SERIOUS FRAUD OFFICE

— ONTARIO —

ANNUAL REPORT 2018-2019

Ontario

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BENEFITS OF THE MODEL

“Serious fraud” refers to fraud that has significant impact on society or significant financial loss in total. It can include elements of corruption, collusion, money laundering and other financial crimes.

WELCOME MESSAGES

I am honoured to join with Chief Superintendent Dart in presenting the inaugural Annual Report for Ontario's Serious Fraud Office (SFO). The SFO combines the expertise of police and prosecutors in one setting with a shared mandate. This landmark approach is a first in Canada. Its integrated model is specifically designed to address the numerous challenges associated with preventing, investigating and prosecuting large-scale and complex fraud.

Implementing the SFO model has required diligence and collaboration. I am grateful to Ian Bulmer, who as Acting Chief Counsel in our early days, laid the foundation for the achievements of the Prosecution Branch. His efforts enabled me to take leadership of a talented team, eager to create a modern, innovative, and dedicated financial crime prosecution unit.

The Prosecution Branch experienced tremendous growth and success in its first year of operation. Crown counsel provided extensive legal advice to the Investigation Branch and other police services and prosecutorial assistance to Crown Attorney offices across Ontario. Much work was done to establish policies and procedures, including those which maintain Crown-police independence and objectivity – a cornerstone of the organization's structure. Our office also took a leadership role in educating Crowns and police on the legal issues involved in investigating and prosecuting financial crime. As a result of these efforts, fraud cases in Ontario have proceeded more efficiently and effectively.

Expectations remain high for the Prosecution Branch following the significant achievements made in its first year. Having observed the team's passion and collegiality, I am confident that we will meet and exceed those expectations.

JOHN CORELLI, CHIEF COUNSEL

I had the privilege of directing the Investigation Branch of the SFO from its inception through to the end of 2019. During this time, I witnessed its implementation and operationalization.

Investigating large-scale and complex fraud requires dedicated resources with a wide range of highly specialized skill sets. The SFO has welcomed a number of tremendously talented members to its investigation, adjunct, and support services teams.

Our investigative teams have taken on cases with provincial, national and international components, that include victims located throughout Canada, the United States and overseas. Among these cases, proceeds of crime have been secured and charges laid.

Our adjunct and support service teams have worked tirelessly to develop protocols and establish their program areas. They have continued to develop partnerships with key stakeholders from other ministries, academia, regulators, private industry, and other invested groups. Through these crucial partnerships, the SFO has collaborated on strategies to best protect the citizens of Ontario. We have made incredible progress in establishing our Victim Assistance Program to enhance support for those impacted by financial crime.

In the short amount of time the SFO has been in existence, we have already proven the effectiveness of our integrated model. We will remain committed to working together with the Prosecution Branch to further advance the office's mandate and strengthen our efforts in combatting serious fraud in Ontario.

I take great pride in representing the SFO and all that it has accomplished in its inaugural year. I am pleased to advise that effective March 2, 2020, Superintendent Dominic Chong will become the new Director of the Serious Fraud Office. As the newly appointed Commander of the Investigation & Support Bureau, I look forward to providing continued leadership to the Ontario Provincial Police as well as supporting the SFO in the years to come.

I am confident the next several years will be filled with opportunities for the SFO. I look forward to seeing and hearing about the progress and accomplishments from this dedicated and talented team.

KARI DART, CHIEF SUPERINTENDENT

Ontario

The **Ministry of the Attorney General (MAG)** administers the justice system in Ontario and protects the public by delivering a wide range of legal services.

O.P.P.

The **Ontario Provincial Police (OPP)** is a division of the Ministry of the Solicitor General. They provide essential services that ensure the safety and security of the people of the Province of Ontario.

MANDATE AND ORIGINS

The SFO is guided by its mandate to protect the citizens of Ontario; limit losses suffered by victims of fraud; and recover assets fraudulently acquired. In delivering on its mandate, the SFO holds offenders accountable for their crimes as well as to their victims and the citizens of Ontario.

The Ontario Serious Fraud Office became operational in the fall of 2018, following recommendations stemming from the Ontario government's Serious Fraud Task Force.

Led by the Honourable Stephen Goudge, Q.C., the Task Force sought to design and implement a Serious Fraud Office, improve victim assistance, and identify long-term strategies to combat serious fraud. It was comprised of representatives from the Ministry of the Attorney General (MAG), the Ministry of the Solicitor General (SOLGEN), and the Ontario Provincial Police (OPP). The Task Force consulted with domestic and international stakeholders including industry groups, law enforcement, prosecutors and regulators. From these discussions the need for a specialized office to fight serious fraud in Ontario became evident.

Mandate:

1 To protect the citizens of Ontario.

2 To limit losses suffered by victims of fraud.

3 To recover assets fraudulently acquired.

STRUCTURE

The office is comprised of two branches – The Investigation Branch and the Prosecution Branch. Each branch holds separate, designated space within the same building. This complements the unique structure of the SFO facilitating collaboration, while upholding independence.

An OPP Superintendent provides leadership to the Investigation Branch. Its staff is comprised of uniform and civilian employees from the OPP with representation from various municipal police services in Ontario. In the Prosecution Branch, a Chief Counsel oversees experienced Crown counsel and staff of the Ontario MAG.

The Joint Governance Committee is committed to effective oversight and ensuring accountability to strengthen public trust. The role of the committee is to establish, implement and oversee policies, protocols and the strategic vision of the SFO. Senior representatives from the OPP, MAG, SOLGEN, and a designated municipal police service comprise the JGC's membership.

Responsibilities:

JOINT GOVERNANCE COMMITTEE
Establish, implement and oversee policies and strategic vision of the SFO

INVESTIGATION BRANCH
- Investigation
- Investigation Case Management
- Asset Recovery
- Criminal Analysis
- Data Entry
- Administrative Support
- Intake

PROSECUTION BRANCH
- Pre-Charge Legal Advice
- Prosecution Case Management
- Prosecution

ADJUNCT AND SUPPORT SERVICES
- Victim Support
- Crime Prevention
- Training and Education
- Strategic and Research Analysis
- Performance and Outcomes Analysis

OPERATIONS

INTAKE

Case referrals to the SFO are accepted from police agencies only. The decision to undertake an investigation is the responsibility of the Investigation branch. Members of the public who wish to report an alleged fraud should contact their local police and the Canadian Anti-Fraud Centre at 1-888-495-8501 (toll free) or online at www.antifraudcentre-centreantifraude.ca

DEDICATED CROWN ON EACH INVESTIGATIVE FILE

Decisions on how to investigate and whether to lay charges remain exclusively under the jurisdiction of the Investigation Branch. An experienced Crown counsel is assigned at the outset of each investigation to provide timely legal advice to investigators as the need arises.

If charges are laid, Crown counsel evaluates the case to ensure there is a reasonable prospect of conviction and that it is in the public interest to proceed with the prosecution. The Crown is involved in the prosecution and applies their knowledge of the file to help the case proceed efficiently and effectively. Crown counsel also work with victim support and asset recovery services to advance all aspects of the SFO mandate.

DEDICATED ANCILLARY SUPPORT IN-HOUSE

As illustrated in its unique mandate, the SFO does not focus only on the financial aspect of fraud but also on protecting the citizens of Ontario from victimization and supporting those who have been impacted. To achieve these goals, the Investigation Branch is staffed with adjunct and support services providing:

- Victim Assistance
- Crime Prevention
- Training and Education

"Fraud has a wide impact. It erodes trust, the basic lubricant of a market economy. Fraud parts money from productive uses and directs it towards unproductive uses. Fraud also takes an emotional toll on its victims… Fraud is a crime of emotional violence…. [T]he victim feels shame and embarrassment. The financial and emotional impact can be devastating and change a victim's life forever."

JUSTICE GOLDSTEIN

PRE-CHARGE CROWN SUPPORT

The use of a dedicated Crown on each investigation offers significant benefits and responds to the Supreme Court of Canada's direction in R. v. Jordan to eradicate the "culture of delay" in the criminal justice system. Investigators can receive timely legal advice from the Crown as issues arise so that they may react and respond promptly. Early Crown consultation can identify vulnerabilities with a potential prosecution before significant time and resources are spent. Early and ongoing vetting of disclosure by Crown counsel increases the likelihood that it will be available to the Defence at the time of arrest or the first court appearance. With their intimate knowledge of the file already in place, Crown counsel are uniquely positioned to move these complex matters through the courts quickly and effectively.

DID YOU KNOW?

Pre-charge, Crowns are available to provide legal advice to police during their investigation, before anyone is charged with a crime.

At-trial, Crowns prosecute criminal charges that are laid by the police. These lawyers provide disclosure, prepare witnesses, and represent the Crown in court.

R. v. Jordan, 2016 SCC 27 is a decision of the Supreme Court of Canada delivered on July 8, 2016. The judgment sets specific deadlines for when a trial must occur to comply with the accused's right to trial within a reasonable period of time.

Disclosure refers to what the Crown must share with the accused persons so they can understand the case against them.

PROVINCE-WIDE CROWN SUPPORT

The Prosecution Branch has improved access to legal education and support concerning matters of financial crime for both prosecutors and investigators.

For example, in August 2019, a week long course devoted to financial crime was offered at the Ontario Crown Attorney's Association Crown Summer School. Speakers included SFO Crown Counsel, as well as other representatives from MAG, regulatory offices, law enforcement, the judiciary, and the private sector. This course will be offered again in 2020.

In addition to this, throughout the year, the Prosecution Branch provided informal advice to government partners who sought its legal expertise on specific issues.

Crown counsel have taken on the prosecution of existing financial crime cases in Ontario. These cases exemplify the vast extent that fraud can occur. They have involved employee embezzlement, counterfeit identity documents, diversion of remittances intended for family members abroad, cross-border scams, fraudulent vehicle and business loans, and the use of a false prospectus to defraud investors.

All of this work advances the mandate of the SFO and supports local efforts to ensure meritorious cases are brought to trial in a timely manner.

CASE STUDY – R. V. VANIER

In 2018 SFO Crown counsel led the prosecution of R. v. Robert Vanier, which arose out of an RCMP investigation. The accused falsely told investors in a prospectus that his company, Onco, had over $20 million in assets.

Mr. Vanier hid that lie by, for example, setting up a fictitious bank to answer inquiries about the company's funds. Over 1,000 investors purchased shares in the stock before the fraud was discovered.

Following a two-month French-language jury trial Mr. Vanier was convicted in November 2018 and sentenced to eight years' jail. This case is presently under appeal.

OUTREACH AND PARTNERSHIPS

Serious fraud operates across jurisdictions and borders. The experience of the SFO to-date underscores this reality and the model is designed to respond to this challenge.

SCOPE OF THE SFO INVESTIGATIONS TO-DATE

All investigations to date have involved multiple jurisdictions and more than half of the files have had national or international scope:

- Provincial scope
- National scope
- International scope

As a central office, the SFO develops active relationships with government and other external agencies who are involved in meeting the challenges of serious fraud. These relationships take a variety of forms, including:

- Information sharing
- Crime prevention initiatives
- Joint investigations
- Sharing expertise
- Training and education
- Secondments

One example is the recent collaboration between the SFO and the SOLGEN to collect information from police services regarding financial crime in Ontario. The results of this survey will be used to identify opportunities for the SFO to carry out its mandate.

SPECIALIZED PROFESSIONALS

Police and prosecutors must keep pace with the evolving challenges of investigating and prosecuting complex serious fraud. The SFO brings together specialized professionals at every stage to achieve this goal:

- The Training and Education Coordinator organizes on and off-site opportunities for staff to keep their professional skill sets current and comprehensive.
- The Prosecution Branch's Crown counsel routinely present to investigators on relevant legal issues.
- The SFO conducts education and training initiatives for government and other external agencies to enhance their awareness of how to detect, prevent and report fraud.

DEDICATED RESOURCES

VICTIM SUPPORT

The SFO takes a comprehensive approach to meeting the needs and respecting the rights of financial crime victims. The Victim Liaison provides victims with updated case information as well as resources and strategies to address the impact of financial crime. As a subject matter expert in the field, the Liaison provides direct assistance to victims and brings together government and non-governmental service providers to enhance public education and resources available to victims.

The SFO seeks out opportunities to better support victims of fraud. For example, in September 2019, the SFO coordinated a first-of-its-kind meeting with service providers who directly engage with victims of fraud in Ontario to discuss strategies to prevent fraud and support those impacted. Additionally, the office leverages technology and innovative digital solutions to improve access to general and case-specific information online.

DID YOU KNOW?

As a victim of crime in Ontario, you have certain legal rights set out in the *Canadian Victims Bill of Rights*, S.C. 2015, c. 13, s. 2, and the *Victims' Bill of Rights, 1995,* S.O. 1995, c. 6.

ASSET RECOVERY

Asset restraint and seizure is a high priority for the SFO. Recent cases have resulted in thousands of victims suffering millions of dollars in losses. Asset Forfeiture Officers are specifically assigned to identify, track, and secure proceeds of crime. Recognizing that victims and assets can surpass international boundaries, the SFO works with domestic and international law enforcement to restrain and seize assets. Restraint and seizure can result in the forfeiture of proceeds of crime, which, in turn, facilitates the return of assets to victims and sends a stern warning to offenders that crime doesn't pay.

CRIME PREVENTION

The SFO plays a leadership role in preventing fraud through its Crime Prevention Program. This program is carried out through partnership with government agencies and non-government groups.

Crime Prevention Week Campaign

The SFO partnered with OPP Community Safety Services to develop materials for distribution to the public by OPP Auxiliary Units during the 2019 Crime Prevention Week campaign. These materials focused on how to recognize mass marketing fraud (romance scams, extortion scams, etc.) and how to report financial crime offences.

Supporting Vulnerable People and Keeping Communities Safe

Through its involvement with the Ontario government's Cross-Ministry Seniors Strategy Initiative, the SFO plans to link seniors with a wide variety of local resources that focus on supporting seniors as well as victims of fraud.

Crime Prevention Officers at the SFO are currently working with Community Safety Officers in each OPP region to coordinate presentations targeted at senior citizens. The goal is to increase their ability to recognize, report, and prevent fraud. This program is anticipated to launch in 2020 in the Northwest and Northeast regions of Ontario.

Reducing the Stigma of Fraud Victimization

As part of an ongoing initiative, the SFO has partnered with Mariposa Arts Theatre in Orillia to develop a public service announcement to reduce the stigma of fraud victimization and encourage those who have been defrauded to come forward. This video will be shared on OPP social media platforms and during outreach programs in communities across the province.

GLOSSARY

Seizure involves the transfer of an asset from its owner or possessor to the custody or control of the government, primarily through a law enforcement agency.

Asset forfeiture is a legal process whereby the ownership of an asset is removed from an individual because it is the proceeds of crime, was used to facilitate a crime, or is contraband.

A **restraint order** is an order which has the effect of preventing the sale or transfer of assets and/or freezing a person's bank accounts in consequence of an alleged crime in which a person has benefited financially.

More Information

ARE YOU A VICTIM OF FRAUD?
Report it to your local police and the CAFC at 1-888-495-8501 (toll free) or online at www.antifraudcentre-centreantifraude.ca

DO YOU HAVE INFORMATION ABOUT A FRAUD?
Call Crime Stoppers anonymously at 1-800-222-8477 (TIPS) or visit www.crimestoppers.ca