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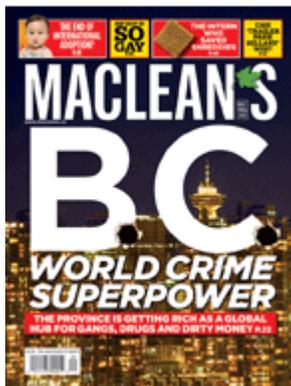


## How B.C. became a world crime superpower

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**Forget forestry or fishing. B.C.'s big, multi-billion-dollar growth industry is crime. And business is booming.**

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By almost any measure it was a thriving enterprise, with subsidiaries in eight countries and a flourishing distribution business. Even more impressive, it was run out of Vancouver, a city that's seen many head offices disappear over the years. And with its strong sales, the venture would easily have been considered one of British Columbia's largest private companies. That is, if the operation at the heart of it all wasn't a criminal syndicate trading in marijuana, cocaine, heroin, guns and real estate.

In December, officers from the RCMP and Vancouver Police Department showed off the results of a 14-month investigation called Project E-Paragon. Working with police in the U.S. and Australia, officers seized \$168 million worth of drugs, along with luxury homes, exotic vehicles, millions in cash and weapons. More than 100 people were arrested worldwide, including the alleged ringleader, 50-year-old Yong Long Ye of Vancouver. The allegations regarding the crime ring have not been proven in court, but police believe they've broken up an incredibly complex and profitable operation. And if Canadians are inclined to believe this was a one-off scheme, an aberration to the postcard-perfect image British Columbia projects to the world, think again. There are lots more, we don't have a shortage of targets, says RCMP Supt. Doug Kiloh, of the combined special forces enforcement unit in Vancouver.

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Consider, for a moment, just a few figures that show the size and scope of the crime industry in B.C.:

- There are an estimated 20,000 marijuana grow ops in houses across the province, and many thousands more hidden in the mountains and valleys of the interior. It's conservatively estimated that marijuana is an industry with revenues of \$5 billion to \$7 billion a year.
- In the last few years, according to the Canadian Border Services Agency, more than \$1 billion worth of cocaine has been seized at borders in the Pacific region. One media report last fall found the amount of cocaine recovered at B.C.'s borders more than tripled in the previous two years.
- The province is the main port of entry for chemicals used in the manufacture of drugs such as methamphetamine and ecstasy, while B.C.-based Asian gangs are the largest suppliers of ecstasy to Canada and the U.S.
- In the last year there have been roughly two dozen gangland slayings in the Vancouver region. The number of homicides in B.C.'s Lower Mainland in the first four months of this year was nearly three times that of Toronto. And when Maclean's recently looked at Canada's most dangerous cities using data from Statistics Canada, 11 of the top 20 were located in B.C. Meanwhile the number of gangs operating in the province has jumped from less than 10 a decade ago to 129.

Add it all up, and you can't help but see British Columbia for what it is - a key hub in the world of

international organized crime. For all its natural beauty and its Birkenstock reputation, police now put Vancouver on par with New York and Los Angeles when they talk of cities in the grip of criminal syndicates. By some estimates, criminal activity amounts to roughly seven per cent of the province's total economy. Though hard and fast numbers about the size of organized crime are impossible to determine, it's safe to say that alongside construction and tourism, criminal activity is one of B.C.'s strongest growth industries. We can quibble about a billion dollars here or a billion dollars there, says Darryl Plecas, a criminology professor at the University College of the Fraser Valley. But the bottom line is there's no question this is a multi-billion [dollar] industry. And as Western Canada positions itself to be North America's most important commercial corridor to Asia, with the much-heralded Pacific Gateway initiative, criminal gangs are poised to expand their operations in a huge way. Crime is big business in B.C., and business, unfortunately, is booming.

If anyone doubted British Columbia is the crown jewel in a battle between ruthless gangs, the mounting body count in recent months has surely shocked them into that realization. The killing kicked into high gear last fall with the grisly Surrey Slaughter. Six men were murdered in the penthouse suite of a high-rise condo suspected of doubling as a drug den. Two were innocent victims; the four others were young Indo-Canadian men linked to cocaine trafficking. Two weeks later, a reputed leader of the Big Circle Boys - a ruthless gang with roots in Hong Kong - was shot dead outside his palatial, gated mansion in Vancouver's upscale Shaughnessy neighbourhood. His own 10-year-old daughter dialled 911. Then two young men were gunned down on one of Vancouver's main thoroughfares when two black SUVs boxed in their silver Mercedes and sprayed it with bullets.

According to police, 40 per cent of all murders in the Lower Mainland are now tied to organized crime. For Vancouver's law-abiding citizens, the increasingly brazen public executions near schools and in posh neighbourhoods have gotten too close for comfort. When masked men burst into a restaurant in the city's quiet east side last summer, guns blazing, they killed two people and left a scene right out of Al Capone-era Chicago: diners lying in pools of blood amid upturned tables and spent shell casings.

But the carnage on the streets is only the most obvious sign organized crime has infiltrated everyday life. In December, the B.C. Progress Board reported that, in 2006, Vancouver had the second-highest combined violent and property crime rate of all major cities in Canada and the U.S. For instance, it had nearly 3.6 times as many break and enters as New York City, when measured per 100,000 people. Meanwhile auto theft remains a serious problem despite the success of a bait car program, in which cars are outfitted with interior cameras and GPS and parked in high crime areas. Many a Honda Civic have been whisked away, only to show up on the streets of Dubai and eastern Europe.

Things get far murkier once you start to examine the fuzzy line between B.C.'s criminal and legitimate economies. One car dealer in Vancouver told the National Post a few years ago that a quarter of his business involved selling luxury cars for cash to those involved in the drug trade. That helps explain the absurd number of Maseratis, Mercedes and Hummers that roam the streets. It's estimated that more people are employed in the marijuana industry than in traditional sectors like forestry. Is it any wonder the trade in illicit goods seems to show up in the economic statistics? B.C. is the only province to have posted a negative, and falling, personal saving rate for 10 years running. One bank economist suggests this reflects the growing size of B.C.'s black market, which doesn't get captured in the data. Likewise, a 2005 RCMP report found that if marijuana production was factored into provincial accounts, B.C.'s trade surplus would jump 230 per cent to \$8.6 billion. The general public is completely ignorant of the extent to which organized crime has infiltrated B.C. communities and the business environment, says Michael Chettleburgh, author of *Young Thugs*, a book examining gang violence in Canada.

Even the booming real estate market - B.C.'s favourite fixation - has been caught up in criminal schemes. In the E-Paragon bust police seized nine multi-million-dollar homes allegedly bought with the proceeds of crime. Ye himself lived on a lovely riverfront street lined with cherry blossoms and fastidiously trimmed lawns. According to police, even young and unsophisticated street gangs have been caught sinking cold hard cash into properties as a way to launder money and generate seemingly easy returns. You really have to look at the price of real estate in the Lower Mainland and ask 'Who is buying?' says Supt. John Robin with the B.C. integrated gang task force.

To understand how criminal gangs have become such a huge force in B.C., and why the violence between them is so extreme, you must first forget everything TV has taught you about organized crime. There are no Mafia families, with mob bosses and capos pulling strings. If anything, say police, such a rigorous chain of command would be easier to fight. Instead there's a loose amalgam of groups vying for control of the hugely profitable drug trade. Membership is fluid and allegiances fleeting. At the top of the pecking order sit the most sophisticated groups, like outlaw motorcycle gangs. Below them are dozens of smaller groups aiming for a bigger piece of the action, and at the bottom are street level gangs who do most of the dirty work. Groups specialize in aspects of the trade, such as drug production, wholesale and retail sales, transportation,

collection or security, and tasks are outsourced accordingly. Violence erupts when upstarts try to muscle in on a market, and existing gangs are forced to reassert their dominance. This is a business, but it's a business with no rules, no morals, no ethics and the main tool is a handgun or a submachine gun, says Robin.

A number of factors help explain why B.C. has become such a hotbed of criminal activity. The U.S. border is just minutes from Metro Vancouver, offering ready access to that market. And the province's ports are among the busiest in the world. Last year the RCMP told the Senate committee on national security and defence that Indo-Canadian and Asian gangs, as well as the Hells Angels, were very active at the Port of Vancouver. Due to limited resources police warned they could only tackle 30 per cent of the criminal activity taking place on the docks. When a new deepwater port opened last year in Prince Rupert, business leaders cheered because it would shave days off the trip between Asia and the eastern U.S. So did the criminals. B.C. hasn't grasped publicly the size and the affect the Pacific Gateway program is going to have on B.C. and North America, says Kiloh. The projections about the depth of crime that's going to come just from that are absolutely staggering.

B.C. Premier Gordon Campbell acknowledges geography makes the province a prime location for crime groups to focus on. In fact, many of the features the province highlights when trying to attract international investors also appeal to criminals from abroad. We're an international province, a crossroads for Europe, for Asia and for North America, he told Maclean's. Everyone can come here and be comfortable here. Unfortunately it means the bad guys can get here as well as the good guys. He said the integrated task force was set up to tackle the threat of organized crime in B.C., but conceded more needs to be done to examine the laws around organized crime. I think we all, not just in British Columbia, have to realize that in some cases these are international criminals, he says. Whenever you let your guard down, you're in trouble.

But the fact is that criminal groups have built their forces on the back of the flourishing marijuana industry which, until relatively recently, the province seemed to almost implicitly condone. The chance to earn enormous profits with little risk of serious incarceration acted like a welcome mat to organized crime. B.C. Bud, a highly potent variety of cannabis, is as synonymous with the province as mountains and old growth forests. And many in B.C. fiercely resent attempts to crack down on its cultivation and use. When roughly 10,000 people lit up at a Vancouver rally last month, a newspaper editorial criticized police for making no arrests. One letter writer responded by equating the protest with a Martin Luther King march.

The days of hippy-run grow ops, however, are mostly a thing of the past. Plecas, at Fraser Valley, conducted a study that looked in detail at all the grow ops reported to police between 1997 and 2003. He found the average grower had a 13-year criminal history with seven prior convictions. This is not ma and pa stuff, he says. Forty per cent of the these people had convictions for violence. Estimates for how much B.C. Bud is exported to the U.S. and other countries range from two-thirds to as high as 95 per cent.

Building on their success with marijuana, groups are pushing into other areas of criminal activity. Each year border officers now seize around one tonne of cocaine coming into the province. By some estimates, seizures typically capture only 20 per cent of the total flow, suggesting cocaine too is likely a mammoth industry. Meanwhile, police say criminal groups are using their existing distribution channels to ramp up the production and distribution of synthetic drugs. Because of lax Canadian laws, it's relatively easy for groups to bring in vast quantities of precursor chemicals needed to manufacturer methamphetamines and ecstasy. We're seeing barrels and barrels of legally brought in precursors that then will sell illegally for over 10 times the [purchase] amount, says RCMP Insp. Gary Shinkaruk. The amount of money being made is staggering.

The more money they make, the more lines of business gangs can exploit. Vancouver emerged as a leading centre for credit-card fraud after police raided what was dubbed a credit-card factory three years ago. The U.S. Secret Service has reportedly deemed the credit cards produced by the Asian crime syndicate as having the most realistic graphics it has ever seen in North America. The group was able to extort data from corrupt merchants, gas station attendants and restaurant staff in the Vancouver area. One waitress used a device hidden in her apron to scan customers' cards. Such crimes were unheard of in Vancouver a decade ago, but police say counterfeit schemes are on the rise as gangs realize the potential for profits are significantly higher than with marijuana.

Gangs have also found a thriving business in the illegal transport of people through B.C. According to a crime threat assessment conducted by the RCMP and FBI three years ago, human trafficking and migrant smuggling are the third-largest sources of worldwide revenue for organized criminals after drugs and arms dealing. Vancouver's location makes it an ideal transit point for the sinister trade, and in recent years police have uncovered several trafficking pipelines operating through the city. In November, the Future Group, a Calgary organization that works to prevent human trafficking, warned gangs may smuggle in women to work as prostitutes during the 2010 Olympics. Vancouver is considered to be a hub for Pacific human trafficking, Benjamin Perrin, a professor at UBC's Faculty of Law, told a Vancouver newspaper. Any time you have an influx of foreign tourists and money, you'll see a huge demand for the sex trade.

There is some debate as to whether the marijuana business has peaked. As with every export industry, the soaring loonie has had an effect on profitability. At the same time tighter border security has hampered the trade, according to the RCMP's latest drug situation report. The number of grow operations seized by police has declined over the last three years, though at the same time police say the average size of grow ops has increased thanks to technological innovations that boost the yield of each plant.

What is certain is that groups like the Vietnamese gangs, who cut their teeth in the business, are finding tremendous success overseas. Hundreds of cannabis farms have sprung up in the U.K. and authorities have a good idea where the industry originated. We believe this is a problem that started in Canada, Cmdr. Allan Gibson with the U.K. Association of Chief Police Officers told a BBC documentary crew. [Vietnamese gangs] made a success in their judgment on being able to earn large amounts of money by setting up cannabis factories. Like entrepreneurs do, they spotted an opening and moved in.

Britain isn't alone in dealing with B.C.'s more enterprising criminals. In California, seizures of indoor grow ops jumped 260 per cent between 2004-2006, says Robert Taylor, a Sacramento-based agent with the U.S. Drug Enforcement Agency. It was a new phenomenon we hadn't seen before. It blew in like a tornado. The DEA knew precisely where growers had found their model. It was as though they'd taken a page out of the B.C. Bud handbook, he says. In its December drug situation report, the RCMP referred to this shift to the south as the displacement . . . of technical expertise and knowledge but most Canadians would recognize it by its more familiar label: brain drain.

What Britain and the U.S. want to avoid is allowing marijuana to take root as an integral part of their economies, as it has in B.C. To understand the cash crop's rise in the province, an ideal place to start is Nelson. Located roughly 650 km inland from Vancouver, the haven for Dukhobors, draft dodgers and free spirits is also a big marijuana producer. What started as a cottage industry in the 1960s became a foundation of the local economy, as mills gradually closed and hundreds lost their jobs. Don't kid yourself, old folks, kids 16 and up, everyone's involved in some way or another, says Leah (not her real name), a straight-A university student in her mid-20s who for two years has worked the harvest. In these parts, no one asks what anyone does for a living. It's understood; you talk about the weather instead. One nearby hydroponic store enjoys annual sales of \$6.5 million while heavy equipment operators admit to selling quarter-million-dollar excavators - for cash.

Indeed, B.C. towns like Nelson have come to resemble the remote hillside villages of Bolivia or Columbia, where entire populations are involved in coca leaf production. The bizarre flip side is that when authorities crack down on grow ops, it can hurt some small-town economies. Robert Smith, a 73-year-old furniture store owner in tiny Grand Forks, almost bemoans the fact that last year, police shut down several large grow ops. Because of that, there's more people on the street, he says. With the [forestry] job cuts and the clampdown on marijuana growers, we're a lot short of jobs.

Last year, the RCMP detachment in tiny Clearwater, a forestry town of 5,000 north of Kamloops, recovered \$25 million worth of marijuana, along with cocaine, \$1.2 million in cash and a cache of guns, providing a hint of how much drug money winds through the Interior. There are a lot of people in B.C. who see this as a way to earn a decent middle-class income, says Misha Glenny, author of *McMafia: A Journey Through the Global Criminal Underworld*. His book included a chapter on B.C.'s criminal syndicates, which has received a great deal of attention in Britain and the U.S. lately. That makes life for law enforcement extremely difficult.

Indeed, sleepy backwaters like these are ideal for outdoor marijuana production. For one, they're surrounded by thousands of acres of hidden clear-cuts accessible via a system of little-used logging roads. The Interior is also an important export point; a mere five customs officers patrol a several-hundred-kilometre-long stretch of open border. So a small army of ordinary folks are now producing marijuana and a coterie of drug lords are shipping it, helped by port expansions and deepening global trade.

To Leah, working the marijuana crop is just another summer job, like tree-planting, though the earnings, ranging from \$4,000 to \$8,000 for the four-week summer harvest, are admittedly higher. Those processing the dried crop can earn more than \$600 a day, especially if they're nimble fingered. Even in Vancouver many of those selling marijuana at the street level see it as a full-time job granting access to an almost middle-class lifestyle. Laura, a twentysomething dealer, has been selling marijuana for seven years now, earning around \$40,000 a year, tax-free. The local market is huge, she says, and the industry is more relaxed than anywhere else in the country. You can make more money here than anywhere else, she says.

As organized crime flexes its muscles in the province, many fear the inevitable outcome will be corruption on a massive scale. There has to be people on the take across the spectrum, says Robert Gordon, head of the School of Criminology at Simon Fraser University. From time to time you see little signals. For instance, last October a Canadian guard was arrested at B.C.'s biggest border crossing for allowing people to smuggle

cocaine, money and guns into Canada. A month later a corrections officer helped a notorious Persian crime boss escape from a maximum-security prison. It was the first time in B.C. history that a prison guard was charged with helping a prisoner escape from jail; the high-ranking gang leader is still on the lam. Then, just last month, a U.S. border services agent posted to the same, busy border crossing south of Surrey, B.C., was sentenced to 32 months in prison for allowing a Vancouver woman to smuggle several large loads of B.C. Bud into the U.S.

Then there was the troubling case of Ravinderjit Kaur Puar. In 2005, the 30-year-old lab technician and mother sought a spot on Vancouver city council. Her political aspirations crashed to the ground when she was caught in the U.S. selling thousands of ecstasy pills. (She told an undercover drug agent Indo-Canadian gangs aren't to be messed with: That's what the game is like in Vancouver: you f--k with us, you die.) The episode raised fears gangs were seeking higher office, though nothing came of it. There's been no indication Canadian police have been compromised or that politicians or judges have been bought, but it's hard to imagine these kinds of flows of money without that happening, says Stephen Easton, an economics professor at Simon Fraser University.

This all makes authorities' failure to curb the growth of crime that much more troubling. Police and prosecutors have faced multiple setbacks at the hands of the courts recently. Few of those arrested by police for growing marijuana actually serve prison sentences. Meanwhile, the biggest blow came in March when prosecutors lost a case that would have seen the Hells Angels declared a criminal organization. Police spent two years and \$10 million trying to prove that David Giles, a member of the Hells Angels East End chapter, and two co-accused had been involved in trafficking cocaine. B.C. Supreme Court Justice Anne MacKenzie acquitted Giles, saying the evidence against him was weak. At the same time police say existing legislation hampers their probes of major crime figures. In the course of the E-Paragon investigation, Canadian police required more than 200 judicial authorizations for wiretaps and warrants, while police in Australia and the U.S. needed just 12 apiece. And when the E-Paragon case finally goes to trial, it will surely be a huge ordeal lasting months. Yet according to Kiloh, several suspects arrested in Australia as part of the same investigation are already serving their sentences. Canada isn't heading to be that international beacon that it once was because our laws have not kept up with the realities of the world, he says.

Some believe the police themselves could be more efficient. There are calls for a single provincial force to replace the 126 RCMP detachments currently serving B.C., while pressure is mounting for the Lower Mainland's 13 police departments to merge into one. Still, more than half of all respondents told an Angus Reid poll last November police are currently incapable of dealing with organized crime. Premier Campbell says the province has added 950 additional officers over the last two years. You always wish you could do more, but the fact is, it takes a while to train police officers, he says.

In the meantime that's left the task of fighting crime to unlikely individuals like Len Garis, Surrey's fire chief. In 2005 as many as 8.5 per cent of all fires in the city took place at suspected grow ops. He pushed for a bylaw allowing firefighters and police to enter suspected grow ops to check electrical wiring. The result: so far in 2008 there has been just one such fire, while the number of grow ops has fallen dramatically. But late last month a Surrey resident, whose house was searched and found to contain no sign of a grow op, filed a lawsuit with the B.C. Supreme Court arguing the bylaw is unconstitutional.

So it goes. While the province grapples with how to defend itself against the organized crime onslaught, gangs are finding no shortage of ventures to pursue - stock market manipulation, extortion, gasoline theft, the list goes on and on. With each new line of business, crime seeps further into the everyday lives of British Columbians. There will surely be more mega-busts on the scale of E-Paragon. But it will take more than that to put the gangs out of business. In B.C., crime, for the time being at least, does.

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