



Understudied Areas of OC

BUILDING A SAFE AND RESILIENT CANADA

Understudied areas of organized crime include how organized crime groups spend their money, environmental crime, wildlife crime, organized crime infiltration in legitimate enterprises and markets, the counterfeiting of goods, and online gambling.

This report involved a literature review and informed speculations. Given the difficulty in gathering information about understudied activities, an in-depth description of such activities was not always possible. Nonetheless, the findings show the possible involvement of organized crime in some activities.

Only a few studies have focused on how much, how, and where organized crime groups spend their illicit proceeds. In jurisdictions other than Canada, studies have repeatedly focused on the negative impact of organized crime on the economic performance and growth of the legitimate economy. In Canada, on the other hand, research has demonstrated that organized crime invests in deposit institutions, the insurance industry, motor vehicles, real estate, criminal companies, currency exchange, marine vessels, jewellery, gems, gold, coins, and the securities industry. Overall, the knowledge on how organized crime groups in Canada spend their money appears limited. Future studies could analyze how organized crime manages its budget and how it invests its profits.

Starting in the 1970s, governments forced producers of waste to assume new responsibility for safe disposal and introduced waste brokers. These changes increased costs for legitimate waste disposal. As a reaction, companies started to dispose waste illegally. The main driver of environmental crime is the cheaper costs of (illegal) disposal in other, frequently less well regulated and enforced countries. A number of factors may provide criminal opportunities for organized crime, including its highly profitable nature, the complex nature of the activity (which favors the involvement of organized groups), as well as the complex regulation

and enforcement systems applicable to the legal waste. To date, no public study has been published on illegal dumping in Canada.

Wildlife crime is a category that concerns the taking, trading and exploiting of the world's wild flora and fauna in violation of national and international laws. The black market in illegal wildlife is one of the largest illegitimate markets in the world. To successfully complete this type of criminal activity participation of different actors such as hunters, outfitters, wholesalers and traders is required. Organized crime groups may provide important support to the illegal trade in wildlife, relying on their established capacity to ship illicit goods across borders.

In other countries, such as Japan, the U.S. and Italy, organized crime has been able to extensively infiltrate legitimate sectors and markets. Infiltration in the legitimate economy gives people involved with organized crime opportunities to launder illicit profits, gain social support, and get in contact with the world of politics and business, opening the way for more dangerous criminal activities. The renewable energy sector may be of particular interest to organized crime groups because of the increasing profit opportunities, including the possibility of exploiting funding of renewable energies to launder illicit profits.

The Canadian Chamber of Commerce has argued that organized crime groups are involved in counterfeiting in Canada since this crime has shown high profit margins and involved a low risk of being caught. Organized crime groups usually use the Internet to acquire and sell counterfeit goods, and organized crime groups are mostly involved in distribution operations. In Canada, counterfeit products are usually routed from the U.S. and Asia. New technologies, such as the Internet, have increased the accessibility to counterfeit products.



Organized crime groups across Canada are implicated in producing and trafficking pharmaceuticals. These can be made with fake ingredients or with inappropriate dosages. To date, no public study has specifically addressed the level of involvement of organized crime groups in counterfeit good operations in the Canadian context.

Online gambling, a relatively new market, is frequently under-regulated in some jurisdictions, which may attract organized crime groups. The difficulties associated with law enforcement for cybercrimes may create opportunities for individuals willing to exploit the vulnerabilities of online gambling systems. Empirical evidence of the actual level of involvement of organized crime in illegal online gambling is scant. Canadian policy makers have analysed some trends related to domestic illegal gambling. Particularly, studies have focused on the relation between illegal gambling and crimes within legal gambling, on specific aspects of gambling regulations and on the social costs of gambling. Data indicate that Canadians increasingly gamble online (although Canada is not among the most gambling nations) and that online gambling is not clearly regulated in the Canadian context.

In light of this research, the authors assert that: it is clear that there is a need to assess the actual participation of organized crime groups in the identified markets; to analyze the *modus operandi* of organized criminal groups applying multiple empirical methods; to analyze how organized crime groups spend their money; and to study the infiltration of organized crime in legitimate companies and markets with a systematic approach.

Savona, Ernesto, Francesco Calderoni, and Alessia Maria Remmerswaal. (2011) *Understudied Areas of Organized Crime Offending: A Discussion of the Canadian Situation in the International Context*. Ottawa, ON: Public Safety Canada.

For more information on organized crime research at Public Safety Canada, please contact the Organized Crime Research Unit at ocr-rcu@ps-sp.gc.ca.

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