

AML Review

Volume 2, Issue 8 - May 2026

Special Issue: Extortion

About this Issue

This Special Topics Bulletin focuses on extortion and its links to organized crime and money laundering.

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INTRODUCTION

Welcome to *AML Review*, your resource for staying up to date with developments in anti-money laundering (AML) efforts, including scholarly outputs, government reports, and case law.

This special issue of *AML Review* focuses on extortion, which is an evolving money laundering risk and serious crime in Canada, particularly for the South Asian community. Recent intelligence indicates an escalation in both the frequency and complexity of extortion-related activity, with links to transnational organized crime networks, which leverage threats, violence, and intimidation to generate illicit proceeds.

This special issue features key academic work on extortion to provide useful insights into its mechanisms and impacts. There is a limited body of academic research within North America. As such, this special issue draws on the more developed body of literature from Central and South America, where extortion has long been recognized as a central revenue-generating activity for organized crime groups.

Included are articles by Bergmann and colleagues (2024) on how businesses operate in the face of extortion; Brown and colleagues (2025) examining how gang competition affects extortion; Estévez-Soto (2021) on the situational-, victim-, and area-level determinants of extortion compliance, Estévez-Soto and colleagues (2021) on repeat extortions and area- and business-level predictors, and Fondevila and colleagues (2025) on the spatial-temporal concentration of extortion and homicide.

Although there are important areas of convergence, several key distinctions should be noted when interpreting international research in a Canadian context. First, extortion in parts of Latin America is often more systematic, frequently involving ongoing protection arrangements. Second, levels of violence and coercive control tend to be higher and more overt in certain Latin American settings. Third, regulatory environments and enforcement capabilities differ, influencing the methods used to launder proceeds.

Also included in this special issue is a FINTRAC special bulletin which provides insight into financial activities related to extortion and targeted violence in Canada.

We hope that *AML Review* will continue to be a valuable resource for you to develop your expertise in AML. If you have an idea for a future bulletin or have materials you would like to share, please contact CIFA-BC@rcmp-grc.gc.ca.

Sincerely,

Dr. Catherine Shaffer-McCuish
Editor, *AML Review*
Counter Illicit Finance Alliance of British Columbia Intelligence Hub

INCLUDED DISSEMINATIONS

Academic Articles

- Bergmann, A., Bull, B., & Gude, R. (2024). [Against the odds: Small business strategies for managing extortion in San Salvador](#). *Journal of Illicit Economies and Development*, 6, 79-92.
- Brown, Z. Y., Montero, E., Schmidt-Padilla, C., & Sviatschi, M. M. (2025). [Market structure and extortion: Evidence from 50,000 extortion payments](#). *Review of Economic Studies*, 92, 1595-1624.
- Estévez-Soto, P. R. (2021). [Determinants of extortion compliance: Empirical evidence from a victimization survey](#). *The British Journal of Criminology*, 61, 1187-1205.
- Estévez-Soto, P. R., Johnson, S. D., & Tilley, N. (2021). [Are repeatedly extorted businesses different? A multilevel hurdle model of extortion victimization](#). *Journal of Quantitative Criminology*, 37, 1115-1157.
- Fondevila, G., Garcia-Tejeda, E., & Massa, R. (2025). [The diversification of drug trafficking organizations: Testing Spatial–Temporal association between extortion and homicide in Mexico](#). *Trends in Organized Crime*, 1-25.

Government Reports

- Financial Transactions and Reports Analysis Centre of Canada (2026). [Special bulletin on money laundering associated with extortion direct at Canada's South Asian diaspora](#). Government of Canada.

ACADEMIC ARTICLES

Project and Scholarly Work

Bergmann, A., Bull, B., & Gude, R. (2024). Against the odds: Small business strategies for managing extortion in San Salvador, *Journal of Illicit Economies and Development*, 6, 79-92.

Abstract

Since the mid-2000s, extortion has impacted social and economic development in El Salvador significantly. Against the grain of the extant literature, which predominantly takes for granted that extorted businesses are passive victims, we leverage business surveys and 103 interviews, primarily with 54 micro and small enterprises (MSEs) in the San Salvador metropolitan area, El Salvador, to explore (a) the impact of extortion and (b) how businesses operate in the face of extortion. We conducted some interviews before and others during the state of exception in force since March 2022, garnering unique insight into both impacts and business strategies. By way of statistical analyses, we elucidate the differential impact of extortion on Salvadoran MSEs, showing that the very smallest businesses suffer a disproportionately heavy burden. Drawing upon extensive fieldwork, we find that MSEs (a) act strategically in the face of extortion, (b) adopt a diversity of strategies to manage extortion on a continuum from avoidance to adaptation, negotiation, and resistance, and (c) have different ranges of strategies available to them, largely varying according to the businesses' mix of tangible and intangible resources, which MSEs leverage to manage extortion and ameliorate its impact.

Project and Scholarly Work

Brown, Z. Y., Montero, E., Schmidt-Padilla, C., & Sviatschi, M. M. (2025). Market structure and extortion: Evidence from 50,000 extortion payments. *Review of Economic Studies*, 92, 1595-1624.

Abstract

How does gang competition affect extortion? Using detailed data on individual extortion payments to gangs and sales from a leading wholesale distributor of consumer goods and pharmaceuticals in El Salvador, we document evidence on the determinants of extortion payments and the effects of extortion on firms and consumers. We exploit a 2016 non-aggression pact between gangs to examine how collusion affects extortion in areas where gangs previously competed. While the pact led to a large reduction in competition and violence, we find that it increased the amount paid in extortion by approximately 20%. Much of this increase was passed through to retailers and consumers: retailers experienced an increase in delivery fees, leading to an increase in consumer prices. In particular, we find an increase in prices for pharmaceutical drugs and a corresponding increase in hospital visits for chronic illnesses. The results point to an unintended consequence of policies that reduce competition between criminal organisations.

Project and Scholarly Work

Estévez-Soto, P. R. (2021). Determinants of extortion compliance: Empirical evidence from a victimization survey. *The British Journal of Criminology*, 61, 1187-1205.

Abstract

This article focuses on the situational-, victim- and area-level determinants of extortion compliance. Extortion, a quintessential

organized crime, is one of the most common crimes in Mexico. However, compliance with extortion demands is relatively rare. Previous research suggests that compliance with extortion depends on the perceived risk of punishment for non-compliance. However, most research has been theoretical or experimental. The article offers empirical evidence of patterns of extortion compliance based on data from a large commercial victimization survey conducted in Mexico. Findings suggest that situational factors (extortion type, the presence of weapons and number of offenders) are the main determinants of extortion compliance. Victim- and area-level variables have comparatively smaller effects. Implications for research and practice are discussed.

Project and Scholarly Work

Estévez-Soto, P. R., Johnson, S. D., & Tilley, N. (2021). Are repeatedly extorted businesses different? A multilevel hurdle model of extortion victimization. *Journal of Quantitative Criminology*, 37, 1115-1157.

Abstract

Objectives: Research consistently shows that crime concentrates on a few repeatedly victimized places and targets. In this paper we examine whether the same is true for extortion against businesses. We then test whether the factors that explain the likelihood of becoming a victim of extortion also explain the number of incidents suffered by victimized businesses. The alternative is that extortion concentration is a function of event dependence.

Methods: Drawing on Mexico's commercial victimization survey, we determine whether repeat victimization occurs by chance by comparing the observed distribution to that expected under a Poisson process. Next, we

utilize a multilevel negative binomial-logit hurdle model to examine whether area- and business-level predictors of victimization are also associated with the number of repeat extortions suffered by businesses.

Results: Findings suggest that extortion is highly concentrated, and that the predictors of repeated extortion differ from those that predict the likelihood of becoming a victim of extortion. While area-level variables showed a modest association with the likelihood of extortion victimization, they were not significant predictors of repeat incidents. Similarly, most business-level variables significantly associated with victimization risk showed insignificant (and sometimes contrary) associations with victimization concentration. Overall, unexplained differences in extortion concentration at the business-level were unaffected by predictors of extortion prevalence.

Conclusions: The inconsistent associations of predictors across the hurdle components suggest that extortion prevalence and concentration are fueled by two distinct processes, an interpretation congruent with theoretical expectations regarding extortion that considers that repeats are likely fueled by a process of event dependence.

Project and Scholarly Work

Fondevila, G., Garcia-Tejeda, E., & Massa, R. (2025). The diversification of drug trafficking organizations: Testing Spatial–Temporal association between extortion and homicide in Mexico. *Trends in Organized Crime*, 1-25.

Abstract

In general, the literature associates face to face extortion with homicides, typically related to organized crime activities, since it is a form of

violence that may end in death. In Mexico, it has been argued that diversification by the drug cartels has resulted in homicidal violence that facilitates extortion by these groups. However, despite a plausible theoretical and direct connection, there is still a lack of empirical studies that identify local and regional dynamics of homicidal violence that can be associated with the commission of the crime of extortion. This paper attempts to fill this gap by analyzing the spatial–temporal concentration of extortion and homicide on a municipal level from 2015 to 2020 in Mexico. Overall, we found that differences in spatial–temporal patterns between these activities suggest that these crimes emerge from different logics and, perhaps, criminal groups. As such, distinct public policies are required to deal with each of them.

well-being, and create significant financial, operational, and psychological pressures on victims.

GOVERNMENT REPORTS

Report

Financial Transactions and Reports Analysis Centre of Canada (2026). *Special bulletin on money laundering associated with extortion direct at Canada’s South Asian diaspora.* Government of Canada.

Abstract

This Special Bulletin provides current insights into financial activities related to extortion and targeted violence targeting Canada’s South Asian diaspora communities across Canada, particularly in British Columbia, Alberta, Manitoba, and Ontario. The news media is reporting an increase in extortion attempts, shootings, arson attacks and cross-border criminal networks, as well as the involvement of foreign nationals, including organized crime groups with links to India. These activities threaten public safety, undermine community