GARRY'S SIREN

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Garry's Siren 169th Edition

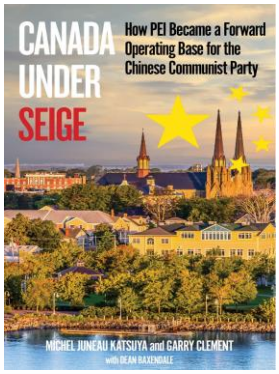
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Eroding trust in Canadian politicians demands a new anti-corruption body

THE BUREAU

Op/Ed: Former RCMP money laundering investigator calls for independent corruption probe agency

By Garry Clement

What has happened to integrity and love for our country above personal gain?

As someone who has lived through seven decades and had family members who fought in two world wars, I find it deeply disheartening to witness that the democracy they fought to preserve is being jeopardized by the actions of some of our politicians and leaders, who seem willing to sacrifice our national interests for personal benefit.

It appears that many Canadians are passively accepting that entering politics entitles one to enrich oneself or benefit family and friends.

Almost daily, we observe that political leaders often adhere to scripts on major topics that are devoid of truth, serving only to justify decisions that are, frankly, indefensible.

The temptation for politicians to use their significant power and resources for personal gain rather than the public good can be overwhelming, especially when the rewards are substantial and the risk of getting caught appears low—a norm that seems to have taken hold in Canada.

A modern definition of corruption [readily available to anyone who cares to research this online] includes the abuse of power or position for personal gain, which undermines fairness, integrity, and the proper functioning of institutions.

Corruption manifests in various ways, including bribery, embezzlement, nepotism, fraud, and favoritism. Its impacts are profound and cumulative, causing an erosion of trust in public and private institutions, distorting economic and social systems, and contributing to pervasive increases in inequality and injustice. Corruption can occur in any sector, from government and business to non-profits and academia.

Over the course of nine years, Canadian citizens have been bombarded with alleged instances of malfeasance on the part of various government ministries.

The ArriveCan app has demonstrated the handing out of funds to companies without any oversight, resulting in runaway costs and government employees benefiting. The SNC-Lavalin scandal and subsequent ethics investigations involving Prime Minister Justin Trudeau have certainly highlighted concerns about the effectiveness of political systems and oversight mechanisms in Canada. Here's a summary of these issues:

SNC-Lavalin Scandal (2015-2019): The SNC-Lavalin case centered around allegations that senior officials in the Trudeau government attempted to interfere in the prosecution of SNC-Lavalin, a major Canadian engineering firm facing charges of corruption and fraud. The controversy came to light in early 2019 and involved claims that Trudeau and his aides pressured then-Attorney General Jody Wilson-Raybould to negotiate a deferred prosecution agreement with SNC-Lavalin, which could have allowed the company to avoid a criminal conviction. The scandal led to significant political fallout, including resignations from key ministers and the eventual expulsion of Wilson-Raybould from the Liberal Party caucus.

Ethics Investigations (2019-2024): Prime Minister Justin Trudeau has faced several ethics investigations since taking office. Among the most notable are:

The 2019 Conflict of Interest Investigation: Conducted by the Ethics Commissioner, this investigation found that Trudeau had breached conflict of interest rules in the SNC-Lavalin affair by improperly trying to influence the judicial process for personal and political gain.

The 2020 WE Charity Scandal: This controversy involved the federal government's decision to award a contract to the WE Charity for administering a student grant program. The Ethics Commissioner investigated whether Trudeau and Finance Minister Bill Morneau had conflicts of interest given their personal connections to the organization. Both Trudeau and Morneau were found to have violated ethics rules.

Ongoing Concerns and Reforms: These incidents have raised broader questions about political accountability and the effectiveness of oversight mechanisms in Canada. Critics argue that the ethics rules and enforcement mechanisms need strengthening to better hold public officials accountable. Calls for reforms to improve transparency, prevent conflicts of interest, and enhance the independence and authority of oversight bodies have grown louder.

This exploitation of political power for personal benefits undermines the integrity of our democratic processes and erodes public trust in governance. The current Foreign Interference Inquiry led by Chief Justice Marie Hogue reveals just how far our political arena has strayed from integrity and allegiance to Canada. Her findings indicate that government officials, from the municipal to federal levels, have allowed the Chinese Communist Party to gain influence within Canada. The National Security Intelligence Committee of Parliamentarians has reported that eleven Members of Parliament and Senators have committed acts of treason. Investigative reporters have uncovered substantial evidence of corruption through the manipulation of policies, institutions, and decisions by political decision-makers for personal gain.

Undisclosed, unchecked, or undue influence over powerful figures skews resources and policies away from the common good. It perpetuates inequality, undermines democracy, and deprives people of their human rights.

To address this, we must demand that all politicians undergo robust ethics training to ensure a strong foundation in ethical principles.

Without this, prioritizing ethics over personal gain becomes challenging.

Additionally, we need an Independent Commission Against Corruption with the power and mandate to impartially investigate all allegations of political corruption.

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RCMP Superintendent (ret'd)
Chief of Police (ret'd)
Senior VP Financial Crime and Global AML Officer



VERSABANK has been a leader in digital banking technology in North America for about

three decades, with CEO David Taylor working to create a bank model that was more

scalable than traditional banks with less balance sheet risk in regard to credit exposure and interest rate sensitivity. After years of investments and innovation,

VERSABANK has recently achieved strong profitability (12.4% ROTCE in 2023), with plans

to export its successful model to the U.S. where the point-of-sale lending market offers a significantly larger opportunity than the bank's legacy Canadian market (management estimates a multi-trillion dollar TAM). The unique design of VERSABANK's

bank model, which has no direct relationships with end-users and relies on thirdparty partners for loan/deposit originations, and its digital platform create a super scalable business that generates significant positive operating leverage as revenue

grows. Given our projection for top-quartile revenue growth over the short and medium term, VERSABANK is well-positioned to generate an improving ROTCE that should reach the top decile of the KRX in 2025, with a path to the mid-20% range over time..

We are initiating coverage on VERSABANK with an Outperform rating given the bank trades at a substantial discount to traditional bank peers despite a stronger return profile, limited credit risk, and a better growth outlook.

Stearns Bank Holdingford Acquisition

On June 7, 2024, VERSABANK announced its proposed acquisition of Stearns Bank Holdingford,

NA for an estimated value of US$13.5M, subject to adjustment at closing. Stearns Holdingford is a Minnesota-based independent OCC-chartered

national bank that is owned by Stearns Financial Services, Inc., with approximately US$79M in total assets. VERSABANK has received the final U.S. and Canadian approvals necessary to proceed with the acquisition, and the deal is expected to close on August 30, 2024. Upon closing, Stearns Bank

Holdingford, NA will be renamed "VersaBank USA." On July 15, VERSABANK announced the

appointments of four senior executives to VersaBank USA, including Tel Matrundola as President, Shawn Clarke as COO, Tim Bloom as Chief Risk Officer, and Kevin Sullivan as BSA Officer.

VERSABANK will have successfully obtained a U.S. bank charter following the acquisition, which will allow the company to begin gathering U.S.-domiciled deposits and fund the significant growth it projects from the expansion of its POS lending business

into the country. Although VERSABANK has already been piloting its POS lending business on

a limited basis, VERSABANK plans to formally launch its Receivables Purpose Program in the

U.S. and start making RPP loans in September 2024, with a number of U.S. RPP partners planning to participate quickly after acquisition close.

Point-of-Sale Financing Business

The point-of-sale business provides financing to POS loan originators who utilize VERSABANK's

digital platform to sell their loans to VERSABANK, thereby freeing up capital on their balance sheet

to maintain origination volume. VERSABANK also offers warehouse loans that provide bridge financing to those partners. VERSABANK provides the needed capital for these companies, along

with innovative digital systems to process a large number of POS receivables quickly and efficiently. Also referred to as the receivables purchase program, VERSABANK has provided over C$9B in funding since it first launched in Canada in 2010.

The process begins by the partner firm originating a loan to a consumer or small business at the point of sale. VERSABANK then purchases the loan at a premium, although the originating partner typically only receives the par value of the loan in cash upfront, while the remaining purchase amount stays with VERSABANK as a cash reserve (more details below). Once the loan is on its balance sheet, VERSABANK realizes revenue as interest payments are made. Following the sale, the originating partner remains responsible for servicing the loan, meaning the end-customer has no direct relationship with VERSABANK.

Limited Exposure to Credit Losses

VERSABANK has very little exposure to credit losses in the POS financing business as its

origination partners are required to repurchase delinquent loans after 90 days past due. In addition, VERSABANK retains a cash reserve to cover a portfolio's potential losses in the rare case that a partner can't or won't repurchase delinquent loans. The cash reserve is usually equivalent to about 3x the estimated value of annual credit losses (or more if requested by VERSABANK) and is intended to protect VERSABANK from any potential credit

deterioration. Importantly, VERSABANK's financing platform is only available to the origination

partner as an "as-offered facility," meaning that VERSABANK has no commitment to purchase the

partner's originations and can choose to halt funding if any disagreements or credit-related

issues arise. In an extreme scenario where a partner refuses to repurchase bad loans and the cash reserve is insufficient to cover losses, VERSABANK would still have a claim on the collateral associated with the loan itself.

Professional Associations & Certifications

Association of Certified Financial Crime Specialists

Association of Certified Anti-Money Laundering Specialists® ACAMS®

BLOCKCHAIN INTELLIGENCE GROUP

Certified Cryptocurrency Investigator

DID YOU KNOW?

Feature Articles

PRC narcos in Toronto are "command and control" for North American money laundering networks used in TD Bank case: US investigator

"In almost all the investigations as far as money laundering, we'd seize their phones, and see Canada light up like a Christmas tree": State Department official on US banking investigations



SAM COOPER

AUG 29, 2024

Big Circle Gang leader Tse Chi Lop, a PRC immigrant from Guangdong who is a Canadian citizen, directed global drug trafficking and money laundering operations in North America from his base of Markham, Ont., US investigators say.

In an explosive interview regarding U.S. government investigations into billions of dollars of fentanyl-cash laundering through Toronto-Dominion Bank and other major U.S. banks, David Asher, a former senior investigator working with the State Department, CIA, and DEA Special Operations Division, stated that transnational mafias co-opted by the Chinese Communist Party run North American money laundering networks through a "command and control" structure centered in Toronto and linked to the notorious Markham, Ontario-based narco-kingpin known as Tse Chi Lop, a.k.a. 'Brother Number 3.'

Asher said the U.S. government has irrefutable evidence that Chinese Triad leaders such as Tse Chi Lop are working with the Chinese Communist Party (CCP) to facilitate global money laundering and drug trafficking operations that involve Mexican cartels.

Asher described these criminal organizations as integral components of the CCP's strategy, effectively weaponizing them against Western nations, particularly the U.S. and Canada.

Asher's testimony serves as a dire warning about the consequences of inaction, urging a comprehensive strategy to dismantle these powerful and deeply entrenched criminal networks.

Key findings from this long-form interview include:

Chinese State-Triad Nexus: *David Asher claims that Chinese Triads like the 14K and Sun Yee On have been co-opted by the Chinese Communist Party to facilitate global money laundering and drug trafficking.*

Toronto Command Center: *U.S. investigations indicate that key command-and-control operations for North American money laundering are based in Toronto and other Canadian cities.*

Chinese International Students Used as Mules: *Tasked within Beijing's foreign influence arm, the United Front Work Department, Chinese students are systematically used to deposit fentanyl cash for Triads and Mexican cartels into North American banks, Asher said.*

TD Bank Under Fire: *TD Bank's alleged involvement in laundering fentanyl-related funds has triggered regulatory and criminal investigations that could cost TD more than $4 billion, but Asher suggests this is just the tip of the iceberg.*

Major U.S. Banks*: Investigators believe financial institutions have been allowing internationals "from China on student visas to drop billions of dollars a month into all of the biggest banks in the U.S.," Asher said.*

Canada's Inaction: *Asher criticizes the Canadian government for inadequate cooperation in the Tse Chi Lop and broader fentanyl-trafficking and Triad money laundering investigations and suggests possible political and financial influences are hampering effective law enforcement.*

Fentanyl Crisis Link: *The failure to disrupt these networks is contributing to the ongoing fentanyl crisis, which claims tens of thousands of lives annually in the U.S. and Canada.*

Beijing Subsidizing Meth Trafficking: *Asher disclosed that U.S. Congressional investigators allege the People's Republic is not only incentivizing fentanyl precursor exports but also methamphetamine sales.*

Call for Action: *Asher, currently a Senior Fellow with the Hudson Institute in Washington, D.C., calls for stronger international cooperation and more aggressive action to dismantle these sophisticated transnational criminal networks.*

The Bureau

David, thanks for doing this on-the-record interview.

We are talking today because you are a networks expert and have targeted and investigated some of the top threat networks that endanger the United States and Canada and the world.

I know you were among the top U.S. officials that targeted Tse Chi Lop in the years leading up to his extradition to Australia, and the DEA facilitated his arrest in Europe for certain reasons.

So can you talk about how important Tse Chi Lop is to command and control in North America, both in terms of drug trafficking, import-export, and money laundering. And why Canadians should care?

David Asher

Well, I can tell you right now, for the record, that when we looked at the telephonic communications of Chinese organized criminals that DEA arrested in the U.S., especially in New York and New Jersey, there was an extraordinary amount of communication with Canada. It seemed like they were being controlled out of Canada, and I'm happy to say that on the record. We seized these people's cell phones, ran them, and saw who they were calling in Canada.

Were they calling Tse Chi Lop? I don't know his phone number, but there's very good reason to suspect that Canadian command and control continues, at least for money laundering and a fair extent of fentanyl precursor exports from Hong Kong and other parts of China.

But we've just not had adequate cooperation from the Canadian government.

The Bureau

Let's talk about Toronto Dominion Bank.

David Asher

Yes, I think I told you well over a year ago that TD was going to get targeted, and now they're facing multi-billion-dollars in fines. I don't know the exact number they've agreed to, but it's huge.

But the thing about TD is they were doing the same thing every major U.S. bank was doing.

They were picking up drug money from Chinese students in the U.S. who were dropping it off. These triads were using these students as money brokers in the U.S.

And the triad brokers were handing the money off to students to deposit in their parents' names. Tse Chi Lop certainly played a significant role in that whole thing. Again, DEA basically facilitated that arrest of Tse Chi Lop with the Dutch.

And by the way, a lot of people have read your book. You are famous in the DEA.

The Bureau

I really appreciate that. I'm eager to do what I can with the United States to spotlight and tackle these threats.

So in terms of today's on-the-record conversation, is it fair to say, that when you guys picked up phones from suspects [in the U.S. investigations into TD Bank] and when you ran those numbers up to Canada? Let me first just make a comparison of the international networks involved.

So, if I tell you that Paul King Jin, the major suspect named in my book Wilful Blindness, who is from Vancouver, was searched at a Mexican airport and they found Broken Tooth Koi's business card on his person. That would be totally consistent with what you are seeing in your U.S. investigations?

[Editor's note: Wan Kuok 'Broken Tooth' Koi is the notorious 14K Triad leader from Macau associated to Tse Chi Lop's networks. Koi is sanctioned by the U.S. government in connection to his illicit financial networks and his Chinese state influence activities, including his membership in the Chinese People's Political Consultative Conference. The CIA calls this body Beijing's basic united front structure.]

David Asher

Totally unsurprising. Absolutely not surprising. The 14K Triad is the dominant triad in partnership with the Sinaloa drug cartel. I can say that on the record.

Paul King Jin is definitely a somewhat mysterious but obviously important figure who showed up in DEA investigations.

Our problem was we just never got the level of cooperation from Canada, that we used to have. And then when I was at the State Department from 2019 to 2021, I can't recall us having any conversations of note with Canadian law enforcement on anything I can think of related to fentanyl. I don't know what it was, but the Trudeau government just was not …"

The Bureau

Right. So my point also is that Paul King Jin, being a real figure of interest, I understand he is related to the Big Circle Boys and 14K and what Five Eyes law enforcement sometimes calls The Company.

And this is all related to Tse Chi Lop's networks in Canada. The common thing from my understanding, is it involves China-connected leaders that bridge the traditional triads together.

David Asher

Yes, but the reality is, I mean, now what happened when Broken Tooth Koi was flipped by the Chinese Communist Party when he was arrested back in 1999?

They sort of converted him to communism. And so a lot of this — we believe, based on good information — is this is a Chinese Communist enterprise. And one of the things that's really important — and I'm sure you've read it — is the congressional report on the CCP subsidies for fentanyl precursor exports to Mexico.

That may seem divorced from Tse Chi Lop, but it's really not.

The Communists have been underwriting what you've referred to as the "reverse opium war." And we now know that for certain. It's not hypothetical. We have absolute damning evidence, and it's in the congressional report. It's a pure network structure, and Tse Chi Lop had a significant

command and control role over the entire North America operations.

The Bureau

Okay. So just to confirm, my understanding is the same as yours. Basically, The Company and Tse Chi Lop, aka Sam Gor — you're talking about Brother Number Three. The Company is this syndicate of so-called 'brothers' that are leaders of triads affiliated with the Chinese Communist Party.

David Asher

Yes, but it's the United Front Work Department that is controlling the money laundering.

And the money laundering is what really tells you what's going on in terms of community control. They're not just doing this as sort of a marriage of convenience. Because the Chinese are laundering the money globally for no profit.

[Editor's note: U.S. government investigations show Chinese money laundering networks charge Mexican cartels as little as one to two percent fees to wash fentanyl cash. In other words, Beijing is subsidizing drug trafficking and money laundering strategically in global trade and influence operations.]

There was a press conference a month ago in Los Angeles about this takedown they had in California of Chinese money launderers for the Sinaloa cartel.

And they explained exactly how the money works, which is: rich Chinese need to get their money—want to get their money—out of China.

They can only export $50,000 legally. To get their money out illegally, they have to consign it to Chinese triad money brokers under the umbrella of the 14K Triad, which has this overarching control of the other triads.

And it has an extraordinarily close relationship with the Communist Party. That's why Wan Kuok-koi, aka Broken Tooth, runs around with a Chinese diplomatic passport.

I mean, there's no better proof that the triads are part of the Communist Party than the head of the biggest triad being a Chinese diplomat. I mean, this is diplomacy for China — trafficking drugs.

And by the way, we now have in Congress investigations, and I don't know if this is public, but you can quote me on it: we're seeing substantial evidence that methamphetamine exports from China are also being given a value-added tax rebate.

So they're basically not being taxed.

So that's even more evidence.

I mean, the fact that they're deducting an export tax that all Chinese are supposed to pay for exporting pretty much anything from China, but if you export fentanyl precursors or actual meth or even fentanyl itself, you don't pay the value-added tax. So the Chinese government is underwriting the reverse opium war, and we know that definitively.

And most of what we're seeing is coming from this TD Bank case, and there's a lot more. We'll see which one of the big four U.S. banks gets named next.

The scheme is — the real estate in the United States and Canada, as you've reported, there's a huge amount of it being bought with cash.

FinCEN put out a warning yesterday. They put out a warning to banks that they have to comply with surveillance mechanisms and prevention mechanisms to stop the laundering of opioid profits. My view is that's an indication there are going to be bigger cases to come, and we're going to see bigger banks than even TD targeted, and it won't just be Canadian banks.

The Bureau

Okay, let me ask you this for the record.

So just on the TD Bank investigation piece, is it fair to say that when you were looking at those calls up to Toronto, Markham, Vancouver, British Columbia, do you see a connection between that money laundering command and control in Canada, the bulk cash pickups, and the kind of things that you and others were investigating at TD Bank in the United States with the students doing bulk cash pickups?

David Asher

A hundred percent connected. We saw it all the time. I mean, because if you follow the money, you follow the

money right to Canada in terms of the command control of the money.

But TD.

I can tell you in one case we saw very clear evidence that they were accepting tens of millions of dollars in bulk deposits of cash — I can only say that much. I don't want to get too specific. I don't want to single out TD only. TD is really the tip of a deep iceberg, is how I'd put it on the record. What do TD Bank's leadership in Canada know about what was going on in the U.S.?

And then the question is, this is the U.S. So what the hell is going on with TD Bank in Canada? We don't know.

My own personal view is that this is a scheme that does have a high degree of command and control based on evidence through Canada. But it is not a scheme that we have managed to wholly penetrate due to, frankly, in my mind, inadequate cooperation from the Canadian government.

And I'm happy to say that on the record. I mean, the Canadian government has just not been—they're not the level of partners that we used to have.

We used to have a great relationship with Canada, but it doesn't exist right now.

And so the question is: Is it because DEA is not asking the right questions, and FBI is not asking the right questions? The system is basically broken, and it's not all Canada's fault. The United States' financial law enforcement has basically been atrocious for decades, and it continues to be atrocious. And I'll say that on the record.

We're losing 100,000 people in North America, between the U.S. and Canada, minimum, to fentanyl poisoning deaths a year. We should be treating this like its a new type of hybrid war. We are losing citizens like we haven't seen since World War II.

The Bureau

Ok, let me get you to boil this down for the record.

I think what you're saying is that command and control for the North American drug money laundering — at billions in scale for fentanyl proceeds — can be attributed to the Tse Chi Lop-associated triad networks, which are commanded and controlled, essentially, these are the exact same ones I pointed to in British Columbia casinos. The Big Circle, 14K, The Company.

This can be tied to the TD Bank case. But for banks in North America, it is not just TD.

Beyond that, you're saying we don't even know how big the problem is in Canada?

David Asher

What TD did was not as significant as what we saw, at least — I should say we saw, because I can't tell you it's continuing — the largest big four U.S. banks were engaged in as well.

All the big banks in the United States, and TD is one of the big banks in the United States, were allowing international Chinese students from Communist China, not Americans, not Canadian Chinese — these aren't our citizens — they are allowing internationals from China on student visas to drop billions of dollars a month into all of the biggest banks in the U.S., which happened to include TD.

But the key thing is the Canadian connection, and in almost all the investigations as far as money laundering, we saw the command control seemed to go back to our network analysis, which was not just with phone analysis off the phones of the guys we arrested—and women too—but when we seized their phones, we'd see Canada light up like a Christmas tree, especially Toronto, and also British Columbia.

But a lot from Toronto.

And because you're a Five Eyes partner and we treat that very seriously, even if Cameron Ortis didn't treat it that way, we can't just go and subpoena the phone records of Chinese-Canadians without working through an extensive process with the Canadian government.

https://www.thebureau.news/p/prc-narcos-in-toronto-are-command?r=l2dv4&utm_campaign=post&utm_medium=web&triedRedirect=true

Lawyer for money launderer Talal Fouani will argue his client has been the victim of unreasonable delay

Kevin Martin
Published Aug 20, 2024



Talal Fouani and Nakita Baron. Nakita Baron/Instagram

The lawyer for an admitted money launderer who was also the victim of a deadly ambush which killed his wife, will argue next month that his client's right to speedy justice has been denied.

But defence counsel Greg Dunn on Tuesday said even if it's found Talal Fouani's constitutional rights have been breached, that may not result in his criminal prosecution being stayed.

Dunn told Justice Greg Stirling that he could find Fouani was a victim of a Charter breach, but only use that fact to reduce an appropriate sentence on a charge of money laundering.

Dunn will present a so-called Jordan application, based on the Supreme Court case of that name, which says cases that take too long to proceed in court can result in judicial stays as a result of an accused's right to a speedy trial being delayed.

The lawyer told Stirling that Fouani's case is unique in that he pleaded guilty early on in the proceeding, on March 17, 2023, but the case has gone through multiple delays since then, including an unsuccessful bid by his former lawyer to have Stirling recuse himself from the case.

Then-lawyer Yoav Niv also announced an intention to withdraw that admission, but since Dunn has taken over the file that application has been abandoned.

Fouani also faces charges of possession of property obtained by crime and participating in a criminal organization.

When Dunn took on the file earlier this year he said he would review multiple potential applications, including whether Fouani's Charter right to be tried within a reasonable time had been violated.

Another issue was whether the defence would be challenging facts the Crown wanted to put before the court to support the guilty plea after Niv rejected a proposed agreed statement of facts earlier on.

"I am hopeful we will be able to proceed on the basis of an ASF," Dunn told Stirling.

The lawyer also told the Calgary Court of Justice judge that the two sides will need a ruling on his Jordan application before proceeding to sentencing submissions because a judicial stay could still be the result.

Fouani's charges were already before the court when he and his wife, Nakita Baron, were ambushed outside their southwest Calgary home the morning of Aug. 18, 2022.

Video from a neighbour's security camera showed Fouani backing out of their driveway when an individual in a construction vest and walking a dog approached and fired into the vehicle, killing Baron and severely injuring Fouani.

Michael Tyrel Arnold is scheduled to stand trial next year in connection with the shootings.

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https://calgaryherald.com/news/crime/money-launderer-talal-fouani-victim-unreasonable-delay

From The Audit

David Clinton

Laws have to be clear, consistent, and enforceable. Some of ours aren't.

I am neither a lawyer nor the son of a lawyer and, thankfully, I've never been dragged through the justice system as a participant. But that doesn't mean I can't have thoughts.

My recent post on auto theft conviction rates ended with a suggestion that the size and complexity of Canada's Criminal Code might be contributing to systemic problems with our courts – including suffocating inefficiencies. I'd like to explore that idea a bit more here.
First of all though, complexity is not the driver of most criminal behavior. You don't need a law degree to know that you shouldn't steal someone's car or break his nose in a barroom brawl. And anyone with a grade three education should realize that government program fraud isn't exactly saintly behaviour.

But overly complex laws can be responsible for some serious problems. Consider how clarity is actually a cornerstone of justice. In Canada, for instance, the Void for Vagueness Doctrine holds that a law is invalid if it's too vague for the average person to understand. That's because such laws fail to provide "fair notice" of what's prohibited and clear standards for enforcement.

Similarly, if accused criminals can demonstrate that the complexity or ambiguity of the statute led them to reasonably believe their conduct was lawful, those laws might fail the necessary *mens rea* requirement for certain offences.
Unfortunate illustrations of this problem make appearances in some recent Liberal government legislation:

- **Online Harms Act (Bill C-63)** fails to provide a clear definition for "online harm". This makes it impossible for citizens to anticipate how the new Digital Safety Commission will enforce the law.
- **Online Streaming Act (Bill C-11)** appears to require streaming services (like YouTube) to regulate user-generated content using an undefined standard.
- **Online News Act (Bill C-18)** could affect how news is shared and accessed online, potentially influencing the availability and distribution of Canadian news.

Of those, at least C-63 and C-11 – in their current form – could expose individuals to significant criminal and civil penalties without providing clarifying details.

Here's another example. Section 423 of the Criminal Code prohibits intimidation:
423(1) Every one is guilty of an indictable offence and liable to imprisonment for a term of not more than five years or is guilty of an offence punishable on summary conviction who, wrongfully and without lawful authority, for the purpose of compelling another person to abstain from doing anything that he or she has a lawful right to do, or to do anything that he or she has a lawful right to abstain from doing…blocks or obstructs a highway.

And Section 430 prohibits "mischief", whose definition includes:

interfering with the lawful use, enjoyment, or operation of property.
Just playfully attaching a sticker to someone's car could lead to charges even if there was no intent to cause harm (by, say, damaging the car's paint).

The problem here is that both Sections 423 and 430 are, to put it mildly, inconsistently enforced. This is something I've already discussed in my Limits of Legal Protest post. Participants in recent pro-Hamas protests flagrantly blocked lawful access to roads, parks, and public buildings for weeks at a time in cities across the country. That's a clear Section 423 and 430 violation. And yet, of the many hundreds of participants, only a handful were ever arrested and, to my knowledge, none was charged with mischief or intimidation.

Now I know exactly what you're thinking: "Come on Clinton, what about 430(7)?"

No person commits mischief within the meaning of this section by reason only that he attends at or near or approaches a dwelling-house or place for the purpose only of obtaining or communicating information.

Weren't those protesters just there to communicate information ("from the river to the sea…")?

Well I'm actually not sure how much meaningful communication was happening at those gatherings. Dialog didn't seem to be their primary focus. But the legal issue wasn't where they chose to stand, it was the fact that they actively and intentionally prevented the *lawful use, enjoyment, or operation of property* – both private and public.

Now, in that context, is it reasonable to prosecute *any* acts of mischief or intimidation *anywhere* in Canada? Couldn't a person reasonably argue that he was under the informed opinion that Canadian police largely ignored such offences?

As the Criminal Code grows, its internal complexity is bound to increase along with it. Comparing the PDF version of the June 15, 2011 version of the Code (1,025 pages) to the most recent version (1,349 pages) gives us a sense of the changes that are happening in both government and society as a whole. More than 226,000 words (in both French and English) were added over that time, a 31 percent increase. Revisions included updates concerning firearms and weapons, remote proceedings, indigenous rights, organized crime and terrorism, and palliative care.

All that's not necessarily a bad thing. But when poorly-written legislation (like C-11) makes it into the books and perfectly fine legislation (like Section 430) is enforced unevenly, then we're asking for trouble. A competent government should be able to do better than that.

https://www.todayville.com/has-canadas-criminal-code-lost-its-way/

DR. Junhua Zhang 張俊華Senior Associate at European Institute for Asian Studies, GIS-Expert on China and Eurasian region

Never has China's government had such intensive contact with Russia before. After Ukraine's incursion of Kursk, within one week, China's vice premier He Lifeng, Premier Li Qiang, China's Finance Minister, and China's army commander visited Moscow. Also in the same time, the deputy Foreign Minister of Russia went to Beijing. Putin met Li Qiang during his visit in Moscow. Many deals were made between two sides.

After the talk between China's army commander and his Russian counterpart, a strange scene in Moscow was recorded by a Russian passer-by: For the first time in the history, a considerabe group of Chinese veterans appeared in Moscow. It is suspected that they were sent for the first time by the Chinese government. The question is for what purpose. Definitively, they were sent not for cooperative drill somewhere far from the front. A Chinese language website also reported about the Chinese fighters being sent to Russia (see: https://lnkd.in/da-taDPz). According to the report, 18000 soldiers which make of three army devisions will be sent and it was the deal between two army commenders (I sincerely hope that it is not true!).

We will see whether and when they will appear at the front soon.

Theoretically, China has three reasons to help Putin by sending military volunteers to Russia SECRETLY.

1) Xi Jinping doesn't like to see the fall of Putin's regime.
2) China needs to gather war experiences. The last war with Vietnam was 1979.
3) Veterans in China have become a social problem due to the increasing unemployment. In Russia, they will be paid more than 2000 US dollar per month. This is for them a quite attractive incentive.

Keep in mind, when China sent its troops to North Korea in the 50's, the filghters didn't know Korean language. The same is true with potential Chinese fighters in Russia.

Sending volunteers is just the beginning. Let's see what will happen further. If all these things are true, then the Chinese leadership will wrap it up as a kind invididual activities, about which the government didn't know

FINTRAC CANAFE

AND OTHER WORLD REGULATORY BODIES.

TD Bank could face money-laundering fines of US$4B: Jefferies

"Although a US$4 billion fine does seem a bit high at this juncture, we cannot deny that it is still within the realm of possibilities"

Author of the article:

Bloomberg News
Christine Dobby
Published Jun 06, 2024



A sign is posted outside a TD bank in Brooklyn on June 04, 2024 in New York City. PHOTO BY SPENCER PLATT/GETTY IMAGES

Fines against Toronto-Dominion Bank tied to U.S. money-laundering probes may total as much as US$4 billion following fresh allegations involving the lender, according to Jefferies Financial Group Inc. analysts — double previous estimates of the potential impact on Canada's second-largest lender.

A now-departed Toronto-Dominion branch employee in Florida took a series of US$200 bribes to help clients move millions of dollars to Colombia by skirting anti-money-laundering defences, prosecutors allege in a case first reported this week by Bloomberg News. In another recent case, a former branch employee in New York admitted to bypassing the bank's compliance measures to defraud a customer.

Toronto-Dominion is under investigation by the U.S. Department of Justice, bank regulators and the Treasury Department over allegations of money laundering and other financial crimes at several of the bank's U.S. branches.

"While our previous estimate for the regulatory fines was at US$2 billion, given that a third AML issue has been reported, we now believe that this estimate could be low," Jefferies analysts led by John Aiken wrote in a report Wednesday. "Although a US$4 billion fine does seem a bit high at this juncture, we cannot deny that it is still within the realm of possibilities, potentially eroding all of TD's current excess capital."

The U.S. Attorney's Office for the District of New Jersey has so far filed at least four cases alleging serious misconduct by branch employees in New York, New Jersey and Florida. One of those cases, reported by the Wall Street Journal in early May, involved TD branches being used to launder drug money as part of a US$653 million conspiracy.

The revelations came after Toronto-Dominion said on April 30 that it was setting aside an initial provision of US$450 million for potential regulatory fines.

https://financialpost.com/fp-finance/banking/td-bank-money-laundering-fines-jefferies

Nordea to Pay $35 Million to End US Money Laundering Probe

By Ott Ummelas and Sara Sjolin
August 27, 2024

A logo hangs above the entrance to a Nordea Bank Abp office in Stockholm, Sweden, on Tuesday, March 5, 2019. A money-laundering scandal involving Western financial institutions and the former Soviet Union widened with reports that Nordea handled almost $800 million in suspicious funds while a Russian group funneled billions through accounts in Lithuania. Photographer: Mikael Sjoberg/Bloomberg (Mikael Sjoberg/Bloomberg)

(Bloomberg) -- Nordea Bank Abp agreed to pay a $35 million fine in the US to end an investigation into the largest Nordic lender's past anti-money laundering shortcomings.

The fine represents a final resolution into the probe by the New York State Department of Financial Services concerning the adequacy of Helsinki-based

Nordea's anti-money laundering safeguards in the 2008 to 2019 period, the lender said on Tuesday.

The development is the latest sequel to one of Europe's largest dirty-money scandals from the last decade that's linked to suspect flows from the former Soviet Union to the West through Nordic banks, and has implicated several regional heavyweights including Danske Bank A/S and Swedbank AB. Danske in 2022 agreed to pay $2 billion to end a probe in the US.

"The historical investigations by DFS concerned Nordea's former processes, policies and controls to prevent money laundering and the former compliance framework, including those of the closed Vesterport International Branch in Denmark and Nordea's former operations in the Baltics," the bank said.

The US fine "has no material impact on the financial position of Nordea," and the charge will be booked in the third quarter, the bank said. According to Nordea's understanding, the resolution concludes DFS's investigation, and the bank said it's "not aware of any other pending or active investigation by US authorities related to such historical financial crime prevention matters."

Nordea's shares were little changed on the news, and closed 0.6% higher in Helsinki.

According to Nordea, the case is separate from the charges Danish police filed in July following a long investigation into the lender's anti-money laundering controls in the 2012 to 2015 period.

In that case — Denmark's biggest to date according to the country's National Special Crime Unit — about 26 billion Danish kroner ($3.9 billion) of transactions are under scrutiny. The bank faces an estimated maximum fine of 6.5 billion kroner, if found guilty, according to some legal experts. Nordea has said it doesn't agree with the legal assessment concluded by the Danish authorities.

Nordea to Pay $35 Million to End US Money Laundering Probe – BNN Bloomberg

Understanding the Latest Amendments to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act

On June 20, 2024, Bill C-59, the *Fall Economic Statement Implementation Act* received royal assent. Division 8 of this legislation introduced various amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, SC 2000, c 17 (PCMLTFA or the Act) and the Criminal Code (the Amendments) to support the Canadian Government's ongoing efforts to combat financial crime and prevent sanctions evasion.

On August 19, 2024, certain notable sections of the Amendments came into force that broaden the suspicious transaction reporting requirements under the Act to cover transactions suspected of relating to sanctions evasion. The Amendments also introduce new declaration requirements for importers and exporters regarding the sanctions status of property they are trading, which will be implemented in due course subject to the development of corresponding administrative procedures. Related proposed regulatory amendments, also not yet in force, will further expand sanctioned property reporting obligations for reporting entities under the Act.

These changes broaden the due diligence obligations of certain entities and the scope of information available to law enforcement and reflect a growing global trend of using international sanctions to penalize foreign governments, individuals and entities that engage in activities that violate international law or Canadian legal values to encourage behavior change. Canada's use of economic sanctions as a preferred foreign policy tool has accelerated since Russia invaded Ukraine in 2022; at present, more than 4,000 entities and individuals are listed under Canada's sanctions lists, and numerous other import, export, investment and transportation restrictions affect certain countries, geographic regions and industries. The Amendments also represent notable effort by the Government of Canada to improve its track record on sanctions enforcement, which was criticized in a report released last year by the Senate Standing Committee on Foreign Affairs and International Trade.

Key Amendments

1. Reporting Requirement for Sanctions Evasion Offences

The Act is Canada's primary anti-money laundering enforcement legislation. It imposes specific compliance, due diligence and reporting obligations on certain categories of businesses—such as financial institutions, investment dealers, money services businesses, real estate brokers, casinos, and dealers in gems and precious metals (see a full list here)—to help law enforcement detect and deter violations of the money laundering and terrorist financing prohibitions in the *Criminal Code*.

Reporting entities under the Act are already required to monitor for, and report to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), any transactions that are suspected of involving proceeds of crime (aka, money laundering) or terrorist financing activities.

The Amendments require that reporting entities now also disclose transactions, or attempted transactions, associated with the commission of a sanctions evasion offence to FINTRAC. The amended Act defines a **sanctions evasion offence** as:

> [. . .] an offence arising from the contravention of a restriction or prohibition established by an order or a regulation made under the *United Nations Act*, the *Special Economic Measures Act* (SEMA) or the *Justice for Victims of Corrupt Foreign Officials Act* (Sergei Magnitsky Law)(JVCFOA).

Reporting entities must submit a suspicious transaction report (STR) "*as soon as practicable*" once they have taken measures that establish reasonable grounds to suspect that the transaction is related to the commission of money laundering, terrorist financing, or a sanctions evasions offence. (See the FINTRAC website for information about other upcoming changes to its reporting systems).

Pursuant to FINTRAC's *Special Bulletin on Financial Activity Associated with Suspected Sanctions Evasion*, when submitting an STR for a suspected sanctions evasion offence, reporting entities should include any available information on the ownership, control, and structure of entities involved in the relevant financial transaction(s), such as the owners, directors, officers and individuals with signing authority of each entity, as well as any information about related persons or other entities involved, where possible. The report should also include all available identifying information and descriptions of any legal entities or arrangements involved or associated with the impugned financial transaction(s).

In its compliance guidance on reporting suspected sanctions evasion, FINTRAC notes that if a transaction is suspected of being related to both a money laundering or terrorist financing offence and a sanctions evasion offence, a single STR containing all required information should be submitted.

2. Enhanced Importer and Exporter Reporting Requirements

The Amendments also introduce enhanced reporting obligations for individuals and entities engaged in the importation or exportation of goods under the *Customs Act* (not just AML reporting entities). When implemented, these amendments will expand the scope of activities that must be reported under the Act and the scope of reporting entities, such as the requirement for travelers crossing the border to declare monetary instruments valued at CAD $10,000 or more.

Specifically, persons engaged in import or export activities will be required to declare, to a customs officer, whether goods "actually" being imported or exported are proceeds of crime or are connected to money laundering, terrorist financing, or sanctions evasion. Moreover, the Amendments will require that importers or exporters must make this declaration in relation to "any *financial transaction* purporting to pay for goods being imported or exported." The exact form and timing of the declaration is not yet known.

The Amendments impose a duty to provide accurate, truthful, and complete information in all declarations and communications with customs and law enforcement officers. Persons engaged in import or export activities will also be required to maintain comprehensive records of these

transactions for a period prescribed by regulation and must produce these records upon request by an officer. The provision references existing recordkeeping obligations under the *Customs Act* "with any modifications that the circumstances require", so it is not yet clear whether the scope of recordkeeping requirements to be implemented in relation to these amendments will be broader than the records that importers and exporters must already keep under applicable customs and trade control laws.

Businesses that trade in goods should also note that if an officer has reasonable grounds to believe traded goods are the proceeds of crime, or are related to money laundering, terrorist activities, or sanctions evasion, the officer may seize and forfeit said goods.

The Amendments will also authorize the Minister of Public Safety and Emergency Preparedness to create an administrative monetary penalty (AMP) scheme to promote compliance with the reporting requirements of imported and exported goods. This is a notable development because it represents a new mechanism by which Canada can financially penalize persons who engage in transactions involving sanctioned property on a civil basis without the need to meet criminal standards of evidence on prosecution.

Entry into force of this section of the Amendments has been deferred to allow the CBSA to implement corresponding forms and procedures for the declarations and to design the AMP program.

3. Increased Scope of Ministerial Directives

The Amendments allow the Government to consider risk of sanctions evasion when issuing ministerial directives or imposing restrictions or prohibitions on transactions. Section 11.42 of the Act already authorizes the Minister of Finance to issue "Ministerial Directives" that require reporting entities under the PCMLTFA to undertake specified supplemental due diligence in relation to financial transactions that involve a particular foreign state, foreign entity, or trusts deemed to be high risk. For example, in February 2024, a Ministerial Directive was issued that requires reporting entities to perform enhanced due diligence on all transactions involving Russia.

By virtue of the Bill C-59 Amendments, the Minister of Finance is now authorized to issue written directives and restrict transactions involving any foreign state or entity if the Minister is of the opinion that there is a risk that such transactions may facilitate sanctions evasion.

4. Lower Burden for Crown Prosecutors in Financial Crime Cases

The Amendments also amend section 462.31 of the *Criminal Code* to reduce the evidentiary burden on prosecutors in cases involving the prosecution of financial crimes by eliminating the requirement to prove *mens rea* (i.e., knowledge or intention to commit the crime) in circumstances in which the accused is charged with a money laundering offence but not the underlying offence. The Amendments provide that a court may now infer *mens rea* from the circumstances of a transaction, specifically if the manner in which the accused dealt with the property or its proceeds is "markedly unusual" or "inconsistent with lawful activities typical of the sector" in which they take place. The usual *mens rea* standard continues to apply for the prosecution of the underlying offence.

In the sanctions evasion context, this means that it will now be easier, for example, to prosecute persons for sending, transferring possession of, transporting, transmitting, altering, disposing of or otherwise dealing with property or proceeds derived from a SEMA or JVCFOA violation.

Expanded Property Reporting Requirements under Proposed Regulations

To complement the Amendments that came into force on August 19, 2024, several amendments have been proposed to regulations under the PCMLFTA (the Proposed Regulations). The proposal remained open for consultation until August 5, 2024, and the Proposed Regulations are awaiting a date to be brought into force by order of the Governor in Council. Once in force, the Proposed Regulations will expand sanctioned property reporting requirements by reporting entities under the Act.

Subsection 83.1(1) of the *Criminal Code* requires that any person in Canada and every Canadian outside Canada disclose property that is "in their possession or control that they know is owned or controlled by or on behalf of a terrorist group" to the Commissioner of the Royal Canadian Mounted Police or to the Director of the Canadian Security Intelligence Service. Similar reporting obligations also exist under Canada's terrorism-related sanctions regulations. The current *Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations* go a step further for PCMLTFA reporting entities, requiring them to submit corresponding Terrorist Property Reports (TPRs) to FINTRAC in respect of said property at the same time they file their report to the RCMP or CSIS.

The Proposed Regulations will expand these requirements for reporting entities by broadening the definition of a "listed person or entity" to capture persons designated under Canadian sanctions legislation. The proposed definitions will capture:

- individuals or entities subject to an order made under the *SEMA*;
- a "foreign state" subject to an order under *SEMA* or the *United Nations Act*; and
- a person who is the subject of an order made under the *JVCFOA*.

Further information on currently sanctioned individuals and entities can be found on the Consolidated Canadian Autonomous Sanctions List and the United Nations Security Council Consolidated List (which are implemented in Canadian law under *Canada's United Nations Act*). Details about Canada's current sanctions programmes can be found on the Government of Canada's "Current Sanctions" webpage.

Impact on Businesses

The Amendments and Proposed Regulations represent a significant effort by the Government of Canada to strengthen Canada's existing sanctions regimes and improve enforcement. Businesses should be aware that these new requirements will place greater demands on their compliance policies and procedures and increase the amount of risk and exposure to which they are subject.

Entities involved in the import or export of goods, even if not classified as "reporting entities" under the PCMLTFA, could still be affected by the expansive, and at present somewhat opaque, scope of the pending Amendments. Affected businesses and entities should exercise heightened diligence in their operations to ensure that all export and import transactions comply with the Act in addition to other applicable customs and trade control laws.

Failure to comply with the PCMLTFA may result in civil penalties or criminal charges. Civil penalties, commonly issued through AMPs by FINTRAC, can range from $1 to $500,000. Criminal penalties can range from fines of $250,000 to $2,000,000 and/or imprisonment from two years less a day to five years.

In light of these Amendments, businesses should review and update their AML policies to integrate the new reporting requirements for sanctions evasion offences.

https://www.jdsupra.com/legalnews/canada-s-crackdown-on-sanctions-evasion-4093029/

Finance Canada Consults on Changes to Financial Institution Statutes

Fasken

Financial Services Bulletin
August 20, 2024
The Department of Finance has launched the third phase of its review of Canada's federal financial institutions statutes, concerning proposed changes to the *Bank Act, Insurance Companies Act, Trust and Loan Companies Act* and related legislation. The public **Consultation Paper** was published on August 12, 2024 and builds on two previous financial sector consultations by the Department that were advanced in 2023, relating to national security and strengthening competition in the financial sector.

Overall, the proposals respond to recent financial institution mergers, suggest banks should take on

more responsibilities during the transition to digital banking, and continue the dialogue around national security risks. Some of the more significant proposals impacting financial services are summarized below.

Fostering Competitiveness

Additional competition in the financial sector encourages innovation, reduces costs for consumers, and improves financial services overall. With these stated policy objectives, the Department is requesting feedback on:

1. **Preventing consolidation among large banks** (with equity of $12 billion or more), by prohibiting the acquisition of control of a large bank by another large bank and their amalgamation, subject to prudential or financial stability exemptions. This proposal is akin to the current requirement that large banks must be widely held.
2. Minor changes to the **Ministerial approval application process**, such as requiring applicants to hold public consultations, if the application raises material public interest considerations, and clarifying that the Minister of Finance can consider compliance with other laws (such as taxation or anti-money laundering), and impose terms on employment aspects.
3. Restricting banks from exercising control over their deposit broker subsidiaries, so that they would not unduly limit small/mid-sized bank **access to brokered deposits**.
4. Options to encourage the **growth and expansion of Federal Credit Unions**, recognizing that the federal continuance and acquisitions processes involve a number of steps at both the provincial and federal levels.
5. Permitting federal institutions to engage in the **leasing of light motor vehicles to consumers**, subject to requiring the agreement of the auto manufacturer.

Enhancing Consumer Protection in Banking

There are several proposals aimed at protecting Canadians as they shift to more electronic banking and digital products, with views requested on:

1. Whether banks should be required to prevent or delay transactions they believe to be **fraudulent and/or associated with a scam** and, if so, under what circumstances.
2. Requiring banks to give consumers the ability to **turn off or adjust account capabilities to prevent fraud**, such as the ability to complete wire transfers.
3. Mandating **policies and procedures for banks to detect fraud and scams**, in order to support a clear line of sight into options to protect consumers and data regarding the extent and magnitude of financial fraud, including whether this information should be reported to the Financial Consumer Agency of Canada.
4. Building on the *Bank Act*'s $50 maximum liability for unauthorized credit card transactions and the *Canadian Code of Practice for Consumer Debit Card Services*, banks could have **liability for unauthorized transactions**, regardless of the means by which account funds were accessed (for example, card-based transaction, wire transfer, or electronic funds transfer). Feedback is requested on what could be considered an unauthorized transaction and related maximum liability thresholds.
5. Expanded public notice requirements and a community impact assessment concerning proposed **bank branch closures**, including options to reduce/waive service fee costs for customers moving to another nearby bank, together with **annual data reporting** by all banks concerning their branch network.
6. Whether the **identification rules** for opening deposit accounts at a bank's physical point of service (i.e., a branch) should also apply when a bank offers to open an account electronically.

7. Increasing the amount of **funds immediately available** when cashing a cheque in person or when cashing a cheque by other means (for example, ATM or through a mobile application) and **lowering maximum hold periods**, likely reflecting the upcoming introduction of 'real time rails' by Payments Canada.

Proposals Affecting Banking and Insurance

Feedback is requested on several proposals relating to all federally regulated financial institutions (FRFIs), including:

1. Restricting or prohibiting **directors** from holding a business interest in, or being an employee, executive, partner, owner, or member of the board of directors of, a second entity within the financial sector.
2. Adjusting the thresholds for the **public holding requirement**, which currently requires FRFIs with $2 billion in equity to have 35% of their voting shares publicly listed on a recognized stock exchange.
3. Introducing a **service standard** for the Department of Finance to provide, upon request, a written update to an applicant if no decision has been made within 120 days of receiving a complete application, to match Canada's international trade commitments.
4. Establishing a **federal committee** to enhance the oversight of financial sector risks related to integrity and security, including **national security**, and provide authority for the exchange of information among member agencies, with necessary safeguards.
5. **Expanding the authorities** of the Minister of Finance and Superintendent of Financial Institutions to require a FRFI to adhere to its policies and procedures concerning threats to its integrity or security, and expanding OSFI's direction of compliance authority to include an act that may threaten the integrity or security of a FRFI or its affairs.
6. Options to improve **regulatory predictability** and understanding of regulatory actions and impacts, such as coordinated announcements, impact statements, a forum for collaborating on international issues and sharing information about integrity and security risks.

The Department of Finance also noted its preliminary work on the safe and responsible use of Artificial Intelligence in the financial sector, and requested views on which aspects should be prioritized in this area.

Next Steps

All submissions on the Consultation Paper are requested by the Department of Finance by September 11, 2024.

The federal Budget Implementation Bill C-69 extended the "sunset date" for legislative review of the financial institution statutes to June 30, 2026, from the previous date of June 30, 2025. Considering the short timeline of this consultation, some of these legislative initiatives may be introduced in earlier legislation.

https://www.fasken.com/en/knowledge/2024/08/finance-canada-consults-on-changes-to-financial-institution-statutes

Friction among regional spies, shadowy CSIS HQ unit a challenge for new intelligence boss

The tough job of picking a new Director Canadian Security Intelligence Service leader is underway. Contenders are already emerging.

By **Andrew McIntosh** **Global News**
Posted August 16, 2024



WATCH: The former head of Canada's spy agency, Canadian Security Intelligence Service (CSIS), appeared for a second time at the inquiry into foreign interference in April. David Vigneault was not initially scheduled as the last witness. It was supposed to be Prime Minister Justin Trudeau. But the "top spy" was called back after the Prime Minister's closest advisers said CSIS did not relay key information related to Chinese interference in the last two federal elections. Touria Izri reports. – Apr 12, 2024

Whoever takes over the top job at CSIS this fall will face deep fissures inside Canada's intelligence agency that are hampering efforts to probe and disrupt Chinese foreign interference.

Little-noticed items in two recent reports by federal national security oversight agencies pointed to the overriding problem and challenge: intelligence officers in a regional office are bickering with other CSIS staffers at Ottawa headquarters who are also tasked with investigating meddling by the People's Republic of China (PRC).

The "disconnect" between headquarters and an unspecified regional office has been brewing since 2019, according to reports by the National Security and Intelligence Review Agency (NSIRA) and National Security and Intelligence Committee of Parliamentarians (NSICOP).

David Vigneault's unexpected retirement as CSIS director after seven years came just weeks after these tensions were laid bare in the reports.

These tensions, however, were overshadowed by another part of the NSICOP report.

NSICOP caused a storm after its members reported seeing "troubling intelligence" that some Parliamentarians were "semi-witting or witting" participants in foreign states' efforts to interfere in Canadian politics.

Yet the two reports also examined how CSIS more broadly manages foreign political interference investigations and how its findings flow to top government decision-makers – or don't.

It was in this context that frictions between regional intelligence officers and CSIS headquarters staff, and between CSIS and the prime minister's own national security advisers, were revealed.

The reports found officers inside one CSIS regional office would investigate and collect information about alleged PRC interference and share it with a secret special unit at CSIS headquarters "dedicated" to investigating Chinese foreign interference.

There, in theory, members of the special CSIS HQ unit would analyze it and share it across government agencies. Instead, the intelligence often did not get to the people who needed to know. Sometimes, it never even left the service's own offices.

"Decisions regarding whether, when, and how to disseminate this intelligence were the subject of disagreement, uncertainty, and lack of communication within CSIS," NSIRA's report revealed.

This disconnect was largely between CSIS officers collecting intelligence in the region, and those responsible for disseminating that intelligence at National Headquarters, which includes both the dedicated PRC interference unit with operational and analytical capabilities and the CSIS executive.

"Put simply, intelligence officers did not understand why some of the intelligence they collected was either not disseminated at all or disseminated following what they perceived to be atypical delays," NSIRA added, citing multiple examples from 2019 and the 2021

election. (NSIRA's chair and vice chair declined a Global News request for an interview to discuss sections of their report describing the internal rift.)

Working in a world without clarity, CSIS intelligence officers became increasingly frustrated when it came to sharing intelligence about foreign Chinese political interference, NSIRA noted.

One CSIS analyst wrote emails to spy agency headquarters demanding to know why unidentified reports he had prepared on PRC foreign interference were not being disseminated.

"As one email opined, "If we are not going to inform and share what we know, why are we collecting it," the NSIRA reported.

There were multiple examples of information on interference by the People's Republic of China that was reported and written up by intelligence staff whose dissemination was delayed, downplayed or buried.

Bosses in Ottawa denied to NSIRA investigators that they applied different standards to the collection and dissemination of intelligence revealing political foreign interference by China. CSIS and the government just had other, shifting priorities, unidentified CSIS bosses told NSIRA.

A second factor came into play.

When CSIS intelligence did finally agree on and deliver intelligence to top decision makers at Global Affairs Canada or to the prime minister's national security and intelligence advisor, those bureaucrats would minimize or downplay important intelligence that exposed foreign interference.

That trickled down within CSIS itself.

The cracks were perhaps best exemplified by events that began in 2021, NSIRA and NSICOP reported.

In June 2021, an unidentified senior CSIS analyst completed a final draft of an exhaustive report on PRC-spying and interference in Canada and shared it with "a small number" of senior intelligence officials. It provided a detailed analysis of People's Republic of China "foreign interference activities against Canadian political actors."

CSIS characterized it as "the most complete and detailed analysis of PRC foreign interference directed against political actors produced to date."

The analyst's report combined a mix of intelligence, including CSIS human source collection and "SIGINT" (signals intelligence) from CSE, and possibly material from other Five Eyes allies.

SIGINT involves information gleaned from electronic communications, like intercepted mobile phone calls, text messages, computer and internet communications, and satellite signals.

The effort was neither published nor disseminated – until media leaks about Chinese government foreign interference to Global News and The Globe and Mail rocked the Liberal government.

NSIRI explained what happened next: "In October 2022, the author of the report reached out to CSIS management to push for the product's publication (still only in top secret government circles), given the significant interest in foreign interference generated by the media leaks."

The senior analyst developed a plan with superiors to publish the report on SLINGSHOT, a super-secret CSE intelligence information archive.

Uploaded on Feb. 13, 2023, 40 people read it on SLINGSHOT before it was suddenly made "inaccessible" on Feb. 22, NSIRI said.

CSIS Director Vigneault said he yanked it, later telling the oversight agencies he did so at the request of Prime Minister Justin Trudeau's national security and intelligence advisor (NSIA), who at the time was Jody Thomas.

Two days later, on Feb. 24, 2023, a meeting took place at the Privy Council Office (the Ottawa bureaucratic department that serves the prime minister) to discuss the CSIS analyst's report.

Attendees included the unnamed senior CSIS analyst and Ottawa's six most powerful bureaucrats: the CSIS Director, the chief of the Communications Security Establishment, the clerk of the Privy Council, the deputy minister of Public Safety, the deputy minister of Global Affairs Canada, and national security advisor Thomas.

Thomas asked the analyst for a "sanitized" version of the report for Trudeau, NSIRA stated.

The CSIS analyst was told to remove names, shorten the report and cut its distribution list, to limit circulation.

The analyst complied, and a new version was completed on March 9, but it was still never shared with Trudeau, NSIRA and NSICOP stated.

NSIRI suggested that cases like this and others caused a lack of trust to emerge between rank-and-file CSIS intelligence officers, their bosses and political appointees.

Several mid-career intelligence officers and senior CSIS managers have quit amid sagging morale, the two intelligence-world sources said. Some CSIS workers even stopped putting Chinese foreign interference intelligence in writing, NSIRA observed without explaining why.

A former CSIS analyst, speaking on condition they were not identified, said they had never experienced anything like what NSIRI described above during decades of intelligence work.

The NSIRI and NSICOP reports noted that Liberal government national security advisors often asserted what vexed CSIS regional investigators – and what they described in intelligence reports – was "standard diplomatic activity" and dismissed it as any kind of threat.

The all-party NSICOP Parliamentarians rejected the idea that anything standard was going on.

NSICOP members actually examined a "significant body of intelligence" pointing to the PRC's but also India's "targeting of Canadian democratic processes and institutions."

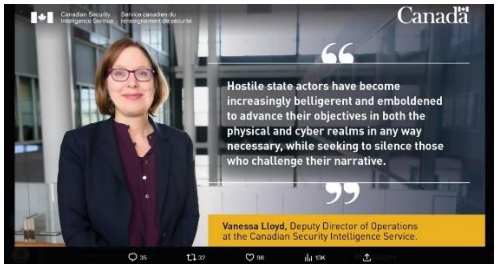
"In almost all cases, the activities could not be construed as regular diplomatic lobbying," NSICOP concluded.

Rather, the People's Republic of China and Indian activities "clearly met" the official CSIS Act's definition of foreign interference because they were both contrary to Canada's national interests and "deceptive, clandestine or threatening," NSICOP said.

Effort to pick the new CSIS director is on

In the wake of Vigneault's exit from CSIS last month (he's since joined private U.S. intelligence firm Strider Technologies as managing director of its global intelligence), the race to pick a new Canadian intelligence agency leader is on.

Several contenders have already emerged.



Vanessa Lloyd has been named interim director of the Canadian Security Intelligence Service for six months or until a new full time director is named by the government. **CSIS / X (formerly Twitter)**

CSIS deputy director Vanessa Lloyd was named interim director on July 19.

Lloyd's six-month appointment was unsurprising given she is Canada's number two ranking spy at CSIS, but this does not mean she automatically gets the job, one intelligence source said.

Lloyd is just one of four people whose names are being mentioned in intelligence circles as possible Vigneault successors, and all of them are women according to two intelligence sources who spoke to Global News on condition they were not identified.

Lloyd had been the deputy director of operations at CSIS since early 2023.

In that job, she led the service's human intelligence collection and analysis operations, national security screening and threat reduction work.

A veteran spy, Lloyd has served as an intelligence officer on the ground and in management roles. At CSIS since 1998, she has previously served as the spy agency's chief transformation officer.



Caroline Xavier was named Chief of the Communications Security Establishment (CSE) in August 2022. **Couvrette Ottawa/Communications Security Establishment**

Another contender is Caroline Xavier, the current chief of the Communications Security Establishment. The CSE is the lesser-known but highly respected Canadian electronic signals spy agency.

Xavier has enjoyed a longer federal government career than Lloyd. During her 30 years of service, Xavier has worked for Canada Border Services Agency (CBSA), Immigration, Refugees and Citizenship Canada. Both agencies partner with CSIS and use its intelligence.

Xavier has also served as an assistant secretary to the Liberal government cabinet on security and intelligence matters at the Privy Council Office. She has been CSE boss since August 2022.

Vigneault had a near identical career path to Xavier before becoming CSIS director.



Tricia Geddes was appointed Associate Deputy Minister of Public Safety Canada effective June 2022 after spending several years at CSIS, rising to deputy director. **Public Safety Canada**

Tricia Geddes is a third potential CSIS director contender.

Geddes became an associate deputy minister of Public Safety Canada in mid-2022. Before working at Public Safety, Geddes served in several management roles at CSIS since 2014 and rose to the rank of deputy director of policy and strategic partnerships in April 2020.

CSIS and CSE spokespersons declined to comment on potential candidates.

https://globalnews.ca/news/10698069/friction-csis-challenge-new-intelligence-boss/

RBC, TD to pay millions to settle U.S. SEC charges over recordkeeping violations

THE CANADIAN PRESS/Adrien Veczan

Published Thursday, August 15, 2024

TORONTO -- RBC and TD Bank Group have agreed to pay tens of millions of dollars in penalties after being charged by the U.S. Securities and Exchange Commission over recordkeeping violations.

RBC Capital Markets has agreed to pay US$45 million. Various TD divisions, including its recently acquired Cowen and Co., have agreed to pay a US$46.5 million penalty to the SEC plus a total of US$82 million to the U.S. Commodity Futures Trading Commission.

The two banks are among 26 financial institutions that the SEC announced Wednesday had together agreed to pay about US$393 million along with implementing improvements to compliance policies.

The enforcement action is related to the use of electronic communications through text messages and other alternative channels that weren't being preserved as required.

The regulator says it found "pervasive" levels of off-channel communications at the two banks, both between employees and with clients.

RBC said in a statement it was pleased to have resolved the matter and remains focused on upholding all regulatory requirements. TD said it co-operated fully with regulators and that it's enhancing its electronic communications policies and procedures.

The penalties are part of a wider enforcement effort by U.S. regulators over communications methods that has led to over US$1.2 billion in penalties, including past payments made by Scotiabank and the Bank of Montreal.

This report by The Canadian Press was first published Aug. 15, 2024.

https://www.cp24.com/news/rbc-td-to-pay-millions-to-settle-u-s-sec-charges-over-recordkeeping-violations-1.7002175





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BC's underground economy likely worth $7 billion annually, similar to mining or tourism

The Silver International saga suggests BC's money-launderers, with turnover of billions a year, have little to fear from police. It's their customers they need to watch out for

GEOFF MEGGS
AUG 12, 2024



Jian Jun Zhu and a bullet hole in the window of Manzo Itamae restaurant. (South China Morning Post)

Before a bullet crashed through the front window of Richmond's Manzo Itamae restaurant in 2020 and killed him, Jian Jun Zhu was alleged to be one of BC's biggest money-launderers, handling more than $80 million in one five-month period in 2015 and as much as $220 million annually.

The director of Silver International, an underground bank, Zhu could turn over millions of dollars a day, according to BC's civil forfeiture office, converting the ill-gotten gains of Mexican cocaine smugglers and countless other criminals into apparently legitimate funds.If a single group of money launderers could do more than $200 million a year in business, then how big is BC's total underground economy? If police can't bring people like Zhu to justice, why should any money-launderer fear justice?

The answers are elusive but point to the massive size of BC's drug business. It's fair to assume that the narcotics business is as large in some respects as mining or tourism, employs tens of thousands of British Columbians, but pays no taxes, drives huge policing costs, and has made fentanyl overdoses the largest single cause of death.

Unwinding such a huge part of the economy is no simple task, particularly when it is so hard to see. The Manzo shooting was a rare instance of the underground economy briefly becoming visible.

According to prosecutors, the shot that killed Zhu was probably intended for Paul King Jin, who was injured in the hail of bullets. Jin was a target of the RCMP's massive E-Pirate investigation, a multi-year effort that collapsed as a result of inadvertent disclosures and administrative errors by the RCMP. Jin escaped prosecution when E-Pirate folded in 2018, and later beat eight separate charges in 2023, when a special prosecutor concluded there was insufficient likelihood of a conviction.



Paul "King" Jin: often accused, never convicted.

While Jin must be presumed innocent, the Silver International people clearly kept dangerous company. Two other guests that night at the Manzo were later killed in separate shootings. In September, BC Supreme Court Judge Jeanne Watchuk will announce her verdict in the trial of Richard Reed, the man accused of firing seven shots at the Manzo, killing Zhu and wounding Jin.

Yet even if Reed is convicted, there is little or no prospect British Columbians will learn who paid for the hit and why.

The Silver International saga is just the tip of a money-laundering iceberg that economists have

struggled to measure. One of the most ambitious efforts anywhere was undertaken here in BC in 2019, when then Finance Minister Carole James struck an Expert Panel on Money Laundering in BC Real Estate.

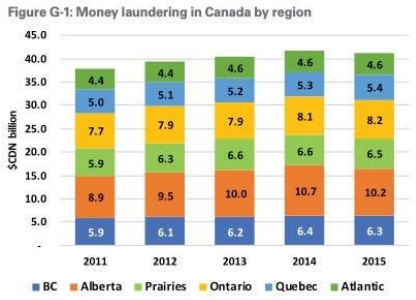
The panel's report, *Combatting Money-Laundering in BC Real Estate*, concluded that BC's underground economy was probably equivalent to about 2.5 per cent of provincial GDP, an admittedly conservative estimate at the low end of previous guesses.

With BC's real GDP estimated at $300 billion in 2023, that puts the size of the underground economy at as much as $7.5 billion annually. To put that in perspective, that's bigger than tourism's estimated contribution to the provincial economy, about $5 billion in 2021, and similar to mining, at $5.9 billion. Narcotics is a large but unknown share of that total.

Unlike tourism and mining, however, the narcotics business pays no taxes – tourism paid $1.4 billion in 2021 – and offers its employees, if they can be called that, high-risk work for unreliable rewards. British Columbians pay an enormous price for fentanyl trafficking in countless ways, from targeted shootings to the deadly toll of fentanyl overdoses.

Chaired by law professor and former deputy attorney general Maureen Maloney, the expert panel noted that not all the revenues of organized crime are laundered. Some are plowed straight back into the business in cash payments or purchases. The narcotics business, in other words, is worth billions of dollars a year.

In the drug business, about 20 per cent of the cash is plowed back in, but 80 per cent of the proceeds need laundering to hide the proceeds of crime from police. International capital flows make a good home for dark money, and "some countries are more attractive than others for launderers due to their high GDP, which makes it easier to hide criminal proceeds in lucrative businesses or assets, or due to the financial expertise and low corruption generally associated with high GDP, which makes such countries safe havens for the money."



Estimates of money-laundering in Canada in 2015, by BC's Expert Panel on Money Laundering in Real Estate. Alberta is a surprising hot spot, but BC holds its own.

If this sounds like a description of British Columbia, it is.

As far back as 2004, the Fraser Institute's Stephen Easton made the credible calculation that the cannabis industry, then illegal, was worth $2 billion annually in wholesale value, making it equivalent then to between 1.5 and 4.6 per cent of GDP.

Now legalized, the cannabis industry operating under BC government regulations is still worth $2 billion annually, but an additional and significant share of the business is still underground. (Thirty per cent of cannabis users say they still access the illegal market.) It was the massive illicit cannabis trade, of course, that incubated the growth of the violent cocaine and bud-smuggling industry that now traffics fentanyl.

Given the very large size of the narcotics business and the underground economy, it is reasonable to assume that its participants are all around us, in law offices, driving trucks, operating warehouses, selling real estate or celebrating a deal at a nearby table at a Richmond Japanese restaurant.

That's where regular folks were enjoying their sushi that night in 2020 when Jian Jun Zhu died and Paul King Jin escaped by a hair. It was a brief and violent glimpse of a world that exists, unseen, all around us.

Frustrated by the collapse of E-Pirate, BC prosecutors sought to seize at least some of Zhu's wealth through a civil forfeiture action directed at Caixuan Qin, his wife. After several years of legal battle, the province settled for $1 million in cash, jewels

and casino chips, less than the average daily turnover at Silver International.

The message seems clear: BC money-launderers have little to fear from police. It's the customers they need to watch out for.
https://geoffmeggs.substack.com/p/bcs-underground-economy-likely-worth

Singapore charges two ex-bankers for helping $2.2 bln money laundering ring

By Reuters
August 15, 2024

SINGAPORE, Aug 15 (Reuters) - A Singapore court on Thursday charged two former bankers for helping a group of foreigners who were convicted of laundering $2.2 billion last year in the biggest such financial crime in the Asian financial hub.

Both Wang Qiming and Liu Kai were relationship managers and Chinese nationals employed by Citibank and Swiss private bank Julius Baer, according to a Singapore Police Force statement and the court documents.

Wang, 26, faces 10 charges, including laundering almost S$500,000 ($379,708) and forging loan documents. Liu, 35, was charged with using a forged Chinese tax document to help one of the convicted money launderers open a Julius Baer bank account in Switzerland, the court documents showed.

The lawyers of the two men did not immediately respond to a request for comment.

Julius Baer said in a statement it was cooperating with the authorities and was "committed to supporting their efforts to uphold the integrity of the Singapore financial system".

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In a separate statement, Citibank said: "The individual in question has not been in our employ since April 2022. We do not comment on matters that are before the courts."

Last August, authorities conducted simultaneous raids and arrested 10 foreigners holding multiple passports in a case that captivated the city-state because of the staggeringly large amount of money, cars, luxury goods and properties involved.

The 10 convicted money launderers were sentenced to jail terms of between 13 and 17 months, and were deported and barred from re-entering Singapore after completing their sentences.

The case has prompted reforms that include making it easier to prosecute money laundering cases.

Authorities have also set up an inter-ministerial panel to review the anti-money laundering process and inspect financial institutions suspected of involvement.

In June, the government said Singapore's banking sector poses the highest money laundering risk in the city-state.

($1 = 1.3170 Singapore dollars)

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Reporting by Xinghui Kok; editing by Miral Fahmy

https://www.reuters.com/world/asia-pacific/singapore-charges-two-ex-bankers-helping-22-bln-money-laundering-ring-2024-08-15/

UAE Suspends 32 Gold Refineries in Anti-Money Laundering Initiative

2024-08-14



The United Arab Emirates (UAE) announced the temporary suspension of operations at 32 gold refineries as part of a sweeping effort to combat money laundering and related financial crimes.

According to Bloomberg, the move comes amid increasing scrutiny of the the country's gold sector, which has been linked to illicit activities, including smuggling of the yellow metal and unregulated gold flows.

The UAE is one of the world's largest gold-trading hubs, with 7,000 traders of precious metals and stones.

The suspended refineries, which account for roughly 5 percent of the UAE's gold sector, will be closed until October 24.

According to the UAE's Ministry of Economy, the suspended refineries were found to be in violation of anti-money laundering regulations. The 256 breaches identified include failures to properly vet customers, inadequate risk assessment procedures and neglecting to screen transactions against terrorism watchlists.

The crackdown also comes after a study published by SWISSAID in May showed that the UAE is the top destination for billions worth of gold smuggled out of Africa each year. In comments to Bloomberg, the country's Ministry of Foreign Affairs said suspicious activity reports related to the gold sector reached 6,432 last year from 223 in 2021.

The UAE also may have been the destination for metal stolen in Canada's largest gold heist.

In April 2023, 400 kilograms of gold valued at over US$20 million were stolen from Toronto's Pearson International Airport. Investigations by Canadian authorities suggest that a significant portion of the stolen gold was smuggled overseas, potentially bound for UAE and India, although the suspended refineries have not specifically been implicated.

The UAE's Ministry of Economy has stated that the suspensions are part of ongoing efforts to enhance regulatory oversight and align with international standards in the fight against financial crime.

https://yemenonline.info/gulf-news/8274

CA freezes Quiboloy and KOJC bank accounts, properties

Adrian Ayalin, ABS-CBN News

Published Aug 08, 2024



Televangelist Apollo Quiboloy during a pre-recorded TV interview of the Sonshine Media Network International in Davao City aired on March 12, 2022. *Roemari Lismonero, Presidential Photo/File*

MANILA – The Court of Appeals has issued a freeze order on 10 bank accounts, 7 real properties, 5 motor vehicles and an aircraft of Kingdom of Jesus Christ (KOJC) leader Pastor Apollo Quiboloy.

The CA granted the petition for freeze order filed by the Anti-Money Laundering Council against the properties of Quiboloy and KOJC as well as other individuals.

The order dated August 6, 2024 also covered 47 bank accounts, 16 real properties and 16 motor vehicles under KOJC.

In granting the freeze order request of the AMLC, the CA noted the trafficking and child and sexual abuse cases of Quiboloy as well as solicitation of donations in the US. The CA noted that the donations were deposited to the KOJC's Philippine accounts to fund the construction of a stadium and Quiboloy's "lavish lifestyle", among others. The court stated that the solicited money was smuggled into the Philippines by KOJC members and that the monthly income of the church's top administrators was not commensurate with their financial profiles.

The accounts of KOJC officials also exhibited unusual deposits, withdrawals and remittance transactions which are inconsistent with their profiles. "In order to avoid the possibility of the funds in the subject bank accounts and/or properties from being withdrawn, removed, transferred, concealed or

placed beyond the reach of law enforcers, this court finds it appropriate and judicious to issue a 20-day freeze order as prayed for by petitioner over said bank accounts, including all other related or materially-linked accounts, and the real and personal properties enumerated in the ex-parte petition," the CA said in the decision signed by Associate Justice Gabriel Robeniol.

Aside from Qubiloy's and KOJC's accounts, the order also covers the accounts of Maria Teresita Dandan, Helen Pagaduan Panilag, Paulene Chavez Canada, Cresente Chavez Canada, Ingrid Chavez Canada, Sylvia Calija Cemañes, Jackielyn Wong Roy, Alona Mertalla Santander, Marlon Bongas Acoo, Children's Joy Foundation, Inc. and Swara Sug Media Corporation.

The CA noted that the AMLC's investigation was triggered by a December 18, 2023 letter from the Department of Justice for a comprehensive financial investigation on the transactions of Quiboloy who has pending cases in the US and the Philippines, along with other individuals.

The CA also stated in the decision that based on the AMLC's investigation, the highest total transaction of Quiboloy was made in 2015 amounting to P89 million.

"The verified allegations in the petition as well as the supporting documents attached thereto give the court reasonable ground to believe that the bank accounts enumerated above are indeed linked to unlawful activities and predicate crimes," the CA said.
https://news.abs-cbn.com/news/2024/8/13/initial-oil-siphoning-from-mtkr-terranova-begins-2342

B.C. seeks forfeiture of Vancouver condos after police uncover drugs, cash, guns

B.C. alleges in court filing the Vancouver condos were used to produce, package, and store illicit drugs and store the proceeds of crime.

Author of the article:
Gordon Hoekstra
Published Jul 26, 2024



B.C. government is seeking forfeiture of two condos, one in a building at 1367 Alberni Street and the other at 1288 W. Georgia Street (pictured) after VPD investigation uncovered drugs, cash and guns allegedly linked to Vancouver money launderer Omid Mashinchi. PHOTO BY JASON PAYNE /PNG

The B.C. government is seeking forfeiture of two Coal Harbour condos after a police investigation in 2022 uncovered drugs, guns and cash allegedly linked to Vancouver money launderer Omid Mashinchi.

In a lawsuit filed on July 17 in B.C. Supreme Court, the province alleges the two condos were used by and before March 2022 by Mashinchi, Tyler Zoltan Joseph Barta and "their associates" to produce, package and store controlled substances, and to store the proceeds of crime.

Uncovered by a Vancouver Police Department investigation in a raid on March 8, 2022 at the Alberni Street and West Georgia Street condos were more than $26,000 in cash and nearly nine kilograms of illegal drugs, including fentanyl, methamphetamine, cocaine and MDMA, commonly known as ecstasy. Also found were more than 150 litres of GHB, often called a date-rape drug, according to Health Canada.

Also found at the two condos were two safes, four money-counting machines, 16 weigh scales, and nine firearms that included handguns, shotguns and rifles.

The haul also included computers, cellphones, a Samurai-style sword, and a Breitling watch.

The suit says Mashinchi had "care and control" of the properties during the investigation, and Barta resided at the Alberni property.

"The properties have been used to engage in unlawful activities which variously resulted in, or were likely to result in, the acquisition of property or an interest in property, or caused, or could have resulted in serious bodily harm," the B.C. Civil Forfeiture Office said in its filing.

The court filing lists the alleged unlawful activities as production and possession of illicit drugs and drug trafficking, careless storage of firearms and prohibited weapons, unauthorized possession of firearms, possessing the proceeds of crime, money laundering and criminal conspiracy.

https://vancouversun.com/news/bc-seeks-forfeiture-vancouver-condos-after-police-uncover-drugs-cash-guns

Here's how criminals may recruit money mules to transfer their investments: RCMP

Alyse Kotyk
CTVNewsVancouver.ca Journalist
Follow |Contact

Updated June 10, 2024

Ten suspected money mules who investigators believe transferred funds on behalf of criminals were hand-delivered warnings last month as officials aim to crack down on investment fraud.

In a statement Monday, the RCMP and B.C. Securities Commission shared details about a joint operation conducted on May 29. Together, the agencies hand-delivered letters to people investigators say may be involved in fund transfers for criminals, perhaps unknowingly.

"The use of money mules is a common money laundering tactic, helping criminals move their ill-gotten gains by concealing the identity, source and destination of funds," the joint statement said. "The BCSC identified the suspected money mules after uncovering information that they sent or received money or cryptocurrency that was obtained from victims of investment fraud."

In some cases, investigators said, the individuals may not realize they're transferring money on behalf of criminals and may be victims of a scam themselves.

Criminals may recruit money mules by offering a portion of the transferred funds as payment, promising job offers or lying about their identity and striking up an online friendship or romance to entice someone to help them with a transfer. Money mules may be asked to process payments, ship products or transfer money from a victim to the fraudster, investigators said.

"Money mules may think they are helping out a friend or romantic partner, or performing a task for an online job," the joint statement said. "If money mules continue to send or receive funds on behalf of criminals after being warned not to do so, they could be charged with criminal or regulatory offences."

Avoiding recruitment

Investigators offered several tips for the members of the public to avoid unwittingly becoming a money mule, including never moving funds on someone's behalf if they've never met in person. Officials also said to avoid unsolicited email or social media messages that "promise quick money for little or no work."

"If you have already received money or crypto assets from a person you met online, or suspect you have been the victim of investment fraud, immediately notify your bank or credit union, and report it to the BCSC, or the RCMP," the agencies' joint statement said.

https://bc.ctvnews.ca/mobile/here-s-how-criminals-may-recruit-money-mules-to-transfer-their-investments-rcmp-1.6920502?cache=ngyhfzxv?autoPlay=true



Montreal woman pleads guilty to shipping weapons components to support Russia's invasion of Ukraine



A Russian Ka-52 helicopter gunship is seen in the field after a forced landing Kyiv, Ukraine, Thursday, Feb. 24, 2022. As described in the complaint and other court filings, some of the electronic components and integrated circuits with the same make, model and part number allegedly shipped by the defendants through SH Brothers have been found in seized Russian weapons platforms and signals intelligence equipment in Ukraine, including KA-52 helicopters. (AP Photo/Efrem Lukatsky)

Joe Lofaro
CTVNewsMontreal.ca Digital Reporter
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Updated Feb. 13, 2024
A Russian-Canadian living in Montreal has admitted to sending millions of dollars of electronics to the Kremlin to support "its ongoing attacks of Ukraine," U.S. authorities announced on Monday.

The U.S. Attorney's Office in the Eastern District of New York said 32-year-old Kristina Puzyreva pleaded guilty to money laundering conspiracy in federal court in Brooklyn and could face up to 20 years in prison when she is sentenced at a later date.

The attorney's office said Puzyreva was part of the "sophisticated" export scheme that involved purchasing dual-use electronics from U.S. manufacturers under Brooklyn-based front companies and sending them to Russian entities and companies in violation of U.S. sanctions. Those components were then used in unmanned aerial vehicles (UAVs) and guided missile systems used by the Russian military.

"As she admitted today, the defendant was a key part of the plan, laundering proceeds from the scheme to evade sanctions and ship UAV and missile components to Russia that were later found on the battlefield in Ukraine," stated United States Attorney Peace.

in a Manhattan hotel room. Police seized $20,000 from the room during their arrest and have seized US$1.68 million in connection with the export scheme.

Homeland Security Investigations said her money laundering scheme was linked to nearly 300 shipments of restricted technology valued at US$ 7 million for the Kremlin.

The prosecution of Goltsev and another defendant, 52-year-old Salimdzhon Nasriddinov of Brooklyn, is ongoing.

https://montreal.ctvnews.ca/mobile/montreal-woman-pleads-guilty-to-shipping-weapons-components-to-support-russia-s-invasion-of-ukraine-1.6766459?cache=jhiggtiw?clipId=373266/7.437907

Canadian woman caged in illegal Russian arms deal

The judge didn't believe she was just the banker and tax avoidance manipulator

Author of the article:
Brad Hunter
Published Jul 26, 2024

Ukraine-hating Russian-Canadian woman Kristina Puzyreva won't be sipping Moscow Mules where she's going.

The war profiteer, 34, was sentenced to two years in Brooklyn Federal Court for a multimillion-dollar scheme to ship weapons components to sanction-strangled Russia.

Puzyreva claimed she was her husband's patsy but the New York Daily News reported that the Instagram-friendly stunner's text messages torpedoed any suggestion she was a dupe.

Brooklyn Federal Court Judge LaShann DeArcy Hall said she had been inclined to give Puzyreva a lighter sentence because of the horrific conditions at Brooklyn's Metropolitan Detention Center — her home the past nine months.

During her jolt in jail, she was attacked and then stashed in solitary while staff sorted out whether she was, in fact, a victim.

But Puzyreva's courtroom finger-pointing soured the judge.

"When I committed this crime, I knew my husband had an illegal business … I never knew that these electronic components would go to weapons," she protested.

"I trusted my husband, but he never mentioned to me that it would go somewhere to hurt someone."

She added: "I hate myself that I let myself be part of that."

Puzyreva said she was just the banker and tax avoidance manipulator. The judge didn't believe her.

"I believe that was a patent lie," DeArcy Hall said, referring to a text exchange between Puzyreva and her husband.

The Montreal couple discussed a package that was "not a pretty part" being intercepted by customs officials.

She pleaded guilty in February to money laundering and conspiracy. Her husband, Nikolay Goltsev, also copped a plea and is slated to be sentenced in December.

According to the News, the couple worked with a third man named Salimdzhon Nasriddinov (who pleaded guilty) and others to smuggle $7 million in weapons-related electronics in 2022 and 2023.

After leaving the U.S., the components were moved through middlemen in Turkey, Hong Kong, India, China and the United Arab Emirates.

Rather than being a rube, the feds said Puzyreva was the "linchpin" of the conspiracy through her control of the bank accounts connected to the scheme.

And she was fully behind Russian strongman Vladimir Putin's onslaught into Ukraine that's claimed tens of thousands of lives.

She texted her hubby: "What is Putin waiting for. He needs to destroy Ukraine. He needs to put fear into them. Those losers. … I hate (ethnic slur for Ukrainians) anyway."

Not so, she told the judge, claiming she left the Motherland at 17 and never wants to return. She added she is half-Ukrainian but didn't like the cheering for Russian civilian deaths.

"Although we believe the sentence was excessive considering her limited role in the conspiracy, we understand and accept the absolute horror of the war being waged against Ukraine," her lawyer, Jeff Chabrowe, said Wednesday.

bhunter@postmedia.com

https://torontosun.com/news/world/canadian-woman-caged-in-illegal-russian-arms-deal



BlackRock's ETHA Becomes First Ethereum ETF to Cross $1B in Net Inflows

ETHA holds over $860 million in net assets. Only Grayscale's mini ether trust (ETH) and Ethereum trust (ETHE) have more. Its net inflows are more than the next three highest ETF inflows combined.

By Shaurya Malwa

Aug 21, 2024 at 8:58 a.m. EDT



(Jim Henderson, modified by CoinDesk)

- BlackRock's iShares Ethereum Trust (ETHA) has surpassed $1 billion in cumulative net inflows, making it the first among 11 issuers to reach this milestone.
- Ethereum ETFs as a whole have seen cumulative net outflows of over $440 million, underperforming compared to bitcoin ETFs, with BlackRock's bitcoin fund even ranking among the top five ETFs for 2024 inflows.

BlackRock's iShares Ethereum Trust (ETHA), its spot ether exchange-traded fund (ETF), on Tuesday became the first among a cohort of 11 issuers to cross the landmark $1 billion in net inflows, data shows.

ETHA holds over $860 million in net assets, surpassed only by Grayscale's mini ether trust (ETH) and Ethereum trust (ETHE).

ETHA's net inflows are more than the next three highest ETF inflows combined, SoSoValue data shows. Fidelity's FETH has taken on a total of $367 million since the funds went live July 23, Bitwise's ETHW has taken $310 million and Grayscale's ETH has taken on $227 million.

Other ETFs have recorded less than $60 million in net inflows, the data shows. Meanwhile, Grayscale's ETHE – converted from an institutional-only trust product – has been the biggest loser, with $2.7 billion in net outflows since going live.

Daily Total Net Inflow	Cumulative Total Net Inflow	Total Value Traded
-$6.49M	-$440.11M	$194.66M
As of Aug 20 Update completed	As of Aug 20 Update completed	As of Aug 20 Update completed

Market Data Eastern Standard Time

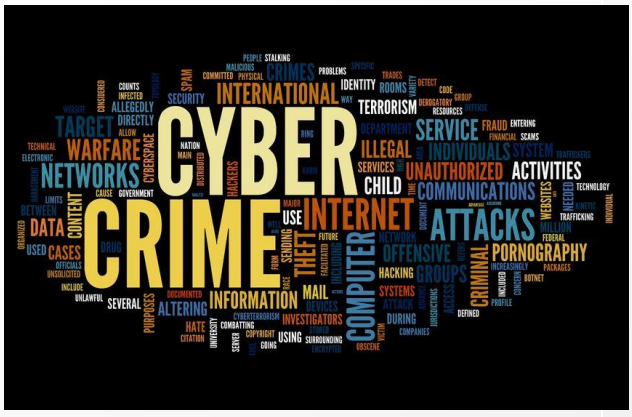
#	Ticker	Exchange	Sponsor	Prem./Disc. As of 08/20	1DNetInflow As of 08/20	CumNetInflow As of 08/20	NetAssets As of 08/20	ETH Share As of 08/20	Fee
1	ETHA	NASDAQ	BlackR...	+0.22%	$26.77M	$1.00B	$864.67M	0.28%	0.25%
2	FETH	CBOE	Fidelity	+0.11%	$0.00	$367.50M	$308.54M	0.10%	0.25%
3	ETHW	NYSE	Bitwise	+0.08%	$3.73M	$310.79M	$244.43M	0.08%	0.20%
4	ETH	NYSE	Graysc...	+0.32%	$0.00	$227.83M	$948.68M	0.30%	0.15%
5	ETHV	CBOE	VanEck	+0.03%	$0.00	$60.10M	$58.04M	0.02%	0.20%
6	EZET	CBOE	Franklin	+0.10%	$0.00	$35.33M	$30.61M	0.01%	0.19%
7	QETH	CBOE	Invesco	-0.08%	$0.00	$15.12M	$12.96M	0.00%	0.25%
8	CETH	CBOE	21Shar...	+0.05%	$0.00	$10.76M	$9.88M	0.00%	0.21%
9	ETHE	NYSE	Graysc...	-0.04%	-$36.99M	-$2.47B	$4.79B	1.54%	2.50%

(SoSoValue)

The various ETFs have underperformed their bitcoin counterparts with over $440 million in cumulative net outflows. In comparison, the first month of spot bitcoin exchange-traded funds saw daily net inflows of about $125 million, as reported, accumulating over $11 billion worth of bitcoin (minus outflows from the Grayscale's trust-converted GBTC).

BlackRock's bitcoin fund even made it in the top five of all ETFs, even non-crypto ones, based on 2024 inflows, putting it on similar levels with industry-leading indexing giants like the iShares Core S&P 500 ETF (IVV) and the Vanguard S&P 500 ETF (VOO).

https://www.coindesk.com/markets/2024/08/21/blackrocks-etha-becomes-first-ethereum-etf-to-cross-1b-in-net-inflows/



From deleting evidence to dismissing reports, audit finds Canadian agencies fall short on fighting cybercrime

Rachel Aiello
National Correspondent
Follow |Contact

Updated June 4, 2024

With Canadians reporting millions in financial losses due to cybercrime, the auditor general is warning that the federal government "does not have" the capacity or tools to fight cybercrime effectively, citing a series of alarming examples where agencies fell short.

In a new report presented Tuesday(opens in a new tab), auditor general Karen Hogan examined federal departments and agencies' ability to enforce laws against increasingly sophisticated cybercrimes "to ensure the safety and security of Canadians."

She found a series of breakdowns in coordination, information sharing, tracking, and response between those tasked with protecting people from cybercrimes such as romance scams, phishing attempts, deploying ransomware, and identity theft. This resulted in many reported incidents not being directed to the organization best placed to address them.

"Effectively addressing cybercrime depends on reports going to the organizations best equipped to receive them. Those organizations need to act on the reports they receive to help protect Canadians against the risk of financial loss and other harms," reads the 35-page report.

The departments and agencies that came under the microscope for this review were the Royal Canadian Mounted Police (RCMP), the Communications Security Establishment Canada (CSE), the Canadian Radio-television and Telecommunications Commission (CRTC), and Public Safety Canada.

CSE failed to pass on reports

Hogan found that the CSE – which centrally focuses on IT security and foreign signals intelligence – determined that close to half of the 10,850 cybercrime reports it received between 2021 and 2023 were out of its mandate as they related to individuals and not organizations.

It appears that the agency's efforts to further assist these Canadians stopped there, with Hogan's report noting CSE did not inform any of these individuals to report their situations to another authority.

The agency, which hosts the Canadian Centre for Cyber Security, is now facing calls to make sure that cybercrimes reported to them are routed to the organization with the mandate to address them.

During a press conference on Parliament Hill, Hogan was asked what reasons the agency gave for not passing on reports about cybercrime.

"It was a few things, usually either that they just didn't have the resources to respond, or that there were privacy reasons for which they didn't forward along the information," she said.

CRTC deleted evidence

In looking at the role the CRTC plays in relation to its responsibility to enforce Canada's anti-spam legislation, Hogan's audit team found that in one instance related to a report "involving an offer to sell child sexual exploitation material," the telecommunications agency did not refer the matter to law enforcement.

Instead, they told the complainant to contact law enforcement directly.

In another example, the report flags that to avoid being served with a search warrant by law enforcement; the CRTC "deleted evidence and returned electronic devices on an accelerated time frame to a person being investigated for violating the anti-spam legislation."

Hogan wants to see the CRTC set clear policies and procedures outlining "when and under what circumstances information it acquires will be shared with law enforcement."

RCMP staffing impacting response

And, while the RCMP is planning to enact a new "National Cybercrime Solution" meant to make it easier for victims to report cybercrimes by creating

a shared database for law enforcement agencies, that effort has been delayed as the national police force struggles to staff its cybercrime investigative teams.

As of January 2024, 30 per cent of positions across the RCMP's cyber-related teams were vacant, according to the audit.

Hogan's report did note that when it came to the RCMP's National Cybercrime Coordination Centre, it was largely effective in issuing the majority of its victim notifications within one day, but its processes could be bolstered by instilling a triage procedure based on the urgency of the alleged crime.

The RCMP is now being asked to improve its documentation and tracking processes for cybercrime reports and investigations, and analyze what's behind the struggles in recruiting and retaining specialized cybercrime staff.

Cybercrime reporting 'confusing'

Broadening this out to the bigger picture, the audit notes that in 2022, victims of fraud reported $531 million in financial losses to the RCMP's Canadian Anti-Fraud Centre – more than triple the amount reported in 2020 – the majority of which were cybercrime related.

Hogan cautions that Canada won't be able to sufficiently combat cybercrime until Canadians are able to more easily report it, and with estimates being that between just five and 10 per cent of cybercrimes are reported in this country, a lacking national system may be contributing to those stats.

"The current system for reporting cybercrime incidents is confusing, and it does not meet the needs of individuals reporting these crimes," she said in a statement accompanying the audit.

Hogan called out the government for not yet enacting a "much needed single point for Canadians to report cybercrime," while being "well coordinated" in their responses to high-priority cases, such as attacks on Government of Canada systems.

In responses given to Hogan's office in advance of the report's tabling, the implicated organizations have agreed with her findings.

Feds vow new strategy

"Because of the increasing sophistication of cybercrime attempts, the low rate of reporting, and the fact that cybercrime does not respect domestic and international borders, collaboration and a strategic response are needed more than ever," the report states.

These findings come just a day after Public Safety, Democratic Institutions and Intergovernmental Affairs Minister Dominic LeBlanc, Foreign Affairs Minister Melanie Joly and Defence Minister Bill Blair issued a blunt warning about the threat malicious foreign cyber activity poses to Canadians.

"State-sponsored actors have demonstrated their desire to target all aspects of our society, including each level of government, the private sector, and even individuals," the statement said. "These states obtain information that can be used to interfere with our political systems and our critical infrastructure, and can be used to threaten or harm people in Canada."

Responding to the audit's findings in the House of Commons foyer, LeBlanc pointed to a series of efforts already underway aimed at further shoring-up Canada's cybersecurity capabilities, including a soon-coming national cybersecurity strategy that will outline a "strengthened approach."

"In the last decade our reliance on the internet to take care of everyday things has obviously drastically increased. That comes of course with increased convenience, but it also comes with increased risks," LeBlanc said.

https://www.ctvnews.ca/politics/from-deleting-evidence-to-dismissing-reports-audit-finds-canadian-agencies-fall-short-on-fighting-cybercrime-1.6912747



Calgary police charge fired wine salesman in $1.3M scam

Brian Robert Gunsten, 52, charged with fraud and money laundering

Meghan Grant · CBC News · Posted: Aug 20, 2024



Calgary police have laid criminal charges against Brian Gunsten, who is accused of defrauding seven people in a million-dollar wine fraud. (CBC)

The former vice-president of a high-end wine agency who was fired for "moonlighting" by making side deals now faces criminal charges in what Calgary police are calling a $1.3-million Ponzi scheme involving wine.

Police say Brian Robert Gunsten, 52, defrauded seven people in a scam that was "disguised as an investment opportunity involving wine purchases."

Gunsten, 52, faces charges of fraud over $5,000 and money laundering.

The seven investors contacted police claiming to have been defrauded out of more than $1.3 million between January 2020 and February 2021.

'Opportunity was a scam'

Gunsten is accused of approaching several people with an "investment opportunity" that he claimed was "low risk with high returns," said CPS in a statement Tuesday.

According to investigators, Gunsten asked his alleged victims for a short-term loan so that he could purchase wine with a plan to resell it to a confirmed buyer.

The investors were promised repayment plus interest within a short timeframe.

"However after failing to receive repayment, the victims later determined the investment opportunity was a scam," reads the CPS statement.

"Investigators believe the wine was not purchased and resold for profit; instead, the suspect used the funds from new victims to make payments to previous victims, leaving many empty-handed."

B.C. lawsuit

According to CPS, bank records show that the money provided by the investors was deposited into Gunsten's personal account "and not used in the way described to the victims."

Gunsten is the former vice-president of Dream Wines, an Alberta company that sells wine to businesses in B.C. and Alberta through liquor distribution agencies.

He worked for the company for 10 years until he was fired in 2021 for "moonlighting" by making wine deals on the side.

In 2022, Gunsten and Dream Wines were sued by wine collector Moez Kassam, who lost $85,000 after making a deal with Gunsten to purchase 138 bottles of wine that he never received.

Gunsten bankrupt

Kassam's bid to have the company held liable failed after the judge ruled Dream Wines was not involved in the contract between the wine collector and Gunsten "in his personal capacity."

"Dream Wines has provided evidence which establishes that its customary business did not include selling wine directly to individuals," wrote Justice Andrew Mayer in his decision.

"Dream Wines acted, in effect, as a broker between wine producers and purchasers and only sold wine through liquor distribution authorities in Alberta and British Columbia."

Gunsten did not file a statement of defence and did not attend the June 2022 hearing. The judge noted he was bankrupt.

"Counsel for the parties before me advise that Mr. Gunsten is now bankrupt and that any proceedings against him are effectively stayed," wrote Mayer.

Mayer ruled that Dream Wines was not vicariously liable for Gunsten's off-the-books deal with Kassam and granted the company's application to dismiss the action.

Gunsten makes his first court appearance in Calgary next month.

https://www.cbc.ca/news/canada/calgary/brian-robert-gunsten-wine-scam-ponzi-fraud-charges-calgary-1.7299583

TD Bank teller among those involved in $56,000 check fraud scheme, police say

3 people arrested in the case which was under investigation since September

By: Scott Sutton
Posted 3:03 PM, Aug 01, 2024

JUPITER, Fla. — A Jupiter bank teller was among those involved in an organized check fraud scheme where thousands of dollars were stolen, police said.

The Jupiter Police Department said in a Thursday statement that they began investigating the case last September at a TD Bank located at 2301 W. Indiantown Road.

During this investigation, police said they determined a group was targeting local businesses by stealing checks out of the mail and altering the checks for self-payment.

After altering these checks, the suspects cashed the checks at the TD Bank in coordination with a bank teller who was acting as an accomplice in the operation. Police said money from the fraudulent checks was split by the suspects.

With help from the U.S. Postal Inspector, FBI and TD Bank, police said the case revealed more than $56,000 in check fraud — mostly involving checks from local businesses.

Three people, who police have not named, were arrested in the case.

The Jupiter police remind residents and business owners to never leave a check or other financial documentation in the mailbox overnight.

"Consider placing mail containing checks, credit card information, or any other form of payment in a secure mail drop box at the U.S. Post Office or other secure mail drop off location," police said.

https://www.wptv.com/news/region-n-palm-beach-county/jupiter/td-bank-teller-among-those-involved-in-56-000-check-fraud-case-police-say

Canadian Man Pleads Guilty In Scheme To Steal Millions Of Dollars from Bank Accounts Of Thousands Of Victims In The United States

Tuesday, July 30, 2024
Share
For Immediate Release
U.S. Attorney's Office, District of Nevada
LAS VEGAS – A Canadian man pleaded guilty yesterday in federal court in Las Vegas to conspiracy to commit wire fraud and money laundering in connection with a scheme to steal millions of dollars from thousands of victims in the United States.

According to court documents, Poupak Jannissar, 52, of Quebec, Canada, operated and controlled sham companies that used fake checks and other fraudulent debits to steal from victims' accounts at banks in the United States. The defendant and his co-conspirators used various names for the sham companies, including Computer Run, EBooks, Joreeb, Memo Storage, Our Online Backup, You Can Fax Too and Your E-Library. These companies pretended to sell various internet-based services for consumers, such as cloud storage, internet faxing

and online books. However, the sham companies did not actually provide any real products or services. Instead, the sham companies served to conceal the theft of money from bank accounts by Jannissar and his co-conspirators.

According to court documents, Jannissar and his co-conspirators bought lists containing misappropriated personal information belonging to thousands of potential victims. Jannissar and his co-conspirators then falsely represented to banks and others that individual victims had authorized debits from their bank accounts. If the individual victims did not notice and dispute initial charges made by the sham companies, the sham companies would fraudulently debit bank accounts multiple times. Jannissar and his co-conspirators transferred money they stole to accounts in Canada.

Jannissar pleaded guilty to one count of conspiracy to commit wire fraud and one count of money laundering in front of U.S. District Judge Andrew P. Gordon of the U.S. District Court for the District of Nevada.

Jannissar was arrested on Jan. 22, at the Fort Lauderdale–Hollywood International Airport in Florida based on a criminal complaint and arrest warrant issued in the District of Nevada by U.S. Magistrate Judge Brenda Weksler. He was subsequently indicted on the charges to which he pled guilty today.

"Through various sham entities, the defendant and his accomplices stole consumers' hard-earned money directly from their bank accounts," said Principal Deputy Assistant Attorney General Brian M. Boynton, head of the Justice Department's Civil Division. "The Justice Department will use all of the tools at its disposal to apprehend and prosecute criminals, whether located inside or outside the United States, who steal from Americans."

"Yesterday's guilty plea demonstrates our commitment to finding and prosecuting individuals who steal from consumers," said U.S. Attorney Jason M. Frierson for the District of Nevada. "Defrauding consumers and stealing their hard-earned dollars is a crime against the individuals but it also violates the trust we have in free commerce. With our law enforcement partners, we are committed to holding accountable those who violate federal law. We thank our partners for their investigative efforts to help bring justice for victims."

"Mr. Jannisar and his co-conspirators used sham companies to steal from unknowing victims by accessing their bank accounts using personal identifiable information from illegally obtained lists, and sadly nothing more than a keystroke on a computer," said Inspector in Charge Eric Shen of U.S. Postal Inspection Service Criminal Investigations (USPIS-CI). "His actions and those of his co-conspirators represent a crime of greed and opportunity but will not go unpunished thanks to the law enforcement community, who have dedicated their mission to uncovering and putting an end to devious schemes like these."

"The defendant's guilty plea holds him accountable for perpetrating a fraudulent scheme that stole funds from thousands of victims' bank accounts," said Special Agent in Charge Vincent R. Zehme of the Federal Deposit Insurance Corporation Office of Inspector General (FDIC OIG) Chicago Regional Office. "The FDIC OIG continues to work closely with our law enforcement partners to pursue those who cause financial harm to consumers and threaten to undermine the integrity of our Nation's banking system."

Jannissar faces a maximum penalty of 20 years in prison per charge. A federal district judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

USPIS-CI and FDIC OIG are investigating the case. U.S. Customs and Border Protection provided valuable assistance.

Senior Trial Attorney Daniel Zytnick of the Civil Division's Consumer Protection Branch and Assistant U.S. Attorney Richard Anthony Lopez for the District of Nevada are prosecuting the case.

For more information about the Consumer Protection Branch and its enforcement efforts, visit www.justice.gov/civil/consumer-protection-branch. Consumer complaints can be filed with the FTC at www.reportfraud.ftc.gov/ or at 877-FTC-HELP. The Justice Department provides a variety of

resources relating to fraud victimization through its Office for Victims of Crime, which can be reached at www.ovc.gov.

https://www.justice.gov/usao-nv/pr/canadian-man-pleads-guilty-scheme-steal-millions-dollars-bank-accounts-thousands-victims

10 arrested, more than 100 charges laid in Toronto SIM swap fraud investigation



Through Project Disrupt, investigators arrested 10 people, and two others remain wanted. More than 100 charges have been laid. The offences include fraud of over $5,000, personation with intent and possession of property

obtained by crime, among other charges. Photo: TPS.

By Lucas Casaletto
Posted August 1, 2024

The Toronto Police Service (TPS) says 10 people have been arrested, and more than 100 charges have been laid in an extensive investigation concerning SIM swap fraud that affected roughly 1,500 cell phone accounts.

Detective David Coffey announced the results of Project Disrupt on Thursday morning.

SIM swap fraud involves a fraudster tricking a mobile carrier into transferring a victim's phone number to a new SIM card to commit financial fraud, steal money, or perform identity theft.

The fraudster often collects the victim's personal information, such as their name, phone number, and other details.

Through Project Disrupt, investigators arrested 10 people, and two others remain wanted. More than 100 charges have been laid. The offences include fraud of over $5,000, personation with intent and possession of property obtained by crime, among other charges.

Det. Coffey said it's alleged that in the TPS investigation, perpetrators took control of the cell phone accounts of multiple unsuspecting victims and then made changes to the accounts. This allowed the suspects to access and compromise many of the victims' online accounts, including accounts at financial institutions.

"The total combined loss to individual victims, telecom companies and financial institutions is over $1 million," said Det. Coffey. "Over 1,500 cellular accounts throughout Canada are known to have been compromised."

10 people arrested, two suspects wanted

- Noah Ibgui, 24, of Toronto
- Syed Shan, 23, of Brampton
- Syed Hunain, 22, of Brampton
- Waseem Abbas, 18, of Brampton
- Ounali Hussain, 23, of Mississauga
- Huzaifa Motala, 20, of Toronto
- Brandon D'Amico, 21, of Toronto
- Maria Aguja, 19, of Toronto
- Muhammad Ibrahim, 20, of Winnipeg
- Owais Varachhia, 24, of Toronto
- Nadia Campitelli, 47, of Toronto (still wanted)
- Hervine Umutijima, 26, of Toronto (still wanted)

In many SIM swap fraud incidents, TPS officers said the scammer can contact the mobile carrier while posing as the victim and request a SIM swap or SIM replacement, which transfers the victim's phone number to a new SIM card.

"The investigation began with reports from multiple telecom companies," TPS said in a news release. "To date, the Toronto Police Service has executed multiple search warrants and production orders during the course of the investigation. Over 400 fraudulent pieces of identification were seized in the execution of the warrants."

Once the SIM swap is complete, the scammer gains access to that phone number, which can lead to the interception of text messages and calls, including those used for two-factor authentication.

The TPS investigation was launched in June 2023.

https://toronto.citynews.ca/2024/08/01/toronto-sim-card-swap-fraud-cell-phone/

Canadian Man Pleads Guilty in Scheme to Steal Millions of Dollars from Bank Accounts of Thousands of Victims in the United States

Tuesday, July 30, 2024
A Canadian man pleaded guilty yesterday in federal court in Las Vegas to conspiracy to commit wire fraud and money laundering in connection with a scheme to steal millions of dollars from thousands of victims in the United States.

According to court documents, Poupak Jannissar, 52, of Quebec, Canada, operated and controlled sham companies that used fake checks and other fraudulent debits to steal from victims' accounts at banks in the United States. The defendant and his co-conspirators used various names for the sham companies, including Computer Run, EBooks, Joreeb, Memo Storage, Our Online Backup, You Can Fax Too and Your E-Library. These companies pretended to sell various internet-based services for consumers, such as cloud storage, internet faxing and online books. However, the sham companies did not actually provide any real products or services. Instead, the sham companies served to conceal the theft of money from bank accounts by Jannissar and his co-conspirators.

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https://www.justice.gov/opa/pr/canadian-man-pleads-guilty-scheme-steal-millions-dollars-bank-accounts-thousands-victims

Texas radio host's friend sentenced to life for her role in bilking listeners of millions

By The Associated Press
Posted Jul 30, 2024
FORT WORTH, Texas (AP) — A Texas woman who prosecutors said helped a radio show host bilk elderly listeners out of millions of dollars was sentenced Tuesday to life in prison.

Debra Mae Carter, 65, received the sentence for her July 8 money laundering conviction, according to a statement by Tarrant County District Attorney Phil Sorrells.

Carter, who represented herself and pleaded innocent, was jailed in Tarrant County, according to jail records.

Sorrells said Carter was former Texas radio host William "Doc" Gallagher's lover. Gallagher is serving three life terms for operating what the prosecutor called a Ponzi scheme.

"Gallagher's main role in the scheme was to bring in money, Carter's role was to make sure it was not recovered by the victims," Sorrells said.

Gallagher, 83, and his Gallagher Financial Group advertised on Christian radio with the tagline, "See you in church on Sunday." He promoted his investment business in books and on Christian radio broadcasts.

Gallagher was convicted in Tarrant County in 2021 after being convicted in 2019 in Dallas County on similar charges and sentenced to 25 years in prison.

The scheme cost more than 170 investors, most of whom were retired, more than $31 million, Sorrells said.

The Associated Press

https://ottawa.citynews.ca/2024/07/30/texas-radio-hosts-friend-sentenced-to-life-for-her-role-in-bilking-listeners-of-millions/

George Santos faces prison after pleading guilty to fraud

Rachel Looker
BBC News, Washington



George Santos, the disgraced former Republican congressman, is facing years in prison after pleading guilty to two federal counts of fraud.

Santos, 36, appeared in court in Central Islip, New York, on Monday and admitted wire fraud and aggravated identity theft for stealing the IDs of campaign staff and misusing campaign funds.

The judge estimated a sentencing range of six to eight years for the charges he admitted.
His guilty plea cements the downfall of the novice New York politician, who was expelled from Congress last year after a brief, scandal-plagued tenure.

"I deeply regret my conduct and the harm it has caused and accept full responsibility for my actions," Santos said in a statement read to the court.

It reverses his denial last year of charges including lying to Congress about his finances and using campaign contributions for personal expenses.

A plea agreement calls for Santos to make restitution of at least $374,000 (£288,000).

The aggravated identity theft charge carries a two-year mandatory prison term that must be served consecutively with any sentence for the wire fraud charge.
In court, Santos admitted to theft and applying for unemployment benefits that he was not entitled to receive.

He also acknowledged making false statements and omissions on financial statements submitted to the House Ethics Committee and the Federal Election Commission (FEC).
Santos was charged with 23 federal felony crimes including wire fraud, money laundering and the misuse of campaign funds.

In December, he became the first member of Congress to be expelled in more than 20 years, and only the sixth in history. His brief tenure in office was marked by several controversies, alleged lies and allegations of fraud.

Santos defeated a Democratic incumbent in 2022, flipping the district that encompasses parts of New York's Long Island and Queens.

However, he faced a string of allegations that he had made false claims about a career on Wall Street, his university education, his Jewish ancestry, and his mother's death in the 9/11 attacks.

The House Ethics Committee voted in 2023 to investigate Santos over several allegations that he had engaged in "unlawful activity" during his 2022 campaign, lied to Congress and engaged in sexual misconduct. Federal prosecutors filed 13 charges against him months later. These included seven counts of wire fraud, three counts of money laundering, one count of theft of public funds and two counts of lying to the House of Representatives.

He was later charged with 10 additional counts, accused of stealing the identities of campaign donors and using their credit cards.

The House ethics panel report was then released, accused him of misusing campaign funds for personal benefit - including on Botox, credit card debts, and subscriptions on the porn-heavy OnlyFans website.

Two of his former aides have already pleaded guilty to fraud in connection to Santos' campaign.
His sentencing is scheduled for 7 February.

https://www.bbc.com/news/articles/cdx6llg0359o

'Canada's version of Bernie Madoff': The rise and fall of Greg Martel

Greg Martel was a mortgage broker who coached his kid's hockey team and pledged money to charity. By the time he owed investors $317 million, he was nowhere to be found.



By Zander ShermanAug. 17, 2024

The private investigator said he'd found Greg Martel, the B.C. mortgage broker accused of defrauding investors.

"He was hiding very well."

It was September 2023. Five months earlier, Martel, 47, had denied running a Ponzi scheme — one that

was eventually called the biggest in B.C. history — and then fled.

Since then, financial investigators had been building a case that the former competitive hockey player turned entrepreneur had defrauded 930 investors of $317 million.

Now, Martel's assets had been frozen, and he'd been ordered into receivership and bankruptcy. A civil warrant for his arrest had already been issued in Canada, and would soon be issued in the U.S.

There were rumours Martel was in Thailand, but Mike Green, the private investigator who'd tracked him down at the behest of former investors, said that wasn't true.

"You might think you know where he is, but you don't."

Green's account is one of dozens of interviews with former employees, business partners and investors conducted by CBC News as part of a year-long investigation and co-production with the Tiny Foundation.

It sheds new light on a story mostly told, until now, through official documents as Martel's financial affairs wound their way through receivership.

But who is Martel, the man with the apparently Midas touch?

And where has all this left all those who sank savings — small and large — into his promises of returns from a financial web that has since officially been deemed a "massive" Ponzi scheme?

Tammy Morse, of Mount Uniacke, N.S., lost around $40,000, and blames herself for encouraging her two children to invest with Martel.

"There's a lot of guilt."

Out of the scores of documents and accounts by some of those closest to Martel as the money flowed to him — and then disappeared — a tangled tale of great ambition and tremendous loss emerges, along with questions of how justice may ultimately be meted out.

"The story with Martel is way more complex than you think," Green said.

I. Beginnings

From what is known about Greg Martel, his life seems to have begun unremarkably enough. He was born in 1976, grew up in Toronto and had that most Canadian of interests, playing hockey as a teen.

By the early 2000s, he had pivoted into finance and got a job at Scotiabank.

Not long afterward, Martel relocated to B.C., where he met and married the daughter of a businessman and eventually settled in Victoria.

In 2006, Martel registered as a submortgage broker and by January of the following year, at age 30, he had joined The Mortgage Centre, a national mortgage broker organization.



In 2009, Greg Martel, left, won 'best newcomer' at the Canadian Mortgage Awards. (Greg Martel/Facebook)

By 2009, Martel had started his own Dominion Lending franchise called Harbour View Mortgages, a company known for its "great mortgage giveaway," a lottery that paid one client's mortgage for a year.

As those business endeavours grew, so did Martel's reputation. In 2010, he was named one of the top 50 mortgage brokers in Canada, according to Canadian Mortgage Professional.

II. Finding his voice



Harbour View Mortgages at one time had an office in this building on Yates Street in Victoria. (Mike McArthur/CBC)

Even with the growing reputation, Martel was still finding his way, particularly as he was starting to be asked to give presentations.

"I was, at the time, scared of public speaking," Martel told the podcast *Hustle Inspires Hustle* in 2021.

In the same interview, Martel said he searched for world-class speakers, and found Tony Robbins, later attending a four-day training program with him in San Diego, Calif.

Martel subsequently enrolled in Robbins's "platinum partnership" course — an $85,000-a-year networking program.

"Before I met him, I was kind of like that big fish in the pond," Martel told another podcast, *COSIGN Conversations*, in 2021. "And after … I was like a minnow in the ocean."



Martel, left, and Tony Robbins in Palm Springs, Calif., in December 2010. (Greg Martel/Facebook)

III. Early suspicions

In Martel's business world, change became something of a constant. In 2013, he renamed Harbour View Mortgages, with the company becoming Zilla Mortgage Corp.

The newly named company compiled lending rates of financial institutions in one place, making it convenient for consumers to find the cheapest available mortgage.

On the side, under the name Zilla Capital, Martel borrowed money from investors, loaned it to developers and returned the money with interest weeks or months later. Investors believed they were funding projects such as condominiums and multi-family homes across Canada.

Yet as far back as 2016, Dawn Zapp, an investor in B.C., had concerns about Zilla Capital.

Zapp read an article about Ontario investors who were suing owners of a development company accused of operating a syndicated mortgage scam. Zapp emailed Martel asking if he was involved in something similar.

"God no," Martel responded.

Despite the denial, Zapp said, in hindsight, she believed her money was being used to fund Martel's other businesses.

The owners of the syndicated mortgage company in Ontario were eventually charged with fraud. (Their case remains before the courts.)



Zilla Mortgage rebranded as My Mortgage Auction Corp. (MMAC), which had an office in this building on Tyee Road in Victoria. (Mike McArthur/CBC)

IV. Martel offers a 'personal guarantee'

Questions from outside Martel's mortgage world also began to emerge.

In 2017, two provincial regulators, the B.C. Financial Services Authority and B.C. Securities Commission, received inquiries from someone wanting to know if Zilla Capital was a scam, according to the Vancouver Province.

They investigated but found "no breach of requirements under the Mortgage Brokers Act," the Province reported.

A business partner of Martel, Garrick Delafuente, said he believed Martel told people he would secure their loan by putting a lien on the borrower's property if the borrower defaulted on payment.

"I'm sure some people asked to be on title, and so he had to have some sort of rebuttal for that," said Delafuente.

Martel had his own phrase for it, according to investors: All deals were backed by his "personal guarantee."

Around the same time, Martel rebranded Zilla Mortgage as My Mortgage Auction Corp. (MMAC), which did business as Shop Your Own Mortgage (SYOM).

MMAC used investor money to fund bridge loans for real estate developers, or so Martel claimed.

Investors logged onto a personalized "portal," and saw what they believed were investments that appeared to be maturing. They also saw whatever new "opportunities" Martel was offering.

Many of the more than a dozen Martel investors interviewed by the CBC described hearing about MMAC through someone else, and doing some degree of due diligence.



Before investing, Tammy Morse reviewed Martel's website and saw 'nothing shady' on it. (Robert Short/CBC)

"I looked on his website. There was nothing shady," said Tammy Morse.

"He coached his kid's hockey team, he did different kinds of things in his community," said another investor, Linda Brooks, of Penticton, B.C.

"It seemed legit," U.S. investor Kathy Julien said, noting she could view the properties Martel claimed her money was funding on the investor portal.

In hindsight, Julien identified one possible red flag. She was told investors were supposed to have a net worth of at least $1 million.

"They never did ask to see any proof of that, ever."

WATCH | Panic sets in for investors in 2023:

V. On the move

Around mid-2017, Martel moved to Nevada, where SYOM was licensed to broker with banks.

He lived in Henderson, a city about 30 kilometres from the Las Vegas Strip, according to Delafuente.

A recent graduate of the University of Las Vegas, Delefuente was 22 when he was hired by Martel that spring as a loan officer. Despite the 20-year age gap, Martel struck him as "cool, nice," and a "funny guy."

Delafuente, who'd worked at a Ford dealership and racetrack, was intrigued by Martel's special edition Mercedes, which wasn't available in the U.S., and was soon teaching his boss about cars.

"We had a lot of common interests."



Garrick Delafuente, left, and Martel in 2019. (Garrick Delafuente)

Believing they would be more successful brokering loans rather than compiling various lenders' rates in one place, Delafuente said they moved in January 2019 to Irvine, Calif., where some of their non-bank lenders were based.

Martel started Delafuente on a $60,000-a-year salary, was financially generous and promised a piece of whatever they built. He also got to know Delafuente's family.

In January 2020, Martel and Delafuente resettled in Newport Beach.

While Martel was away from the house, someone stole his brand-new Maserati, Martel told a YouTuber in 2021.

Police recovered the vehicle, which was damaged but not enough to be written off. According to podcast interviews, Martel decided to take the loss, trade it in and lease an even more expensive 458 Ferrari, which retails for around $250,000 US.

Delafuente said Martel rented the vehicle out on Turo, a peer-to-peer marketplace for vehicle owners and renters, and made back the money he lost on the Maserati.

With Delafuente's help, he leased another half-dozen vehicles, including a Porsche 911 and two Mercedes G-Wagons, and was soon profiting $20,000 to $30,000 US a month, according to Delafuente.

"It was growing so fast," Delafuente said. "We were like: 'We should just do it ourselves.'"



Martel on his way to a meeting in L.A. in September 2021. (Garrick Delafuente)

VI. Burning through money

In order to create a viable business, Delafuente said they knew they needed to offer insurance, so Delafuente began calling providers. "I got told no by every insurance company in the book."

Finally, a Fairfax Financial subsidiary called Crum & Forster agreed to work with them.

Some of the same engineers who worked on Martel's mortgage software were tasked with making an app. SHAiR Your Car, also known as carSHAiR , launched in February 2020.

Martel described SHAiR as a "financial literacy" company that taught people how to turn liabilities into assets. He claimed to donate a percentage of SHAiR's profit to OUR Rescue, a U.S. non-profit dedicated to fighting child sex trafficking.

Users created an account, awaited verification and then chose to rent or host a vehicle. SHAiR took a commission of whatever insurance policy the person purchased and had plans to add advertising revenue.

Martel owned around 70 per cent of the company, and Delafuente owned between 10 and 20 per cent (Delafuente described Martel as a "carrot dangler," and said his ownership stake fluctuated with Martel's mood.) The rest was owned by other executives and engineers.

Martel's fleet of 32 vehicles was stored and rented from three locations, including company headquarters, a former car dealership in West Costa Mesa. Among his personal favourites was a 2021 Rolls Royce Cullinan, worth around $400,000 Cdn, which

Martel saved for himself, according to a former employee.

Most days, Martel and Delafuente would get up early and work out at the office gym with other executives, according to former employees. The rest of the day was spent doing work and making trades on the stock market.

In a pandemic-era YouTube video called "How to Lose Money in the Stock Market," Martel and Delafuente discuss investment strategies on a whiteboard, joking they were off to a "great start" by losing $50,000 in 10 days.

Some employees said they believed Delafuente was also involved in Martel's alleged Ponzi, on the basis of his close relationship with Martel.

In May 2023, Martel told his court-appointed receiver and trustee, PricewaterhouseCoopers (PwC), he was "solely responsible" for all MMAC bridge loans.

Delafuente said he'd fully co-operated with investigators in the U.S. and Canada. "I've got nothing to hide … I didn't have any part of it," he said.

According to PwC, Martel dispersed tens of millions of dollars in investor funds among his businesses, including SHAiR, between 2021 and 2022.

SHAiR employed around 50 people from various remote locations, as well as offices in California, Nevada, Texas and B.C. In audio obtained from secretly recorded Google Meets calls with employees, Martel said he was spending around $1 million on operating costs every other month.



Martel holds a goldendoodle purchased at an OUR Rescue auction in early 2022. Martel spent $20,000 on the puppy, according to Delafuente and another employee. (Garrick Delafuente)

In 2022, Martel began renting private planes to fly between the U.S. and Canada to see his kids and continue coaching hockey. That November, when SHAiR was invited to the Web Summit, an annual technology conference in Lisbon, he and Delafuente flew private.

"We got a crazy deal on the plane," Delafuente said.

In addition to market trades, Martel routinely bet on sports games, according to employees and business partners. Two senior employees said they quit because Martel's mood and judgment seemed affected by his use of prescription medication.

Martel also seemed to gamble on his abilities as an entrepreneur, launching new ideas before old ones had taken off.

SHAiR added electric bikes in 2022, and the West Costa Mesa office was plastered with a "coming soon" advertisement for Martel's next big vehicle-sharing idea: planes.

Even as the company strayed from its initial purpose, Martel continued to lease more cars, paying dealer prices and renting them for just enough to make his monthly payments.

"He was just, like, spending money on this business that he had no idea about," a prospective business partner, Houston Crosta, said.



Martel in December 2021, filming an advertisement for SHAiR. (Garrick Delafuente)

VII. A business in turmoil

But all was not well at SHAiR. By the end of 2022, several employees had quit or been laid off.

Some contemplated taking legal action against their former employer, according to employees and court documents. Two employees said they were

fired for speaking out against a toxic workplace that included micromanaging by Martel's chief operating officer.

A call centre employee filed a claim with the Equal Employment Opportunity Commission in the U.S., alleging racial discrimination, but the case was closed without investigation.

Sales manager Corey Firth was fired for "failure to adhere to the company's time clocking policies," according to his termination letter, after he said he showed up to work a few minutes late the Monday after a family member had died.

Firth said he was diagnosed with an anxiety disorder and ended up publishing a book that offers advice to others dealing with stress.

"Now I can look back at it and laugh at it … but at the time it was rough," he said.

Other employees told the CBC there were widespread payroll shortages within the company, which PwC cited as one of the reasons SHAiR ultimately ceased to operate.

In early 2023, Delafuente, Martel and another partner agreed to buy 50 per cent of Royalty Exotic Cars, a Las Vegas car rental company owned by Houston Crosta, according to Crosta.

SHAiR would get access to Crosta's client base of 100,000 renters, and Crosta would get access to Martel's technology.

Delafuente said he spent months working out the deal, which Martel seemed to want to prolong.

According to Crosta, on the day all three executives were supposed to wire their portion of the down payment, which totalled $500,000, only Delafuente sent his, which Delafuente said came from real estate and other ventures.

According to Crosta, the other executive's third was supposed to come from money Martel owed them, which is why it was never sent. Crosta said he and Martel continued to text into the spring.

"He started to try to put the blame on Garrick," Crosta said, rereading his text messages with Martel. "Just bullshit from there."



A damaged Lamborghini Huracán, one of approximately three dozen vehicles owned by Martel. (Submitted by name withheld/Wendy Martinez/CBC)

VIII. One last meeting

Late on Feb. 17, 2023, while Delafuente was in Las Vegas having dinner with his cousins, he alleges, Martel phoned him with an unthinkable request: Make it look like he had $64 million in a Scotiabank account, when he had $946.86.

According to PwC documents, Martel owed a significant amount to an MMAC investor in Alberta named Robert Bertram.

Delafuente said Martel sent him a photograph of his online banking — not a screenshot, but an actual photo — and asked him to Photoshop it.

When Delafuente said no, Martel replied it wasn't a big deal, he would get the $64 million from their lawyer on Monday, according to Delafuente.

Delafuente declined to provide the photograph to the CBC.

After hanging up, Delafuente said he talked to their lawyer, but the lawyer said he wasn't involved in company finances.

Delafuente said he also talked to an MMAC investor in B.C. who was suing Martel for allegedly not being able to get their money out.

A few days later, he quit.

In March, Delafuente and Martel met one last time for lunch in Newport Beach. At that point, Delafuente said, he suspected Martel was up to

something but was still concerned about his friend's well-being. When he broached the subject, he said, Martel quickly shot him down.

"He was just like, 'What? What are you talking about?... Everything's going great,'" Delafuente said.

Martel said it was his staff's fault that the B.C. investor hadn't been paid and he had fixed the issue.

After lunch, Martel dropped Delafuente off at a friend's house where he was staying.

"That was the last time I ever saw him."



Martel, left, another SHAiR business partner named Nicholas Tobin and Delafuente on their way from Newport Beach to a hockey game in Los Angeles. (Garrick Delafuente)

IX. Casting blame

By April 2023, Martel's fleet of vehicles was being repossessed over lack of payments. Martel himself was facing a barrage of lawsuits from people claiming he owed them millions, according to court documents.

Bertram, the Alberta investor, was in the process of filing an application that would force MMAC into receivership, a process to help creditors recover assets, according to documents.

From his home and office in Orange County, Calif., Martel appeared in livestreams with his investors, many of whom were trying to get their money out.

Even as he tried to explain the delays — blaming staff shortages, system errors and statutory holidays — he continued to solicit new investors.

"Many people want to say [bad] things about our company.… It's not true at all," he said. "And a good proof of that is that we have a massive wait-list."

At other times, Martel got defensive. He repeatedly denied doing anything fraudulent, admonished investors for risking too much of their net worths and appeared to adapt an old quote about not fixating on the loss of a few seconds when you have thousands of minutes remaining — although he rephrased it in terms of dollars missing from a metaphorical wallet.

"I'm not saying I'm stealing your money," he added.



Where has Greg Martel been?

2000s: Moved to B.C., started family and began career as mortgage broker.

2010s: Became tech entrepreneur in Victoria.
1976:

Born in Quebec.

August 2023: Fled again to Dubai.
Circa 1980-1990s: Grew up in Toronto.

2017: Moved to Nevada.

2019: Moved to California, travelled back and forth to B.C. to see his kids.

Atlantic
Ocean
April 2023: Fled to Thailand.
Pacific
Ocean
Indian
Ocean
3,000 km

Source: CBC research, ©Mapcreator | OSM.org (CBC)

Martel left his Newport Beach house for the last time on April 23, according to Delafuente, who said he reviewed home security footage. A week later — just after 6 a.m. on April 30 — Martel arrived in Thailand, according to Delafuente and information obtained by the CBC.

In early May, a post written by someone who said they were Martel's executive assistant, Kelsee, appeared on Reddit.

The post said that Martel had gone to Thailand for OUR Rescue and described the timing of the trip — amid the turmoil back home — as "unfortunate."

After attempting to reassure investors, the author of the post accused Delafuente of "stealing from Greg and his companies."

Delafuente said he had been in the process of warning investors that Martel was fleeing and denied all the allegations made against him.

In a written response, a spokesperson for OUR Rescue said only that "unauthorized public statements" about Martel's involvement with the organization had been made and "subsequently deleted" at their request, and that they didn't know where Martel was.

X. The court weighs in

On May 4, MMAC was ordered into receivership by a B.C. Supreme Court judge in Vancouver.

Martel's bank accounts and assets were frozen, and he was ordered to comply with PwC, which the judge appointed as receiver and trustee for MMAC.

Over the following weeks, Martel failed to meet deadlines, provide access to some of his online accounts and answer investigators' questions.

In one email, he blamed his lack of co-operation on PwC, saying his company was "under a massive breach of company data," which he claimed to have reported to the police, "who have escalated it to the FBI."

Around May 12, Martel told the CBC that the receivership was "regrettable" and denied that MMAC was a Ponzi scheme. He hasn't spoken to the media since.

He has opened emails from this reporter, sometimes several times, but never responded. Attempts to reach him at phone numbers previously associated with him were not successful.

In June, Martel's lawyers resigned from his case, citing "ethical reasons."



A home formerly owned by Martel, in Langford, B.C. (Mike McArthur/CBC)

Around the same time, the private investigator tracked down by the CBC, Mike Green, said he was hired by two of Martel's former investors.

According to PwC documents, one of Martel's investors, a California resident named Daniel Castellini, hired an unnamed private investigator. In his interview with CBC, Green said he located Martel in Thailand after about two months and eventually found him using a different passport.

As proof, Green sent a screenshot of what appeared to be a form relating to Martel's entry into Thailand — which showed Martel staying at a $500-a-night luxury resort. He also sent a video of someone roughly resembling Martel getting out of a Tesla and walking into a gym in Phuket.

A couple of weeks later, Martel transferred two Teslas, a $5.6-million Las Vegas property and $300,000 to Castellini, in what PwC's Canadian counsel called a "fraudulent conveyance."

After posting a $50,000 bail, according to PwC, Martel was reportedly released from jail, and left Thailand on Aug. 31. Martel then went to Dubai, according to B.C. court documents.

Dubai has no extradition treaty with Canada or the U.S. From an undisclosed location, Green told CBC he would get Martel on another phone and allow this reporter to listen.

A few minutes later, a gravelly baritone said hello.

The speaker sounded tired and began talking about a plan they and Green had the following day at 7 p.m. "Let me call you about this in an hour," Green said.

After the voice was gone, Green said he could arrange a paid interview with Martel — a nonstarter to any credentialed reporter — and implied that Martel was no longer using his legal name. "If they try to find him using 'Greg,' they will never find him."

XI. A confirmed Ponzi scheme

Last September, just after the CBC's conversation with Green, Martel's second set of lawyers withdrew from his case.

Martel was ordered into bankruptcy and found in contempt of court over noncompliance with court orders. Civil warrants for his arrest were issued in Canada and the U.S.

So far, Martel has not been criminally charged.

In an early email to PwC, Martel's initial lawyers claimed Martel had received death threats.



Martel and his son pose after winning a youth hockey tournament in Calgary. Martel was the coach of the team and chartered a private plane from Victoria. (Garrick Delafuente)

A year after Martel's disappearance, financial investigators for PwC concluded that Martel's lending business was a Ponzi. No bridge loans existed.

"As the controlling mind of MMAC, Martel orchestrated a massive Ponzi scheme through MMAC, and raised over $270 million from investors on false pretenses, which has resulted in claims from at least 930 investors totalling more than $317 million," PwC said.

Through MMAC, Martel had used money from one investor to pay another and poured money into his companies. His own bankruptcy was brought on a lifestyle of "unjustifiable extravagance," PwC said.

Between 2018 and 2023, Martel had spent at least $3 million in private plane rides and $3 million in cars.

Martel had nine bank accounts, according to PwC, including a Coinbase account, that had a combined balance of $2,661.35.

PwC eventually recovered about $300,000 from various MMAC accounts and an unrelated legal proceeding. Martel owned two houses, one in B.C. and one in Nevada, each of which had significant mortgages and little equity. He also jointly owned a third house in Ontario with his ex-wife.

All told, Martel's combined assets were less than the PwC spent in the recovery effort.


How did Martel spend the money?
$200K

Watches and jewelry
$3.1M
$1.1M
Rent
Travel
$150K
Recreation
$50K
Wine and vineyard events
$3.1M
Vehicles
$261K
$59K
Fitness and sports
Restaurants
Source: Bankruptcy documents (CBC)

XII. Searching for justice

So where did the money go?

Some investors believed it was gone. Spent.

Others wondered if Martel himself may have hidden some money — perhaps in cryptocurrencies.

One investor referred to the missing funds as "phantom money," believing interest, not capital, accounted for much of the $300-plus million in claims.

As well, PwC has been trying to recover several million dollars worth of "preference payments" from a handful of creditors who received payments when other creditors remained unpaid.

In an emailed statement, a spokesperson for PwC described the receivership proceedings as "ongoing," and said it does not comment on issues relating to "active receivership proceedings."

While some things remain unknown, what is painfully clear is the impact on the people who lost money they will probably never see again.

WATCH | Why the victims may never get their money back:

People like Cheyenne Chamberlain, 23, who is out $6,000 worth of carefully saved birthday and Christmas money she had "invested" with the hope of eventually making a down payment on a home on Vancouver Island, where she's a student.

"[I wanted] to do my own things in my house, paint my walls, you know? Sounds a little ridiculous, but it's the little things that I really wanted."

And people like Kathy Julien, 67, a commercial pilot in Santa Cruz, Calif., who invested her son's $20,000 life insurance payout, wanting to fulfil his dream of starting a business that helped others struggling with homelessness and addiction.

"Shame on me for being so gullible."



Kathy Julien, left, and her son, Eric Julien, in an undated photo from a fundraising website posted after his death. When Eric died of complications due to diabetes in 2022, she entrusted the proceeds of his life insurance to Martel, wanting to start a business that helped others battling addiction. (Kathy Julien/gofundme.com)

Now that financial investigators have declared MMAC a Ponzi scheme, Martel may be one step closer to justice.

Robert Currie, a professor at Dalhousie University in Halifax who specializes in international criminal law, said Canadian police may now be able to get Crown approval to charge Martel.

If Martel is in the UAE or another non-extradition country, he could still be brought back to Canada, Currie said.

"They would have to enter into … basically a one-time extradition agreement where UAE agreed to surrender him to Canada."

Currie said that white collar crime is treated more seriously than it has been in the past, and that the scale of Martel's alleged fraud was significant. "An alleged $300 million fraud is a serious offence."

Cheyenne Chamberlain said she would be "very happy" if Martel were charged.

A U.S. investor, Rob Barlow, described Martel as "Canada's version of Bernie Madoff," the U.S. ex-financier who was convicted for running the largest known Ponzi scheme in history.

"How can you be so greedy and despicable and dishonest?" Barlow said.

Garrick Delafuente, Martel's former business partner, said he's moved back to Las Vegas and is slowly rebuilding his life. He also wants his one-time friend and mentor held accountable.

"I think he's taking the easy way out, wherever he's at, and it's pathetic and cowardly."

After Martel travelled to Thailand, he purportedly texted Delafuente's friends and family to say Delafuente was going "down" with him.

Delafuente tried calling Martel, but he didn't respond, so Delafuente texted.

"Honestly,' I said, 'You've ruined my entire life. If I don't get to see you and tell it to your face in court,' I basically said 'F-you' and 'I can't believe what you've done to me.' And I blocked his number."

The reporting and travel for this story has been funded by the Tiny Foundation, which had no role in the editorial process.

https://www.cbc.ca/newsinteractives/features/greg-martel



Boeing Pleads Guilty to Fraud During US Investigation of Deadly 737 Max Crashes

The beleaguered aircraft manufacturer Boeing has agreed to plead guilty to a criminal fraud conspiracy charge and pay a fine of $243 million to close a U.S. Department of Justice (DOJ) investigation into two fatal 737 Max crashes in 2018 and 2019.

By Carolyn Casey, J.D.
|
Published on July 30, 2024



The DOJ and Boeing are finalizing the full plea agreement and plan to file it in federal court in Texas by July 19. A judge must approve the plea deal.

Despite this plea deal, Boeing still faces a criminal probe into the more recent 737 Max Alaska Airlines incident where a door blew out of the jet during a flight.

The Fatal Crashes and the 2021 Non-Prosecution Agreement

On Oct. 29, 2018,a Lion Air 737 Max jet crashed into the Java Sea outside Jakarta, Indonesia, a few minutes after takeoff. Everyone on board died -- 189 passengers and the crew. Another 737 Max crashed minutes after takeoff in March of 2019 in Addis Ababa, Ethiopia, killing 157 people.

A January 2021 DOJ Deferred Prosecution Agreement (DPA) with Boeing permitted the company to avoid criminal prosecution for these crashes so long as it complied with new safety obligations. In May 2024, the DOJ informed the aviation giant that it had failed "to design, implement, and enforce a compliance and ethics program to prevent and detect violations of the U.S. fraud laws throughout its operations."

The DOJ said the fraud violations related to Boeing's knowingly false representations to the Federal Aviation Administration (FAA) about its new software that required less intensive pilot training and saved money. The software feature was supposed to automatically push the airplane's nose down in certain conditions. A failure of this feature appeared to cause the two overseas 737 Max crashes.

Boeing became subject to prosecution after this violation.

The Plea Agreement

To avoid prosecution, in the plea deal the company agreed to pay the $436.5 million dollar fine and spend a minimum of $455 million over the next three years to improve safety and compliance programs. An independent monitor will oversee compliance with these terms and file public annual reports on Boeing's progress. Further, the company will be on probation during the three-year period.

Boeing Board must also meet with the relatives of the victims killed in the 737 Max crashes in Indonesia and Ethiopia.

Importantly, this plea deal solely covers Boeing's conduct before the fatal jet crashes of 2018 and 2019. The agreement does not shield the company from other potential investigations or charges related to the Alaska Airlines door blowout in January 2024 or other conduct.

Plea Upsides for Boeing

The victims' families are not happy with the plea deal. They wanted Boeing to face a trial to publicly expose its decisions concerning the 737 Max jet, further damaging Boeing's reputation. The plaintiffs in those cases believe the financial consequences of those trials could have been larger for Boeing.

Erin Applebaum of Kreindler & Kreindler LLP who represents some victim families called the plea deal a "slap on the wrist." Attorneys for the victims' relatives plan to urge the judge overseeing the case to reject the plea agreement. In a court filing, the lawyers quoted the judge's 2023 statement that "[B]oeing's crime may properly be considered the deadliest corporate crime in U.S. history."

Boeing's motivation for the deal is also related to the company's pending government review of its proposed Spirit AeroSystems (SAS) acquisition. SAS is a Boeing supplier.

Guilty Plea Fallout for Boeing

Pleading guilty to a federal criminal fraud charge, however, will not be a bed of roses for Boeing. The company is now a felon. Lucrative government contracts with the U.S. Defense Department and NASA could be in jeopardy though Boeing can seek waivers.

https://www.expertinstitute.com/resources/insights/boeing-pleads-guilty-to-fraud-during-us-investigation-of-deadly-737-max-crashes/?utm_term=title&ajs_uid=a060L000016xYUGQA2&camp_id=667&delivery_id=dgS13QcDAM2VtAHMlbQBAZEJ802mZELi3fPjK3B3Jw%3D%3D&msg_id=2640&msg_type=email_action&utm_campaign=Expert+Newsletter+07.31.24&utm_content=Expert+Newsletter+07.31.24&utm_medium=email&utm_source=customer.io



US Nabs Mexican Sinaloa Cartel's Co-Founder, Chapo's Son

By Valentine Hilaire
July 26, 2024

(Bloomberg) -- Sinaloa Cartel co-founder Ismael "El Mayo" Zambada and alleged drug trafficker Joaquin Guzman Lopez, son of imprisoned kingpin Joaquin "El Chapo" Guzman, were arrested by US authorities Thursday in El Paso, Texas.

The U.S. Attorney's Office charged Zambada, a former poppy-field worker, with conspiracy to manufacture and distribute fentanyl in February. Last year, a U.S. court indictment alleged that Guzman Lopez and three of his brothers operated a drug trafficking Continuing Criminal Enterprise (CCE), while including additional drug, money laundering and firearms charges.

The US Drug Enforcement Administration said last year that the so-called Chapitos, the name given to the four sons of "El Chapo" Guzman who are alleged drug traffickers, pioneered the manufacture and trafficking of fentanyl.

Zambada co-founded the Sinaloa Cartel, considered by US officials one of the most violent drug trafficking organizations in the world, with "El Chapo" Guzman, who was extradited to the US in 2017 and is serving a life sentence.

Mexico's Security Minister Rosa Icela Rodriguez said Friday that the US Embassy had informed Mexico that the two leaders were detained once they were in El Paso. She said the Mexican government was awaiting information about the details of the case.

She denied that another one of "El Chapo" Guzman's children, Ovidio Guzman, had been released in the US, Radio Formula reported.

Reuters reported the detentions earlier, citing people familiar with the situation.

--With assistance from Maya Averbuch.

https://www.bnnbloomberg.ca/business/politics/2024/07/26/us-nabs-mexican-sinaloa-cartels-co-founder-chapos-son/

P.E.I. RCMP report presence of new drug 'more potent than fentanyl'

The drug N-desethyl Isotonitazene has previously been found in Nova Scotia

Kevin Yarr, Victoria Walton · CBC News · Posted: Jul 26, 2024



RCMP provided a photo of these tablets, which they said were seized from a residence in Stratford. (RCMP)

RCMP say a dangerous synthetic opioid not found before on P.E.I. was recently seized during a drug bust in Stratford — underlining the concern that users "really don't know what they're getting."

The seizure on May 28 included an envelope containing about 50 tablets.

"Health Canada identified the tablets as N-desethyl Isotonitazene/A-benzimidazole, a synthetic opioid said to be more potent than fentanyl," RCMP said in a news release. "Although N-desethyl Isotonitazene was reported in Nova Scotia earlier this year, this is the first reported instance of the drug in Prince Edward Island."

The tablets were white and triangular with rounded corners, stamped on one side with P|d and on the other with Ɛ3.

"When people are purchasing illegal substances, they really don't know what they're getting, and that's our number-one concern," Cpl. Ellen Peters said in an interview Friday.

The use of naloxone might be able to counter the effects of the drug, RCMP said, but several doses could be required to reverse this kind of overdose.

Possession of N-desethyl Isotonitazene/A-benzimidazole is illegal, but Peters said she encourages anyone who knows about the presence of the drug to call 911, or contact Crime Stoppers if they wish to remain anonymous.

Peters said the investigation connected to the May seizure continues and no charges have been laid.

CPHO warns of accidental overdose risk

The province's chief public health office says it's concerned that the drug has been detected on P.E.I.

"N-desethyl Isotonitazene is a synthetic opioid considered more than 20 times more toxic than fentanyl. Fentanyl itself is already 20 to 40 times more toxic than heroin and 100 times more toxic than morphine. This makes the risk of accidental overdose very high," said an emailed statement from the CPHO.

The CPHO said the drug is similar to nitazenes, which have been detected across Canada in recent years, and encourages people who use drugs to get them tested even if they think they know what the pills are.



A naloxone kit contains medication and instructions on how to administer it in the event of an opioid overdose. The drug can temporarily reverse the effects of an overdose to make time for medical help to arrive. (Natalia Weichsel/Radio-Canada)

The statement also contained a reminder that naloxone kits are available for free at many Island pharmacies, at some community sites, and through the Health P.E.I. Needle Exchange Program.

Drug users are encouraged not to consume substances alone, to start with a low dose, and to avoid using drugs in combination with other substances like alcohol or benzodiazepenes.

The CPHO encourages people to reach out to services like Health P.E.I.'s Mental Health and Addictions and the Opioid Replacement Therapy Program.

Drug looks like a prescription med

PEERS Alliance is a Charlottetown-based organization that works toward harm reduction when it comes to addictions. Program director Angele DesRoches told CBC News her main concern with the drug is that it resembles a prescription pill.

"These things can look very similar to the pharmaceutical product that manufacturers may be trying to mirror," she said.

DesRoches said most of those who regularly consume street-sourced drugs are aware this type of pill is fake, but she worries about those who are less familiar with drugs in general — "young folks, for example, who may not be as aware of the risks."



Angele DesRoches of PEERS Alliance says the group is working to get new testing strips that would better detect the drug. (Steve Bruce/CBC)

There aren't many drug users — if any — who would actively seek out a drug like N-desethyl

Isotonitazene A-benzimidazole, DesRoches said. But the worry is that other drug supplies are being contaminated with it.

"And often it's not one compound that's appearing in a sample; it's multiple substances that are appearing in a sample," she said.

DesRoches said authorities have been cracking down on fentanyl and fentanyl analogs around the world. Because of that, the doors have been opened for new classes of illicit substances to emerge.

"It's a scary time for folks who are reliant on illicit substances... because things are changing so rapidly," she said.

Tools and technologies are racing to keep up in ways that support people in protecting their health, but we're always behind.— *Angele DesRoches*

As with other drugs, DesRoches encourages people not to use alone, and to use virtual services like the National Overdose Response Service and the B.C.-based Brave mobile app if they don't have someone who can supervise their consumption in person.

Meanwhile, PEERS Alliance is trying to track down new drug testing strips that would be more likely to detect N-desethyl Isotonitazene A-benzimidazole, since the ones the group currently provides are unlikely to detect it.

"Tools and technologies are racing to keep up in ways that support people in protecting their health, but we're always behind," said DesRoches.

https://www.cbc.ca/news/canada/prince-edward-island/pei-rcmp-n-desethyl-isotonitazene-a-benzimidazole-1.7276221

Halifax arrests related to 'extraordinary' cocaine bust in United States

Story by Nicola Seguin

Nova Scotia RCMP say four people have been arrested in Halifax as part of an investigation into a "transnational criminal organization" that also led to an "extraordinary" cocaine bust in the United States last month.

A 63-year-old woman and three men aged 35, 32 and 30, all of Halifax, face multiple drug-related charges. Police also seized four kilograms of cocaine, approximately $170,000 in cash and $120,000 in silver bars, electronic devices and six vehicles.

Nova Scotia RCMP announced the arrests and seizures at a news conference in Halifax on Tuesday, displaying tables piled with cocaine and marijuana, cash, silver bars and gold jewlery.

They also announced the conclusion of Operation Heinze, a 16-month investigation involving police on both sides of the border.



Drugs, money and other items seized as part of a police investigation on display at the news conference. (Robert Short/CBC)© Provided by cbc.ca

"The successful results are part of a parallel investigation into a transnational criminal organization operating between the United States and Canada," said Matthew Scarpino, a special agent in charge with Homeland Security Investigations in Buffalo, N.Y.

"This criminal network used established smuggling methods to transport and distribute substantial quantities of cocaine."

The drug trafficking network at the centre of the operation spanned multiple countries and had links to Nova Scotia, Scarpino said.

"Through this investigation, we have significantly disrupted the day-to-day operations of this criminal organization and choked off a major drug pipeline of

illicit narcotics into Canada and more specifically into the Halifax region," he said.

16-month investigation

The investigation began in the spring of 2022, when the RCMP began trying to identify the distribution networks of drug traffickers in Nova Scotia.

They said they identified a criminal group involving a Hamilton, Ont., man who they believed was importing cocaine and other drugs from the United States into Canada. The drugs were then networked through Ontario and the Atlantic provinces.

"By the spring of 2023, this investigation had led to the identification of an International Criminal organization which was facilitating the movement of imported cocaine from Ontario to Eastern Canada, and that is considered to be in the upper echelon of drug trafficking networks within the Atlantic region," said Const. Chad Morrison of the Nova Scotia RCMP.

In May, Nova Scotia RCMP said they seized 40 kilograms of cocaine bound for Halifax during a traffic stop near the Cobequid Pass. A 52-year-old man from Bedford, N.S., was released from custody to appear in court at a later date.



Boxes of evidence are displayed at the news conference in Halifax on Tuesday. (Robert Short/CBC)© Provided by cbc.ca

In August, police said the Hamilton man was arrested in Buffalo with 433 kilograms of cocaine destined for Canada. They described him as a 37-year-old commercial truck driver with ties to Nova Scotia's drug trade.

Following his arrest, RCMP said officers in Ontario conducted searches in the Hamilton and Niagara regions and discovered more evidence of drug trafficking and money laundering.

The Hamilton man remains in custody in the United States, RCMP said, but the other suspects have been released and will appear in court at a future date.

https://www.msn.com/en-us/news/canada/halifax-arrests-related-to-extraordinary-cocaine-bust-in-united-states/ar-AA1hi8D6?apiversion=v2&noservercache=1&domshim=1&renderwebcomponents=1&wcseo=1&batchservertelemetry=1&noservertelemetry=1

Man Tried To Smuggle $7M of Drugs From California to Canada on a Jet Ski

Published Aug 07, 2024

An American man has been convicted of charges relating to an attempt to smuggle $7 million of fentanyl and methamphetamines in duffel bags into Canada on a jet ski in April 2021.

John Michael Sherwood, 67, worked alongside a Canadian co-conspirator to bring more than 400 pounds of drugs from California to Port Angeles, Washington, according to a 2022 press statement from the U.S. Attorney's Office for the Western District of Washington.

Officials said he planned to use a jet ski and inflatable raft to cross the Strait of Juan de Fuca to deliver the drugs to another individual on Vancouver Island.

After three hours of deliberation, a jury convicted Sherwood of conspiracy to distribute controlled substances, possession of controlled substances with intent to distribute, and conspiracy to commit international money laundering in Seattle, Washington on August 2.



More than 165 pounds of methamphetamine that smugglers tried to float across the border from Mexico into Arizona through a drainage tunnel in

January 2020. An American man was just convicted guilty of attempting to

A third individual, Erika A. Bocelle, from Rhode Island, was also accused of drug smuggling and is currently awaiting sentencing after she pleaded guilty, according to CTV News Vancouver.

During the trial, prosecutors said Sherwood made several attempts to smuggle the drugs from the U.S. to Canada, transporting them from southern California to the Olympic Peninsula. Duffels of drugs and a raft were then discovered by a family, a beachcomber, and another individual walking on a beach near Port Angeles.

The family camping on the beach found a duffel bag with more than 50 pounds of methamphetamine and two pounds of fentanyl powder in the water, according to a statement from the U.S. Attorney's Office for the Western District of Washington.

The statement also said the other beachcomber alerted authorities after witnessing a U-Haul van driving to and from the beach and found a partially submerged Zodiac-style raft.

The third individual walking along the beach three days later reported finding seven duffel bags hidden underneath a bridge, containing 342 pounds of methamphetamine.

The U.S. Attorney's Office for the Western District of Washington's statement said the FBI traced a purchase of duffels, rental of the U-Haul, registration at a motel, and records from a storage locker to Sherwood.

American and Canadian law enforcement bodies including the FBI, Homeland Security, U.S. Border Patrol, and the Royal Canadian Mounted Police worked together when investigating the case.

Due to the quantity of drugs found, the U.S. Attorney's Office press statement from 2022 said that the defendants faced minimum sentences of 10 years to life in prison.

https://www.newsweek.com/defendant-guilty-smuggle-fentanyl-meth-california-canada-jet-ski-1935158

Criminal networks are shifting from fentanyl imports to Canadian-made product

Border seizures are down, the street price is down — and Canadian-made fentanyl has gone global

Darren Major · CBC News · Posted: Aug 06, 2024



Fentanyl, carfentanil and MDMA are pictured during an RCMP press conference about a drug bust in Surrey, B.C. on Friday, February 23, 2023. (Ben Nelms/CBC)

Social Sharing

Organized crime groups have shifted their efforts away from importing the deadly synthetic opioid fentanyl and are now producing it primarily on Canadian soil.

A briefing note prepared for the deputy minister of Health Canada — obtained by CBC News through an access to information request — lays out the changes law enforcement agencies have observed in the illegal market for the drug.

"Superlab interdictions across B.C., Ontario and Alberta suggest that domestic supply is more than sufficient to supply the domestic market," the note says.

The Public Health Agency of Canada estimates that roughly 44,600 Canadians died of toxic drug overdoses between 2016 and 2023. Four out of every five of the 8,000 overdose deaths Canada recorded in 2023 involved fentanyl.

"The fentanyl threat in Canada has definitely shifted from one of importation to one of domestic production," RCMP Inspector James Cooke, a member of the police service's organized crime unit, told CBC News.

Cooke said that shift began roughly in 2019. In May of that year, the Chinese government listed fentanyl as a controlled substance and imposed more regulations on its production and export.

"It is believed this may have prompted the shift from fentanyl and fentanyl analogues being imported into Canada illegally toward domestic production in Canada," the Health Canada briefing note reads.



Health Canada says it can only take a few grains of fentanyl to kill someone. (Ben Nelms/CBC)

The trend is reflected in drug seizure data collected by the Canada Border Services Agency (CBSA). In 2018, the CBSA seized more than five kilograms of fentanyl on its way into Canada. Last year, the agency intercepted less than a kilogram. (According to Health Canada, it only takes a few grains of fentanyl to kill someone.)

Det. Matthew Dugdale of the Hamilton Police Service's drugs and gangs unit said the COVID-19 pandemic only accelerated organized crime's switch to domestic production.

"During the early days of COVID, it was almost impossible to import anything into the country, legal or otherwise. So criminal organizations weren't going to let that stop them from being able to sell their product. So they came up with ways to start manufacturing this stuff locally," Dugdale told CBC News.

The Criminal Intelligence Service Canada (CISC) reported in 2022 that organized crime groups had turned from importing fentanyl-related products to purchasing chemical precursors from international and domestic suppliers to make the drug here.



The Canada Border Services Agency seized barrels of a fentanyl precursor chemical called 4-Piperidone in Vancouver on July 16, 2021. (Canadian Border Services Agency)

"[Eighty per cent] of chemicals used in fentanyl production are unregulated and can be procured in Canada or legally imported from China," the CISC report says.

"Some [organized crime groups] use privately-owned, licensed companies to import chemicals and precursors used in fentanyl manufacturing."

Some of those legal precursor chemicals can be "unwittingly" diverted into the illicit market by chemical companies, Cooke said.

"They may be importing — or I would say stockpiling — a source for chemicals domestically and they may not have a full understanding of where the final destination of those chemicals is," he said. He added that much of the RCMP's focus on precursors involves working with industry to prevent such diversions.

Eric Hrab, a detective with the Hamilton Police intelligence unit, said fentanyl production has taken off in Canada in part because some precursors can be obtained domestically — while the ingredients needed to make cocaine or opium can only be found in certain climates.

"[With] fentanyl, ultimately you're looking for the obtainment of lab equipment and precursors and you could produce everything from start to finish on your own, regardless of where you are in the world," he said.

A U.S. congressional committee released a report this spring that said the Chinese government offers tax incentives to companies that export fentanyl precursors.



A photo submitted by the RCMP shows a clandestine drug lab where Mounties say a large quantity of fentanyl was discovered in Mission, B.C. in November 2023. (submitted by Mission RCMP)

In recent years, police in Ontario, B.C. and Alberta have cracked down on labs or "superlabs" that crime groups have set up specifically to produce fentanyl.

"We've seen them pop up in all shapes and sizes," Dugdale said.

"I've encountered laboratories in rural areas, hidden inside shipping containers or sea crates. We've discovered laboratories in residential homes."



TD Bank is at the centre of a U.S. Department of Justice probe into a massive global money laundering scheme. Andrew Chang breaks down what we know from court documents and inside sources to explain how the scheme unfolded and the red flags analysts say should have been caught.

Cooke said most labs require a lot of investment — which speaks to how lucrative the illegal fentanyl market has become.

"This is not something that a high school student with a chemistry class would be able to put together. There's a great deal of sophistication, not only in the procurement of the chemicals and the products to set up the lab, [but also] the cost associated to those," he said.

Often, crime groups will stockpile precursor chemicals in different locations in order to evade detection, Cooke said.

Last year, police agencies across Ontario busted a fentanyl production ring that included chemical storage facilities in Toronto and Vaughan and labs in Stouffville and Smithville.

"They may stage and move the product a variety of different times as it moves towards the lab. They may move chemicals to a location and have them sit there for an extended period of time, which for law enforcement poses huge different challenges for surveillance," Cooke said.

Canadian-made fentanyl is moving abroad

Dugdale said one alarming trend that has emerged since the pandemic has been the dramatic drop — as much as 30 per cent — in the street price of fentanyl.

"That leads us to believe that there's just an oversupply of fentanyl in the drug market that's leading to a price crash," he said.

The prospect of a fentanyl glut in Canada was raised in the briefing note presented to Health Canada's deputy minister.

"It is widely believed that excess product is being exported to lucrative international markets," the note reads.

In 2022, Australian border officials seized 11 kilograms of fentanyl believed to have originated in Canada. Since the start of 2021, U.S. border officials have seized roughly 25 kilograms of fentanyl coming in from the northern border — a relatively small amount compared to seizures on the southern U.S. border.

Cooke said he believes most fentanyl export operations in Canada are fairly small-scale.

"Primarily, we're seeing smaller personal use quantities that will be exported globally, but primarily into the United States, and they would have likely originated from micro-traffickers that would be operating on the dark web," he said.

Beyond fentanyl, Cooke said other illicit opioids are starting to appear in Canada's illicit drug market.

Xylazine, an animal sedative, and nitazene — a synthetic opioid that is estimated to be several times more potent than fentanyl — are two such drugs. Cooke said these emerging products present "huge challenges for the whole of government as they try and tackle this crisis."

"That's a constant game of trying to catch up with new and emerging drugs," he said.

https://www.cbc.ca/news/politics/fentanyl-produced-in-canada-1.7275200

Quebec, Ontario organized crime groups boost Western Canada vehicle thefts

Organized crime groups are stealing luxury vehicles as a way to conduct so-called trade-based money laundering, disguising the money trail their criminal activities generate.



By **Andrew McIntosh** & **Carolyn Jarvis** **Global News**
Posted August 19, 2024

Quebec and Ontario organized crime members are travelling to Western Canada to steal valuable vehicles and ship them to Montreal for illicit export sales, a new federal intelligence report says.

"Once generally regarded as a regional issue affecting mainly Ontario and Quebec, vehicle theft has expanded to Western Canada, with Alberta's number of **vehicle thefts** now nearing that of Quebec's, despite an approximately 45% lower population base," says a report by the Criminal Intelligence Service Canada (CISC), an RCMP-led national criminal intelligence agency.

"At least some of the groups targeting these Western urban areas are believed to be from Ontario and Quebec," adds the report, which was a special six-page strategic assessment of the growing wave of vehicle thefts in Canada tucked at the end of its December 2023 Report on Organized Crime.

Global News obtained a copy informally under the Access to Information Act.

"With the increasing involvement of violent street gangs, law enforcement can expect a continuing rise in violent carjackings to spread to other jurisdictions," the report warned fellow police agencies.

Ontario and Quebec crime groups are moving west to dodge Eastern police enforcement and because vehicles from Western Canada "are perceived as less likely to have anti-theft protection," the report adds.

In 2022 and 2023, Alberta reported 24,588 stolen vehicles compared to Quebec's 29,705 according to data from Équité Association, a not-for-profit, national organization that tracks crime for insurers.

The CISC report notes the larger number of organized crime groups stealing vehicles overall, with street gangs being "the most prevalent,"

has led to more carjackings, putting the public at risk.

"We're seeing that already the violence has increased. We've seen an increase in carjackings and increase in home invasions and an increase in break and enters to steal vehicles, steal keys," said Ontario Provincial Police Det. Insp. Scott Wade, the deputy director of the OPP's Provincial Auto Theft and Towing Team.

The CISC report notes that in addition to being at risk of carjacking, a driver also "may be at risk of extortion and robbery" if they are not removed from their vehicle and let go by street gang members, a terrifying experience seen in some countries such as Brazil and South Africa.

But Wade says the police do not want to alarm Canadian consumers. Right now, the situation is scary but nowhere near as bad as in those countries, he said.

Canadian law enforcement agencies just want people to be aware of the problem and take comfort from the knowledge that police in Ontario and across Canada are sharing intelligence and fighting the problem together.

Police define an organized crime group as three or more people engaging in criminal activity for a common purpose. The CISC report states that 78 organized crime groups are now stealing vehicles across Canada, including 63 in Ontario and Quebec.

That's up 62 per cent compared to 2022, the report said.

The CISC report does not identify any suspects or crime groups involved, but it does reveal that some vehicle thefts are becoming increasingly sneaky and brazen.

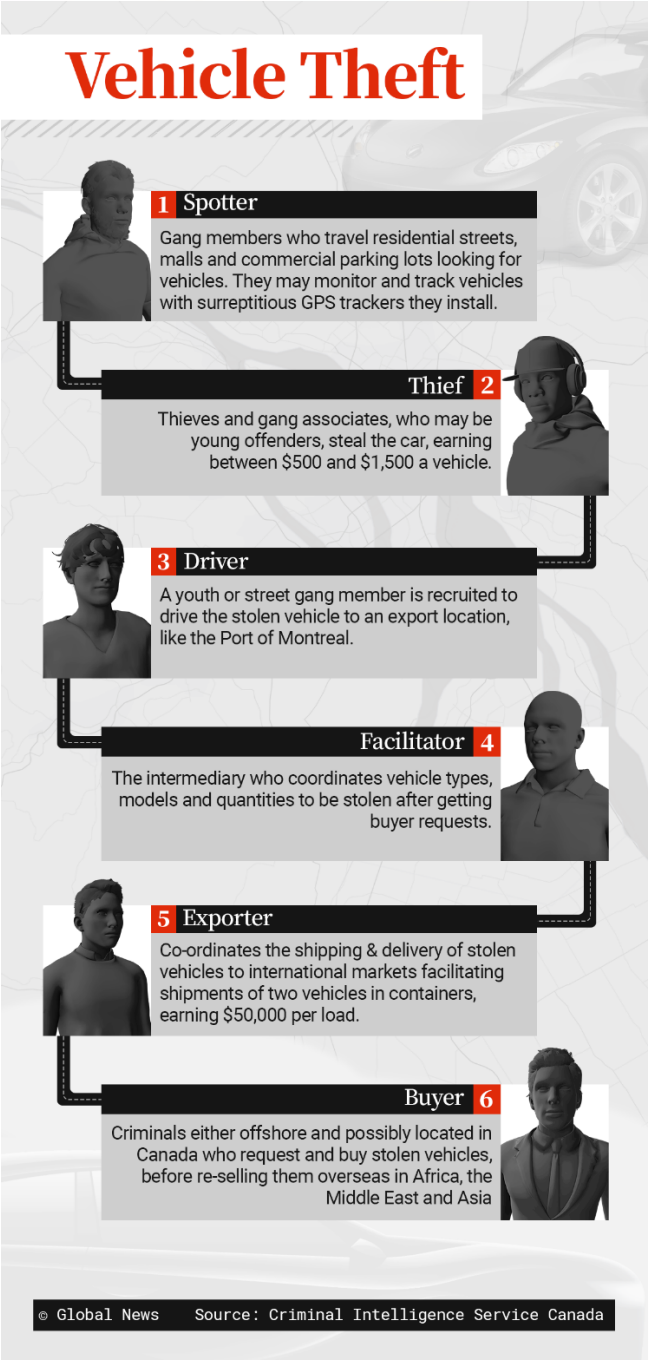
"While not yet as prevalent, there are indications that tow trucks are being used to steal vehicles that are parked on the street, a tactic that is believed to raise less suspicion from passersby," the report noted, saying thefts are occurring at public parking lots, offices, grocery stores and movie theatres.

The report also explains why organized crime is glomming onto vehicle thefts: it's incredibly financially lucrative for every small and bigger player in the criminal enterprise's food chain.

WHY ORGANIZED CRIME LOVES VEHICLE THEFT

The CISC intelligence teases apart how structured the organized crime groups stealing vehicles have become – and how lucrative the activities are for bad actors.

Though structures vary, intelligence states each group generally has two tiers: a lower level and a higher level, each of which typically includes three bad actors.



Sunny Bajaj / Global News

The "Lower-Level" network includes:

Spotter: gang members who travel residential streets, malls and commercial parking lots looking for vehicles. They may monitor and track vehicles with surreptitious GPS trackers they install.

Vehicle thief: Thieves and gang associates, who may be young offenders, steal the car, earning between $500 and $1,500 a vehicle.

Driver: A youth or street gang member is recruited to drive a stolen vehicle to an export location, like the Port of Montreal.



Inside a stolen vehicle examination centre

The "Higher-Level" network includes:

Facilitator: The intermediary who coordinates vehicle types, models and quantities to be stolen.

Buyer: Criminals either offshore or possibly located in Canada who request and buy stolen vehicles, before reselling them overseas.

Exporter: Co-ordinates the shipping and delivery of stolen vehicles overseas. These actors may use legitimate companies or create new ones using false documents and phony company officials to facilitate shipments of two vehicles in containers, earning $50,000 per load.

At the back end, the offshore higher-level sellers can resell Canadian stolen vehicles overseas for prices equal to their full market price in the United States – in U.S. currency, Wade told Global News.

"The profit margin is massive … And we've heard of areas where they're almost getting double the value of a Canadian car," he added. "If you were to steal a dozen cars and traffic them and send them overseas, well, your potential profit could be in the hundreds of thousands of dollars."

THREE QUEBECERS, 14 STOLEN TRUCKS IN EDMONTON

Edmonton Police Service Sgt. Ian Strom knows all about Quebecers traveling to Alberta to steal valuable trucks and ship them back to Montreal in containers meant for illicit export sales.

Strom leads one of the EPS Targeted Response to Auto Theft Prevention (TRAP) teams.

In November 2022, his team investigated a sudden surge in thefts of high-end Dodge TRX trucks.

At the time, investigators recovered two stolen trucks from a local shipping yard. A receipt found inside one truck led them to a local Edmonton man.

When the truck thefts started up again a few months later, that Edmonton suspect's home was put under surveillance and police quickly located two freshly stolen Dodge trucks, Strom said.

But during that day, Strom said, three Quebec men arrived, retrieved one of the stolen trucks and delivered it to a shipping yard where it was loaded into a container. Two more containers, with four stolen vehicles inside, were then followed to a rail yard. (Those vehicles were later recovered.)

That night, Strom said, the Quebecers, while driving a stolen Jeep, stole another Dodge TRX. All three were eventually arrested and charged after what Strom called "a dangerous criminal flight from police."

Edmonton police found the group snatched six trucks that day, which authorities recovered.

"Two additional Dodge trucks were recovered at the port of Montreal as a result of our investigation," Strom added. "We're not sure how the connection between Edmonton and Quebec was made, but we do know that different individuals specialize in certain products they steal, like Dodge trucks and Jeeps."

Edmonton police found that the ring involved three Quebec suspects working with locals; they had stolen a total of 14 trucks in the city worth $1.7 million. Six vehicles remain missing.

After the arrests, Montrealer Michael LaRue, who has a criminal record in Quebec, was jailed in Alberta from Feb. 5, 2023, until March 7, 2024, Strom said. (Before that case, LaRue had previously pleaded guilty in Quebec Court to vehicle theft charges, federal drug charges, and assaulting a police officer, court records show.)

LaRue returned to Montreal after his release from Alberta jail.

A month later, he was shot three times by Montreal police after he allegedly disregarded a police order to stop and get out of a reportedly stolen vehicle he was allegedly driving while his license was suspended. (He's facing more charges in Quebec court and the province is now investigating his shooting. LaRue has said he was unfairly shot by police.)

The second Quebec man arrested, Tommy Morgan, saw his charges stayed, Strom said.

The third Quebecer arrested, whom Edmonton police identified as Jacob L'Heureux, remains at large. Police believe he left Alberta. He is now facing an arrest warrant, Strom said.

THREE ONTARIO MEN ARRESTED AFTER 40 FORD F-150S WENT MISSING

Another 2022 Edmonton police case saw another three men, all Ontario residents, arrested after dozens of Ford F-150 vehicles were stolen in the city.

Only seven of the vehicles were recovered at the time.

The CISC report states the percentage of stolen vehicles that organized crime exports to overseas destinations versus the number staying in Canada is unknown.

However, the report explained that stolen vehicles serve many purposes. Proceeds from overseas sales are used to commit or fund more crime, like drug trafficking, firearms trafficking, and money laundering.

One of the largest challenges in curbing organized crime's outsized role in vehicle theft is the involvement of repeat offenders, the OPP and Toronto Police Service **said in late June.**

That's when the Ontario Provincial Carjacking Joint Task Force, which operated from September 2023 to March 2024, announced it had made 124 arrests and laid 749 charges to combat the rising violence associated with auto theft crimes.

The task force said it recovered 177 stolen vehicles worth more than $10 million and seized eight guns.

At the time, Toronto Police Service Deputy Chief Rob Johnson added that the police were concerned that 44 per cent of the 124 suspects arrested were already out on bail from prior arrests at the time of their new arrest and 61 per cent were subsequently re-released on bail.

As of late June, Toronto police said there had been 149 carjackings in Toronto so far in 2024, an 86 per cent increase from last year, as well as 71 break-and-enters/home invasions where a vehicle was stolen.

https://globalnews.ca/news/10698908/quebec-ontario-organized-crime-canada-vehicle-thefts/



China scam run from Isle of Man



- Author,**Global China Unit**
- Role,**BBC World Service**
- 23 August 2024

A seaside hotel and former bank offices on the Isle of Man have been used by scammers conning victims in China out of millions of dollars, a BBC World Service investigation has found.

The dining room and lounge at the Seaview Hotel in Douglas were packed with dozens of Chinese workers, we have been told, on computers hooked up to fast broadband. A specialist wok hob had also been delivered to the hotel's kitchen.

The deception, which happened between January 2022 and January 2023 according to Chinese court documents, used a method known as "pig-butchering". It is so-called because the process of "fattening the pig" - gaining the victim's trust - is vital to its success.
The BBC spent nearly a year establishing how the investment scam was carried out from the island,

which is a British Crown dependency with an independent government.

ADVERTISEMENT

We also uncovered other details, such as how bosses had big ambitions to build a state-of-the-art office complex overlooking the Irish Sea.
As well as obtaining court papers, we have accessed leaked documents and spoken to company insiders.



Image caption,The Seaview Hotel in Douglas, where the Chinese scammers initially set up their work stations

One former member of staff, Jordan [not his real name], told us he had no idea of the murky world he was entering when he arrived on the Isle of Man. He says he was relieved to have found what he thought was a stable administrative job.

He did notice, however, that his new employer seemed quite secretive - for example, he and his colleagues were forbidden from taking photos at company social events. What he says he didn't realise was that many of his Chinese colleagues were actually scam artists.

In late 2021, nearly 100 people had been transferred to the Isle of Man to work for a company which Chinese court documents refer to as "MIC". They had come from the Philippines where they had worked for another scamming firm. The BBC has discovered that MIC stands for Manx Internet Commerce.

On the Isle of Man, MIC was part of a group of associated companies - all with the same owner.
An online casino, run by King Gaming Ltd, was the most prominent. In mainland China, gambling is illegal. Setting up halfway around the world meant the group's founders could target Chinese customers, but also take advantage of the Isle of Man's low gambling taxes.



Image caption,The Chinese scammers later moved to former bank offices

A few months after being based at the Seaview Hotel in Douglas, the MIC workers were moved to former bank offices on the east side of town.

And this is where Jordan says he would hear sporadic cheering from his new colleagues - who worked in groups of four. He now believes they were celebrating moments when they had successfully scammed another victim, some 5,000 miles away.

Six people who worked for MIC in Douglas have now been convicted - upon their return home to China - of carrying out investment scams against Chinese citizens.

The cases, heard in late 2023, detail the illicit money stream. Victims were lured by the defendants and their accomplices from bases on the Isle of Man and in the Philippines, according to the Chinese court papers.

They say the defendants would work in teams to pull Chinese investors into chat groups on QQ - a popular Chinese instant messaging service similar to WhatsApp. One scammer would play the role of an investment "teacher", and others would pretend to be fellow investors.

The BBC has seen evidence - including in the court papers - that many of those who arrived in Douglas from the Philippines were engaged in the scams. All used the same computer equipment, depended on QQ for their work and, with the exception of a few managers, all held the same job title.



Image caption,The companies' sole beneficiary Bill Morgan, also known as Liang Lingfei

The fake investors would build an atmosphere of hype and excitement around the money-making skills of the "teacher", who would then tell the victim to put money into a particular investment platform, the Chinese court found.

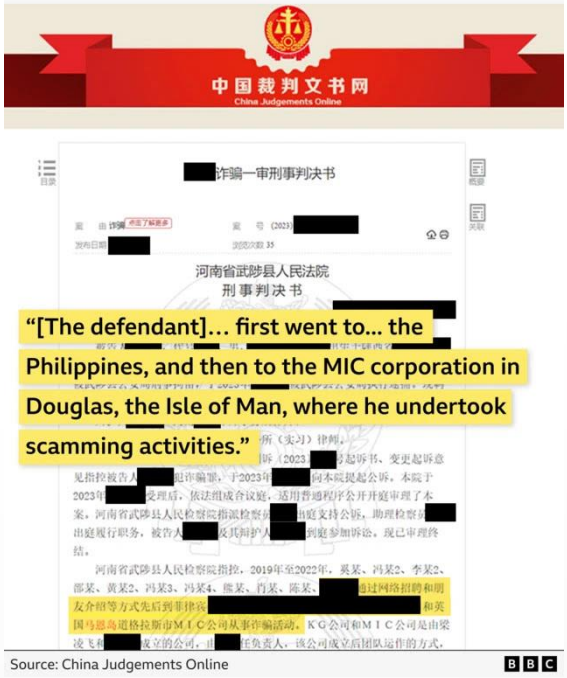
Dazzled by the hype, the victim would comply, only for their funds to be syphoned off by the scammers, who actually controlled these platforms and could manipulate them from behind the scenes.

The Chinese court said it was difficult to verify the victims' total losses - but it said 38.87m renminbi (£4.17m/$5.3m) had been taken from at least 12 victims.

Relying on evidence including the defendants' own confessions, as well as travel and financial records and chat logs, the court found the six defendants guilty.

This was not only a profitable but also a sophisticated scam, say the court documents, requiring front line teams to deploy the "pig-butchering" techniques with persuasiveness and skill.

Chinese court papers reveal the transnational nature of the scam



Source: China Judgements Online

The BBC has discovered the identity of the companies' sole beneficiary. His name was hidden behind layers of administrative paperwork.

MIC and its affiliate companies were all held by a trust set up by an individual named "Bill Morgan" who, documents show, was also known as Liang Lingfei. Employees called him "Boss Liang", says Jordan.

The Chinese court papers refer to a man called Liang Lingfei being the co-founder of MIC on the Isle of Man - which it described as "a fairly stable criminal organisation established in order to carry out scam activities". Mr Liang was not one of those prosecuted or represented at the hearings.

The court stated that Mr Liang was also co-founder of the scamming organisation in the Philippines. The BBC has seen evidence that many MIC employees worked there before being transferred to the Isle of Man.

Our investigation has also found that Mr Liang obtained an Isle of Man investment visa and attended multiple company events on the island. His wife also owns a home in the town of Ballasalla, near the island's airport.
The group of companies on the Isle of Man was ambitious, having signed a planning agreement late last year for a glitzy "parkland campus" headquarters on the site of a former naval training base. A spokesperson for the developers described it as the "largest single private investment in the Isle of Man".

Architects' images show office buildings set on a hill above the seafront in Douglas. Inside would have been penthouse apartments, a spa, multiple bars and a karaoke lounge.

The campus was to be used by MIC staff and those working for MIC's "affiliate" companies, including those involved in online gambling, planning documents state.



Image caption,A mock-up of the glitzy campus the group was planning to build

Conservative estimates put the global annual revenues of the "pig-butchering" industry at more than $60bn (£46.5bn).

"This is the first such case we've seen of one of these [pig-butchering] scam operations setting up in a Western country," says Masood Karimipour, South East Asia representative at the UN Office on Drugs and Crime.

Trying to stop the scams is like a "game of whack-a-mole", he says, and it is a battle that "organised crime is currently winning" as criminals engage in what he calls "jurisdiction shopping" where they perceive there to be legal loopholes and little oversight.

Any ambitions the group of companies may have had on the Isle of Man - legitimate or otherwise - appear to have come to an end.
In April, police raided the former bank offices. They also targeted an address next to the island's Courts of Justice building - using a ladder to enter through a first-floor window in the early hours of the morning.

In a statement released shortly afterwards, police said the raids had been in connection with a wider fraud and money laundering investigation in relation to King Gaming Ltd IOM. Seven people had been arrested and released on bail, they added.

Since then, a further three people are known to have been arrested.

Receivers were appointed earlier this month for companies in the group - including MIC and King Gaming Ltd IOM - at the request of the Isle of Man's attorney general.

The island's gambling regulator has stripped MIC's gambling affiliate companies of their licences.
The parkland campus site was cleared of trees and signage went up - but the redevelopment is now on hold indefinitely.

The BBC has made repeated attempts, via several methods of communication, to contact the companies involved - as well as Bill Morgan/Liang Langfei and company directors - but has received no replies.

We have also attempted to contact the Seaview Hotel, but have received no response, though there is no suggestion that anyone there was aware of any illegal activities taking place on the premises.

https://www-bbc-com.cdn.ampproject.org/c/s/www.bbc.com/news/articles/cz6x1ql1yelo.amp

Terry Glavin: A user's guide to Trudeau's illicit affair with China's Communists

Opinion by Terry Glavin

In the ordinary course of heated political controversies, Canadians can sort out the issue that's launching their politicians at one another's throats. In the "foreign interference" upheaval that has in turns paralyzed, confounded and outraged Canada's political class in recent days, we're not even allowed to know what the federal party leaders are arguing about, exactly.

This doesn't make the story easy to tell. It was already hard enough to determine when the story really begins, let alone figure how it will all end.

If we wanted to, we could push the beginning of the story back to 2003, when Beijing's United Front Work Department boasted about electing six of its preferred candidates in Toronto. Three years later, the UFWD — China's overseas strong-arming, "elite capture" and election-interference infrastructure — claimed electoral success for 10 of its 44 preferred Toronto-area candidates, according to an

internal training manual uncovered by the Financial Times.

We could also begin the story with the way then Canadian Security Intelligence Service director Richard Fadden was thrown under the bus by Liberal and New Democratic Party MPs back in 2010, when he said several provincial and municipal politicians in Canada had come under Beijing's influence, to a worrying degree. The charge against Fadden back then was led by the Liberals' current health minister, Mark Holland.

But for the opening of this latest chapter, foreshadowed by a series of leaks from intelligence-agency whistleblowers going back to November 2022, we need only go back as far as June 3. That's when an extraparliamentary oversight committee released a heavily-redacted, 84-page report that seemed to suggest that some MPs have been dallying in conduct bordering on treason.

In this way, the "foreign interference" story has revealed itself to be about something worse. Despite the huge blanked-out spaces the Prime Minister's Office has insisted on imposing on the public record, all along this has really been a story about collusion, about certain of our politicians collaborating with hostile foreign powers to their own advantage and to further their own parties' electoral prospects. Some MPs have been "semi-witting or witting" participants in the efforts of foreign states to interfere in Canada's political life, the report found, particularly during the federal elections of 2019 and 2021.

This is hardly news to anyone who has been paying close attention, but the story has changed in the way its emphasis has shifted. It can no longer be told as a simple story about Canadian politicians as victims. In the story told by the National Security and Intelligence Committee of Parliamentarians, Canadian politicians are the culprits.

In one key respect, however, it's been the same story, for more than 20 years. While the NSICOP report alludes to bad behaviour on the part of India's friends in Canada, and Pakistan, and Iran and Russia are mentioned almost in passing, it's China's deep involvement in Canada's democratic processes and institutions that the NSICOP report emphasizes.

By the time of the 2019 federal election, the UFWD's budget for overseas operations was $600 million, and CSIS assessed that year that Canada had become an "attractive and permissive target" for foreign meddling. Even so, NSICOP reported that same year, public engagement was "almost non-existent." That, too, has changed.

The public is most definitely engaged now, despite the Trudeau government's efforts over the past year and a half to shut everything down. By filibuster, by blocking evidence demanded by House of Commons committees, and by enlisting the China-friendly, Trudeau-friendly "special rapporteur" David Johnston in a failed whitewash, the Trudeau government expended every effort to make it all go away.

The Liberals evaded the demands for a public inquiry until their minority position in the House made it impossible to stop. Trudeau and his ministers insinuated that it was all just a big fuss manufactured by anti-Chinese racists, by incompetent CSIS officials, by sour-grapes losers among failed Conservative candidates, and by dubiously-motivated CSIS whistleblowers who deserved to be hunted down and prosecuted. None of it worked.

The release of the NSICOP report followed on the equally astonishing proceedings of the Public Inquiry into Foreign Interference in April. In hearings before Commissioner Justice Marie-Josée Hogue, Prime Minister Justin Trudeau and his officials gave every appearance of committing something close to perjury in their efforts to dispute, dismiss and deny the veracity of incriminating evidence presented by CSIS director David Vigneault. But it was the NSICOP report that left everyone with the worst kind of unanswered questions: Who are these "traitors" on Parliament Hill?

Officially, it's necessarily a mystery. That's because huge swaths of the NSICOP report were redacted and expunged by the Prime Minister's Office on the grounds that the content would be "injurious to national security, national defence or international relations," or would violate "solicitor-client privilege." Making things even foggier, NSICOP has been

engaged in a running battle with senior officials in the PMO and several federal agencies over their habit of relying on "cabinet confidences" to withhold information. Last year, this rationale was used to blot out, in whole or in part, more than 1,000 documents NSICOP asked the government to disclose.

Even worse, Prime Minister Trudeau, NDP leader Jagmeet Singh and the Greens' Elizabeth May, each having seen the unredacted version of the report, disagree quite dramatically about what it contains. Conservative leader Pierre Poilievre says he doesn't want to be drawn into the cone of silence the NSICOP statute would require of him, so he doesn't know which MPs are named in it.

Despite the furious arguments separating them on all that, there's a weird circling of wagons going on. Everyone agrees that NSICOP has cast a "dark cloud" of suspicion over the House of Commons. All the party leaders broadly agreed last week that the unredacted version of the NSICOP report should be booted over to Justice Hogue to sort it all out. And separately, a series of national-security measures NSICOP had urged in vain on the Trudeau government for seven years is suddenly roaring through Parliament with all-party support.

Bill C-70 is already at the third-reading stage in the Senate after being introduced in the House of Commons only on May 6. Among other things, the bill contains a version of the foreign influence registry that the Liberals dragged their feet on for three years. First introduced in an April 13, 2021 private members bill tabled by Steveston — Richmond East Conservative MP Kenny Chiu, the registry was ferociously opposed by Beijing's UFWD proxies in Canada. Chiu was defeated following a well-documented UFWD campaign to punish him at the polls.

Where things get particularly awkward for Trudeau's Liberals is that leaked CSIS assessments consistently show that the UFWD had identified a very specific objective in the 2019 and 2021 federal elections: keeping the Conservatives out of office and ensuring a Liberal win, preferably in a more easily-manipulable minority government.

There is no way of knowing for certain whether any foreign-meddling effort in any riding in either of those federal elections influenced the vote outcome, one way or another. But however this story ends, it's hard to see its final chapter containing the Trudeau government's vindication. It's much easier to imagine the story coming to a close in Justin Trudeau's final disgrace.

National Post

Tasha Kheiriddin: On EVs, Trudeau puts politics ahead of national security

Why is he not just taking a stand, siding with our allies, and safeguarding both Canadian jobs and Canadian sovereignty?

Author of the article:
Tasha Kheiriddin
Published Aug 13, 2024

Prime Minister Justin Trudeau is on a tear. This week he trotted out the b-word — "baloney" — to describe Conservative Leader Pierre Poilievre's call for tariffs on cheap Chinese-made EVs threatening to flood the Canadian market and demolish domestic manufacturing. In May, the U.S. hiked its tariffs to 100 per cent from 25 per cent, while the EU has set tariffs north of 38 per cent. The Canadian government just wrapped a 30-day consultation on the issue, with a decision expected soon.

But Trudeau didn't pronounce himself on tariffs: instead, he attacked the Tories. "It's a bit of a joke that Poilievre is suddenly talking about workers in the auto industry. He has said repeatedly that he wouldn't be making these investments in our auto industry," Trudeau said Monday at an EV announcement at a Goodyear plant in Napanee, Ont. "We have been there every step of the way, and the federal Conservatives continue to say they'd cut it all. … They don't believe in investing in Canadian workers. So for him to suddenly turn around and say, 'Oh we're worried about EVs'? That's baloney."

What did Poilievre actually say? Last year, he expressed concern about the cost of government investments in the auto sector, including its $16.3 billion investment in a Volkswagen electric battery plant in St. Thomas, Ontario. The plant is supposed to open in 2027 despite uncertainty in the EV

sector. Zero-emission vehicles comprised 11.3 per cent of Canadian auto registrations in the first quarter of 2024, down from 12 per cent in the previous quarter, and U.S. growth is slowing even more.

Several plants that received government funding also hired foreign workers, not Canadians, an issue Poilievre raised in the House of Commons this year. It's no secret the Conservatives are gunning for the working class vote for the next federal election, with a labour leader even endorsing the Conservative candidate in an upcoming Winnipeg bye-election. The Liberals are nervous that NDP support could flow to the Tories, and are keen to staunch the bleeding.

The overarching issue for the Prime Minister, however, should be the one he avoided: the impact of cheap Chinese cars on national security. China seeks to undermine the stability of other nations through many means, including economic. It has indebted myriad nations in Africa through "debt trap diplomacy," loaning money for infrastructure projects that these countries cannot repay. It has hollowed out the American manufacturing base by supplying cut-rate clothes and consumer goods, including some made by slave labour. And now, it seeks to dump inexpensive EVs into North America on the pretext of saving the planet — but really, to crush western automakers.

Apart from the impact on industry, there's another concern: cybersecurity. We know that China scrapes data from TikTok: why wouldn't it do so from cars as well? What would stop state-owned Chinese EV manufacturers from embedding surveillance equipment in their vehicles that could be used to track traffic patterns, fuel consumption, or even spy on individual users?

The United States government announced in February that it is investigating the issue of embedded surveillance in Chinese cars. Even our own government is doing so: in June Deputy PM Chrystia Freeland said "We're also looking at the national security aspect of this; the security aspect including cybersecurity, when it comes to Chinese exports of high technology items, like EVs."

So why is Trudeau now using the issue of Chinese EVs to score partisan points? Why is he not just taking a stand, siding with our allies, and safeguarding both Canadian jobs and Canadian sovereignty?

Perhaps one should call Beijing and ask. The relationship between Trudeau and China is so extensive, it would take another column to do it justice, so I'll just link to this excellent piece by Terry Glavin and let you read about it there.

The whole affair is just another reason that Canada needs a change of leadership, both in the Liberal party and the government. But until Trudeau decides to drive off into the sunset, Canadians are stuck with policies that puts political interests first, and the nation's priorities second.

Postmedia Network

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https://nationalpost.com/opinion/tasha-kheiriddin-on-evs-trudeau-puts-politics-ahead-of-national-security

Exclusive: China's Plan to Revamp Economy Revealed by Ambassador to US

Published Aug 05, 2024

China's senior-most diplomat in the United States has shared with *Newsweek* the details behind Beijing's plan to overcome the many challenges afflicting the world's second-largest economy and population at a time of worsening global turmoil and intensifying competition with Washington, D.C.

The initiative, as explained by Chinese ambassador to the U.S. Xie Feng in a written interview with *Newsweek*, involves hundreds of reforms aimed to combat what he called "the growing pains" associated with decades of rapid growth that could see China become the world's largest economy within the next 10 years.

But today, facing slowing consumption, real estate instability and increasing debt among local governments, Xie acknowledged that "the low-hanging fruits have been reaped, the good meat has been eaten, and all that is left are hard bones to chew."

Xie ultimately exuded optimism, however. He asserted that the new roadmap would allow China to "not only accomplish the targets for economic and social development this year, but also build momentum for sustainable development in the long run," specifically by the target year of 2029.

This shift was officiated last month at the latest third plenary meeting of the 20th Central Committee of the Communist Party of China (CPC). Xie argued that the top-level gathering overseen by President Xi Jinping, already viewed as China's most influential leader since People's Republic founder Mao Zedong, marked a historic moment for the nation, the likes of which have occurred only twice before over the past half-century.
What comes next, Xie said, will involve a doubling down on "new quality productive forces"—Beijing's latest buzzword—as well as a vast array of measures intended to stimulate growth and battle adversarial economic forces at home and abroad.



The Chinese Communist Party's Politburo Standing Committee (from left, Li Xi, Cai Qi, Zhao Leji, Xi Jinping, Li Qiang, Wang Huning and Ding Xuexiang) attend the Central Committee third plenary held July 15-18 in Beijing. **XIE HUANCHI/XINHUA/AP**

Xie: The overriding theme of the 20th third plenum of the CPC Central Committee is further deepening reform comprehensively to advance Chinese modernization. The adopted resolution, its most important outcome, is exactly a blueprint for this. In the resolution, "reform" as a keyword appeared 145 times, and "opening-up" 35 times.

Since the start of China's reform and opening-up, there have been two third plenums with epoch-making importance: one is the 11th in 1978, which ushered in a new period of reform, opening up, and socialist modernization; the other is the 18th in 2013, which marked the start of comprehensively deepening reform in the new era with systemic and holistic planning.

The 20th third plenum is also a landmark event. The message is clear: China's efforts in reform and opening-up will never stop. As President Xi Jinping pointed out, "If we are to break new ground in advancing Chinese modernization on the new journey in the new era, we must continue to rely on reform and opening up."

The world today is a fluid and turbulent one. The outlook for the global economy looks increasingly uncertain. Every country is facing its own challenge. How should we respond? While some countries resort to scapegoating others with a beggar-thy-neighbor approach, China's choice is to reform itself on all fronts, defuse risks through better institution-building, and seek win-win results.

At this plenum, over 300 reform measures were rolled out, all involving reforms of systems, mechanisms, and institutions. We also set for ourselves the goal of completing all these reform tasks by the time the People's Republic of China celebrates its 80th anniversary in 2029. How many countries are ready to launch such large-scale reforms with the same commitment and grit?

It is worth bearing in mind that 46 years have passed since China started its reform and opening-up. In the past, we often "crossed the river by feeling for stones," and reforms were mostly focused on specific areas. But today, the low-hanging fruits have been reaped, the good meat has been eaten, and all that is left are hard bones to chew. Every policy decision in the Chinese economy, which now contributes over 30% to world growth, has global implications and thus should be made with extra prudence.

Also, what our people care about now is no longer getting enough to eat, but how to eat well; not just making the pie bigger but dividing it more fairly. So, reforms have to be more targeted, systemic and comprehensive. Only in this way can we live up to the expectations of the people and the world.

China is at a pivotal stage for transforming its growth model and optimizing its economic structure. It is only natural that there will be some growing pains. All these issues have arisen in the course of development and transformation, and there is no reason why they cannot be overcome. In fact, the history of China's reform and opening-up is exactly one of spotting and resolving problems.

So, what is China's solution? This plenum has made it clear: we will advance high-standard opening-up and pursue high-quality development. We will continue to invigorate growth through reform, unleash productivity, and create stronger impetus for Chinese modernization.

We will boost both the supply and the demand. Developing new quality productive forces will be a priority. This means making traditional sectors higher-end, smarter and greener, fostering new industries such as artificial intelligence, aerospace and biomedicine, and further integrating digital technology into the real economy.

At the same time, China's consumer market keeps expanding and upgrading. Last year, consumption contributed 82.5% of China's economic growth. Our middle-income group, 400-million-strong now, will double in the coming decade. It is estimated that every one percentage point increase in the proportion of the group will drive up consumer spending by over $150 billion annually. Also, China's urbanization rate, now at around 66%, is about 14 percentage points lower than the average level of the developed countries. Every one percentage point increase in the number can generate around $140 billion of investment and $28 billion of consumer spending, which will be a strong boost to the property market as well.

We will continue to promote integrated urban-rural development, coordinate regional development, and improve the people's wellbeing, so as to further bring out the potential of domestic demand. Several days ago, China's State Council released a five-year action plan for people-centered new urbanization, under which we will move faster to grant permanent urban residency to people who move to cities from rural areas. This means the nearly 300 million rural migrant workers will enjoy equal access to basic public services as urban residents.

We see ensuring stable growth in the short term and sustaining the momentum in the long run both important. This month, we will allocate 300 billion yuan ($41.4 billion) in ultra-long treasury bonds to support large-scale equipment upgrades and consumer goods trade-ins. In light of the supply and demand changes in the housing market, we are fostering a new development model for the real estate sector. With a focus on meeting people's demand for both essential and better housing, we will provide more government-subsidized housing, and give municipal governments greater decision-making powers to regulate the property market.

To defuse local government debt risks, we will expand the sources of tax revenue at the local level, so as to place more fiscal resources at the disposal of local governments. For instance, we have set the direction for reforming excise tax collection, and will grant greater authority to local governments for tax management, and expand the scope of use for funds raised from the sale of local government special-purpose bonds as appropriate. Meanwhile, we will establish a monitoring and oversight system to better manage all local government debt.

China's economy is now on a path of higher-quality development that is more efficient, equitable and sustainable. In the first half of this year (H1), it rebounded in both quantity and quality. The GDP grew 5% year over year, outpacing many other major economies. The quarter-on-quarter GDP growth rate moved up for eight consecutive quarters. Altogether, 39 out of the 41 major industrial categories recorded an increase in the added value.

China's industries are also more innovative and greener. Investment in high-tech sectors grew 10.6% in H1. New growth engines are booming, with the output of smart, green products including integrated circuits, service robots, electric vehicles and solar cells all growing in double digits. Bloomberg projected China's tech industries to account for 23% of GDP by 2026. A number of international institutions including the IMF [International Monetary Fund] have revised China's growth forecast for 2024 to 5% or above.

Undoubtedly, the Chinese economy is still facing many challenges. But the fundamentals sustaining its steady and long-term economic growth will not change. The expanding manufacturing industry will bolster the supply. Summer travel, school reopening, the National Day holiday, as well as investment to shore up weak links and in new arenas will all unlock robust demand. The upgrading of traditional sectors and the rise of emerging ones will create strong impetus. And measures like ultra-long special treasury bonds and special-purpose bonds will provide policy support.

So, we are confident that we will not only accomplish the targets for economic and social development this year, but also build momentum for sustainable development in the long run.

How to strike a balance between the government and the market is a universal challenge. China's approach is to promote both an efficient market and an effective government. We give full play to the decisive role of the market, as the "invisible hand," in allocating resources, so that the allocation will be as efficient and productive as possible. Meanwhile, we also seek to better leverage the "visible hand" of the government by improving macroeconomic governance, so as to better maintain order in the market, remedy market failures, and unleash creativity across society.

This plenum reaffirmed we will see that the market plays the decisive role in resource allocation and that the government better fulfills its role. It also outlined plans to remove barriers to market access, promote market-oriented reform of production factors, and refine the systems underpinning the market economy. In line with the resolution, we will deepen reform of state capital and SOEs, and advance market-oriented reform in the competitive areas of sectors including energy, railway, telecommunications, water conservancy, and public utilities. We will also create more opportunities for the non-public sector, formulate a private sector promotion law, and ensure that economic entities under all forms of ownership have equal access to production factors, compete on an equal footing, and are protected by the law equally.

All these speak volumes about China's commitment to market-oriented reform. We will continue to promote better interplay between the two "hands" to unlock development potential.



Buildings of Shenyang, located in China's northeastern Liaoning province, are seen on July 17. **AFP/GETTY IMAGES**

As some countries keep closing doors, building walls and seeking decoupling, openness is in short supply globally. But China is opening up more doors, building more bridges, and reaching out to share reform and development benefits with the world. To quote a Chinese poem that describes the bamboo, "It is strong and firm though struck and beaten without rest; careless of the wind from north or south, east or west." No matter how the world may change, China will continue to do the right thing. We are committed to embracing the world with open arms, and we expect the world to open up to us alike.

Opening-up is the hallmark of Chinese modernization. This plenum introduced many concrete measures in this regard. Restrictions will be reduced. We will further shorten the negative list for foreign investment, remove all market access restrictions in the manufacturing sector, and fully apply the negative list for cross-border trade in services. More areas will be opened up. We will steadily expand institutional opening-up, and create an institutional environment that is transparent, stable, and predictable in alignment with high-standard international economic and trade rules. We will, on our own initiative, open up wider in sectors including telecommunications, the internet, education, culture and medical services. We will also further level the playing field. Domestic and foreign-invested enterprises will be treated equally, and we will ensure national treatment for the latter in

terms of access to production factors, license application, and government procurement.

A more open China will bring more market and growth opportunities to the world. International investors are seizing the momentum and voting with their feet. In H1, 26,870 new foreign-invested companies were set up in China, up by 14.2%. Foreign investment in actual use reached nearly 500 billion yuan ($69.8 billion), a relatively high level over the past decade.

Tesla is building another factory in Shanghai, and it took only a month to negotiate and conclude the deal. Apple has established R&D centers in Beijing, Shanghai, Shenzhen and Suzhou, and doubled the number of its R&D staff in China over the past five years. BMW's largest production base and second-largest R&D system are both in China. According to a recent report by the China Council for the Promotion of International Trade, over 40% of the surveyed foreign-invested companies see China's market as more attractive, and nearly 50% expect their profit margins to increase in the next five years, with American companies being the most optimistic.

All these have proven that China is not only the world's factory, but also the world's market. In addition to "made in China," we are seeing more "smartly made in China." China continues to be a major engine of global growth, and also an unparalleled investment destination that remains undervalued. We welcome more businesses to invest in China, stay committed to China, and grow with China.

Seeing is believing. The best way to understand a country is to be there. In recent years, China is offering visa-free entry to more and more countries and regions. Citizens from 54 countries, including the United States, can now enjoy the 72/144-hour visa-free transit policy. Many foreign friends have seized the opportunity to experience China. In H1, foreign nationals made a total of 14.63 million inbound trips to China, up by 152.7% from the same period last year, among which the number of visa-free entries surged 190%.

As many may have noticed, "city or not city (meaning "isn't this cool or not")," a catchphrase coined by an American vlogger when touring China, has gone viral, and "China Travel" videos have been a big hit on social media. The tourists dived into a food spree at local night markets, went on a city walk, took a cruise trip, and rode the high-speed rail. Some also joined in square dancing, tried a self-driving taxi, and had food delivered by drones. What they have seen is an open, safe, vibrant, welcoming and dynamic China. Many marveled "China is not at all what I expected," and recorded through their lens "the China Western media won't show you." A comment under one of the videos said that "China isn't our enemy...We share the planet and we need to learn how to do it peacefully as co-citizens."

We welcome more Americans to visit, study, live and work in China. A lot has been done to facilitate this: American applicants for the tourist visa no longer need to provide flight tickets, hotel bookings, itinerary and invitation letters. Those eligible for a ten-year multi-entry visa can be allowed a longer duration of stay. And it takes only four working days for qualified applicants to get their visas.

The resolution of this plenum also called for making it easier for overseas visitors to live, receive medical services, and make payments on China's mainland. Shortly after the plenum, the Ministry of Commerce and six other government departments issued a circular on further facilitating accommodation for overseas travelers in China. We will do more to encourage people-to-people exchanges, and give foreign tourists a better experience in China.

To all American friends, you are most welcome to embark on an on-a-whim trip to China, and meet an amazing country beyond your imagination!

https://www.newsweek.com/exclusive-chinas-plan-revamp-economy-revealed-ambassador-us-1934269

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But Trudeau didn't pronounce himself on tariffs: instead, he attacked the Tories. "It's a bit of a joke that Poilievre is suddenly talking about workers in the auto industry. He has said repeatedly that he wouldn't be making these investments in our auto industry," Trudeau said Monday at an EV announcement at a Goodyear plant in Napanee, Ont. "We have been there every step of the way, and the federal Conservatives continue to say they'd cut it all. … They don't believe in investing in Canadian workers. So for him to suddenly turn around and say, 'Oh we're worried about EVs'? That's baloney."

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The United States government announced in February that it is investigating the issue of embedded surveillance in Chinese cars. Even our own government is doing so: in June Deputy PM Chrystia Freeland said "We're also looking at the national security aspect of this; the security aspect including cybersecurity, when it comes to Chinese exports of high technology items, like EVs."

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We could also begin the story with the way then Canadian Security Intelligence Service director Richard Fadden was thrown under the bus by Liberal and New Democratic Party MPs back in 2010, when he said several provincial and municipal politicians in Canada had come under Beijing's influence, to a worrying degree. The charge against Fadden back then was led by the Liberals' current health minister, Mark Holland.

But for the opening of this latest chapter, foreshadowed by a series of leaks from intelligence-agency whistleblowers going back to November 2022, we need only go back as far as June 3. That's when an extraparliamentary oversight committee released a heavily-redacted, 84-page report that seemed to suggest that some MPs have been dallying in conduct bordering on treason.

In this way, the "foreign interference" story has revealed itself to be about something worse. Despite the huge blanked-out spaces the Prime Minister's Office has insisted on imposing on the public record, all along this has really been a story about collusion, about certain of our politicians collaborating with hostile foreign powers to their own advantage and to further their own parties' electoral prospects. Some MPs have been "semi-witting or witting" participants in the efforts of foreign states to interfere in Canada's political life, the report found, particularly during the federal elections of 2019 and 2021.

This is hardly news to anyone who has been paying close attention, but the story has changed in the way its emphasis has shifted. It can no longer be told as a simple story about Canadian politicians as victims. In the story told by the National Security and Intelligence Committee of Parliamentarians, Canadian politicians are the culprits.

In one key respect, however, it's been the same story, for more than 20 years. While the NSICOP report alludes to bad behaviour on the part of India's friends in Canada, and Pakistan, and Iran and Russia are mentioned almost in passing, it's China's deep involvement in Canada's democratic processes and institutions that the NSICOP report emphasizes.

By the time of the 2019 federal election, the UFWD's budget for overseas operations was $600 million, and CSIS assessed that year that Canada had become an "attractive and permissive target" for foreign meddling. Even so, NSICOP reported that same year, public engagement was "almost non-existent." That, too, has changed.

The public is most definitely engaged now, despite the Trudeau government's efforts over the past year and a half to shut everything down. By filibuster, by blocking evidence demanded by House of Commons committees, and by enlisting the China-friendly, Trudeau-friendly "special rapporteur"

David Johnston in a failed whitewash, the Trudeau government expended every effort to make it all go away.

The Liberals evaded the demands for a public inquiry until their minority position in the House made it impossible to stop. Trudeau and his ministers insinuated that it was all just a big fuss manufactured by anti-Chinese racists, by incompetent CSIS officials, by sour-grapes losers among failed Conservative candidates, and by dubiously-motivated CSIS whistleblowers who deserved to be hunted down and prosecuted. None of it worked.

The release of the NSICOP report followed on the equally astonishing proceedings of the Public Inquiry into Foreign Interference in April. In hearings before Commissioner Justice Marie-Josée Hogue, Prime Minister Justin Trudeau and his officials gave every appearance of committing something close to perjury in their efforts to dispute, dismiss and deny the veracity of incriminating evidence presented by CSIS director David Vigneault. But it was the NSICOP report that left everyone with the worst kind of unanswered questions: Who are these "traitors" on Parliament Hill?

Officially, it's necessarily a mystery. That's because huge swaths of the NSICOP report were redacted and expunged by the Prime Minister's Office on the grounds that the content would be "injurious to national security, national defence or international relations," or would violate "solicitor-client privilege." Making things even foggier, NSICOP has been engaged in a running battle with senior officials in the PMO and several federal agencies over their habit of relying on "cabinet confidences" to withhold information. Last year, this rationale was used to blot out, in whole or in part, more than 1,000 documents NSICOP asked the government to disclose.

Even worse, Prime Minister Trudeau, NDP leader Jagmeet Singh and the Greens' Elizabeth May, each having seen the unredacted version of the report, disagree quite dramatically about what it contains. Conservative leader Pierre Poilievre says he doesn't want to be drawn into the cone of silence the NSICOP statute would require of him, so he doesn't know which MPs are named in it.

Despite the furious arguments separating them on all that, there's a weird circling of wagons going on. Everyone agrees that NSICOP has cast a "dark cloud" of suspicion over the House of Commons. All the party leaders broadly agreed last week that the unredacted version of the NSICOP report should be booted over to Justice Hogue to sort it all out. And separately, a series of national-security measures NSICOP had urged in vain on the Trudeau government for seven years is suddenly roaring through Parliament with all-party support.

Bill C-70 is already at the third-reading stage in the Senate after being introduced in the House of Commons only on May 6. Among other things, the bill contains a version of the foreign influence registry that the Liberals dragged their feet on for three years. First introduced in an April 13, 2021 private members bill tabled by Steveston — Richmond East Conservative MP Kenny Chiu, the registry was ferociously opposed by Beijing's UFWD proxies in Canada. Chiu was defeated following a well-documented UFWD campaign to punish him at the polls.

Where things get particularly awkward for Trudeau's Liberals is that leaked CSIS assessments consistently show that the UFWD had identified a very specific objective in the 2019 and 2021 federal elections: keeping the Conservatives out of office and ensuring a Liberal win, preferably in a more easily-manipulable minority government.

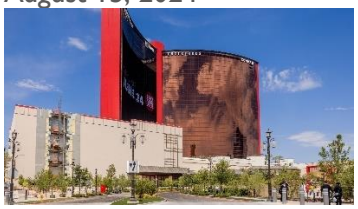
There is no way of knowing for certain whether any foreign-meddling effort in any riding in either of those federal elections influenced the vote outcome, one way or another. But however this story ends, it's hard to see its final chapter containing the Trudeau government's vindication. It's much easier to imagine the story coming to a close in Justin Trudeau's final disgrace.

National Post



Resorts World Las Vegas Accused of Catering to Crime Figures

By Rob Golum
August 15, 2024



Resorts World Las Vegas in Las Vegas, Nevada, U.S., on Tuesday, June 22, 2021. Malaysia's Genting Group developed the 3,500-room hotel with 117,000 square feet of gambling space, 250,000 square feet of meeting space, a 5,000-seat theater, and seven swimming pools overlooking the north end of the Strip. (Roger Kisby/Bloomberg)

(Bloomberg) -- Resorts World Las Vegas was accused of catering to individuals with ties to organized crime in a complaint filed Thursday by the Nevada Gaming Control Board.

In a 31-page disciplinary complaint, the board said Resorts World, a major property on the Las Vegas Strip owned by Genting Group, "welcomed certain individuals with suspected or actual ties to illegal bookmaking, histories of federal felony convictions related to illegal gambling businesses, and ties to organized crime."

The company didn't immediately respond to a request for comment.

Resorts World is among the newer properties on the Las Vegas Strip, the largest hub for legal gambling in the US. The $4.3 billion property opened in June 2021 featuring 3,500 hotel rooms and a 5,000-seat theater.

The complaint said the suspected or known felons wagering at Resorts World included individuals with convictions in US courts for running an illegal gambling operation, money laundering and tax-law violations. One of those accused was under contract with Resorts World, the gaming board said in a statement.

"The Nevada Gaming Control Board is committed to protecting the state of Nevada, its citizens and visitors, and Nevada's vital gaming industry," board Chairman Kirk Hendrick said in the statement. "All suspected violations of Nevada's gaming laws and regulations will be fully investigated and disciplinary action will be filed when warranted."

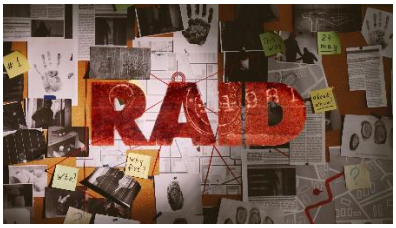
(Updates with details of complaint starting in fifth paragraph.)

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https://www.bnnbloomberg.ca/business/international/2024/08/15/resorts-world-las-vegas-accused-of-catering-to-crime-figures/

ED Conducts Multi-City Raids in Connection With Money Laundering Case Against Magicwin

- **Edited By:** Swastika Sruti
- **Updated on:** August 20, 2024



The Directorate of Enforcement (ED), Ahmedabad Zonal Office, conducted search operations in collaboration with the Cyber Crime Police Station, Ahmedabad, at 20 locations across Delhi-NCR, Bengaluru, Lucknow, and Coimbatore in connection with the case against Magicwin and others under the provisions of the Prevention of Money Laundering Act (PMLA), 2002.
During the search operations, incriminating records, digital devices, and cash amounting to Rs 30 lakh were seized.

Additionally, approximately Rs 2 crore was frozen, and certain crypto wallets were identified containing a balance of about Rs 12 crore. Crypto exchanges have been instructed not to liquidate the cryptocurrencies in these wallets.
According to the ED, the investigation was initiated based on information and an FIR registered at the

Cyber Crime Police Station, Ahmedabad. It was alleged that the website www.magicwin.games had unauthorisedly hosted, streamed, and broadcast ICC Men's T20 World Cup 2024 cricket matches, for which broadcasting rights had been granted to Star India Pvt. Ltd. by the International Cricket Council (ICC).
Magicwin is a website compatible with any internet browser (mobile, smart TV, computer, etc.) through which the company's paid content was broadcasted and made available for free viewing.

Further, according to the ED, it was gathered from the complainant that Magicwin had illegally broadcast ICC Men's T20 World Cup 2024 cricket matches, including Canada vs. Ireland on June 7, 2024, and India vs. Pakistan on June 9, 2024, via the link https://ss47.live/. This content was streamed from OTT platform Disney+ Hotstar, causing significant financial losses to the company authorised to broadcast the matches.

The ED's investigation revealed that the Magicwin website was involved in illegal activities such as betting on live cricket matches and other games. The unauthorised broadcast of ICC Men's T20 World Cup 2024 live matches was done without any subscription fee, enticing unsuspecting individuals to place bets on their website.

https://www.newsx.com/national/ed-conducts-multi-city-raids-in-connection-with-money-laundering-case-against-magicwin/

Philippine President Announces Ban on Online Gambling Operations

The announcement comes amid scrutiny of Philippine Offshore Gaming Operators, or POGOs, and their alleged links to organized crime.



By **Sebastian Strangio**
July 23, 2024



Philippine President Ferdinand Marcos Jr. delivers his annual State of the Nation address to the House of Representatives in Quezon City, Philippines, July 22, 2024.

Philippine President Ferdinand Marcos Jr. has announced a ban on online gambling operations, accusing them of connection to a variety of crimes, including murder, kidnapping, online scams, human trafficking, and torture.

In this annual State of the Nation address, Marcos said that the ban would take effect immediately, but that he had given the country's gaming agency until the end of the year to wind down these operations.

The announcement, which drew loud applause and a a standing ovation from the joint session of Congress, follows growing calls to ban Philippine Offshore Gaming Operators, known commonly as POGOs, due to their alleged links to organized crime.

"Disguising as legitimate entities, [POGO] operations have ventured into illicit areas furthest from gaming such as financial scamming, money laundering, prostitution, human trafficking, kidnapping, brutal torture, even murder," Marcos told said in his address. "The grave abuse and disrespect to our system of laws must stop."

He added, "Effective today, all POGOs are banned."

As Felix Domini Iglesias noted in an article this month for The Diplomat, a POGO is a business entity "that participates in offshore gaming services by offering online games, taking bets, and paying the winning players – but only to customers based outside of the Philippines." In practice, most of these are run by Chinese nationals and serve customers in mainland China, where gambling is banned outside Macao.

These operations are believed to employ as many as 25,000 Filipinos, in addition to an unknown number of Chinese nationals. In his speech, Marcos vowed to work with the Department of Labor and Employment to help former POGO workers find alternative employment.

While POGOs have been present in the Philippines for around two decades, they proliferated under the presidency of Rodrigo Duterte (2016-2022),

which threw open the doors to Chinese investment, and have continued to expand in the two years since Marcos took office. There are now an estimated 400 POGOs across the Philippines, many of them based in high-rise apartment blocks in Manila and other large cities. At its height, POGOs employed more than 300,000 Chinese workers.

At the same time, Asia's booming casino business has been closely linked to organized criminal activities, particularly sophisticated "pig butchering" scam operations, which have also metastasized over the past few years in Myanmar, Laos, and Cambodia. POGOs have been a subject of concern in the Philippines for some time, with one prominent member of the Senate putting forward a bill banning the operations. Others argue that the industry might pose a national security risk.

In the past, the crackdown was hampered by the money that has flowed to the Philippine Amusement and Gaming Corporation (PAGCOR), which is expected to receive 24.5 billion pesos ($417 million) in POGO fees and taxes this year. (Duterte at one stage defended the industry on these grounds.) But a rapid growth in unlicensed gambling operations is depriving the government of even this pecuniary benefit. PAGCOR's chairman Alejandro Tengco told Reuters recently that there are between 250 and 300 illegal POGOs operating in the country, compared with 46 officially licensed operations.

Marcos' announcement comes amid an ongoing Senate investigation into POGOs and their links to organized crime. The investigation centers on the identity and activities of Alice Guo, the mayor of Bamban, a town in Tarlac province on the island of Luzon. In February and March, the authorities raided two POGOs operating on a Bamban property allegedly owned by a company belonging to Guo. The raid in March resulted in the arrest of nine individuals involved in scam-related activities and illegal human detention and rescued more than 800 victims of human trafficking.

During the investigation, the lead investigator, Senator Risa Hontiveros, has presented documents alleging that Guo is a Chinese national named Guo Huaping, who faked her identity as a Filipino. This has stoked the long-standing fears that POGOs might serve as cover for Chinese espionage operations.

Guo has denied any wrongdoing but has been suspended from her post and had her financial assets ordered frozen. She has since disappeared. Last week, the Senate President Francis Escudero signed warrants for the arrest of Guo and several members of her family for snubbing the Senate POGO inquiry.

For its own part, Beijing has urged the Philippines to institute a total ban on POGOs, highlighting their links to criminal activities. Last month, the Chinese Embassy in Manila issued a statement calling on the Philippines "to ban POGO at an early date so as to root out this social ill," the embassy statement said.

Around the same time, the Philippine authorities announced a crackdown on illegal POGOs, but Marcos' announcement suggests that the government is no longer willing, or able, to draw a distinction between legitimate and illicit gambling operations. Indeed, the scale of the criminal activity uncovered in Bamban – and this was not the only such case – suggests that the benefits of the legal operations are not worth the trouble, even if it may take time, and considerable amounts of investigative resources, to root out the illegal operations.

In a statement yesterday, Hontiveros called Marcos's move a "victory for the entire nation."

"POGOs have brought innumerable and unspeakable social ills into the country," she said in a statement. "Our Senate hearings will continue to demand accountability. We will also continue to ensure that we strengthen policies that would prevent industries like POGOs from ever emerging again."

https://thediplomat.com/2024/07/philippine-president-announces-ban-on-online-gambling-operations/



Father and son facing terror charges were planning 'serious violent attack in Toronto': RCMP



Terrorism investigation moved fast: police

Joshua Freeman
CP24.com Journalist

Updated July 31,

RCMP say a father and son who were arrested in Richmond Hill on terrorism charges last week were "in the advanced stages of planning a serious violent attack in Toronto."

At a news conference Wednesday morning, RCMP officials said an Integrated National Security Enforcement Team (INSET) became aware of the threat in early July.

"On July, 28 2024 GTA INSET arrested a father and son at a hotel in Richmond Hill who were in the advanced stages of planning a serious violent attack in Toronto," Assistant Commissioner Matt Peggs, Commanding Officer for Ontario told reporters.

RCMP moved in to arrest the pair at a hotel room they were renting in Richmond Hill that night after the men allegedly acquired an axe and a machete.

Officials said the arrests were effected "in a textbook fashion" without any excess damage "beyond what you'd expect" and no injuries.

The two men, who are both Canadian citizens, are Toronto residents and it's not clear why they were at the hotel in Richmond Hill.

Investigators are still working to determine who or what the men were allegedly plotting to attack.

Police said they were not aware of any other targets outside of Toronto.

"I want to emphasize there is no evidence to suggest that there is any remaining risk to the public," Peggs said.

The two men are now facing six terror-related charges altogether.

Ahmed Fouad Mostafa Eldidi and Mostafa Eldidi appeared in court to face the charges July 29.

In court documents, prosecutors allege that sometime between July 1 and July 29, the two men knowingly facilitated a terrorist activity and were knowingly helping the Islamic State enhance its ability to carry out terrorist activity.

Specifically, the documents allege the two were conspiring to commit murder for the benefit of, at the direction of or in association with the Islamic State.

That happened, RCMP allege, while the men were in Toronto, York Region and other parts of Ontario.

Prosecutors allege that around July 28, Ahmed Fouad Mostafa Eldidi bought an axe and that Mostafa Eldidi bought a machete for the benefit of, at the direction of or in association with the Islamic State.

The documents do not say exactly what the two may have planned to do next.

Ahmed Fouad Mostafa Eldidi is also charged with committing an aggravated assault outside of Canada for the benefit of the Islamic State in June of 2015.



Police are shown at a news conference in Newmarket on July 31. A father and son have been arrested in connection with a planned terrorist attack in the Toronto area, police say. (CP24)

https://toronto.ctvnews.ca/father-and-son-facing-terror-charges-were-planning-serious-violent-attack-in-toronto-rcmp-1.6984277



American attorney convicted in UAE of money laundering will pay fine - lawyer

Alexander Cornwell
Updated August 12, 2022 ·2 min read

By Alexander Cornwell

DUBAI (Reuters) -U.S. citizen and civil rights attorney Asim Ghafoor, who was convicted in the United Arab Emirates this week on money laundering charges, has been released from detention there and was headed home to the United States, his lawyer said on Friday.

Ghafoor was freed after paying a fine, attorney Faisal Gill said, adding that the U.S. Embassy in the UAE helped facilitate his release.

A court on Wednesday upheld Ghafoor's earlier in-absentia conviction, ordering him to pay a fine but revoking a three-year jail term handed down in May.

UAE officials had no immediate comment.

Ghafoor, who lives in Virginia, was transiting through Dubai airport on July 14 when he was detained for the in-absentia conviction in May for money laundering and tax evasion that followed a 2020 request for assistance by U.S. authorities.

Abu Dhabi's Judicial Department on Wednesday said the court had also confiscated funds illegally moved through country. He would also be deported, it said. Al Mulla said the court confiscated 18 million dirhams ($4.9 million).

U.S. officials have not confirmed the assistance request, but said that the arrest was not made at the request of Washington.

Media reports in the United States say Ghafoor has in the past come under U.S. surveillance due to work representing Muslim Americans in civil rights cases.

The in-absentia trial and his detention last month while U.S. President Joe Biden was visiting the region has drawn criticism from rights groups and some members of Congress.

Ghafoor's supporters say he has been denied due process and was unaware of the charges before being detained.

Some have also suggested the arrest could be politically motivated, citing his ties to Saudi Arabian journalist Jamal Khashoggi, who was murdered by Saudi agents in Turkey in 2018, and work with rights groups critical of the UAE.

U.S. intelligence says Saudi Crown Prince Mohammed bin Salman approved the operation in which Khashoggi was killed. The prince has denied involvement. Saudi Arabia and the UAE are close allies.

UAE officials have repeatedly said the case against Ghafoor was strictly about financial crimes.

($1 = 3.6727 UAE dirham)

(Reporting by Alexander Cornwell; Additional reporting by Simon Lewis and Dan Whitcomb; Editing by Mike Harrison and Michael Perry)

https://www.yahoo.com/news/american-attorney-convicted-uae-money-113418533.html

Spotting the red flags

What to watch for and avoid to keep from getting caught up in a money laundering scheme

BY DOUG BEAZLEY 27 AUG. 2024

Nobody loves spam. Lawyers — who sometimes receive spam of the career-ending kind — have reasons to hate it more than most.

“Lawyers get these pitches all the time. We’ll get an email from someone who claims they’re in Quebec, and they need to set up a corporation in Ontario, and they need to move some money through Jamaica, for some reason,” says Jeffrey Simser, a Toronto-based lawyer and expert in money laundering law.

"Experienced lawyers, we're used to that and we see the red flags. But say you're a young lawyer with a new practice and this client comes along — you don't really know anything about them, but you know their fee can pay the rent."

Ignorance of the law is no defence, of course — especially for lawyers. Law societies and the Federation of Law Societies of Canada (FLSC) have been beating this drum for years, reminding legal professionals of their duty to avoid getting drawn into money laundering schemes.

The message may not be getting through to everyone. In a report completed in 2022 — a year before Ronald Pelletier became the first lawyer in B.C. to be disbarred for money laundering — the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) found legal professionals were "implicated in a wide range of suspicious activity," including deals involving drug traffickers and organized crime.
According to reporting by CTV News and the Investigative Journalism Foundation, FINTRAC alerted police to 229 cases between 2017 and 2021 in which it saw indications of money laundering or terrorist financing, and identified 92 cases of suspected links between legal professionals and money laundering schemes.
How many of those cases involved lawyers who genuinely didn't know what they were getting into? Maureen Ward, a commercial litigator at Bennett Jones specializing in cross-border financial crime, says lawyers in small firms or solo operations can be vulnerable.

"We've seen a substantial uptick in financial crime lately, and Canada is a very popular target for that sort of activity."

She says our law enforcement regime, which tackles financial crime, is sophisticated but under-resourced compared to the volume of illicit financial flows — particularly when compared to enforcement in the United States.

"Bennett Jones is a big firm and we have a lot of stringent processes and internal checks to ensure we comply both with the regulations and law society guidance," Ward says.

"But all firms have an obligation to protect themselves. Small firms don't get a pass just because they're small."

The FLSC has a list of model rules that are meant to keep lawyers from crossing the line, and all law societies have adopted them. They limit the use of lawyers' trust accounts to functions directly linked to the provision of legal services and cap cash payments at $7,500. They also instruct legal professionals to conduct detailed client identification and verification checks so they know who their clients are and where their money is coming from.
Last year, the FLSC released a crib sheet of money laundering "red flags" lawyers should look for when taking on new clients. Again, most of those warning signs involve clients who refuse to identify themselves or their business partners, or who obscure the source of their funding.
"There's no simple set of rules. But for starters, if what your client is asking you to do doesn't make any sense, investigate or walk away," says Simser, who testified before the Cullen Commission, British Columbia's money laundering inquiry.

"If you're asking me to provide legal services, I need to establish who you are and exactly what it is you want me to do. Is there anything weird about it? Are you, for example, a first-year university student who wants to buy a new home for $2 million? That actually happened in Vancouver."

The FLSC's red flag list also suggests that money launderers seek out inexperienced lawyers or those with no background in complex or "especially large" transactions.

However, the fact that bad actors target inexperienced legal professionals doesn't relieve those professionals of the obligation to know who they're working for.

"There's a difference in law between being truly unaware and being willfully blind," says Michelle Gallant, a professor of law at the University of Manitoba who studies money laundering.

"I can see a situation involving a simple real estate transaction where the lawyer might not know — a one-off, in short. But for lawyers who are involved in 50, 60, 100 transactions, I'd say it's less likely

they're unaware. There are hints there that should prompt further investigation."

Where you practice also matters. For example, if you're in B.C., she says, "You really have no excuse for not knowing the role real estate transactions play in money laundering, for not doing your due diligence."

There's a political dimension to all of this, of course. Ottawa has tried twice to bring lawyers under anti-money laundering laws that would require them to report suspicious transactions to FINTRAC. Its last attempt ended in failure before the Supreme Court, which ruled that bringing lawyers under FINTRAC would amount to "state interference with the lawyer's duty of loyalty to the client."

The Financial Action Task Force (FATF), the global watchdog that sets international standards to curb money laundering, will review Canada's anti-money laundering regime next year. What that report says could help determine where the conversation about the legal profession and money laundering goes from here.

"It's worth remembering that the SCC decision didn't close the door entirely to oversight," says Simser.

"That FATF evaluation could end up having a lot of influence if it's particularly critical."

Gallant warns that the profession shouldn't assume the constitutional right to solicitor-client privilege pushes outside oversight off the table forever, noting self-governance and solicitor-client privilege are two separate things.

"Lawyers have codes of conduct. The profession is self-regulating. Other professions don't enjoy that privilege," she says.

"And it is a privilege. There's a reason ethics is a mandatory course in law schools. Lawyers don't just work with the law — they are the law."

https://www.nationalmagazine.ca/en-ca/articles/law/hot-topics-in-law/2024/spotting-the-red-flags

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Larry Keating
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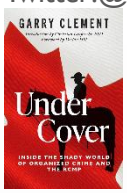
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