



RESOLUTION 2021-05

Illegal On-line Cannabis Sales

Preamble

In October 2018, the sale of cannabis was legalized and a system was implemented to regulate and restrict cannabis with a view to keeping it away from youth and reducing the illegal market and organized crime involvement.

In Ontario, the Alcohol and Gaming Commission of Ontario (AGCO) is the provincial regulator that licenses cannabis retail operators and the Ontario Cannabis Store (OCS) is the wholesaler of legal cannabis and the only on-line retailer in the province. Despite the regulated legal regime, the illegal cannabis market has not dissipated.

Cannabis remains a lucrative commodity for organized crime groups, gangs, and criminals and their involvement in illegal cannabis production, sale, and distribution continues to reap significant financial profits. In some ways, criminal operators are better able to hide in the legal cannabis market, exploit federal and provincial legislative loopholes and continue to find ways to maintain a hold on the market by saturating and promoting illegal cannabis e.g., easy access, wide variety, high potency, etc.

As part of the legal cannabis framework and with the objective of reducing cannabis-related criminal activity, the Ministry of the Solicitor General has for the last three years funded the OPP-led Provincial Joint Forces Cannabis Enforcement Team (PJFCET). The PJFCET and police services across the province continue to tackle illegal cannabis operations in Ontario.

Since legalization, illegal cannabis investigations have closed down almost 100 illegal cannabis storefronts and other production and distribution operations, netting millions of dollars in illegal cannabis bud, plants, edibles, other drugs, and dangerous firearms. As illegal cannabis storefronts closed, illegal operators migrated on-line. Previously, the illegal drug trade took place on the dark web and now illegal cannabis transactions are being done on the worldwide web. Cannabis is sold on buy and sell websites and social media platforms. Technology entrepreneurs are also taking advantage of the profits to be made from illegal cannabis by developing on-line platforms that advertise and lead buyers to local illegal cannabis products and sellers.

Data indicates that the number of illegal on-line providers has grown from approximately 800 sites in January 2020 to a high of over 2,600 sites in the first part of 2021. These illegal on-line sites range from small local operations to sophisticated organized criminal networks operating locally in Ontario, nationally or internationally.

Illegal on-line cannabis sites use technology to operate in complete anonymity; setting up corporations outside of Canada and registering with companies that host anonymous virtual private servers and IP addresses, rapidly adjusting the business model to continue to evade detection. Legal companies are also being used to support the illegal

on-line cannabis market, for example, payment methods on the sites are via e-transfer services and delivery services.

Organized crime groups and gangs use money from illegal cannabis operations to fund violent crime and other criminal activity such as production and distribution of other drugs (e.g., methamphetamine and fentanyl).

WHEREAS there is no direct federal or provincial legislative or regulatory provisions that allow illegal on-line cannabis sites to be easily shut down and recognizing this enforcement gap and the impact and risks associated with illegal on-line cannabis sales, the federal government in 2019 engaged with provincial/territorial regulators and law enforcement organizations to work together to develop a disruption strategy for illegal on-line cannabis sales, and

WHEREAS data provided by the OCS estimates the province secured roughly 40 per cent of the legal market by the end of 2020 and at the same time, the number of illegal on-line cannabis sites increased to more than 2,000 and it is difficult for on-line buyers to easily distinguish between legal and illegal sites, and

WHEREAS the PJFCET and other Ontario police services have had some success with cannabis enforcement, but investigations into illegal on-line operations cloaked in anonymity are complex, time consuming, and resource-intensive and organized crime groups and criminal operators sell cannabis on-line under complete anonymity and without impunity and using technology that allows them to remain steps ahead of law enforcement, and

WHEREAS the OACP and police services across the province strongly support the continuation of the PJFCET to tackle the organized crime groups involved in illegal on-line cannabis sales and to employ innovative and modern techniques, including the use of private industry and other experts, to get ahead of organized crime tactics and techniques to avoid detection.

THEREFORE BE IT RESOLVED that the Ontario Association of Chiefs of Police (OACP) calls on the Government of Ontario to introduce legislative or regulatory provisions under the *Cannabis Control Act, 2017* (or other suitable Acts) to allow for a reverse onus to easily remove on-line cannabis sites not licensed by the AGCO.

BE IT FURTHER RESOLVED that the OACP calls on the Government of Ontario to work with the federal government to introduce federal legislation to better address illegal on-line cannabis and other drug operators, and

BE IT FURTHER RESOLVED that the OACP calls on the Government of Ontario to work with the AGCO to better identify legal on-line cannabis operators and a communications strategy to inform the public of the risks associated to illegal cannabis operations, and

BE IT FURTHER RESOLVED that the OACP calls on the Government of Ontario to provide sustained, five-year funding to the PJFCET to tackle illegal on-line cannabis sales and the organized criminal networks behind them and the illegal cannabis production and distribution networks.