



National Anti-Fraud Strategy Consultation Response

Submitted by: Convenience Industry Council of
Canada (CICC)

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Introduction

On behalf of the Convenience Industry Council of Canada (CICC), representing more than 21,000 convenience retailers as well as the distributors and manufacturers that comprise our supply chain, we welcome the opportunity to provide feedback on the National Anti-Fraud Strategy Discussion Paper.

The convenience sector is a vital part of local communities and a major tax collector for the government, collecting more than \$24.9 billion annually. However, our industry is facing a severe and growing threat from the proliferation of contraband and illicit nicotine products, including cigarettes, vapour products, and illegal nicotine pouches. This illicit trade undermines legitimate businesses, bypasses critical regulatory controls such as age verification, and directly fuels and finances organized criminal activity, including gun trafficking and illicit drug production.

We strongly support the government's intention to develop a whole-of-government National Anti-Fraud Strategy. The illicit nicotine market is increasingly operating through digital platforms and utilizing the federal financial sector to process illicit transactions. By aligning our industry's challenges with the proposed Strategy, we believe the government can effectively disrupt the complex fraud networks driving the contraband nicotine trade.

Below are our formal responses to the relevant questions posed in the consultation document, accompanied by our specific recommendations for action.

A Multi-Sector Anti-Fraud Framework: Digital Platforms and the Financial Sector

Consultation Questions Addressed:

- *Are the three described sectors appropriate for the initial phase of a Framework?*
- *What sector-specific fraud-prevention rules should be in place?*
- *What sector-specific fraud-disruption rules should be in place?*

CICC Response: CICC agrees that the federal financial sector, telecommunications sector, and digital platforms are the appropriate sectors for the initial phase of the Framework. Illicit nicotine vendors heavily rely on digital platforms to advertise and sell contraband products to Canadians, and they rely on the financial sector to process these illegal payments. As noted in the discussion paper, social media platforms and digital search engines currently lack legislated obligations and may even profit from advertising fees paid by bad actors.

We strongly support the proposed disruption rules that would require digital platforms to immediately remove known fraudulent accounts and content, including fraudulent advertisements, and ban implicated users. Furthermore, we support the proposed disruption requirements for federally regulated financial institutions to close and block access to accounts known to be controlled by actors perpetrating fraud.

Recommendations for Action:

- **Target Illegal Websites:** Dedicate resources to specifically address and take down illegal tobacco and nicotine websites. Digital platforms must be mandated to screen for fraudulent profiles and block malicious links leading to contraband nicotine vendors.

- **Cut Off Financial Infrastructure:** Mandate and support online payment processors and financial institutions to take down and cut off financial services to these illegal sites, neutralizing their ability to profit from illicit sales.

Support Law Enforcement’s Ability to Combat Fraud

Consultation Questions Addressed:

- *What can be done to support federal law enforcement's ability to investigate fraud and collect fraud-related intelligence?*
- *What should be done to improve coordination between Canadian law enforcement across federal, provincial and territorial and municipal levels, and between those law enforcement bodies and international partners?*

CICC Response: The discussion paper notes the challenges of coordinating investigations across multiple federal, provincial, territorial, and municipal law enforcement agencies. The CICC sees this fragmentation daily in the fight against contraband tobacco. Due to the lucrative nature of contraband tobacco—which is eight times more profitable than selling illicit drugs like cocaine—organized crime is heavily invested and operates across provincial and international borders.

Information sharing and unified response efforts are critical to dismantling these networks. Law enforcement currently lacks the adequate resources and integrated approach necessary to tackle this sophisticated cross-jurisdictional threat.

Recommendations for Action:

- **Establish an Integrated National Approach:** Implement a coordinated, national strategy on contraband nicotine, led by the federal government and supported by the provinces. This serves as an ideal test case for the Strategy's proposed cross-jurisdictional coordination models.
- **Increase Law Enforcement Funding:** Increase funding for the Royal Canadian Mounted Police (RCMP)'s Contraband Tobacco Task Force, which has not seen a funding increase in 15 years.
- **Strengthen Postal Controls on Illicit Shipments:** Build on the powers outlined in Bill C-12 to provide the Canada Border Services Agency (CBSA) and Canada Post with expanded enforcement authorities to detect and intercept illicit nicotine shipments. Given that a significant portion of illicit online nicotine sales rely on postal delivery, the government should address this critical distribution gap by restricting the delivery of nicotine products through Canada Post. At minimum, this should include robust age-verification requirements at delivery and a formal accreditation process for legitimate vendors. Without these controls, the postal system will continue to be exploited by illicit actors who are able to bypass retail safeguards and sell directly to consumers, including youth.

Empower Canadians to Act Against Fraud

Consultation Question Addressed:

- *How can the government improve Canadians' awareness of the threat posed by fraud and better position them to protect themselves against fraud?*

CICC Response: The consultation paper rightfully highlights the importance of strengthening public awareness to position Canadians to protect themselves against fraud. Currently, many consumers are unaware that the "too good to be true" offers they see for cheap nicotine products online are

funding organized crime and bypassing vital health and safety standards. Contraband tobacco poses serious public health risks, yet the true cost of these illicit products is hidden from the consumer.

Recommendations for Action:

- **Launch a National Public Awareness Campaign:** As part of the broader strategy to educate consumers, the federal government should launch a targeted public awareness campaign that draws attention to the specific health, safety, and community dangers posed by illicit nicotine products. This aligns directly with the Strategy's goal of helping Canadians scrutinize illegitimate offers and understand the severity of the threat.

Conclusion

The Convenience Industry Council of Canada believes that the proposed National Anti-Fraud Strategy has the potential to significantly curtail the illicit nicotine market, provided that the disruption of contraband networks is explicitly integrated into the Strategy's multi-sector framework. By cutting off digital advertising, blocking payment processing, and equipping law enforcement with the necessary resources and coordination mechanisms, the government can protect legitimate small businesses, safeguard government revenues, and keep illicit products out of our communities.

We welcome the opportunity to work closely with the Department of Finance to advance these vital initiatives.

Sincerely,



Anne Kothawala
President and CEO
Convenience Industry Council of Canada