



SERIOUS FRAUD OFFICE

— ONTARIO —

2022 Annual Report

Ontario 

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INTRODUCTION TO THE SFO

MESSAGE FROM THE DIRECTOR OF THE PROSECUTION BRANCH

As anticipated, 2022 was a pivotal year for the Prosecution Branch as charges were laid in some of the Serious Fraud Office's (SFO) lengthy and complex investigations. In doing so, the office confirmed that it could provide exceptional service to the public as Ontario emerged from the pandemic.

The Prosecution Branch exhibited its versatility by beginning the year assisting the Royal Canadian Mounted Police (RCMP) in its cybercrime investigation into a prolific affiliate in the Netwalker ransomware operation. Sebastien Vachon-Desjardins pled guilty shortly after his arrest and his seven-year prison sentence was accompanied by the forfeiture of 680 Bitcoin as proceeds of crime. Those proceeds were valued at \$34.5 million and will be used to compensate his victims.

Supporting victims is a priority at the SFO, as was demonstrated at the sentencing hearing for Charles Debono, who had orchestrated a large Ponzi scheme. Through the combined efforts of the Investigation, Adjunct Services and Prosecution branches, the office was able to gather 401 requests for restitution and 105



victim impact statements for presentation to the sentencing judge.

Despite the challenges posed by COVID-19, the SFO moved two important investigations to the prosecution stage. One involves alleged fraud upon a government-guaranteed small business loans program while the other relates to alleged fraud and forgery in the truck driver licensing industry.

When considered alongside the bookkeeping fraud and romance-related embezzlement prosecutions that SFO counsel completed, these cases provide a glimpse into the breadth of dishonest financial activity that the SFO is designed to effectively address.

Prosecuting serious frauds requires talented and flexible staff possessing patience and perseverance who are supported by innovative technology. The Prosecution Branch is fortunate to be a leader in this area and the office is well-positioned to excel in 2023.

John Corelli, Chief Counsel



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



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



MESSAGE FROM THE DIRECTOR OF THE INVESTIGATION BRANCH

Our culture of policing excellence was on display throughout 2022 as our highly engaged members of the SFO Investigation Branch continued to inspire public confidence through their work and continued achievement. Our serious fraud investigations maintained their focus on holding offenders accountable for their crimes.

In 2022, the SFO brought two investigative projects to the prosecution stage, both resulting in arrests and charges. Investigative excellence continued to be met through engagement and strategic cooperation with policing partners. The Investigation Branch initiated two large-scale investigations involving the commitment of 11 law enforcement agencies in total from across Ontario and Quebec. Additionally, in recognition that financial crimes extend across national borders, the Investigation Branch established the International Financial Crimes Working Group to provide a forum for effective communication and collaboration between law enforcement agencies from around the globe.

Furthermore, our Joint Force Operations (JFO) partners continued to play a pivotal role in advancing the SFO mandate and promoting a culture of policing excellence. This past year, the SFO welcomed Durham Regional Police Service as a partner to its investigative workforce, joining other JFO partners, including Barrie Police Service, Peel Regional Police, York Regional Police, the Ontario Provincial Police and the RCMP.

The Adjunct and Support Services Team has continued to deliver effective programming and services in support of the core investigative and prosecutorial operations. Expert advice from the Crime Prevention Team resulted in the prevention of hundreds of thousands of dollars in losses due to fraud that was targeting government programs, including the licence plate refund program.

Throughout the year, approximately 1,600 victims were engaged by the SFO Victim Support Team, totalling more than 12,000 interactions with victims. Through their assistance and supportive interactions with victims, more than 100 Victim Impact Statements were collected and presented in court at sentencing hearings, giving fraud victims a voice in the judicial process.

In December 2022, the SFO welcomed 20 members of Ontario's law enforcement to its inaugural Advanced Fraud Investigations Course. Supported and accredited by the Provincial Police Academy, this first and only course of its kind in Canada provided in-depth and specialized training to financial crime investigators.

The SFO is committed to advancing these programs and initiatives, while continuing to actively pursue those committing serious fraud through vigorous investigation and enforcement. I look forward to the ongoing success of the SFO in 2023.

Dominic Chong, Detective Superintendent

YEAR IN BRIEF

MILESTONES IN 2022

The *Serious Fraud Office 2022 Annual Report* underscores the key activities and milestones of the SFO within the calendar year.

JANUARY

The SFO partnered with OPP Community Safety Services to protect Ontario seniors from fraud through the Fight Fraud Initiative.

MARCH

The International Financial Crimes Working Group was established by the SFO to enhance communication and collaboration with international policing partners.

MAY

The SFO arrested and charged one person in Project Barnet, an investigation into alleged fraudulent fast tracking of unqualified Ontario truck drivers' licences. The SFO would go on to arrest and charge eight suspects in Project Barnet throughout 2022.

JULY

Michael Cady was convicted at trial of money laundering and possessing property obtained by crime. He was later sentenced to two and a half years in prison and ordered to pay \$800,000 in restitution.

SEPTEMBER

The SFO successfully alerted over 500 car dealership representatives to the "Skip the Showroom Scam" targeting their industry.

NOVEMBER

The SFO presented at Sun Life Financial's conference, "Tackling Fraud and Partnering in Education."

FEBRUARY

John Simmonds was sentenced to eight and a half years in prison for committing fraud, theft and money laundering and ordered to pay \$2.8 million in restitution.

Sebastien Vachon-Desjardins was sentenced to seven years in prison and a \$2.9 million restitution order for committing ransomware attacks on 17 Canadian entities.

APRIL

The SFO arrested and charged four people in Project Penny, an investigation into allegations of fraudulent exploitation of the Canadian Government Guaranteed Loans Program.

JUNE

Charles Debono was sentenced to seven years in prison and ordered to pay restitution and a fine in lieu of forfeiture in the amount of \$26,910,772 for his debit machine ownership Ponzi scheme.

AUGUST

SFO Investigators worked with the Ministry of Finance (MOF) to identify vulnerabilities in their COVID-19 support payment grant portals. The SFO suggested crime prevention techniques that were later used by MOF to detect and prevent fraudulent applications prior to the release of any funds.

OCTOBER

Terry Croteau pled guilty to fraud, using a forged document, and deceptive telemarketing in connection with a scheme to bill small businesses over \$1 million for services they didn't receive.

DECEMBER

The SFO hosted the Advanced Fraud Investigation Course for members of Ontario's police services to promote the development of specialized expertise across the province.

2022 BY THE NUMBERS

INVESTIGATIONS & PROSECUTIONS



**\$700,000 and
680.49 Bitcoin,
valued at \$34.5 M**

The total value of proceeds of crime that offenders were ordered to forfeit to the Crown, to be used for restitution.



41

The number of times SFO Crown Counsel shared their expert advice with other police agencies.



13

The number of people arrested and charged.



25

The number of charges laid.



\$29,826,553

The total value of the fines that offenders were ordered to pay because they had spent or hidden the proceeds of their crimes.



\$33,429,548

The amount of restitution ordered to be paid to victims.



15

The number of prosecutions conducted by SFO Crown Counsel to assist trial offices across Ontario.



100%

The rate of approval of court applications for judicial authorization.

ADJUNCT & SUPPORT SERVICES



12,828

The total number of victim support interactions.



82

The number of times the SFO provided fraud prevention education to the public, including vulnerable groups.



1,064

Policing partner attendance across education and training events facilitated by the SFO Education and Training Program.



896

The number of older adults receiving fraud prevention education from the SFO.

ABOUT THE SFO

OUR MANDATE AND STRUCTURE

The mandate of the SFO is to provide an integrated approach dedicated to combatting the significant challenge of serious fraud in Ontario. The SFO has three goals, they are:

- 1** To protect the residents of Ontario.
- 2** To limit losses suffered by victims of fraud.
- 3** To recover assets fraudulently acquired.

The SFO is a joint initiative between the Ministry of the Solicitor General (SOLGEN) and the Ministry of the Attorney General (MAG). It has two branches: the Investigation Branch and the Prosecution Branch.

The Investigation Branch is comprised of uniform and civilian employees from the OPP and various other police services in Ontario. In 2022, uniform members seconded to the SFO included York Regional Police, Peel Regional Police, Durham Regional Police Service, Barrie Police Service and the RCMP. The Investigation Branch also provides support services such as crime prevention, victim assistance, and training and education, which complement the SFO's core investigative operations.

The Prosecution Branch is comprised of Crown Counsel and business professionals from MAG. Crown Counsel provide legal advice to the police at the investigative stage and prosecute the case when charges are laid. Both branches work together to prepare the file for court.

While the Investigation Branch and Prosecution Branch have independence to make decisions concerning their respective operations, the SFO's Joint Governance Committee (JGC) has overall responsibility for the SFO's policies, protocols and strategy.





OUR STRATEGY FOR SUCCESS

The foundation of the SFO's success is comprised of four strategic pillars.

1

PREVENT

2

RESPOND

3

STRENGTHEN

4

COLLABORATE

PREVENT

Advocate

The SFO works with its justice partners at the provincial and national level to develop, implement and evaluate anti-fraud legislation and policies that aim to reduce the incidence of fraud.

Lead with Intelligence

Through risk analysis, intelligence sharing and statistical monitoring, the SFO detects and analyzes fraud risks and threats. SFO resources can then be used efficiently to create the biggest impact.

Educate

The SFO works with law enforcement, media and its community partners to enhance province-wide awareness of fraud threats and reduce victimization.

Engage

The SFO coordinates the delivery of fraud prevention education province-wide, focusing on engaging communities and vulnerable groups with the greatest risk of victimization.

RESPOND

Harness Expertise

The SFO coordinates a broad range of expertise to enable an effective and efficient response to financial crime. This includes:

- Investigating a broad range of financial crimes.
- Analyzing complex financial transactions.
- Seizing, restraining and forfeiting offence-related property and proceeds of crime.
- Supporting victims.

Act with Efficiency

The SFO aims to ensure justice is administered efficiently in each case. This includes:

- Utilizing strategic and tactical intelligence analysis during investigations.
- Seeking pre-charge legal advice from Crown Counsel.
- Improving the disclosure process.

STRENGTHEN

Train and Educate

The SFO delivers training and education to Ontario's law enforcement agencies to promote the development of specialized expertise across the province.

Innovate

The SFO leverages technology for efficient fraud detection, case management and intelligence analysis.

Learn

The SFO conducts strategic research to identify and analyze key issues related to financial crime and support decision-making.

Improve

The SFO continually evaluates its performance to identify opportunities to improve.

COLLABORATE

Share

The SFO shares intelligence with its law enforcement partners to detect and prevent financial crime.

Coordinate

The SFO coordinates with domestic and international law enforcement and prosecution agencies to counter financial crime.

Network

The SFO builds and maintains robust anti-fraud and victim support networks, and fosters relationships with partners and stakeholders that hold a shared vision for public safety.



RESULTS IN 2022

- PROSECUTION BRANCH -

R. v. CADY & CADY

In the fall of 2019, a family-run, small engine manufacturing, exporting and service business in Sudbury reported a series of financial irregularities to the local police, who referred the matter to the SFO. Following a six-month investigation, SFO investigators charged the company's bookkeeper, Karen Cady with fraud and her husband, Michael Cady, with possessing the proceeds of the fraud and money laundering.

In 2021, Karen Cady pled guilty and was sentenced to four years imprisonment and ordered to pay approximately \$1 million in restitution. A forfeiture hearing resulted in confiscation of a residence, a boat, and recreational vehicles which were liquidated and the funds returned to the victim. Karen Cady was also ordered to pay a fine in an amount equal to the proceeds of crime she had already spent.

In July 2022, Michael Cady was convicted after trial and was sentenced to two and a half years in prison. He was also ordered to pay restitution to the victim.



Residential home and pontoon boat restrained by the SFO



R. v. DEBONO

Charles Debono ran an elaborate Ponzi scheme which deceived people into investing approximately \$52 million in a debit machine ownership program. The scheme collapsed in 2017 when Mr. Debono fled Ontario, taking the proceeds with him to the Dominican Republic.

Working with international partners, the SFO was able to find Debono and he was returned to Canada in 2020.

In February 2022, Debono pled guilty to fraud and money laundering. The SFO submitted 401 victim impact statements at Mr. Debono's sentencing hearing. He was sentenced to seven years in prison and ordered to pay restitution and a fine in lieu of forfeiture in the amount of \$26,910,772.



R. v. John SIMMONDS

John Simmonds defrauded a group of family-owned businesses of over \$2 million dollars. He gained the trust of the owner's daughter before stealing approximately \$370,000 from her. He also took control of the companies after exploiting the whole family's trust and setting up his own accounting department from which he withheld funds from the companies' employees, suppliers, and the Canada Revenue Agency. Simmonds' crimes brought the companies to the brink of bankruptcy.

In December 2021, a jury convicted Simmonds of all counts of fraud, theft and money laundering. In February 2022, he was sentenced to eight and a half years imprisonment and ordered to pay a total of \$2,856,102 in restitution. A fine in lieu of forfeiture was also imposed.

R. v. Terry CROTEAU

Between 2012 and 2019, Terry Croteau defrauded thousands of people through a fraudulent telemarketing and direct mail business in Ontario that billed small businesses for services they did not request. When they challenged payment, Croteau sent them forged letters from what appeared to be a collection agency. Victim losses totaled over \$1 million dollars.

In October 2022, Croteau pled guilty to fraud, using a forged document, and deceptive telemarketing. He will be sentenced in 2023.

R. v. Sebastien VACHON-DESJARDINS

Between May 2020 and January 2021, Sebastien Vachon-Desjardins victimized 17 Canadian organizations including municipalities, educational institutions and corporations throughout the world in a complex ransomware extortion scheme. He was one of the largest affiliates of an international criminal organization known as the NetWalker ransomware group.

In January 2022, Vachon-Desjardins pled guilty to participating in the activities of a criminal organization, extortion, mischief in relation to data and unauthorized use of a computer. He received a sentence of seven years in prison and was ordered to pay approximately \$2.9 million in restitution and forfeit seized Bitcoins worth approximately \$34.5 million at the time of sentencing. Restitution will be made from the Bitcoin and cash recovered at the time of arrest.



- INVESTIGATION BRANCH -

PROJECT PENNY

The SFO concluded an investigation into allegations of fraudulently obtained government guaranteed loans. The alleged fraud exploited a Canadian government program that was intended to encourage lenders to make loans to small businesses to finance leasehold improvements, fixtures and purchase new business equipment.

The charges are currently before the courts.



PROJECT BARNET

The SFO concluded an investigation into allegations that foreign driving licences and other foreign driving experience documents were forged and sold to individuals for the purpose of fast-tracking the Ontario graduated licensing system. During the investigation, a search warrant was executed at one of the suspects' residences where investigators located and seized \$551,215 in bulk cash.

As a result of the investigation, the SFO arrested and charged eight people. The two primary suspects were charged with fraud, forgery, trafficking forged documents, possessing counterfeit marks and possession of property obtained by crime.



ADJUNCT & SUPPORT SERVICES

VICTIM SUPPORT SERVICES

In 2022, SFO Victim Liaisons continued to prioritize victims with the greatest need for support. Many were older adults with cognitive impairments – some of whom also experienced additional challenges in their daily lives such as isolation, loneliness and mobility issues. Victim Liaisons used needs assessments to inform the development and implementation of support plans for older adults with special needs:

- Victims received local access to programs and services that support older adults, including friendly visiting services to combat isolation and loneliness, and financial assistance for those experiencing economic hardship.

- Support persons were canvassed by Victim Liaisons to assist older adults with impaired cognition and decision-making capacity.
- Victims demonstrating the greatest need for support received regular, weekly check-ins from a Victim Liaison. Check-ins served to assist victims in coping with the day-to-day challenges (emotional, social, physical) that are known to follow fraud victimization. These supportive interactions were a vital component of the victims' recovery process and re-establishing trusting and supportive relationships.
- Additionally, Victim Liaisons held town halls – an efficient and effective way of reaching a large number of victims impacted by fraud. Victim Liaisons used town halls to deliver case updates and allow victims opportunities to ask questions and voice their concerns.

SPOTLIGHT: UNDERSTANDING THE IMPACT OF FRAUD ON ITS VICTIMS

A victim impact statement is a victim's opportunity to describe in their own way the physical or emotional harm, property damage or economic loss they have suffered.

A sentencing judge considers the impact crimes have on victims when determining the appropriate sentence for an offender. In the matter of *R. v. Debono*, 105 victims shared with the court how this serious fraud impacted them.

The following quotes are taken directly from *R. v. Debono* victim impact statements.



“

At this point in our lives, we can never recover financially from this. It has impacted our financial stability and will do so for the rest of our lives.

“

Being in our 50's, we were stressed about how to make ends meet. The stress was difficult for our marriage and the embarrassment of being defrauded was awful. Our lifestyle will never be the same and retirement isn't something we can look forward to. I have significant trust issues now.

“

My family and I were forced to move out of our apartment... This generated tension and constant arguments and almost a divorce.

“

Once the income was gone, my husband had to start over with his career...He is now working as a caretaker and he is almost 60 years old. I have had to change jobs as well. The emotional impact has been difficult.

“

When he realized that all of the money was gone, he became severely despondent over his future and drank very heavily... He died alone... he had suffered a great deal. To this day I have trouble sleeping if I allow myself to think about his last moments.

DID YOU KNOW?

The Canadian Victims Bill of Rights came into force on July 23, 2015. This act gives every victim the right to present a victim impact statement and to have the Court take it into account when sentencing an accused person. These rights are part of a victim's right to participation.

- Crime Prevention Services - **SPOTLIGHT: PARTNERING TO** **PROTECT SENIORS FROM FRAUD**

Fraud is a growing problem affecting older adults in Ontario. In 2022, the SFO and OPP Community Safety Services (CSS) partnered to protect older adults from fraud through the Fight Fraud Initiative.

The SFO and CSS developed a fraud prevention tool kit and presentation material to assist OPP Auxiliary members and community safety officers (CSOs) in providing fraud prevention education, including tips to help older adults recognize and reject these frauds and report them to the local police. In total, 82 OPP Auxiliary members were trained to deliver the Fight Fraud presentation.

From March 28 to November 17, 2022, OPP Auxiliary members and community safety officers in partnership with community organizations, including Elder Abuse Prevention Ontario and the Older Adult Centres' Association of Ontario, delivered 29 Fight Fraud presentations. They were held both virtually and in-person, reaching older adults in 14 Ontario communities. The presentations focused on building awareness of frauds and scams that target older adults, including romance scams, emergency scams, Canada Revenue Agency scams and bank investigator scams.

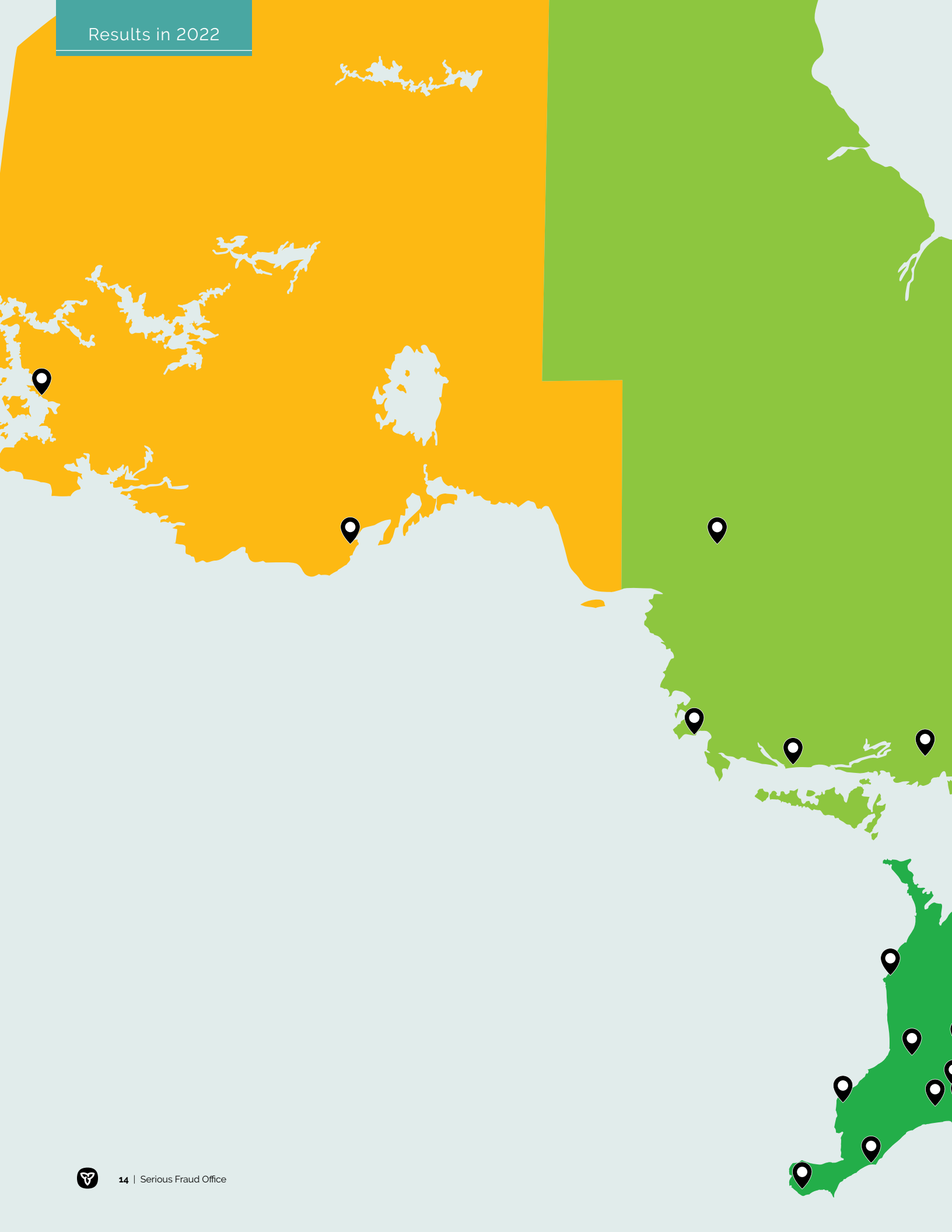


- Training and Education Services - **SPOTLIGHT: ADVANCED** **FRAUD INVESTIGATION COURSE**


As a leader in financial crime investigations and prosecutions, the SFO supports Ontario's police services and Crown Attorney offices through training and education programs. In December 2022, the SFO hosted a three-day Advanced Fraud Investigation course for investigators from police services across Ontario. The course focused on:

- Advanced understanding of financial crime offences including those involving cybercrime and cryptocurrency.
- Tackling legal issues related to applications for judicial authorizations, police-Crown independence, solicitor-client privilege, and maintaining objectivity in complex investigations.
- Addressing practical issues involving the use of forensic accounting, financial records and complex file management.
- Supporting victims of fraud.





ONTARIO COMMUNITIES SERVED BY THE SFO IN 2022

- 
- Acton
 - Ajax
 - Amherstburg
 - Ancaster
 - Aurora
 - Baden
 - Barrie
 - Blind River
 - Bolton
 - Bracebridge
 - Brampton
 - Brant County
 - Brantford
 - Burlington
 - Caledon
 - Caledonia
 - Cambridge
 - Cardston
 - Carleton Place
 - Casselman
 - Cedar Springs
 - Centralia
 - Clarence Creek
 - Collingwood
 - Deep River
 - East Gwillimbury
 - Elmira
 - Etobicoke
 - Flesherton
 - Gloucester
 - Greely
 - Grimsby
 - Guelph
 - Hagersville
 - Halton Region
 - Hamilton
 - Hannon
 - Hawkesbury
 - Holland Landing
 - Jarvis
 - Kawartha Lakes
 - Kemptville
 - Kenora
 - Kincardine
 - Kingston
 - Kitchener
 - Lombardy
 - London
 - Manotick
 - Maple
 - Markham
 - Millgrove
 - Milton
 - Mississauga
 - Nepean
 - Newmarket
 - Niagara Falls
 - Norfolk County
 - Northumberland
 - Oakville
 - Orangeville
 - Orillia
 - Orleans
 - Oshawa
 - Ottawa
 - Oxford County
 - Petawawa
 - Peterborough
 - Pickering
 - Port Dover
 - Richmond Hill
 - Sault Ste. Marie
 - Scarborough
 - Simcoe
 - Stittsville
 - Stoney Creek
 - Stouffville
 - Sudbury
 - Thornhill
 - Thorold
 - Thunder Bay
 - Tillsonburg
 - Toronto
 - Tottenham
 - Uxbridge
 - Vaughan
 - Waterdown
 - Waterloo
 - Welland
 - Whitby
 - Windsor
 - Woodbridge
 - Woodstock

LOOKING AHEAD TO 2023

In addition to fulfilling its mandate to investigate and prosecute complex frauds and support victims, the SFO will pursue the following initiatives in 2023.

1

The SFO anticipates bringing several of its investigations to the prosecution stage, while continuing to take on additional files to support its municipal policing partners.

2

The SFO will pursue the implementation of its Victim Support Portal and public-facing website.

3

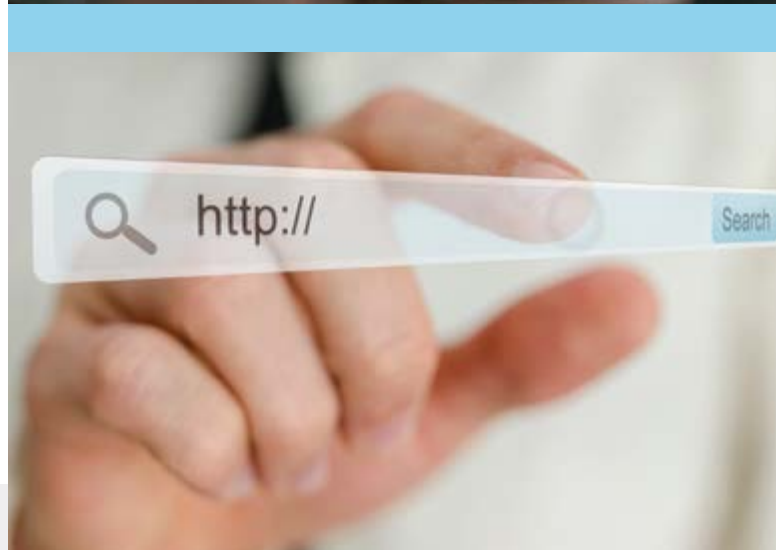
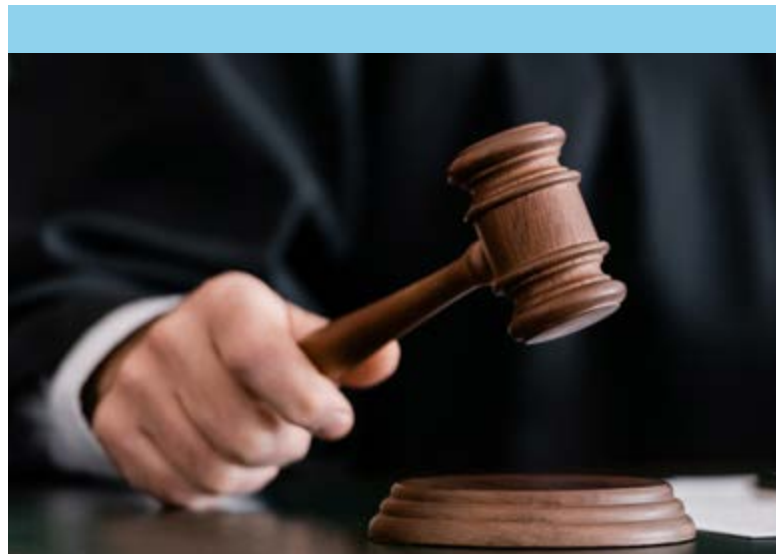
The SFO will continue to offer education and training opportunities for police and prosecution agencies across Canada. In addition to the regular education throughout the year, 2023 will see the return of both the SFO Financial Crime Forum and Advanced Fraud Investigation course.

4

The SFO will continue to use e-Discovery software and additional technologies to streamline its investigations and prosecutions.

Why Should I Report Fraud?

By reporting fraud to your local police, you provide law enforcement with the information they need to stop fraudsters and help prevent others from becoming victims. Reporting fraud to the Canadian Anti-Fraud Centre (CAFC), whether you are a victim or not, is also important. The CAFC assists law enforcement by collecting and storing data that can assist with police investigations and crime prevention efforts.





MORE INFORMATION

ARE YOU A VICTIM OF FRAUD?

Report it to your local police and the CAFC at 1-888-495-8501 (toll free) or online at antifraudcentre-centreantifraude.ca

DO YOU HAVE INFORMATION ABOUT A FRAUD?

Call Crime Stoppers anonymously at 1-800-222-8477 (TIPS) or visit crimestoppers.ca