New York City borough of Queens.

Western countries were not giving the help Antigua needed, Browne said.

"I see China, though, as a country that stands on truth, and a country that, you know, at least has some level of empathy for small states, and generally for poor and dispossessed persons globally," said Browne.

On a weeklong trip to China in January, Browne opened Antigua's embassy in Beijing—the countries have had diplomatic relations since 1983—and ministers signed at least nine memorandums of understanding on everything from granting maritime rights to Chinese shipping and sailors to committing Antiguan officials to study Xi Jinping Thought on Governance.

"One of the things that we have followed with Xi Jinping is he seems to have a base, a global view in terms of a common humanity," said Browne, who has been in power for a decade.



Prime Minister Gaston Browne of Antigua meets with Chinese leader Xi Jinping in Beijing, January 2024.PRIME MINISTER'S OFFICE

By backing its words with dollars China had become Antigua's "lender of first choice," offering 2 percent interest rates and a five-year moratorium on repayments, Browne told *Newsweek*. Antigua joined China's Belt and Road infrastructure initiative in 2018, one of the first among about half a dozen Caribbean nations, making it part of a global chain of influence managed from Beijing.

Antigua has traded its sovereignty, I think most of us believe, to China. I think China wants a foothold in more strategic places, as a superpower."

- Gisele Isaac, chairwoman of the United Progressive Party

Diplomats from Europe and Asia in the region suspect that China's interests in Antigua are more than just economic. Its new embassy in St. John's—dubbed The Fortress by Antiguans for its large size and tight security—may be a regional intelligence center alongside decades-old facilities that the U.S. says Beijing uses to spy from Cuba. While the diplomats declined to provide details, they said that

because of close U.S. attention on Cuba, Antigua was both an expansion and a "fall back" position.
SOUTHCOM told *Newsweek*, "Given the breadth of investment into logistics infrastructure China has made in the Caribbean, we are concerned that China could task its state-owned enterprises and diaspora to conduct intelligence or influence operations against the U.S. and our partners in the region for military purposes. Those concerns are further heightened when you consider the Chinese Communist Party's practice of targeting, recruiting and bribing officials."
The Chinese embassy did not respond to emails requesting comment on China's relations with Antigua or whether there was an intelligence base in the embassy. A person answering the telephone declined to take questions. In Beijing in January before Browne's visit, foreign ministry spokesperson Mao Ning called Antigua "an important cooperation partner of China" in the Caribbean.

Browne told *Newsweek* that suggestions that China was operating an intelligence base were "utter rubbish."
In the past, the United States guarded its hold on the Americas closely. The 19th century Monroe Doctrine held that any intervention in the political affairs of a state in the Americas by foreign powers was a potentially hostile act. The world was brought to the brink of nuclear war in the Cuban Missile Crisis in 1962 over U.S. objections to Soviet nuclear weapons deployments in Cuba. And in 1983, U.S. forces overthrew a pro-Soviet leader in Grenada.

"Traded its sovereignty"

Some Antiguans are uneasy at China's growing influence in the country, a former British colony built partly on slavery. It still has King Charles as its head of state, although it is planning a referendum on whether to change that.

"Antigua has traded its sovereignty, I think most of us believe, to China," said Gisele Isaac, chairwoman of the United Progressive Party, in an interview in her home outside the capital. "I think China wants a foothold in more strategic places, as a superpower."

"I think that this administration has become, and that's our concern, overly reliant on one partner, that partner being China," Isaac said.

Increasingly, people were afraid to speak out about the flourishing relationship especially if they did business through the China-built shipping port in St. John's, she told *Newsweek*: "Everybody feels like their testicles are in a vise; that if you say the wrong thing, if you align yourself the wrong way, you're putting yourself in danger," Isaac said. "At night, I switch on my alarm and say my prayers."
Algernon Watts, an opposition member of parliament and a radio show host, has similar concerns.

"In the Caribbean, money is king," he said. "China needs a firm grasp in the region, and Antigua is a more than willing partner."

"It's a bold move. The Caribbean is very strategic geography for the U.S. … Mao and Stalin could only have dreamed of the success they are now having."
Anne-Marie Brady, a professor of political science at the University of Canterbury

Several ministers interviewed by *Newsweek* declined to say how much Antigua owes China.
The Antigua Finance Ministry—Browne is also the finance minister—did not respond to an emailed request for figures. A loans tracker shows $176 million in Chinese loans through 2022. More is in the pipeline—for example Antigua will receive about $60 million from China for a water repiping project, one of the memorandums of understanding agreed in Beijing in January, Information Minister Melford Nicholas told *Newsweek*.

That already works out at more than $2,400 in Chinese loans per person in a country where annual gross domestic product per capita is about $19,300, according to the World Bank.
China has massively expanded its overseas footprint over the past decade through its trillion-dollar Belt and Road Initiative, sealing its presence around the world. Critics of the program accuse China of pursuing colonization by stealth through locking countries in with loans they could not get elsewhere as it rivals the United States, for example in Laos, Sri Lanka and in African nations. China counters that its investment is about "win-win" cooperation.
China's growing presence in the Caribbean is a particular challenge to America, analysts say.

"It's a bold move. The Caribbean is very strategic geography for the U.S.," said Anne-Marie Brady, a

professor of political science at the University of Canterbury in New Zealand who tracks the Chinese Communist Party worldwide and notes similarities in the Caribbean to China's courting of small island states elsewhere.

Brady also believes China's Xi is working hand in hand with Russia's President Vladimir Putin, saying: "Mao and Stalin could only have dreamed of the success they are now having."
China had been "very successful" at diplomacy in the Eastern Caribbean over the past five years said the spokesperson for SOUTHCOM, which is headquartered in Doral, Florida. "They may be seeking a large logistics foothold in the Eastern Caribbean to enable commercial activity in the Western Hemisphere."

White sand beaches
For Americans, the Caribbean might conjure images of white sand beaches and turquoise seas, honeymoons, rum and spicy grilled "jerk" chicken.

China sees a bigger value, said Evan Ellis, a professor of Latin American studies at the Strategic Studies Institute of the U.S. Army War College in Carlisle, Pennsylvania.

"China inherently regards the Caribbean as a strategic place where it wants to be, and that it wants selectively to dominate without alarming the United States excessively," Ellis told *Newsweek*, adding that China had also built a web of friendly states including Dominica, Grenada, Barbados and, "to some extent," Jamaica.
"The U.S. has been monitoring it, but the situation has not really raised alarm bells in Washington, just because kind of the slow, low-key, gradual nature of that kind of accumulation of influence," Ellis said.

In a statement, the State Department told *Newsweek*: "The United States and Antigua and Barbuda maintain strong and historic ties," with "robust cooperation" in a regional security initiative to counter firearms trafficking and crime, and other efforts in climate and development.
Zone of influence
The new special economic zone, incorporated on January 16 in St. John's, starkly underlines Chinese ambitions in Antigua. Known by its acronym SEZH, it takes over from a previous Chinese venture that largely failed to develop the land. The government says it expects $100 million in fresh investment. The new owners have already acquired the assets of a local company—also owned by Chinese interests—for $25 million, according to documents seen by *Newsweek*.



Construction in the future economic zone in Antigua. Its coasts, waters and islands lie in a marine reserve.FOSTER DERRICK

The Special Economic Zone (Antigua & Barbuda) Holdings Ltd has secured privileges that resemble those of a small state in the northeastern corner of the island adjacent to Antigua's biggest military base—and a former U.S. base.

According to the terms of its government-issued license dated 2024, SEZH will set up an independent Zone Management Committee to provide "Customs, Immigrations and Police Services to and for the Zone." A fishing company "ocean monitoring team" will help the Antiguan coast guard to "regulate" territorial waters. There will be no restrictions on commercial activities—permissions will be granted by the committee, not by the Antiguan government—and zero taxes and customer and asset confidentiality.

Taking up 1,600 acres of land, triple that including the waters between islands, the zone will have the island's second commercial port after the one built in St. John's by China Civilian Engineering and Construction Company, a China state-owned company.

According to documents reviewed exclusively by *Newsweek*, a dedicated airline for the zone called ABSEZ International Airlines Ltd. was incorporated on January 31. In addition to carrying passengers and goods and even constructing buildings, it can undertake "any other business" that enhances its profits.

An "Antigua and Barbuda International CRYPTO Services Zone" will offer a full suite of cryptocurrency operations from mining to dealing. The focus on cryptocurrency echoes another Chinese-backed zone in the Marshall Islands—one that was stopped when the couple behind it were jailed for bribery.

Newsweek could not establish the full identities of all the investors and what links they might have to Chinese authorities.

Documents from a directors' meeting of the new zone company, seen by *Newsweek*, identify Duan Hongtao as a chairman. "Hongtao VIP777 Duan," an Antiguan citizen, is listed on the passenger manifest of a private plane that flew from London to Antigua around the time of the deals, with five businesspeople on board. Duan's name and his birth date match an Interpol red notice for a Chinese citizen who allegedly defrauded a bank in China of $300 million. Allegations of criminal activity have not previously been a bar to Chinese people abroad serving the interests of the ruling Communist Party.
Also on the plane: Chinese citizen Zhang Yu, or Peter Zhang, who had previously worked with China Railway Group, a state-owned enterprise. The independent Antiguan media *Island Press Box* first reported the flight.

A person called Changli Zhang—whom a zone guard identified to *Newsweek* as his boss—also attended the directors' meeting, the documents show. Contacted by telephone, Zhang said he was "just an ordinary worker" and declined to comment.

Another Chinese citizen involved in the zone was flying regularly between Antigua and the United Arab Emirates where he was engaged in another port project, according to current and former U.S. government sources who spoke on condition of anonymity because of the sensitivity of the matter. The United States objected to what it suspected was the construction of a Chinese military facility in Khalifa port in the UAE, in 2021.

"There is a murky gray zone between what is legitimate business interest and to what extent these businesspeople are trying to serve the interest and agenda of the Chinese government," said Leland Lazarus, of Florida International University's Jack D. Gordon Institute for Public Policy and an expert on China-Latin America relations.

China's front yard

China's footprint in Antigua and Barbuda grew fast during the last decade of rule by Browne's Antigua and Barbuda Labour Party.

In 2020, CCECC, a subsidiary of state-owned China Railway Construction Corporation, set up its regional headquarters in Antigua next to the national Sir Vivian Richards Stadium, also built by China. Chinese money rebuilt V.C. Bird International Airport.

There is a Confucius Institute at the Antigua branch of the University of the West Indies and the Chinese government offers coveted scholarships. About 88 Antiguan students are studying at universities in China, Nicholas said.

Charles Fernandez, the minister for tourism and aviation, told *Newsweek* that Chinese generosity contrasted with the United States, which he said offered only athletic scholarships: "As long as we can run, jump and skip."
The State Department told *Newsweek* that more than 150 Antiguans were studying at colleges and universities in the United States. It said it hosted college fairs and regularly assisted people "to access resources and scholarship opportunities."
"The Americans have never invested anything in Antigua. When they closed their last base, they took everything and left," Fernandez said, referring to a radar tracking station that closed in 2015.
New electric taxis and buses from China will arrive soon, with China's BYD auto company launching a local dealership in April, Browne said.

There is a murky gray zone between what is legitimate business interest and to what extent these businesspeople are trying to serve the interest and agenda of the Chinese government."
Leland Lazarus of Florida International University's Jack D. Gordon Institute for Public Policy

Trouble in paradise

Apart from geopolitical concerns, the planned zone has also raised environmental worries.

The dark head of a giant sea turtle surfaces near Foster Derrick's boat, as the passionate environmentalist steers past the tangled mangroves of Antigua's biggest marine reserve, which the future zone intrudes on. Starfish and sponges pop in pink and orange on the seabed below.

Derrick has worked for years to protect the coasts and islands of the reserve which is home to the endangered Antiguan racer snake. Dredging and other damaging activities are specifically forbidden here, but also specifically permitted by the government-issued licence.
"It's absurd," said Derrick. "This is just a big land grab."

Already, a road has been built through some mangroves cutting them off from the fresh and sea water mix they need, thus killing them—bad for Antigua since mangroves play a vital role in protecting coastal areas during hurricanes, Derrick said.

As his boat rounded a headland marked by new buildings, a man all in black took out a mobile phone to film the environmentalist. Derrick laughed it off, but later called it "belligerent."

"My aim of trying to protect the environment is specifically for future generations," he said.

Asked how an economic zone can be built within a nature reserve, Fernandez pointed to new provisions for environmental protection in the licence order.

But the agreement also allows for the zone to expand.

Diplomatic fortress

China's new embassy on Antigua is already a symbol of its power. The five-acre compound—sold by the Antiguan government to China for one Eastern Caribbean dollar, or U.S. 40 cents – is so imposing that Antiguans and tourists stop to photograph its several yards-high concrete walls topped by more than 30 surveillance cameras and four layers of electrified wire. Metal wedge barriers guard two visible entrances.

Nothing else approaches this level of security in Antigua where a car can drive up to parliament unchecked.



Opened in Dec. 2022, China's very large and high-security embassy in low-rise, low-security Antigua has locals wondering what goes on inside - and driving by to take picturesDEIRDRE KIRSTEN TATLOW
Speaking on condition of anonymity, two regional diplomats said that they suspected the embassy was being used as an intelligence base, or a listening post.

Publicly available information about the number of people working at the embassy was "not in line" with its size: "We can reasonably think that there are hidden staff and that those people's portfolios will be hidden from sight too," said one.

SOUTHCOM said it had not identified technologies such as satellite "reference stations" that would equip it as a "listening post," but that it was verifying the extent of such Chinese structures in the Caribbean.

"We assess that any intelligence activities conducted by the People's Republic of China in the Caribbean will almost certainly be targeted at U.S. and regional commercial and military movements in the Gulf of Mexico and the Caribbean," the spokesperson said.

A key reason for China to strengthen its presence is to further isolate Taiwan, which Beijing claims. Seven of the 12 states that recognise Taiwan are in the Caribbean and Latin American region. Each has a vote in the United Nations where China seeks to build support for its policies. Chinese diplomats from the Antigua embassy regularly approach officials in the Caribbean countries that have ties with Taipei, a diplomat in a neighbouring country said.

In comparison to China's imposing operation in Antigua, the U.S. shuttered its embassy in 1994, relocating to Barbados more than 300 miles and over an hour away by plane. The U.S. has a consular agent in Antigua—office hours are three half-days a week, according to the website. American diplomats fly in to conduct business with a laptop and a backpack.

The State Department plans to expand its diplomatic footprint in the Caribbean, it told *Newsweek* in an emailed statement.

"The Biden-Harris Administration has begun the process of establishing two new embassies and an additional diplomatic support presence in the eastern Caribbean," a spokesperson said, without specifying where or when. "This effort...recognizes that deepening our relationship with Caribbean nations requires regular exchange between our governments at all levels, and is in response to longstanding requests from our Caribbean partners."

Deepening ties

Working for ever-deepening cooperation with China, the agreements Browne and other ministers signed in Beijing include one for visa-free travel between the two countries.

Another is for vastly expanded business cooperation, part of plans for Antigua to become a Chinese shipping hub for the region. A third deepens media cooperation, and a fourth says joint seminars will be held in Antigua and China for officials to study Xi Jinping's thinking on governance and development.

Browne downplayed any ideological commitment, saying that it would not be mandatory to study Xi Thought but that it made sense, just as officials should understand the thinking of U.S. President Joe Biden.
"I can say definitively my government is not into any such ideology," he said. "We pursue what we consider to be bespoke governance."

"We are satellites of no one," he added. "In fact, we find the PRC to be far more respectful of us as a small state than other large countries globally. Some countries treat us as elegant nuisances, compared to China that treats us with mutual respect."

https://www.newsweek.com/2024/05/03/china-caribbean-united-states-antigua-belt-road-diplomacy-debt-chinese-xi-jinping-rivalry-1891668.html

Terry Glavin:Trudeau just doesn't think Chinese interference is anything to be angry about

CSIS has warned threats will persist until they are taken seriously by the government, which isn't happening

Author of the article:
Terry Glavin
Published Apr 11, 2024
Canadian Prime Minister Justin Trudeau testifies before the Commission on Foreign Interference in elections and democratic institutions in Ottawa on April 10, 2024. (Photo by Ashley Fraser / AFP)

There are two peculiar and paradoxical things about the disturbing revelations that have emerged over the past few days from Justice Marie-Josée Hogue's public inquiry into foreign interference in the 2019 and 2021 federal elections.

The first is that the most disturbing evidence entered into the record isn't even really news. Pretty well all the bombshell revelations coming out of Justice Hogue's commission hearings have been the subject of headline stories, one after the other, over the past five years.

What's genuinely newsworthy about the proceedings is that the Canadian Security Intelligence Service documents now on file with the commission confirm pretty well all the shocking news reports about Chinese election subterfuge that the Trudeau government, from the beginning, has variously disputed, denied, or dismissed as outbursts of anti-Asian racism or Conservative sour grapes.

The second paradox involves the pathology that the public inquiry has inadvertently allowed Canadians to witness, in real time. It's the Liberal government's cynical indifference to Beijing's orchestration of interference operations across the country, a

crippling pathology CSIS has been shouting about for years.

That same indifference fairly oozed from Prime Minister Trudeau and his officials this week at the inquiry — proceedings the Liberals fought tooth and nail, by obstruction and filibuster, in the effort to prevent the commission from even getting off the ground.

In just one of the 34 briefings about foreign interference that CSIS has provided the Prime Minister's Office, various cabinet ministers and other senior officials in the years since 2018, a briefing note from last February, tabled with Hogue's commission this week, contained this warning: "Until (foreign interference) is viewed as an existential threat to Canadian democracy and governments forcefully and actively respond, these threats will persist."

Here's one newsworthy thing that has emerged from the hearings: either by design or incompetence, the Trudeau government did not forcefully or actively respond to Beijing's interference operations in the 2019 or the 2021 elections. Not by way of the Security and Intelligence Threats to Elections Task Force, and not by way of the panel of five senior public servants attending to the "Critical Election Incident Public Protocol."

Another thing: Trudeau, his chief of staff Katie Telford and Jeremy Broadhurst, the Liberals' national campaign director during the 2019 election, all went out of their way this week to impugn the various CSIS findings about the breadth and scope of Beijing's subterfuge in Canada as unreliable, implausible and sometimes even inaccurate.

According to CSIS, though, China's efforts included a slush fund of $250,000 that China's Toronto consulate funnelled into "a group of known and suspected" Mandarin-bloc "threat actors" in the Greater Toronto Area to "covertly advance PRC interests though Canadian democratic institutions."

Beijing's exertions included a campaign targeting former Conservative leader Erin O'Toole, former Conservative MP Kenny Chiu, New Democrat Jenny Kwan and Conservative shadow foreign minister Michael Chong. The operation targeting Chong and his family was so brazen it eventually forced Foreign Minister Mélanie Joly to expel Wei Zhao, a Chinese Ministry of State Security operative working out of the Toronto consulate. CSIS had been warning the Liberals to stay away from the guy for at least three years.

CSIS surveillance and wiretaps suggest that 11 political candidates and 13 political staff members were "either implicated in or impacted by this group of threat actors," prior to and during the 2019 election.

As CSIS assessments, independent investigations and open-source evidence have consistently shown, Beijing's operations in 2019 and 2021 were primarily intended to prevent the Liberals from losing to the Conservatives, leaving the Trudeau government in a minority position. Even so, on Wednesday, Dominic Leblanc, who held senior cabinet posts related to elections and national security in 2019 and 2021, threw his own shade at CSIS. He said he was skeptical that CSIS could discern "the shifting partisan preferences" of the Chinese government.

Trudeau similarly feigned surprised to learn that CSIS director David Vigneault's talking points for an October 26, 2022 briefing with him articulated the agency's view that the government's unconcern about Beijing's subversions was leaving Canada wide open to foreign disruption because there were "no consequences, either legal or political," and that interference in elections was a "low-risk and high-reward endeavour." Consequently, Canada had become an outlier in the Five Eyes intelligence-sharing arrangement with the United States, the United Kingdom, Australia and New Zealand.

Trudeau insisted that Vigneault had expressed no such concern to him during the 2022 meeting. Trudeau's deputy chief of staff, Brian Clow, said he too had no recollection of Vigneault expressing any such concerns. Justice Hogue decided that the apparent contradiction was sufficient to summon Vigneault to respond on Friday. Wednesday was supposed to be the last day of hearings in this round of the commission's proceedings.

This was all a bit too surreal.

Two years ago, Adam Fisher, the CSIS director-general for intelligence assessments, told the House Standing Committee on Procedure and House Affairs that Canada was in desperate need of a total "rethink" on foreign interference, and that CSIS was hobbled by legislation that has remained largely unchanged since 1984. Canada's intelligence agencies don't even have "the tools to understand the threat." A week later, Trudeau was insisting that everything was under control: "There are already significant laws and measures that our intelligence and security officials have to go against foreign actors operating on Canadian soil."

https://nationalpost.com/opinion/terry-glavin-trudeau-just-doesnt-think-chinese-interference-is-anything-to-be-angry-about

Beijing intentionally funding fentanyl trafficking globally: U.S. Congress hearing

"They are knee deep in actively sponsoring and encouraging and facilitating the production and export of fentanyl for distribution in the United States": Former Attorney General



SAM COOPER
APR 16, 2024

A U.S. Congress committee investigation has presented compelling evidence that Beijing is paying organized crime to traffic fentanyl globally while elite Chinese Communist Party officials are directly implicated in related drug money laundering networks, former U.S. Attorney General William Barr said Tuesday.

Barr was testifying for the U.S. House Select Committee on the Chinese Communist Party, and said he believes Beijing is backing Chinese fentanyl syndicates with the overarching objective of weakening the United States.

The bipartisan group of legislators tabled a report that alleges since "at least 2018" President Xi Jinping's regime has provided nationwide government subsidies to PRC companies that manufacture fentanyl and its precursors, "so long as these companies sell [it] outside China."

The committee also found China's government has ownership stakes in some chemical companies "exporting significant amounts of illicit fentanyl products."

The bipartisan committee, led by Congressman Mike Gallagher, a former Marine Corps intelligence officer, also reported it believes Xi's regime is deliberately weaponizing fentanyl, which killed 112,000 U.S. citizens last year, as part of a Chinese Communist strategy to weaken the U.S. and its liberal democratic allies.

"The fentanyl trade boosts China's economy and has allowed Chinese organized crime to become the world's premier money launderers," the committee's report said, "with U.S. law enforcement finding evidence indicating that money laundering schemes involve Chinese government officials and the Communist Party elite."

In his testimony Barr said senior U.S. officials have long suspected that Beijing was complicit in global fentanyl trafficking and organized crime, but "the question was murky."

"Has this been an illicit business carried out by Chinese organized crime, and corrupt businessmen and officials, with the Chinese government simply reluctant to spend too much effort trying to help the U.S. stop something that they view as primarily our problem?" Barr said. "Or is this effectively an intentional program to wreak havoc in the U.S., even with support and encouragement by the Chinese Communist Party and the PRC? Many of us have suspected the latter. But the question was murky. Until now.

"The Committee has uncovered persuasive evidence that the PRC and the CCP are not just bystanders," Barr added. "They are prime movers. They are knee deep in actively sponsoring and encouraging and facilitating the production and export of fentanyl for distribution in the United States."

Ray Donovan, former chief of operations for DEA, told the committee its investigation proves what his

colleagues believe regarding Beijing's involvement in global fentanyl trafficking.

"This is about saving lives," he said. "I do think that we are under attack and I think its intentional. This is an effort by the CCP to tear our social fabric and undermine our economy with billions in black currency, through their drug trade."

"I think this is strategic," Barr agreed. "Fentanyl has imposed great costs on our society."

The committee also heard, that in response to U.S. government efforts to interdict floods of fentanyl originating from Chinese factories and shipped through states including Mexico and Canada, "Chinese counterparts instead of helping, warned the drug traffickers of the U.S. investigation, and took no action."

Barr said the United States should be considering tough sanctions related to Chinese trade to force Beijing to change its policy.

"I think we have to use trade and economic power to press them, and take enforcement action," Barr said, "because it's easily detectable."

"What we are seeing in the United States is likely being seen in other countries, and will only increase in the future," Barr added. "Our strength will be working multilaterally with other countries. Frankly, China's economy needs us, more than we need them. We should be increasing the costs of their inactions."

The committee heard also of deep ties between Chinese fentanyl syndicates that are protected by Beijing, and Mexican cartels.

One of the clans allegedly protected by Beijing is China-based father and son, Guanghua Zheng and Fujing Zheng, each wanted by Washington for rewards of $5 million.

"They are so well known in Mexico," the committee heard, "they are known as the Los Zheng cartel."

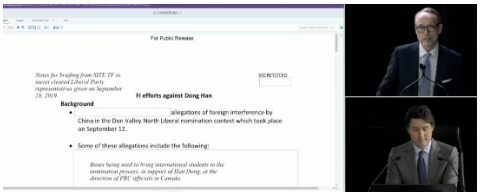
https://www.thebureau.news/p/beijing-intentionally-funding-fentanyl?r=l2dv4&utm_campaign=post&utm_medium=web&triedRedirect=true

PM Trudeau knew Chinese officials allegedly directed students to vote for MP Han Dong's nomination, but judged CSIS intel insufficient

Foreign Interference Commission hears Justin Trudeau's version of September 2019 intel alert, and Trudeau's claim he wasn't at a June 2019 meeting



SAM COOPER
APR 10, 2024



Canada's Prime Minister Justin Trudeau has testified he was briefed on intelligence that Chinese officials likely interfered in MP Han Dong's Toronto riding by directing international students to vote for Dong, but Trudeau judged CSIS's intelligence wasn't solid enough to justify removing his Liberal Party candidate before the October 2019 election.

"The concern is that the People's Republic of China was directing people, to do their bidding, and to help Han Dong," a lawyer for Conservative MP Michael Chong pressed Trudeau in an examination Wednesday. "Do you accept there were irregularities in that nomination, and that they were likely tied to the PRC Consulate in Toronto?"

"I'd suggest that a well-grounded suspicion, certainly warranting more reflection or follow up, also might not hit the necessarily very high threshold for overturning the result of the democratic event," Trudeau answered.

Foreign Interference Commission lawyers in Ottawa have largely focused on CSIS's allegations in

Han Dong's riding, and what intelligence was shared with Trudeau, his top political staff, and Ottawa's top security officials, before and after the October 21, 2019 election.

On Tuesday, the day before Trudeau's examination, the Commission tabled a sanitized record of the information provided to Trudeau's senior political aide Jeremy Broadhurst on September 28, 2019, which said CSIS's allegations included: "Buses being used to bring international students to the nomination process, in support of Han Dong, at the direction of PRC officials in Canada."

For the first time Wednesday, Canadians heard a detailed account from Trudeau about what his aide Broadhurst conveyed about CSIS's concerns, and what Trudeau's considerations were in allowing Dong's candidacy to proceed.

"Mr. Broadhurst met me at the airport in a holding room to let me know of concerns that he had received from the SITE Task Force and CSIS about the nomination campaign," Trudeau told Commission lawyers.

"He shared with me that intelligence services had shared with him concerns that Chinese officials in Canada had been developing plans to possibly engage in interference in the nomination contest, specifically by mobilizing buses filled with, either buses full of students, or buses filled with Chinese diaspora members, who would be mobilized to support Han Dong."

Trudeau said he asked Broadhurst "whether or not CSIS had information that Han Dong knew about this, whether he was witting and aware that Chinese officials had mobilized buses for him or not. And the answers were not clear from CSIS at that point, according to what Mr. Broadhurst told me."

Trudeau said faced with a "binary choice" he decided there wasn't sufficient intelligence to replace Han Dong with another candidate.

Commissioner Marie-Josée Hogue pressed Trudeau on whether given what he knew of CSIS's concerns ahead of the October 2019 vote, whether he asked for further investigations.

"So did you revisit that after the elections?" Hogue asked.

Trudeau claimed his party followed up and "verifications were made" but added his party didn't believe the situation of having students bussed in to vote for Dong's nomination was unusual.

"We are not a forensic organization," Trudeau answered.

Minister questioned on CSIS warrant

A number of other Trudeau ministers that were briefed on CSIS's investigation of Han Dong in the 2019 election were examined Wednesday, including former Public Safety Minister Bill Blair.

Blair testified he wasn't concerned about the Han Dong intelligence "at the time" of his post-2019 election briefing, and didn't think "the Don Valley North election results were compromised."

"I made some inquiries during that briefing with respect to the source of that intelligence," Blair said, "and my last question, was there any suggestion the candidate was knowledgeable? And they had no information to corroborate that."

In relation to CSIS's allegations and intelligence leaks regarding Chinese election interference in 2019 and 2021, Blair was also shown a 2023 *Globe and Mail* report tabled in Commission evidence and asked to comment on a story paragraph that said:

"Canada's spy service sought an electronic and entry warrant to monitor former Ontario cabinet minister Michael Chan in the lead-up to the 2021 federal election, but it took several months for then-public safety minister Bill Blair to sign off on the clandestine surveillance of the influential Liberal Party powerbroker."

"It suggests that there was an undue delay in your signing off on a warrant to surveil Michael Chan in the lead up to the 2021 federal election," a Conservative Party lawyer told Blair. "Can you comment on why it took you so long to sign off on the warrant?"

"Yeah, let me comment," Blair shot back. "This paragraph is false."

"What aspects of it are false, sir?" the Conservative Party lawyer asked.

"It was put in front of me on May 11th, and I signed off the same day, about three hours later," Blair said.


because of Michael Chan's role as a major organizer and fundraiser for the Liberal Party, according to a national-security source.

ADRIAN WYLD/THE CANADIAN PRESS

Canada's spy service sought an electronic and entry warrant to monitor former Ontario cabinet minister Michael Chan in the lead-up to the 2021 federal election, but it took several months for then-public safety minister Bill Blair to sign off on the clandestine surveillance of the influential Liberal Party powerbroker, according to a national-security source.

Mr. Chan has for years been a national-security target of the Canadian Security Intelligence Service because of alleged links to China's Toronto consulate and association with proxies of Beijing. The Globe reported in 2015 that Mr. Chan had

Commissioner Hogue ruled questions around Blair's response to intelligence are outside of the first portion of the Commission's mandate, and may be addressed in an upcoming round of hearings.

Last week Michael Chan, who is currently a municipal councillor in Greater Toronto region and has standing in the Commission to respond to evidence, fiercely denied allegations of any wrongdoing in Han Dong's 2019 nomination, while acknowledging he encouraged Dong to run for Parliament and appeared at Dong's nomination campaign launch in 2019.

The Commission has also heard that CSIS director David Vigneault took the rare step of twice "recalling" and revising CSIS's intelligence reports on suspected Chinese interference in Han Dong's riding.

The first time in October 2019, Vigneault agreed to change the CSIS assessment that a "politically-connected Canadian" had compromised the 2019 election after having an impact in the Don Valley North nomination campaign.

Vigneault redrafted this intelligence after discussing the matter with Trudeau's then national security advisor in October 2019.

Next, in early 2023, after meeting with Prime Minister Trudeau and his top aides and security officials regarding Han Dong intelligence leaks and media reporting, Vigneault recalled and revised aspects of the 2019 Han Dong intelligence reporting again.

Documents and testimony for the Commission indicated Vigneault made changes at the direction of Trudeau's then-national security advisor Jody Thomas, and specifically on aspects that Trudeau's senior political aides believed needed to be corrected.

Trudeau was asked about this meeting on Wednesday but not asked about the specific changes to Han Dong intelligence that followed.

Without giving further context, Trudeau indicated that his team established in this 2023 meeting with Vigneault, that CSIS intelligence that placed him at a June 2019 meeting, was proved to be unreliable.

No further information on what this alleged June 2019 meeting related to, has been heard by the Commission.

Meanwhile, Trudeau's ministers Dominic LeBlanc and Karina Gould were also questioned on their briefings regarding Dong's nomination in 2019 and Chinese election interference in 2019 and 2021.

A Conservative Party lawyer pressed Gould on her testimony that both elections were "free and fair."

"By my count you received seven briefings on foreign election interference," the Conservative Party lawyer told Gould. "Are you suggesting as a result of those seven briefings you weren't convinced any foreign interference had taken place in Canadian election processes?"

Gould maintained she didn't believe either election was impacted, adding "I would just say, the briefings would be [about] a variety of actors."

The Conservative Party lawyer noted the heading for the document listing Gould's seven briefs says "CSIS briefings on PRC Foreign Interference in the 2019 and 2021 General Elections."

"Ok, I didn't see that," Gould answered.

Public Safety Minister Dominic LeBlanc was examined on Chinese election interference briefs involving top Trudeau security officials that were provided to LeBlanc in March 2020.

Briefing documents indicated LeBlanc was informed of suspected Chinese interference in the 2019 election, including in the Don Valley North riding, and that "China remained interested in supporting candidates who it perceived would benefit China's overall strategic interests."

Sanitized documents related to the brief showed he also heard of China's contact with candidates and staff and funding of "threat actors."

But when asked by Commission lawyers if he learned of the same information that had been shared with senior Trudeau security officials and election monitors in October 2019, that Chinese officials allegedly covertly transferred about $250,000 into a pro-Beijing network including 11 candidates, LeBlanc demurred.

"So, again, in this case I learned about this when it became public following leaks," LeBlanc said. "I wouldn't have been briefed in this level of granularity."

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https://www.thebureau.news/p/pm-trudeau-knew-chinese-officials?r=l2dv4&utm_campaign=post&utm_medium=web

The rise of Chinese organized crime in Europe highlights its ties to the Chinese state, national security officials say. Recent cases show the suspected role of mobsters in Beijing's campaign to repress diaspora communities and amass influence.

ProPublica is a nonprofit newsroom that investigates abuses of power. Sign up to receive our biggest stories as soon as they're published.

PRATO, Italy — On a rainy June afternoon, six Chinese mobsters hurried across the plaza of a drab apartment complex near the medieval gates of this Tuscan textile capital.

Their targets, two gang rivals in their early 20s, were eating in a small Chinese diner. Drawing machetes, the attackers stormed in.

They hacked one man to death, splattering tables and walls with gore. The second victim fought his way out. Trailing blood in the rain, he staggered through the plaza pursued by his killers, who finished him off on the sidewalk around the corner.

The slaughter on Via Strozzi in 2010 was part of a startling escalation of mob violence in Prato, which has one of Europe's biggest Chinese immigrant communities. The ensuing police investigation was long and difficult, leading as far as China. For the first time, Italian police mapped the rapid spread of the Chinese mafias that were terrorizing immigrant enclaves and leaving a trail of casualties across Europe.

As the investigation culminated in 2017, detectives made another ominous discovery: The kingpins in Italy had high-placed friends in Beijing. Telephone intercepts detected a meeting between an accused crime boss in Rome, Zhang Naizhong, and a member of a high-level Chinese government delegation on a diplomatic visit to Italy, senior Italian law enforcement officials say.

"A guy like Zhang does what the consulate doesn't do, or does it better," a senior Italian national security official said. "If you want in-depth street information, intelligence, you go to a guy like Zhang. He has a network, power, resources. He knows the diaspora. He is feared and respected."

As the regime of President Xi Jinping expands its international power, it has intensified its alliance with Chinese organized crime overseas. The Italian investigation and other cases in Europe show the underworld's front-line role in a campaign to infiltrate the West, amass wealth and influence, and control diaspora communities as if they were colonies of Beijing's police state.

Around the world, China's shadow war of espionage, long-distance repression, political interference

and predatory capitalism is drawing attention and alarm. Governments and human rights groups have denounced in recent months a global network of covert Chinese police stations that spy on Chinese migrant communities and persecute dissidents — wherever they live. As ProPublica has reported, the Chinese state has sent illegal undercover teams to chase down fugitives in wealthy U.S. suburbs, surveilled and silenced Chinese students on foreign campuses, and allegedly supported the Chinese money laundering underworld that fortifies cartels inundating the Americas with deadly drugs.

But the rise of Chinese organized crime in Europe has caught authorities largely off-guard. An examination of it offers an unusually vivid look at a covert alliance in action. ProPublica has documented a pattern of cases, some of them unreported and others little-noticed internationally, in which suspected underworld figures in Europe have teamed up with Chinese security forces and other state entities.

The partnership appears to mix geopolitics and corruption for mutual benefit. Gangsters help monitor and intimidate immigrant communities for the regime in Beijing, sometimes as leaders of cultural associations that are key players in China's political influence operations and long-distance repression, Western security officials say. ProPublica has learned that suspected underworld figures in Italy and Spain took part in launching several of the secret Chinese police stations that caused an uproar when their existence became public last year.

A Chinese police station in Prato was launched by leaders of the Fujianese community including Zheng Wenhua. He is one of the top defendants accused in the China Truck case, in which Italian anti-mafia authorities charged dozens of people in 2018. Credit:Steve Bisgrove, special to ProPublica

The Chinese Communist Party "takes the most powerful, richest, most successful figures overseas and recognizes them as the nobility of the diaspora," said Emmanuel Jourda, a French scholar on Chinese organized crime. "And it doesn't matter how they made their money. The deal, spoken or not, is: 'You gather intelligence on the community, we let you do business. Whether legal or illegal.'"

In exchange for their services as overseas enforcers and agents of influence, the Chinese state protects the mobsters, Western national security officials say. Although supposedly wanted in China, a top figure in the Italian case traveled freely to his homeland and oversaw his European rackets from China without interference from authorities there, according to court documents and law enforcement officials. And in Europe — as in the United States — national security chiefs say the Chinese government refuses to cooperate with their investigations of Chinese organized crime.

Money is another driving force in the alliance. Diplomatically delicate prosecutions in Italy, Spain and France have resulted in convictions and fines against Chinese state banks that worked with Chinese criminals to launder the proceeds of widespread tax evasion, customs fraud and contraband. Chinese mafias have also become the preferred money launderers for the Continent's drug traffickers, whose onslaught poses an unprecedented threat to several governments.

Stretching across Europe, the underground Chinese money networks pump billions of illicit dollars into China's economy. During one recent year, police at Rome's Fiumicino Airport arrested 16 couriers carrying a total of more than $41 million bound for China.

"It is hard to imagine that this activity is not welcomed by the Chinese authorities," said the chief prosecutor in Prato, Giuseppe Nicolosi. "Large amounts of money are returning to China."

The implications for the United States are urgent, authorities say, because the same tactics and networks plague Chinese American communities. U.S. law enforcement has tracked interactions between Chinese government operatives and Chinese American mobsters who harass dissidents, engage in political interference and move offshore funds for the Communist Party elite, U.S. national security officials say.

"Organized crime is doing services for the Chinese government" on both sides of the Atlantic, a veteran U.S. national security official said. "There are deals between organized crime and the Chinese government. The government tasks them to expand

influence and become eyes and ears overseas. Once they get themselves established, there are locals they can corrupt. It's a classic modus operandi."

U.S. national security officials are also concerned because Europe is a vulnerable front in China's offensive to divide and weaken the West. Until recently, Chinese malign activities were not a priority in Europe. Although U.S. intelligence agencies warned European counterparts about intensified contacts between the Chinese state and underworld, most security forces were busy with Islamist terrorists and Russian spies during the past decade, Western national security veterans said.

"When they started recognizing the threat, they didn't have the resources," said Frank Montoya, a former FBI counterintelligence chief.

Today, governments are scrambling to respond to what Europol, the agency that coordinates police cooperation on the Continent, has called "an increasing threat to Europe." They have realized that the problem reverberates beyond Chinese immigrant neighborhoods and challenges national security and the rule of law.

"There was a lack of awareness of the danger," said the chief anti-mafia prosecutor in Florence, Luca Tescaroli, whose jurisdiction includes Prato. He has created a unit to fight Chinese mafias. But, he said: "We cannot criminalize the Chinese community. We know they are also victims of intimidation, extortion and violence."

The Chinese embassies in Italy, Spain and France did not respond to requests for comment from ProPublica. In the past, Chinese diplomats have denied involvement in transnational repression and other illegal activities abroad.

To assemble a picture of the intertwined agendas of the Chinese regime and its expatriate mafia groups, ProPublica interviewed more than two dozen current and former national security officials in Europe and the United States, as well as Chinese immigrants, human rights advocates and others. ProPublica granted anonymity to some sources because of safety concerns or because they were not authorized to speak publicly. In addition, ProPublica reviewed court documents, reports by governments and nongovernmental organizations, academic papers, press reports and social media posts.

The Boss From Beijing

Prato's Chinatown starts just outside the stone ramparts, narrow lanes and Romanesque cathedral of the city's historic center.

Its immigrant energy extends to the Macrolotto industrial park on the edge of town, where signs on warehouses and workshops mix Chinese words with names like Flora, Kitty and Style. More than 6,000 Chinese-owned businesses give Prato an outsized role in the diaspora.

Numbers like that tell the story of the second-biggest city in Tuscany.

Via Pistoiese in Prato's Chinatown Credit:Steve Bisgrove, special to ProPublicaVia Antonio Marini in Prato's Chinatown Credit:Steve Bisgrove, special to ProPublica

In 1990, there were 520 residents of Chinese origin, according to an Italian government study. Today, officials say Prato has one of the largest Chinese communities in proportion to the city's size in Europe: close to 40,000 out of a total population of about 200,000. That includes as many as 10,000 undocumented immigrants. Italy has Europe's third-largest Chinese population after the United Kingdom and France.

The immigrants came initially to work in the mills and factories of this longtime hub of the textile and garment industries. Gradually, they became owners and employers. In 2019, voters elected two Chinese Italians to the City Council — a first.

Chinese employees at work in a textile company in the Macrolotto industrial park on the edge of Prato. The city has been a longtime hub of the textile and garment industries. Credit:Marco Bulgarelli/Gamma-Rapho via Getty Images

Still, life for many Chinese residents feels like a crossfire. Although the newcomers have invigorated the economy, some Italians accuse Chinese

merchants of evading taxes, paying low wages and other shady practices. Non-Chinese robbers and thieves prey on them because of the belief that they carry large amounts of cash.

And Chinese immigrants, of course, were the prime victims of the rise of Chinese organized crime in the 2000s. As mobsters established themselves, unprecedented violence broke out among warring factions from Fujian, a coastal province known for smuggling and migration. Police in Prato started calling Fujian the Calabria of China, likening it to the mafia hotbed located in the toe of the Italian boot.

After the double murder on Via Strozzi in 2010, the half-dozen detectives of the local anti-mafia squad began an investigation christened China Truck. Despite the daunting language barrier and a lack of expertise on Asian mafias, it evolved into an all-out, eight-year effort to dismantle a criminal organization.

In 2011, witnesses told police about Lin Guochun, aka Laolin, the reputed boss of Prato, court documents say.

Lin had made his way from Fujian to Italy via Portugal and the Czech Republic, where he had allegedly ordered the murder of a rival smuggler of migrants, according to Italian court documents and Italian law enforcement officials. His empire encompassed extortion, gambling, contraband, prostitution and drugs. In Prato, he held court in his nightclub, a grim locale with dark glass walls that offered package deals of prostitutes and ketamine. His swaggering crew ruled Chinatown, court documents say.

In 2013, the father of a massage parlor owner told prosecutors that two of Lin's thugs had demanded 100,000 euros and given him a beating that put him in the hospital with skull trauma and a broken nose, court documents say.

"My countrymen are afraid of them," the battered extortion victim said, according to court documents. "They are part of an organization of cruel people who threaten and demand money ... if someone challenges them, they beat and wound and use other violent methods."

Surveillance led to another breakthrough even higher in the criminal hierarchy. Police identified the alleged boss of bosses in Rome: Zhang Naizhong.

Zhang, a trim and dapper trucking executive, was from Zhejiang, a more prosperous province next to Fujian that sends many immigrants to Europe. After the slaying of one of Zhang's rivals in Naples in 2006, a court convicted him of helping the accused killers escape, but appellate judges overturned the verdict, court documents say.

During conversations intercepted on the phone and in his BMW, Zhang described himself as a ruthless "madman" and ordered henchmen to threaten people, court documents say. Expounding on the "rules of the mafia," he told a subordinate in 2013 that true loyalty meant being "ready to go to prison and to kill people," court documents say.

"I'm the most powerful boss in Europe," Zhang declared, according to court documents. "Ask anyone ... if you're not a friend, you're an enemy ... if you're an enemy, then you're finished! ... A guy can point a pistol at me and because of my personality ... I'll tell him: 'Pull the trigger!' You understand, brother? ... I am the boss and so the boss can decide anything."

Zhang teamed with Lin to conquer the market for the distribution of goods among Chinese business enclaves in Europe, court documents say. Working with police in other countries, Italian detectives charted the kingpins' alleged war on competing transport companies, court documents say: murders in Italy; shootings and stabbings in Spain, France, Germany and Portugal; a litany of arson attacks, assaults and threats.

Back in Prato, though, the accused gangsters did not keep a low profile. In fact, some of them were active in the array of Chinese cultural associations that shape the social landscape in diaspora communities. The associations, often named for the province immigrants came from, do good works: sponsoring cultural and sports activities, distributing protective equipment during the pandemic, raising money for charity causes in their home provinces.

But suspected underworld figures and their associates held posts in the Fujian Overseas Chinese

Association in Italy that enhanced their power on the street and at a political level, according to court documents, Italian law enforcement officials and Chinese media. Lin, the alleged Fujianese boss of Prato, appeared on a list of "consultants" to the association in 2016. Wiretaps, surveillance cameras and media reports documented meals, events and phone conversations in which Lin and other targets in the China Truck case interacted with prominent leaders of the Chinese community, Italian politicians, Chinese diplomats and visiting Chinese government officials.

In 2012, the president of the Fujian association in Prato intervened to resolve an underworld conflict involving Lin's son, according to court documents and law enforcement officials. That same leader of the association later attended a conference in Beijing with top officials of the United Front Work Department, the arm of the Chinese Communist Party dedicated to political spying and interference overseas, according to photos and media reports. The United Front has become a dominant force in the diaspora, which it exploits to gain political and economic influence.

Such well-placed homeland connections appeared to pay off. Although Lin was wanted by Chinese police for past extortion offenses in China, he spent long periods there unmolested by authorities while he supervised his criminal enterprises in Italy by phone, according to Italian court documents and senior Italian law enforcement officials. He also enriched himself with investments in the Chinese mining sector, court documents and senior Italian law enforcement officials say.

Lin "succeeded in resolving the judicial cases in which he was charged, and was thus able to resume thriving economic activities" in China, a court document says.

As the investigation peaked in late 2017, detectives stumbled onto startling evidence of Lin's influence in high places.

In interviews with ProPublica, Italian law enforcement officials said a series of intercepted phone calls revealed how close the Prato mob chief was to Chinese political figures. According to the Italian officials, on the morning of Dec. 11, Lin placed a call from Beijing to Zhang in Rome. Lin said an important friend, whom he described as a "boss from Beijing," was visiting Rome. The boss had a busy schedule of meetings with Italian politicians, Lin said. But it would be good if Zhang could take him to dinner, see the sights, maybe a soccer game. Zhang then called his secretary and driver to organize excursions to the Vatican and the Colosseum for the VIP visitor. That evening, Zhang had dinner with him, Italian officials said.

Analyzing translations of the calls afterward, detectives came to an alarming conclusion: The "boss from Beijing" was a member of a Chinese delegation that had met with Italy's prime minister at the time, Paolo Gentiloni, and his cabinet ministers. Led by China's Vice Premier Ma Kai, the delegation included senior officials in China's ministries of foreign affairs, development, industry and commerce.

"It's very probable that Zhang hosted and dined with a senior official from the delegation," a senior Italian law enforcement official said. "We suspect that it was a prominent member of the delegation."

Police reconstructed the episode based on the translated conversations rather than physical surveillance, law enforcement officials told ProPublica, and could not identify the visitor or the reason for the sit-down. But the analysis indicated he was a government official, national security sources said.

Italian and Chinese diplomats declined to comment on the episode, which was first reported in Italian media.

Chinese state-mafia contacts like the one that allegedly took place in Rome are not unusual, Western national security officials said.

"China uses a range of proxies and cutouts, and organized crime is one of those proxies," a U.S. intelligence official said. "We see a growing brazenness in [Chinese] malign influence operations."

Sometimes, expatriate gangsters even set themselves up in foreign countries with the blessing and support of corrupt allies in the Communist Party elite back home, a veteran U.S. national security official said.

"The gangsters are told to go establish themselves in a certain country, given different business opportunities," the veteran U.S. national security official said. "Transportation help, getting consumer goods out of China, the government helps organized crime there. Chinese corrupt officials can make it easy to move goods out of China."

The Chinese politicians who meet with Chinese gangsters overseas "represent their government as well as their own self-interest," he said.

Weeks after the mysterious encounter in Rome, Italian investigators rounded up dozens of suspects on mafia-related charges resulting from the China Truck investigation.

A police team swarmed a discreet hotel in Prato where Zhang was staying and arrested him and his adult son, Zhang Di, rousting them from their beds at dawn. The son got agitated and shouted at the officers, police said.

But his father, the accused boss of bosses, stayed cool while officers took him into custody.

Zhang Naizhong, a trucking magnate and accused mafia boss who is a top defendant in the China Truck case. "If you want in-depth street information, intelligence, you go to a guy like Zhang," a senior Italian national security official said. "He has a network, power, resources. He knows the diaspora. He is feared and respected." Credit:Via YouTube

Zhang and his son have pleaded not guilty. Their lawyers did not respond to requests for comment. Prosecutors also charged Lin, but he remains at large. Lin's son was not charged.

The China Truck prosecution painted the first detailed picture of alleged mob activity among Chinese immigrants in Italy. Soon, even more evidence would emerge of a brazen alliance between accused expatriate gangsters and the Chinese security forces.

Outlaw Police

The headquarters of the Fujian Overseas Chinese Association in Italy occupies a corner building on Via Orti del Pero in the heart of Prato's Chinatown.

The two-story structure looks bedraggled. It has blue steel doors, barred windows and fading sand-colored walls.

But in March of last year, the place made headlines. Chinese media announced "good news" from Prato: the inauguration of the Fuzhou Police Overseas Service Station in the Fujian association's headquarters. Leaders of the association would work with officers of the Municipal Public Security Bureau in Fuzhou, the capital of Fujian province, to enable immigrants to renew Chinese driver's licenses and do other bureaucratic tasks in Prato, a Chinese media report said.

The inauguration of the Fuzhou police station in Prato in March 2022. Among those at the opening was Zheng, also known as Franco, second from left.

Among six community leaders pictured beneath the station's blue banner was the association's executive vice president at the time: Zheng Wenhua.

Zheng, also known as Franco, seemed a puzzling choice to open a police station. Four years earlier, Italian authorities had accused him of being a top figure in the Prato underworld.

Investigators first identified him in 2011 when police stopped him in his Jaguar accompanied by an alleged enforcer for Lin, the reputed Fujianese mob boss, court documents say. Officers found a clasp knife and a marijuana cigarette in the car and confiscated Zheng's license, court documents say.

In 2013, Zheng allegedly became involved in the aftermath of the incident in which two thugs beat up the father of a massage parlor owner. Zheng tried to silence the battered extortion victim by sending a "volunteer" interpreter into a police interview to control what he said, court documents say. In a phone call recorded by police, Zheng warned the victim not to implicate bosses, court documents say.

"Come on ... this could have consequences for Laolin...," he said, according to the documents. "...And that would not be a good thing."

During the China Truck raids in 2018, authorities charged Zheng with "a prominent role" in Lin's crew overseeing the "management of clandestine gambling dens and exploitation of prostitution," court documents say.

Yet Zheng remains a civic leader. He has met with visiting Chinese dignitaries including the mayor of Fuzhou, spoken at community events and attended a gala in February featuring the mayor of Florence and the Chinese consul, according to media reports and photos. In March, he was elected president of the Fujian association. (Zheng has pleaded not guilty and is free awaiting trial. He and other representatives of the Fujian association did not respond to requests for comment.)

And Zheng wasn't the only one with alleged ties to both the underworld and the new Fuzhou police station in Prato. China Truck prosecutors charged another vice president of the association with helping Lin obtain fraudulent immigration papers. Photos at the Fuzhou police station show three more community leaders whose personal and business links to gangsters surfaced during the investigation, according to court documents and senior law enforcement officials. None of them were charged, though authorities seized five bank accounts belonging to one man.

Despite the celebratory Chinese media reports, the station was part of a global campaign of repression, according to Western officials and human rights advocates.

"You have criminals who terrify the community involved in a police station that further terrifies the community," a senior law enforcement official said.

Safeguard Defenders, a human rights group, has revealed a network of more than 100 covert stations overseen by Chinese provincial police forces in more than 50 countries. Based in cultural associations, businesses and homes, the outposts help persecute dissidents and support Operation Fox Hunt, which deploys undercover police and prosecutors illegally across borders to track down people accused of crimes — justifiably and not — and take them back to China, according to Western officials and human rights advocates.

In Madrid, a video showed community leaders at a covert station of the Zhejiang provincial police talking via videolink with a fugitive in Spain and law enforcement officials in Zhejiang. In a typical pressure tactic, Chinese police and prosecutors back in Qingtian County sat with a relative of the fugitive, who eventually returned home and accepted a plea deal, according to Chinese media reports cited by the human rights group.

In Aubervilliers, a gritty Paris suburb, a Chinese French garment executive who managed a station admitted in a published interview to helping Chinese police "persuade" a fugitive to return to China in 2019, Safeguard Defenders found. Although no further details about the case were available, a senior French national security official told ProPublica that undercover Chinese police came to France and illegally repatriated two people during that time. The senior official did not say whether the head of the Aubervilliers station was involved.

After Safeguard Defenders issued its report last year, at least 12 countries began investigations. The U.S. reaction was the strongest. Targeting an illegal station in New York, federal prosecutors charged two Chinese American leaders with stalking and harassing dissidents for Chinese authorities including the Fuzhou police — the same force involved in the Prato station. (United Front officials also helped set up the New York station, U.S. authorities say.)

First image: Federal prosecutors say Chinese police used office space in this building in lower Manhattan's Chinatown as a secret station in order to monitor and repress dissidents living in the United States. Second image: The exterior of the building, center. Credit:Spencer Platt/Getty Images

"It is simply outrageous that China's Ministry of Public Security thinks it can get away with establishing a secret, illegal police station on U.S. soil to aid its efforts to export repression and subvert our rule of law," the acting head of FBI counterintelligence,

Kurt Ronnow, said at the time of the arrests in April.

In response, Chinese Foreign Ministry spokesperson Wang Wenbin accused U.S. authorities of making "groundless accusations."

"There are simply no so-called 'overseas police stations,'" Wang said. "China adheres to the principle of non-interference in other countries' internal affairs, strictly observes international laws and respects the judicial sovereignty of all countries."

The Chinese Embassy in Rome did not respond to a request for comment from ProPublica.

Some European national security officials downplayed the disclosures about the stations, echoing the Chinese government's line that the outposts offer convenient consular-type services. The response to the problem in Europe has often been handled quietly by counterintelligence agencies rather than law enforcement. But most European officials interviewed by ProPublica said the stations aid spying.

"The suspicion is that the goal of these stations is to enable Chinese authorities to control and monitor the Chinese diaspora community," Tescaroli, the Florence prosecutor, said.

There are 11 Chinese police outposts in Italy, more than any other country, and three in Prato. They multiplied during past Italian governments, which had notably close relationships with Beijing.

In 2016, Italy began a program that allowed visiting Chinese police officers to conduct joint uniformed patrols with Italian police. The stated goal was to improve protection of Chinese tourists and immigrants, but the patrol program fomented the spread of the unofficial stations, said Laura Harth, the campaign director of Safeguard Defenders. Photos show Chinese officers at the stations, sometimes joined by Italian police.

"They used the joint patrols to launch pilot stations," Harth said. "China described it as one of its biggest achievements."

Italian and Chinese police on a joint patrol in Milan in 2018. Italian national security officials said the patrols were largely symbolic, but they added that they have caught Chinese officers using visits as a cover to pursue people in the diaspora. Credit:Emanuele Cremaschi/Getty Images

Although Italian national security officials told ProPublica the patrols were largely symbolic, they said they have caught Chinese police officers using authorized visits as a cover to pursue people in the diaspora.

"But when they tried to do anything more than patrol, they were warned to stop," a senior Italian national security official said.

The policing alliance was "a bad idea" because it "reinforced the fear" in the Chinese Italian community, a senior Italian law enforcement official said.

Across the Mediterranean, Spain is another place where the secret Chinese stations allegedly converge with the criminal underworld.

In Barcelona, two covert stations operate a mile apart in a translation agency and a restaurant, according to human rights activists and Spanish security officials. The stations are based in the Eixample, a central area of tree-lined avenues, stately modernist architecture and octagonal intersections.

As in Prato, the Fuzhou police administrate the Barcelona facilities from afar, and the staff are mostly Fujianese members of groups including the Association of Fujianese Entrepreneurs in Catalunya, according to Spanish officials and human rights advocates.

And as in Prato, community leaders affiliated with the stations appear in the organized crime files of law enforcement, according to the police of the Catalan autonomous region, a force known as the Mossos d'Esquadra.

At least five of those community leaders have records in Spain for crimes including human smuggling, falsification of documents, receiving stolen property, labor law violations and fraud, Catalan police officials told ProPublica. Police have detected at least

two of those people at meetings with suspected Chinese mob figures, the police officials said.

The leaders involved in running the stations interact frequently with Chinese diplomats as well as Spanish politicians, according to police officials.

"These are people of great relevance in the Chinese community," a police official said. "The local politicians may not always realize who they are meeting with."

Representatives of associations and businesses tied to the Barcelona stations did not respond to requests for comment. The Chinese Embassy in Madrid also did not respond to a request for comment.

In France, authorities already knew about the Chinese stations and monitored them for intelligence purposes, a French national security official said.

After the revelations last year, French officials met with representatives of the Chinese Embassy and the Chinese community and told them to curtail the covert activities, a senior French national security official said. The senior official said a Chinese police attaché insisted he knew nothing about the matter — until French officials showed him a photo of himself at one of the stations.

China's embassy in Paris did not respond to a request for comment.

Across Europe, investigators have discovered that the Chinese underworld makes itself useful to the Chinese state in another, crucially important arena: money.

River of Money

Imagine a vast river of cash flowing from Europe to China.

It flows from the booming marijuana industry in and around Barcelona, where Chinese mobsters are players in illegal growing and international trafficking.

It flows from the garment industry in the Aubervilliers area (the site of a covert Chinese police station and the French branch of Zhang's trucking empire), where merchants have been charged with laundering money for drug lords.

Italian police count cash confiscated during a China Truck raid in Prato. Credit:Via YouTube

And it flows from shops, nightspots and warehouses in Prato and other Italian cities where the Guardia di Finanza, the agency that fights financial crime, has discovered a veritable underground banking system based on tax evasion, customs fraud and contraband.

This illegal machinery has pumped billions of dollars into the Chinese economy, authorities say. Although China has the most formidable police state in the world, law enforcement chiefs in Europe complain about its steadfast resistance to helping their investigations into organized criminal activity by Chinese migrants.

"We get no cooperation from the Chinese government," said Tescaroli, the chief anti-mafia prosecutor in Florence.

Worsening suspicions of official complicity, Chinese state banks in Europe have emerged as active partners of money laundering organizations.

Exhibit A: the Industrial and Commercial Bank of China, a state-owned institution, the biggest bank in the world based on total assets.

In 2011, ICBC opened a branch in Madrid on a thriving downtown boulevard filled with museums, luxury hotels and cafe terraces. The bank's visiting global chairman marked the occasion with Spain's economy minister, who said the new branch would be a bridge to emerging markets.

A branch of the Industrial and Commercial Bank of China opened in Madrid in 2011. Spain's economy minister said the new branch would be a bridge to emerging markets. Credit:Juan Medina/Reuters

Five years later, a dramatic scene played out when Spanish police officers raided the bank, seized piles

of documents and arrested executives, escorting suspects out with their heads covered.

Spanish officers carried out a raid at the ICBC branch in Madrid in 2016. Credit:Juan Medina/Reuters

The bank had surfaced during investigations of Chinese criminal groups that smuggle contraband and evade taxes and customs duties — activities that generate stockpiles of cash. Surveillance of suspects moving cash led police to the ICBC branch in Madrid.

Thanks to wiretaps and an inside witness, police learned that bank executives set up an audacious system in which criminals delivered suitcases and boxes full of euros to the bank day and night, court documents say. The bank sent hundreds of millions to China through illegal mechanisms such as fake identities and fraudulent invoices. Managers advised crime bosses about how to transfer funds to China covertly. The Madrid branch did not issue a single alert about suspicious financial operations to Spanish authorities between 2011 and 2016, court documents say.

During the investigation, the top ICBC executive in Madrid became general manager at the bank's European headquarters, indicating potentially wider corruption, prosecutors said.

"The close connection between this Spanish branch and the headquarters in Luxembourg indicates that this illicit conduct could repeat itself in other European branches," prosecutors warned in court documents.

Chinese diplomats complained publicly and in talks with Spanish leaders about the case, according to Spanish national security officials. But in 2020, the general manager in Luxembourg and three Madrid executives pleaded guilty to money laundering charges. The Spanish court imposed sentences of three to five months and a $25 million fine. ICBC issued a statement saying the bank was law-abiding and had cooperated with authorities.

It was not an isolated case.

In France, the Bank of China paid a $4 million fine in 2020 to settle a prosecution for aggravated money laundering. Authorities charged that the state bank failed to notify French tax authorities about more than $40 million sent from 168 accounts during a two-year period. The money came from fraud, tax evasion and other illicit activities by Chinese entrepreneurs based in France, prosecutors said. Bank of China officials said in a statement that the settlement was not an admission of guilt.

In Italy, the Bank of China paid $22 million in 2017 to settle a case in which a whopping $4.7 billion went illegally to China. Executives aided and concealed transfers of cash from Prato and Florence during a four-year period, authorities said. The former director general in Milan and three other employees received two-year suspended sentences in the aptly named "River of Money" prosecution.

The bank said the settlement was not an admission of guilt.

The river of money has many tributaries, law enforcement experts say. Italian investigators have detected bulk cash loads smuggled to China in maritime containers, express mail packages and the luggage of airline passengers.

And police forces across Western Europe track couriers driving shipments of criminal proceeds east to Turkey, Bulgaria and especially Hungary, where it is easier to deposit and repatriate the funds in banks with little interference on either end, according to Italian prosecutors and other European officials. In a Spanish case, a jailed Chinese suspect told interrogators that a network smuggled cash "hidden in goods transported in vans" and used "passports of Chinese citizens to send the money as immigrant remittances" from the "Chinese Bank in Budapest, Hungary" to China, court documents say.

Italian investigators identified another bank in Hungary, China's closest ally in Europe, that received more than $1.2 billion in clandestine cash deliveries from across the Continent and wired the money to China between 2017 and 2018.

Chinese financial crime networks pose "an elevated threat" in Europe, according to a recent French law

enforcement report. They have become the preferred money launderers of the drug trade and act as brokers for international deals, delivering cash on demand so that cartels don't have to transport funds across borders, European security officials say.

The clients are top drug traffickers: Italians, Albanians, Latin Americans and a violent Morocco-connected cartel, the Mocro Maffia, that has become a national security threat in the Netherlands and Belgium.

The trend resembles the rise of Chinese money laundering groups that have transformed the U.S. drug trade by giving fast and cheap service to Latin American cartels. As ProPublica has reported, U.S. national security officials say the Chinese state supports that activity.

European authorities have similar suspicions.

"It is a kind of state criminality," a senior Italian law enforcement official said.

Striking Back

Five years after Italian police rounded up the accused gangsters in 2018, the continuing saga of the China Truck case illustrates progress and setbacks in the response to a threat that caught Europe largely unawares.

A total of 79 defendants are still awaiting trial in Prato. The proceedings have been slow because of the sheer scope of the case, the labyrinthine justice system and the laborious demands of translation. An acute lack of interpreters continues to plague the case. During the investigation, police at one point had to suspend wiretaps because taped conversations in the Fujianese dialect were piling up untranslated.

It is also Italy's first prosecution of a Chinese organization for mafia-level conspiracy, which is a complex offense to prove. Appellate panels have questioned the evidence for the mafia-related charges, releasing defendants from pre-trial custody.

How a Chinese American Gangster Transformed Money Laundering for Drug Cartels

Last September, a court convicted some defendants for individual offenses and acquitted others such as Zhang, the alleged boss in Rome. In the case of Zheng, the community leader involved in the Prato station, the statute of limitations ran out on some charges against him. Lin is no longer facing trial because his whereabouts are unknown.

But Zhang, Zheng and the others still face trial on the mafia conspiracy charges.

Although it has been an uphill battle, authorities say they have disrupted the underworld.

"Like the Italian mafias, the Chinese mafia has understood, or is coming to understand, that if you are too violent, the police react," a senior Italian law enforcement official said. "It is bad for business. Violence attracts attention. It has happened less since the China Truck prosecution."

Europe is hurrying to respond to China-related threats. After an investigation, the United Kingdom's minister of state security recently announced that the government had ordered China to shut down unauthorized police stations, calling them "unacceptable."

Officials of the municipal police in Fuzhou, China, (top center panel) hold a videoconference with leaders of Chinese immigrant communities who operate stations for the Fuzhou police force in five cities including Barcelona, Spain, (bottom left panel) and New York City (top left panel). Credit:Via Fuzhou Public Security Bureau

The new Italian government of Prime Minister Giorgia Meloni has taken a tough line. Intelligence and law enforcement agencies have created units focused on Chinese organized crime and malign influence. A parliamentary anti-mafia commission will examine alleged wrongdoing in Prato's Chinese manufacturing sector and illicit money flows to China. Public attention has led to the shuttering of the Fuzhou station in Prato.

As for the double homicide on Via Strozzi, the case opened a door into a secret world. Prosecutors charged 20 people in the murder and related crimes, winning convictions in the latter cases.

But the accused killers remain out of reach, authorities say, in China.

Kirsten Berg contributed research.

https://www.propublica.org/article/how-beijing-chinese-mafia-europe-protect-interests?s=03

Chin Dr. Xiangguo Qiu tasked in PRC "biological intelligence collection mission"

Former U.S. State Department lead investigator says Dr. Qiu's WIV collaborators systematically performing bat virus biosynthesis and "illicitly acquiring Ebola ... to make it super contagious"



SAM COOPER
MAR 19, 2024



PHOTO ILLUSTRATION

It was a few degrees above zero in Winnipeg on October 12, 2018 at 5:41 p.m.

Inside the National Microbiology Laboratory Dr. Xiangguo Qiu's research partner, a senior Wuhan Institute of Virology (WIV) technician, walked towards the X-Ray gate.

The WIV technician was carrying ten vials capped with green lids from Dr. Qiu's lab.

His specialty was bio-synthesis — manipulating genes in bat coronaviruses and injecting mice and Guinea pigs to create new more contagious strains of Ebola.

Walking with the WIV technician were three "restricted visitors" including Feihu Yan, a buzz-cut, sinewy, doctoral student from the Institute of Military Veterinary Medicine in Jilin, a northern area of China closer to Pyongyang than Beijing.

These Chinese students and the Wuhan technician tried to walk through the X-Ray gate with Dr. Qiu's lab vials, but a security guard stopped them, saying the tubes could only leave Canada's highest security infectious disease lab through shipping and receiving.

Dr. Qiu's husband Keding Cheng, who also conducted research with the Institute of Military Veterinary Medicine, had buzzed these students into the Winnipeg Lab earlier.

About 6 p.m. he returned with his pass-card to let them out.

And another Chinese scientist returned the ten test tubes to Dr. Qiu's lab-room, according to security camera footage.

It could be a scene from *Contagion,* the Hollywood thriller about scientists racing to save humanity from a highly contagious viral outbreak.

But in reality, Dr. Qiu and the Chinese researchers she injected into the Winnipeg Lab would more likely be scientific villains, covertly meddling with Ebola and bat-borne pathogens including Nipah, to benefit China's biological weapon and vaccine production teams.

The Bureau has puzzled together available facts on Dr. Qiu's intelligence network by comparing fragmented information in over 600 pages of redacted Canadian investigation and intelligence documents with academic, Chinese and U.S. government records, filling in the gaps by interviewing U.S. and Canadian investigators.

One of these experts, Dr. David Asher, led the U.S. State Department's 2021 investigation into probable causes of the Covid-19 pandemic.

Asher, who has worked with the CIA and DEA tracking terrorists, spies and cartel kingpins, followed shadowy money trails into Wuhan and probed whether China has secretly breached international Biological Weapons Convention obligations.

Asher cannot discuss the high-level, classified intelligence his team used to reach their damning conclusions. But he can share his assessment, which is the same as the FBI's and a growing number of Western intelligence agencies.

On a balance of probabilities, they believe available evidence suggests lab accidents and shoddy practices inside WIV likely triggered the Coronavirus pandemic that has killed over 15 million worldwide.

Perhaps more damaging to Justin Trudeau's administration, Asher told *The Bureau* his State Department team had significant concerns that Beijing was using the Winnipeg Lab for People's Liberation Army intelligence collection and bioweapon research projects.

"The WIV wasn't just a government lab creating novel pathogens — it was and is a civil-military fusion hub that had a biological intelligence operational collection mission ensconced in its web of nefarious activities," Asher said, including "illicitly acquiring Ebola and doing research on bio-synthesis of this massively deadly pathogen, to make it super contagious."

Asher's State Department teams also found that prior to the 2019 pandemic, Wuhan Institute researchers systematically experimented on bat coronaviruses with the Academy of Military Medical Sciences and Beijing Institute of Microbiology and Epidemiology.

These are the same elite People's Liberation Army bioweapon research units that Dr. Qiu and Keding Cheng were covertly working with on Ebola and synthetic bat coronavirus projects that started in January 2019 at the Wuhan Institute, CSIS records show.

A confidential Canadian intelligence source told *The Bureau* they agreed with Dr. Asher's assessment, that Wuhan Institute of Virology was secretly conducting deadly research, and Dr. Xiangguo Qiu and her team in Winnipeg were directly involved.

This explosive information — much of which can now be documented after Trudeau's government was forced to disclose redacted CSIS investigation files — puts the lie to the Prime Minister's and Health Minister Mark Holland's recent comments that minimized the seriousness of China's clandestine operations inside National Microbiology Laboratory.

"At no time did national secrets, or information that threatened the security of Canada, leave or enter the lab," Holland told reporters, while claiming that security breaches at National Microbiology Laboratory (NML) were limited to 2019.

On the contrary, analysis of partial disclosures from CSIS's "Canadian Eyes Only" documents suggests the People's Liberation Army's most senior biological weapon research agents took significant control of Canada's infectious disease and vaccine production systems from at least 2013, in operations coordinated from the highest levels in Beijing.

And this directly leads to several high-priority Chinese military biotechnology projects headed by Dr. Xiangguo Qiu, WIV deputy director Dr. SHI Zhengli and also the senior WIV technician who was caught trying to remove ten test tubes from NML in October 2018.

The Bureau's analysis of redacted CSIS documents suggests Dr. Shi – the so-called "bat-woman" who collaborated in 2015 with controversial U.S. bat virus researchers – is referred to as "Individual 1" in the national security probe of Dr. Qiu and her husband, who were ejected from the Winnipeg Lab in the summer of 2019.

What was contained in the ten vials the WIV technician known as "Individual 2" tried to take from the Winnipeg Lab in October 2018 can't be confirmed.

But China's relentless efforts to appropriate Canada's scientific capacity eventually succeeded.

In March 2019, Dr. Qiu and a second Winnipeg Lab scientist that had previously collaborated with Chinese military researchers on Ebola, sent Nipah and Ebola and mice and guinea-pig adapted viruses from the Winnipeg Lab to Wuhan Institute of Virology, redacted emails show.

The controversial conclusion that Wuhan Institute researchers including Dr. Shi Zhengli led dangerous gain-of-function (GofF) experiments in collaboration with Dr. Qiu on various projects, and something went wrong in the Wuhan lab, infecting several scientists in fall 2019 with Covid-19 like symptoms, is not unanimous in declassified Western intelligence.

And during 2020 and 2021, speculation that lab accidents in Wuhan likely caused the Coronavirus pandemic was widely viewed as conspiracy theory and misinformation.

But the scientific plausibility of this theory is increasingly considered worthy of examination.

"The natural or accidental origin of SARS-CoV2 remains an unsolved conundrum," says a 2023 paper by French microbiologist Patrick Berche called *GoF and origins of Covid-19*.

"But sooner or later, the truth will emerge."

Dr. Qiu and her husband Dr. Cheng were ejected from the Winnipeg Lab in August 2019 and later faced CSIS and RCMP investigations.

They could not be reached by *The Bureau* for comment on this story. *The Globe and Mail* has reported that Dr. Qiu is currently working in China with military scientists. There is no explanation why RCMP national security charges haven't resulted against Dr. Qiu and Dr. Cheng, given the seriousness of the intelligence allegations made by CSIS.

The Players

By comparing CSIS documents redacted in Canadian Parliamentary legal procedures with related scientific research papers and Chinese state documents, *The Bureau* can identify a tight circle of alleged co-conspirators and People's Republic intelligence and bioweapon research entities including Chinese Academy of Sciences, Academy of Military Medical Sciences and Beijing Institute of Microbiology and Epidemiology.

This exclusive investigation shows that CSIS probed a suspected Chinese military intelligence conspiracy involving Dr. Xiangguo Qiu, Keding Cheng, Dr. Shi Zhengli, and senior Chinese officials involved in Ebola and Coronavirus research, the coronavirus pandemic response and Chinese vaccine production.

The players identified by CSIS include Major General CHEN Wei and CanSino Biologics, a People's Liberation Army scientific unit that for inexplicable reasons, has been working with Canadian scientists since 2013, including on a botched Coronavirus vaccine collaboration.

Former Chinese Centre for Disease Control director George F. Gao, a suave, Oxford-educated virologist who was instrumental in China's pandemic response, was also a longtime collaborator with Dr. Qiu's network.

He is only identified as "Individual 24" in the redacted CSIS documents, *The Bureau's* analysis suggests.

Another key player in CSIS's probe was Wuhan Institute Director WANG Yanyi, a United States-educated researcher with significant leadership in China's united front system, according to Chinese-language records.

Other Jilin-based actors identified in CSIS documents include former People's Liberation Army General XIA Xianzhu and "Individual 17" – a shadowy researcher named YANG Songtao who has multiple identities according to CSIS.

According to the information that can be discerned from CSIS's redacted documents, these people and their relationships to China's Academy of Military Medical Sciences (AMMS) are key to understanding how Dr. Qiu's network exploited Canada's

scientific capacity to empower the People's Liberation Army.

"Online information states AMMS is the highest medical research institution of the People's Liberation Army (PLA) and has offensive Chemical and Biological Weapons (CBW) capabilities," the records say.

Credit: James O'Brien/OCCRP
by **OCCRP**
24 March 2024

Prominent Fiji-based businessman Zhao Fugang is a trusted advocate for China's interests in the Pacific. But Australian law enforcement and intelligence agencies suspect he plays another part: as a senior organized crime leader. Fugang has not been charged with any crime.

Key Findings

- Since mid-2023, Australian law enforcement and intelligence agencies have secretly designated Zhao Fugang a top international organized crime figure.
- Zhao is alleged to be a senior member of a syndicate involved in drug smuggling, money laundering, and human trafficking. There is no record of Zhao ever being charged in Australia or elsewhere. Authorities have not publicized any evidence against him and he denies any wrongdoing.
- Australian law enforcement officials have shared intelligence on Zhao with Fiji in an effort to get local authorities to move against him.

From his perch at the hilltop Yue Lai Hotel, China-born entrepreneur Zhao Fugang enjoys a panoramic view of Fiji's seaside capital, Suva.

But the hotel is not just the headquarters of Zhao's local business empire, which has stretched from tourism to property development. It's also the base for the businessman's parallel job: promoting China's influence in the Pacific country.

The imposing red-and-black hotel is a favored venue for the local Chinese embassy's official functions, where Zhao has rubbed shoulders with senior Fijian officials. It's also home to an official "service center" for Chinese citizens, which has played a public role in fostering security ties between China and Fiji.



Credit: OCCRP**Zhao Fugang's Yue Lai Hotel, located in Suva, the capital of Fiji.**

The businessman's role is typical of Beijing's steady efforts to build its footprint in the Pacific Islands. The ruling Chinese Communist Party often uses prominent members of the overseas diaspora as proxies to push Chinese interests, under a strategy it calls the "United Front."

As Western countries fret over China's rising influence in the strategically important Pacific islands, Australia — a key U.S. ally — has set its sights on Zhao, a joint investigation by OCCRP and Australia's Nine media outlets have found.

In secret, Australian law enforcement and intelligence agencies believe that Zhao is not merely a businessman or political operative. They suspect he is also a senior organized crime figure — and they're pushing Fiji to move against him.

Reporters pieced together an understanding of Australia's targeting of Zhao by reviewing documents circulated among law enforcement agencies and conducting interviews with Australian, U.S., and Fijian security officials.

Australia's top criminal intelligence body, the Australian Criminal Intelligence Commission, went to the extraordinary step of adding Zhao to its

registry of Australian Priority Organization Targets in mid-2023, reporters have learned. The list of priority targets is secret, and includes about a dozen top suspected criminals, typically based abroad, who are deemed to be "the most significant threats facing Australia."

Zhao's designation is the first time a known political operative has been added to the list, and is an acknowledgement that China is believed to be using organized criminal networks as proxies to push its interests in the Pacific, said John Coyne, a senior analyst at the Australian Strategic Policy Institute.

"This is the beginning of a journey to really look inside to identify… what else is happening across the Pacific in terms of this interference, how else are we seeing that sort of merging or graying the line between organized crime figures and also people who are working for the Chinese government," Coyne said.

Reporters found that Australian law enforcement has since at least 2021 suspected that Zhao is a senior member of a transnational syndicate that has been active in the region for decades and "likely has good access to corrupt officials," according to one document.

The syndicate is allegedly involved in crimes including human trafficking, money laundering, and the large-scale flow of drugs to Australia. Its senior members have a "demonstrated ability to coordinate their operations in the region," the document says.

Zhao has never been charged in Australia with any crime, nor have authorities made their suspicions public. Their suspicions are not evidence that he is involved in organized crime, but only presents grounds to suspect that he might be.

Inclusion on the list of Australian Priority Organization Targets is based on intelligence and is not proof of wrongdoing. The list is circulated among Australia's main law enforcement agencies as part of a strategy to use the full force of the government to take apart the most complex and tough transnational criminal networks.

Fiji's Home Affairs and Immigration Minister, Pio Tikoduadua, confirmed that Australian authorities had shared intelligence with him that raised "serious" concerns about Zhao.

Tikoduadua said in an interview that Fijian law enforcement may "act on something that has been raised with us by foreign intelligence," but added that the allegation "must have some basis in fact and in law for us to be able to respond to it."

During a brief exchange with a reporter at his hotel, Zhao denied any involvement in criminality. Asked if he worked on behalf of the Chinese government, he gave a one word answer: "Yes."



Credit: Nine**Zhao Fugang.**

China's embassy in Suva declined to answer questions about Zhao, a naturalized citizen of Fiji, and said all questions should be directed to local officials.

"The Chinese government attaches great importance to and is fully committed to protecting the safety and lawful rights and interest of overseas Chinese nationals. We always ask overseas Chinese nationals to comply with local laws and regulations, and not to engage in any illegal activities," the embassy said.

"Your suspicion of the relation between Chinese government and Chinese community in Fiji is entirely groundless."

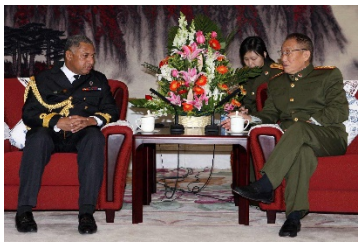
Pacific in Play

The intense Australian focus on Zhao comes amid rising Western concerns about China's ambitions in the Pacific Islands.

China has in recent years managed to establish formal ties with the Solomon Islands, Kiribati, and Nauru, convincing them to abandon diplomatic recognition of Taiwan, a U.S. ally that Beijing considers a "renegade province."

In 2022, China signed a secret security pact with Solomon Islands, a leaked draft of which appeared to allow Beijing to send security forces to the country "protect the safety of Chinese personnel and major projects." The announcement of the agreement sparked concern in Washington, D.C., as well as the capitals of Australia and New Zealand.

Those Chinese inroads followed earlier gains in Fiji during the authoritarian rule of former Prime Minister Frank Bainimarama, who came to power in a 2006 coup and was voted out in late 2022. Under Bainimarama, Fiji and China inked a bilateral policing agreement in early 2011, complete with deliveries of equipment and training.



Credit: Imago/Alamy Stock Photo**Former Fiji Prime Minister Frank Bainimarama (left) with Cao Gangchuan (right), former Minister of National Defense of the People's Republic of China, in a meeting in Beijing, China, in 2005.**

The pact was "extraordinary in terms of the level of detail," said Graeme Smith, an expert on China and the Pacific at the Australian National University.

"It's detailed to the extent there's even a hotline that you could call in the event of any problem," he said. "Like, literally 24/7 in Beijing, there would be someone to pick up the phone and say, 'Here we are. We're ready to jump on a plane.'"

That's exactly what Beijing did in 2017, sending an aircraft full of police officers to Fiji to round up scores of suspects in an online fraud operation and bring them back to China. The operation, in which the suspects were marched onto the aircraft by Chinese police and placed in black hoods, was heavily criticized by Fiji's opposition. After Barinimarama was voted out of office, the new government quickly suspended the policing agreement.

Chinese media reports and press releases show that, from at least 2014, Zhao promoted himself as an "adviser" to Bainimarama. Zhao's exact relationship with Bainimarama's government is unclear, but both analysts and former government insiders have said that Zhao made efforts to forge personal relationships with the prime minister and other top officials.

Bainimarama even presided over the opening ceremony for Zhao's Yue Lai Hotel in 2014. The event is commemorated on a plaque embedded near the hotel's entrance — which was covered up with a sticker after Bainimarama was voted out of office.

Zhao did not respond to written questions. When approached by a reporter for Nine at his hotel, Zhao said he had simply been acquainted with Bainimarama because the former premier had dined at the hotel restaurant.

"Everyone knows Frank," said Zhao, referring to the former prime minister by his first name before snapping a photograph of the reporter.

Bainimarama did not respond to a request for comment.

China's 'Front Man' in Fiji

Zhao's role as a representative of Beijing is spelled out in detail in Chinese media reports and official documents.

Since at least the mid-2010s, Zhao has held a series of senior positions at organizations controlled by the United Front Work Department, an office of the Chinese Communist Party that, among other things, coordinates efforts to use China's diaspora

abroad to influence local elites and push Beijing's interests.

Zhao has held leading positions in United Front groups, including an organization for the northern Chinese diaspora in Fiji, according to Chinese state media. He has also headed a Fiji-based organization of diaspora Chinese advocating for the "reunification" of Taiwan with China.

At one point, Zhao served on the council of an Australia-Pacific Taiwan reunification body headed by Huang Xiangmo, a Chinese billionaire and Australian political donor. Huang had his Australian permanent residency canceled and was barred re-entry to the country in 2019 after the domestic intelligence agency alleged that he was interfering in Australian politics on Beijing's behalf. Huang has denied the allegations of foreign interference.

Chinese-language media reports show that Zhao has made trips back to China to meet with United Front officials, and in 2017 and 2019 attended the organization's flagship annual assembly.

Meanwhile, in Fiji, Zhao set about building high-level ties.

"He's really in many ways the front man for the Chinese state in Fiji," said Smith, of the Australian National University. "There's no other serious player in town."

With Zhao's help, China "got in very, very deep and very, very close" to Bainimarama's government, he said.

'Not a Friend'

Zhao appears to have played a key role in promoting China's security interests in Fiji.

In 2016, company registry documents and media reports show that Zhao set up at his hotel an official Overseas Chinese Service Center. Beijing has denied claims from Western governments and researchers that these centers are part of a global network of offices that have, in some cases, been used to monitor Chinese citizens abroad. China says the purpose of the offices is to help Chinese citizens carry out banal tasks like renewing official documents.

As head of the center, Zhao attended and played host to several high-level meetings on security cooperation, according to reports in Chinese-language media. Senior Fijian police officers attended these meetings, as well as local Chinese business leaders and embassy officials.

At first glance, it may seem strange that a person trusted by China's government to support its law enforcement efforts in Fiji is suspected by Australia of being involved in serious organized crime.

But experts say that China has a track record in using "patriotic" organized crime figures as proxies abroad, particularly when part of the job is to influence local elites.

"You need fixers. You need people who know people. And often criminals have a really good Rolodex," ANU's Smith said.

"If you can find people that are successful businesspeople and involved in criminal activities, then they're often your most effective vectors in-country, because they know people and they're willing to do the stuff that the state doesn't want to do."



Credit: Embassy of the People's Republic of China in The Republic of FijiZhao Fugang (right) stands with Fiji Prime Minister Sitiveni Rabuka (second from

left) during an event with the Chinese Embassy at his Yue Lai Hotel in 2023 to celebrate the Chinese New Year.
Previous OCCRP reporting has revealed how the Chinese government has relied on dubious businesspeople — including a notorious triad leader nicknamed 'Broken Tooth' — to advance its interests elsewhere in the Pacific.

Australia's suspicions about Zhao's alleged criminal connections also come amid mounting concern over a rise in drug trafficking through Fiji, which sits between Latin America and deep-pocketed buyers in Australia and New Zealand.

OCCRP reported last year on how neglect by senior leaders in Fiji's previous government led to an explosion of methamphetamine and cocaine smuggling through the country. Fiji Police seized a record 4.8 tons of meth in January — a haul worth hundreds of millions of dollars that would be enough to supply all of Australia for nearly six months. OCCRP and partners are not alleging that Zhao is involved in the recent seizures.

Fijian Prime Minister Sitiveni Rabuka said in an interview that he was unaware of Australian claims that Zhao is involved in organized crime.

Rabuka's government announced in mid-March that it was restarting the policing agreement that it had suspended last year. But the prime minister nonetheless said he had concerns that China's government may have links to organized crime groups active in Fiji.

"I do not want to… open the door to someone that could turn out to be not a friend," said Rabuka.

Fact-checking was provided by the OCCRP Fact-Checking Desk.

https://www.occrp.org/en/investigations/chinese-communist-party-backed-businessman-in-fiji-is-a-top-australian-criminal-target



RE/MAX Kelowna fined $150K by federal money-laundering regulator

Ian Holliday
CTVNewsVancouver.ca Reporter
Published Oct. 28, 2023
iA Kelowna real estate broker has been fined more than $150,000 for failing to comply with federal anti-money-laundering rules.

The Financial Transactions and Reports Analysis Centre of Canada, better known as FINTRAC, imposed the penalty on Norwich Real Estate Services Inc. in late August, but didn't post a public notification about it until Friday.

The company, which also operates as RE/MAX Kelowna, failed to submit a suspicious transaction report "where there were reasonable grounds to suspect that transactions were related to a money laundering offence," according to FINTRAC.

That's a violation of the federal Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its regulations, FINTRAC said in a statement, adding that it had imposed an administrative monetary penalty of $156,750 on the broker.

The company has appealed FINTRAC's decision to federal court, according to the regulator's website.

FINTRAC's administrative penalties are explicitly intended to encourage compliance and to be "non-punitive," according to the agency's statement.

The agency says it typically only issues such penalties after other efforts to achieve compliance have failed.

"Canada's anti-money-laundering and anti-terrorist-financing regime is in place to protect the safety of Canadians and the security of Canada's economy,"

said Sarah Paquet, FINTRAC's director and CEO, in the statement.

"FINTRAC is committed to working with businesses to help them understand and comply with their obligations under the Act. We will also be firm in ensuring that businesses continue to do their part and we will take appropriate actions when they are needed."
https://bc.ctvnews.ca/mobile/re-max-kelowna-fined-150k-by-federal-money-laundering-regulator-1.6621263?cache=baaosfalzs?contactForm=true

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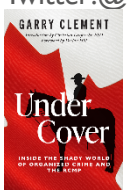


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