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Street Gangs, Outlaw Bikers, the Mafia and the Mexican Cartels: Dynamics of Transnational Organized Crime and Drug Trafficking in Canada

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Street Gangs, Outlaw Bikers, the Mafia and the Mexican Cartels:
Dynamics of Transnational Organized Crime and Drug Trafficking in Canada

by

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Abstract

Over the last few years, Mexican organizations active in the cocaine trade have chosen to stop working through Canadian middlemen and have instead established a direct presence in Canada. *What factors have facilitated this decision? How is it likely to affect the dynamics of the transnational drug trade in Canada?*

It appears that the decision to stop working through middlemen can be traced back to a relative contemporary weakness of Canadian organized crime groups that traditionally handled the Canadian distribution. Further, a convenient network opportunity for direct expansion into Canada has presented itself to the cartels in the form of recently immigrated Mexican-Canadian Mennonites, some of whom have long acted as Mexican cartel-agents.

Despite the fearsome reputation of Mexican cartels, there has been no noticeable increase in drug-related violence in Canada, and it is highly unlikely that they will bring Mexico-style violence to Canada with them in the near-term.

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Blake, I did my best to make you look like a slacker, but I didn't quite make it!

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Introduction

In mid-December 2014, Inspector Darcy Strang stepped in front of the press to reveal to the public a troubling development. Representing Alberta's Law Enforcement Response Teams (ALERT), he showcased military-grade weapons, ammunition, and body armor, as well as several kilograms of cocaine, that had been seized by Canadian law enforcement officers when they arrested four members of La Familia, a gang with overt ties to Mexican drug cartels (CBC, 2014). Perhaps unwittingly, he thereby partook in a ritual that has become almost a tradition in Mexico. For almost a decade, ever since Mexican president Felipe Calderón started his war on drugs in 2006, Mexican authorities have made a point of calling in press conferences showcasing the quality and the quantity of weapons seized from cartel members, in what is not only an attempt to show off law enforcement success, but also show the world the sheer extent of the threat that the Mexican state is facing (Felbab-Brown, 2014, p. 7).

For Mexico, this violent decade of high intensity crime has been incredibly destructive: As of January 2014, despite consistent accusations of gross under-reporting on the part of the Mexican government by critics, an estimated 70,000 homicides have been linked to cartel-violence in Mexico since the beginning of widespread violence in 2006, with an additional 20,000 related missing-persons (Felbab-Brown, 2014, p. 2; Cave, 2012). The Mexican cartels, more accurately referred to as Drug Trafficking Organizations (DTOs), have repeatedly proven themselves to not only be surprisingly resilient to law enforcement efforts, but also incredibly

violent and aggressive towards both rivals and law enforcement. Rather than just run and hide from state authorities, they have a proven track record of standing and fighting both police and military, going so far as to stage intricately planned ambushes on patrols (BBC, 2015). At the same time, their bloody clashes with rival traffickers have reached almost ritualistic levels of brutality (Bunker, Campbell, & Bunker, 2010).

While Mexican DTOs trade in a whole variety of illicit products and services, the most relevant to Canada is cocaine. With almost 90% of Canada-bound cocaine transiting through Mexico, trade with Mexican DTOs, either directly or indirectly, has long been a pragmatic reality for Canadian groups involved in the sale of that illicit substance (Kilmer & Liccardo-Pacula, 2009, p. 67). Now, however, the cartels themselves are supposedly coming to Alberta.

It would be disingenuous to claim that this is a first for Canada. Over the past twenty years, British Columbia gangs have been increasingly fostering their illicit trade connections with various Mexican DTOs, and even occasionally found themselves caught up in the violence there, with at least ten Canadians dead since 2008 (Gurney, 2014; National Post, 2014; Engelhart, 2010). The economic incentive is enormous. In 2009, a RAND report for the European Commission estimated the Canadian retail market for pure cocaine in 2005 to have equaled 39.6 metric tons, worth up to C\$4.6 billion (Kilmer & Liccardo-Pacula, 2009, p. 40). While this pales in comparison to the overall value of the illegal market for marijuana, worth up to C\$7.9 billion that same year, marijuana consists of more than twenty-two times the quantity of cocaine - 853.6 metric tons (Kilmer & Liccardo-Pacula, 2009, p. 19). Furthermore, while there are no exact numbers, it is assumed that most of the Canadian market

demand for cannabis is filled by independent, local grow-ops, leaving the de facto profit margin for any given organization in the cannabis market significantly diminished (Bouchard, 2008, pp. 311-314).

Perhaps unsurprisingly, some eastern Canadian organized crime groups also attempted to build business relationships with the cartels. These included the Ontario chapter of the Hell's Angels, as well as Montreal's Rizzuto crime family, though their advances seem to have been met with mixed success, as a number of their associates have been murdered in the process (Gurney, 2014). While the Hell's Angels have been incredibly successful at infiltrating Vancouver ports as longshoremen, they do not seem to have been overly successful building direct connections to Mexico (Bolan, 2015). The vast majority of the trade activity appears to have remained concentrated in British Columbia, where the United Nations (U.N.) gang was the most successful at building connections with Mexican cartels such as the Sinaloa and La Familia Michoacana (Quan, 2013). As a result, when other Canadian groups wanted to deal in cocaine, they, for the most part, had to either trade through the U.N. gang, or use American middlemen (The Globe and Mail, 2013).

More recently, however, a series of events suggests that change is afoot in the world of Canadian drug trafficking. In January of 2012, Salih Abdulaziz Sahbaz, the U.N. gang's main contact with Mexico, was executed by Mexican hitmen, followed by the assassination of two other Canadian cartel contacts: Thomas Gisby of Surrey's Gisby Crime Group in April 2012, and Moreno Gallo, a Rizzuto mob associate in December 2013 (Gurney, 2014). Today, a combination of competitive pressure and significant law enforcement attention has brought the U.N. gang to its knees (Olivier &

Chan, 2014). In April 2014, American and Canadian authorities publicly expressed concern that Mexican-Canadian Mennonites in Alberta were actively engaged in the smuggling of Mexican cartel cocaine into Canada (Grant, 2014). This was followed by reports of cells of Mexican cartel affiliates being discovered and arrested first in Vancouver, followed by arrests in B.C.'s lower mainland, and now arrests in Edmonton (Bolan, 2014; CBC, 2014). According to the RCMP's deputy commissioner, Marianne Ryan, the arrival of cartel affiliates in Alberta has changed the face of organized crime in the province (National Post, 2015). But did it change anything other than the face?

Based on these developments, the research questions that I investigate are: *What are the factors that may have facilitated the cartels' choice to enter the Canadian market directly? Has the appearance of direct agents of Mexican DTOs affected the dynamics of the transnational drug trade in Canada?*

0.1 Definitions

Throughout this study, there are a number of terms and acronyms that may require clarification. "Organized Crime", for example, is a term that may seem simple at first, but grows more complicated the closer one examines it, and has eluded agreed-upon definition by academics thus far. Other terms, such as "conspiracy", have different connotations and implications in common parlance than their legal definitions suggest.

0.1.1 (Transnational) Organized Crime

There is significant academic debate about the definition of the term 'organized crime', and while there are numerous definitions, they tend to be rather vague (Albanese, 2000, p. 410). Albanese (2000, 411) chose to define "organized crime" as "a continuing criminal enterprise that rationally works to profit from illicit activities; its continuing existence is maintained through the use of force, threats, monopoly control, and/or the corruption of public officials." Similarly, the United Nations Convention Against Transnational Organized Crime (UNODC, 2004, p. 5) defines an 'organized criminal group' as "[...] a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences established in accordance with this Convention, in order to obtain, directly or indirectly, a financial or other material benefit".

Furthermore, the convention also defined that an offense becomes 'transnational' in nature when:

- a) It is committed in more than one State;*
 - b) It is committed in one State but a substantial part of its preparation, planning, direction or control takes place in another State;*
 - c) It is committed in one State but involves an organized criminal group that engages in criminal activities in more than one State; or*
 - d) It is committed in one State but has substantial effects in another State*
- (UNODC, 2004, p. 6).

Throughout this study, 'Organized Crime Groups' is abbreviated as OCG, while 'Transnational Organized Crime' is referred to as TOC.

0.1.2 Cartel/Drug Trafficking Organization

From a definitional point of view, the use of the term 'cartel' is problematic. In economics, the term is used to describe conspiracies to fix prices, limit production, or both. The term gained popularity in the world of drug trafficking with the early Colombian cartels, such as the Medellín, which did in fact behave as cartels in the economic sense (Killebrew & Bernal, 2010). In practice, this is no longer the case with most of the groups commonly referred to as "cartels". As a result, the term 'Drug Trafficking Organization', abbreviated to DTO, has gained significant popularity in the law enforcement community, though the term 'cartel' is still in popular use. The two will be used interchangeably throughout this paper to refer to organized crime groups that traditionally specialize in the trafficking of illicit drugs across international borders, though this might not necessarily be the only illicit activity in which these groups engage. While there are 'cartels'/DTOs originating from any number of different countries, in order to minimize redundancy any mention of 'cartels' or DTOs in this study will refer to *Mexican* cartels/DTOs, unless otherwise specified. It is important to note that this is not to say that all the members of these DTOs are in fact Mexicans. Instead, it is used more broadly to refer to the fact that these DTOs were originally founded in Mexico, primarily remain based there, and have been fundamentally shaped and influenced by the criminal culture of the region.

0.1.3 Conspiracy

In common parlance, the term “conspiracy” often carries a number of connotations that imply cloak-and-dagger plots to overthrow governments, assassinate politicians, or other high-profile acts. The legal reality is much more mundane. All it takes to be guilty of conspiracy in Canada is

[...] for two or more people to agree to commit a criminal offense, or to achieve lawful object by commission of a criminal offence; an intention of two or more people to agree, and an intention to put this common design into effect. It is not necessary that there be proof of an overt act in furtherance of the conspiracy to convict the accused. (Desroches, 2007, p. 24)

Simply having knowledge of a conspiracy is not illegal. Still, the burden of proof is low: all the Crown has to prove to achieve a conviction is that the accused entered into an agreement to commit an offense (Desroches, 2007, p. 25). Throughout this paper, conspiracy will thus be used purely in the legal sense: an agreement between two or more people to commit a criminal offense; or a group of people who have all agreed to participate in the agreement to commit a criminal offense.

0.2 Methodology

This paper will investigate transnational organized crime from a qualitative analysis point of view by engaging in a content analysis of available open source material related to the issue. Information on the activities of various Canadian and Mexican organized crime groups will be drawn from various public sources and

analyzed through an economic and social network theory framework. The illegal and highly dynamic nature of transnational organized crime makes the type of data collection necessary for quantitative analysis nearly impossible. Not only do OCG tend to be highly secretive with regard to any information about their activities, state authority statistics are also of questionable accuracy, and the many unique idiosyncrasies of individual groups make it incredibly difficult to boil information down to a comparable form while maintaining any significant explanatory power (Ogrodnik, 2002, p. 5). Qualitative methods, on the other hand, are well suited to this type of research as they involve in-depth analysis of how individual processes operate in the context of specific cases (Bradshaw & Straford, 2000, p. 40). It therefore allows a researcher to approach “distinctive and unusually important processes which cannot be effectively subjected to extensive research and can illuminate arguments and debates over alternatives that would otherwise remain uncovered” (Hayter, 1997, p. 11). It is almost inevitable that qualitative analysis may not produce interpretations that are able to address all the ambiguities in the explanations of the subject (Allen, 2005, p. 13). Still, such efforts are nevertheless worthwhile, as even though a given analysis may be unable to provide a spotless, unambiguous explanation of the process under analysis, it may nevertheless act as yet another piece to a greater puzzle that may help lift the fog.

The process of qualitative analysis is much like being a detective. You have the accounts from a number of sources which you then need to piece together and try to determine what is going on (Kitchin & Tate, 2000, p. 251).

This paper will examine the phenomenon of the appearance of Mexican cartel associates in Canada as a case study of open source material for the hidden dynamics of transnational organized crime and the factors that influence changes within them. Material was researched by utilizing various search engines, such as google.ca, Google Scholar, as well as the University of Calgary's library search engine at library.ucalgary.ca. Search terms included various combinations of the terms cocaine, cartels, Canada, crime, gangs, drug trafficking, Mennonites, DTO, organized crime, smuggling, and security. Material was excluded if it could not be traced to a reputable source,, such as an established national media outlet or official government release, or contained factual errors that were contradicted by multiple alternative, more reputable sources. By utilizing a case study approach of the material collected in the aforementioned manner, it will be possible to account for the unique idiosyncrasies of this specific issue and do justice to the complicated dynamics that drive the problem at hand.

In order to keep the research questions manageable, a few limitations had to be placed on the scope of this study. While Mexican DTOs engage in trafficking a variety of different illicit substances, including marijuana, heroin, opium, and various synthetic drugs, this analysis will focus mainly on cocaine, as this is the one substance over which Mexican traffickers have almost complete control over the North American market as a result of their geographic advantage and the collapse of their South American rivals, which gives them a competitive edge enabling them to be internationally active (Kilmer & Liccardo-Pacula, 2009, p. 67).

The world's largest opium growing regions, on the other hand, are in areas outside of Mexican DTOs' influence, commonly referred to as the Golden Triangle (Laos, Myanmar, and Thailand) and the Golden Crescent (Afghanistan, Iran, Pakistan, and Turkey) (Schneider, 2009, p. 353). As a result, even though there is significant opium production in Mexico, mainly for the American market, Mexican groups lack the monopoly for these substances in Canada and most Canadian-bound opium originates from the Golden Crescent instead, the import market for which is largely controlled by Asian organized crime groups (UNODC, 2013, p. 36). In the same way, while the Mexican cartels, first and foremost the Sinaloa, are known to be quite active in the production and sale of marijuana and synthetic drugs, these are also widely produced throughout Canada, with most of the market demand being met by local production (Bouchard, 2008, pp. 311-314).

Lastly, this study will not go into any appreciable detail into any of the other wide variety of illegal activities in which various Mexican DTOs are known to engage in, such as kidnapping, murder-for-hire, human trafficking, prostitution, extortion, robbery, and money laundering (Peele, 2013). While they inform the character of the various Mexican crime groups and may be discussed in passing, analyzing and discussing the logic, history, and logistics of each of these is beyond the scope of this analysis, especially as they are currently still only peripheral to the Canadian case – there have been no public reports of Mexican DTOs engaging in these activities in Canada to any significant degree.

0.3 Sources

There is a notable dearth of academic writings focusing specifically on Canadian organized crime, with almost no writings at all focusing specifically on contemporary transnational organized crime and drug trafficking. There was only one book published in the last decade that concerned itself with the history of organized crime in Canada, both local and transnational, up to the 21st century: Stephen Schneider's "Iced" (2009). Other than that, the vast majority of Canada-focused writing, including journal articles, tend to focus on the Quebec Biker War of the 1990s, the Montreal Mafia, or the Cannabis business (Cherry, *The Biker Trials: Bringing Down the Hell's Angels*, 2005; Barker, 2015).

Other initially promising books, such as Jerry Langton's "Gangland" (2012) quickly proved to lack academic vigor and contained numerous factual errors that led me to dismiss them as a credible source. Frederick Desroches' "The Crime That Pays" (2005) acts as an important source of primary interviews with individuals involved in the drug trade in Canada, and provides valuable insight into the dynamics of the drug trade at that time, but, published a decade ago, it is unfortunately outdated regarding contemporary issues and can only act to inform about the past. As such, the vast majority of the contemporary information used in this case study originates from news reports and primary law enforcement, government, and NGO documents, which have been made publicly available. A significant amount of data was drawn, in particular, from the United Nations' World Drug Reports, as well as the Canadian governments' publicly available reports on homicide and crime in Canada.

Much more has been written about the Mexican cartels' operations and structure in Mexico itself, in both articles and books, and for this information I relied particularly on the works of authors such as Phil Williams (2012), Paul Rexton Kan (2012), Sylvia Longmire (2011), Robert J. Bunker (2013), Lisa Campbell (2010) and Vanda Felbab-Brown (2014). Social Network Theory papers were drawn particularly from Phil Williams (2012) and Jeffrey McIlwain (1999), while Christian M. Allen's "An Industrial Geography of Cocaine" (2005) proved invaluable for the economics section of this study.

0.4 Outline

Chapter One of this study will analyze particular theoretical bases of OCG, and specifically DTOs. Here I consider the underlying social structure of OCG using Social Network Theory. This theory looks at the nature and patterns in the relationships that connect individuals in a network, how these networks connect with other networks, and how they integrate into their overarching societies at large (McIlwain, 1999, pp. 304-306). Any form of organized crime will, by definition, inevitably require the cooperation of two or more individuals in a criminal conspiracy (Desroches, 2007, p. 831). As such, investigating how these networks are formed, how they are connected transnationally, and what role the individual network nodes play in the greater organization will be of significant relevance in understanding the structure of the TOC threat, the way DTOs operate, and why they may choose to operate in one place rather than another.

The same chapter will also look at the economics and the business structure of DTOs. Again approaching the issue from a network theory point of view, it will

provide an analysis of competitive advantage, the value chain, and vertical integration, as they relate to the business of the illegal drug trade. At their very core, DTOs are criminal conspiracies for economic gain (UNODC, 2004, p. 5). As such, any study would be remiss if it did not include an analysis of the economic logic behind the actions of these organizations. While DTOs' economic thinking is typically representative of standard (licit) business procedures, the illegal nature of their trade, and the accompanying need for risk management, introduces its own idiosyncrasies to the business environment (Dordevic, 2009, p. 42; Williams & Godson, 2002, p. 324). These are crucial to the understanding of cartel behavior, as they inevitably have a significant effect on the organizational structure and activities of these groups. Particularly when combined with the social network requirements for DTO activity, these economic factors have the potential to provide significant explanatory power.

Chapter Two will provide a compressed history of organized crime in Canada. Particular attention will be paid to the evolution of the cocaine trade over the last forty years, as it was only in the mid-1970s that cocaine truly began to be trafficked en masse to Canada (Schneider, 2009, pp. 489-499). This section will also discuss the efforts by Canadian OCGs to build reliable business connections with the Mexican cartels proper, rather than working through American middlemen, in more detail. This will provide a basis from which to judge whether, and how, Mexican cartels may or may not change the dynamics of TOC in Canada.

Chapter Three, in turn, will take this status quo ante and examine four factors that may have facilitated the Mexican cartel advance into Canada using Social Network and Economics theories. These will be far from mutually exclusive, and in

fact work best in concert with each other. Understanding *why* Mexican DTOs may have chosen to take on a more active role in Canada is crucial to understanding what the ultimate end-goal of this expansion may be. It is impossible to pinpoint exactly which of the included factors ultimately proved the most decisive, and the truth is that, in part due to the unavailability of objective information about the logic behind the cartel-leaderships' choices, no single element can satisfactorily explain this highly complex phenomenon. In fact, it may very well be that it was only due to a combination of two or more of these factors that the Mexican DTOs decided to engage themselves more actively in Canada after years of dealing through middlemen.

Chapter Four will focus specifically on the implications of the apparent cartel advance into Canada. This includes a discussion about any potential escalation of violence as a result of the introduction of a new player in the market, and the effects this is likely to have on domestic market stability. It will also include an analysis of the effects this cartel presence is likely to have on the structure and inter-OCG dynamics in cartel areas of influence, including the quality of violence with which inter-OCG competition may be expressed. Accordingly, a section of this chapter will be dedicated to explaining the dynamics that have led to the quality and quantity of violence that can be seen today in Mexico, which will be used to explain why we are not likely to see this level of violence in Canada, even in the face of a Mexican cartel presence.

The study will conclude with a brief analysis of whether the appearance of Mexican DTOs in Canada has, in fact, changed the face of Canadian organized crime to an appreciable degree. This chapter includes a discussion of how these potential changes may affect counter-organized crime policing in Canada, and whether this may

have any greater societal effects, particularly as far as the corruption of public officials, so common in Mexico, is concerned. It will also suggest future avenues of research concerning the topic.

Chapter 1: Theory

1.1 Social Network Theory

Organized crime, by its very definition, can never be a solitary act. It inevitably requires the conspiracy (in the legal sense) and cooperation of multiple individuals (Desroches, 2007, p. 831). These conspiracies can range from small groups of at least three people, if one follows the U.N. definition of organized crime, to several thousand participants in the case of some of the larger cartels, such as the Zetas (UNODC, 2004, p. 5; Campbell, 2010, p. 63). Especially in the case of drug trafficking organizations, participants may be spread over any number of countries, if not continents. In order to move cocaine from the jungles of Colombia to the streets of Edmonton, for example, a significant number of individuals need to take up an enormous amount of risk. Over the course of the drug's cultivation, harvesting, processing, trafficking across multiple borders, and final sale, hundreds of individuals become part of the conspiracy. In the face of harsh penalties for getting caught, this requires an enormous amount of trust among the various associates (Desroches, 2005, p. 38). That being said, it would be unreasonable to assume that the individual chemist, processing the raw cocaine paste in Bogota, actually knows the man who physically drives the truck carrying the drug across the U.S.-Canada border – let alone that he trusts this man with his freedom. This is where Social Network Theory helps explain the way these organizations are structured internally.

According to this theory, the least common denominator of any group of individuals is relationships (McIlwain, 1999, p. 304). According to Wasserman and Faust (1994), social networks are “the relational structure of a group or larger social

system consisting of the pattern of relationships among the collection of actors” (13-14). The concept of networks emphasizes the fact that while not every individual is directly connected to every other individual, one may be connected to another, who in turn is connected to other, different, individuals, and so on (McIlwain, 1999, p. 305). One, or several, actors may therefore serve as intermediaries between various other groups or individuals, creating a chain going all the way from the original cultivator of the drug to its final seller (Desroches, 2005, p. 38).

Therefore, when utilizing a social network perspective, actors and their actions are not just viewed as individual units, but rather as interdependent within a chain of linkages, or relational ties, which serve as a channel for the transfer of goods and services (McIlwain, 1999, p. 305). There is a wide range of different possible relational ties. Examples include: friendship, business relationships, joint participation in the same formal or informal organization, shared social, economic, or physical status, as well as kinship, blood ties, or shared descent.

Obviously, the various possible ties differ widely in strength. For example, a relationship based on kinship is inevitably much stronger than one based solely on shared social status. Each relationship can be further broken down into elements such as the frequency of contact, its duration, whether it is affective or instrumental, or the degree to which the relationship is homogenous (Bruinsma & Bernasco, 2004, p. 81). It should be noted, however, that while it is simple to distinguish these various characteristics in theory, most social relationships are multiplex and are often difficult to distinguish clearly in practice, e.g. business contacts may also be friends (Ibid.).

Ultimately, knowledge about these relationships and their characteristics can be used to make assertions about the density and cohesion of a network. The greater the number of relationships among actors in a network, the denser it is, whereas the number of intensive and mutually affective relationships determines its cohesion (Bruinsma & Bernasco, 2004, p. 81). Networks that are characterized by high density and high cohesion are pre-eminently suited to criminal collaborations where a great deal of mutual trust is needed (Ibid., 90).

This kind of analysis is not limited only to the relationships between individual actors. It can also be used for the relationships between various subsets of actors, referred to as groups or subgroups. These groups consist

of a finite set of actors who for conceptual, theoretical, or empirical reasons are treated as a finite set of individuals on which network measurements are made. A finite set (or sets) of actors is needed to prevent the data overload that would occur if boundaries were not set (Wasserman & Faust, 1994, p. 19).

Both among individuals and groups, social networks can come in the form of a chain (in which there are few mutual relationships among every single member, and instead most links occur via someone else in the network), or alternatively can be hierarchical or central (i.e. a certain person or clique holds a central position with whom everyone else links) (Bruinsma & Bernasco, 2004, p. 82). For a visualization of these, see Figure 1. This is in addition to the egalitarian, formless “base” instance of a network in which everyone knows everyone. Depending on the level of analysis, it is entirely possible that a social network may exhibit a different form in each individual

sub-group. A group of coca growers may be centrally organized, while the processing labs may be run hierarchically. All the while these two groups may be connected with each other, and a third group of smugglers, in a chain-like form, in which the growers only know the processors. The processors, on the other hand, would not know who is connected to them beyond the smugglers who pick up the processed powder at their laboratories and so on.

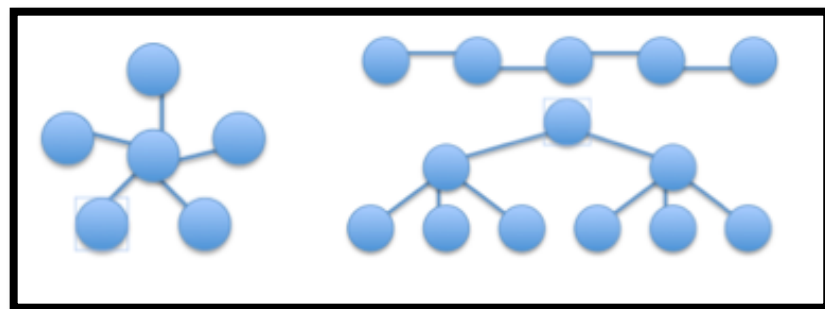


Figure 1: Centralized , Chain, and Hierarchical Forms

1.1.1 The Network Model of Organized Crime

Traditionally, the view of organized crime in North America has been shaped by the popular perception of the Italian-style mafia: a strict, hierarchical, highly organized group of individuals, with monopolistic control over a variety of criminal enterprises in its specific geographic area (Desroches, 2005, pp. 35,40). The perception was, quite simply, that especially with transnational organized crime, the logistics of the process are so complex that they require a central position of authority; someone who commands and coordinates the many individual cogs in the machine that are necessary for the smuggling pipeline to run smoothly (Desroches, 2005, p. 40; Williams & Godson, 2002, pp. 331-332). Over the last twenty years, however, particularly with the destruction of the Medellín cartel, the network model

of organized crime has gained increasing popularity (Desroches, 2005, p. 38). Building on Social Network Theory, rather than being centrally organized and hierarchical, most organized crime gangs actually operate more in a chain-like form, with individual insulated and replaceable cells operating with only limited instructions and tied to each other via one or multiple intermediaries (Desroches, 2005, p. 40; Bruinsma & Bernasco, 2004, p. 82; Williams & Godson, 2002, pp. 331-332). Each individual cell specializes in specific areas and services, such as transportation, storage, brokerage, or money laundering (Allen, 2005, p. 89).

This kind of structure has the potential to be extremely flexible and adaptable, both with regard to exploiting market opportunities, and countering law enforcement efforts (Williams & Godson, 2002, pp. 332-334). By minimizing the points of contact any given cell has with the rest of the supply chain, compromised cells may be discarded and replaced with different cells, all the while pre-existing logistics capabilities may be used to transport various types of drugs. Furthermore, by incorporating pre-existing local networks in the chain, OCG also stand to benefit from all the relational ties these networks may have with the rest of local society. Rather than having to send in a foreign actor who first has to establish personal and business contacts in an area, utilizing local gangs to sell drugs on the street, for example, is much simpler.

1.1.2 The Ethnicity Trap

Whenever the subject of organized crime comes under analysis, it is almost always predicated by some sort of ethnic or national modifier, such as *Italian* mafia, *Asian* gangs, or *Mexican* cartels (McIlwain, 1999, p. 308). There is a persistent

tendency with not only the public, but also the academic and professional debates, to commonly identify some kind of population alien to mainstream society as the culprit behind the organized crime that plagues a given society (Hobbs, 1998, p. 408). This has been referred to as both the 'Alien Conspiracy Theory' and the 'Ethnicity Trap'. The latter has been coined by Jay Albanese (2000) to refer broadly to the phenomenon of organized crime being described solely in terms of the nationality or ethnicity of the groups that engage in it, rather than their activities or their motivations. The Alien Conspiracy Theory, in turn, more specifically refers to the idea that organized crime is solely the product of groups alien to the local society (Hobbs, 1998, p. 408). As such, Albanese and Hobbs both warn against using solely ethnicity or nationality to explain the occurrence of organized crime. That is not to say, however, that ethnic and diaspora networks do not play an important role in the development of transnational organized crime groups (Williams & Godson, 2002, p. 330).

In order for the individual cells in the supply chain of organized crime to be connected, there first needs to be some sort relational tie among the members. This tie can be a consciously and deliberately manufactured business relationship as could be seen with the relationship between Vancouver's U.N. Gang and the Sinaloa. Fostering the mutual trust necessary for these relationships to work takes a significant amount of time and effort, and the very act of reaching out can be fraught with danger – as the Rizzuto and Hell's Angels discovered when their local emissaries were killed in Mexico while trying to do so (Gurney, 2014). Family and kinship ties, on

the other hand, are some of the most immediate, intensive, and cohesive relational ties that can connect two groups or individuals.

Migration and social mobility allow kinship networks to transcend national and social borders, and as such family ties can often help facilitate transnational criminal activities by serving as opportunity structures (McIlwain, 1999, p. 316; Desroches, 2005, p. 40; Williams & Godson, 2002, p. 330). For example, while the majority of Italian immigrants to the United States were law-abiding citizens, there can be no doubt that the Sicilian diaspora helped bring mafia-like organized crime to the United States in the early parts of the 20th century (Williams & Godson, 2002, p. 330). Likewise, Mexican DTOs used the widespread and sizable population of Mexican-Americans in the U.S. to quickly expand their illicit drug distribution networks throughout the 1980s (Allen, 2005, p. 79). As such, while non-migrant crime families benefit from the same strong, cohesive relational ties, the transnational nature of migrant social networks provides them with an undeniable competitive advantage when it comes to crimes such as drug trafficking.

Ethnically-based networks are therefore extremely fertile ground for organized crime groups, made all the more attractive by the fact that they are extremely difficult to penetrate due to their built-in defense mechanisms in the form of shared language and culture, which act as a basis for ethnic loyalties that can be further facilitated if immigrant groups are alienated, rather than integrated into their adopted societies (Williams & Godson, 2002, p. 331). Furthermore, if the aforementioned ties are not enough for a given migrant to allow himself to be recruited by an OCG, he may be coerced via threats to the individual's relatives who

may be vulnerable in his country of origin (Ibid.). As a result, there have been cases in the Netherlands in which the entire trade chain of local heroin, from its production to its sale, were organized solely via family relationships (Bruinsma & Bernasco, 2004, p. 87).

Still, it is important to note that any given ethnicity itself is not a powerful explanation for the existence of organized crime groups among that people (Albanese, 2000, p. 413). Rather, it is the commonly high density and higher cohesion of relational ties among people of the same ethnic diaspora or family that provides the opportunity element for organized crime groups to develop. Still, even OCG that rely heavily on family ties are not completely bound by them. Individual actors from all kinds of different cultural backgrounds can and will work together so long as they are able to build up relational ties that make them seem trustworthy enough to be involved in the criminal enterprise (McIlwain, 1999, pp. 316-319).

1.2 The Economic Considerations of DTOs

Any analysis of criminal drug trafficking organizations has to acknowledge the fact that, at their very core, DTOs are criminal conspiracies for economic gain (UNODC, 2004, p. 5). According to Becker (1968), while the very choice of criminal behavior may not always appear rational, it is nevertheless appropriate to use a rational actor model by following an expected utility model. "A person may commit an offense if the expected utility to him exceeds the utility he could get by using his time and other resources at other activities" (Becker, 1968, p. 176). In other words, while

the quality of the actor's judgment may be debatable, he can nevertheless be considered rational as long as he remains true to his own logic.

Even though not all criminal organizations will engage in a formalized planning process, Williams and Godson (2002) argue that their thinking will nevertheless reflect standard business needs. Both licit and illicit operations therefore operate with the same motivations: they try to maximize profit, seek out economic opportunities, make rational judgments about their investment of time and money, and attempt to minimize risks where possible (Desroches, 2005, p. 42). There is however, one major consideration that differs between legal and illegal business. Licit businesses consistently aim for profit maximization, usually by vertically integrating their value chain as much as possible through the elimination of redundancies and reduction of intermediaries (more on this later). As a result of the severe judicial and extra-judicial risks inherent in organized crime, however, risk minimization is just as important, if not more so, for illicit businesses (Desroches, 2005, p. 42). This complicates the process of profit maximization for illicit businesses, as they consistently have to balance the efficiency and integration of value stages with operational security and the intentional implementation of redundancies in a market environment with enormous transaction risks.

In order to properly discuss the idiosyncrasies of the criminal drug trafficking market, it is necessary to first provide an understanding of the industry's value chain and the principle of vertical integration. This is also commonly referred to as the supply chain, and covers the linked sequence of production and distribution, which at

each stage adds value to the product, as well as the way businesses place themselves within it (Porter, 1985, pp. 33-39).

1.2.1 The Value Chain

While the illegal nature of the business promotes significant flexibility and dynamism with regards to the exact structure and *modus operandi* of participants at almost every stage, the stages are highly reminiscent of the production and distribution chain of licit goods (Allen, 2005, p. 2). In fact, organized crime researchers such as Peter R. Andreas of Brown University suggest that Mexican DTOs in particular are “the quintessential expression of the kind of private sector entrepreneurialism celebrated and encouraged by neoliberal economic orthodoxy” (Andreas, 1999, pp. 1-2). Hence, any model that was originally developed to explain companies’ behavior in legal industries is potentially no less applicable to the world of illegal business.

Generically speaking, the production and distribution chain for any goods can be broken up into five stages: collection of raw materials, processing into the final product, transportation to wholesalers, and finally retail distribution (Desroches, 2005, p. 2). More specifically with regards to cocaine, the chain of production and distribution can be broken up as follows: the cultivation of Coca, the initial processing of the coca leaves into cocaine base, the final refinement of said base into cocaine powder, and the smuggling of the product into target markets and into the hands of wholesale distributors, who finally pass it on to their network of retail distributors (Allen, 2005, p. 32).

It is important to note that while the overall value of the product continues to increase steadily as it progresses through the various stages of the value chain, the actual individual profit of actors in each stage does not increase in a linear manner. According to Antezana (1997), in 1996, the costs to create a kilogram of cocaine in Bolivia were roughly \$420 - \$540 for the necessary coca leaves and \$120 for precursor chemicals and labor. By the time the drug reached the final retail market in Chicago, however, it had accumulated a value of roughly \$90,000 per kilo (Allen, 2005, p. 31). A majority of the individual profit concentrated in this value chain is attributable to those actors active in the smuggling and wholesale distribution stages (Allen, 2005, p. 32; Levitt & Venkatesh, 2000; Desroches, 2005). This is not only because these stages involve the smallest number of actors engaging in the highest level of risk, which demands a premium, but also due to tangible, out-of-pocket costs such as transportation and security (Allen, 2005, p. 32). As can be seen in Figure 2, there is a distinct bottleneck in the number of actors involved in the smuggling phase, even though the value of the product continues to increase.

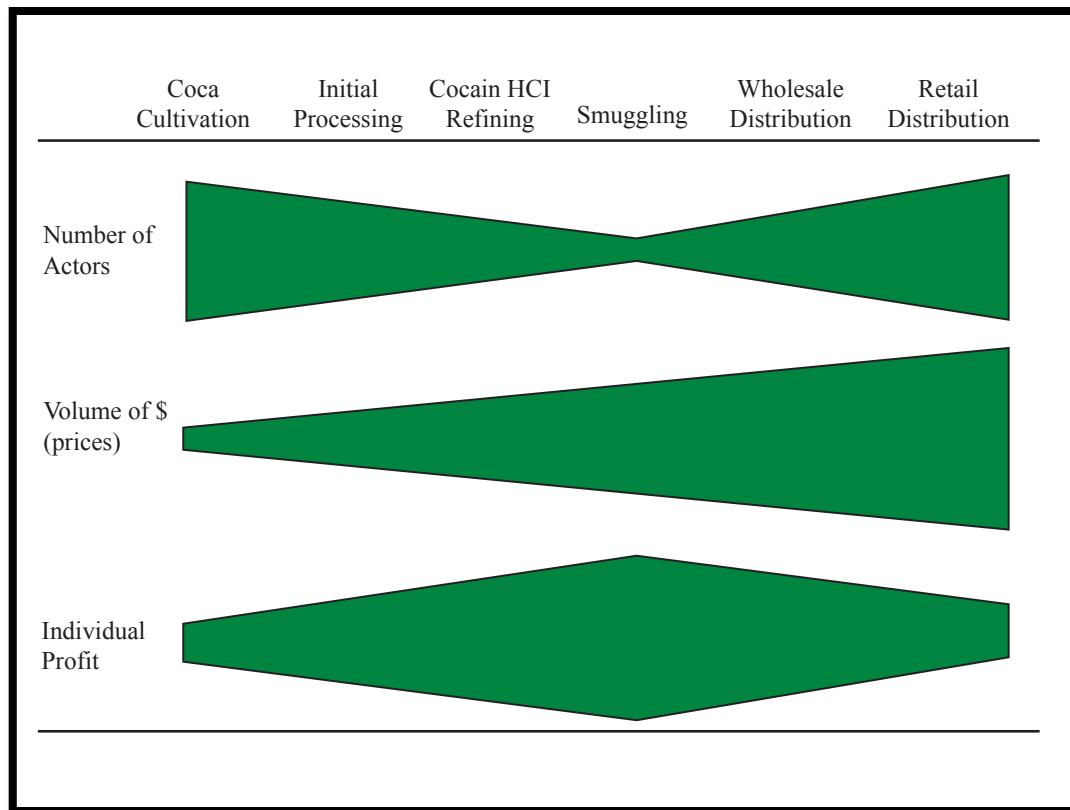


Figure 2: Income Distribution
(adapted from Allen 2005, 32)

1.2.2 Vertical Integration

The extent to which an organization controls the various stages of the value chain of the product it deals in is referred to as vertical integration. This vertical integration can be downstream (forward), referring to marketing and distribution capacity, or upstream (backward), referring to manufacturing and input (Allen, 2005, p. 23). Generally, companies seek to integrate vertically if they believe functions could be done more efficiently internally than if left to external forces and thereby hope to minimize transaction costs (Shepherd, 1997, p. 188).

Transaction costs in economic theory refer to “the costs of searching for information about markets and supplies, the costs and uncertainties of negotiating

contracts and the vulnerability that potentially arises from failures by independent firms in meeting the terms of contracts” (Hayter, 1997, p. 278). The last part in particular is of key relevance to DTOs, as law enforcement’s various drug interdiction measures can act as a source of significant friction at every stage of the value chain. Furthermore, the nature of the trade results in a market environment in which “advertisements cannot be used; disputes arising from differences in price, quality, service, and/or location are not necessarily settled by legal competition; and merchants do not have access to legal recourse in the case of illegal practices” (Rengert, 1996, p. 19). This means that by vertically integrating, criminal groups involved in the cocaine trade can minimize friction, reduce transaction costs, and improve overall efficiency (Allen, 2005, p. 24).

Despite all of these economic incentives, though, criminal groups find themselves in a situation in which they have to constantly weigh the competitive advantages of vertical integration with the risks of greater vulnerability to law enforcement operations (Desroches, 2005, p. 6; Allen, 2005, pp. 24-25). Compared to the monolithic cartels of the 1980s and early 1990s, decentralized, flexible networks of smaller firms specializing only in specific functions along the value chain offer enhanced security. Law enforcement agencies dilute their efforts, rather than focus on one large, interconnected organization (Maingot, 1999, p. 166). It also allows organizations to replace compromised cells relatively quickly and painlessly. As a result, fully integrated trafficking organizations such as the Medellin or Cali cartels have effectively disappeared (Allen, 2005, p. 25). Instead, “by emphasizing local flexibility and international complexity, the criminal economy [has adapted] itself to

the desperate control attempts by rigid, nationally bound state institutions” (Castells, 1998, p. 203).

1.2.3 Market Stability & Violence

Whenever there is any mention of cartel activity moving north into Canada, the media response is always quick to refer to the extraordinary extent and quality of the cartel-affiliated violence in Mexico itself. The implication tends to be that the expansion of Mexican cartels’ business activities into Canada has the potential to bring with it Mexico-level (and quality) drug related violence, as well. While violence is not unheard of at the trafficking stage, at the retail end, Canada’s cocaine market has traditionally been relatively low in violence (Desroches, 2005, pp. 148, 152-153).

Drug market violence at any stage in the supply chain is typically aimed solely at fellow criminals involved in the trade. It is used for revenge for thefts, cut-off from supplies, or other rip-offs, and sometimes to facilitate robberies, collect debts or punish informants. For the most part, however, distributors aim to minimize violence (Desroches, 2005, pp. 146-148). In Fred Desroches’ 2005 book, a 60-year old career criminal is quoted as saying: “using muscle is thinking along the French mentality, Quebec thinks like that” (157). This statement seems to refer largely to the infamous Quebec Biker war and vengeful Montreal and Quebec mafia families, the Rizzuto and Cuntrera. For the most part, however, few criminal dealers in his study reported using violence to force dealers in their territory to purchase drugs from their crew, and while his so-called “businessmen dealers” admitted to sometimes portraying themselves as violent people, they rarely used force in their drug dealings as it would

draw unwanted attention and run the risk of escalating into a costly conflict (Desroches, 2005, p. 148).

The degree of stability in an illicit market has been conceptualized as one of the most significant variables to explain the extent of violence in illicit markets (Schneider, 2013, p. 127). Stable marketplaces tend to enjoy less violence as individuals employ 'accepted' methods to resolve potential conflicts. Unstable marketplaces, on the other hand, predominantly rely on violence as a means of resolving conflict (Dintino & Martens, 1981, p. 30). While the use of violence among DTOs is most likely to occur as a result of disputes over the control of lucrative distribution networks and market share, the large-scale levels of violence tend to decrease once markets are consolidated (Friman, 2009, p. 287). Any subsequent erosion of consolidation due to shifting power balances, law enforcement efforts, or market pressures, has the potential of producing renewed instability (ibid.). Undisturbed, however, both types of markets have a tendency to become self-reinforcing as they attract the kinds of actors that are most adapted to their market environment (Dintino & Martens, 1981, p. 30).

1.3 Effects on Structure

All of this is not to say that the days of the large cartels are truly numbered. Since such a large amount of the overall value of cocaine is concentrated in the final processing, smuggling, and wholesale distribution stages, the abandonment of fully integrated organizational structures has not precluded a significant number of DTOs from growing incredibly rich and powerful, particularly in Mexico (Allen, 2005, p. 27).

These larger DTOs are typically vertically integrated to varying degrees and operate in a chain-like linked cell structure, in which each cell is rigidly compartmentalized. By using small and tight-knit groups of relatives and friends, these cells fortify themselves against law enforcement efforts (Allen, 2005, p. 24; Desroches, 2005, pp. 2, 6). Various minor DTOs and independent syndicates often perform individual functions interspersed throughout the process. This may include refining, transportation, warehousing, packaging, or even the actual cross-border smuggling (Allen, 2005, p. 28). The cartel leadership may facilitate contacts between each of these networks and/or hire the minor DTOs and independents to provide specialized services, but largely allows each cell to function relatively independently so long as it performs its individual role and is not compromised.

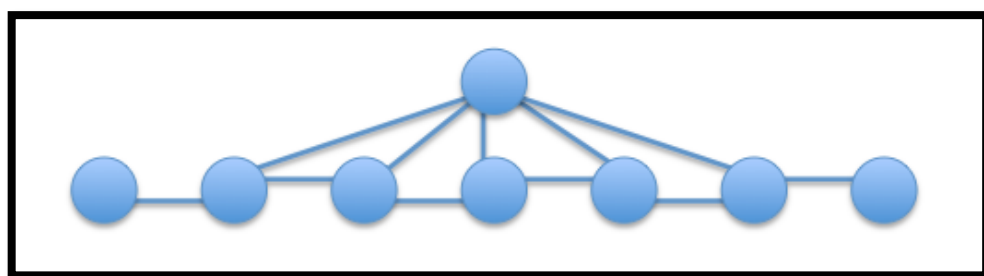


Figure 2: Cartel Structure - Chain-like, with centralized command

By not relying exclusively on rigid internal means, DTOs can be extraordinarily flexible and spontaneous in their use of location substitution strategies, which Schemo and Golden (1998) have referred to as the “balloon effect”. This refers to the displacement of gasses when compressed, and reflects the demonstrated ability of DTOs to shift their operations away from locations or trafficking routes that may suffer from intensified law enforcement efforts.

For example, one common approach has regional wholesale distribution cells in the destination country work under the control of supervisors located in the home country, with individual members occasionally rotated home to reinvigorate family and business ties and confuse law enforcement (Allen, 2005, p. 90). A second common method employs a continuous cycle of one-off wholesale distribution cells that are active for a small, agreed-upon number of wholesale deliveries and disband and return to their home country after a few successful operations, never to be seen again by local law enforcement (Allen, 2005, p. 91; NDIC, 2001, p. 8).

On the retail end, most DTOs tend to cede distribution responsibilities to actors external to themselves. A study sampling over three thousand police departments from across the United States reported that perhaps forty percent of drug sales involved traditional youth gang members (Howell & Gleason, 1999, p. 3). However, fragmented, young, and often unstable street gangs usually lack the necessary organization, discipline, and connections to monopolize the distribution of cocaine at any scale beyond their own neighborhoods. As such the predominant form of cocaine distribution tends to be in the form of small freelance, non-gang 'entrepreneurial' groups or individuals who sell to family, friends, and other 'screened' contacts (Allen, 2005, p. 102). These freelancers tend to be cohesive but are often transitory. Moreover, while they may hire gang-affiliated youths as lookouts, street dealers, or enforcers, they are relatively unlikely to be involved in non-drug related crimes typically associated with street gangs (Allen, 2005, p. 102).

Still, despite this vertical disintegration, it is in the interest of the DTOs at the heart of the operation to ensure transaction costs do not increase disproportionately.

This requires efficient management of the various networks of interdependent cells (Allen, 2005, p. 26). DTOs have been known to provide special services for their business partners, as well. In the past, in the interest of not drawing unwanted law enforcement attention to the freelance distributors' cell members, Mexican DTOs have gone so far as to offer some of their own people as enforcers to local partners to help settle conflicts or act as deterrents (Desroches, 2005, p. 152). Expatriate cartel foot soldiers would come up to Canada, act as enforcers in a temporary, one-off capacity, and return to their country of origin. Methods like this help explain why homicides related to the drug trade and/or gangs are significantly less likely to be solved than those that are not (55% and 32%, respectively, versus 85% and 89%) (Cotter, 2014, p. 12).

These kinds of activities also serve as powerful reminders of the potential consequences for business partners of betraying the cartels. Economic and affective relational ties are thereby reinforced with a latent threat of reprisal if crossed. In an interview with author Fred Desroches, a former high-level Canadian cocaine importer explains the reputation of his Mexican suppliers, and why he chose not to give them up in the face of all the incentives state authorities were offering to him:

The [name withheld] brothers were my suppliers and they control the Tijuana cartel. Last year they lined 25 people up against a retaining wall and shot them all, even the little kids. You don't fuck with the Mexicans or you're dead. They will travel worldwide to find you (Desroches, 2005, p. 120).

To summarize, the need to mitigate risks prevents modern DTOs from operating as large, fully vertically integrated and hierarchically controlled organizations. Instead, they operate in a linked chain-like structure, made up of various different, and sometimes redundant, cells that each specialize in a specific step of the distribution and production process. Some of them are vertically integrated and controlled by a central cartel leadership, while others act as external contractors, but each cell only has contact with the next step in the process, and can, if necessary, be discarded if compromised, thus minimizing the overall threat to the operation. Further, while external, non-integrated cells are nominally independent, the central leadership will nevertheless ensure their operational effectiveness and loyalty by using its enforcers to both protect them and scare them into compliance.

Chapter 2: Background

Very little has been written about organized crime in Canada. The few histories that exist tend to focus almost exclusively on biker gangs. This disproportionate attention is understandable: the Quebec Biker War of the 1990s was perhaps the most traumatic reality check Canadians ever had to face with regard to the very real presence of violent organized crime in their country. The rather limited bibliography of organized crime in Canada is even further condensed to a minimal selection when one tries to specifically find literature dealing with drug trafficking in Canada.

While the extraordinary reputation of the Mexican cartels may raise concerns about their potentially disruptive effect on the Canadian underworld, it is important to understand that this is not the first time that a new organized crime group has established itself in Canada. The rise and fall of various types of organized criminals has been a part of the continuous dynamic of crime in Canada. In fact, it is beneficial to examine the disruptive effects of the introduction of various organized crime groups, such as whiskey dealers, bootleggers, or the mafia, to put the de facto disruptiveness of the cartels into perspective.

2.1 The Early Years

Organized crime has been a part of Canada from its earliest days. As early as 1517, only twenty-four years after John Cabot's discovery of the great cod stocks off the Grand Banks of Newfoundland, it was reported that two British ships, initially outfitted for fishery, turned to piracy the moment they arrived in North America (Schneider, 2009, p. 11). There should be little doubt that pirates were organized criminals: A pirate ship required a large crew in order to operate, violence was nearly

inevitable, and captains required access to black markets to sell their stolen wares and connections with local political elites to minimize government response.

The first recorded instance of illegal trafficking in Canada occurred in 1682, when a French delegation out of New France had been sent to the British colonies to negotiate trade matters with the English. Sieur Salvaye, a member of the delegation, took the opportunity to smuggle eight hundred beaver skins to the British (Schneider, 2009, p. 53). Smuggling activity continued to soar, particularly along the Atlantic coast, throughout the 18th century. Britain's wars with France and its imperial ambitions immensely taxed its treasury – and the treasury in turn passed on the pressure to its colonial subjects through aggressive increases in duties on imported goods (Schneider, 2009, p. 53). In Britain's Thirteen Colonies, these duties infamously triggered the revolutionary war that ended with the creation of the United States. Canadians and Maritimers, however, were less bothered by exploitative duties. As MacIntosh (1984) suggests, these regions had developed expert smugglers, and were consequently simply not enraged enough to join the revolution. By the late 18th century, the black market in the Maritimes was so extensive that for some goods, the illegal imports surpassed the legal ones. According to Atton and Holland, as quoted in Schneider (2009, p. 54), contraband at this point made up “nearly all the tea; three-quarters of the wine; nine-tenths of the spirits; seven-eighths of the soap and candles; most of the indigo, starch, mustard, tobacco and cottons; and all the nankeens, sailcloth, cordage and anchors”.

The illegal liquor trade of the 19th century is highly comparable to the behavior of the DTOs of the 20th and 21st centuries. Liquor as a product was not illegal at the

time. Its unlicensed (and hence untaxed) production, and its frequent cutting with all sorts of hazardous materials (including petroleum), however, was illegal (Schneider, 2009, p. 64). Fur traders used cheap, and often toxic mixtures to compel First Nations to hunt for them, often with devastating effects on the aboriginal populations that became addicted to it. Even after the Hudson's Bay Company technically prohibited its traders from using liquor to barter with native hunters in the early 1860s, illicit "whiskey" traders continued to wreak havoc among native populations (Schneider, 2009, p. 65). On Canada's west coast, whiskey ships continuously engaged in a game of cat and mouse with British customs and warships that is highly reminiscent of modern DTO's efforts today (Schneider, 2009, pp. 65-66). At the same time, in the North-West territories (today's Alberta and Saskatchewan), American fur traders and outlaws were drawn north by the lack of liquor laws and government presence and set up several major whiskey trading forts (Schneider, 2009, p. 70). Eventually, the reports about the continuously deteriorating security situation as a result of the illegal whiskey trade helped convince the Canadian government of the need for a policing force. The result was the famous North West Mounted Police (NWMP) (Schneider, 2009, p. 64). The NWMP was not formed to protect aboriginals from exploitation, however. Instead, it was the brazen violation of Canadian sovereignty by American fur traders that had spurred Ottawa into action (Schneider, 2009, p. 70).

2.2 Canada's First Illegal Drug

Around the same time that the NWMP was formed to deal with illicit whiskey traders in modern-day Alberta and Saskatchewan, British Columbia experienced the

rise of what would be Canada's first illicit drug: opium. Throughout the 19th century, opium and morphine had already been well known as painkillers, and there was widespread experimentation with the drug's use as a medicinal ingredient (Schneider, 2009, p. 93). Smoking opium as a recreational narcotic, however, was a practice only introduced to Canada in the late 1850s by Chinese immigrants (Solomon & Green, 1982, p. 310). There were no laws against recreational use, and so long as the Chinese opium factories along the B.C. coast paid their annual \$500 municipal licensing fees, their activities were deemed perfectly acceptable, both legally and socially, among the Chinese-Canadian community (Solomon & Green, 1982, pp. 309-310).

Starting around 1880, however, this tolerance significantly decreased as a part of the greater increase in anti-Chinese attitudes among white Canadians (Desroches, 2005, p. 14). As work opportunities with the Canadian-Pacific Railway decreased, white Canadians found it harder and harder to compete with the extremely cheap Chinese labor that continued to arrive in the ports of Vancouver and Victoria (Solomon & Green, 1982, pp. 309-310). The "Chinaman", and all of his associated cultural practices, became a target of white resentment, and it did not take long for white moral crusaders to take up the cause of ridding Canada of this perceived evil (Solomon & Green, 1982, p. 310). In response to this popular anti-Asiatic sentiment, the B.C. legislature introduced an entire series of measures designed to end Chinese immigration and marginalize the existing Chinese community (Schneider, 2009, pp. 93-95). The Chinese Regulation Act of 1884 first banned the nonmedical use of opium in B.C., for no other reason than to harass the Chinese, but it was instantly struck down as unconstitutional by the federal government (Solomon & Green, 1982, p. 311).

In 1907, McKenzie King, then Deputy Minister of Labour, submitted a private report about his concerns with regards to the opium industry in Canada. Nowhere in his report did King express alarms about the damaging physiological effects of the drug (Solomon & Green, 1982, p. 313). Instead, his primary issue was the increasing popularity of its recreational usage among white men and women, who were corrupted by this Asiatic and un-Christian practice (Ibid.). King argued in the report that Canada, as a Christian nation, had to stand firm against the opium evil and act as an example in the international campaign against opium (Ibid.). Less than three weeks after King handed his report to parliament, the *Opium Act of 1908* prohibited the import, manufacture, sale, and possession of opium for nonmedical purposes (Solomon & Green, 1982, pp. 313-314). Around the same time, and likely encouraged by King's success, fellow moral crusaders in parliament attempted to ban tobacco and alcohol, as well, but failed. Opium prohibition had passed largely due to anti-Chinese sentiment and moral panic about "exotic" drugs, not a medical concern for the social or health effects on drug addicts (Desroches, 2005, p. 15). Nevertheless, it set a precedent for "exotic" drug prohibition in Canada.

Even though a 1910 Royal Commission investigation discovered that the B.C. Opium trade had flourished in the face of inflating prices due to prohibition, the *1911 Opium and Drug Act* further expanded drug prohibition to include morphine, cocaine, and eucaïne (Solomon & Green, 1982, pp. 315-316). The latter two had recently become popular drugs in Montreal, and McKenzie King, who, since his success with the 1908 *Opium Act* had taken on the political mantle of drug prohibitionist, pushed the Act through parliament with stories of

as many as 50 or 60 little girls and boys within the same day, in the city of Montreal, all of whom had acquired the cocaine habit to some degree. [A probation officer] spoke of little girls taken out of cocaine dens, and of young boys whose whole futures had been blighted (Solomon & Green, 1982, p. 316)

The 1911 Act pushed drug prohibition beyond just another way of harassing the Asian-Canadian minority and together, the 1908 and 1911 Acts created both the *de jure* and *de facto* conditions necessary for the existence of illicit Drug Trafficking Organizations. Still, up until 1920, Canadian courts apparently did not consider drug offenders to be particularly dangerous. Of the 900 convictions that occurred between 1912 and 1920, roughly 90 percent resulted in fines (Solomon & Green, 1982, p. 317). Drug addicts were seen as weak-willed, while dealers were considered purveyors of barbaric cultural practices, but neither of them was considered overly dangerous, especially when compared to the outlaw whiskey traders (Solomon & Green, 1982, p. 324).

All of this changed in 1920, with the simultaneous creation of the Department of Health, which included a Narcotics Division, and the Royal Canadian Mounted Police (Desroches, 2005, p. 15). There was significant skepticism as to the necessity of a federal police force, and the RCMP quickly turned towards drug enforcements as justification for its existence (Solomon & Green, 1982, p. 321). While municipal and local police forces were allowed to remain responsible for drug users, the RCMP used its federal mandate to chase after traffickers, distributors, and importers (Solomon & Green, 1982, p. 325). Over the course of the decade, the Department of Health and the

RCMP both successfully lobbied for ever-increasing drug prohibition and stiffer sentences, adding, among other drugs, marijuana to the list of scheduled drugs in 1923 (Solomon & Green, 1982, p. 323).

2.3 The First “Modern” Organized Criminals

Most organized crime, and for that matter, illegal drug trafficking, in Canada during the interwar period was the result of alcohol prohibition in the United States. Before Prohibition, organized crime did not provide enormous profits. It was only as a result of Prohibition, and the enormous illegal profits it enabled, that the millionaire criminal emerged as a phenomenon in Canada (Schneider, 2009, pp. 180-181).

Canadian provinces had had the right to regulate the sale and consumption of alcohol in their respective provinces since 1878, but the manufacture, interprovincial trade, and export remained in federal hands (Schneider, 2009, p. 181). As a result of this compromise, even though practically every province enacted some form of temperance legislation between 1901 and 1916, the legislature was full of loopholes ripe for exploitation. For example, even though Ontario was technically a dry province, Quebec was not, therefore Ontario distilleries could produce liquor and, after having it shipped through a Quebec intermediary, Ontarians could legally mail-order alcohol directly to their houses (Schneider, 2009, p. 182). The sale had happened in Quebec, and therefore the province of Ontario was not permitted to ban its manufacture, as this was a federal issue. In 1918, the federal Cabinet passed a wartime order-in-council banning the production of liquor for personal consumption, as well as its import, but still permitting its manufacture for export (McIntosh, 1984,

p. 255). The result was the widespread practice of liquor-laden ships and trucks supposedly leaving Canada for foreign markets, but in reality covertly unloading their cargo in some remote spot, to be reintroduced to the Canadian black market (Schneider, 2009, pp. 182-183). At the same time, illegal distilleries were also on the rise, particularly in the thinly populated western territories.

Ultimately, Canada's poorly executed experiment in prohibition only served to prepare its underworld for the role it was about to play in undermining the United States' own attempt at prohibition. On January 16th, 1920, the Eighteenth Amendment went into effect, marking the start of alcohol prohibition in the United States. Only fifteen days earlier, the Canadian government repealed its national wartime prohibition policy. As such, smugglers could choose at will between Canada's well-developed illicit distillery networks and its safe, legally produced liquor. Throughout American Prohibition, Canada's share of the contraband liquor market is estimated to have ranged anywhere from 60 to 90 percent in volume (Schneider, 2009, p. 184).

The Canadian government more than turned a blind eye to the smuggling. In 1929, the Nova Scotia smuggling schooner *I'm Alone* was intercepted and sunk by the U.S. Coast Guard 10.8 miles off the U.S. shore, with one casualty. The Canadian government accused the U.S. of piracy and an act of war, and did not rest until the U.S. government issued an official apology and paid compensation (McIntosh, 1984, p. 265). Even the occasional death of Canadian policemen at the hands of bootleggers did not spur the government into action against the large-scale smuggling that was occurring under their watch (McIntosh, 1984, p. 265).

Smuggling liquor into the United States turned Canadian criminals into

millionaires, but in order to maintain smuggling operations large enough to satisfy America's thirst, two things were necessary: organization and contacts. Prohibition jump-started the development of modern organized crime in the United States, as informal cooperation among bootleggers in different states (and nations) became increasingly organized and systematized (Fox, 1989, p. 51). Both Canadian and American criminal masterminds began to run their organizations like businesses, rather than small-time gangs. The result was the appearance of the American-style mafias, both in Canada and the United States, and for obvious business reasons they were closely interlinked.

Even though the illegal profiteers of prohibition came from a wide range of different backgrounds, it was the Italian mobsters who proved particularly successful for a number of reasons: the start of prohibition coincided with a major wave of Italian immigration to both the United States and Canada, particularly from Sicily and Calabria, respectively (Schneider, 2009, p. 228). Even though most of these immigrants were law-abiding citizens, some of them brought with them their Sicilian and Calabrian mafia organizations to their new homelands, where they quickly discovered the economic opportunities associated with liquor running (Williams & Godson, 2002, p. 330). Supplied by a steady stream of capable new Italian immigrants, many of whom had difficulties integrating into mainstream Canadian/American cultures regardless of intellect or ability, these Mafias successfully built tight-knit ethnic criminal networks, based in large part on ethnic and family loyalties, and run like hierarchical businesses (Schneider, 2009, p. 228; Williams & Godson, 2002, pp. 330-331).

Italian Mafias continued to dominate in the world of Canadian organized crime even after Prohibition ended. Already extremely wealthy as a result of their bootlegging activities, they refocused their efforts onto other vices: gambling, prostitution, bookmaking, and, last but not least, illicit drugs (Solomon & Green, 1982, p. 326; Schneider, 2009, p. 230). While the supply of drugs reached an all-time low during the wartime years, it increased massively in the post-war years. Initially, this increase was due to the thousands of wounded war-veterans who had returned from Europe and Asia with morphine addictions, but as the years progressed, a rise in drug-friendly counterculture movements served to further increase demand (Schneider, 2009, p. 230). Heroin was by far the most popular drug of the period, largely due to its profitability. A \$3,500 investment in Europe could yield up to \$40,000 on Canadian streets (Schneider, 2009, p. 230). The Montreal-based 'Ndrangheta mafia was by far the greatest facilitator of the movement of cheap Turkish and Lebanese opium, morphine, and heroin to Canada, activating both its French and Italian connections (Solomon & Green, 1982, p. 326; Schneider, 2009, pp. 229-230).

2.4 Diversification and the Rise of Cocaine

Even though cocaine had been known in Canada at least since the turn of the twentieth century, its popularity increased dramatically beginning in the mid-1970s (Schneider, 2009, p. 354). While the popularity of the drug peaked in North America in the mid-1980s, the market for it remains significant to this day: A 2009 RAND study estimated that in Canada alone, there were roughly 422,000 users in 2005, equivalent

to 1.9% of the population aged 18-64, at a market value of C\$3.6 billion (Kilmer & Luccardo-Pacula, 2009, pp. 38-40). Montreal instantly played a major role as a smuggling hub for cocaine destined for both the Canadian and the American market, as notable Montreal mafia families, such as the Caruana, the Cuntrera, and Rizzuto families had pre-existing operations in South America since the 1960s (Schneider, 2009, p. 506). But since the early 1970s, the Italian mafias' organized crime hegemony in Canada has been increasingly contested by a large number of other trafficking groups (Schneider, 2009, p. 352). Chinese and Persian trafficking networks, with their more direct contacts in major source countries in Southeast and Central Asia, respectively, increasingly displaced the mafias from the opiate market with their cheaper, more potent offerings. At the same time, outlaw motorcycle gangs, particularly the Hell's Angels, and well-organized non-mafia street gangs, such as Montreal's predominantly Irish West End Gang, carved out market shares for cocaine, marijuana, and synthetic drugs (Schneider, 2009, pp. 345, 354).

Up until the mid-1990s, almost all Canada-bound cocaine was sourced from the Medellín or Cali cartels, respectively, but the cartels did not play favorites. They used everyone, from their own people, to Outlaw Motorcycle Gangs (OMG), the mafias, Jamaican gangs, or various other criminal entrepreneurs (Schneider, 2009, pp. 354, 499). These groups were not at all universally hostile to each other. Instead, for the most part, they recognized each other's strength and weaknesses and regularly cooperated for their common economic good. Each of the major groups more or less served their own distinct territory and clientele, and competition was, with few exceptions, free of any large-scale violence (Schneider, 2009, p. 506).

The infamous Quebec Biker War, in which the Hell's Angels fought an alliance of various crime families and gangs, led by rival OMG 'Rock Machine', was the exception. It appeared to be the result of the behavior of the Quebec Hell's Angels, who attempted to monopolize the street level drug market. The Angels' behavior went in the face of the cooperation that otherwise occurred among various DTOs elsewhere in Canada, and other Canadian traffickers and wholesalers did not see them as representative of the Canadian way of doing business (Desroches, 2005, pp. 155-157).

According to interviews with a number of Canadian wholesale dealers held between 1990 and 2002, it was not unheard of for fellow Canadian dealers to learn one another's identity, socialize, discuss security concerns, share info, buy or borrow product, and occasionally enter into partnerships (Desroches, 2005, p. 116). The most dangerous men, and the ones seen as most likely to resort to violence, were not the Canadian organized criminals handling the local market, but the Mexican and Latin American traffickers with whom they had to cooperate to get the product into the country (Desroches, 2005, p. 120).

Starting in the mid-1990s and ending in the early 2000s, first the Medellín, then the Cali cartel were degraded and destroyed by the Colombian government with significant U.S. support (Sullivan & Elkus, 2008). Smaller Colombian networks continued to operate and supply the majority of the Eastern U.S. and Canada, but by the late 1990s, Mexican DTOs had already thoroughly established a position of dominance in the Western and Midwestern U.S. cocaine market (Allen, 2005, p. 79). Mexican drug traffickers started off as little more than junior transit partners for the Colombians. They were simply an alternative means for the product to make its way

northwards, with the majority of the smuggling routes going through the Caribbean, rather than across the U.S.-Mexico border (Allen, 2005, p. 29). Aggressive U.S. interdiction efforts on the eastern coasts, however, increased the importance of the Mexican trafficking routes, and by the early 1990s, the Colombians' Mexican partners had established a payment-in-kind scheme, where the traffickers would receive a portion of each shipment, rather than cash pay (Allen, 2005, p. 78). This allowed the Colombians to externalize some of the financial risk to the Mexicans, but also gave the Mexicans the opportunity to build up their own distribution networks using the widespread and sizable population of Mexican-Americans as their main entry point (Allen, 2005, p. 79).

By the time the Medellín and Cali cartels were destroyed, the Mexicans had already successfully established themselves in the Western and Midwestern United States, and in the years that followed, they continuously expanded eastwards. In some Eastern Canadian cities, such as Montreal, Dominican, Jamaican, and Haitian DTOs continue to capitalize on the presence of significant migrant populations to maintain dominant distribution networks to this day (Allen, 2005, p. 90; Kilmer & Liccardo-Pacula, 2009, p. 67). Nevertheless, over ninety percent of the cocaine traffic these days is controlled by Mexican cartels (Allen, 2005, p. 90; Kilmer & Liccardo-Pacula, 2009, p. 67). It should therefore come as no surprise that almost all the major Canadian organized crime groups hoping to be involved in the cocaine trade did their best to maintain good business connections with Mexican cartels. Vancouver's United Nations Gang was by far the most successful group in doing so over the course of the

late 2000s, and established a position of significant strength in the cocaine market as a result (Quan, 2013).

Over the past couple of years, however, something seems to have changed. Up until very recently, it was unheard of for the Mexican DTOs to try to set up their own distribution networks in Canada, as Canadian police services are now claiming (Southwick, 2014; National Post, 2015). Mexican traffickers occasionally crossed the border in the process of moving product, or even came north as enforcers-for-hire for Canadian wholesalers, but they never attempted to establish a Canadian operation of their own (Desroches, 2005, p. 152). What could have happened that emboldened the Mexican DTOs to move beyond local partners and towards vertically integrating north of the border? The next chapter will examine a number of different possible explanations.

Chapter 3: Explanations

There is a potentially endless variety of different explanations for why Mexican DTOs have chosen to move into Canada. It is practically impossible to know for sure what the cartels' true reasoning is without interviewing them. However, it is possible to attempt to follow their potential line of reasoning by examining the way they have operated in the past, analyzing the market conditions 'on the ground' in Canada, as well as taking a look at the social network aspect of their expansion. To this end, Chapter 3 will put forward four mutually supporting elements that will help build the case why Canada has become attractive as a market for the cartels to start cutting out the middlemen and become more directly involved in the Canadian drug market.

3.1 Business Motivation

As mentioned in the first chapter of this study, drug trafficking organizations' core reason for existence is for the economic gain of their members – and in their pursuit thereof, they tend to behave much like licit businesses (UNODC, 2004, p. 5; Williams & Godson, 2002). Canada already sources most of its cocaine through Mexican cartels (Allen, 2005, p. 90; Kilmer & Liccardo-Pacula, 2009, p. 67). As such, business expansion for the Mexicans would be less a matter of opening up a new market for their product, than it would be cutting out the (Canadian) middlemen and vertically integrating the Canadian market into their structures, minimizing transaction costs in the process (Shepherd, 1997, p. 188). Unlike the independent middlemen, who could set their own prices and take the profits, integrated dealers receive instructions and supervision out of Mexico, including pricing, and the profits

flow back into the hands of the cartel, rather than remaining with the distributors (Allen, 2005, pp. 90-91; NDIC, 2001, p. 8). Selling cocaine in Canada is highly profitable. There is practically no domestic production of the drug, and with each border the product has to cross in order to reach its market, prices increase (Allen, 2005, pp. 30-31). According to DEA Agent Jim Schrant, cocaine traffickers can double their money by shipping their product to Canada (Gerson, 2013).

Integration of business can come in more than one form: it can be achieved through either voluntary or coerced integration of pre-existing criminal networks into the cartel business structure, which is more akin to what 'La Familia' cartel suspects arrested in Edmonton last December were accused of, and which has been recognized as a favorite tactic of the Sinaloa cartel in the United States (CBC, 2014; Freedman, 2014). Alternatively, new "Mexican" networks (in ethnicity and/or loyalty) may be created, which has been seen in B.C.'s Lower Mainland, where police officials have claimed the presence somewhere between 12 and 25 Sinaloa and La Familia cartel "bosses" organizing trafficking activities and inter-gang relations (Bolan, 2014). These "bosses" provide their respective cells' relational and operational links back to their parent cartels in Mexico, and are occasionally rotated home to reinvigorate family and business connections, as well as diffuse police attention (Allen, 2005, p. 90).

The United States Department of Justice's National Drug Intelligence Center laid out one of the ways these networks tend to operate: drugs are delivered in batches by affiliated transportation cells to a stash house from warehouses near the point of entry. Distribution members receive detailed instructions from managers in Mexico regarding amounts, prices, and delivery methods for a predetermined number

of downstream wholesale exchanges. After a few successful operations, the cell disbands and returns to Mexico, to be replaced by a new cadre of Mexican nationals in an effort to confuse and dilute law enforcement efforts and intelligence collection (NDIC, 2001, p. 8).

This method of operation has been incredibly successful for the cartels in the United States. As of 2011, the National Drug Intelligence Center claims various Mexican cartels have a significant presence in more than a thousand U.S. cities, and drug policy analysts estimate that they control about ninety percent of U.S. street market for cocaine, heroin, marijuana, and methamphetamine (NDIC, 2011, pp. 7-8; Chokshi, 2014). Considering that 21.8 million Americans aged 12 and older have been estimated to be illicit drug users in 2009, one can extrapolate that the cartels supply roughly 19.62 million Americans with drugs (Kan, *Cartels At War*, 2012, p. 25). Given this level of almost-complete control over the enormous U.S. drug market, it may not come as a surprise that the cartels are looking to expand even further, having already pushed the Colombians and their various subsidiaries out of most of the United States (Allen, 2005, p. 90).

Beyond its immediate value as a market, Canada is also a valuable middleman for exports outside of the Americas. Canadian ports, in particular, are less heavily monitored than their equivalents in the U.S., and shipments originating from Canada are also typically subject to less suspicion at their ports of entry compared to those coming from Southern or Central American ports (The Canadian Press, 2012; Lou, 2014; UNODC, 2013, p. 45). As a result, Canada has become a major exporting nation of various kinds of drugs, with Japan, for example, reporting that Canada was its

biggest supplier of ecstasy, and Australia identifying Canada as its second-biggest source of cocaine (CBC News, 2009; Lou, 2014). Furthermore, the RCMP has identified Canada as a significant export hub for Europe-bound cocaine (Penney, 2013). Nevertheless, things are unlikely to change in the near term. In the face of tightening budgets, there have been reports of Canadian border agents being ordered to deprioritize interdicting illicit drug exports, thus ensuring Canada's continued importance as a drug exporting hub (Berthiaume, 2012).

3.2 Mexico's Cartel Consolidation

Conditions on the ground in Mexico also favor expansion. While the Mexican government's efforts at reducing the level of violence related to the drug war have been only marginally successful, it has had a number of unintended side effects (Felbab-Brown, 2014, p. 13). The most relevant of these is the simultaneous balkanization and consolidation of DTOs. For most of the latter half of the 2000s, and up until fairly recently, there were seven major DTOs in Mexico: The Sinaloa, a powerful confederacy of drug growing and trafficking crime families, interlocked through kinship, marriages, and regional loyalties and led by a flexible board of directors; the Beltran Leyva Organization (BLO), founded by four rogue Sinaloa brothers and originally Sinaloa's response to Los Zetas before their violent falling apart; the Juarez Cartel, one of Mexico's original DTOs and based out Ciudad Juarez; La Familia Michoacana/Los Caballeros Templarios (LFM/LCT), a hyper-violent civil-defense group-turned-traffickers that combined drug trafficking with a religious-cultural philosophy, but has since split into two; the Gulf Cartel, founded in 1984 and

originally the Colombian Cali cartel's Mexican partners; Los Zetas, founded by former Mexican Special Forces and originally the Gulf Cartel's military arm, but split off the Gulf cartel in 2010 and temporarily became Mexico's most violent, and most powerful DTO; and finally the Tijuana Cartel, also known as the Arellano Felix Organization (AFO), and for the longest time the arch-rival of the Sinaloa (Bender, 2014; Kan, *Cartels At War*, 2012, pp. 35-48).

As of 2015, however, Mexico's Director of the Criminal Investigation Agency of the Attorney General of the Republic, Tomas Zeron, claims that there are only two true cartels remaining in Mexico: the Sinaloa and the Cartel de Jalisco Nueva Generación (CJNG), also known as "Matazetas", or "Zetas-Killers" (Croda, 2015). Of the other formerly major DTOs, the Tijuana, Juarez, and LFM cartels have supposedly been brought under the Sinaloa umbrella, while the LCT and Los Zetas have disintegrated into hundreds of minor networks in the face of both government pressure and cartel-infighting (Croda, 2015). The BLO has been consumed by CJNG, which has also integrated various other smaller networks into its fold. The Gulf Cartel has supposedly been sidelined by the other DTOs and now focuses on extortion and kidnapping, rather than trafficking drugs (Croda, 2015).

CJNG is a relatively new group. It first came into being in 2010 as an offshoot of a former Sinaloa confederate in Jalisco province, and spent its first few years of existence almost exclusively fighting off Los Zetas in Jalisco and Veracruz, earning itself the name "Matazetas" (InsightCrime, 2015). In 2013, President Peña Nieto proudly announced the supposed incapacitation of CJNG, but the cartel returned with a vengeance (Felbab-Brown, 2014, p. 13). In April 2015, it made international

headlines with a lethal ambush, which left 15 Mexican police officers dead, followed a few weeks later by their shooting down of a Mexican military helicopter in May (Gagne, 2015). Since then, it has become public enemy number one for the Mexican state, which launched “Operation Jalisco”, a joint military, federal police, and intelligence services operation, to destroy CJNG (Lohmuller, 2015).

It is impossible to tell how long this situation will persist. Mexico’s counter-DTO strategy has long consisted of focusing almost all of its might on whichever cartel was the most openly defiant at any given time, creating a situation in which the various DTOs rise and fall in sequence, only to regroup while the state’s attention moves on to the next target (Kan & Williams, 2010, p. 229; Felbab-Brown, 2014). For the time being, however, Sinaloa is in a position of greater strength than it has ever been, capable of drawing on the manpower of multiple former rival cartels, and without a serious challenger to its position – CJNG is too busy fighting the government to prove a real threat. The most serious threat Sinaloa faces at the moment is disintegration as a result of internal infighting. Over the years, this has happened again and again with almost every DTO after they reach a certain size: the BLO split off Sinaloa in 2010, the Zetas split off the Gulf Cartel, and the LCT split off LMF. Supposedly, the 2014 arrest of Sinaloa’s high-profile leader, Joaquín ‘El Chapo’ Guzmán, has not been followed up by a smooth succession, but as of mid-2015, there had been no public split, and his escape in early July has most likely made this a moot point, regardless (Tuckman, 2015).

Lastly, after a decade of drug-fueled warfare, manpower has become cheaper than ever according to Mexican crime analysts. A decade ago, hiring a gunman for a

single assassination supposedly cost \$12,000 to \$13,000 – as of 2012, gunmen can be hired for as little as \$500 to \$650 a month, with no limit on the number of killings (Kan, 2012, p. 25). This kind of decline in price suggests that there is a significant population of willing recruits available to the cartels. These men can be used to further fortify the cartel against government actions – or alternatively may act as the muscle for new cells as the cartels expand their presence to Canada, for example.

3.3 Canada's Criminal Power Vacuum

In addition to the favorable conditions in Mexico, recent developments in Canada's world of organized crime have created fertile ground for Mexican cartels as well. Over the last ten years, there were six individuals who were the main contacts between Canada's four most active cocaine trafficking groups and the Mexicans: These were Ahmet Kaawach, Elliot Castaneda, and Salih Abdulaziz Sahbaz for Vancouver's United Nations Gang; Thomas Gisby of Surrey's Gisby Crime Group; Moreno Gallo of the Rizzuto crime family; and Larry Amero, a full patch member of the Hell's Angels and Vancouver port longshoreman (Gurney, 2014; Bolan, 2015b). The seventh was Jimmy Cournoyer, nicknamed the "King of Pot" for his scheme of selling Canadian marijuana and ecstasy to the New York Bonnano crime family and using the proceeds to purchase cocaine from the Sinaloa, which he then smuggled into Canada and passed on to Hell's Angels and Rizzuto contacts (Gurney, 2014b).

Kawaach and Castaneda were killed while having lunch together in Gaudalajara, Mexico, in July 2008, while Sahbaz was executed by Mexican hitmen in January 2012 (Wilson, 2012). Thomas Gisby was shot in April of that year, while Gallo

died in December 2013 (Gurney, 2014). Amero survived an assassination attempt in Kelowna, B.C. in late 2011 and was running his operations out of Montreal until he was arrested by Montreal authorities in October 2012 in connection with his cocaine trafficking activities (Bolan, 2012). Cournoyer, too, was arrested in 2012, and in 2014 a New York court sentenced him to 27 years in prison (Gurney, 2014b).

But it is not only the United Nations Gangs' main contacts that have suffered setbacks: Canadian law enforcement has enjoyed a number of major successes against the country's largest domestic trafficking groups. The United Nations Gang, once Vancouver's most powerful crime group and a key player in the import of cocaine from the cartels has been hit hard by a number of arrests and convictions of key leadership personnel that has left the group weakened and leaderless (Bolan, 2015c; The Windsor Star, 2014). Its biggest allies, notably Calgary's FK Gang, have been dismantled, too (Van Rassel, 2012; Bolan, 2013). As such, while the United Nations Gang continues to operate, these arrests, combined with the killings in Mexico and its constant struggles with rival B.C. street gangs, namely, the Red Scorpions and the Independent Soldiers, have left it in a significantly degraded state.

In Montreal, the once-powerful Rizzuto mafia is engaged in a bloody war with a number of Calabrian and Toronto-backed rivals that had attempted to use the 2004 arrest of Rizzuto family head Vito Rizzuto to their advantage (Edwards, 2014). During Rizzuto's 8-year incarceration, assassins killed his father, his son, and his brother-in-law in an attempt to wipe out the Rizzuto mafia (Lamberti, 2014). However, ever since his release and return to Canada in 2012, his organization has been waging a campaign of vengeance against those who attempted to overthrow them, with the

killings of his rivals continuing even after his death in December 2013 (Edwards, 2014). This bloody conflict has left both the Montreal and the Toronto mafias weakened and vulnerable, as some of their most important figures have either been killed or arrested by law enforcement in connection with the killings (Edwards, 2014). Hence, while the Rizzuto mob continues to operate, much like the United Nations Gang in B.C., it is in a much weakened state, and the deaths of both Vito Rizzuto and his heir-apparent, son Nicolo, Jr., leave only Leonardo, Vito's second son, "Rizzuto" (Cherry, 2013).

This combination of major organized crime groups having been weakened by law enforcement efforts and established Canada-Mexico contacts having been either killed or arrested has created a business environment in which the Mexican cartels are bound to see a moment of opportunity. As mentioned in Chapter 1, any relationships between organized criminal networks are highly dependent on relationships. The enormous penalties involved in the drug trafficking trade require a significant amount of trust, typically built over a lengthy period of time (Desroches, 2005, p. 38). The loss of a single dedicated contact is typically surmountable if the organization he stood for remains intact and trustworthy but, given the sheer amount of police pressure Canada's established criminal organizations have been facing, the Mexican side might have its doubts about whether it makes sense for them to continue to rely on these partners for the Canadian distribution of their product, especially given the availability of "surplus" Mexican manpower as a result of conditions in Mexico.

From an economic-strategic point of view, the Canadian DTOs can be seen as a significant source of risk in the cartels' distribution chain. Anytime a Canadian contact is lost either to assassination or arrest, the transaction cost for business in the Canadian market spikes for the Mexicans, as they have to risk working with a new contact of unproven reliability and competence. This is further multiplied if it is not only the contact itself, but also the contact's entire organization that is damaged.

For drug traffickers, the basic logic behind vertical decentralization is the associated mitigation of vulnerability to law enforcement operations (Allen, 2005, pp. 24-25; Desroches, 2005, p. 6). A decentralized distribution chain is neither as efficient nor cost effective compared to a more integrated one, but when it works as intended, the accompanying risk mitigation is considered worth the cost (Allen, 2005, p. 24; Shepherd, 1997, p. 188). Considering the problems they have had with their Canadian partners, it is plausible that the Mexican cartel leadership would seek to vertically integrate its Canadian business not only as a means of increasing profits, but also to reduce friction. Using vertically integrated Mexican networks for their business in Canada will further allow the cartels to make the most of their flexible cell structure, as compromised cells can be identified and replaced more swiftly and without having to hope for due diligence on the part of the Canadian partners.

These Mexican networks do not necessarily have to be completely "Mexican". The relative weakness of Canada's big organized crime groups has opened up the opportunity for the cartels to take over smaller criminal networks throughout Canada that have previously relied on the protection and product of the Canadian middlemen. There has already been at least one high profile case of this occurring: the four La

Familia members who were arrested by the Alberta Law Enforcement Response Team in Edmonton in December 2014 had been in the process of aggressively recruiting members from other local gangs when they were captured (National Post, 2015). Notably, of these four core members, only the leader, Jose Antonio Monterrey, had direct Mexican links (Kozicka, 2014).

This kind of opportunistic behavior would also not be without precedent for the Mexican cartels. In fact, it was exactly due to this brazen opportunism that the Mexicans became the controlling force in the cocaine market that they are today. Throughout the 1970s and 1980s, it was the Colombian cartels that ruled supreme, with the Mexican traffickers resigned to junior sub-contractor status (Allen, 2005, pp. 69, 78). The Colombians, most notably the Medellín and Cali, controlled the product, and most of the trafficking occurred through the Caribbean and the Florida coast (Allen, 2005, p. 29). Starting in 1982, however, the Reagan administration created the South Florida Task Force, which began aggressively patrolling the state's coast and significantly increased the risk involved in that trafficking route (Mares, 2006, p. 132).

This instantly increased the bargaining position of the Mexican traffickers, as the Mexico-US land border quickly became the most important entry point for drug shipments from South America (Allen, 2005, p. 29). As this was happening, however, the Medellín cartel in particular started to feel the pressure of increased law enforcement attention as a result of Pablo Escobar's attention-drawing propensity for political violence (Kan & Williams, 2010, p. 220). By the mid-90s, both the Medellín and Cali cartels had developed a payment-in-kind scheme with the Mexicans, whereby the traffickers would receive a portion of each shipment they moved across the

border, rather than a cash payment (Riley, 1996, p. 182). The scheme allowed the Colombians to pass off some of the risk involved in the trafficking onto the Mexicans, but also provided the Mexican DTOs with the necessary means to build up their own profitable downstream distribution channels (Riley, 1996, p. 182).

When the Medellín and Cali collapsed, the big Mexican cartels, by now flush with money thanks to their own distribution networks, did not wait for the Colombian coca producers to reform into new cartels with which they would be able to partner (Kan, 2012, p. 85). Instead they took over the Colombians' main local trafficking and production networks throughout South America, including Venezuela, Peru, and Argentina (Kan, 2012, p. 85).

In this way, by exploiting the weakness of their former partners, the Mexicans were able to integrate their upstream production chain. They now controlled both the means of production and the access to the most important market, thereby establishing themselves in a position of significant power over the cocaine trade as a whole. Given the Mexicans' long history of successful opportunism both with regards to distribution and production, it would therefore not be out of character for them to attempt to exploit the current power vacuum in Canada to strengthen their own position.

3.4 Network Opportunity

As Chapter 2 has shown, Canada is not a stranger to foreign organized criminals operating within its national borders. With the exception of the American outlaw whiskey traders that roamed Canada's untamed West in the 19th century, however, most criminal organizations that operated in Canada were based on

significant domestic populations – be they Chinese-Canadian opium dealers, Italian-Canadian mafias, or the Quebecois chapters of the Hell’s Angels. It is highly unlikely that any Mexican cartel would be able to successfully build up a serious distribution network in Canada if it were to rely solely on Mexican-Canadians.

While the Mexican-American migrant population was one of the cartels’ main competitive advantages when it built its distribution networks in the United States, this was largely due to its enormous size and dispersion throughout the country (Allen, 2005, p. 79). The vast majority of Mexican migrants, as with any ethnic group, tend to be honest, hard-working people, but in the United States, the population is large enough to allow for a few “bad apples” to build significant criminal networks that can be exploited by the DTOs (McIlwain, 1999, p. 316; Williams & Godson, 2002, p. 330). But while there are roughly 34.5 million Mexican-Americans as of 2013 (10.9% of the total U.S. population), the population of self-identified Mexican-Canadians in 2011 was only 69,695, accounting for 0.2% of all Canadians (American Community Survey, 2013; Statistics Canada, 2014).

This means that there simply is not a large enough Mexican-Canadian population for the cartels to exclusively draw on for their retail distribution, the way they have in the United States. However, the cartels’ business in Canada is very different from their American operation. By quantity, the cartel’s single biggest product in the United States is marijuana. Every year, they move roughly 1500 metric tons of it into the United States, compared to an estimated 200 metric tons of cocaine, 15 metric tons of heroin, and 20 metric tons of methamphetamines (Bergman, 2010). Canada, by comparison, is a marijuana-exporting nation, and with the exception of

particularly exotic strains, fills most of its demand with its domestic production (Bouchard, 2008, pp. 311-314).

At roughly C\$116 a gram, cocaine is a premium drug (Kilmer & Liccardo-Pacula, 2009, p. 19). Traditional street gangs, the main retailers of cheaper drugs such as marijuana, crack cocaine, or methamphetamines, typically lack the necessary organization, discipline, and connections to engage in the large scale sale of cocaine (Allen, 2005, p. 102). As a result, only roughly forty percent of sales of the drug involve gangs in some form (Howell & Gleason, 1999, p. 3). The majority of the sales are handled by freelance “entrepreneurial” dealers who use kinship, friendships and business connections as opportunity structures and typically only sell their product to friends, family, and other “screened” contacts (Allen, 2005, p. 102; Desroches, 2007, p. 836).

Control over the cocaine market is thereby largely focused on the wholesale level, which is much less manpower-intensive. Armed enforcers, such as the four La Familia associates arrested in Edmonton, are used to ensure compliance among lower-level local partners and deter any attempted thefts or rip-offs, but are not crucial to the operation, as entrepreneurial cocaine dealers are much less likely to be involved in non-drug related crimes and violence than street gangs (Allen, 2005, p. 102; Desroches, 2005, pp. 146-152). In other words, on the market end of the supply chain, it is not gunmen that matter, it is individuals who can provide safe houses and can act as the network connections between traffickers and wholesale or retail customers. What the cartels really needed to cut out the Canadian middlemen were

the network opportunities to traffic the cocaine into Canada as well as orchestrate its wholesale retail.

It is at this point that the Mexican-Canadian Mennonite community appears to be playing a crucial role. The first members of the Mennonites, an agrarian-focused Christian society comparable to the Amish or the Hutterites, initially came to Canada around the turn of the 19th century, when they fled persecution in Germany and Russia and settled in the western Canadian Prairies (Gerson, 2013). When Canadian laws began forcing them to send their children to school in the 1920s, several thousand Mennonites chose instead to move to Mexico, especially the state of Chihuahua, where the Mexican government hoped to use them to ramp up its agricultural production (Grant, 2014). When the Sinaloa Cartel began using Chihuahua as a major trafficking route in the mid-1990s, it did not take long for them to start developing business relations with the local Mennonite community (Castro, 2004, pp. 35-36). Their white, non-hispanic names and appearance, combined with their language skills and dual-citizenships, meant Mennonite traffickers quickly became invaluable for the cartels (O'Brien, 2014). With significant Mennonite communities in both Canada and the United States, honest, hard-working Mennonites have long been a common sight at the Mexico-U.S. and U.S.-Canada borders, and as a result, until fairly recently, Mennonites making frequent cross-border trips did not raise a lot of suspicion (Grant, 2014).

Ever since the first Mennonite communities moved to Mexico in the 1920s, there has been a constant ebb and flow of movements of Mennonites from communities in Canada to Mexico or the United States, and vice versa (Castro, 2004, p.

25). A side effect of this has been that as recently as 2013, an estimated 50,000 Mexican-Mennonites are eligible for Canadian citizenship (Agren, 2013). Following the economic downturn in Mexico's agricultural sector in the early 2000s, an increasing number of Mexican-Mennonites started to 'return' to Canada, and these numbers further escalated when Mexico suffered its worst drought in decades in 2011 (Castro, 2004, pp. 25-26; Grant, 2014; Torres, 2011).

The result has been a growing, vibrant community of Mexican-Canadian Mennonites, particularly in Southern Alberta and Ontario. Regrettably, and perhaps inevitably, it would appear as though at least some of the individuals now living in Canada have maintained their connections with the cartels (Grant, 2014). Over the last four to five years, there has been a significant number of reports of Mexican-Canadian Mennonites arrested for trafficking drugs both in and out of Canada, with the latter usually taking the form of Canadian-grown marijuana (Grant, 2014; O'Brien, 2014; Gerson, 2013; Associated Press, 2014). Furthermore, southern Alberta has been co-opted as a safe haven for several Mexican cartel bosses, such as the recently captured and extradited Javier Batista Cervantes and Hector Armondo Chavez, who had both been residing in Lethbridge (ALERT, 2015).

As mentioned beforehand, there are a number of characteristics that make Mennonites attractive for the cartels. The aforementioned language skills, dual-citizenships, and white appearance aside, it is also their extraordinarily tight-knit family networks and their relational ties back to Mexico that make them both particularly valuable and vulnerable to corruption (Grant, 2014; Nolais, 2013). The role of the community networks in particular is important to understanding why it

makes sense to single out the Mennonite community as a vulnerable entry point for the cartels into Canada, rather than just dismiss the perpetrators as the same kind of lawbreakers that one can find in any community.

Despite having moved away from Mexico, many Mexican-Canadian Mennonites naturally maintain significant friendship and family ties in Chihuahua and the surrounding areas. This inevitably puts them in the grasp of the cartels, which do not shirk away from threatening the friends and family of desired traffickers. Thus, while some Mennonite criminals might have simply been corrupted by the promise of money, a significant number of them appear to have been at least partially coerced. A representative example of this is the case of Jacob Fehr, a Mexican-Canadian Mennonite who immigrated to Peace River, Alberta, in 2007. He was arrested in 2011 when he was caught trying to smuggle cocaine from Chihuahua to Calgary (Grant, 2014). After his arrest, he told law enforcement authorities and the court that he had been forced by cartel members to complete at least three shipments of cocaine, or else they would harm his family (Grant, 2014). His case is far from unique. Even as he was wrapping up the Fehr case, Crown prosecutor Frank Polak talked about how he was also in the middle of another ongoing trial that included two more Mennonites accused of smuggling cocaine into Canada (Grant, 2014). Simultaneously, the Ontario Provincial Police broke up three independent trafficking cells involving eight Mexican-Canadian Mennonites in Simcoe County, Ontario (Associated Press, 2014).

While their close family networks have made them vulnerable to cartel pressure, they also make them extraordinarily resilient to law enforcement infiltration. There are few more intensive and cohesive relational networks than those

among families and kinship groups, and this cohesion is further deepened by their shared culture and insulation from mainstream society both in Mexico and Canada (Williams & Godson, 2002, p. 331). Among the Mennonites, criminal networks are typically kept within specific families or among very close friends within the community, and outsiders, especially from outside the Mennonite community, are rarely permitted access (Nolais, 2013).

Ultimately, regardless of the criminals' motivation, the increasing presence of networks with intense relational ties directly back to Mexico has supplied the cartels with a convenient opportunity for network expansion into the Canadian territory. Not only do the Mexican-Canadian Mennonites come with a family back in Mexico that can be leveraged, but they also have access to the greater legitimate social networks in Canada, both in the form of Canadian Mennonite communities and non-Mennonites that do legitimate business with them. They are thus set up to be the perfect connecting link between the cartels' business in Mexico and their efforts in Canada by acting not only as traffickers, but also as wholesalers and hosts for cartel bosses, such as the aforementioned Cervantes and Chavez (ALERT, 2015; O'Brien, 2014; Gerson, 2013).

In summary, there are three major factors that have facilitated the expansion of Mexican cartel activities into Canada. In Mexico, the government's policy of sequentially focusing almost all of its anti-DTO capabilities against the most high-profile cartel at the time has proven itself to be deeply flawed (Felbab-Brown, 2014). The Sinaloa cartel, in particular, has successfully been able to consolidate a significant amount of power by absorbing "master-less" criminal cells in the wake of rival cartels'

destruction at the hands of the government (Croda, 2015). This has created a window of opportunity for the Sinaloa and its allies to expand their business activities as it enjoys a manpower and resource surplus, and almost all of its rivals in Mexico have been severely degraded or destroyed by law enforcement (Croda, 2015).

In Canada, meanwhile, the cartels' traditional business partners have suffered a series of setbacks in the form of aggressive law enforcement, warfare among rival crime groups, and loss of crucial Mexico-Canada business contacts, all of which have left them weakened, distracted, and unable to act as reliable business partners for the cartels (Gurney, 2014; Gurney, 2014b; Bolan, 2012; Edwards, 2014; Wilson, 2012). By chance, this has coincided with a major network opportunity for the cartels: a significant migration of Mexican-Canadian Mennonites to Canada in the wake of worsening economic conditions and droughts in their home province of Chihuahua (Castro, 2004, pp. 25-26).

The vast majority of these people are honest, hard-working men and women, but there is also a sufficient minority of criminals with long-standing ties to the cartels and a history of trafficking drugs, and almost all of the migrants have family and friends still in Mexico that can be threatened to coerce cooperation (Grant, 2014; Gerson, 2013; O'Brien, 2014). This has supplied the cartels with a trustworthy, well-connected Canadian network directly under their control, which they can use as a launching pad for their expansion into Canada. At the same time, their traditional business partners have lost a significant amount of their utility and become relatively unreliable in their ability to sell the cartels' product due to their current weakness.

Chapter 4: Implications

While the appearance of Mexican cartel networks in Canada is without a doubt an interesting phenomenon in its own right, the implicit question remains whether this trend has the potential to have a tangible effect on the world of Canadian organized crime in general. Three issues come to mind and will be addressed in this chapter.

First, there is always the fear that the introduction of a new actor in a market may bring about a period of significant instability, as the new actor tries to consolidate his position relative to the established actors, who are likely to resist this intrusion (Schneider, 2013, p. 127). As unstable marketplaces are much more likely to rely on violence as a means of resolving conflict, it is worthwhile examining whether the appearance of the cartels is likely to bring with it an escalation of violence in the Canadian drug world (Friman, 2009, p. 287).

Second, no discussion of Mexican DTOs is truly complete without an acknowledgement of the incredible brutality and devastation their drug wars have wreaked in Mexico. In light of this, the popular fear is the introduction of Mexican-style tactics to Canadian markets (Ramsey, 2012). While Canadian law enforcement officials are typically quick to alleviate those fears, a closer study of the underlying dynamics that have led to Mexico's escalation of violence will help explain exactly why Canada is very unlikely to experience a similar situation (Bolan, 2014).

Lastly, this chapter will take a look at whether the appearance of the cartels is likely to force any real structural, organizational or tactical effects on the policing of

organized crime in Canada. While the cartels have undoubtedly greater transnational reach and financial resources than purely domestic Canadian organized crime groups, the question remains whether they actually require a different policing approach at the local level.

4.1 Market Stability and Violence – Canadian Statistics

As mentioned before, illicit drug market theory states that the degree of stability in an illicit market is one of the most significant variables in explaining its extent of violence (Schneider, 2013, p. 127). In stable marketplaces, ‘accepted’ methods have been normatively established to resolve potential conflicts with a minimum of violence, whereas instability tends to provoke a significant increase in violent behavior as a means of resolving conflict (Dintino & Martens, 1981, p. 30). At first glance, it may therefore seem inevitable that the intrusion of direct Mexican agents into the Canadian market would lead to an increase in violence, and headlines such as “La Familia gang members armed for ‘human hunting’” may seem at first to be supporting this theory (CBC, 2014). However, looking at the official statistics for homicides and violence in Canada, there is little evidence to support this view.

While the number of gang- or organized crime-related homicides in Canada has increased significantly since the Canadian government started recording the national levels in 1991, part of the sudden increase of homicides post-2008 can be attributed to a change of research methods: while prior to 2005, only confirmed gang-related homicides were listed, researchers began to include suspected gang-relation that year, leading to a sudden spike in numbers. (Schneider, 2013, p. 126; Cotter,

2014, p. 11). Thus, whereas in 1993, only 13 homicides were categorized as gang/organized-crime related, the numbers peaked at 138 in 2008 before regressing towards 94 in 2010 and down to 85 in 2013 (Cotter, 2014, p. 11).

Overall, Canada experienced a rate of only 1.44 homicides per 100,000 inhabitants in 2013, compared to the United States' rate of 4.62 (FBI, 2014; Cotter, 2014, p. 4). And yet, it is notable that while the overall magnitude of the problem is significantly smaller in Canada, the proportions of homicides related to gang activity are at a comparable level, with 17.5% for the United States versus 16.6% for Canada (NGC, 2013; Cotter, 2014, p. 8).

Gang-related violence is an important indicator for drug-related violence, as well. Since the street-level sale of illicit drugs is one of the main activities of urban street gangs, and one of the main points of rivalry among gangs, the level of violence among gangs is typically correlated to the drug trade, even if it is not causal (Levitt & Venkatesh, 2000, pp. 755-756; Standing Committee on Justice and Human Rights, 2012, p. 34). According to the 2010 report on homicides in Canada, roughly 62% of gang-related homicides that year were directly related to the illicit drug trade, as opposed to only 9% of non-gang-related homicides (Hotton Mahoney, 2011, p. 9).

A particularly interesting statistic is related to the role of cocaine in gang-related violence. Even though the majority of cocaine retail sales in Canada are handled by so-called freelance "businessmen dealers", cocaine nevertheless plays a major role in gang-related violence (Allen, 2005, p. 102; Desroches F. J., 2007, p. 836). The government of Canada's 2010 report on homicides in Canada identifies the drug as a significant source of violence among gangs, with 51% of all gang-related

homicides having been related to cocaine, compared to only 31% related to marijuana, despite the latter's greater overall market share (Hotton Mahoney, 2011, p. 9; Kilmer & Liccardo-Pacula, 2009, p. 19). This is not a new development. Whereas 80% of cannabis-related offences are possession offenses, 56% of cocaine-related offences involved supply offenses (Statistics Canada, 2015). Cocaine has been the drug most commonly connected to violence in Canada for more than two decades (Statistics Canada, 2015). The reason for this can likely be traced back to the drug's comparative rarity, its high value, and the relatively limited sourcing options for Canadian gangs.

It is worthwhile to point out that even at the peak of gang-related homicides in Canada, over half of the violence occurred in Alberta (32%) and British Columbia (26%) (Beattie, 2009). Despite the overall decrease in gang-related violence since 2008, this trend has become even more prominent in recent years. Almost all of the overall decline in nationwide violence occurred east of Manitoba, with only Calgary also experiencing a decline west of Manitoba (Cotter, 2014, p. 11). Nevertheless, none of this changes the fact that overall, in spite of what market stability theory would suggest, Canada does not seem to yet be experiencing an increase in violence as a result of Mexican intrusion.

Most of the large-scale violence among noted Canadian cocaine traffickers in recent years was the result of Canadian-on-Canadian violence. The 2011 attack on Surrey-based Hell's Angel Larry Amero, for example, was committed by local rivals, not Mexican associates (Bolan, 2012). The recent violence seen in Montreal and Toronto among the Rizzuto mafia and its challengers is the result of their failed

takeover attempt during Vito Rizzuto's incarceration, as well as his subsequent vendetta (Edwards, 2014). Furthermore, not even the killings of Canadian gangsters Sahbaz, Gisby, and Gallo in Mexico were the result of them going awry of their Mexican hosts. Rather, they seem to have been committed by local gunmen hired by their respective Canadian rivals (Ramsey, 2012). There were some reports of Mexican cartel hitmen having been dispatched to assassinate two Canadian gangsters who were arrested in the Philippines in early 2014, but nothing apparently actually happened (Bolan, 2014b). In any case, this seemed more like a case in which the cartels were trying to protect their business by silencing untrusted business partners, rather than part of a theoretical Mexico-Canada DTO war.

4.1.1 Why no Escalation of Violence?

While the Canadian government has not yet released its national homicide statistics for 2014 as of the time of this writing, there have not been any reports that would suggest a sudden spike in homicides in 2014. Even the reports of the arrested La Familia associates in Edmonton only speak of their equipment and capacity of violence, as well as their attempts at intimidating people, but there is no mention of any significant violent acts having actually been committed by this network (CBC, 2014).

There are a few possible explanations for why we have not seen any major escalation of violence. Part of it may be related to the relative weakness of Canadian organized crime groups at the moment, as was explained in Chapter 3. Another element may be fear. In Desroches' 2005 book "The Crime That Pays", one interviewee recounts an episode in which a Mexican trafficker was killed in Canada as

a result of a rival Canadian gang's rip-off (pp. 151-152). The repercussions were severe. The Mexican's DTO sent multiple hitmen that killed and maimed a significant number of the rival gang's members before they were satisfied. Likewise, at a different point in the book, another Canadian cocaine importer voices the widespread fear and respect for the cartels among Canadian criminals, when he explains how the well-established ruthlessness and brutality of the cartels motivated his refusal to inform on them despite the generous pledge deals offered to him by the Crown (p. 120).

By far the most compelling explanation for the lack of violent pushback on the part of the established Canadian OCGs traces back to the sheer position of dominance the Mexicans have in the international cocaine trade, and the limited choice of business partners among the Mexican cartels at the moment. As long as the Mexicans continue to control roughly ninety percent of the cocaine trade in North America, any Canadian gang that wishes to trade in the drug is dependent on the cooperation of their Mexican pipelines (Kilmer & Liccardo-Pacula, 2009, p. 67). In the past, one workaround for the Canadians might have been business deals with various Mexican cartels to ensure supply, but these days, all the cartels known to be involved in trafficking all the way to Canada have either been degraded by law enforcement efforts, or absorbed by the Sinaloa Federation (Croda, 2015).

This has left the Canadian gangs in the uncomfortable position of being economically dependent on the same group that is undermining their sovereignty in Canada. At the same time, however, the situation for the Canadian OCGs is not quite as dire as it may seem. There is no reason for the Mexicans to attempt to cut out their

Canadian business partners completely. Rather, it would make more sense for them to integrate them as additional networks into their cell-structure, thereby increasing overall supply line security while still providing some efficiency increases and profit optimization through their integrated networks. Even with the small community of criminalized Mexican-Canadian Mennonite networks acting as a Mexican “bridgehead” into the Canadian market, their relatively limited number means that the cartels still require domestic partners if they want to service the entire Canadian market. Even though they currently enjoy a surplus of Mexican manpower, any large-scale migration of cartel-affiliated Mexican nationals into Canada would inevitably be noticed by Canadian authorities, and run the risk of compromising criminal networks from the outset.

From this point of view, the appearance of Mexican DTOs might in fact not act as a destabilizing factor in the market after all. Rather, ironically, there is a good chance that the direct Mexican DTO presence in Canada has the potential to reduce cocaine-related violence. As mentioned above, 51% of gang-related homicides have been related back to cocaine, and 56% of all cocaine-related crimes are supply offenses (Hotton Mahoney, 2011, p. 11; Statistics Canada, 2015). The trafficking stage has long been identified as the single most high-risk stage to both law enforcement efforts and rival gangs’ rip-off attempts (Allen, 2005, p. 32).

This is a function of both the inherent risk of crossing borders, but also the high concentration of the product at those stages. As can be seen in Figure 4, in the preceding and following stages, the product is spread out among a larger number of actors, making any given actor a lesser-value target. By attacking a trafficking

operation, however, both law enforcement and criminals can potentially seize significant amounts of cash and product concentrated in a single space. By integrating a greater part of the cocaine trafficking

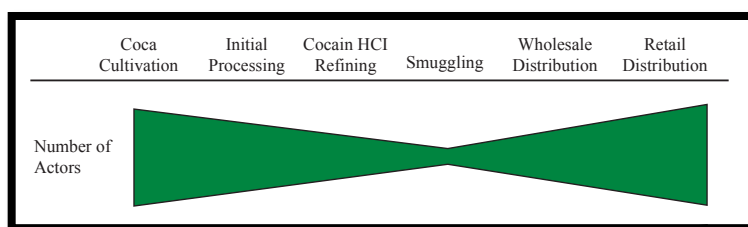


Figure 4: Number of Actors (Adapted from Allen, 2005, p. 32)

directly into their business, the Mexican cartels may be able to deter some of the Canadian gangs from attempting rip-offs and convoy ambushes. Desroches' source, for example, suggests that the rip-off attempt would have likely not happened had the rival gang members known that the trafficker was Mexican, and the repercussions his death would bring about (Desroches, 2005, pp. 151-152).

The most likely trigger for greater gang-on-cartel violence in Canada would be if the cartels chose to expand their business from cocaine to heroin and other opiates. While the Mexican cartels are some of the biggest suppliers of opiates to the United States, in Canada it is Asian organized crime groups that largely control the heroin and opiate markets (UNODC, 2013, p. 36). These groups use their contacts in the world's largest opium growing regions in Central and Southeast Asia to supply the Canadian market with cheap, high quality opiates at lower prices than the Mexicans traditionally offer (Schneider, 2009, p. 353). These groups employ significant amounts of manpower in Canada, and since they are economically independent of the cartels, they are much more likely to attempt to fight back against any incursions into their marketplace.

4.2 The Case of the Mexican Patient

The other major concern commonly voiced with regards to cartels and violence is usually the introduction of the “Mexican way of doing things” to Canada (Ramsey, 2012). That way is, to put it bluntly, brutal. The Internet is awash with images of rival Mexicans murdered through genital mutilation, decapitated with chainsaws, or cemented into barrels and left to starve. Morbid creativity aside, though, it is the sheer magnitude of the killing that is truly shocking. As of January 2014, an estimated 70,000 people have been killed as a result of drug-related violence, and an additional 20,000 have gone missing, all of which happened over the course of only the last eight years (Felbab-Brown, 2014, p. 2). The notion of this level of violence making its way to Canada is without a doubt terrifying, but it ignores the very unique series of circumstances that has led to the escalation of violence in Mexico.

From the cartels’ point of view, Mexico is both a geographic and operational chokepoint that is crucial to their activities, and thus also increases the DTOs’ willingness to resort to violence at a large scale. Almost the entirety of the cartels’ trafficking operations in Mexico are focused on smuggling drugs from either domestic production or South American plantations north towards the United States and Canada (Sullivan & Elkus, 2008). As mentioned before [see also Figures 1 and 4], the trafficking stage is both the most high-risk stage, and the most concentrated stage (Allen, 2005, p. 32). Mexico, as a country, effectively acts as a strategic funnel, connecting the spread out networks of all of South and Central America with the vast network of wholesale and retail cells spread throughout the United States and Canada

(Kaplan, 2012, p. 94). Evasion is a viable tactic in the production and selling stages, but in Mexico itself, trafficking activity is too concentrated. There is a finite number of “safe” trafficking points, called “plazas”, over which rival trafficking groups compete, and the collective shipments for the entire U.S. and Canadian market have to be protected from both rivals and law enforcement (Kan, 2012, p. 28).

Much of the rise of large-scale cartels in Mexico can be traced to the intersection of a period of extraordinary institutional weakness with the sudden increase in importance of Mexican DTOs to the North American cocaine trade (Sullivan & Elkus, 2008). In 1997, Mexico saw the end of its 68-year single-party autocracy, when its “Partido Revolucionario Institucional” (PRI) lost its majority in the federal congress, followed by its loss of the presidency three years later (Bunker R. , 2013, p. 129). In the past, powerful and corrupt PRI governors controlled DTOs and often allowed them to smuggle drugs in exchange for generous cutbacks. Following the party’s loss of absolute power, the freshly empowered cartels seized the opportunity to develop operational areas of impunity through widespread bribery, assassination and intimidation (Bunker R. , 2013, p. 130).

By comparison, even traffickers that have no qualms bribing law enforcement and government officials in Mexico believe that Canadian officials are extraordinarily difficult and dangerous to bribe (Desroches, 2005, pp. 131-132). Canadian cultural values and traditions are perceived to have instilled a significant level of pride in the civil service which, combined with relatively high salaries and benefits creates a level of job satisfaction that helps to largely deter criminal behavior (Desroches, 2005, pp. 132-133). The outrage that recently surrounded an RCMP officer who was implicated

in drug trafficking charges in Swift Current, Saskatchewan, can be seen as emblematic of the rarity of high profile corruption involving law enforcement (The Canadian Press, 2015). Overall, there were only twelve cases of corruption with regards to organized crime in the RCMP over a period of ten years, starting in 1995 (Bronskill, 2014).

While Vincente Fox, Mexico's first non-PRI president, made attempts to strengthen federal institutions to combat drug trafficking, he failed to make improvements at the state and local levels, where DTOs had proven highly successful at infiltrating authorities and infrastructure (Aguirre & Herrera, 2013, p. 227). As a result, large segments of the Mexican public continue to perceive state and local-level authorities as corrupt and illegitimate (Aguirre & Herrera, 2013, p. 228). Thus, despite the Fox government's best efforts, Mexico's state institutions, particularly its police and judiciary, were still in the process of being democratized, and hence weakened, when the Mexican government attempted to launch its anti-DTO offensive (Aguirre & Herrera, 2013, p. 223).

From the outset, it was clear that trying to use local or state-level institutions was close to pointless. Massive corruption and effective intimidation meant that local police officers were either in the pocket of their local DTO, had looked the other way out of fear, or quit their jobs when prompted to go against them (Sullivan & Elkus, 2008). As a result, the Mexican state relied on the Federal Police and military units to fill the gap left by the unreliable local police forces (Moloeznik, 2013, p. 186). No matter how much the state militarized, however, the cartels kept pace. Over the course of the 2000s, profits from the illegal drug trade continued to soar as Mexico's

licit economy faltered, and the DTOs' increasing wealth allowed them to hire more and more gunmen for ever-decreasing costs, and arm them with illegally imported American weapons (Kan, 2012, p. 25; Ackerman, 2014). As a result, drug cartels are not only successfully resisting everything but the most focused government efforts, but also repeatedly taking the fight to them. Recent examples of this could be seen with both the lethal ambush of a Federal Police convoy that left 15 officers dead, as well as the shooting down of a Mexican police helicopter a few weeks later, by the CJNG cartel (Gagne, 2015).

In response to the DTOs' violent resistance, the Mexican government has continuously relied on what is called a blockhouse and kingpin strategy (Felbab-Brown, 2014, pp. 4-8). Mexican government forces will swarm areas perceived to be the main area of operations for a given DTO, establishing roadblocks and patrols, all the while hunting down and killing cartel kingpins (Kan, 2012, p. 28). While this approach has repeatedly been operationally successful in capturing or killing drug lords, it has been strategically indecisive, if not counterproductive, largely due to its limited application (Kan, 2012, p. 28; Beittel, 2013). In order to pool enough forces to properly execute the strategy, the Mexican government has resigned itself to focus all its attention to whichever DTO appears to be the most high-profile at any given time (Kan & Williams, 2010, p. 229). In this way, law enforcement operations have effectively perpetuated the drug related violence by preventing any given cartel from achieving dominance (Williams, 2012, p. 268).

One of the more plausible threats to the Canadian security environment that can be observed in Mexico is the militarization of local street gangs. In Mexico, much

of the drug-related violence in the northern trafficking hubs is not in fact committed by the cartels themselves, but rather by local street gangs, which act as their local proxies (Stewart, 2011). While the DTOs focus on the actual trafficking and protection of shipments, their respective local gangs fight more generally over the control of local trafficking plazas in their name (Williams, 2012, p. 269). In order to achieve this, these gangs have been highly militarized by their respective parent-DTO through both military-grade weapons and training (Williams, 2012, p. 268). As a result, in many cases it has practically become indistinguishable whether any given act of low-level violence was the result of DTO orders or just general street gang violence (Kan, 2012, p. 26).

4.3 Effects on Policing

Even though it is thus clear that Canada does not have to fear a sudden escalation in violence as a result of the presence of Mexican cartel agents in Canada, the question remains whether this phenomenon is likely to have any major effects on organized crime policing. Organized crime of various kinds has been with Canada since before Confederation. In order to determine whether the Mexican DTOs truly pose a unique challenge to Canadian law enforcement, it is worthwhile to look at the issue from both a macro and a micro level of analysis.

At a micro-level, the cartels are not bringing anything particularly new to Canada. Cocaine has been sold in the country for decades, and there is no evidence of the Mexican-run retail networks behaving any more violently in everyday business than the “traditional” Canadian retailers. Military-style firearms and body armor are

intimidating, but have been a common sight among Canadian street gangs and OCG since long before the appearance of the cartels (Grant & Bakx, 2013; Schneider, 2009; Schneider, 2013). Drug consumption remains a consensual crime: individuals typically aren't forced to consume illicit drugs, and it makes no difference whether the drug is sold directly by the Mexican traffickers or via a Canadian middleman (Schneider, 2009, p. 343).

From a macro-level point of view, Mexican DTOs are transnational organized crime groups that predominantly rely on the trafficking of illicit drugs for profit, but also engage in a variety of different activities in their areas of operation. These include, but are not limited to, thefts, home invasions, extortion, human trafficking, sexual exploitation, forced labor, money laundering, kidnapping for ransom, organ harvesting, oil siphoning, and assassinations-for-hire (Campbell, 2010, pp. 70-71). While this is certainly an impressive list of criminal activities, the majority of these activities occur almost exclusively south of the US-Mexico border, and none of them are unique to the cartels (Longmire, 2011, pp. Loc 293-320). Other organized crime groups in Canada, such as the Hell's Angels, the Cuntrera and Rizzuto mafias, as well as gangs such as the United Nations, FOB, or Indian Posse, are all known to have engaged in some or all of the aforementioned crimes at various points in time (Schneider, 2009).

As a result, Canadian law enforcement and judiciary can already rely on a variety of robust laws and powers in their fight against any organized crime group. Canada's primary anti-organized crime legislature, Bill C-95, was inspired in part by the Quebec Biker Wars. It defined both criminal organizations according to the

Criminal Code of Canada, and imposed strict sanctions on them (Moon, 1999, p. 454). It was further amended by Bill C-24 in 2001, which, among other things, specifically criminalized the commission of an offence for a criminal organization, and further strengthened law enforcement powers to seize the proceeds of crime, as well as Bill C-14, which further increased punishments for crimes committed in connection with organized crime (Gabor, 2003, p. 1; Valiquet, 2009). These laws have proven highly effective in combatting local organized crime groups, as can be seen by their weakened state over the past five years.

As transnational organizations, there is little that can be done against Mexican DTOs in Canada. As long as the Mexican organizations continue to see a viable market in Canada, they will continue to attempt to service it. Research has indicated that removing players from the drug market without reducing demand has typically not degraded the market, as other individuals will be willing to take the risk and fill the vacuum (Werb, Rowell, Guyatt, Kerr, Montaner, & Wood, 2011, p. 91). A simple increase in law enforcement efforts and more punitive laws, as attempted in the United States, has had practically no positive effects: despite having spent approximately \$15 billion USD annually on federal drug law enforcement since the 1990s, illegal drugs have become cheaper and drug purity has increased (Werb, Rowell, Guyatt, Kerr, Montaner, & Wood, 2011, p. 92).

In 2003, an assessment of the effectiveness of various organized crime control strategies commissioned by the Department of Justice of Canada examined seventeen different strategies in common practice in Canada and the United States (Gabor, 2003, pp. 56-57). Of those seventeen, only three were found to have moderate to high

effectiveness based on the available evidence. They were: injunctions, divestitures, and trusteeships to restructure tainted organizations or remove individuals from contact with an organization; witness protection programs to facilitate the prosecution of high-level OC figures; and increased regulation and establishment of public benefit corporations to limit OC's ability to hide their control over industries and remove their influence from some sectors.

More traditional anti-organized crime measures, such as the targeted prosecution of OC kingpins; money laundering measures; undercover operations; and attempts to reduce the supply of illegal goods and services, were all determined to be low in overall effectiveness at reducing organized crime (Gabor, 2003, pp. 56-57). Other measures, such as the decriminalization or legalization of certain illicit goods and services were also considered, but dismissed because of a lack of sufficient data sets (Gabor, 2003, p. 57).

While eliminating criminal kingpins has proven to be only minimally effective, if not counter-productive, in Mexico and the United States, in Canada, disconnecting the cartel networks from their Mexican handlers might in fact prove effective in countering cartel expansion in this country (Felbab-Brown, 2014; Gabor, 2003, pp. 56-57). By far the greatest weakness of the Mexican cartels in Canada, which is unique to their operations here, is the relatively small vulnerable population from which they can recruit local actors. This has forced them to rely on 'migrant bosses' for a significant number of their local networks: Mexican nationals who are sent up to Canada specifically for the purposes of running a cell. Unlike the United States, Canada simply does not have a large enough Hispanic community from which they can recruit

sufficient loyal individuals willing to engage in a life of crime. This should be identified as a major weak point in the cartels' operations by law enforcement.

Discriminating between legitimate Mexican migrants or tourists and cartel agents will require significant intelligence that will only be obtainable through extensive cooperation between Canadian law enforcement, the CBSA, the American Drug Enforcement Agency (DEA), and Mexican federal police. In the face of relaxed visa requirements for Mexican nationals travelling to the United States, it will be crucial for Canadian law enforcement to have access to information that might connect visitors or immigrants to organized crime, hence providing law enforcement and the CBSA with the basis to deny visas or justify surveillance operations (Mackrael, 2014).

Ultimately, it is clear that any law enforcement efforts aimed at eliminating the Mexican DTOs cannot be focused solely on one of their foreign markets, but has to tackle them in their home country. Even then, it is questionable whether their destruction would have any permanent effect on the international drug market. Considering the Mexicans' rise to power on the backs of the Colombian cartels, history seems to suggest that as long as there is a market, there will be suppliers. Truly effective strategies of combatting both organized crime and the drug trade in general continue to elude law enforcement in both Canada and the United States. Focusing too much on the Mexican cartels, rather than the market-side demand in the consumer countries, is akin to treating the symptom, rather than the greater disease.

Chapter 5: Conclusions

Over the last couple of years, Mexican cartels have become more directly involved in Canada than they have ever been before. This is not a point of contention – it is the official position of the RCMP and other Canadian police services (National Post, 2015; Southwick, 2014). Yet, despite the occasional headline by Canadian newspapers' crime writers, usually accompanied by a quick explanation of the intense level of violence these DTOs wreak in their native Mexico, there has been practically no public or academic debate over the meaning of this development for Canada. Furthermore, there has been effectively no strategic analysis of the cartels' change in behavior. Mexican DTOs have been selling to Canadians via American and Canadian middlemen for decades; why would they suddenly decide to change their modus operandi?

Unsurprisingly, the cartels themselves are mum on the matter. After all, it is in the nature of their business to remain out of the public eye whenever possible. This effectively makes the collection and analysis of quantitative data near impossible, as there are an untold number of idiosyncrasies that make data sets fundamentally different and incomparable, an issue that has even been noted by the Department of Justice (Ogrodnik, 2002, p. 5). As a result, this study primarily relied on news reports from the United States, Canada, and Mexico as data for analysis. Using this information, the goal was to approach these “distinctive and unusually important processes which cannot be effectively subjected to extensive research and can illuminate arguments and debates over alternatives that would otherwise remain uncovered” (Hayter, 1997, p. 11). In order to make sense of these individual data

points, social network theory and economics were applied to create more coherent patterns of behavior.

Looking at DTOs from an economic point of view provides significant insight into their goals, behaviors, structure, and strategic positioning. Since DTOs are, at their core, criminal conspiracies for economic gain, their operations have been found to consistently parallel standard business needs (UNODC, 2004, p. 5; Williams & Godson, 2002). Thus, DTOs will generally always seek to maximize profits and minimize risks, though the illegal nature of the business forces greater attention to risk minimization than one would see in licit businesses (Desroches, 2005, p. 42). This helps explain why DTOs choose not to completely vertically integrate their business, and instead rely on redundant insulated criminal networks that are more resistant to law enforcement efforts and other disruptions (Allen, 2005, p. 28; Schemo & Golden, 1998).

Especially in this context, social network theory helps to understand the structure of these groups and networks by looking at them as sets of individuals with relational ties that can take a wide variety of different shapes (McIllwain, 1999, p. 305). The traditional view of the structure of organized criminal groups had long been that of a hierarchical, strictly organized group of individuals with tight control over every element of its business (Desroches, 2005, pp. 35, 40). More recent research, however, suggests a more chain-like form, with individual insulated, specialized, and replaceable cells operating with only limited instructions and tied to each other via one or multiple intermediaries (Desroches, 2005, p. 40; Bruinsma & Bernasco, 2004, p. 82; Allen, 2005, p. 89; Williams & Godson, 2002, pp. 331-332). Because of the

insulated nature of each individual cell along the production and distribution chain, the individuals within each cell that tie it into the greater networks are of great importance. This is particularly true of non-integrated cells that are not controlled by the parent cartel.

Thus, if one looks at recent events in Canada-Mexico drug trafficking through a social network theory lens, a few notable events stand out that help explain why the cartels have stopped dealing through Canadian middlemen and are instead expanding into Canada themselves. For one, the recent killings of various Canadian OCGs' key Mexican contacts significantly eroded the relational trust between the cartels and their Canadian partners (Gurney, 2014). This situation has been further aggravated by the successful degradation of the Canadian OCG by domestic law enforcement operations in the West, and infighting in the East (Olivier & Chan, 2014). As a result, the cartels were faced with a situation in which they had not only been deprived of their trusted business contacts, but could also not be confident in their Canadian partners' ability to distribute and sell their product, let alone continue to exist as criminal networks.

Since Canada as a market is too big for the cartels to abandon, the cartels inevitably looked for alternative entry points. By chance, this situation coincided with a significant influx of Mexican-Canadian Mennonites migrating to Canada as a result of droughts and unfavorable economic conditions in their native Chihuahua (Castro, 2004, pp. 25-26; Grant, 2014; Torres, 2011). Members of this community had in the past been corrupted by the cartels through a combination of financial incentives, family obligations and threats. Thus, there were already pre-existing business

relationships. Furthermore, Mennonite communities' tight social structure and close familial ties across various North American colonies makes them relatively resilient to law enforcement infiltration even across borders. Their white, non-Hispanic names and appearance, as well as their dual-citizenship and language skills further made them particularly valuable (Grant, 2014; Nolais, 2013). A number of recent arrests now suggests that the cartels are actively using these connections to both smuggle Mexican cocaine into Canada, and Canadian marijuana into the United States (Grant, 2014; O'Brien, 2014; Gerson, 2013; Associated Press, 2014). Furthermore, Mexican-Canadian Mennonite communities in Southern Alberta have been found to harbor Mexican cartel bosses (ALERT, 2015).

Notably, this trend has been accompanied by no noticeable increase in drug market related violence. Most of that can be traced back to the cartels' absolutely dominant control over the North American cocaine market (Kilmer & Liccardo-Pacula, 2009, p. 67). Even if Canadian OCG had the manpower and will to oppose them, it would not make any economic sense, since the Mexicans effectively enjoy a near-monopoly over the product. Opposing them would likely end with their supply being completely cut off, so they have no tangible choice other than to work with them. Since the Mexican community in Canada is not large enough for the cartels to work with them exclusively, pre-existing Canadian criminal networks do not have to fear being completely replaced. Instead, they are likely to be incorporated. To this end, there have already been reports of cartel-affiliated armed squads found travelling through Canada, building up their distribution networks by coercing domestic gangs and dealers to carry their product and start reporting directly to them (CBC, 2014).

An escalation of violence akin to that in Mexico is highly unlikely both due to the completely different social stability and government legitimacy, as well as the role in the distribution chain inhabited by Canada. Canadian state authorities and law enforcement are perceived to be vastly more legitimate and incorruptible than their equivalents within Mexico, making confrontation with them highly undesirable (Desroches, 2005, pp. 131-132). Outside of their home bases in Mexico, the cartels hardly act much different than other large-scale drug traffickers. Hence, Canadian law enforcement and crown prosecutors can already rely on a number of extensive anti-organized crime legislation and powers that allow them to combat DTOs relatively effectively.

Mexican cartels have come to Canada as a result of a weakened criminal underworld and a convenient network opportunity ripe for exploitation. Prior to the near-destruction of their Canadian partners, the Mexicans had little motivation to expand north, but this setback, combined with the sudden availability of a bridgehead in the form of the Southern-Albertan Mexican-Canadian Mennonite community and a temporary surplus of Mexican manpower as a result of the status quo of the conflict in Mexico, provided them with both the motivation, and the means to expand into Canada. In spite of their fearsome reputations, though, they are unlikely to fundamentally change the state of organized crime in Canada. For the most part, the retail-end distribution networks remain the same, even if they report to a different leadership now. The drug also remains the same – the only difference being that the cocaine now goes through one less middleman. Rather than destroying the market for cocaine, the Canadian government's effective dismantling of domestic drug trafficking

groups has only served to change the pipeline through which the drug enters the country. Clearly, the targeting of suppliers has not affected the market demand, and there is no shortage of alternative supply. As such, it may be worthwhile for the Canadian government to examine other ways of dealing with the consumption of cocaine (and other drugs) that minimize market demand, or at least mitigate the damage potential of the drug for Canadians.

This study has provided a foundation for future research in a topic that is woefully understudied. Much of our understanding of organized crime is based on the American experience, rather than on the Canadian experience, and the issue of Mexican cartels is no exception. It also highlights the unpredictability of the dynamics at play when it comes to fighting organized crime. It is questionable whether the Mexican cartels would have chosen to expand this directly into Canada had they not had both the network opportunity and the favorable conditions on the ground in Mexico to support such an advance. Furthermore, this phenomenon reinforces the fact that successful law enforcement operations against drug traffickers will not end customer demand. So long as there remains a demand for the product, market forces will act to fill any supply-side vacuum.

Ideally, this study would have included interviews with the leadership of the most predominant Mexican cartels, as well as the most important Canadian OCG, such as the U.N. Gang and the Rizzuto mafia. A closer examination of the role of the Mennonite community in the business of trafficking cocaine into Canada, as well as their importance to the Mexicans' business in Canada would have further benefitted from interviews with insiders. Unfortunately, the clandestine and illegal nature of the

business makes it nearly impossible to safely conduct interviews, or even identify and contact relevant, genuine criminal leaders. Internal policing documents, such as surveillance information about trafficker movements and interactions may have permitted this study to better verify the theories laid out in this analysis, but are inaccessible to non-law enforcement personnel due to obvious security concerns. Other individuals involved in the process, such as arrested traffickers, particularly Mennonites, may have provided interesting insight into the way these criminals justify their behavior and their self-perceived status within their community as a whole. Unfortunately, the barrier for accessing these individuals is extremely high, and it is unclear how willing they would be to share this kind of information. As it stands, this study was limited to the use of exclusively open-source material, from which conclusions were drawn based on theoretical principles.

Future research on the topic could include a more in-depth investigation of the power-dynamics between Canadian criminal networks and their Mexican suppliers, especially with regards to former middlemen groups. Another issue worth exploring could also be the impact of Mexican cartel presence on the Canadian drug export market. Canada is a major producer of marijuana and synthetic drugs, and there have already been reported cases of cartel smugglers reinvesting the proceeds of their cocaine sales in Canadian marijuana, which was then smuggled into the United States. With regard to this issue, it may also be worthwhile investigating to what degree border policies and enforcement may be making Canada an attractive transit country from which to move cocaine and other contraband to other continents.

Lastly, it remains unclear to what extent Canadian citizens are engaged in cartel-affiliated violence in Mexico. Whether Canadian criminals are only acting as traffickers and gatekeepers or actually actively partake in the violence that continues to shake Mexico may be of considerable public interest, especially if these individuals then return back to Canada.

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