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**BUILDING A SAFE AND RESILIENT CANADA**



## **Public Safety Canada**

# **2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative**

## **Final Report**

2011-03-30

## Table of Contents

Executive Summary .....	i
1. Introduction.....	1
2. Profile.....	1
2.1 IPOC Background.....	1
2.1.1 IPOC Objectives .....	2
2.1.2 Legislation – Criminal Code, Acts and Regulations.....	2
2.1.3 Logic Model.....	4
2.1.4 Business Process .....	4
2.2 IPOC Partners and Service Providers .....	5
2.3 IPOC Units.....	6
2.4 IPOC Governance Structure .....	8
2.5 IPOC Resources .....	9
2.5.1 Financial Resources .....	9
2.5.2 Human Resources .....	10
3. About the Evaluation .....	11
3.1 Evaluation Approach .....	11
3.1.1 Evaluation issues.....	11
3.1.2 Evaluation Framework.....	11
3.1.3 Evaluation Questions Matrix .....	12
3.2 Data Gathering.....	12
3.2.1 Document and literature review.....	12
3.2.2 Key Representative Interviews and Group Interviews .....	13
3.2.3 Database review and analysis .....	14
3.2.4 Case studies.....	14
3.3 Methodological Limitations.....	14
4. Findings.....	15
4.1 Relevance.....	15
4.1.1 Continued Need for Program.....	15
4.1.1.1 Is there a continued need for the IPOC Initiative?.....	15
4.1.1.2 To what extent are the objectives of the IPOC Initiative (i.e. targeting their illicit proceeds and assets) still relevant to fight organized criminals and crime groups?.....	21

4.1.1.3 To what extent are the Initiative theory and design appropriate in addressing ongoing needs?.....	22
4.1.2 Alignment with Federal Government Priorities.....	23
4.1.2.1 To what extent does the Initiative contribute to the policy priorities of Government with respect to organized criminals and crime groups and activities? .....	23
4.1.3 Alignment with Federal Roles and Responsibilities.....	25
4.1.3.1 Is the Initiative aligned with federal government roles and responsibilities?.....	25
4.2 Performance .....	26
4.2.1 Achievement of Expected Outcomes.....	26
4.2.1.1 To what extent have the IPOC Initiative’s expected outcomes been achieved?..	26
4.2.1.2 To what extent is the IPOC Initiative organized appropriately to meet its objectives?.....	38
4.2.1.3 What have been the challenges, if any, to the IPOC Initiative and how have these challenges been addressed or overcome?.....	43
4.2.1.4 Are practices, systems, and mechanisms in place to ensure proper monitoring of effectiveness and outcomes/results?.....	43
4.2.1.5 Has an efficient network been put in place? .....	45
4.2.1.6 Have public communications been integrated in the IPOC Initiative strategy to increase knowledge of POC and ML activities, issues and investigative tools?.....	49
4.2.1.7 Has the Initiative had any unintended impacts (positive or negative)? .....	51
4.2.2 Performance—Efficiency and Economy .....	52
4.2.2.1 Is the IPOC Initiative’s budget allocated in a manner that maximizes results?..	54
4.2.2.2 Has the Initiative succeeded in establishing IPOC units that are stable and effective? .....	57
5. Conclusions.....	59
6. Recommendations.....	61
7. Management Response and Action Plan.....	61
Appendix A: References.....	64
Appendix B: Inventory of Previous IPOC Evaluation.....	68
Appendix C: Evaluation Question Matrix .....	70

## Executive Summary

### What we examined

The evaluation of the Integrated Proceeds of Crime Initiative (henceforth referred to as the “Initiative”), which covers the period 2005-2006 to 2009-2010, was conducted by Public Safety Canada, in consultation with the Initiative’s Evaluation Advisory Committee, which included representatives of the Initiative and of the evaluation units of the federal departments and agencies involved. This Evaluation was conducted in conformity with the Treasury Board’s *Policy on Evaluation*. Its objective is to provide an evidence-based, neutral assessment of the relevance and performance of the Initiative.

The inter-departmental Initiative brings together the following federal organizations: the Canada Border Services Agency; the Canada Revenue Agency; the Public Prosecution Service of Canada; Public Safety Canada; Public Works and Government Services Canada – Forensic Accounting Management Group; and, the Royal Canadian Mounted Police.

The Initiative contributes to the disruption, dismantling and incapacitation of organized criminals and crime groups by targeting their illicit proceeds and assets. Dedicated, integrated resources from six federal partners have joined together in the Initiative to facilitate investigations, to share information and to turn that information into intelligence that can be used by front-line investigators and ultimately by prosecutors. Over time, the Initiative’s units have also included resources from provincial and municipal police forces that allowed for joint operations that contributed to the disruption and dismantling of organized criminal groups.

The Initiative is chaired by Public Safety Canada. The Initiative’s total funding for the period 2005-2006 to 2009-2010 was \$116.5 million.

The evaluation methodology included the conduct of a document and literature review, key representative interviews and group interviews, database review and analysis, and case studies.

### Why it’s important

Organized crime is considered as one of the major threats to national security, impeding the social, economic, political and cultural development of societies worldwide. It is a multi-faceted phenomenon and has manifested itself in different activities, among them: drug trafficking, trafficking in human beings, trafficking in firearms, smuggling of migrants, money laundering, proceeds of crime, etc. In particular, drug trafficking is one of the main activities of organized crime groups, generating enormous profits.

In Canada there were approximately 750 criminal groups identified in 2009<sup>1</sup>. As stated in a Public Report on Actions under the National Agenda to Combat Organized Crime<sup>2</sup>, “since

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<sup>1</sup> CRIMINAL INTELLIGENCE SERVICE CANADA. *Annual Report on Organized Crime*, 2009, p.17

<sup>2</sup> NATHANSON CENTRE WEBSITE : <http://www.yorku.ca/nathanson/default.htm>

organized criminals seek out countries known to have less effective regulatory and enforcement systems, any jurisdiction that does not have adequate defences is at risk and may cause risk to other countries. As perhaps never before, the policies and enforcement capabilities of any one country have direct consequences globally”. The Initiative is one of the tools Canada gave itself to fight organized criminals and criminal groups. The Initiative focuses on identifying, assessing, seizing, restraining and dealing with the forfeiture of illicit wealth accumulated through criminal activities.

Targeting proceeds of crime has been put forward by many specialists as one of the most effective approaches in the fight against organized crime. In this regard, the Canadian government, through its *National Agenda to Combat Organized Crime*, is committed to working with provinces, municipalities, and international partners to protect its citizens and the country’s economic infrastructure against organized crime. Proceeds of crime investigations, prosecutions, seizures and forfeitures are key tools for the Government in its fight against organized crime.

## **What we found**

### ***Relevance***

- The underlying objectives of the Initiative remain relevant today. They respond to Canada’s national and international commitments against organized crime. ‘Proceeds of crime’ is identified as a priority by the Government of Canada and a key component of the *National Agenda to Combat Organized Crime*.
- The literature reviewed overwhelmingly supports the need for continuing efforts to combat organized crime by targeting proceeds of crime. This position is supported by all of the partners interviewed during this evaluation. Viewed in this context and the current environment, the Initiative remains a relevant key component in Canada’s broader anti-crime strategy at the national and international levels.
- The initial theory and design of the Initiative was focused around the *Criminal Code* and other related federal legislation. In recent years, the expansion of civil forfeiture laws and their increased use to seize and forfeit illegal assets has influenced the initial theory and design of the Initiative, since civil forfeiture was not in place at the time of the Initiative’s inception. In order to remain relevant and effective, the Initiative must constantly adapt to these new realities, by redesigning its operations to make maximum use of these new tools in the right circumstances.

### ***Performance***

- The Initiative has had an impact on organized crime and crime groups. This impact is evident from cases addressed by the Initiative over the evaluation period, especially major cases such as *Opération Colisée*, where a joint operation combining efforts from the Initiative’s partners and provincial and municipal police forces, succeeded in dismantling the Montréal-based Italian mafia. Statistics collected during the evaluation also confirm that the Initiative was effective at disrupting organized crime through seizures, forfeitures and convictions.

- While the Initiative is having an impact, the findings from the evaluation team suggest that it is not as efficient or effective as it could be. Through the course of this evaluation, the following challenges faced by the Initiative were identified: funding, turnover, training, governance, monitoring, communication, legal and relationships challenges.
- To meet its objectives in an efficient way, the Initiative requires close communications and collaboration among its partners. Indeed, the original concept of the Initiative focused on integration as a key feature of the Initiative. The evidence obtained through the course of the evaluation suggests that this core feature of the Initiative has faded somewhat over time to the detriment of its operation.
- The Initiative's operations have been adversely impacted by several human resource factors, including: some partners physically leaving the units (organizations are no longer co-located), staff turnover, vacant positions, recruitment difficulties, lack of seasoned personnel and insufficient training. These human resources factors need to be addressed so as to ensure that the Initiative is restored to a fully functional Initiative.
- Consistency and uniformity of performance data can be seen as a necessary hallmark of any integrated operation. However, an integrated monitoring system was not in place at the time of this evaluation. Furthermore, all of the Initiative's partners have their own reporting systems and tools, and no common standard exists among them. Steps need to be taken by the Initiative's partners to better monitor its performance using a consistent set of performance metrics.
- In summary, the lack of an overall strategy and business plan, communication and relationships among partners, human resources, integration, lack of performance indicators and a common monitoring system, etc. are factors contributing to less than optimal performance.

## **Recommendations**

Three recommendations emerge from the findings of the 2010-2011 evaluation of the Initiative.

It is recommended that under the leadership of Public Safety Canada, the Initiative's Advisory Committee (with the approval of the Integrated Proceeds of Crime Initiative's Senior Governance Committee):

1. Review the theory and design of the Initiative, including its objectives and logic model, based on the internal/external changes presented in section 4.1.1.1 of this evaluation (by March 31, 2012).
2. Develop a five-year comprehensive strategy, including a business and communication plan, which would also consider key challenges pertaining to relations between partners, funding, monitoring and reporting, and which would take into account the modifications made to the Initiative's theory and design.

In addition, it is recommended that:

3. The Royal Canadian Mounted Police continue to expend necessary efforts to address and resolve current and anticipated recruitment, retention and training issues specific to the Initiative.

### **Management Response and Action Plan**

This evaluation report has been reviewed and approved by deputy heads of all the Initiative partner organizations. In addition to providing management action plans for partners directly affected by the evaluation's recommendations, all partners were provided the opportunity for responding to this report, and for participating in the evaluation of the Initiative.

All of the Initiative's partners agree with the recommendations of the report, support the management responses and action plans and commit to working together to implement these plans. Under the leadership of the Initiative's Senior Governance Committee, through their representatives on the Initiative's Advisory Committee, the partners will: ensure the periodic review the Initiative's objectives, outcomes and expectations; review the theory and design of the Initiative, including its logic model, based on internal and external changes; and, develop a five-year comprehensive strategy, including a business and communication plan.

Specifically:

#### **Canada Border Services Agency**

Canada Border Services Agency accepts and supports the evaluation and its recommendations. The Agency concurs with the main findings of the report, and agrees that the underlying objectives of the Initiative remain relevant today in responding to Canada's national and international commitments with respect to organized crime and terrorism. To be effective, the Initiative must adapt to a dynamic environment in which the tactics employed by organized crime - and the Government's response to these tactics - are constantly evolving. The Agency will collaborate with the Initiative's partners to review the theory and design of the Initiative, and to develop a comprehensive strategy for moving the Initiative forward.

#### **Canada Revenue Agency**

Canada Revenue Agency accepts and supports the evaluation and its recommendations. The Agency approves the proposed management action plan pertaining to the Advisory Committee. The Agency will support their implementation through its continued participation on the Initiative's Senior Governance Committee as well as the Initiative's Advisory Committee.

With respect to the performance data from the Canada Revenue Agency Special Enforcement Program, beginning in 2011, the Agency will start tracking the federal taxes recovered and provide this information to the Initiative's partners.

### **Public Prosecution Service of Canada**

Public Prosecution Service of Canada accepts and supports the evaluation and its recommendations. Public Prosecution Service of Canada will support their implementation through its continued participation on the Initiative's Senior Governance Committee as well as the Initiative's Advisory Committee.

In addition, Public Prosecution Service of Canada will work with the Royal Canadian Mounted Police to renew the 1997 Memorandum of Understanding between the two organizations in order to clarify their respective roles and responsibilities under the Initiative, given the internal and external changes identified by the evaluation.

### **Public Safety Canada**

Public Safety Canada accepts and fully supports the evaluation and its recommendations. As part of its ongoing commitment to the Initiative, Public Safety Canada will continue to work with its federal partners to strengthen the Initiative.

1. Public Safety Canada will work with the Initiative's Advisory Committee and the Initiative's Senior Governance Committee to review the theory and design of the Initiative, including its objectives and logic model, based on internal and external changes (by March 31, 2012).
2. Public Safety Canada will work with the Initiative's Advisory Committee and the Initiative's Senior Governance Committee to develop a five-year comprehensive strategy, including a business and communication plan, which would also consider key challenges pertaining to relations between partners, funding, monitoring and reporting, and which would take into account the modifications made to the Initiative's theory and design.

### **Public Works and Government Services Canada – Forensic Accounting Management Group**

Public Works and Government Services Canada – Forensic Accounting Management Group accepts and supports the evaluation and its recommendations. Public Works and Government Services Canada – Forensic Accounting Management Group will support the implementation of the management response and action plan that will be approved by the appropriate Initiative's governance committee(s).

### **Royal Canadian Mounted Police**

The Royal Canadian Mounted Police accepts and supports the evaluation and its recommendations. It will continue to be an active participant on the Initiative's Advisory Committee as well as the Initiative's Senior Governance Committee.

The Royal Canadian Mounted Police has and will continue to address recruitment, retention and training. It will continue to introduce online training modules to complement the initial module

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

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rolled out in January 2011, and to offer training to the Initiative's resources and partners through a dedicated, contracted subject matter expert. Regarding performance data and statistics, to accurately reflect investigational activities, the Royal Canadian Mounted Police will proceed with monitoring the implementation of the improved reporting system introduced in January 2010.

## 1. Introduction

This report presents the findings of the 2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative (henceforth referred to as the “Initiative” or “IPOC”). This evaluation which covers the period 2005-2006 to 2009-2010 was conducted by Public Safety Canada (PS).

Evaluation assesses the extent to which a program, policy or initiative addresses a demonstrable need, is appropriate to the federal government, and is responsive to the needs of Canadians. It also studies the extent to which effectiveness, efficiency and economy have been achieved.

IPOC is an inter-departmental Initiative that brings together the following federal organizations:

- the Canada Border Services Agency (CBSA);
- the Canada Revenue Agency (CRA);
- the Public Prosecution Service of Canada (PPSC);
- Public Safety Canada (PS);
- Public Works and Government Services Canada (PWGSC) – Forensic Accounting Management Group (FAMG); and
- the Royal Canadian Mounted Police (RCMP).

This evaluation respects the Treasury Board requirements to provide an evidence-based, neutral assessment of the relevance and performance of the Initiative, as articulated in its renewed *Policy on Evaluation* (2009).

## 2. Profile

### 2.1 IPOC Background

The IPOC Initiative contributes to the disruption, dismantling and incapacitation of organized criminals and crime groups by targeting their illicit proceeds and assets. The *Criminal Code* defines proceeds of crime as follow:

*“Proceeds of crime means any property, benefit or advantage, within or outside Canada, obtained or derived directly or indirectly as a result of (a) the commission in Canada of a designated offence, or (b) an act or omission anywhere that, if it had occurred in Canada, would have constituted a designated offence”<sup>3</sup>.*

The Initiative builds on the 1992 pilot of the Integrated Anti-Drug Profiteering initiative (with three units in Montréal, Toronto and Vancouver), funded through the renewed Canada Drug Strategy. In 1996-1997, 13 IPOC units were created across Canada; this number was reduced to 12 units in 2003. In addition, the RCMP has put in place four smaller satellite units and two Proceeds of Crime (POC) units (see Tables 2, 3 and 4 for location, co-located partners and full-time employees (FTEs) for each unit).

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<sup>3</sup> *Criminal Code*, Section 462.3

The Initiative was designed as an innovative model of integrated law enforcement, based on the premise that removing proceeds of crime from well-organized and funded individuals or groups should reduce their economic power and influence, their ability to mount large-scale criminal enterprises, and the profit incentive to engage in criminal activities.

The Government of Canada is committed to working with its domestic and international partners to protect Canadians from the impacts of organized crime and ensure they feel safe in their communities. Proceeds of crime investigations and prosecutions are considered key tools in the Government of Canada's overall effort to combat organized crime.

The Initiative is also linked to, and works in collaboration with other organized crime initiatives, such as the Measures to Combat Organized Crime, the National Anti-Drug Strategy, the Anti-Money Laundering/Anti-Terrorist Financing Regime (AML/ATF Regime – formerly the National Initiative to Combat Money Laundering), the Public Safety and Anti-Terrorism Initiative and, most recently, the Strategy for Enhanced Protection of Canada's Capital Markets.

### 2.1.1 IPOC Objectives

IPOC objectives are<sup>4</sup>:

- Reducing the capacity of, and increasing the costs to, targeted organized criminals and crime groups through the removal of their assets;
- Reducing the capacity of, and increasing the cost to, targeted organized criminals and crime groups through the prosecution of organized crime figures;
- Making proceeds of crime investigations more intensified, efficient and effective;
- Making prosecutions more intense, efficient and effective; and
- Increasing knowledge and understanding of proceeds of crime issues and tools.

From the objectives, the RCMP has developed the following mandate statement:

*“To be intelligence led while maximizing the integrated approach in order to identify, seize, restrain, and forfeit illicit and unreported wealth accumulated by the highest level of organized criminals and crime groups identified by Divisional, Provincial and National priorities, thereby removing the financial incentive for engaging in criminal activities”<sup>5</sup>.*

### 2.1.2 Legislation – Criminal Code, Acts and Regulations

Since 1996, several legislative changes have been introduced to target the proceeds of crime. As of 2010, the provisions of the *Criminal Code* on Proceeds of Crime provide most of the legislative support to take illicit wealth away from criminals. Other federal statutes, such as the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and the *Controlled Drugs and Substances Act* also support enforcement objectives<sup>6</sup>.

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<sup>4</sup> PUBLIC SAFETY CANADA. *Evaluability Assessment of the Integrated Proceeds of Crime Initiative*, 2010, p.7-8.

<sup>5</sup> ROYAL CANADIAN MOUNTED POLICE. *Proceeds of Crime Program Review: National Report 2005-2007*, 2009, p.31.

<sup>6</sup> ROYAL CANADIAN MOUNTED POLICE. [

\*

]

The following is a list of the main legislation that supports the IPOC:

- Criminal Code, Part XII.2 – Proceeds of Crime
- Proceeds of Crime (Money Laundering) and Terrorist Financing Act [2000, c. 17] and its regulations
- Controlled Drugs and Substances Act [1996, c. 19]
- Seized Property Management Act [1993, c. 37]
- Canada Evidence Act [1985, c. C-5]
- Mutual Legal Assistance in Criminal Matters Act [1985, c. 30]

In addition to the federal legislation, eight provinces have adopted civil forfeiture legislation since 2001, and a Bill is before the Yukon Legislative Assembly. This legislation allows the provinces the judicial transfer of title to proceeds and instruments of unlawful activity through civil proceedings<sup>7</sup>. Table 1 presents the civil forfeiture legislation for each province.

Table 1 – Civil Forfeiture Legislation		
Provinces	Legislations	Date
<b>Ontario</b>	<i>Civil Remedies Act</i>	2001
<b>British Columbia</b>	<i>Civil Forfeiture Act</i>	2005
<b>Nova Scotia</b>	<i>Civil Forfeiture Act</i>	2007
<b>Quebec</b>	<i>Loi sur la confiscation, l'administration et l'affectation des produits et instruments d'activités illégales</i>  <i>An Act respecting the forfeiture, administration and appropriation of proceeds and instruments of unlawful activity</i>	2007
<b>Manitoba</b>	<i>The Criminal Property Forfeiture Act</i>	2008
<b>Saskatchewan</b>	<i>The Seizure of Criminal Property Act</i>	2008
<b>Alberta</b>	<i>Victims Restitution and Compensation Payment Act</i>	2008
<b>New Brunswick</b>	<i>Civil Forfeiture Act</i>  <i>Loi sur la confiscation civile</i>	2010
<b>Yukon</b>	Bill 82 – <i>Civil Forfeiture Act</i>	TBD

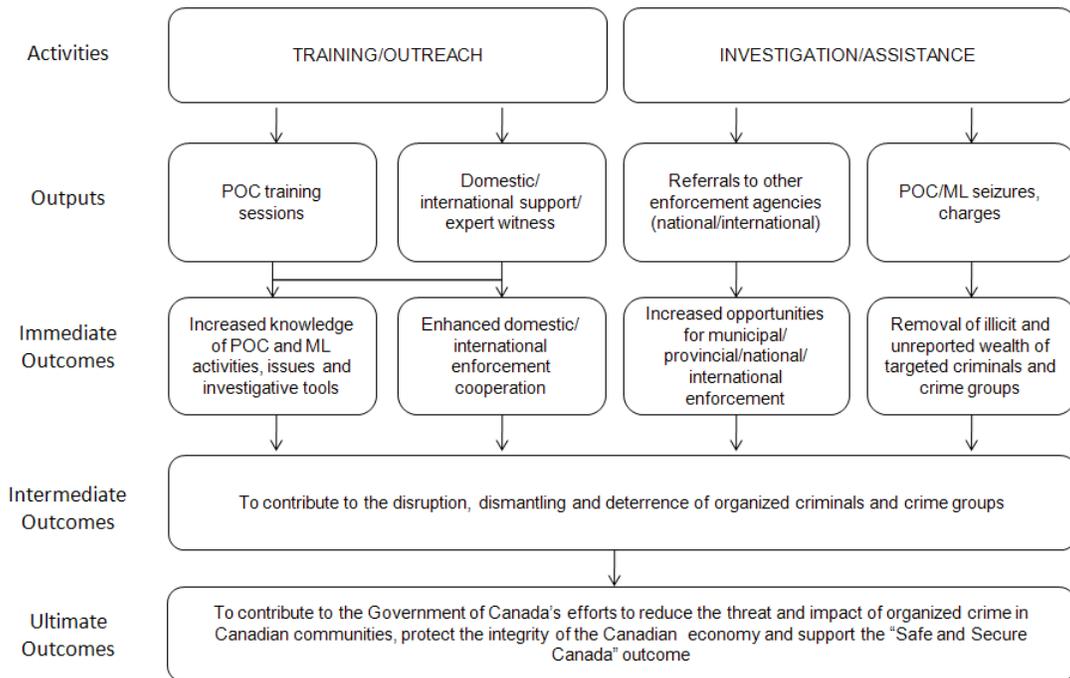
<sup>7</sup> MINISTRY OF THE ATTORNEY GENERAL. *Civil Forfeiture in Ontario*, 2007.

### 2.1.3 Logic Model

A logic model is an essential tool in conducting an evaluation. It is a visual representation that links a program's activities, outputs and outcomes, provides a systematic and visual method of illustrating the program theory and shows the logic of how a program, policy or initiative is expected to achieve its objectives. It also provides the basis for developing the performance measurement and evaluation strategies.

The logic model for the Initiative is presented in Figure 1.

**Figure 1 – IPOC Logic Model**

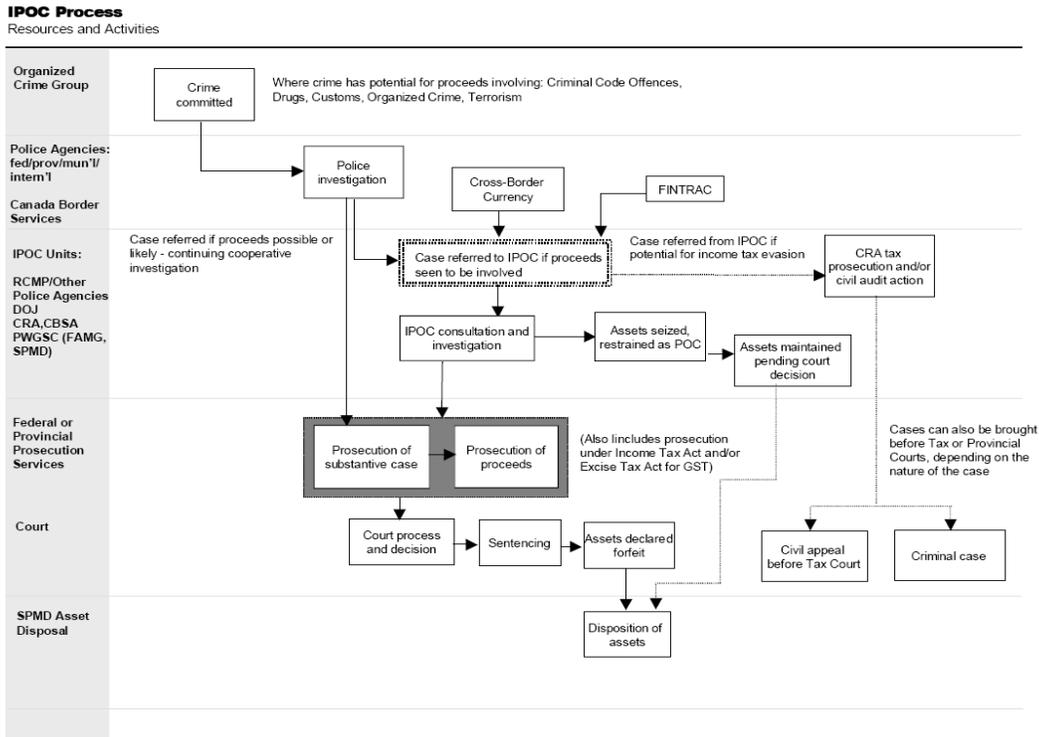


### 2.1.4 Business Process

The Business Process illustrated in Figure 2 outlines the various stages and groups involved in investigating and prosecuting proceeds of crime<sup>8</sup>:

<sup>8</sup> PUBLIC SAFETY CANADA. 2003-2005 IPOC Business Plan, p.7.

**Figure 2 – IPOC Business Process**



## 2.2 IPOC Partners and Service Providers

### Canada Border Services Agency (CBSA)

CBSA provides expertise, intelligence and information in support of IPOC investigations. The Agency collects, evaluates, analyses and disseminates intelligence on actual and suspected proceeds of crime violations that impact the Customs enforcement mandate. CBSA officers assist the units either on a part-time basis or by way of a liaison officer.

### Canada Revenue Agency (CRA)

CRA conducts joint tax and proceeds of crime investigations within the IPOC units and assists with the identification and timely referral to CRA of cases offering tax re-assessment potential. CRA is not funded by the Initiative.

### Public Prosecution Service of Canada (PPSC)

The PPSC is responsible for prosecuting proceeds of crime offences and for providing legal advice and support to law enforcement agencies over the course of investigations that may lead to such prosecutions.

### Public Safety Canada (PS)

PS provides policy coordination for the Initiative, including leading evaluations. PS is responsible for chairing the IPOC Senior Governance Committee, and coordinates the working level IPOC Partners Advisory Committee.

**Public Works and Government Services Canada - Forensic Accounting Management Group (PWGSC - FAMG)**

PWGSC-FAMG provides forensic accounting services to the IPOC units and expert witness testimony on the financial aspects of the criminal investigations and prosecutions.

**Public Works and Government Services Canada - Seized Property Management Directorate (PWGSC – SPMD)**

As a service provider, PWGSC-SPMD manages the assets seized or restrained under Canada’s Proceeds of Crime legislation. PWGSC-SPMD works with federal police officers and Crown prosecutors on cases involving restraint, seizure and forfeiture by providing expertise for efficient and effective asset management and disposal. The costs of the asset management are deducted from the revenues generated from forfeited assets, including but not limited to those forfeited as proceeds of crime.

**Royal Canadian Mounted Police (RCMP)**

Lead agency responsible for the daily operation and management of each of the IPOC, POC and satellite units.

**Other non-Federal Partners**

In addition to the federal partners and service providers, provincial and municipal police and prosecutors are integrated or collaborate with several IPOC units. This integration/collaboration with non-federal partners is defined in local memoranda of understanding (MOUs).

**2.3 IPOC Units**

Since 2003, IPOC units have been located in 12 municipalities across Canada. Table 2 outlines each unit, identifying the responsible division, federal in-house partners<sup>9</sup> (i.e. co-located in the same office) and the filled position over six years (based on data provided by partners).

<b>Table 2 – IPOC Units</b>							
<b>City</b>	<b>Division</b>	<b>In-house Partners</b>	<b>Filled positions</b>				
			<b>05-06</b>	<b>06-07</b>	<b>07-08</b>	<b>08-09</b>	<b>09-10</b>
Halifax (NS)	<i>Division H</i>	CRA	1	1	1	1	1
		PPSC	3	3	3	3	3
		PWGSC-FAMG	1	1	1	1	1
		RCMP	8	7	9	8	8
		<i>Total</i>	<i>13</i>	<i>12</i>	<i>14</i>	<i>13</i>	<i>13</i>
Moncton (NB)	<i>Division J</i>	CRA	1	1	1	1	1
		PPSC	2	1.5	2	0	0
		PWGSC-FAMG	1	1	1	1	1
		RCMP	12	11	11	12	14
		<i>Total</i>	<i>16</i>	<i>14.5</i>	<i>15</i>	<i>14</i>	<i>16</i>
Quebec City (QC)	<i>Division C</i>	CRA	1	1	1	1	1
		PPSC	2	2	2	1	2
		PWGSC-FAMG	1	1	1	1	1

<sup>9</sup> “In-house partners” refers to partners that are co-located within the IPOC offices. Some partners are no longer co-located in certain IPOC offices (e.g. CBSA, CRA, PPSC), but are still part of the Initiative.

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

<b>Table 2 – IPOC Units</b>							
<b>City</b>	<b>Division</b>	<b>In-house Partners</b>	<b>Filled positions</b>				
			<b>05-06</b>	<b>06-07</b>	<b>07-08</b>	<b>08-09</b>	<b>09-10</b>
		RCMP	9	10	12	12	10
		<i>Total</i>	<i>13</i>	<i>14</i>	<i>16</i>	<i>15</i>	<i>14</i>
Montréal (QC)	<i>Division C</i>	PPSC	3	3	4	4	2
		PWGSC-FAMG	4	4	4	4	4
		RCMP	47	49	50	44	48
		<i>Total</i>	<i>54</i>	<i>56</i>	<i>58</i>	<i>52</i>	<i>54</i>
Ottawa (ON)	<i>Division A</i>	CBSA	2	2	0	0	0
		CRA	3	3	2	2	1
		PPSC	3	3	3	3	3
		PWGSC-FAMG	2	2	2	2	2
		RCMP	11	8	11	10	10
		<i>Total</i>	<i>21</i>	<i>18</i>	<i>18</i>	<i>17</i>	<i>16</i>
Toronto (ON)	<i>Division O</i>	CBSA	1	1	0	0	0
		CRA	3	3	2	1	0
		PPSC	2	3.5	2	1.5	1.5
		PWGSC-FAMG	1	1	1	1	1
		RCMP	36	37	36	33	34
		<i>Total</i>	<i>43</i>	<i>45.5</i>	<i>41</i>	<i>36.6</i>	<i>36.5</i>
London (ON)	<i>Division O</i>	CBSA	1	1	0	0	0
		PPSC	3	3	3	3	2
		PWGSC-FAMG	2	2	2	2	2
		RCMP	14	19	19	18	16
		<i>Total</i>	<i>20</i>	<i>25</i>	<i>24</i>	<i>23</i>	<i>20</i>
Winnipeg (MB)	<i>Division D</i>	PPSC	2	2	2	2	2
		PWGSC-FAMG	1	1	1	1	1
		RCMP	12	12	10	10	12
		<i>Total</i>	<i>15</i>	<i>15</i>	<i>13</i>	<i>13</i>	<i>15</i>
Regina (SK)	<i>Division F</i>	CRA	1	1	1	1	1
		PPSC	1	1	1	1	1
		PWGSC-FAMG	1	1	1	1	1
		RCMP	6	6	7	6	5
		<i>Total</i>	<i>9</i>	<i>9</i>	<i>10</i>	<i>9</i>	<i>8</i>
Calgary (AB)	<i>Division K</i>	CRA	1	1	1	1	1
		PPSC	1	1	1	1	1
		PWGSC-FAMG	1	1	1	1	1
		RCMP	14	15	12	16	14
		<i>Total</i>	<i>17</i>	<i>18</i>	<i>15</i>	<i>19</i>	<i>17</i>
Edmonton (AB)	<i>Division K</i>	CRA	1	1	1	1	1
		PPSC	2	2	2	2	2
		PWGSC-FAMG	1	1	1	1	1
		RCMP	15	15	15	12	15
		<i>Total</i>	<i>19</i>	<i>19</i>	<i>19</i>	<i>16</i>	<i>19</i>
Vancouver (BC)	<i>Division E</i>	CBSA	1	1	0	0	0
		PPSC	3	3	3	3	0
		PWGSC-FAMG	3	3	3	3	3
		RCMP	36	34	35	32	38
		<i>Total</i>	<i>43</i>	<i>41</i>	<i>41</i>	<i>38</i>	<i>41</i>

There are also four smaller satellite units located in:

Table 3 – IPOC Satellite Units							
City	Division	In-house Partners	Filled positions				
			05-06	06-07	07-08	08-09	09-10
Sherbrooke (QC)	<i>Division C</i>	RCMP	5	4	4	5	5
Kingston (ON)	<i>Division O</i>	RCMP	6	5	5	6	6
Niagara (ON)	<i>Division O</i>	RCMP	2	2	2	2	2
Saskatoon (SK)	<i>Division F</i>	RCMP	5	5	7	5	7
Kelowna (BC)	<i>Division E</i>	RCMP	0	0	0	1	2

Finally, the RCMP has two POC units located in:

Table 4 – POC Units							
City	Division	In-house Partners	Filled positions				
			05-06	06-07	07-08	08-09	09-10
St. John's (NL)	<i>Division B</i>	RCMP	6	8	6	6	6
		CRA	1	1	1	1	1
		<i>Total</i>	<i>7</i>	<i>9</i>	<i>7</i>	<i>7</i>	<i>7</i>
Yellowknife (NWT)	<i>Division G</i>	RCMP	1	1	1	1	1

## 2.4 IPOC Governance Structure

The Initiative is managed by three complementary governance entities.

### IPOC Senior Governance Committee

The IPOC Senior Governance Committee provides general oversight for the Initiative at the director general level or delegate. The Committee, which is chaired by PS and includes representatives from each IPOC partner, meets on an as required basis. Its role is to provide direction, promote interdepartmental policy coordination and accountability, and champion the program.

### IPOC Partners Advisory Committee (Advisory Committee)

The IPOC Partners Advisory Committee, with representatives from each partner organization at the director or senior analyst level, meets bi-annually or as appropriate to address issues. The Committee supports the development of the evaluation strategy, and implements the monitoring and tracking processes required to effectively manage and support the evaluation of the program. The Committee is also responsible for providing support to the IPOC Senior Governance Committee, promoting interdepartmental cooperation, and resolving horizontal operational issues. It is chaired by PS.

### Day-to-Day Operations

The RCMP retains responsibility for the day-to-day management and operations of the IPOC units, with other partners responsible for the day-to-day management and operations of their related components. At the regional level, members of the IPOC partnership meet regularly to discuss and resolve local and regional issues.

## 2.5 IPOC Resources

### 2.5.1 Financial Resources

The Initiative was allocated \$116.5 million over five years in 2005. This is the same amount, unadjusted for inflation that was allocated in 1996-1997 when the Initiative was created. Table 5 outlines the funding for each partner during the 2005-2006 to 2009-2010 period. CRA did not receive any financing through the Initiative, and therefore is not included in the table.

<b>Table 5 – IPOC Partners Financial Resources per Fiscal Year (2005-2010)</b>						
<b>Canada Border Services Agency (CBSA)</b>						
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total 2005-2010
Funding	\$390,000	\$390,000	\$390,000	\$390,000	\$390,000	<b>\$1,950,000</b>
<b>Public Prosecution Service of Canada (PPSC)</b>						
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total 2005-2010
Funding	\$6,050,000	\$6,050,000	\$6,050,000	\$6,050,000	\$6,050,000	<b>\$30,250,000</b>
<b>Public Works and Government Services Canada - Forensic Accounting Management Group (PWGSC-FAMG)*</b>						
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total 2005-2010
Funding	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	<b>\$8,500,000</b>
<b>Public Safety Canada (PS)</b>						
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total 2005-2010
Funding	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	<b>\$800,000</b>
<b>Royal Canadian Mounted Police (RCMP)</b>						
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total 2005-2010
Funding	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	<b>\$75,000,000</b>
<b>Total for all IPOC Partners</b>						
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total 2005-2010
Funding	\$23,300,000	\$23,300,000	\$23,300,000	\$23,300,000	\$23,300,000	<b>\$116,500,000</b>

\* In addition to their A-Base funding, PWGSC-FAMG has received per diem payments from RCMP for seven additional accountants for a total of \$1,300,000 per year for the past five years.

## 2.5.2 Human Resources

Table 6 presents the FTE variation for the period covered by this evaluation.

<b>Table 6 – IPOC Partners Human Resources per Fiscal Year (2005-2010)</b>					
<b>Canada Border Services Agency (CBSA)</b>					
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Filled Positions	5	5	5	5	5
Vacant Positions	5	5	5	5	5
<b>Canada Revenue Agency (CRA)</b>					
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Filled Positions	13	13	11	10	8
Vacant Positions	0	0	0	0	0
<b>Public Prosecution Service of Canada (PPSC)</b>					
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Filled Positions (advisory counsel)	29	30	29	26.5	26
Filled Positions (prosecutors) <sup>10</sup>	n/a	n/a	n/a	n/a	n/a
Vacant Positions	n/a	n/a	n/a	n/a	n/a
<b>Public Safety Canada (PS)</b>					
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Filled Positions	1	1	1	1	1
Vacant Positions	0	0	0	0	0
<b>Public Works and Government Services Canada - Forensic Accounting Management Group (PWGSC - PWGSC-FAMG )</b>					
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Filled Positions	19	19	19	19	19
Vacant Positions	0	0	0	0	0
<b>Royal Canadian Mounted Police (RCMP)</b>					
Fiscal Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Filled Positions	256	258	251	247	257
Vacant Positions	63	61	66	71	59

<sup>10</sup> PPSC counsel who prosecute proceeds of crime charges are not located within the units due to the separation between advisory and litigation functions.

### 3. About the Evaluation

#### 3.1 Evaluation Approach

Public Safety Canada (PS) is responsible to lead evaluation activities.

This evaluation complies with the Treasury Board of Canada Secretariat *Policy on Evaluation*.

An Evaluation Advisory Committee was established with representatives from both the program and evaluation sides of all participating departments and agencies. The committee was chaired by the PS Evaluation lead. Prior to initiating this evaluation, PS completed an evaluability assessment for the Initiative in collaboration with participating departments and agencies. The evaluability assessment established the structure for the evaluation and helped identify the readiness level for its completion. Its development involved managers, staff and evaluators of all IPOC partner organizations.

##### 3.1.1 Evaluation issues

In conformity with the TBS *Directive on the Evaluation Function*, five core issues were addressed in the evaluation, with regards to the Initiative's relevance and performance:

Table 7 – Evaluation Issues	
<b>Relevance</b>	
1. Continued need for the Initiative	Assessment of the extent to which the program continues to address a demonstrable need and is responsive to the needs of Canadians.
2. Alignment with federal government priorities	Assessment of the linkage between program objectives and federal government priorities and departmental strategic outcomes.
3. Alignment with federal roles and responsibilities	Assessment of the role and responsibilities for the federal government in delivering the program.
<b>Performance</b>	
4. Achievement of expected outcomes	Assessment of progress toward expected outcomes (incl. Immediate, intermediate and ultimate outcomes) with reference to performance targets and program reach, program design, including the linkage and contribution of outputs to outcomes.
5. Demonstration of efficiency and economy	Assessment of resource utilization in relation to the production of outputs and progress toward expected outcomes.

##### 3.1.2 Evaluation Framework

The issues, questions, and proposed data gathering methods were shared and discussed with the members of the Evaluation Advisory Committee on July 7, 2010. The final evaluation terms of reference were approved by all IPOC partners in the following weeks.

### **3.1.3 Evaluation Questions Matrix**

Complementarily to the framework, an Evaluation Questions Matrix<sup>11</sup> was developed prior to the data collection phase. For each of the five evaluation issues, the matrix presents evaluation questions, indicators, and the proposed data collection method(s) for each indicator.

In total, 14 evaluation questions and 50 indicators were identified in the matrix and have been used to develop the data collection tools presented below.

The Evaluation Question Matrix was approved by the Evaluation Advisory Committee on August 12, 2010.

## **3.2 Data Gathering**

During the process, the evaluation team pursued different lines of evidence from multiple perspectives. This approach was designed to yield important insights, while allowing for triangulation to deepen the analysis. The data were subsequently integrated and synthesized to support key findings and recommendations.

Quantitative and qualitative data were provided by all IPOC partners; when required, further research and analysis was performed by the evaluation team. Therefore, the evaluation team is confident that the evidence is sufficient to answer most of the questions, and that the key findings are accurate and reliable, and support the conclusions and recommendations.

Four methods were used:

- document and literature review;
- key representatives interviews and group interviews;
- database review and analysis; and,
- case studies.

Following is a summary of the data collection methods used.

### **3.2.1 Document and literature review**

The document and literature review provided the evaluators with an understanding of the Initiative's context, environment and evolution over time. It also provided some reliable key data for many of the indicators.

The review covered a wide variety of materials including: action and business plans, the Result-based Management and Accountability Framework (RMAF), previous audits and evaluations, annual reports, MOUs between IPOC partners, international agreements and protocols, media reports, and other documents from related initiatives (e.g. AML/ATF, Integrated Market Enforcement Teams (IMET), National Anti-Drug Strategy (NADS), etc).

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<sup>11</sup> See Appendix C for the complete Evaluation Questions Matrix.

A literature review was also performed and included books and other scholarly works written by national and international experts in organized crime and money laundering.

A complete list of the documents and literature reviewed during this evaluation is provided in Appendix A.

### 3.2.2 Key Representative Interviews and Group Interviews

The evaluation team started with six initial, non-structured interviews with nine members of the Advisory Committee. These interviews included every representative from IPOC partners and were conducted in order to gather background information in preparation for the data collection phase.

The evaluation team subsequently conducted face-to-face, semi-structured interviews/group interviews with 55 key representatives from IPOC units located in eight cities across the country – Calgary, London, Moncton, Montréal, Ottawa, Quebec City, Toronto (Newmarket) and Vancouver (Surrey)<sup>12</sup> – including four members of the Advisory Committee. Given the length of the questionnaire, every interviewee was invited to complete it prior to the meeting. A single version of the questionnaire was used for all interviews, so as to ensure coherence and consistency across interviews.

The questionnaire was composed of 19 non-structured questions and 21 structured questions. For the structured questions, respondents were asked to rate statements using the following scale of 1 to 5, where 1 is “not at all needed” and 5 “needed to a great extent”.

SCALE				
1 (not at all)	2 (minimal)	3 (somewhat)	4 (significant)	5 (great extent)
0.0-1.49	1.5-2.49	2.5-3.49	3.5-4.49	4.5-5.0

The key findings for each interview were compiled into an Evaluation Evidence Matrix, with randomly selected numbers assigned to each key representative in order to protect their confidentiality.

Non-structured follow-up interviews were also conducted with headquarters’ staff from PS, the RCMP, and PPSC.

Table 8 presents the number of key representatives interviewed by IPOC partner, including the members of the Advisory Committee and the representatives of the IPOC units visited.

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<sup>12</sup> The Fredericton, Toronto and Vancouver units have been relocated to Moncton, Newmarket and Surrey, respectively.

<b>Table 8 – Key Representatives Interviewed by Partner</b>						
<b>Key Representatives</b>	<b>IPOC Partners</b>					
	<b>CBSA</b>	<b>CRA</b>	<b>PPSC</b>	<b>PS</b>	<b>PWGSC- FAMG</b>	<b>RCMP</b>
<b>TOTAL</b>	12	3	13	3	7	22

### 3.2.3 Database review and analysis

The IPOC Partners provided various quantitative and qualitative data from their databases. These data are a key source of information to measure the outputs and outcomes of the Initiative. The evaluation team gathered administrative, financial and transactional data providing information and specific reports that allowed, when combined, measurement of progress of the Initiative towards its outcomes.

### 3.2.4 Case studies

To facilitate the in-depth examination of a specific event considered representative of a typical situation, the authors have studied a few cases. These case studies are aimed at providing insight as to whether the results were achieved and actions were taken by the partners. Two of these cases are documented in section 4.2.1.1. (*Opération Colisée* and *Operation Baseball*).

## 3.3 Methodological Limitations

During the evaluation process, the authors faced three main methodological constraints that held implications for the subsequent data analysis and interpretation.

### Data Availability

All IPOC partners have their own reporting systems and tools, and no common standard exists among them. Thus, the partners provided a wide range of data, and the quantity varied greatly from one partner to another. In some cases, it was impossible to compare specific variables between the partners. In addition, some partners were unable to provide all of the data requested by the evaluation team.

### Data Validity and Reliability

In the course of the collection of data, the authors learned that some quantitative data might be contaminated by various factors (sources used, reporting tools, procedures, etc.) affecting their validity (the right measure) and reliability (quality of the measure). The evaluation team has been very cautious with these data; where applicable, the authors addressed the limitations of these data in the report.

### Causality between activities and outcomes

The nature and the context of the Initiative make it difficult to prove beyond any doubt the causality between certain activities and outcomes, especially for the intermediate and ultimate outcomes. In such cases, to prove causation between an initiative's activity and an outcome, the evaluation team would need to isolate the dependent and independent variables from all possible

external factors and influences. Thus, it is important to note that some of the outcomes measured could be a result of multiple factors, either internal or external to the Initiative. Some caution must be exercised in attributing results directly and solely to the Initiative. In most cases, intermediate and ultimate outcomes are in fact attributable to a combination of initiatives related to combating organized crime.

## 4. Findings

The following sections provide key findings regarding the two core issues, *relevance* and *performance*, covered by this evaluation. The key findings which follow are derived from the methodology and lines of evidence described in Section 3.

### 4.1 Relevance

In order to assess the Initiative’s relevance component, three relevance issues and five evaluation questions were addressed, as noted in Table 9.

<b>Relevance Issues</b>	<b>Relevance Questions</b>
<b>4.1.1 CONTINUED NEED FOR PROGRAM</b>	<b>4.1.1.1</b> Is there a continued need for the IPOC Initiative?
	<b>4.1.1.2</b> To what extent are the objectives of the IPOC Initiative (i.e. targeting their illicit proceeds and assets) still relevant to fight organized criminals and crime groups?
	<b>4.1.1.3</b> To what extent is the IPOC Initiative theory and design appropriate in addressing ongoing needs?
<b>4.1.2. ALIGNMENT WITH FEDERAL GOVERNMENT PRIORITIES</b>	<b>4.1.2.1</b> To what extent does the IPOC Initiative contribute to the policy priorities of Government with respect to organized criminals and crime groups and activities?
<b>4.1.3. ALIGNMENT WITH FEDERAL ROLES AND RESPONSIBILITIES</b>	<b>4.1.3.1</b> Is the IPOC Initiative aligned with Government of Canada roles and responsibilities?

#### 4.1.1 Continued Need for Program

##### 4.1.1.1 Is there a continued need for the IPOC Initiative?

Organized crime is considered as one of the major threats to national security, impeding the social, economic, political and cultural development of societies worldwide. It is a multi-faceted phenomenon and has manifested itself in different activities, among them: drug trafficking, trafficking in human beings, trafficking in firearms, smuggling of migrants, money laundering, proceeds of crime, etc. In particular, drug trafficking is one of the main activities of organized crime groups, generating enormous profits.

In Canada there were approximately 750 criminal groups identified in 2009<sup>13</sup>. As stated in a Public Report on Actions under the National Agenda to Combat Organized Crime<sup>14</sup>, “since

<sup>13</sup> CRIMINAL INTELLIGENCE SERVICE CANADA. *Annual Report on Organized Crime*, 2009, p.17

<sup>14</sup> PUBLIC SAFETY CANADA. *Working Together to Combat Organized Crime – Public Report on Actions under the National Agenda to Combat Organized Crime*, 2006, p.1.

organized criminals seek out countries known to have less effective regulatory and enforcement systems, any jurisdiction that does not have adequate defences is at risk and may cause risk to other countries. As perhaps never before, the policies and enforcement capabilities of any one country have direct consequences globally”. The Initiative is one of the tools Canada gave itself to fight organized criminals and criminal groups. IPOC focuses on identifying, assessing, seizing, restraining and dealing with the forfeiture of illicit wealth accumulated through criminal activities.

Targeting proceeds of crime has been put forward by many specialists as one of the most effective approaches in the fight against organized crime. In this regard, the Canadian government, through its *National Agenda to Combat Organized Crime*, is committed to working with provinces, municipalities, and international partners to protect its citizens and the country’s economic infrastructure against organized crime. Proceeds of crime investigations, prosecutions, seizures and forfeitures are key tools for the Government in its fight against organized crime.

The literature reviewed overwhelmingly supports the need for continuing efforts to combat organized crime by targeting proceeds of crime. For example, in its *Treasury Forfeiture Fund: Strategic Plan (2000-2005)*, the U.S. Department of the Treasury concludes that: “*the only real damage that can be done to drug cartels and criminal syndicates is the removal of facilitating assets and the profit incentive on a significant scale*”<sup>15</sup>.

Researchers in the field of criminology and law have also made a strong case for continued efforts aimed at fighting organized crime through the removal of their assets. According to Lyman and Potter, “*operations to combat money laundering and to deprive such groups of the proceeds of crime can deprive them of this key flow of money. The forfeiture of assets obtained through crime also is said to remove the incentive from engaging in unlawful behaviour*”<sup>16</sup>.

The review of international activities also indicates firm support for the targeting of assets as a powerful method for fighting organized crime. “*All recognize the importance of removing ill-gotten gains, to take the profit out of crime, and to reduce the capacity of organized crime to undertake criminal activities*”<sup>17</sup>.

Notably, the Financial Action Task Force (FATF), an inter-governmental policy-making body comprised of over 30 countries, recommends endorsing global standards for implementing effective Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) measures.

Consistent with IPOC objectives, the first two steps to effectively implementing FATF recommendations are as follows:

- Successfully investigate and prosecute money laundering and terrorist financing;
- Deprive criminals of their criminal proceeds and the resources needed to finance their illicit activities<sup>18</sup>.

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<sup>15</sup> U.S. DEPARTMENT OF THE TREASURY. *Treasury Forfeiture Fund: 2000-2005 Strategic Plan*, 2005, p.i

<sup>16</sup> LYMAN, MICHAEL B. & PORTER, GARY W. *Organized Crime*, 1997, p.419

<sup>17</sup> CONSULTING AND AUDIT CANADA. *Evaluation of the IPOC Initiative for Fiscal Years 2001-2004*, 2005

<sup>18</sup> FINANCIAL ACTION TASK FORCE. *An introduction to the FATF and its work*, 2010, p.3

Through our interview process, personnel from departments and agencies involved in the IPOC Initiative, significantly agreed (average of 4.39) that there is a continued need for the IPOC Initiative.

### **Changes in the context and environment related to the IPOC Initiative**

In order to assess the continued need for the Initiative, the evaluators examined the changes in context and environmental changes, both externally and internally, that affect the Initiative.

Over the years, the Canadian government has implemented various strategies to combat money laundering and to confiscate the proceeds of crime. One of these strategies was the Integrated Anti-Drug Profiteering Initiative, which was the precursor to IPOC – that demonstrated that an integrated approach to combating proceeds of crime improved the success of investigations and prosecutions<sup>19</sup>.

Over the past five years, however, the context and environment in which the IPOC Initiative operates has changed significantly, both externally and internally:

#### **EXTERNAL CHANGES**

The **growing sophistication of organized criminals and crime groups** represents an important global trend in recent years. As stated by a key informant: *“Criminals have become more complex in the way they conduct their activities (the nexus between the dirty money and the assets is not as simple as it may have been in the past). They have become more sophisticated. They have learned to use nominees to hold assets, to lease instead of buying a vehicle, to have someone else hold the house they are renting for grow operation [...]. With Proceeds of Crime analysis, you can often disprove these defences by examining bank records, loan applications, and other financial information. Definitively, criminal organizations are now requiring more complex investigations that require a wide range of experts. This illustrates why the IPOC Initiative is required to be continued.”*<sup>20</sup>.

Another important trend is the **increasing interest and involvement of provincial and territorial governments**. Several key representatives indicate that provincial and municipal forces are achieving tangible results on their own using civil forfeitures<sup>21</sup>. Evidence of the involvement of the provinces can be found also in the growing number of civil forfeiture statutes. The next section (4.1.1.2) describes these new provincial legislative tools.

**International organizations** such as FATF and United Nations Office on Drugs and Crime **have put pressure on Canada** to address the problems of money laundering and, by extension, the proceeds of crime. In Canada’s Report on FATF Observance of Standards and Codes (2008), the Government of Canada committed to: *“bolstering money laundering and terrorist financing enforcement and prosecution”*<sup>22</sup>. For the authors of the report, this

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<sup>19</sup> BEARE, MARGARET E. & SCHNEIDER, STEPHEN. *Money Laundering in Canada: Chasing Dirty and Dangerous Dollars*, 2007, p.159-160.

<sup>20</sup> Key representative interview/group interview.

<sup>21</sup> *Idem*.

<sup>22</sup> FINANCIAL ACTION TASK FORCE. *Report on Observance on Standards and Codes – Canada. FATF Recommendations for Anti-Money Laundering and Combating the Financing of Terrorism*, 2008.

commitment goes beyond the Anti-Money Laundering/Anti-Terrorism Financing (AML/ATF) Regime and includes a “proceeds of crime” component.

### INTERNAL CHANGES

The context and environment have changed and have become a challenge for the IPOC Initiative. While IPOC partners agree that the Initiative ought to be maintained and even augmented, budget restrictions, lack of human resources and experience have resulted in IPOC having more difficulty responding to the partners’ operational needs (e.g. information and intelligence), attracting and maintaining talented personnel, and achieving results.

Since 2005, **seven IPOC units** – Halifax, Moncton, Quebec City, Ottawa, Toronto (Newmarket), London and Vancouver (Surrey) – **saw the physical departure of in-house partners** (PPSC, CBSA and CRA), as well as provincial and municipal law enforcement<sup>23</sup>. For example, CBSA Intelligence officers are no longer co-located in any IPOC units. PPSC prosecutors are no longer co-located in units such as Moncton and Vancouver. Also, many of the provincial and municipal police forces that had joined IPOC units previously have now left them and have integrated “civil forfeiture structures” at their level.

**Relationships among some partners** (particularly between RCMP, PPSC and CBSA) **can be described as mixed**<sup>24</sup>. For example, the RCMP’s report, *Proceeds of Crime Review: National Report 2005-2007* indicated that the results of RCMP’s working relationship with CBSA varied from non-existent (with no Level IV referrals) to good (with weekly referrals)<sup>25</sup>. Our interviews with CBSA personnel show, on one hand, a level of frustration from the Agency due to the inability of most IPOC units to respond to the needs of CBSA, namely in the exchange of intelligence. Furthermore, CBSA feels that there is still a prevailing misunderstanding as to what legislative authorities come into play. On the other hand, the RCMP recognized the benefit of having CBSA as an in-house partner, stating that their intelligence work greatly increased the effectiveness of investigations, and enhanced relationships and information sharing. Similarly, investigators and prosecutors in some locations spoke of collaborative and respectful working relationships while others alluded to more adversarial and ineffective relationships. Such differences may be due, at least in part, to a lack of understanding of their respective roles and requirements.

Overall, most of those interviewed stated that the Initiative is **no longer the “flavour of the day”**, and, over the years, it has lost some of its appeal to new priorities and newer initiatives such as the AML/ATF Regime and the IMET<sup>26</sup>.

Also, proceeds of crime **prosecutions tend to be more and more complex and time consuming**. Some PPSC prosecutors indicate that such prosecutions can take between three to five years, unlike civil forfeiture or drug offences, which can be completed in a shorter time span.

The majority of IPOC partners also state that **budget limitations are a serious constraint to fulfilling the mandate of the Initiative**. This lack of funding has had multiple impacts on

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<sup>23</sup> Key representative interview/group interview.

<sup>24</sup> *Idem*.

<sup>25</sup> ROYAL CANADIAN MOUNTED POLICE. *Proceeds of Crime Program Review: National Report 2005-2007*, 2009, p.31.

<sup>26</sup> Key representative interview/group interview.

how each partner views the performance of the Initiative and, by extension, its relevance. For example:

- All RCMP representatives interviewed agree that the IPOC unadjusted budget (same budget as in 1996-1997) impacted their capacity to fill IPOC positions at the approved staff levels (from 357 FTE to 256 FTE in the last six years). Investigation and assistance requests placed on the IPOC units have increased, but the capacity of the IPOC units to respond to those demands has diminished<sup>27</sup>. The RCMP representatives at most of the IPOC units visited explained that they had to carefully select cases to investigate due to the lack of staff.
- PWGSC-FAMG budget set at \$1.7 million per year has remained the same since the creation of the Initiative. In addition to their funding, PWGSC-FAMG receive per diem payments from RCMP for additional accountants for a total of \$1.3 million per year for the past five years. PWGSC-FAMG being a “cost recovery” entity indicates that it will not be in a position to continue supporting the Initiative under the current arrangement. It intends to renegotiate its fees in the very near future.
- CRA, unlike the other partners, is not a funded partner and has therefore full discretion in providing (or not providing) resources to IPOC units. Like CBSA, CRA has vacated most of the IPOC units. The number of CRA Supernumerary Special Constables was down from 13 in 2006-2007 to four in 2010-2011.

## **Federal and provincial legislative environment**

As indicated above, there have been some changes to the legislative environment, both federally and provincially.

### **FEDERAL LEGISLATION**

On December 15, 2006, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* was amended, ensuring that Canada would continue to be a global leader in combating organized crime and terrorist financing. The amendments included:

- enhancing information sharing between the Financial Transactions and Reports Analysis Centers in Canada (FINTRAC), law enforcement and other domestic and international agencies;
- creating a registration regime for money service businesses;
- enabling the legislation for enhanced client identification measures; and,
- creating an administrative and monetary penalties regime to better enforce compliance with the Act.

Most of the key representatives interviewed indicate that those amendments had little or no impact on the Initiative. Generally speaking, many of the interviewees are of the view that the current legislative environment limits the sharing of information between the IPOC partners and therefore is counterproductive (see Section 4.2.1.5.). This information sharing

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<sup>27</sup> *Idem.*

problem is particularly acute between CRA, CBSA and RCMP, and is primarily due to privacy concerns and legislation restrictions.

Another issue influencing the federal legal environment is associated with offence related property. Offence related property is defined as any property with which a designated offence is committed, that is used in connection with the commission of a designated offence, or that is intended for use for the purpose of committing a designated offence. A court that convicts a person of a designated offence shall order the forfeiture of offence-related property where it is satisfied, on a balance of probabilities, that the property is offence-related property<sup>28</sup>. Most of the persons interviewed acknowledged that offence related property was a positive tool to forfeit assets quickly. As stated by one key informant: *“In recent years, probably due to the sophistication in proving or charging proceeds of crime cases, more cases are leaning toward criminal property charges instead.”*<sup>29</sup>.

Finally, recent legislative amendments to the *Criminal Code* to include all of the offences under the *Income Tax Act* as predicate offences for money laundering, were introduced in 2010, and Canada’s October 2007 ratification of the *United Nations Convention Against Corruption*.

To conclude, for many, the federal legal environment has presented more and more obstacles to the success of the Initiative. As one interviewee puts it, *“The legislative environment has been slow to react to international and country-wide jurisdiction issues, including issues such as: production orders, search warrants, and disclosures.”*<sup>30</sup>. Many share the view that the law has become more complicated in regard to disclosures, production orders and in the exchange of information among the different partners<sup>31</sup>. These recent legislative changes and the responsibilities that they entail have brought additional pressures to bear on the IPOC Initiative’s human resources complement.

### **PROVINCIAL LEGISLATION**

While there have been changes to legislation at the federal level, the greatest impact has come from the provincial level.

Changes to the legal environment have made provinces and municipalities more present in the fight against organized crime and have impacted the work conducted by the IPOC units. Civil forfeiture has increased and is being used to a greater extent than in the past. Some IPOC units have contributed, and continue to contribute to the work initiated at the provincial and municipal levels, and have transferred and continue to transfer cases to them. Many voices support a renewed work relationship with the provinces and municipalities, and consequently a repositioning of the IPOC Initiative.

The legislative environment, particularly at the provincial level has changed: civil forfeiture came in and influenced the way cases are approached and dealt with<sup>32</sup>. As one interviewee

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<sup>28</sup> *Criminal Code*, section 490.1

<sup>29</sup> Key representative interview/group interview.

<sup>30</sup> *Idem*.

<sup>31</sup> *Idem*.

<sup>32</sup> *Idem*.

summarized it, “*civil forfeiture is a very powerful tool. Civil forfeiture and offence-related property have provided a more direct route to seize valuable assets*”<sup>33</sup>.

Over the past years, provinces and municipalities have given themselves the required tools to act quickly against organized criminals and crime groups. Basing their action on civil forfeiture legislation that allows for quick results, they have created enforcement structures that have changed the nature and level of their participation in the federal IPOC units<sup>34</sup>. In addition, the dollar value of seizures and confiscations going to the provinces, rather than to the federal government, has been an incentive for them to move in that direction. Our interviews indicate that over the past few years, there has been a steady increase in cases transferred to the provinces. This view is also supported by Ontario civil forfeiture data (see Figure 8). Two factors appear to explain this: 1) The inability for many IPOC units to sustain large numbers of IPOC investigations leading to criminal charges; 2) the ease of transferring cases to the provinces under the civil forfeiture legislation, which result in quick seizure and forfeiture of illegal assets.

Generally, many partners see civil forfeiture as a positive trend. For example, several RCMP officers taking part in the interviews welcome the provincial civil forfeiture expansion. For them, provincial civil forfeitures constitute a good vehicle to deprive criminals of illegal assets. As one interviewee mentioned: “*We have to go criminal first [...] if we don’t lay charges, then we can refer these cases to civil forfeitures.*”<sup>35</sup>. For those files not considered as “major files” (see Section 4.2.1.1), many officers favour civil forfeiture legislation, as it allows for a quick and effective forfeiture of assets of organized criminals and crime groups; this is especially beneficial for those IPOC units that have scarce resources. In recent years, the RCMP contributed to the increase of civil forfeitures by referring many cases to the provinces<sup>36</sup>. Civil forfeiture is also supported by international organizations such as FATF and other governments through their legislation (for example the *Racketeer Influenced and Corrupt Organizations* in the United States).

It is important to understand that criminal and civil asset forfeiture differ in the procedure and burden of proof required to forfeit assets. The main distinction between them is that criminal forfeiture requires a criminal process against an accused, whereas civil asset forfeiture is an action against the asset itself, and not against an individual. In civil forfeiture, the asset could be forfeited but the owner will not be accused under the *Criminal Code*. There is no further investigation completed to determine other unreported wealth owned by the suspected criminal. In all cases, an investigation is required to identify the asset owners and then link the property to criminal activity.

#### **4.1.1.2 To what extent are the objectives of the IPOC Initiative (i.e. targeting their illicit proceeds and assets) still relevant to fight organized criminals and crime groups?**

IPOC partners strongly agree that the Initiative and objectives are still relevant. For example, there is consensus among the RCMP that the Initiative and its objectives are essential to fighting

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<sup>33</sup> *Idem.*

<sup>34</sup> *Idem.*

<sup>35</sup> *Idem.*

<sup>36</sup> For example, Vancouver IPOC unit has referred more than \$16 million to the British Columbia Civil Forfeiture.

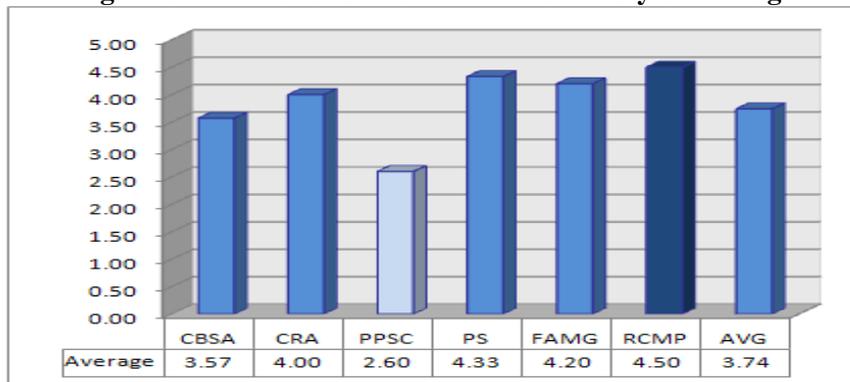
organized crime. As illustrated by one representative, “*money is the motivator for criminals, so what we try to do is take the profit out of crime. It wasn’t that long ago that criminals (also criminals from the United States) were walking into banks in Montréal with hockey bags full of money and legally depositing [the proceeds] into bank accounts without any questions being asked*”<sup>37</sup>. Other IPOC partners share this same view. All of those interviewed agree that seizing assets gained illegally remains the best and most effective way to fight organized crime, and that the Initiative should maintain its focus on organized crime, at both the upper and lower echelons.

**4.1.1.3 To what extent are the Initiative theory and design appropriate in addressing ongoing needs?**

*“The logic of proceeds of crime enforcement is simple, and it is seductively attractive to governments and law enforcement doing battle with organized crime and, more recently, with terrorism. As an enforcement strategy targeting criminal entrepreneurs and organizations, confiscating the proceeds of crime is meant to achieve [three interrelated] objectives. First, it punishes offenders by depriving them of the fruits of their trade. Second, it strives to remove the incentive for an offender to engage in profit-oriented criminal activities. Third, it is meant to reduce the financial power base from which criminal organizations can operate”*<sup>38</sup>.

From its inception, the IPOC Initiative has subscribed to a theory similar to the one described by Beare and Schneider in their book titled *Money Laundering in Canada* published in 2007. During the interviews and as illustrated in Figure 3, all of the key players in the IPOC Initiative, except for PPSC, significantly supported the statement that the IPOC theory and design were still appropriate. The concerns expressed by PPSC representatives related mainly to the existing design of the Initiative, and to a lesser extent with planning and relations among partners.

**Figure 3 – Relevance of the Initiative’s Theory and Design**



Many interviewees from PPSC, CBSA and the RCMP expressed ideas along the lines of those articulated by the authors noted above. While the theoretical underpinnings of the Initiative seem to be appropriate on the surface, criminals have learned to adapt. As Beare points out, “*while we might be able to assert the first objective (depriving them the fruits of their trade), ‘Deterrence’*

<sup>37</sup> Key representative interview/group interview.

<sup>38</sup> BEARE, MARGARET E. & SCHNEIDER, STEPHEN. *Money Laundering in Canada: Chasing Dirty and Dangerous Dollars*, 2007, p.148.

*theory in relation to any form of criminality lacks credibility – perhaps even more so with organized criminals or persistent criminals of any sort. Such criminals speak of the ‘cost of doing business’ and, short of an all-out enforcement assault culminating in massive imprisonments and near-total confiscation, the criminal operations appear to take most seizures in stride. It must be also asked whether the most serious and most sophisticated criminals are even suffering these minor enforcement successes”<sup>39</sup>.*

A major component of the IPOC design is the integration of partners to collaborate closely on IPOC files. While the concept of “integration” could refer to either “co-location” or “remote collaboration” using information technology enabling tools, several key representatives suggest that the physical departure of some partners (CBSA, PPSC, CRA) from within the IPOC units has compromised the integration aspect of IPOC. As stated by one representative, “*The original design was to utilize an integrated approach involving municipal/regional, provincial police and other federal agencies. This is a very valid approach as each agency brings expertise and resources to the unit. While it is still integrated to some extent this has diminished over time and not all of the original partners are involved, as many have left*”<sup>40</sup>.

## **4.1.2 Alignment with Federal Government Priorities**

### **4.1.2.1 To what extent does the Initiative contribute to the policy priorities of Government with respect to organized criminals and crime groups and activities?**

Over the past five years, the Government of Canada has steadily underlined the fight against organized crime as a priority. Speeches from the Throne (2006-2010), official public documents, and press releases all identify the fight against organized crime as priorities for the Canadian government.

The Government regularly refers to its fight against organized crime as a priority. For example, following a series of discussions with their provincial counterparts, the then-Minister of Justice/Attorney General and the then-Minister of Public Safety reaffirmed, in June 2007, the federal government’s commitment to tackling organized crime: “*Organized crime has an impact on the daily lives of Canadians, affecting our families, our businesses, our possessions, our health and our bank accounts. This Government is taking action to combat organized crime, and we’re delivering significant measures through our legislative agenda to tackle this problem. Canada’s New Government made a commitment to tackle crime and we have already announced key initiatives to bolster Canada’s capacity to combat illegal smuggling, crack down on money laundering and increase border security. We are working with our provincial and territorial partners to fight organized crime in our communities and make our streets safer*”<sup>41</sup>.

In recent years, the federal government has brought forward a number of legislative initiatives to disrupt organized crime, one of which was the *Amendments to the Proceeds of Crime (Money*

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<sup>39</sup> *Idem*.

<sup>40</sup> Key representative interview/group interview.

<sup>41</sup> DEPARTMENT OF JUSTICE CANADA. *Ministers Nicholson and Day Pledge to Build on Recent Successes to Combat Organized Crime*, Ottawa, June 1, 2007.

*Laundering) and Terrorist Financing Act*. When the amendments received Royal Assent on December 14, 2006, a number of measures to fight organized crime and terrorism were announced. These included:

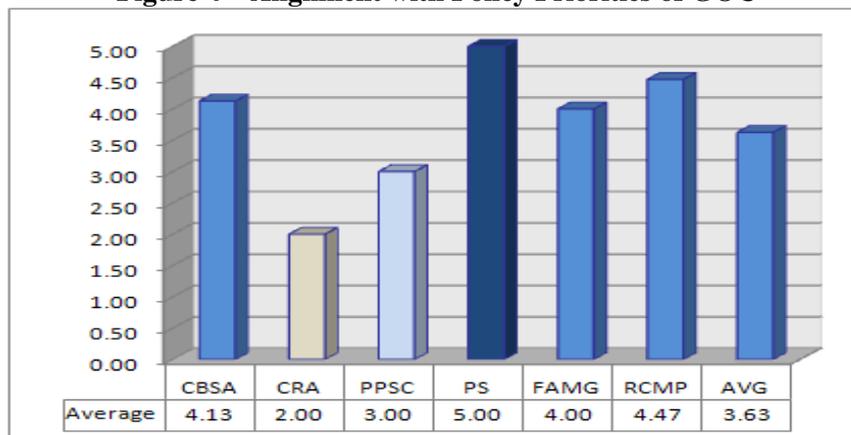
- Providing for an additional 1,000 RCMP personnel;
- Enhancing border security by arming border officers;
- Investing \$9 million over two years to set-up counterfeit currency enforcement teams across Canada;
- Committing \$64 million over two years in Budget 2007 to establish a National Anti-Drug Strategy;
- Providing an additional \$6 million per year to strengthen existing initiatives to combat child sexual exploitation and human trafficking; and,
- Helping establish, through \$5 million in funding over five years, a permanent location in Toronto for the Egmont Group, a global organization aimed at combating international money laundering and terrorist financing.

For many of the interviewees, the IPOC Initiative is one of the tools in the Government’s effort to protect the public and fight organized crime. However, RCMP representatives indicate that the Initiative did not receive any additional funding from this announcement.

Consistent with government priorities, the IPOC Initiative focuses on the “money” aspect of organized crime. It investigates the flow of money, transactions, and the acquisition of assets such as residences, buildings, cars, boats, etc. so as to determine if the goods were acquired illegally or not, or if the gains originated from legal or illegal activities. In the cases where it is established that the acquisition of assets was illegal, assets are seized, and if the required burden of proof is met, forfeited.

Most respondents from participating organizations agree that IPOC is significantly aligned with the policy priorities of the Government of Canada’s fight against organized crime (Figure 4). However, the CRA and PPSC representatives tended to base their responses on the results of the Initiative rather than its theory. These respondents have concerns about what they perceive as the limited impact of the Initiative on disrupting, dismantling and deterring organized crime, especially in the past few years.

**Figure 4 – Alignment with Policy Priorities of GOC**



### **4.1.3 Alignment with Federal Roles and Responsibilities**

#### **4.1.3.1 Is the Initiative aligned with federal government roles and responsibilities?**

Ultimately, the authority to combat organized crime at the federal level is embedded in the Canadian constitution, which states “It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make laws for the Peace, Order, and good Government of Canada”<sup>42</sup>. Section 91(27) also stipulates that the federal government has the authority over criminal law and procedure in criminal matters.

Today, several federal departments play a significant role in ensuring the safety and security of Canadians. Specifically, PS plays a key role in “coordination across all federal departments and agencies responsible for national security and the safety of Canadians”<sup>43</sup>. PS works with five agencies (CBSA, RCMP, Canadian Security Intelligence Service, Correctional Service Canada and Parole Board of Canada). These agencies are part of the same portfolio and report to the same minister. The result is better integration among federal organizations dealing with national security, emergency preparedness and management, law enforcement, corrections, crime prevention and border control.

One of the main roles of the PS portfolio is the fight against organized crime. Its work is guided by the National Agenda to Combat Organized Crime, which was developed and approved by federal, provincial and territorial law enforcement partners. IPOC responds to this role, as one of the main initiatives identified to fight against organized crime.

Proceeds of crime investigations and prosecutions are key tools in the Canadian government’s overall effort to combat organized crime activities. Both nationally and internationally, the federal government has confirmed its ongoing commitment to fight organized crime. Indeed, the federal government participates in several international organizations such as FATF, the Egmont Group and United Nations Office on Drugs and Crime and has signed a number of international agreements, such as Mutual Legal Assistance Treaties.

On a national level, the Initiative is linked to the AML/ATF Regime, Combined Forces Special Enforcement Units and the National Anti-Drug Strategy. It also collaborates with provinces and municipalities through a series of MOUs.

Through the Initiative, Canadian enforcement agencies, such as the RCMP, CRA and CBSA, and the provincial law enforcement authorities investigate money laundering offences. The Initiative firmly supports the Government of Canada’s role in tackling organized crime and meets the demonstrable need established by FATF of combating money laundering. All departments and agencies involved in the Initiative agree that public safety and criminal matters such as drug smuggling, fraud and money laundering are important federal responsibilities.

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<sup>42</sup> *British North America Act, 1867*

<sup>43</sup> <http://www.publicsafety.gc.ca>

IPOC partners significantly agree that the Initiative is aligned with federal roles and responsibilities. This view is highest among PS (5), RCMP (4.21) and PWGSC-FAMG (4.00) followed by CBSA (3.75), CRA (3.50) and PPSC (2.80). The variation among partners may be due to the nature, role and mandate of each organization.

## 4.2 Performance

In order to assess the Initiative’s performance, two issues and nine evaluation questions were addressed, as noted in the Table 10.

Table 10 – Performance Issues and Questions	
Performance Issues	Performance Questions
<b>4.2.1 ACHIEVEMENT OF EXPECTED OUTCOMES</b>	<b>4.2.1.1</b> To what extent have the IPOC Initiative’s expected outcomes been achieved?
	<b>4.2.1.2</b> To what extent is the IPOC Initiative organized appropriately to meet its objectives?
	<b>4.2.1.3</b> What have been the challenges, if any, to the IPOC Initiative and how have these challenges been addressed or overcome?
	<b>4.2.1.4.</b> Are practices, systems, and mechanisms in place to ensure proper monitoring of effectiveness and outcomes/ results?
	<b>4.2.1.5</b> Has an efficient network been put in place?
	<b>4.2.1.6.</b> Have public communications been integrated in the IPOC Initiative strategy to increase knowledge of POC and ML activities, issues and investigative tools?
	<b>4.2.1.7.</b> Has the Initiative had any unintended impacts (positive or negative)?
<b>4.2.2 DEMONSTRATION OF EFFICIENCY AND ECONOMY</b>	<b>4.2.2.1.</b> Is the IPOC Initiative’s budget allocated in a manner to maximize results?
	<b>4.2.2.2</b> Has the Initiative succeeded in establishing IPOC units that are stable and effective?

### 4.2.1 Achievement of Expected Outcomes

The logic model provided guidance to the evaluation of expected outcomes from the Initiative. It contains two main branches of activities, namely training/outreach and investigation/assistance. The immediate, intermediate and ultimate outcomes associated with these activities are covered in the following sections based on the evaluation question matrix presented at Appendix C. It presents seven evaluation questions, as illustrated in Table 10. This section discusses findings associated with each of these questions, in relation to the logic model.

#### 4.2.1.1 To what extent have the IPOC Initiative’s expected outcomes been achieved?

In order to evaluate the extent to which the Initiative’s outcomes have been achieved, the evaluation team has examined specific elements from the Evaluation Question Matrix:

- the selection of files;
- the removal of illicit and unreported wealth;
- the increased cost to organized criminals and crime groups;
- the reduced operational capacity of organized criminals;

- the creation of a hostile environment to organized criminals and crime groups;
- the disruption, dismantling and deterrence of organized crime and crime groups; and,
- the challenge of bringing cases to court.

### **The selection of files**

In order to achieve the Initiative's stated outcomes, IPOC efforts were focused on major files, that is, those with the greatest potential to reduce the threat and impact of organized crime and crime groups. Over the time period, major files have indeed been the focus of the IPOC Initiative. Decisions regarding major file selection and the level of resources allocated to them are made by the RCMP on a yearly basis, through an evolving strategy based on risk assessment, which takes into consideration the particular crime environment and its evolution in each of the regions, and most importantly, the demands made from the substantive RCMP units and their partners.

Major files are defined by the RCMP as investigations that exceed 500 person hours, and/or involve special investigative techniques, and/or utilize legal counsel and/or forensic accounting, and/or they may also have an international component. The RCMP estimates that 81% of the time spent on IPOC files is spent on these major files.

Between 2005 and 2010, a total of 9,352 proceeds of crime files were opened, of this total, 373 files were considered as major files. Eighty-one percent (81%) of the total effort was therefore dedicated to four percent (4%) of the files that were opened. Thus, out of a five-year budget of \$116.5 million, an estimated total of \$94.37 million was directed to major files, for an average of \$253,000 per major file.

Of the 8,979 non-major files opened during the 2005-2010 period, 3,176 files (36%) were referred to other federal, provincial and municipal partners, and over 5,800 files were concluded. Key representatives and stakeholders support the view that the RCMP had to focus on major files in order to achieve meaningful results, i.e. results that would have a real and lasting impact on organized crime taking into considerations the budget and the resources available for the Initiative.

The evaluation team was not able to determine whether the allocation of resources between major and non-major files is in fact optimal. In the absence of specific and objective criteria and any overarching strategic plan, the question regarding how to optimally allocate the budget between major and non-major files remains an open one.

### **The removal of illicit and unreported wealth**

For the purpose of this evaluation, the removal of assets can be defined in terms of seizures and forfeitures. Seizure constitutes a temporary removal of the asset pending judicial deliberation. Forfeiture of assets occurs upon a court ruling, at which time assets are permanently confiscated. Furthermore, when feasible, data pertaining to civil seizures and forfeitures were provided to

illustrate the potential contribution of civil forfeiture provincial legislation to the outcomes of the Initiative.

Previous IPOC evaluations focused on seizures and forfeitures as key indicators for measuring the success of the Initiative and there is strong consensus among stakeholders that the dollar value of seizures and forfeitures constitutes a sound measure of the Initiative's impact. As a performance indicator, the value of those seizures and forfeitures is even more relevant when it is associated to a specific target.

Table 11 compares the number of cases opened and the value of seizures by year, over the last 10 years. There is a notable reduction in the number of cases opened and the total value of seizures over the last five years as compared to the first five years. The average number of cases opened fell by 17% (from 242 to 200), while the average value of seizure fell by 34% (from \$28.9 million to \$19.3 million). This may be explained by a number of factors, including an increasingly complex legal environment, adaptation and greater sophistication among organized criminals, and the availability of human resources to conduct the investigations.

Table 11 – PWGSC-SPMD Cases Opened and Value of Seizures by Year							
Cases	2001-2005 (average)	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2010 (average)
Cases Opened	242	228	204	171	184	213	200
Value of Seizures	\$28,903,000	\$18,982,000	\$26,064,321	\$20,509,999	\$16,006,724	\$14,728,022	\$19,258,213

Source: PWGSC-SPMD/SPMIS

Table 12 presents data provided by the RCMP and compiled by Public Works and Government Services Canada – Seized Property Management Directorate (PWGSC-SPMD) for cases closed and value of forfeitures, for the same period.

The average number of cases closed during the last five years has decreased compared to the previous five-year period (from 238 to 194 or – 19%). Meanwhile, the average value of forfeitures has significantly increased (from \$10.7 million to \$20.8 million or +200%). This latter result is explained by the lapse of time between accusation charge and a conviction or in other terms between a seizure and a forfeiture.

Table 12 – PWGSC-SPMD Cases Closed and Value of Forfeitures by Year							
Cases	2001-2005 (average)	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2010 (average)
Cases Closed	238	199	206	153	187	223	194
Value of Forfeitures	\$10,776,682	\$15,116,644	\$16,524,727	\$32,417,723	\$22,755,738	\$17,538,207	\$20,870,608

Source: PWGSC-SPMD

Table 13 presents performance data from the CRA Special Enforcement Program (civil cases). A comparison of data for the same periods indicates that the average number of completed audits

the hours dedicated to the program have increased slightly over the last five years. However, the amount of federal taxes assessed has somewhat decreased (from \$13.7 million to \$11.5 million).

Yet, if one adds the average federal taxes assessed and the value of forfeitures for the same period, the total annual average amount of illicit proceeds assessed and forfeited is in the \$30 million range, which is higher than the \$23.3 million annual allocation of the Initiative.

<b>Table 13 – CRA Special Enforcement Program (Civil)</b>						
<b>Special Enforcement Program</b>	<b>2001-2005 (average)</b>	2005-2006	2006-2007	2007-2008	2008-2009	<b>2005-2009 (average)</b>
Number of Audits Completed	<b>111</b>	112	139	154	162	<b>142</b>
Hours Utilized	<b>11,060</b>	11,210	13,593	14,482	20,628	<b>14,978</b>
FTE's Utilized	<b>17</b>	18	16	n/a	n/a	<b>n/a</b>
Federal Taxes Assessed	<b>\$13,741,540</b>	\$6,481,884	\$11,312,888	\$10,514,657	\$17,525,346	<b>\$11,458,697</b>

Source: CRA

Table 14 presents the performance data for the CRA Criminal Investigations Program. While the average number of convictions has remained stable, the fine amount has increased slightly over the last five years. It should be noted that the actual number of convictions year to year is quite low and therefore caution must be used when interpreting these results.

<b>Table 14 – CRA Criminal Investigations Program</b>						
<b>Criminal Investigations Program</b>	<b>2001-2005 (average)</b>	2005-2006	2006-2007	2007-2008	2008-2009	<b>2005-2009 (average)</b>
Number of Convictions	<b>5</b>	1	1	4	7	<b>4</b>
Fine Amount	<b>\$402,213</b>	\$12,013	\$21,715	\$173,820	\$2,103,618	<b>\$577,792</b>
Mandatory Jail Time (in Months)	<b>24</b>	0	0	0	36	<b>9</b>

Source: CRA

CBSA is specifically responsible for the administration and enforcement of Part 2 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, sections 12 to 39, which relate to the physical movement of currency and monetary instruments across the border.

Part 2 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* imposes on every person and entity the obligation to report the importation or exportation of currency or monetary instruments of a value equal to or greater than the prescribed threshold of \$10,000. For the purposes of subsection 18(1) of the Act, the prescribed penalty for Level 4 seizures is the forfeiture of the total amount seized. Those funds are transferred to PWGSC-SPMD.

CBSA has both inbound and outbound jurisdiction with respect to “couriers” of suspected proceeds. This authority allows it to seize and forfeit currency, and also to develop intelligence that can initiate police proceeds of crime investigations.

As noted in Table 15, for the fiscal years from 2005-2006 through 2009-2010, Level 4 currency seizures totalled 841 seizures for a total value of \$36,433,000.

**Table 15 - CBSA Level 4 Currency Seizures**

Level 4 Seizures	2005	2006	2007	2008	2009	2005-2009 (average)
Number of seizures	190	141	154	146	210	168
Total value of seizures	\$8,974,000	\$6,297,000	\$7,328,000	\$7,111,000	\$7,323,000	\$7,406,600

Source: CBSA

Forfeitures (resulting from Level 4 seizure actions) are subject to appeal to the Minister via the Recourse Directorate of the CBSA and ultimately to the Federal Court of Canada.

The CBSA Recourse Directorate is responsible for reviewing appealed seizures under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

There is a high appeal rate of the Level 4 suspected proceeds of crime as demonstrated in Table 16 below.

**Table 16 – CBSA Level 4 Seizures Appeals**

Level 4 Seizures Appeals	2007-2008	2008-2009	2009-2010	2007-2010 (average)
Enforcement Actions issued	130	171	195	165
Disputes filed	96	97	159	117
Rate of Appeal	74%	57%	82%	71%
• Maintained <sup>44</sup>	17	44	37	33
• Amended <sup>45</sup>	6	15	20	14
• Cancelled <sup>46</sup>	3	2	3	3
• Admin. Closure <sup>47</sup>	0	0	4	1
Total decisions rendered	26	61	64	50

Source: CBSA

The high appeal rate of the Level 4 suspected proceeds of crime, combined with the adjudication of these files and the high number of ministerial decisions being appealed to the Federal Court and Federal Court of Appeal have put pressure on the CBSA Recourse Directorate and also on the Department of Justice (which represents CBSA on these civil enforcement actions). Contrary to the PPSC, neither the CBSA Recourse Directorate, nor the Department of Justice receive any funding from the IPOC Initiative.

### **The increased cost to organized criminals and crime groups**

It is difficult to measure the impact of the costs incurred by criminals as a result of the actions taken by initiatives such as IPOC. One could deduce that the requirements by criminals to hire professionals such as lawyers, accountants, taxation specialists, etc. to mask or defend their activities constitute significant costs. One could also conclude that these costs would increase as a result of effective police operations, including those undertaken by the Initiative. On the other hand, criminal behaviour is subject to supply and demand market forces and it is also possible to

<sup>44</sup> *Maintained*: remained at Level 4 seizure.

<sup>45</sup> *Amended*: reduced to Level 1, 2 or 3 seizure, therefore no longer considered as a proceeds of crime.

<sup>46</sup> *Cancelled*: overturned.

<sup>47</sup> *Admin. Closure*: appeal withdrawn or file opened in error.

conclude that criminals simply pass at least part of their increased costs of doing business to their victims.

Various interviewees mentioned the growing sophistication of organized criminals and crime groups as a global trend in recent years. This situation has a direct effect on investigations because they become more complex and time consuming. The growing sophistication could also have a negative impact for organized crime since the cost of engaging in illegal activity increases, thus serving as a deterrent. As a respondent stated, “*Organized crime has had to be more complex in their methods of money laundering as they are aware that the IPOC units have dedicated persons who will attempt to detect it. Organized crime groups always hire the best lawyers which are the most expensive*”<sup>48</sup>.

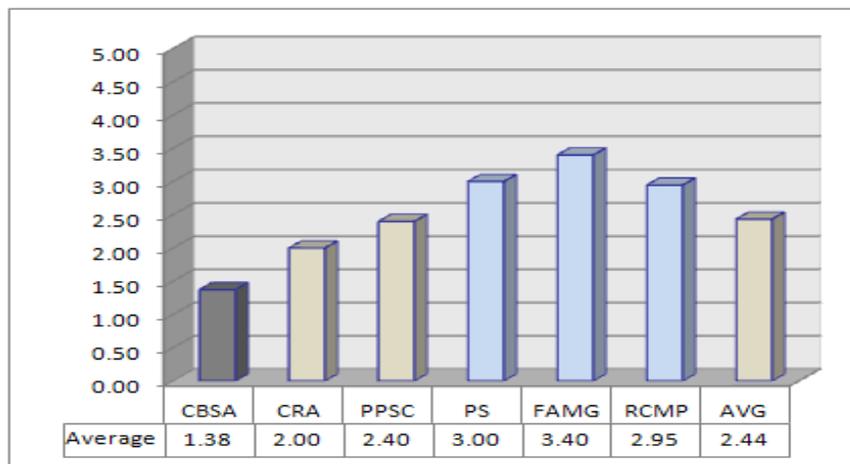
It is important to recognize that for individual criminals, as opposed to organized criminal groups, the seizure and forfeiture of assets, combined with fines and tax recovery, could have a significant deterrent effect.

One of the limitations faced by authorities when attempting to obtain forfeiture of the proceeds of crime is the ability of criminals to use the money seized to pay for legal services<sup>49</sup>. As a result, suspected criminals can often mount a strong defence using wealth that was obtained through illicit means.

### The reduced operational capacity of organized criminals

Figure 5 summarizes data from partners regarding their views on how effective the Initiative has been in reducing the operational capacities of organized crime, based on a 5-point scale. With the exception of PWGSC-FAMG, partners rate the Initiative’s effect on the reduction of the operational capacity of organized crime as relatively low (i.e. less than 3 out of 5).

**Figure 5 – Reduced operational capacity of organized criminals**



<sup>48</sup> Key representative interview/group interview.

<sup>49</sup> *Idem*.

The Evaluation team was told there are various reasons for these results. For example, some representatives argue that the effects are only temporary as criminals quickly adapt to police tactics and approaches. Many explained that, over the years, criminals have become more sophisticated and have learned how to mitigate the impact of new laws. As one respondent noted, “*organized crime groups have become inconvenienced by our efforts and are always looking for methods to use loopholes in legislation and investigative capacity*”<sup>50</sup>. As well, others suggested that the budget limitations faced by the Initiative over the last decade, has kept the IPOC from keeping pace with increased criminal sophistication and thus minimized the impact on their operational capacity.

### **The creation of a hostile environment to organized criminals and crime groups**

One of the ways to deter criminal activity is to create an environment that is hostile to organized criminals and crime groups. The Initiative is consistent with this approach, as are other related enforcement initiatives and programs. However, some key representatives argue that the Initiative has not been potent enough in creating such an environment, for the reasons stated above.

As one of the interviewees summarized it, “*The volume and significance of the investigations is not enough to create an environment that is hostile to organized crime. While criminals likely are not happy with having money seized, it is not a big enough issue to suppress crime*”<sup>51</sup>.

On the other hand, others argued that without the Initiative, criminals would be unconstrained in their pursuit of illicit activities. As one respondent noted, “*If we weren't here, they would have a free run*”<sup>52</sup>; another stated, “*They know we're after them. They keep looking over their shoulders*”<sup>53</sup>.

### **The disruption, dismantling and deterrence of organized crime and crime groups**

Figure 6 summarizes data from partners regarding their views on how effective the Initiative has been in disrupting, dismantling and incapacitating organized crime. The findings in the table show a mixed picture with PWGSC-FAMG, CRA, the RCMP and PS on the somewhat positive side with respect to effectiveness while CBSA and PPSC are on the minimal side.

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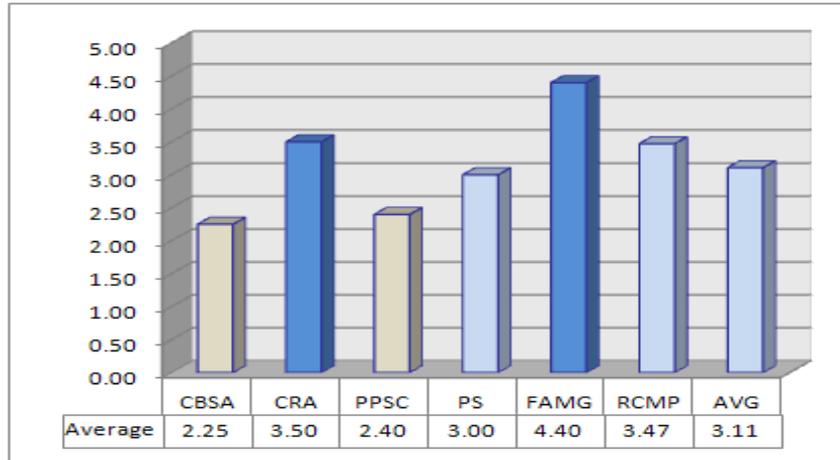
<sup>50</sup> *Idem.*

<sup>51</sup> *Idem.*

<sup>52</sup> *Idem.*

<sup>53</sup> *Idem.*

**Figure 6 – Disruption, dismantling and deterrence of organized crime and crime groups**



Some respondents distinguished disrupting criminal organizations from dismantling and incapacitating them. These respondents suggested that they would have given a higher score if the question was simply a case of “disrupting” rather than “dismantling and incapacitating” them. In other words, these key representatives felt that the Initiative is doing a relatively better job at the former than at the latter. In fact, some admitted that the Initiative has not kept up with global crime and has not really succeeded in dismantling because these organizations are still in business<sup>54</sup>. Others indicated that success depends on a variety of factors, such as when the Initiative is willing to undertake large investigations and focus on major files, leading to the dismantling and incapacitation of specific target groups<sup>55</sup>.

The Evaluation Team conducted several case studies in order to illustrate the impact of the IPOC activities on achieving the ultimate outcomes of the Initiative, namely the disruption, dismantling and incapacitation of organized criminal groups and criminals. Two of these case studies are referenced below. The first, *Operation Baseball*, involved a collaboration between the Southern Alberta Marihuana Investigative Team and the Calgary IPOC Unit aimed at dismantling an organized crime group operating grow houses in the province. The other, *Opération Colisée*, was a major joint operation, conducted in Quebec that succeeded at dismantling the Italian mafia operating from Montréal.

***OPERATION BASEBALL***

In *Operation Baseball*, the Calgary IPOC unit, with the involvement of the RCMP, FAMG, PPSC, and CRA, contributed to uncovering, seizing and forfeiting large sums of cash and properties that were the result of illegal activities. A total of \$230,000 was seized from deposit boxes and forfeited. In addition, three homes were restrained; one was forfeited for a value of \$400,000, while the two others were returned. Over \$1.8 million of unreported income was reassessed by the CRA. *Operation Baseball* led to the laying of a number of charges that resulted in one accused being sentenced to a two-year prison term.

<sup>54</sup> *Idem.*

<sup>55</sup> *Idem.*

### ***OPÉRATION COLISÉE***

*Opération Colisée* stems from *Opération Cicéron*, a previous investigation targeting the Montréal-based Italian mafia and more precisely its alleged godfather. After two years of wiretapping and close surveillance, the operation was not providing sufficient results. Thus, the RCMP decided to extend the scope of the investigation in order to include close collaborators. This operation was christened “*Opération Colisée*”.

Launched in 2002, *Opération Colisée* was led by the RCMP’s Combined Forces Special Enforcement Unit in partnership with the IPOC Montréal Unit (CBSA, CRA, PPSC, PWGSC-FAMG and RCMP), the *Sûreté du Québec* (SQ), the *Service de police de la Ville de Montréal* (SPVM), and other municipal police forces. Hundreds of police officers and civil employees were involved in this four-year investigation. PPSC personnel, including eight prosecutors and three paralegals, provided legal advice and support as well as prosecution services over the course of the investigation and related court proceedings. The application of major case management principles on behalf of the prosecution team ensured timely resolution of many of the aspects of the case. Estimated at \$35 million, the investigation was the most expensive of its type.

*Opération Colisée* covered the full scope of the alleged activities, including: drug importation and sale in Quebec, Ontario, New Brunswick and United States; illegal gambling; usurious loans (“loan-sharking”); corruption related to public works contracts; extortion; kidnapping; murders; money laundering and proceeds of crime.

In late 2006, when *Operation Colisée* was in its final sprint, investigators were concerned that evidence might be lost, including the proceeds of crime, before they could make arrests. Thus, the RCMP decided to hit promptly and in the night of November 22, 2006. Seven hundred (700) police officers took part in the final stage of the operation and arrested 73 of the 90 suspects. Other arrests followed in the subsequent months.

Following the investigation 1179 charges were laid against the accused for crimes committed between 2003 and 2006 related to: gangsterism, import and export of marijuana, illegal gambling, usurious loan, corruptions and tax evasion. Almost all the accused pleaded guilty or were convicted and subsequently sentenced to various terms of imprisonment.

The RCMP seized proceeds of crime evaluated at an estimated \$6 million. These seizures included \$3.1 million in cash, and 10 properties in Montréal and Laval. As of today, PPSC prosecutors obtained the forfeiture of property worth approximately \$9 million. In addition, more than 150 CRA officials executed 24 search warrants, traced \$4.4 million in unreported income and seized \$2.5 million<sup>56</sup>.

Key representatives involved in *Opération Colisée* indicate that they would not have succeeded without the close collaboration of all of the IPOC partners, along with their colleagues from the *Sûreté du Québec* and the Montréal City Police<sup>57</sup>. This operation drained most of the Montréal RCMP IPOC unit to the point that other files had to wait. Yet, the results and impact were remarkable; they were frequently cited by interviewees as a positive example in most of the units visited through this evaluation. Key representatives and crime specialists noted that the Italian mafia in Montréal had been hurt badly, to the point that it could be considered dismantled or incapacitated, although they also acknowledge the reality that the previous clan will soon be replaced by another criminal group.

<sup>56</sup> CÉDILLOT, ANDRÉ & NOËL, ANDRÉ. *Mafia Inc.: Grandeur et misère du clan sicilien au Québec*, 2010.

<sup>57</sup> Key representative interview/group interview.

With respect to performance, the Initiative has, over the years, focused on files that, on initial assessment by the RCMP, presented the highest potential of disrupting, dismantling and deterring organized crime. For each of these files, a thorough investigation is conducted, up to a point where the RCMP decides, through consultation with PPSC, if the file will be pursued, if charges will be laid, and if the case will be prosecuted. If a decision is taken not to pursue the file, it could then be referred to the province for civil forfeiture, referred to CRA for tax assessment/jeopardy action or concluded. When transferred or referred, the file could, for example, lead to civil seizures/forfeitures by the province or tax assessment/jeopardy action by CRA. The current strategy of focusing on high-potential files and of managing those files in a manner that maximizes results (taking into account prosecution under the *Criminal Code*, referral to the province or CRA) effectively addresses the intermediate outcomes as defined by the IPOC logic model. Building or improving on these results is tied to IPOC's resource capacity to open and investigate high-potential files.

### **The challenge of bringing cases to court**

One of the difficulties that have grown over time is bringing related proceeds of crime cases to court. One of the contributing factors is the requirement for investigators to link suspected proceeds of crime to both an offender and a substantive offence. The challenge comes from the nature of the legislation that links the forfeiture to the result of criminal conviction of an offender, thereby placing a heavy onus of proof upon law enforcement officers and Crown prosecutors:

“[...] there have been numerous calls, particularly from the law enforcement community, for legislation that allows the Crown to confiscate criminally derived property through a civil process rather than within the criminal courts. When forfeiture is pursued through the civil courts, the burden of proof placed on the state is reduced from ‘beyond reasonable doubts’ to a ‘balanced of probabilities’ and the Crown confiscate money or assets where only a reasonable suspicion exists that the cash or assets constitute the proceeds of crime”<sup>58</sup>.

Possibly as a consequence of the challenge of bringing cases to court, in addition to other issues, there has been a significant reduction in the number of charges laid in IPOC major files in recent years. For example as illustrated in Table 17 and figure 7, the number of file charges increased between 2005-2006 and 2007-2008 and subsequently declined from 2008-2009. This tendency is echoed in the interviews of key representatives from both the RCMP and PPSC, who recognize that courts are becoming much more demanding with regards to evidence and thus, it takes more time and effort to meet these evidentiary requirements<sup>59</sup>.

Some interviewees indicated that the increasing demands made by the courts with respect to evidence has led to the increased dropping of proceeds of crime charges in exchange for a guilty plea on the substantive charge. From a prosecutorial perspective, it may be appropriate to

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<sup>58</sup> BEARE, MARGARET E. & SCHNEIDER, STEPHEN. *Money Laundering in Canada: Chasing Dirty and Dangerous Dollars*, 2007, p.188.

<sup>59</sup> Key representative interview/group interview.

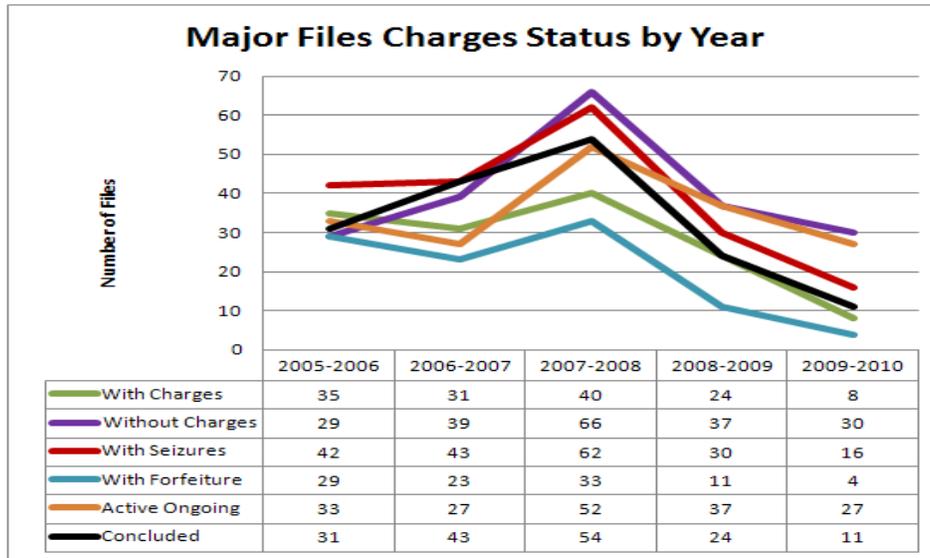
withdraw proceeds of crime charges given that they may not be necessary to obtain forfeiture if there is a conviction upon the charge that generated the proceeds.

File Charge Status	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
With Charges	35	31	40	24	8
Without Charges*	29	39	66	37	30
With Seizures	42	43	62	30	16
Without Seizures	22	27	44	31	22
With Forfeiture	29	23	33	11	4
Without Forfeiture	35	47	73	50	34
Active Ongoing	33	27	52	37	27
Concluded	31	43	54	24	11

\* *No Charges* means no proceeds of crime or money laundering charges. Charges for the substantive/predicative offence would have been laid.

Source: RCMP

**Figure 7 – Major Files Charges Status by Year**



The obstacles that criminal onus represents to an efficient system of proceeds of crime enforcement has been recognized through ongoing pressure to introduce laws that shift the burden of proof onto defendants<sup>60</sup>. What has been successful in the United States in combating money laundering and organized crime is the civil (forfeiture) sanctions enacted through legislation such as the *Racketeer Influenced and Corrupt Organizations* statute, which shifts at least part of the burden of proof onto the defendant and creates a lesser legal standard to force an accused to forfeit his/her assets<sup>61</sup>.

<sup>60</sup> BEARE, MARGARET E. & SCHNEIDER, STEPHEN. *Money Laundering in Canada: Chasing Dirty and Dangerous Dollars*, 2007, p.307.

<sup>61</sup> Idem.

*The Criminal Code* was amended on November 25, 2005, to reverse the burden of proof to now make the accused provide evidence that his/her assets were acquired honestly. As indicated by the then-Minister of Justice, “*The very nature of organized crime, as defined by the Criminal Code, is the engagement in criminal activity for the purpose of material benefit. Bill C-53 [An Act to Amend the Criminal Code (proceeds of crime) and the Controlled Drugs and Substances Act and to make consequential amendments to another Act] will combat the problem of organized crime and its prime motivation of illicit accumulation of proceeds of crime with the goal of disrupting, deterring, and, ultimately, dismantling their criminal capabilities*”<sup>62</sup>.

The key reforms provide that:

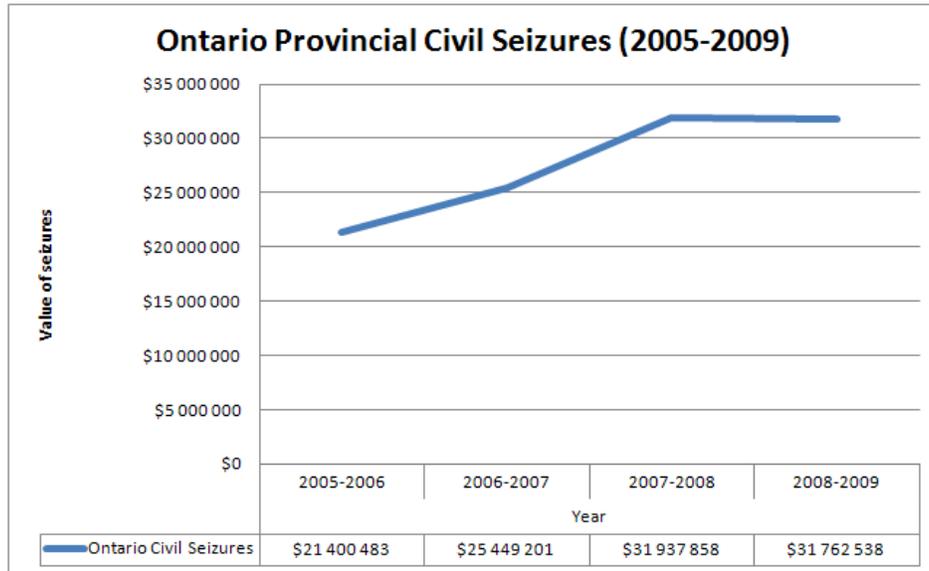
- Once an offender has been convicted of either a criminal organization offence, or certain offences under the *Controlled Drugs and Substances Act*, the court shall order the forfeiture of property of the offender identified by the Crown unless the offender proves (reverse onus) on a balance of probabilities, that the property is not the proceeds of crime; and,
- In order for the reverse onus to apply, the Crown would first be required to prove, on a balance of probabilities, either that the offender engaged in a pattern of criminal activity for the purpose of receiving material benefit or that the legitimate income of the offender cannot reasonably account for all of the offender's property.

As already noted, the provinces have been moving in the direction of civil forfeiture since 2001. The first province to enact this kind of legislation was the province of Ontario (2001). As illustrated in Figure 8, the Ontario civil seizures for 2008-2009 totaled \$31.73 million. This success is due in part to the referrals made by the IPOC Initiative to the province. Over that same period, British Columbia, which started civil seizures in 2006, succeeded in forfeiting \$1.27 million, mainly due to IPOC referrals, and as illustrated in figure 9, the IPOC national seizures totaled \$16 million. Combined, the IPOC Initiative and the Ontario government figures alone provide impressive results: more than \$100 million of total seizures in 2007-2008 and 2008-2009.

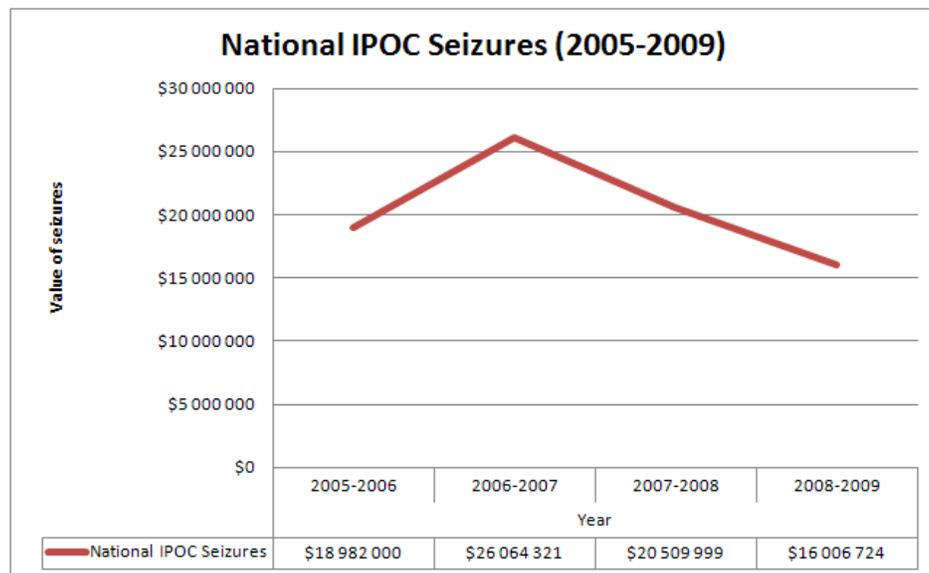
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<sup>62</sup> DEPARTMENT OF JUSTICE CANADA. *Bill C-53 – Proceeds of crime is adopted by both houses of Parliament*, November 25, 2005.

**Figure 8 – Ontario Provincial Civil Seizures**



**Figure 9 – National IPOC Seizures**



**4.2.1.2 To what extent is the IPOC Initiative organized appropriately to meet its objectives?**

**Partners’ Roles and responsibilities**

Partners’ roles and responsibilities are generally described in the Initiative’s establishing documents supporting the Initiative. In some cases, the roles and responsibilities and the management of the relation between the parties involved in the Initiative is specified in MOUs.

The list of the MOUs relevant to the IPOC Initiative, at the national and local levels and with other partners, including their respective participation, is summarized in Table 18. The MOUs were not reviewed by the evaluation team, as they were deemed beyond the scope of the current evaluation, and the comments and remarks associated with the MOUs are the result of feedback obtained from the interviewees and headquarters' representatives. As the reader will note from the table, the MOU between the RCMP and PPSC, and between the RCMP and PWGSC-FAMG need to be reviewed so as to take into account various changes that have occurred over recent years.

<b>Table 18 – IPOC Memoranda of Understanding</b>		
<b>Partners</b>	<b>Partners involved</b>	<b>Comments</b>
<b>IPOC federal partners – National level</b>		
<b>CRA – Special Enforcement Program Audit (Civil)</b>	RCMP, CRA	There are two MOUs between the RCMP and CRA. Both structure well the roles and responsibilities of each party and specify the limitations in the sharing of information.
<b>CRA – Criminal Investigations</b>	RCMP, CRA	
<b>Department of Justice (now PPSC)</b>	RCMP, DOJ	The MOU describes the collaboration between the former Federal Prosecution Service at the DOJ (which was replaced by the PPSC in December 2007) and the RCMP. It has not been revised since 1997. As one representative puts it: “Roles and responsibilities are confusing and have not been renewed. The DOJ MOU was created in 1997 or thereabouts and has not been refreshed to account for today’s massive amount of work.” <sup>63</sup>
<b>PWGSC-FAMG</b>	RCMP, PWGSC-FAMG	Specifies the roles and responsibilities of each party and the cost recovery arrangements. A revision of the MOU between the two parties is required to better reflect the new realities, particularly at the PWGSC-FAMG level.
<b>PWGSC-SPMD</b>	RCMP, PWGSC (SPMG)	The MOU between the two parties specifies the roles and responsibilities of each. There is no indication as to a need for a review of this MOU.
<b>IPOC partners – local level</b>		
<b>Halifax (H Division)</b>	RCMP, Halifax Police Service, The Department of Fisheries and Oceans	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU
<b>Moncton (J Division)</b>	RCMP, Saint John City Police	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU
<b>Montréal (C Division)</b>	RCMP, Régie de Police Memphremagog, CBSA (Montréal airport)	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU

<sup>63</sup> Key representative interviews/group interviews.

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

**Table 18 – IPOC Memoranda of Understanding**

Partners	Partners involved	Comments
<b>Ottawa (A Division)</b>	RCMP, DOJ, OPP, OPS, CRA, QPP, and Gatineau PS	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU.
<b>Kingston (- POC O Division)</b>	RCMP, CBSA, and OPP	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU
<b>Toronto (O Division)</b>	RCMP, Peel Regional Police, Toronto Police Service, and OPP	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU
<b>London (O Division)</b>	RCMP, OPP, London City Police, and Niagara City Police	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU
<b>Winnipeg (D Division)</b>	RCMP, Winnipeg Police Service	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU
<b>Regina (F Division)</b>	RCMP, Regina City Police Service, Saskatoon Police Service	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU
<b>Edmonton (K Division)</b>	RCMP, Edmonton City Police Service	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU
<b>Calgary (K Division)</b>	RCMP, Calgary City Police Service	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU
<b>Vancouver (E Division)</b>	RCMP, Vancouver Police Service, West Vancouver Police	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU
<b>Other partners</b>		
<b>Canadian Bankers Association</b>	RCMP and Canadian Bankers Association	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU
<b>Credit Union Central of Canada</b>	RCMP and Credit Union Central of Canada	The MOU between the parties specifies the roles and responsibilities of each party. There is no indication as to a need for a review of this MOU

When asked if the roles and responsibilities of each partner are clearly understood by everyone, partners indicate that this is not always the case (average 3.22 over 5.00). As one participant summarized, it is “*less clear now. We need more direction from [RCMP] headquarters. There is also confusion of our roles and responsibilities*”<sup>64</sup>.

<sup>64</sup> Key representative interviews/group interviews.

## Organization of the Initiative and partners' involvement

CBSA, PPSC, PS, PWGSC-FAMG and RCMP respondents raise a number of issues concerning the organization of the Initiative. While many are aware that an exercise establishing IPOC targets is done by the RCMP on a yearly basis, most indicate that the information flowing from this exercise is not communicated to them and thus many do not know what is expected of them. Others raise concerns regarding the lack of strategic objectives and planning; these representatives propose that this situation be addressed for the benefit of all partners.

Representatives also questioned the role that PS plays in the Initiative. Many expressed the need for the Department to play a more active role, and to exercise more leadership, particularly at the steering, strategic and monitoring levels.

During the evaluation, the 'I' (integrated) notion of the Initiative was discussed at length with the majority of representatives suggesting that the integrated model has been challenged in recent years. For example, the RCMP members overwhelmingly deplored the fact that PPSC legal advisors are no longer co-located within some of the units and indicated this has had an important adverse impact on the organization of the Initiative, the cohesion of the units, the conduct of the investigations and ultimately on performance. All of the RCMP personnel interviewed favour a return, or at the very least, an increased presence of PPSC counsel within the units. In some cases, the value of a provincial counsel housed within a unit has been demonstrated where the counsel's role is to contribute to and facilitate legal actions aimed at seizure and forfeiture of assets, using the province's civil forfeiture legislation.

PWGSC-FAMG's involvement in the Initiative was praised by both the RCMP and PPSC. Both organizations acknowledge the value added by forensic accountants in the IPOC operations. As one representative said, "*PWGSC-FAMG's involvement is required in most files. The very nature of the end product requires a lot of work especially at the last stage of the investigation. In fact, it takes quite some time and additional resources to obtain judicial authorizations regarding evidence*"<sup>65</sup>. While many PWGSC-FAMG representatives appreciate the positive comments and the strong relationship with the other partners, PWGSC-FAMG's managers express concern that they are in a bind because current arrangements do not allow them to be fully cost-recovered.

From a CBSA and CRA perspective, views regarding the requirement to have personnel present within the units vary but tend to favour the existing configuration. However, while most of the CBSA people interviewed appreciate the relationship at the local level, many expressed the need to improve processes regarding the exchange of intelligence between the parties, and regarding dealing with the seizures. As one representative stated, "*All of our information streams need to be shared in order to work. At times, it appears there are a number of agendas and competing interests which are not constructive*"<sup>66</sup>.

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<sup>65</sup> *Idem.*

<sup>66</sup> *Idem.*

The contributions of other police forces and organizations, at the regional and local levels are important to the achievement of IPOC objectives. These collaborations are essential to maximizing results, at the enforcement level, and to a successful effort at disrupting organized crime.

### **Partners who should be included or whose presence could contribute to results**

When discussing the evolution of civil forfeitures at the provincial level, many representatives question the nature and structure of the relationship between the Initiative and the provinces. However, most agree with the notion that an increased contribution of provincial forfeitures could certainly add to the impact on lessening criminal activities and at disrupting organized crime. Such an approach could involve the RCMP and provincial and municipal police forces exploring new avenues of collaboration, including potentially between counsel/prosecutors from both the federal and provincial governments. It may also bring to light opportunities for both PWGSC-SPMD and PWGSC-FAMG to increase revenues (with appropriate legislative changes, if necessary), since both currently operate on a cost recovery basis. Finally, under the IPOC Initiative's umbrella, collaborations, including the sharing of intelligence, could be further explored among CBSA, CRA, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and the provinces.

### **Organizational Gaps**

During the course of this evaluation, the gathering and sharing of information and the accuracy of data presented challenges, which may be explained primarily by the variety of non-standardized sources, databases and metrics.

From a human resources perspective, the high turnover of personnel, recruitment difficulties at hiring experienced and well-trained people, and the lack of training have all contributed to difficulties within most, if not all of the IPOC units. Since the current demographic trend (i.e. increase in retirements) is not likely to improve the situation, steps will likely be needed to address these gaps in the near future.

At an organization level, many representatives touch on the culture differences among the partners and some raise these differences as a potential problem. Because of different mandates and operating philosophies, representatives generally agree that better communication, liaison and integrative tools are needed.

Finally budget issues were raised. While most would welcome an increased budget, all felt that it is unlikely that the Government of Canada would increase the IPOC funding in the short term considering the current economic context. As in past years when the IPOC funding remained unchanged, IPOC partners may need to assess and adapt their level of participation to the Initiative.

## Organizational Overlap

While there has in the past been an overlap between PWGSC-FAMG and CRA on specific requests for services by the RCMP, those issues appear to have been resolved since the last evaluation.

### 4.2.1.3 What have been the challenges, if any, to the IPOC Initiative and how have these challenges been addressed or overcome?

Table 19 presents a summary of the key challenges faced by the Initiative, identified through the course of this evaluation. All these challenges are covered in further detail in the various sections of this report.

<b>Table 19 – Initiative Challenges Identified by Key Representatives</b>	
<b>Challenges</b>	<b>Description</b>
<i>Funding Challenge</i>	The Initiative is funded at the 1996-1997 level. Taking inflation into consideration, the Initiative’s actual budget has thus declined in real terms and partners have identified several operational impacts.
<i>Turnover Challenge</i>	Several IPOC units have experienced difficulty in maintaining seasoned personnel in place and attracting new employees. RCMP’s rotation system, promotions and retirements have caused many departures while new recruits need a significant amount of time to become proficient.
<i>Training Challenge</i>	The number of the IPOC basic and advanced courses has been significantly reduced due to budget constraints. While RCMP HQ indicate the availability of on-line and local subject matter expert training, many field resources indicated their dissatisfaction with such training and stated that many officers who recently joined IPOC units were still waiting to attend their first courses.
<i>Governance Challenge</i>	There has been no comprehensive strategy or plan, nor annual report published by the Initiative. Thus, priorities for the partners are not always easy to identify.
<i>Monitoring Challenge</i>	Each of the Initiative’s partners has its own reporting systems and tools, and no common standard exists among them. This situation causes some problematic issues regarding data reliability and validity between partners.
<i>Communication Challenge</i>	The Initiative does not have a dedicated communication plan for proceeds of crime. Communications are governed individually by each of the partners, whether at the national or the local levels.
<i>Legal Challenge</i>	There are significant challenges in bringing complex cases to court. The addition of new legislative tools and the increasing use of the civil forfeiture acts have become options to the traditional approach and have made the legal environment more diverse.
<i>Relationship Challenge</i>	Relations among some partners can be described as mixed. In addition, PPSC, CBSA, CRA, provincial and municipal police forces are no longer co-located in all of the units.

### 4.2.1.4 Are practices, systems, and mechanisms in place to ensure proper monitoring of effectiveness and outcomes/results?

The 2005 evaluation of the Initiative acknowledged that while “great strides have been made in terms of performance reporting since the last evaluation [...] there is still work to do”<sup>67</sup>. In that

<sup>67</sup> CONSULTING AND AUDIT CANADA. *Evaluation of the IPOC Initiative for Fiscal Years 2001-2004, 2005*, p.34.

vein, this current evaluation would qualify the performance monitoring in a similar way. Two different assessments were done during this evaluation, namely the integrated monitoring mechanism for the Initiative and the capacity of each partner's monitoring system.

### **Initiative's Integrated Monitoring**

The IPOC Advisory Committee is responsible to implement the monitoring and tracking processes required to effectively manage the Initiative. However, an integrated monitoring system was not in place at the time of this evaluation. Thus, the Initiative does not benefit from an integrated dashboard or a balanced scorecard that would allow the monitoring of the Initiative's performance against the stated objectives. This need for an integrated reporting tool was identified in the 2002 IPOC Results-based Management and Accountability Framework (RMAF), but was not realized due to a lack of resources.

Furthermore, as mentioned in the methodological limitations (Section 3), all of the IPOC partners have their own reporting systems and tools, and no common standard exists among them. This situation causes some problematic issues regarding data reliability and validity between partners.

### **Monitoring by Organization**

Through the interview process, the key players somewhat (average of 2.63 over 5) supported the statement that reliable monitoring systems are in place to ensure proper monitoring and measuring of the Initiative's effectiveness and outcomes. Some respondents have alleged that, even if the partners have a wide variety of tools to assess the performance of the Initiative, these tools do not seem to measure the true impact of IPOC investigations<sup>68</sup>.

Following are brief descriptions of each partner's monitoring systems and tools:

- **CBSA:** Canada Border Services Agency captures data and information pertaining to seizures in the *Integrated Customs Enforcement System (ICES)*.
- **CRA:** Canada Revenue Agency tracks several metrics and information in the *Audit Information Management System (AIMS)* related to civil and criminal investigation regarding proceeds of crime, including: number of audits completed, number of convictions, amount of federal taxes assessed, fine amounts, mandatory jail time, hours and full-time equivalents utilized.
- **PPSC:** Most of the Public Prosecution Service of Canada's data is provided by *iCase*, the organization's case management and time keeping system. While the system can provide data regarding the charges laid and prosecution outcomes in files involving proceeds of crime and money laundering charges, time is kept against the file as a whole and not against each of the charges included in the file. PPSC stated that it would be impossible to calculate the resources dedicated to the prosecution of proceeds of crime and money laundering charges separately from the resources dedicated to the prosecution of the substantive

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<sup>68</sup> Key representative interviews/group interviews.

charges. This is due to the fact that proceeds of crime and money laundering charges are seldom laid in isolation, and that the outcome of proceeds of crime and money laundering charges is often linked to the outcome of the substantive charges.

- **PS:** Public Safety Canada does not compile data related to the Initiative.
- **PWGSC-FAMG:** While Forensic Accounting Management Group does not currently have a formal performance management framework, it collects data and information, which it regularly tracks to assess and gauge performance, e.g. detailed tracking of each case, and associated timelines and deliverables; number of hours worked by each forensic accountant per case; tracking of revenues and expenditures; and, outcomes and results of investigations and prosecutions.
- **RCMP:** Royal Canadian Mounted Police has multiple tools and systems designed to gather data and information regarding the Initiative's performance:
  - *5196* or *Proceeds of Crime Investigational Reporting form*, that has replaced the *Priority Rating of Operational Files (PROOF)* as of January 2010, which asked 18 questions and provided a score based on the responses.
  - *3422* where program FTEs report their person-hours to particular files and activities.
  - *Statistical Package for the Social Sciences (IBM-SPSS)* is a software used for statistical analysis.
  - *Police Reporting and Occurrence System (PROS)* for all IPOC units across Canada, apart for E Division which uses *PRIME*. *PROS* integrates the entire scope of RCMP processes for collecting, managing, sharing and analyzing police information. The sharing of this information allows police services to ensure that the investigators have current and relevant information while conducting investigations that cross different boundaries and borders.
- **PWGSC-SPMD:** The *Seized Property Management Information System* captures metrics and information related to criminal proceeds of crime seizures and forfeitures, including: asset types and counts, appraisal value and types of governance orders (destruction, forfeiture, management, restraint, return and special search warrant).

#### 4.2.1.5 Has an efficient network been put in place?

This section covers two main aspects of network efficiency, namely: 1) international, national and local networks; and, 2) collaboration and exchange of intelligence among partners.

### Networks and treaties

#### INTERNATIONAL NETWORKS

The Initiative fosters collaboration with several international organizations and is subject to international agreements. The main ones are presented below:

- **Financial Action Task Force (FATF)** is an inter-governmental body, whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing. FATF is comprised of 34 member jurisdictions and two regional organizations, representing most major financial centres in all parts of the

globe. Canada has been part of this international organization since its creation by the Group of Seven (G7) committee in 1990 and held the presidency from July 2006 to June 2007. In 2007, FATF completed an assessment of the implementation of anti-money laundering and counter-terrorist financing standards in Canada; some of these standards were directly connected to proceeds of crime<sup>69</sup>.

- **Egmont Group** is a forum for financial intelligence units around the world to improve cooperation in the fight against money laundering and financing of terrorism. The Egmont Group fosters the implementation of domestic programs in this field. Canada is a regular member through FINTRAC. The Egmont Group Secretariat, established in July 2007, is based in Toronto<sup>70</sup>.
- Several other international organizations were mentioned during the evaluation process, such as **World Customs Organization**, the **Strategic Alliance Group**, and the **Group of Eight (G8) Law Enforcement Subgroup**.
- **Mutual Legal Assistance Treaties** signed by Canada with various foreign governments in order to facilitate the legal assistance for criminal matters. As of May 8, 2009, Canada has signed 35 anti-criminal bilateral Mutual Legal Assistance Treaties. Moreover, as of December 8, 2006, 15 countries have signed reciprocal international sharing agreements with Canada regarding proceeds of crime.
- Several **foreign enforcement organizations** cooperate with IPOC units on multiple investigations. In addition, some IPOC partners have signed MOUs with foreign counterparts such as between CBSA and the United States Department of Homeland Security.
- Participation of IPOC members in a variety of **international fora** for conferences, training, information sharing, etc.

As noted previously, international organizations have put pressure on Canada to address the problems of money laundering and, by extension, the proceeds of crime. However, from a more local point of view, some key representatives have expressed that, apart from some existing treaty relationships such as Mutual Legal Assistance Treaties, etc., there is no comprehensive international network that works systemically for every IPOC case<sup>71</sup>.

## NATIONAL NETWORKS

The key representatives have identified three main network structures at the national level: the IPOC Advisory Committee, the RCMP POC Branch, and IPOC trainings and meetings.

The IPOC Advisory Committee, composed of representatives of each partner organization at the director or senior analyst level, provides coordination among partners. This Committee is responsible for promoting interdepartmental cooperation, and resolving horizontal

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<sup>69</sup> Financial Action Task Force. *Canada's Third Mutual Evaluation on Anti-Money Laundering and Combating the Financing of Terrorism, 2008*.

<sup>70</sup> <http://www.egmontgroup.org>

<sup>71</sup> Key representative interviews/group interviews.

operational issues. The committee members meet biannually, or as required, and a report of key decisions taken is produced following each of the meetings.

Some partners have signed national MOUs in order to provide sufficient services not covered by the funding received from the Government. For example, RCMP and PWGSC-FAMG have signed an agreement whereby RCMP agrees to fund from its own budget an additional seven resources (five AU-04 Senior Forensic Accountants and two AS-01 Forensic Accounting Assistants) for an approximate value of \$1.3 million. In addition, the RCMP and the Department of Justice signed an MOU in 1997 in which the RCMP has agreed to allocate funds to cover the costs for the legal assistant positions. However, this only applies to units with an on-site PPSC legal advisor.

For several key representatives interviewed<sup>72</sup>, the RCMP POC Branch represents the national structure for network and country-wide communications. The Branch is responsible for RCMP-IPOC policy development, program planning, program monitoring, and resource allocation, but they are seen as a key player in coordination among partners.

Finally, national meetings and IPOC training are viewed as important tools to build a national and interdepartmental network. However, due to budget constraints, the number of training sessions has been significantly reduced<sup>73</sup>.

## LOCAL NETWORKS

While international treaty agreements and national networks are seen as official and structured, various key informants have expressed that the most tangible networks exist regionally<sup>74</sup>.

Locally, the level of cooperation varies from one unit to another due to factors such as physical presence of the partners within the unit and the professional relations between local managers. While some units cooperate with all of the IPOC partners and several external collaborators (e.g. municipal and provincial police forces), some other units cooperate with only a few partners. Thus, the nature and scope of local networks differ significantly across Canada.

Many partners have developed formal mechanisms of cooperation such as MOUs in order to respond to local needs that are not sufficiently covered by the existing national accords. For example, RCMP and CBSA in the Montréal units have signed MOUs. These arrangements are generally viewed as effective and contribute to the achievement of expected regional outcomes<sup>75</sup>.

In addition, IPOC units have developed local partnerships with non-IPOC partners, opportunistically. Many units have strong ties with provincial and municipal authorities (police forces, prosecutors, etc.) for conducting joint operations (e.g. *Opération Colisée*) and for civil forfeiture referrals. On the other hand, in recent years, some units have lost in-house provincial and municipal partners due to cost reduction or failure of the Initiative to

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<sup>72</sup> *Idem.*

<sup>73</sup> *Idem.*

<sup>74</sup> *Idem.*

<sup>75</sup> *Idem.*

demonstrate results over the short term. The concerned respondents have acknowledged that these losses have impacted the sharing of information<sup>76</sup>.

Finally, some units collaborate directly with foreign entities. For example, the E division IPOC (Vancouver) has built strong relationship with United States authorities due to its strategic assessment of targeting similar criminals and information sharing<sup>77</sup>.

### **Collaboration and exchange of intelligence among partners**

The exchange of intelligence between the Initiative's partners and other sections has been the keystone of many successful operations such as *Colisée* (Montréal), *Bluette* (St-John's), *Jackpot* (Moncton) and *Fedora* (Regina)<sup>78</sup>. Moreover, many interviewees from the RCMP expressed that the involvement of other external partners (other sections of the RCMP, municipal and provincial police forces) also contribute to the success of these operations.

However, some legislation is seen as problematic as it limits or prohibits the sharing of information<sup>79</sup>. Key representatives have identified several legal dispositions which could restrict the exchange of data and information:

- **Section 241 of the *Income Tax Act* (Provision of Information)** only allows the provision of information where criminal proceedings have been commenced, either by indictment or on summary conviction, by the laying of an information or the preferring of an indictment, under an Act of Parliament<sup>80</sup>. Thus, CRA officers are not allowed to share information with the RCMP members during the investigation process, a restriction which seems to be understood by all of the key players.
- **Section 107 of the *Customs Act* (Disclosure of Information)** authorizes the provision of information if “*reasonably regarded as necessary solely for a purpose relating to the administration or enforcement of the [...] Part 2 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act by an official of the Agency*”<sup>81</sup>. This Act is seen as impeding dialogue between CBSA and RCMP<sup>82</sup>.
- **Section 36 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Disclosure and Use of Information)** states that “*an officer who has reasonable grounds to suspect that information referred to in subsection (1) would be relevant to investigating or prosecuting a money laundering offence or a terrorist activity financing offence may disclose the information to the appropriate police force*” (*Proceeds of Crime (Money Laundering) and Terrorist Financing Act, 2000, c.17, 36.2*).

The key players interviewed during this evaluation significantly (average of 3.56) support the statement that the collaboration and exchange of information among partners has improved

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<sup>76</sup> Idem.

<sup>77</sup> Idem.

<sup>78</sup> Idem.

<sup>79</sup> Idem.

<sup>80</sup> *Income Tax Act*, 1985, c.1, 241.3.a.

<sup>81</sup> *Customs Act*, 1985, c.1, 107.4.c.

<sup>82</sup> Key representative interviews/group interviews.

IPOC's results. Nonetheless, a number of partners' representatives have expressed that, even where the legislative acts permit it, the sharing of organizational information is still difficult, especially between RCMP, CBSA and CRA, and could be improved significantly<sup>83</sup>.

#### **4.2.1.6 Have public communications been integrated in the IPOC Initiative strategy to increase knowledge of POC and ML activities, issues and investigative tools?**

Through the evaluation process, the Initiative's partners and their key representatives were able to provide various examples of public communications and awareness activities to the evaluation team. However, there is no central coordinating mechanism for systematic management of communication among partners.

Currently, neither the Initiative nor the partners have a dedicated communication plan for proceeds of crime. Communications are governed individually by each of the partners, whether at the national or the local level. Some organizations provide general information on their website<sup>84</sup> while others only respond to direct media inquiries. Because there is little central control, IPOC units benefit from significant autonomy in their regional effort of communication.

Respondents were asked "*To what extent has public communications increased general knowledge of IPOC activities as well as the IPOC Initiative?*" Their responses averaged 2.44 over 5, one of the lower scores of the question matrix. This view is lowest among PPSC (0.80), CRA (2.00), CBSA (3.00) and RCMP (3.16). More importantly, close to 20% of the members interviewed stated that they were not aware of any public communication/awareness activities made by the Initiative<sup>85</sup>.

It is important to distinguish two main categories of public communication: the awareness initiatives for targeted groups made by the IPOC Units; and, the coverage provided by mass media.

#### **Public Awareness Initiatives**

The majority of the IPOC units visited through the evaluation performed public awareness activities during the 2005-2006 to 2009-2010 period.

One of the most popular public awareness initiatives was the *Merchants Against Money Laundering Program*; almost all of the units questioned recall this program.

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<sup>83</sup> Idem.

<sup>84</sup> ROYAL CANADIAN MOUNTED POLICE. *Proceeds of Crime Branch*: [www.rcmp-grc.gc.ca/poc-pdc/index-eng.htm](http://www.rcmp-grc.gc.ca/poc-pdc/index-eng.htm).

<sup>85</sup> Key representative interviews/group interviews.

### **Merchants Against Money Laundering**

The *Merchants Against Money Laundering* (MAML) is an awareness program designed to enlighten specific businesses (foreign currency exchanges, life insurance providers, car dealerships, jewellers, electronic retailers, travel agencies, pool and hot tub retailers, furniture stores, boat and recreational vehicle dealers and investment companies) regarding money-laundering processes in order for them to identify, avoid and report any suspicious transaction to FINTRAC and in some cases the RCMP. This program is managed by the RCMP's IPOC Units and staffed with part-time employees hired through the Federal Student Work Experience Program.

Most of the IPOC units have participated in this program. In the last five years alone, MAML has delivered 6,100 presentations to businesses, reaching an estimated 70,000 people<sup>86</sup>.

This program is highly regarded by several IPOC units; these units consider MAML to be one of the most visible prevention activities conducted by the Initiative. For example, one respondent stated: “*Excellent feedback resulting from community awareness presentation and summer student program (federal money laundering budget)*”<sup>87</sup>.

Despite its apparent success, several IPOC units (Moncton, Toronto, Vancouver, etc.) have ceased their participation in MAML due to budget constraints.

Members of IPOC units regularly make presentations about proceeds of crime and money laundering to target groups as part of conferences, symposia, expositions, lunch-and-learn sessions, etc. Among the organizations targeted between 2005-2010 and cited as examples are: Bank of Canada, Canadian Bankers Association, *La Chambre des notaires du Québec*, Rotary Clubs, Chambers of Commerce, Town Councils, Western Canadian Jewellery Expo, etc.<sup>88</sup>.

### **Media Coverage**

The media (print, broadcast, electronic, etc.) occasionally cover major files of the Initiative as part of their typical reporting on criminal activities (operations, criminal trials, etc.). Media coverage tends to be sporadic and *ad hoc* rather than systematic. The evaluation team reviewed several print and electronic articles published in recent years, including a comprehensive file about *Opération Colisée* available in *La Presse*<sup>89</sup>. In addition, the evaluation team reviewed several notable publications on organized crime, including *Mafia Inc.*<sup>90</sup> and *Money Laundering in Canada*<sup>91</sup>, which deal explicitly with the proceeds of crime.

Although, this coverage generally consolidates the efforts of diverse initiatives in the fight against crime (drugs, money laundering, economic crimes etc.), some respondents cast doubt on

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<sup>86</sup> Capra International, *10 Year Evaluation of Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime*, 2010, p.40.

<sup>87</sup> Key representative interviews/group interviews.

<sup>88</sup> *Idem*.

<sup>89</sup> <http://www.cyberpresse.ca/dossiers/operation-colisee/>

<sup>90</sup> CÉDILOT, ANDRÉ & NOËL, ANDRÉ. *Mafia Inc.: Grandeur et misère du clan sicilien au Québec*, 2010.

<sup>91</sup> BEARE, MARGARET E. & SCHNEIDER, STEPHEN. *Money Laundering in Canada: Chasing Dirty and Dangerous Dollars*, 2007

the real impact of those media reports for the general public, as they questioned their ability to distinguish substantive offences, money laundering and proceeds of crime<sup>92</sup>.

It is important to note that many key representatives see media coverage as a double-edged sword. On the one hand, media coverage can build support and recognition for the Initiative and deter criminal behaviour; on the other hand, media exposure can alert criminals to police resources, tactics and operations. As one key representative suggested, the lack of specific media coverage for the Initiative could be “*an element of surprise for the criminals*”<sup>93</sup>.

#### **4.2.1.7 Has the Initiative had any unintended impacts (positive or negative)?**

During the interview process, both positive and negative unintended impacts were identified.

##### **Positive Unintended Impacts**

###### **INCREASED INTEREST OF PROVINCES IN CIVIL FORFEITURES**

Since 2005, seven provinces have adopted civil forfeiture acts (British Columbia, Nova Scotia, Quebec, Manitoba, Saskatchewan, Alberta and New Brunswick), bringing the total number of provinces possessing this legislative tool to eight (with Ontario). Yukon Territory is also considering this avenue. Since civil forfeiture legislation allows them to seize and forfeit proceeds of crime through the civil regime, which has a lower burden of proof than the *Criminal Code*, the provinces have augmented its use to fight crime. The proceeds from civil forfeitures have increased provincial revenues. While some key representatives express reservations with regards to the extended use of this provincial legislation, (for example, because there is no criminal record associated with civil forfeiture) the reality is that civil forfeiture is another legislative tool which contributes to the removal of illicit and unreported wealth.

###### **IMPROVED AWARENESS OF TARGETED GROUPS**

In keeping with the Logic Model’s first intermediate outcome, the *increased knowledge of proceeds of crime and money laundering activities*, several key representatives<sup>94</sup> identified the improved awareness of specific groups as an unintended positive impact. For them, public communication activities performed by the IPOC units such as the *Merchants Against Money Laundering* program and formal presentations about proceeds of crime and money laundering, have sensitized and educated key targeted groups that deal with proceeds of crime and money laundering. Key respondents state that the response from the community to these activities was stronger and more positive than expected. For example, many businesses and associations across Canada have requested presentations on these subjects.

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<sup>92</sup> Key representative interviews/group interviews.

<sup>93</sup> Key representative interviews/group interviews.

<sup>94</sup> Key representative interviews/group interviews.

## Negative Unintended Impacts

### **GROWING SOPHISTICATION OF ORGANIZED CRIME AS AN IMPORTANT GLOBAL TREND IN RECENT YEARS**

As mentioned earlier in this report, several key representatives have expressed the concern that organized criminals and crime groups are becoming more refined in their ways of conducting their illegal activity, using professional services to hide more effectively their proceeds of crime. This situation has a direct effect on investigations which become more complex and time consuming. As stated by one key representative<sup>95</sup>, this growing sophistication has led to an increased use of civil forfeiture and seizure of offence-related property.

### **CREATION OF SILOS BETWEEN IPOC AND OTHER RELATED PROGRAMS/INITIATIVES**

For some respondents<sup>96</sup>, the multiplication of initiatives aimed at fighting organized criminals and crime groups (IPOC, AML/ATF, IMET, drug initiatives, etc.) has, over the years, resulted in a tendency for working in silos, which are then seen as a source of organizational and operational division. Key representatives suggest that these initiatives compete for the same human and financial resources, thus creating tension among the different initiatives. Their objectives are sometimes seen to be competing.

### **FOR SOME KEY REPRESENTATIVES, THE INITIATIVE HAS LOST ITS LUSTRE**

At its inception, the Initiative was seen by many respondents as one of the highest priority sections within RCMP: “*people used to line up to get into IPOC*”<sup>97</sup>. Today, for various reasons the Initiative is no longer seen as the “place to be” for various reasons: new priorities, budgetary constraints, the appeal of newer initiatives, anti-terrorism activities after the September 11 attacks, the mixed results seen by some of the respondents, etc. One respondent stated that this unintended effect has adversely impacted the effort to recruit new candidates into the Initiative<sup>98</sup>.

## 4.2.2 Performance—Efficiency and Economy

To demonstrate the efficiency and economy of the Initiative, the evaluation team used the data related to seizures and forfeitures captured in tables 11 and 12. When taken together these data provide a reasonably good reading of the efficiency and economy of the Initiative. In its analysis, the evaluation team looked at three sets of ratios:

- the first ratio compares the number of cases closed to the number of cases opened;
- the second, based on Beare’s analysis<sup>99</sup>, compares “recoveries” (i.e. seizures and restraints) to “revenues” (i.e. forfeitures and fines); and,
- the third ratio compares the costs of operating the Initiative section with the value of its financial recoveries and revenues.

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<sup>95</sup> *Idem.*

<sup>96</sup> *Idem.*

<sup>97</sup> *Idem.*

<sup>98</sup> *Idem.*

<sup>99</sup> BEARE, MARGARET E. & SCHNEIDER, STEPHEN. *Money Laundering in Canada: Chasing Dirty and Dangerous Dollars*, 2007, p.176.

The first two ratios inform on the ability of the RCMP and PPSC prosecutors to ensure that all seized property is permanently confiscated.

**Ratio 1 – Cases closed versus cases opened**

The first ratio, summarized in Table 20, is based on the average number of cases closed versus the average number of cases opened. For the period 2000-2001 to 2004-2005, this ratio is 98.3%. For the period 2005-2006 to 2009-2010, this ratio fell slightly by 1.5% to 96.8%. Ratio 1 shows stable efficiency results over comparable periods.

<b>Table 20 – Cases Closed versus Cases Opened</b>		
<b>Cases</b>	<b>2000-2001 to 2004-2005</b> <i>(average)</i>	<b>2005-2006 to 2009-2010</b> <i>(average)</i>
<i>Cases Closed</i>	238	194
<i>Cases Opened</i>	242	200
<i>Ratio</i>	98.3%	96.8%

Source: SPMD

However, as previously noted, the number of cases opened and closed has decreased. The average number of cases closed has decreased by 44 or 19%. The average number of cases opened has decreased by 42 or 18%. While the ratios found in table 20 demonstrate good efficiency results, the decrease over the two periods in the number of “Cases closed versus Cases opened” is notable. Evidence suggests that the decrease is most likely explained by the increased complexity of the legal environment, and also by the availability of resources to conduct investigations.

**Ratio 2 – Recoveries versus revenues**

The second ratio, summarized in Table 21, compares the value of seizures against the value of forfeitures, or what Beare describes as “recoveries” and “revenues”<sup>100</sup>. When compared to the 2001-2005 period, the 2005-2010 data indicate a significant increase in the ability of the RCMP and PPSC prosecutors to ensure that all property seized by the proceeds of crime is permanently confiscated. While in the 2001-2005 the ratio was 37.3%, this ratio increased dramatically in 2005-2010 to 108.4%, an increase of 71.1%. The increase in forfeitures can most likely be explained by seizures accumulated over the previous period.

<b>Table 21 – Recoveries versus revenues</b>		
<b>Cases</b>	<b>2000-2001 to 2004-2005</b> <i>(average)</i>	<b>2005-2006 to 2009-2010</b> <i>(average)</i>
<i>Recoveries</i> <i>(Value of Seizures)</i>	\$28,903,000	\$19,258,000
<i>Revenues</i> <i>(Values of Forfeitures)</i>	\$10,777,000	\$20,871,000
<i>Ratio</i>	37.3%	108.4%

Source: SPMD

<sup>100</sup> *Idem.*

In terms of “recoveries” and “revenues”, the data indicate that the average value of recoveries has declined by \$9.6 million between time periods, from \$29 million in the 2001-2005 period to \$19.26 million per year during the 2005-2010 period. As to the value of “revenues”, these metrics are quite dramatic and show a net increase in the average value of forfeitures from \$10.7 million per year in 2001-2005 to \$20.9 million per year for the period 2005-2010, an increase of more than \$10.2 million, almost double the amount of what was forfeited in 2001-2005.

As in “Ratio 1” above, the decrease in the value of recoveries found in table 21 is also notable and most likely explained by the same reasons.

### Ratio 3 – Initiative costs versus recoveries and revenues

The third ratio compares the costs of operating the Initiative with the value of its financial recoveries and revenues. Table 22 compares the cumulative IPOC budget to the cumulative recoveries and revenues for the 2005-2010 period. The ratio of recoveries to cost is 83% while the ratio of revenues to cost is 90%. Although cost recovery is not one of the stated objectives of the Initiative, revenues and recoveries contribute significantly to recapturing the investment in the Initiative (only \$12.2 million over five years).

<b>Budget</b>	<b>Amount (2005-2010)</b>	<b>Ratio</b>
<i>IPOC Costs</i>	\$116,500,000	100%
<i>Recoveries (Value of Seizures)</i>	\$96,291,000	83%
<i>Revenues (Value of Forfeitures)</i>	\$104,354,000	90%

Source: SPMD

It is important to note that the data presented above do not include the value of recoveries and revenues made by CRA, CBSA and other jurisdictions (provincial, territorial and municipal), even when the RCMP may have made a significant contribution to such recoveries and revenues through its investigations and referrals. A more complete picture of the full value of the Initiative’s recoveries and revenues could be made had such data been available. This would require mechanisms by all IPOC partners to track and capture IPOC related data so as to better reflect each partner’s contribution to the overall value of seizures and forfeitures in Canada.

#### 4.2.2.1 Is the IPOC Initiative’s budget allocated in a manner that maximizes results?

The Initiative’s funding allocations are presented in Table 5. As mentioned earlier in this report, the Initiative’s allocations have not changed since 1996-1997. Once inflation is taken into account, the Initiative’s actual allocations have declined in real terms by an average of about 1.96% per year (which represents a total of \$7.275 million over this 14-year period).

During the interview process, key representatives commented frequently on the operational impact of these unadjusted allocations. These impacts include: vacant positions not filled, cuts in training, termination of certain programs, e.g. *Merchants Against Money Laundering* program

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

for some units, etc. Some representatives went so far as to say that the program should either be funded appropriately or be discontinued altogether<sup>101</sup>.

As mentioned in previous evaluations and reports, the highest funded partner (\$15 million per year), the RCMP, has identified lack of resources as an ongoing and increasing problem for the Initiative, since the budget represents a portion of the total RCMP Proceeds of Crime Funding. Table 23 shows a breakdown of the percentage of hours spent by activity area for the RCMP personnel allocated to IPOC. The data reveal that an average of 51% of the RCMP effort has been devoted to activities other than program files. Some of these activities, such as administrative, general operations, leaves of absence and training are IPOC related. Nevertheless, other activities such as informal secondment; support to federal and contract; and, tactical operations are non-IPOC related. These non-IPOC related activities represent more than 11% of the RCMP effort or an estimated \$8.37 million over the five-year period. This amount represents a loss of revenue equivalent to \$1.395 million a year, with no apparent offsetting financial recovery.

<b>Table 23 – RCMP Percentage of Reported Hours by Year</b>								
<b>% of Reported Hours</b>	<b>2001-2005 (average)</b>	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	<b>2005-2010 (average)</b>	2010-2011*
<b>IPOC RELATED</b>								
Program Files	<b>51.3%</b>	57.2%	53.5%	47.8%	41.4%	45.2%	<b>49%</b>	37.5%
Administration	<b>12.3%</b>	12.1%	12.9%	13.4%	15.3%	16.5%	<b>14.1%</b>	14.7%
General Operations	<b>9.5%</b>	5.4%	6.1%	8.7%	14.2%	10.1%	<b>8.9%</b>	8.8%
Absent on Leave/Medical	<b>11.9%</b>	13.2%	14.6%	14.5%	14%	15.4%	<b>14.3%</b>	12.7%
Training	<b>4.2%</b>	5.1%	4.1%	4.8%	5.1%	4.9%	<b>4.8%</b>	3.8%
<i>Total IPOC Related</i>	<b>89.2%</b>	93%	91.2%	89.2%	90%	92.1%	<b>91.1%</b>	77.5%
<b>NON-IPOC RELATED</b>								
Informal Secondment	<b>1.1%</b>	0.7%	0.8%	1.2%	1.3%	1%	<b>1%</b>	2%
Support to Federal and Contract	<b>9.2%</b>	5.9%	7.7%	9.2%	8.3%	6.4%	<b>7.5%</b>	20%
Tactical Operations	<b>0.5%</b>	0.4%	0.3%	0.4%	0.4%	0.5%	<b>0.4%</b>	0.5%
<i>Total Non IPOC Related</i>	<b>10.8%</b>	7%	8.8%	10.8%	10%	7.9%	<b>8.9%</b>	22.5%

\* As of August 2010

Source: RCMP

The important increase in “Support to Federal and Contract” in 2010-2011 can be explained with investigators being assigned to major events such as Vancouver 2010 Winter Olympic Games and G8/G20 Summits.

<sup>101</sup> Key representative interviews/group interviews.

The maintenance of the same funding allocation level over the past years and the non-recovery of the sums of “non-related IPOC activities” has had consequences in the RCMP resources complement. The RCMP had to reduce the number of personnel in some of the IPOC units. In some cases, the critical mass is perceived to have been greatly impaired. As one member puts it, “*Some investigations have to be set aside in favour of other investigations due to lack of human resources. We have more work than we are able to do with the resources we have*”<sup>102</sup>. As another pointed out: “*As demonstrated by our five years of statistics, we were only able to investigate 5% of the referrals on proceeds of crime and organized crime*”<sup>103</sup>. In summary, the RCMP representatives stated that, as a result of the significant increase of the volume and complexity of IPOC investigations in recent years, the Initiative’s funding is having an impact on the RCMP’s ability to provide effective program delivery.

The second highest portion (\$6.05 million per year) of the Initiative’s budget is allocated to the PPSC. These funds are used to provide IPOC units with legal advice and support as well as resources for prosecutions. For those units where PPSC advisory counsel are present, the related expenses can easily be accounted for. For the other units where counsels are working outside the IPOC units, there is less accountability, although there is no evidence to suggest that these funds are not being allocated to the provision of legal advice and support. Regarding prosecutions, the evaluation team was not able to confirm if the budget was fully allocated to proceeds of crime charges since it is impossible to calculate the resources dedicated to these prosecutions separately from the resources dedicated to the prosecution of the substantive offences that generated the proceeds of crime.

PWGSC-FAMG receives funding from the Initiative (\$1.7 million per year) for 12 FTEs. This current budget for staff is considered by PWGSC-FAMG to be insufficient, with the result that PWGSC-FAMG has reallocated operation and maintenance funds to pay for the salary shortfall. However, this *ad hoc* approach is seen to be as non-sustainable in the long term given the need for operation and maintenance resources to cover ongoing expenses. Another seven PWGSC-FAMG resources are financed through an MOU with RCMP, with a projected value of \$1.3 million for the fiscal year 2010-2011. Looking forward, PWGSC-FAMG says that it will need to reconsider the type and number of staff it provides to the Initiative in order to ensure that it can continue to deliver forensic accounting services while maintaining the integrity of its operations<sup>104</sup>.

The budget allocation to CBSA is earmarked at \$390,000 per annum. These funds allow CBSA to provide expertise, intelligence and information to IPOC investigations. The current funds enable CBSA to maintain five FTEs. Previously to 2005, six positions were dedicated to IPOC.

PS receives funds (\$160,000 per year) to provide policy coordination for the Initiative and to manage the evaluation. The funds are meant to cover the cost of one FTE. This funding level has

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<sup>102</sup> *Idem.*

<sup>103</sup> *Idem.*

<sup>104</sup> PUBLIC WORKS AND GOVERNMENT SERVICES CANADA – FORENSIC ACCOUNTING MANAGEMENT GROUP. *Data Collection in Support of the Evaluation of the Integrated Proceeds of Crime Program*, 2010.

not proven adequate for the PS to fully carry out the current evaluation, as well as the policy coordination work, required to support this Initiative.

CRA does not receive funding for its IPOC activities. For its part, PWGSC-SPMD finances its activities through the revenues from forfeitures; PWGSC-SPMD is a primary service provider with a cost-recovery obligation.

#### **4.2.2.2 Has the Initiative succeeded in establishing IPOC units that are stable and effective?**

The Initiative's human resources metrics by units and partners are presented in Tables 2 to 7.

In order to assess the success of the Initiative with regards to units' stability and effectiveness, this section examines the following sections: personnel turnover and vacant positions as well as departure of in-house partners.

#### **Turnover and vacant positions**

Many of the IPOC units report having experienced a high turnover rate in recent years. For example, it was noted that several seasoned employees were promoted while others retired and were replaced by newer resources. Still others leave the IPOC unit due to lack of opportunity for promotion<sup>105</sup>. The turnover experienced by the Initiative has had adverse implications. As one key representative expressed it, "*A number of very qualified officers have left IPOC since I first started there. It is my impression that the general level of knowledge has declined*"<sup>106</sup>. Another states "[...] *the high turnover in IPOC, as well as the lengthy learning curve of our staff creates problems and make it difficult for everyone to be on the same page*"<sup>107</sup>. Furthermore, as illustrated in Table 7, IPOC is not able to fill many positions as a consequence of budget constraints and difficulty recruiting<sup>108</sup>.

Operationally and for the reasons mentioned above, many of the IPOC units have experienced challenges acting on all the cases coming before them. As one interviewee puts it, "*we are playing catch up all the time, as opposed to being involved at the front end from the beginning. Running with vacant IPOC positions has reduced the speed of investigations, created stress on the members, etc.*"<sup>109</sup>.

The impact of turnover may explain certain tensions between PPSC and the RCMP. For example, the limited experience of some officers and their skill sets (not necessarily fitting the IPOC needs) and a lack of training are perceived to have contributed to a reduction in the completeness and quality of some files intended for submission to the courts. This is important because PPSC representatives argue that to bring a case to court requires much more detail today

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<sup>105</sup> Key representative interviews/group interviews.

<sup>106</sup> *Idem.*

<sup>107</sup> *Idem.*

<sup>108</sup> *Idem.*

<sup>109</sup> *Idem.*

than in the past. PPSC will not bring a case to court when a file is considered to be incomplete and this situation has been seen as a source of tension between the parties<sup>110</sup>.

### **Relocation of in-house partners**

In recent years, PPSC legal advisors are no longer co-located in some of the IPOC units (such as Moncton, and Vancouver-Surrey). This is the result of several factors such as the physical relocation of IPOC units by the RCMP, caseload issues, and in some instances, even interpersonal differences and conflicts.

The RCMP has expressed disappointment at the departure of PPSC lawyers from some of the units<sup>111</sup>. Although the RCMP can still have access to PPSC lawyers, it expressed regrets regarding their physical absence from some units, especially because it is seen to impact the unit's effectiveness, taking into consideration the increased need for legal advice and training for the newest recruits. On the other hand, a few representatives suggest that RCMP officers are sometimes reluctant to pass on cases to PPSC counsel for fear that charges may be dropped and not proceed owing to a legal technicality. As one respondent puts it, "*officers become entrenched in their views about a case instead of accepting Crown advice and working toward a successful result. This is damaging to the development of officers who are trying to learn, and damaging to the efficacy of the unit*"<sup>112</sup>.

For CBSA, the departures were explained more by the type of work their employees were requested to perform, i.e. work that did not align well with the normal mandate carried out by employees of the Agency<sup>113</sup>. The Agency's decision can be explained in part by the implementation of the Cross Border Currency Reporting Program in 2003, that favoured the use of intelligence officers at ports of entry, who are better suited to providing the police with intelligence on money laundering activities that could lead to further investigations, including proceeds of crime investigations.

CRA representatives interviewed during the evaluation state that the Agency has relocated the majority of its supernumerary constables from the IPOC units to their home offices for financial reasons (a change from 13 employees within IPOC units in 2005 to four in 2010).

The concept of integration is not clearly defined by the Initiative or its partners. Thus, partners have different views with regards to the benefits of aspects such as co-location of staff or remote collaboration. Nonetheless, the evidence obtained through the course of the evaluation suggests that the idea of integration as a core feature of the Initiative has faded somewhat over time and has impacted the effectiveness of several aspects of IPOC unit operations.

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<sup>110</sup> *Idem.*

<sup>111</sup> *Idem.*

<sup>112</sup> *Idem.*

<sup>113</sup> *Idem.*

## 5. Conclusions

The underlying objectives of the IPOC Initiative remain relevant today. They respond to Canada's national and international commitments against organized crime. 'Proceeds of crime' is identified as a priority by the Government of Canada and a key component of the National Agenda to Combat Organized Crime. Organized crime is complex as it often involves concurrently numerous aspects of crime that include, for example: drugs, gambling, prostitution, smuggling, money laundering, extortion, corruption, and even murder. If not responded to, organized crime activities can undermine the Canadian and Global economies and the trust of Canadians in their democratic institutions. 'Proceeds of crime' does not constitute a panacea or the sole solution to disrupt, dismantle and deter organized criminals and crime groups, but it is an important complement to efforts of other enforcement programs and initiatives, whether they be at the national, provincial or international level. Indeed, experts today agree that one of the best ways to fight organized crime is by targeting their proceeds of crime. This view is supported by all of the partners interviewed during this evaluation. Viewed in this context and the current environment, the Initiative remains a relevant key component in Canada's broader anti-crime strategy at the national and international levels.

The IPOC Initiative has had an impact on organized crime and crime groups. This impact is evident from cases addressed by the Initiative over the evaluation period, especially major cases such as *Opération Colisée*, where a joint operation combining efforts from IPOC partners and provincial and municipal police forces, succeeded in dismantling the Montréal-based Italian mafia. Statistics collected during the evaluation also confirm that the Initiative was effective at disrupting organized crime through seizures, forfeitures and convictions.

With respect to performance, the Initiative has, over the years, focused on files that, on initial assessment by the RCMP, presented the highest potential of disrupting, dismantling and deterring organized crime. For each of these files, a thorough investigation is conducted, up to a point where the RCMP decides, through consultation with PPSC, if the file will be pursued, if charges will be laid, and if the case will be prosecuted. If a decision is taken not to pursue the file, it could then be referred to the province for civil forfeiture, referred to CRA for tax assessment/jeopardy action or concluded. When transferred or referred, the file could, for example, lead to civil seizures/forfeitures by the province or tax assessment/jeopardy action by CRA. The current strategy of focusing on high-potential files and of managing those files in a manner that maximizes results (taking into account prosecution under the *Criminal Code*, referral to the province or CRA) effectively addresses the intermediate outcomes as defined by the IPOC logic model. Building or improving on these results is tied to IPOC's resource capacity to open and investigate high-potential files.

With respect to performance results on this aspect of the Initiative, IPOC faces an obvious dilemma: whether to focus its efforts on large complex cases where it can have a substantial impact in a specific area or conversely to spread its efforts across a wide range of smaller and less complex cases. In the first approach, results could take years to achieve and thus, the performance data (e.g. number of cases, seizures, etc.) during the investigative process could suffer at least up to the point where the case is ultimately concluded. In the second approach, the

performance data could be attractive and stable, but the achievement of the intermediate outcome might not be fully attained. An alternative approach would focus on major files, but where a reasonable amount of resources would also be dedicated to maximizing seizures from the remaining files. This balanced approach could result in increasing opportunities for municipal, provincial, national and international enforcement, while meeting the aims of the intermediate outcome.

While the Initiative is having an impact, the findings from the evaluation team suggest that it is not as efficient or effective as it could be. For example, the lack of an overall strategy and business plan, communication and relationships among partners, human resources, integration, lack of performance indicators and a common monitoring system, etc. are factors contributing to less than optimal performance.

IPOC faces a challenging and ever-changing environment in which the tactics employed by organized crime and criminals is constantly evolving. Governments are responding accordingly by adopting new legislation and policy tools, such as ‘civil forfeitures’ acts and ‘reverse onus’ amendments. The initial theory and design of the Initiative was focused around the *Criminal Code* and other related federal legislation. In recent years, the expansion of civil forfeiture laws and their increased use to seize and forfeit illegal assets has influenced the initial theory and design of the Initiative, since civil forfeiture was not in place at that time. In fact, several key representatives underline the impact of provincial legislation in their current operations and are adapting their procedures to respond to this environmental change. In order to remain effective, IPOC must constantly adapt to these new realities, by redesigning its operations to make maximum use of these new tools in the right circumstances. As currently configured, IPOC is not sufficiently integrated to respond optimally to the current environment. The Initiative needs to articulate a strategy and business plan, and organize itself so as to maximize results taking into considerations the budget and funds allocated to it.

To meet its objectives, IPOC requires close communications and collaboration among its partners. Indeed the original IPOC concept focussed on integration as a key feature of the Initiative. The evidence obtained through the course of the evaluation suggests that this core feature of IPOC has faded somewhat over time to the detriment of IPOC operations.

IPOC operations have been adversely impacted by several human resource factors, including: some partners physically leaving the units, staff turnover, vacant positions, recruitment difficulties, lack of seasoned personnel and insufficient training. These human resources factors need to be addressed so as to ensure that IPOC is restored to a fully functional Initiative.

The evaluation team experienced difficulties and delays in obtaining consistent performance data in the course of this evaluation. To some extent, this is to be expected considering the number of partners involved in IPOC and their various roles and mandates. However, consistency and uniformity of performance data can be seen as a necessary hallmark of any integrated operation. Steps need to be taken by IPOC to better monitor its performance using a consistent set of performance metrics.

## 6. Recommendations

Three recommendations emerge from the findings of the 2010-2011 evaluation of the Initiative.

It is recommended that under the leadership of Public Safety Canada, the Initiative's Advisory Committee (with the approval of the Integrated Proceeds of Crime Initiative's Senior Governance Committee):

1. Review the theory and design of the Initiative, including its objectives and logic model, based on the internal/external changes presented in section 4.1.1.1 of this evaluation (by March 31, 2012).
2. Develop a five-year comprehensive strategy, including a business and communication plan, which would also consider key challenges pertaining to relations between partners, funding, monitoring and reporting, and which would take into account the modifications made to the Initiative's theory and design.

In addition, it is recommended that:

3. The Royal Canadian Mounted Police continue to expend necessary efforts to address and resolve current and anticipated recruitment, retention and training issues specific to the Initiative.

## 7. Management Response and Action Plan

This evaluation report has been reviewed and approved by deputy heads of all the Initiative partner organizations. In addition to providing management action plans for partners directly affected by the evaluation's recommendations, all partners were provided the opportunity for responding to this report, and for participating in the evaluation of the Initiative.

All of the Initiative's partners agree with the recommendations of the report, support the management responses and action plans and commit to working together to implement these plans. Under the leadership of the Initiative's Senior Governance Committee, through their representatives on the Initiative's Advisory Committee, the partners will: ensure the periodic review the Initiative's objectives, outcomes and expectations; review the theory and design of the Initiative, including its logic model, based on internal and external changes; and, develop a five-year comprehensive strategy, including a business and communication plan.

Specifically:

### **Canada Border Services Agency**

Canada Border Services Agency accepts and supports the evaluation and its recommendations. The Agency concurs with the main findings of the report, and agrees that the underlying objectives of the Initiative remain relevant today in responding to Canada's national and international commitments with respect to organized crime and terrorism. To be effective, the Initiative must adapt to a dynamic environment in which the tactics employed by organized

crime - and the Government's response to these tactics - are constantly evolving. The Agency will collaborate with the Initiative's partners to review the theory and design of the Initiative, and to develop a comprehensive strategy for moving the Initiative forward.

### **Canada Revenue Agency**

Canada Revenue Agency accepts and supports the evaluation and its recommendations. The Agency approves the proposed management action plan pertaining to the Advisory Committee. The Agency will support their implementation through its continued participation on the Initiative's Senior Governance Committee as well as the Initiative's Advisory Committee.

With respect to the performance data from the Canada Revenue Agency Special Enforcement Program, beginning in 2011, the Agency will start tracking the federal taxes recovered and provide this information to the Initiative's partners.

### **Public Prosecution Service of Canada**

Public Prosecution Service of Canada accepts and supports the evaluation and its recommendations. Public Prosecution Service of Canada will support their implementation through its continued participation on the Initiative's Senior Governance Committee as well as the Initiative's Advisory Committee.

In addition, Public Prosecution Service of Canada will work with the Royal Canadian Mounted Police to renew the 1997 Memorandum of Understanding between the two organizations in order to clarify their respective roles and responsibilities under the Initiative, given the internal and external changes identified by the evaluation.

### **Public Safety Canada**

Public Safety Canada accepts and fully supports the evaluation and its recommendations. As part of its ongoing commitment to the Initiative, Public Safety Canada will continue to work with its federal partners to strengthen the Initiative.

1. Public Safety Canada will work with the Initiative's Advisory Committee and the Initiative's Senior Governance Committee to review the theory and design of the Initiative, including its objectives and logic model, based on internal and external changes (by March 31, 2012).
2. Public Safety Canada will work with the Initiative's Advisory Committee and the Initiative's Senior Governance Committee to develop a five-year comprehensive strategy, including a business and communication plan, which would also consider key challenges pertaining to relations between partners, funding, monitoring and reporting, and which would take into account the modifications made to the Initiative's theory and design.

**Public Works and Government Services Canada – Forensic Accounting Management Group**

Public Works and Government Services Canada – Forensic Accounting Management Group accepts and supports the evaluation and its recommendations. Public Works and Government Services Canada – Forensic Accounting Management Group will support the implementation of the management response and action plan that will be approved by the appropriate Initiative’s governance committee(s).

**Royal Canadian Mounted Police**

The Royal Canadian Mounted Police accepts and supports the evaluation and its recommendations. It will continue to be an active participant on the Initiative’s Advisory Committee as well as the Initiative’s Senior Governance Committee.

The Royal Canadian Mounted Police has and will continue to address recruitment, retention and training. It will continue to introduce online training modules to complement the initial module rolled out in January 2011, and to offer training to the Initiative’s resources and partners through a dedicated, contracted subject matter expert. Regarding performance data and statistics, to accurately reflect investigational activities, the Royal Canadian Mounted Police will proceed with monitoring the implementation of the improved reporting system introduced in January 2010.

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## **Appendix B: Inventory of Previous IPOC Evaluation**

*Proceeds of Crime Program Review: National Report 2005-2007* by the Proceeds of Crime Branch, RCMP, 2009 (hard and electronic copies available).

This review is a compilation of national results reported for each topic: operations, human resources, partnership and financial management. In addition, feedback generated from the Program-Oriented Work Planning Meeting (POWPM) in March 2009, is also included in this report, along with recommendations identified to address key findings from the Review.

*Third Mutual Evaluation on Anti-Money Laundering and Combating the Financing of Terrorism* by Financial Action Task Force – February 2008 (hard and electronic copies available).

This report provides a summary of the anti-money laundering and combating the financing of terrorism measures in place in Canada as of June 2007. The report describes and analyses those measures and provides recommendations on how certain aspects of the system could be strengthened. It also sets out Canada's level of compliance with the Financial Action Task Force 40 + 9 Recommendations. The evaluation was based on the laws, regulations and other materials supplied by Canada and information obtained by the evaluation team during its on-site visit to Canada from March 19 to 30.

*Evaluation of IPOC Initiative for Fiscal Years 2001-2004* by Consulting and Audit Canada, February 2005 (hard and electronic copies available).

This evaluation focuses on IPOC units and related prosecution activities, including the effects of IPOC's activities and outputs; possible stakeholder benefits; the disruption, dismantling, deterrence and incapacitation of organized crime; program design, delivery and effectiveness; and the need for the program.

*Integrated Proceeds of Crime: 1996-1997 to 2002-2003, Comprehensive Evaluation* by Consulting and Audit Canada – March 2003 (hard and electronic copies available).

This evaluation examines IPOC's relevance, successes, design, delivery, cost effectiveness, governance, support systems, resource allocation, funding mechanism and financial control.

*IPOC Evaluation Report, Years 4 & 5 (1999-2000 & 2000-2001) Toward Effective Horizontal Management* by Consulting and Audit Canada – February 2002 (only hard copy available).

This evaluation explores the rationale for the IPOC Initiative, program, governance and management direction, objectives, funding and financial management, and effectiveness and efficiency.

*Evaluation of Integrated Proceeds of Crime (IPOC) Initiative Year 4 (1999-2000)* by the Solicitor General Canada – June 2001 (hard and electronic copies available).

This evaluation builds on the findings from the previous evaluation in that it includes cumulative results of IPOC investigations, and reports on the actions taken to date to respond to previously made recommendations

*Evaluation document, Proceeds of Crime Prosecutions and Case Management and Diversion* by Department of Justice component of IPOC, Evaluation Division, Policy Integration and Coordination Section – September 2000 (only hard copy available).

The review quantitatively assesses departmental results, including the efficiency and effectiveness of POC prosecution and case diversion and management resources.

1999 Evaluation of Seized Property Management by PWGSC Audit & Review – March 7, 2000 (only hard copy available).

The evaluation reviews the cost-effectiveness of the Seized Property Management Directorate's (PWGSC-SPMD) asset management and disposal services. It focuses exclusively on the activities of the PWGSC-SPMD and the policies, practices and systems in place to support it.

*Evaluation of the Integrated Proceeds of Crime (IPOC) Initiative Year Three (1998-1999)* by Solicitor General Canada – March 2000 (only hard copy available).

This report builds on the findings from the Year Two evaluation in that it includes cumulative results of IPOC investigations and reports on the actions taken to date to respond to the recommendations made last year. The report examines the effectiveness of the IPOC model of operation, areas of investigations, the impact of IPOC on organized crime and in communities and monetary efficiency. The Solicitor General engaged the firm of Grant Thornton to undertake the data collection and analysis upon which this evaluation is based.

*Evaluation of the Integrated Proceeds of crime (IPOC) Initiative Year Two (1997-1998)* by Solicitor General Canada – January 1999 (only hard copy available).

The report examines the functioning of the IPOC units, including monetary efficiency, the effectiveness of the IPOC model of operation, the disruption of organized crime, the effect of IPOC units in communities and areas of investigations.

## Appendix C: Evaluation Question Matrix

EVALUATION ISSUES	EVALUATION RESEARCH QUESTIONS	INDICATORS	DOCUMENT AND CASE FILES REVIEW	DATABASE REVIEW AND ANALYSIS	CASE STUDIES	KEY REPRESENTATIVES INTER-VIEWS	GROUP INTER-VIEWS	RESEARCH SPECIALIZED	
<b>RELEVANCE ISSUES</b>									
<b>ISSUE 1 CONTINUED NEED FOR PROGRAM</b>	1.1 Is there a continued need for the Integrated Proceeds of Crime (IPOC) Initiative?	1.1.1 Evidence as to whether the context or environment related to the IPOC Initiative has changed	X		X	X	X	X	
		1.1.2 Evidence as to whether the legislative environment (federal and provincial) has enhanced or limited the need or requirement for the IPOC Initiative	X		X	X		X	
	1.2 To what extent are the objectives of the IPOC Initiative (i.e. targeting their illicit proceeds and assets) still relevant to fight organized criminals and crime groups?	1.2.1 Evidence of international and national experts that the targeting of illicit proceeds and assets produces results in the fight against organized criminals and crime groups	X				X	X	X
		1.2.2 Evidence that the IPOC Initiative, through the removal of their assets, has reduced the capacity of, and increasing the cost to, targeted organized criminals and crime groups (disrupting, dismantling and incapacitating)	X	X	X	X	X	X	X

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

EVALUATION ISSUES	EVALUATION RESEARCH QUESTIONS	INDICATORS	DOCUMENT AND CASE FILES REVIEW	DATABASE REVIEW AND ANALYSIS	CASE STUDIES	KEY REPRESENTATIVES INTERVIEWS	GROUP INTERVIEWS	RESEARCH SPECIALIZED
		1.2.3 Evidence that the IPOC Initiative, through the prosecution of organized crime figures, has reduced the capacity of, and increased the cost to, targeted organized criminals and crime groups (disrupting, dismantling and incapacitating)	X	X	X	X	X	X
		1.2.4 International evidence of similar initiatives with demonstrable results	X			X		X
	1.3 To what extent is the IPOC Initiative theory and design appropriate in addressing ongoing needs?	1.3.1 Evidence that the Initiative theory and design are appropriate in addressing ongoing needs	X			X		X
		1.3.2 Evidence that the IPOC Initiative's level of activities/outputs from the partners' (funded and non-funded) is maintained	X	X	X	X		
		1.3.3 Evidence as to the extent to which the IPOC Initiative responds to the partners' (funded and non-funded) needs	X		X	X	X	
		1.3.4 Extent to which the theory and design of the IPOC Initiative have been changed or modified and, if so, why	X	X	X	X	X	

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

EVALUATION ISSUES	EVALUATION RESEARCH QUESTIONS	INDICATORS	DOCUMENT AND CASE FILES REVIEW	DATABASE REVIEW AND ANALYSIS	CASE STUDIES	KEY REPRESENTATIVES INTER-VIEWS	GROUP INTER-VIEWS	RESEARCH SPECIALIZED
<b>Issue 2</b>  <b>ALIGNMENT WITH FEDERAL GOVERNMENT PRIORITIES</b>	2.1 To what extent does the IPOC Initiative contributes to the policy priorities of Government with respect to organized criminals and crime groups and activities?	2.1.1 Evidence that the IPOC Initiative and/or strategy takes into consideration the policy priorities of Government with respect to organized criminals and crime groups and activities	X			X		X
		2.1.2 Evidence that the IPOC Initiative objectives are consistent with the Government of Canada policy priorities with respect to organized criminals and crime groups and activities	X			X		X
		2.1.3 Evidence that the objectives of the IPOC Initiative are contributing to the partners' departmental/ agency strategic outcomes with respect to organized criminals and crime groups and activities	X			X	X	
		2.1.4 Evidence that the IPOC Initiative contributes to Canada's international commitments in the fight against organized criminals and crime groups and activities	X		X	X		X

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

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<b>Issue 3</b> <b>ALIGNMENT WITH FEDERAL ROLES AND RESPONSIBILITIES</b>	3.1 Is the IPOC Initiative aligned with Government of Canada roles and responsibilities?	3.1.1 Evidence that the IPOC Initiative is aligned with federal government roles and responsibilities	X			X		X
		3.1.2 Evidence that the IPOC Initiative is complementary and contributes to the results of other initiatives in the fight against organized criminals and crime groups and activities: i.e. Anti-Money Laundering and Anti-Terrorist Financing Initiative, Anti-Smuggling Initiative, National Anti-Drug Initiative, Measures to Combat organized crime, and other initiatives	X	X	X	X	X	X
		3.1.3 Extent to which other levels of government could deliver on their own such an initiative (IPOC)	X			X		X
<b>PERFORMANCE ISSUES</b>								
<b>Issue 4</b> <b>ACHIEVEMENT OF EXPECTED OUTCOMES</b>	4.1 To what extent have the IPOC Initiative's expected outcomes been achieved?	4.1.1 Extent to which the IPOC Initiative has achieved expected outcomes	X	X	X	X	X	X
		4.1.2 Extent to which the Initiative's outputs have contributed to the realization of outcomes	X	X	X	X	X	X

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

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		4.1.3 Extent to which the IPOC Initiative has met commitments or expected results in disrupting, dismantling and incapacitating organized criminals and crime groups by targeting their illegal proceeds and assets	X	X	X	X	X	X
		4.1.4 Evidence that the removal of assets has increased the cost to organized criminals and crime groups and reduced their operational capacity	X	X	X	X	X	X
		4.1.5 Evidence that the IPOC Initiative has contributed to creating a hostile environment to organized criminals and crime groups (e.g. seizures, forfeitures, prosecutions, etc.) and has been effective at supporting other initiatives aimed at disrupting, dismantling or incapacitating organized criminals and crime groups	X	X	X	X	X	X
		4.1.6 Trend over time of crime rates, value of assets frozen, seized, tax reassessed, tax collected, number of forfeiture orders, market value of goods and/or	X	X		X		

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

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		currency, monetary instruments forfeited and prosecutions (civil and criminal)						
	4.2 To what extent is the IPOC Initiative organized appropriately to meet its objectives?	4.2.1 Evidence on the extent to which the roles of the funded and non-funded partners are appropriate and required to meet the objectives of the IPOC Initiative	X	X	X	X		
		4.2.2 Evidence on the extent to which there are organizational overlaps or gaps between partners in the IPOC Initiative	X	X		X	X	
		4.2.3 Perception as to whether other partners should formally be included in the IPOC Initiative (i.e. FINTRAC or others)	X			X	X	
		4.2.4 Evidence that the funded and non-funded partners share a common understanding of their respective roles and responsibilities within the IPOC Initiative	X			X	X	
		4.2.5 Evidence and perception that use of Forensic Accounting Management Group (PWGSC-FAMG) resources	X	X	X	X	X	

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

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		has been maximized <i>(recommendation from previous evaluation)</i>							
		4.2.6 Evidence that the respective roles and responsibilities of PWGSC-FAMG and CRA personnel have been clarified and followed <i>(recommendation from previous evaluation)</i>	X			X	X		
	4.3 What have been the challenges, if any, to the IPOC Initiative and how have these challenges been addressed or overcome?	4.3.1 Description of challenges to the IPOC Initiative, if any, and how they have been addressed or overcome	X				X	X	
		4.3.2 Perception in the current context and environment as to the maintenance (status quo) of the IPOC Initiative as a stand-alone initiative, its integration to another initiative (i.e. AML), or its termination	X			X	X	X	X
	4.4 Are practices, systems, and mechanisms in place to ensure proper monitoring of effectiveness and outcomes/results?	4.4.1 Evidence of the extent to which monitoring systems are in place ensuring proper measuring and monitoring, globally and individually (by each of the funded partners - in their own field) of the Initiative's effectiveness and outcomes/results related to			X		X	X	

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

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		the IPOC Initiative						
		4.4.2 Evidence that the RCMP has developed and implemented a new accountability method for measuring performance ( <i>recommendation from previous evaluation</i> )	X	X		X		
		4.4.3 Evidence of data analysis and reports been used by the different partners	X	X		X	X	
	4.5 Has an efficient network been put in place?	4.5.1 Evidence that collaboration and exchange of intelligence amongst partners has been maximized to improve IPOC's results	X		X	X	X	
		4.5.2 Evidence that a national network has been put in place and is functioning, allowing and facilitating collaboration, exchange of information, seizures and prosecution of organized criminals and criminal groups	X		X	X		X
		4.5.3 Evidence that an international network has been put in place or is being used and is functioning, allowing and facilitating collaboration, exchange of information, seizures and prosecution of organized	X		X	X		X

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

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		criminals and criminal groups						
	4.6 Extent to which public communications to increase knowledge of POC and ML activities, issues and investigative tools been integrated in the IPOC's Initiative strategy	4.6.1 Evidence that, within the IPOC strategy, there is a communication plan aimed at contributing to the achievement of results	X			X		
		4.6.2 Volume and nature of public awareness activities by IPOC Initiative's partners	X			X		
		4.6.3 Extent to which the public seeks information on the IPOC Initiative in general	X			X		
	4.7 Has the Initiative had any unintended impacts (positive or negative)?	4.7.1 Description of any unintended positive or negative impact	X	X	X	X	X	
<b>Issue 5</b> <b>DEMONSTRATION OF EFFICIENCY AND ECONOMY</b>	5.1 Is the IPOC Initiative's budget allocated in a manner to maximize results?	5.1.1 Extent to which the (relevant) demands on IPOC units can be met within current financial and human resources?	X	X	X	X	X	

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

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		5.1.2 Description of the resources (FTEs, operations and program funding) allocated to the IPOC Initiative from 2005 to 2010, plus additional (non-funded) departmental/ partners resources contributing to the achievement of the objectives	X	X	X	X		
		5.1.3 Evidence that the investment in human resources (HR organization, HR management, FTEs, training, etc.) has been maximized and is contributing to the achievement of results	X	X		X	X	
		5.1.4 Evidence that the money spent by each of the funded partners have been spent for purposes intended	X	X		X	X	
		5.1.5 Evidence of non-funded partners as to their ability to contribute to expected IPOC Initiative's activities within their existing budgets	X			X	X	
		5.1.6 Evidence and	X	X		X	X	

2010-2011 Evaluation of the Integrated Proceeds of Crime Initiative  
Final Report

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		perception as to whether there are alternative ways of achieving IPOC Initiative's objectives that might be less costly and more efficient than the current approach and description of any alternative approaches						
		5.1.7 Trend over time (2005-2010) in number of investigations, seizures, forfeitures, charges laid, resulting from IPOC's Initiative	X	X	X	X		
	5.2 Has the Initiative succeeded in establishing IPOC units that are stable and effective	5.2.1 Evidence that the IPOC units are succeeding maintaining experienced IPOC staff in place and attracting new ones	X	X		X	X	
		5.2.2 Evidence that training of personnel has been done maximizing comprehension of issues, proper coordination amongst partners, and ultimate results				X	X	