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From: the Austrian Presidency of the Council of the European Union and Europol

To: K.4 Committee/COREPER/Council

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Subject: 1997 EU Situation report on organized crime

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Please find herewith for the attention of the European Parliament the aforementioned report as drawn up by the Austrian Presidency of the Council of the European Union and Europol.

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# 1997 EU Situation Report on Organised Crime

The Austrian Presidency of the Council of the European Union and Europol

REPORT TO THE EUROPEAN PARLIAMENT

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## Introduction

This report, to be presented to the European Parliament has been compiled from Member States contributions. The aim of the report is to identify organised crime activity as it affects the Member States both from within and outside the EU. There are differences between Member States contributions in terms of comprehensiveness and amount of detail offered, but the relevant issues are covered in such a way that enables general conclusions and recommendations to be drawn.

This report makes it clear that although there are significant differences between the various EU Member States to the extent in which they are affected by organised crime, it is regarded as an important subject and of great concern to all. Differences are found in degrees of social impact of organised crime activities (including erosion of public confidence in institutions), economic costs (including perceptions of organised crime involvement on business confidence), levels of organisation and sophistication, and perhaps also in possibilities to deter different types of crime. In undertaking law enforcement activities directed at combating organised crime activities, Member States decide upon their own priorities according to their assessments of the levels of threat and harm to society, costs versus benefits, possible political and legal implications, available resources and foreseen results. Whilst retaining their national sovereignty in defining their own response to organised crime issues, Member States are increasingly initiating, developing and consolidating ways of international co-operation to further enhance the effectiveness of their own efforts in this field. This is illustrated by the increased exchange of information through the Europol channels, where 70% of all cases introduced to other Member States through the Europol channels in 1997 involved more than two Member States.

The term 'organised crime' stands for a wide range of phenomena with many differentiations in types of activities, markets, people involved, crimes committed, levels of organisation and other aspects. This makes it difficult, if not impossible, to depart from a definition of organised crime that is commonly accepted and covering all its relevant manifestations. Therefore Member States have agreed on adopting a list of characteristics of organised crime to assist them in preparing their contributions to this report. This list of characteristics, of which at least six must be present for any crime or criminal group to be classified as organised crime, is included in the document Enfopol 35 rev. 2<sup>1</sup>. Organised crime will always be difficult to measure, because it can seldom be regarded as a form of crime in itself. Most Member States do not have legislation that specifically defines and penalises organised crime activity, which would help in identifying cases to include in a survey. Although organised crime is an issue that currently is high on the political agenda and despite the fact that Member States spend large amounts of money in the fight against it, relatively little information is available centrally that would help law enforcement or scientific bodies to gain relevant insights into structures, *modi operandi* and other aspects to build strategies upon. This report only offers limited consolation to this situation but hopefully proves instrumental in getting a common understanding of the organised crime problem the EU is currently facing.

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<sup>1</sup> European Union, the Council, document 6204/2/97, Enfopol 35 rev. 2 of 21 April 1997

There have been significant developments at EU level in 1997 in the field of international co-operation in combating organised crime. The work carried out by the High Level Group<sup>2</sup> leading to the drawing up of 15 Political Guidelines and 30 Specific Recommendations, together with a proposed timetable and an indication of where the responsibility for implementation of each recommendation might be considered to lie, is of paramount importance. One of the recommendations of the High Level Group presented in their Action Plan bears a close relationship with this EU Situation Report on Organised Crime: 'Member States, and the Commission, should, where it does not already exist, set up or identify a mechanism for the collection and analysis of data which is so construed that it can provide a picture of the organised crime situation in the Member State and which can assist law enforcement authorities in fighting organised crime. Member States shall use common standards for the collection and analysis of data. The information so collected and analyzed shall be organised in such a way that it is readily accessible for investigations and prosecutions at national level and can be effectively used and exchanged with other Member States'<sup>3</sup>.

Another significant development was the agreement reached at the Amsterdam summit of June 1997 on a new article K.2 of the Treaty on the European Union. This article reflects the work of the High Level Group and is to be regarded as a decisive step for both law enforcement at the EU level and for the future development of Europol.

A third important development of 1997 was the ratification of the Europol Convention by a number of EU Member States. On 12 June 1998, the last notifications concerning the completion by all Member States of their constitutional procedures for adopting the Europol Convention on the establishment of a European Police Office have been received by the Secretary General of the Council. As a consequence, in accordance with its Article 45 (3), the Convention signed on 26 July 1995 will enter into force on 1 October 1998.

This summary of the 1997 EU Situation Report on Organised Crime has been produced by Europol under the responsibility of the Austrian Presidency<sup>4</sup>. Chapter 2 contains contributions about the organised crime situation in Member States. These contributions have been produced or were authorised by each individual Member State. Chapter 3 contains conclusions and recommendations based upon Member States' contributions.

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<sup>2</sup> The European Council (Dublin 13 and 14 December 1996) underlined its absolute determination to fight organised crime and stressed the need for a coherent and coordinated approach by the Union. It decided to create a High Level Group to draw up a comprehensive Action Plan containing specific recommendations, including realistic timetables for carrying out the work. The Group was requested to examine the fight against organised crime in all its aspects on the clear understanding that it would refer any issues involving Treaty change to the Intergovernmental Conference which is addressing Treaty changes in this area as a priority.

<sup>3</sup> 6276/4/97, JAI 7, REV 4, 'Action Plan to combat organised crime'

<sup>4</sup> European Union, the Council, document 6204/2/97, Enfopol 35 rev. 2 of 21 April 1997

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Organised Crime in the European Union:  
from Member States contributions

Information

## *Austria*

### General

It is estimated that about 30 to 35 percent of the overall crime rate constitutes organised crime. Precise statistical data on the extent of organised crime are not available. We are at present in the process of implementing a uniform method for both data entry and recording, and outlining prevailing systems.

Austrian law enforcement authorities have in many sectors of organised crime been confronted with crime forms with seemingly unlimited financial resources and perfect logistics.

Austrian nationals, both as individuals or in groups, have traditionally been to a large extent involved in customary criminal sectors such as sex trade, narcotics, property offences, and white collar crime.

Criminal organisations from countries of the Former Eastern Bloc have infiltrated almost all sectors of organised crime in Austria. White collar crime, especially finance fraud schemes, is getting more and more dominated by Western European criminal groups, led mainly by German criminals.

In several individual sectors of organised crime Austrian and non-Austrian criminals are jointly forming criminal associations. In certain cases it has been noted, that Austrian criminals use neighbouring countries like Hungary, the Czech Republic and Slovakia as retreats, from where they prepare and control criminal activities in Austria.

### Organised Crime Situation

In the field of organised crime we have noted that criminal associations have increasingly been entering "trans-border" co-operation in, using commercial or business-like organisational structures, and carrying out their criminal activities in a more professional manner.

Apart from the domestic criminal associations in the field of organised crime various criminal groups and for associations from the former Eastern bloc countries and from the present CIS-countries, Ex-Yugoslavia, Turkey, but in a few cases also from Italy, Germany, and Asia, have come to notice. In many cases the criminal associations from abroad consist of nationals of the respective country and from other countries. Criminal associations from abroad are characterised by tight organisational and hierarchical structures. We have also noted temporary criminal organisations consisting of foreign and domestic associations of criminals, formed only for the purpose of committing certain types of crimes.

We have however found that the criminal organisations identified so far are extremely violent, neither within nor outside the organisation. Use of violence appears to be the exception, In 1997 in Austria one person was murdered by organised-crime members.

The main types of crimes committed by these associations consist in property offences, crimes related to nightlife, drugs, traffic in persons, and white-collar crime.

As regards organised property offences, home and business burglaries and traffic in motor vehicles, still very profitable branches of organised crime, are the most common crimes of this nature.

In the field of nightlife-related crimes, criminal associations from Eastern Europe are to a high degree involved in illegally bringing women to Austria, where they are forced to engage in prostitution. Smuggling of human beings is very often carried out by means of so-called "employment agencies", usually based outside Austria. Women end up in night-clubs, massage parlours, and in so-called "escort services".

Drug-related crimes are the most common form of organised crime. Criminal organisations in this field very often possess tight networks reaching into many European countries, Asia, South-America, and Africa. In the field of organised heroin trafficking we have - apart from Turkish groups - noted a growing number of Kosovo-Albanian associations, who maintain excellent contacts in numerous European countries. Synthetic drugs are gaining significance in Austria, but they are not yet manufactured in Austria.

Organised migration racketeering is still one of the most lucrative sectors of organised crime. Well-organised smuggling gangs and illegal migration organisations are very much in demand because of the growing number of crisis areas as well as social and economic factors. Austria is as a rule either a destination or a transit country for migration racketeering organisations. In 1997 Austria law enforcement authorities charged in total 1,408 smugglers, 61 organisers, and 2 72 accomplices.

Fiscal fraud is still a typical form of white-collar crime, and continues to be on the rise. The most significant varieties, viz. investment fraud and advance fee fraud, need to be mentioned.

Austrian legislation (both the Austrian Penal Code and the Austrian Banking Laws) has proven to be an efficient instrument to combat money laundering. In 1997 Austria law enforcement authorities received 39 Dubious Transaction Reports from Austria banks, in total 27 million ATS were frozen upon court orders, and the authorities had transactions totalling 121 million ATS postponed. Naturally, combating money laundering is rendered very **difficult** in cases where so-called "off shore companies" are involved.

## Conclusions

Increasing institutionalisation and professionalism of organised crime was counteracted in 1997 in Austria both with enlarging the Organised Crime Squad and by passing legislation regulating undercover investigation, audio and video-surveillance, and data-linking, as well as introducing crown witness provisions.

Moreover, priority has been assigned to bilateral police co-operation in the field of training and follow-up training, technical support, exchange of information to combat foreign criminal associations.

Integration of EDU/Europol has proven to be a valuable instrument in the trans-national co-operation in combating international criminal associations.

In the field of white collar crime particular emphasis is being placed on crime prevention by addressing potential victims with appropriate information campaigns on known modi operandi of criminal organisations.

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All organised crime activities present a serious problem we have to cope with by enhancing international co-operation between all law enforcement authorities.

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## Introduction

For the 1997 Annual Report On Organised Crime Belgium has chosen to add a qualitative to a quantitative evaluation of the problem. Furthermore Belgium has included additional information from the jurisdiction in this years report for the first time. It should also be mentioned that the awareness of Organised Crime within the Law Enforcement arena was broadened. As a result 238 inquiries related to organised criminal groups were subject to the report, which compared to the year before is an increase of about 50 %. However the remarks made earlier means the increase has to be seen in a different light. In addition to this 33 inquiries were already subject to the 1996 report but were still running in 1997 when additional information was received.

## The organised crime situation

*Suspects involved in organised crime*

In the 238 investigations carried out in 1997 near to 2000 subjects were involved. With respect to the nationality it has to be said that out of these 44% have been Belgium nationals (including suspects with a different ethnic origin). The principal non-Belgium nationalities mentioned were Dutch (9%), Turkish ( 7%), Italian ( 6%), Yugoslavian ( 4%) and Moroccan ( 4%). From the data available it could be established that more than 90% of the groups involved were composed of less than 15 suspects. Within these groups more than 50% had a structure of 5 to 9 members. Special emphasis was given to the interaction between the different groups: 108 of the organised crime groups had contacts to 208 other criminal organisations, 87 of the 108 ( 80%) established contacts to criminal groups operating in another country. Out of the 208 organisations contacted 84 ( 40%) operated in Belgium and abroad, where as 72 (35%) operated exclusively abroad (Other groups operated either only in Belgium or no information was available).

The national origin of the contacted groups were very diverse, but the following nationalities were mentioned the most: Dutch (14%), Turkish ( 8%), Chinese, Belgian and Yugoslavian (each 5%), Italian (4%) and Russian (3%). The groups contacting other organisations abroad were mainly involved in the fields of drug trafficking, illegal immigration, money laundering, extortion, fencing and vehicle trafficking. From a geographical point of view the main contacts outside Belgium were made to the Netherlands (71), Germany (21), Turkey (15), Spain (14), United Kingdom (11), Yugoslavia (10) and Israel (9). These contacts represent 55% of all the contacts abroad.

*Criminal activities of organised crime groups*

Altogether the criminal activities of the organisations were split into 23 different "activity"-categories. As one organisation is able to be active in several categories a total of 719 relations from the different groups was reached.

Analysis of the crime data shows that drugs criminality has again been the focus for criminal activities in organised crime, with 114 organisations being involved. Drug related crime was in most cases the prime activity of these groups. All together, financial crimes came second with 100 groups being involved. Money laundering came third (88 groups) followed by car trafficking and -fencing (40 groups). In the field of drug trafficking there has been a development, that organisations which were importing and distributing mainly heroin are showing more and more interest in cocaine. Turkish groups tended to get themselves out of the dealing procedures and have started "to use" different nationals (including Albanians).

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"illegal trafficking of human beings" it was noticed that the transport of people originating from Indo-Pakistan is mainly organised by a combination of Belgian nationals and group members out of this region itself. Another important ethnic group in this field of criminal activity are from West-Africa recruiting people from the same origin. Albanian groups are becoming an important factor, showing a more violent/reckless behavior and attempting to extend their influence into other areas of crime. With regard to illegal trafficking of human beings it was noticed that the destination country for Albanian groups is mainly the UK.

Over the last three years there has been a large increase in seizures of hormones. From the benefits gained by using hormones to stimulate the growth of livestock it could be estimated that there exists an enormous black market for those substances. On the other hand an estimation of the involvement of organised crime groups in this criminal area is not possible. Nevertheless a trend to mix legal and illegal activities on the commercial level seems obvious. The organisations involved don't hesitate to use severe violence.

## *Resources*

Out of the 238 criminal organisations investigated some 180 (76%) used a form of commercial or businesslike structure to cover or to help their criminal activities. When it comes to commercial structures, two legal forms - the 'societe anonyme' (limited company) and the 'societe privee a responsabilite limitee' (private company) - were used in 66% of all possible relations. The main sectors for commercial or businesslike activities were "import-export", "horeca" (hotels, restaurants and cafes) and transport.

## *Use of violence*

In total 152 (64%) out of the 238 criminal groups used violence or other means of intimidation. Some 248 (52%) out of 472 offences reported in this context were directed either against members of the own or members of rival organisations.

On the other hand 137 (29%) of the offences reported were directed against persons willing to cooperate with Law Enforcement Agencies (79), police officers (50) or prosecutors (8).

A total of 28 people were killed due the use of violence by organised crime groups in 1997.

## *Use of influence*

Information available showed that 79 out of 208 criminal organisations ( 38%) tried to influence a variety of different categories of people, mainly police, customs or other administration staff (in 79 out of 161 reported cases, which corresponds to 49%). When influence was used it was primarily by providing a personal benefit (133 out of 161 cases)

## Measures to combat organised crime

Over the last few years Belgium has been involved in adjusting and enhancing available legal instruments and to create new tools for fighting organised crime at all possible levels within the national and international framework. Areas in which these efforts are being undertaken include:

- repentant criminals
- anonymous witnesses
- reversal of the burden of proof
- proactive research
- implementation of laws aiming especially at criminal organisations (including also a proper and binding definition for "criminal organisation")
- possibilities for the interception of communication
- charges against legal entities
- legal enhancement for the pursuing of corruption
- improvement of information exchange between different agencies
- preventive measures against money laundering activities

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- supporting measures to destroy the "breeding ground" of trafficking of human beings
  - extradition procedures and juridical cooperation within the EU
  - bilateral agreements within the EU and with neighboring countries
  - ratification of the Europol Convention and its implementation
  - proactive police projects to examine a variety of different subjects related to organised crime
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## Denmark

### Introduction

This report has insofar as possible been prepared in accordance with the guidelines formulated by the European Union. However, one constraint in relation to the preparation of the report has been that there is no national definition of the concept of organised crime. To this should be added that Danish crime monitoring is not carried out to such an extent that an exhaustive report can be made on organised crime in all the areas of crime specified in the EU guidelines.

### Suspects involved in organised crime

Danish criminals play a major role in relation to organised crime committed in Denmark. The majority of organised crime in Denmark involves Danes at some level or other, just as Danes are typically in a leading position when such crime is committed within Danish borders.

The most obvious group of Danes who are involved in structures meeting the criteria for organised crime as defined by the EU are people who are connected with the rocker community (outlaw motorcycle gangs - OMCG). This community is organised in a number of groups, of which the two most distinct are Hells Angels and Bandidos. Both groups have a very fixed hierarchical structure which makes it possible for them to exercise strict discipline inside their own ranks. The general perception is that the crime committed by people connected with the rocker community is supported by the affiliation of these people with rocker groups. This perception is supported by several factors, one factor being that, in both the general public and in criminal circles, rocker groups are known for imposing their will, if necessary by the use of force. This aura of violence is assumed to be significant in connection with rockers' interaction with other groups of criminals, including criminals who must in fact be regarded as victims of rocker crime themselves.

Other groups of Danes take part in organised crime as well. There are always loosely structured groups taking part in organised crime. In addition some Danes participate together with foreigners on an ad hoc basis in organised drug trafficking into Denmark. It is also assumed that Danes are involved in other forms of organised crime, though this has not been proven to the same extent as in the case of financial crime and crime related to drugs.

In 1997 street gangs of mainly young people, resident in Denmark but of a foreign ethnic background (second generation immigrants), committed obvious and characteristic crimes which, in their type and nature, are very close to meeting the criteria for organised crime - at least as far as certain elements of criminal activities are concerned. However, street gangs, which in most cases are based on a common ethnic background, are fairly loosely organised in terms of leadership.

The participation of foreign nationals in organised crime in Denmark is characterised by increasing activity particularly on the part of ethnic groups of people who have stayed in Denmark for a long time or on a permanent basis. In these groups people of the same ethnic or geographical background often collaborate, and they also collaborate with similar groups at the international level.

Well-known international crime syndicates - such as South American drug cartels, Chinese triads and Russian mafia organisations - are not deemed to have gained any foothold in Denmark.

### Criminal actions carried out by suspects involved in organised crime

Two areas are particularly visible in organised crime committed in Denmark:

- rocker crime; and

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- drug-related crime.

At the beginning of 1997 organised rocker crime, which has been known in Denmark for several years, was primarily visible in the form of an internal clash between the two organisations Hells Angels and Bandidos. In 1994 the first physical confrontations between Hells Angels and Bandidos were seen in the other Nordic countries. In Denmark the conflict between members of Hells Angels and Bandidos escalated in the spring of 1996. In the period up to the summer of 1997 several violent attempted assassinations of a vendetta-like nature were carried out in all the Nordic countries. In the autumn of 1997 Hells Angels and Bandidos proclaimed peace and since then a distinct decline in violent crime related to the rocker community has been registered. There are signs that rocker crime also involves crime of a more profit-orientated nature, including illegal trafficking of contraband goods (drugs, tobacco, spirits and the like), counterfeiting, forgery, pimping, debt collection activities, blackmail, etc. At the end of 1997 there were signs of an increase in more profit-orientated crime.

Organised drug-related crime includes illegal trafficking and trade in all kinds of narcotics. To a certain extent criminal activities consist of illegal trafficking in goods which are merely in transit in Denmark on their way to their final destination, which is often one or several of the other Nordic countries.

In addition to these two core areas, organised crime has been ascertained in other fields of criminal activity such as fraud, forgery, armed robbery, hit-and-run theft, trade in human beings and child pornography.

#### Resources

The general perception is that those involved in organised crime are to an increasing extent camouflaging their criminal activities. In addition the use of information technology seems to be gaining ground, both in relation to the crime committed and as a means of communication and assistance for criminals.

#### Use of influence

No tradition for criminal organisation attempting or managing to influence public administration, law enforcement or political circles has been proven, nor has any such influence been registered.

#### Money laundering

In 1997 several cases were registered concerning money laundering of a nature which meets the criteria for organised crime. The majority of these cases have international dimensions.

#### Conclusions

Based on the content of the report it can be concluded that organised crime was, to a certain extent, committed in Denmark in 1997. To this should be added that an increasing number of criminal activities similar to organised crime were registered in Denmark in 1997.

General organised crime seems to be relatively permanently established in Denmark. On the basis of comparisons with experience gained in other countries, it must be said that the level of organised crime in Denmark seems to be at a relatively low level. The nature and gravity of criminal activities are in line with the level seen in other countries, while their extent and the professionalism with which they are carried out are not as well developed and permanently founded at all levels in Denmark as is the case in several other EU member states.

#### Trends

It is assessed that organised crime has developed in recent years in such a way that organised crime is now taking place to a greater extent than before and is carried out at an increasingly sophisticated level.

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As far as rocker crime is concerned, the perception is that, following the peace declaration between Hells Angels and Bandidos, criminal activities are concentrated on crime which is financially rewarding.

## Prognoses

It is deemed that there is a potential for continued growth of general organised crime.

Because of the conflict between Hells Angels and Bandidos, criminals will be able to use the intensified aura of violence surrounding the rocker community in a criminal context.

It is thought that developments in the field of organised crime are closely related to the ability and opportunity of the police to combat organised crime.

## Police strategy

The Danish police have developed a clear strategy for combating rocker crime. To a certain extent, the strategy implies "zero tolerance" towards the criminal activities of rockers.

It is sought to adapt and develop police strategy for combating rocker crime in such a way that strategies can be formulated concerning the fight against all (other) types of organised crime and other types of serious crime.

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## Introduction

No references are made to organised crime in Finnish legislation, nor has the term organised crime been defined for law enforcement or other purposes. There has until now been little reason to believe that organised crime presents a threat to Finland and therefore no systems to monitor this phenomenon have been developed.

The information used in the Finnish contribution to this report is derived from questionnaires completed by the regional units of the National Bureau of Investigation, the Helsinki Police Department and the National Board of Customs. These questionnaires mainly contained 'hard' information from investigations.

## The organised crime situation

### *Suspects involved in organised crime*

The organised crime situation has not significantly changed since the previous EU Situation Reports on Organised Crime, apart from a slight increase in the number of organised crime groups and an apparent increase in the level of organisation. Hierarchy levels are believed to be low with clear-cut distributions of tasks. Divisions of groups into sections that each deal with different types of criminal activities are a rare exception.

### *Criminal activities of suspects involved in organised crime*

Drugs related crimes come first in the hierarchy of crimes committed by Finnish organised crime groups, with the smuggling and sale of alcohol and spirits in second. Almost all known groups are involved in more than one type of crime, including receiving offences, robberies, frauds, thefts, currency counterfeiting and motor vehicle crime, with one type of crime - most often narcotic crime - as their prime activity. Major changes in the types of crime undertaken by organised crime groups are not expected for the near future.

### *Places and regions of activity*

Organised crime is primarily of a domestic nature and is concentrated in the Southern part of Finland, particularly in the Helsinki area, in Turku, Tampere and Lahti. International contacts are primarily drugs related (Estonia, Denmark, Germany, the Netherlands and Sweden) or linked to the smuggling of alcohol and spirits (Estonia, Russia).

### *Resources*

Several groups have various kinds of business enterprises in their control, including restaurants, transport firms and car repair shops. Some of these enterprises are supposedly linked to money laundering or used to conceal criminal activities.

### *Use of violence*

Although all known groups have adapted some form of internal discipline, violence has been used only in a few cases. Violence against non-group members is even more exceptional. Only one incident in which a person was killed could be directly linked to organised crime activity.

### *Use of influence*

There have been some known attempts by organised crime groups to influence law enforcement and judicial authorities by imposing threats. No cases of bribery are known to the police.

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## *Money laundering*

The number of suspected cases of money laundering has remained almost on the same level from 1994

- 1997. In 1997 some 52 reports were forwarded for pre-trial investigation. There were foreign connections in 75% of all reports on possible cases of money laundering, indicating links to Russia, the United Kingdom (including Gibraltar and the Isle of Man), Sweden, Germany and Estonia. Compared to previous years Russia has a less dominant position.

## Conclusions

The number of groups known to Finnish law enforcement is slowly increasing and appears to be increasingly organised with increased levels of violence, but Finland has a relatively minor organised crime problem with little foreign penetration. This is partly the result of the fact that there are only a limited number of small foreign communities in Finland. Criminal motorcycle gangs remain a matter of concern but recently undertaken law enforcement actions have proved effective.

## Measures against organised crime

Amendments to national legislation have been proposed by law enforcement authorities with regard to the tracing of proceeds from crime, witness protection and sting operations. Further initiatives of law enforcement authorities include improvements into tracing the proceeds of crime, improving the use of informants, the development of data systems, the development of methods of crime analysis, and the intensifying and development of international co-operation and exchange of information, particularly with Russia and Estonia. Future law enforcement priorities will most likely include financial crime in its different forms (frauds, receiving offences, the smuggling of alcohol and spirits), drug offences and violent crime (e.g. illegal MC-clubs), especially when taking advantage of high-technology (e.g. computers).

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## Introduction

Organised crime takes many forms, which are related to the specific cultures and structures of the countries involved.

## Current Situation

### *1. Persons suspected of belonging to criminal organisations*

These are principally French nationals, though some foreign nationals are involved; they originate from: Western Europe; Eastern Europe; North Africa; Central Africa;

- the Caribbean and all South American states;
- North America; the Middle East; the Far East.

Crime originating in Eastern Europe has its own specific characteristics (cf. below).

Networks which have been identified and dismantled comprised either solely French nationals, nationals in association with foreigners or solely foreigners. In all cases the networks had international connections.

### *2. Criminal activities of the suspects referred to in Section 1*

#### *Main criminal activities*

#### Drug trafficking

France's role as a transit country was confirmed once again in 1997, principally in connection with the international traffic in cocaine and cannabis resin. More and more criminals, both French and foreign, are attracted by the profits to be made from this criminal activity.

There is a real and continuing tendency for certain parts of the traditional French criminal fraternity to transfer their attentions to this lucrative activity.

In 1997, 43 networks were neutralised by the law enforcement services. Some comprised entirely French nationals, others revealed increasing association between foreigners and French nationals, while a further group consisted solely of foreigners operating from French territory. It was also established that some of these networks had international connections, sometimes being run from the territory of another country, very often one neighbouring France.

These networks represent no more than a tiny fraction of the 46 342 cases of drugs offences dealt with in 1997 and the 89 285 people questioned. The traffickers represent 7.35% of those implicated. The proportion of the international traffic rose by 5%, notably on account of cannabis imports.

#### *Cannabis trafficking*

The overall fall in the number of seizures in 1997 is in effect the result only of the fall in the number of seizures of the leaves; in reality the figures conceal a rise in the amount of resin.

French nationals account for some three-quarters of the traffickers questioned. The other traffickers come from 64 different countries.

a) Leaves

3 452 kg were seized in 1997. The traditional regions of origin remain the same, namely the Caribbean and Africa, the proportions originating from these regions also remaining the same. Each accounted for a total of over a tonne of cannabis leaves (i.e. 30%).

b) Resin

- 51 664 kg were seized in 1997, a considerable increase on previous years.

*Heroin trafficking*

Less heroin was seized in 1997 (415 kg).

The principal supply countries are the Netherlands, Turkey, Germany and Belgium.

The countries of destination are France, the Netherlands, Spain and the United Kingdom.

53% of the people involved in this trafficking were French. The remainder had between them 63 different nationalities.

*Cocaine trafficking*

884 kg was seized in 1997. Changes in the networks led to shifts in the regions of origin, though for the most part they continued to be South America, Central America and the Caribbean. Colombia came top of the list, followed by Brazil, Suriname and Venezuela. France accounted for 3.5% of seizures from this region.

With respect to Europe, the cocaine seized in France was destined for France, the Netherlands, the United Kingdom, Italy, Spain, Switzerland, Belgium and Germany

49% of the people questioned were French.

*Traffic in synthetic drugs*

The traffic in these substances is constantly increasing. As regards ecstasy, 153 336 tablets were seized in France.

It should also be noted that as part of international co-operation, foreign customs authorities seized 10.3 tonnes of drugs thanks to information from or action by the French customs authorities, while the French customs service intercepted 124 kg of various drugs and 50 000 ecstasy tablets in co-operation with their counterparts in other countries.

As regards amphetamines, almost 194 kg were seized in 1997. It should be noted that while the Netherlands continues to be the main country of supply, the United Kingdom, France and Spain are the principal countries of destination.

**Forged currency**

The most dangerous form of currency forging in France - the large-scale offset printing of inauthentic notes - continues to be an activity of organised criminals. The Paris region and the Côte d'Azur are the preferred centres for clandestine printers of forged banknotes, both French and foreign (mostly dollars).

The minting of false French coins on the other hand still appears to be an Italian speciality - indeed this activity is in their hands alone.

In 1997, 863 000 false French banknotes and 2 400 000 coins were seized, 1 475 cases processed and 1 256 suspects questioned.

#### Fake merchandise

The manufacture of fake merchandise, which affects various sectors of French industry in particular (clothing, toys, watches, automobile construction, alcohol, leather goods, luxury items, ...) is constantly expanding. Such goods are making inroads into the disadvantaged countries of Africa and South America, which represent, for the manufacturers, enormous markets yet to be conquered.

The customs authorities seized over 706 700 fake items (an increase of more than 11 % over 1996) and confiscated 28 565 items suspected of being fake. In total, almost 735 300 fakes were intercepted.

49% of the items seized were intended for the French market.

#### Armed robbery

In 1997, 7 207 armed robberies were reported, a fall of 10.8% on 1996. Of these, 136 were aimed at cash transports and 822 at banks. However, most victims continue to be small businesses (1 920) and members of the public on the street (1 288).

As regards attacks on cash transports, eight gangs were reported as being involved. Two gangs which were active internationally, in France and Belgium, and which included criminals of various nationalities, were put out of action.

360 armed robberies of banks were committed by persons acting alone. The remainder were carried out by organised gangs. It is estimated that 90 criminal organisations are involved in organised crime.

#### Kidnapping

Two cases of kidnapping with ransom demands were dealt with in 1997.

Five cases of brief kidnappings, with ransom demands, of bankers or people in charge of cash transport companies were reported to the police.

#### Extortion

The hidden figures are very high where extortion is concerned.

Three cases attributable to organised crime were dealt with in 1997, involving three different gangs which had established themselves on French territory.

#### Stolen vehicles

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2 . 646 registered vehicles were reported stolen in 1997 (a figure which has fallen each year since 1994). 30% of these vehicles were recovered.

Without under-estimating the part played by insurance fraud, this figure is largely due to national and international trafficking in both vehicles and parts. There are two main modus operandi:

- doing up wrecks
- trafficking based on the falsification of documents.

The networks for such trafficking involve the countries of the Maghreb, West Africa, the Middle East and Eastern European countries.

It is not only light cars which are involved in this type of trafficking; a supply line to take heavy building plant to Spain was also uncovered.

The traffic of vehicles from other countries to France also occurs, as evidenced by the fact that a network of luxury cars stolen in Italy for resale in the south of France was dismantled.

Trafficking in vehicles is widely assisted by trafficking in falsified administrative documents. The organisations involved in the latter resort to armed robbery or the burglary of the relevant local authority offices to obtain the documents and stamps needed for such documents.

Theft of works of art and antiques

## *a) Traffic in cultural artefacts within the European Union and to the United States*

In the course of 1997 works of art stolen in France were recovered in Italy, Spain, Hungary and the United Kingdom, but the main threat was found to involve a route running from France to Belgium and the Netherlands and on to the United States.

Since 1995 investigations into thefts from churches (Aubusson, Saint-Gaudens) and chateaux museums (Ecouen, Fontainebleau) have confirmed the existence of international networks of thieves and receivers, with intermediaries with shops and warehouses in Belgium and the Netherlands.

In addition a second network of receivers involving France and Italy was also identified. Italian thieves, taking advantage of the proximity of the border, ransack the chateaux and museums of the Côte d'Azur, return quickly over the border and deliver their spoils to Italian dealers/receivers in Rome, Naples and Palermo. The works of art are then distributed on the international market.

## *b) Traffic in cultural artefacts from Africa, Asia and Latin America to the European Union*

Trafficking in cultural artefacts also occurs from developing countries with an important cultural heritage to economically strong countries.

The craze for primitive art has exacerbated the pillage of archaeological sites in Africa, Asia and Latin America. It involves international networks which handle the local transactions, transport and resale to dealers in the developed countries, in particular France.

Once archaeological artefacts have been stolen from a site they are most often transported to neighbouring transit countries where laundering operations will be organised by the receiver network. Different operations are involved, the aim being to ensure that the artefact does not appear to be of doubtful origin, and to provide it with customs documents which are in order, so that it can be

introduced onto the Western market without difficulty. This semblance of legality as regards the origins of the artefact permit it to be offered for sale.

#### Illegal arms dealing

Operations conducted in 1997 revealed the existence of a clandestine market in arms, supplied for the most part from a wide variety of sources, rather than organised trafficking on a large scale. The investigations led to the arrest of a number of dealers without however providing any evidence of large-scale suppliers.

As regards suppliers, the principal sources were the following: thefts from private individuals, robberies while arms are being transported, thefts from retailers; trade in modified weapons, often with the complicity of armouers; sales between collectors, which generates a veritable swarm of deals; trade among the serious criminal fraternity; arms from countries where conflicts are taking place or countries which as a result of the dismantling of the Eastern Bloc do not yet have adequate controls and regulations, and countries where the laws are more liberal.

#### Trafficking in human beings

In 1997 it was confirmed that organisations from Eastern Europe, in particular Bulgaria and the Czech Republic, were active in this area.

1997 saw the dismantling of the first organised network of Albanian procurers. It was also established that Croatian, Czech and Slovak prostitutes regularly arrive in the Nice region via Italy.

Maghrebi, Central African, Latin American and Asian networks also remain active.

Eleven criminal organisations were put out of action and 80 people were questioned.

In addition, several networks of high-class prostitution using the Internet or telephone answering systems were dismantled.

#### Environmental crime

International trafficking in anabolic substances destined for the cattle farming market in Europe, and in particular Spain and France, was uncovered. Thirteen people were involved: six French nationals, five Belgians and two Andorrans. The products seized would have been sufficient to treat over 70 000 animals.

In 1997 the customs authorities made 483 finds, comprising:

- 35% ivory (725 kg seized);
- 25% live animals (584 live animals seized);
- 9.1 % stuffed animals;
- 7.7% shells and corals;
- 22.4% miscellaneous items and products.

#### Maritime trafficking

Whereas thefts and hijackings of yachts tend to be the work of individuals acting on their own behalf and not as part of a criminal organisation, the situation is different as regards the traffic in motorboats, which are re-registered in Spain. These vessels are often used by criminal organisations for drug trafficking from Colombia or the Antilles.

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The findings are that criminal organisations are interested in Eurocheques and jade. As regards Eurocheques, there are international organisations comprising South American nationals (Argentineans, Uruguayans), Eastern European nationals (Yugoslavians, Romanians) and Germans who operate throughout Europe. In respect of jade, it is French criminal organisations which are involved, with links to Belgium and Switzerland.

#### Other categories of theft

This is essentially a matter of criminal acts committed by nationals of Eastern European countries through organised criminal structures.

There was a clear upsurge in thefts from shop windows and thefts from town halls, schools (computers), small businesses (safes) and tobacconists (cigarettes, lottery tickets) carried out by armed individuals from Eastern Europe; they have irregular residence status and operate in established, highly mobile groups on French territory. The stolen goods are passed on to the receivers or sent to the thieves' countries of origin. Squatting in various places in France, the illegal immigrants involved have fallen into the hands of organisations established in France. The countries concerned are Romania, Yugoslavia, Poland and to a lesser extent Hungary, Albania, Russia and the Ukraine.

#### Cigarette smuggling

In 1997 the customs authorities seized almost 182 tonnes of cigars, cigarettes and tobacco, an increase of over 26% on 1996. A breakdown reveals: 0 894 760 packets of cigarettes; 0 33 807 cigars; \* 54 760 packs of tobacco.

In total this represents an estimated value of FRF 106.2 million.

#### Alcohol smuggling

The customs authorities made 2 065 finds which resulted in the seizure of 279 000 litres of alcohol, an increase of 160% on 1996. This clear upsurge was partly encouraged by strong demand in the United Kingdom, Scandinavia and the Eastern European countries.

#### Money laundering

As money laundering is not a specific field in the crime statistics collection system it cannot be claimed that the extent of the phenomenon or even the extent of the measures taken to counter it by the authorities has been measured directly. Moreover, since the entry into force of the Act of 13 May 1996 and the extension of the term 'blanchiment' to cover that relating to the profits from any offence, the offence of money laundering itself has ceased to present a uniform image, as it may now be combined with any offence covered by the French criminal code.

#### Clandestine immigration networks and employment networks employing illegal aliens

Clandestine networks which provide assistance with accommodation supply clandestine workshops (Chinese) with unskilled labour, providing these workers with false or forged papers or papers in an assumed name. The transportation of illegal Sri Lankan immigrants is also a source of income for certain political movements, such as the Tamil Tigers. The same applies to illegal immigration among Sikhs from India who sympathise with self rule or terrorist movements from the relevant parts of India. Illegal Pakistani immigrants make a living from economic irregularities (establishment of

fictitious companies, issuing irregular doctors' certificates). More recently, it was found that numerous illegal Romanian immigrants are involved in itinerant crime in France.

### Fraud concerning the Community budget

The customs authorities are among those responsible for collecting the French contribution to the Community budget. The foremost European budget, that concerning agriculture, is the most affected by fraud.

In 1997 the customs authorities found 3 822 infringements of agricultural regulations. The sums involved amounted to the equivalent of FRF 45 million in own resources lost and FRF 15 million of unwarranted refunds.

Import frauds involve a wide range of products and declared countries of origin. Most are based on false declarations of value and currency: these represent 60% of the own resources lost. Cereals, products not covered by Annex 11 and dairy products are now the most susceptible to fraud, the latter accounting for about 30% of the own resources lost.

Fifty percent of fraud cases involving agricultural expenditure concern the meat sector. However, the amount paid without justification in this sector is falling, whereas that in the cereals and dairy product sectors, where the amount involved in fraud offences accounts for 50% of unwarranted payments, is rising.

### 3. Places and regions of activity

It has been found that the activities of criminal organisations are international. In effect, if some offences are committed in a particular state, they are nevertheless the result of various movements and influences from other states. This is the case with drug trafficking, trafficking in human beings and money laundering, the object of which is to obscure by any means possible, and in particular distance and the existence of national borders, the fraudulent origins of the funds, and to have access for this purpose to countries with liberal banking laws and to offshore or trust companies where they are permitted to exist.

### 4. Resources

In respect of trafficking in human beings, the legal enterprises most often used are hotels and restaurants, night-clubs (hostess bars and cabarets), escort agencies and travel agencies.

Similarly, a new activity involving the provision of services has emerged which is very well remunerated with good commission. What has been witnessed is the emergence of professional wheeler-dealers and unscrupulous financiers who invest to order and manipulate large sums of money through various companies or enterprises which act as a cover for their manipulation of the market.

### 5. Use of violence

Prostitution and procuring is a particular violent area. In 1997 more than 50% of cases of procurement reported to the *Office Central pour la Ripression de la Traite des Êtres Humains* (Central Office for the Prevention of Trafficking in Human Beings) mentioned force or violence. All international networks, with the exception of call-girl networks, use different forms of violence, including illegal confinement.

The serious crime world itself faces violence, there having been 47 settlings of old scores reported in 1997.

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## 6. Use of influence

It is impossible in France to talk about organised crime in relation to corruption, since it has become clear from numerous cases involving corruption that this does not result from the concerted efforts of a group of criminals, for whom the corruption would be an end in itself, but rather that it is an illegal means of obtaining, most frequently from an elected decision-maker, tempted by his or her own personal interests or the political financing of his or her party, a favourable decision on the award of a public contract or a signature on an agreement.

In such cases it has been established that both those doing the corrupting and those corrupted represent nobody but themselves and that it is not possible to establish links between those involved and the corrupt acts committed in such a way as to deduce that those links were of a criminal nature.

## 7. Money laundering

Money from prostitution is laundered either by buying luxury goods or by reinvesting it in various businesses - bars, restaurants, hotels, night-clubs. It is not possible, however, to estimate the value of goods seized or confiscated.

In addition, a number of investigations conducted by the specialist services led to the dismantling of criminal gangs linked to drug trafficking and with connections in Central or South America. These investigations revealed that some of the profits from such trafficking, partially or totally laundered, was subsequently invested in the acquisition of equipment (boats, planes) to be used in planning and carrying out criminal activities.

Another subject for concern is the activities in France and Europe as whole of nationals of countries from the former Soviet Union who make investments or participate in or found various companies and associations. Although they do not draw particular attention to themselves as a result of acting illegally in France, they appear to have access to considerable sums of already laundered money which are very often used through umbrella companies

## Conclusions

### Threat assessment

The take-over by certain criminal gangs of the "underground economy", which in some countries may represent as much as 50% of real economic activity, and the entry of these same groups into different sectors of the legal economy through privatisation operations are factors which permit the criminal organisations in question to extend their influence to numerous sectors of the economy.

### Trends

In addition to the existence of what are essentially multinational criminal enterprises, such as the Colombian drugs cartels, there have emerged over the last few years gangs of criminals originating from the countries of Central and Eastern Europe and from Asia (China in particular) which are difficult to identify with precision and whose real activities remain obscure. It has been established that some of these groups, after a period in which their activities were characterised primarily by violent crime, have quickly turned their attentions to forms of crime requiring some shrewdness, often involving elaborate techniques.

### Forecast

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The structures put in place by criminal organisations in certain countries suffering economic difficulties already give them access to effective tools for laundering any illegal capital they may have now or in the future.

The battle against organised crime will be ineffective if certain countries do not establish instruments to control economic activities, amend their legislation to take account of the new realities and strengthen their law enforcement structures.

## Measures against organised crime

In order to counter the activities of these criminals, co-operation has developed between the specialised police and national *Gendarmerie* services and the competent sections of the professions most affected; this co-operation is intended to improve the speed with which information is transmitted in order to ensure a rapid response from the intervention services.

Border checks have been stepped up.

International co-operation has been increased, either through existing international bodies or through ad hoc groups comprising the countries concerned by zone, and there is an exchange of liaison officers from law enforcement authorities.

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Germany

## Introduction

This report covers all preliminary investigations in the area of organised crime in Germany that were pending during the reporting period and comply with the definition of "organised crime". In 1997, a total of 841 preliminary investigations were pending against groups classified under "organised crime". 444 investigations were initiated in 1997 and in 397 cases investigations begun in previous years were continued.

## The state of organised crime

In the 594 preliminary investigations<sup>22</sup> featuring evidence on suspects, a total of 8 098 suspects from 100 countries were identified in 1997.

39.9% of all suspects were German nationals. Turkish citizens formed the largest group of non-German suspects, accounting for 11.5% of all suspects. The next largest groups were Yugoslavs<sup>23</sup> with 5.9%, Poles with 4.9%, Italians with 3.9%, Vietnamese with 3.2%, Russians<sup>24</sup> with 2.4%, Nigerians with 1.8% and Chinese with 1.6%. Overall, 1 081 - or 13.4% of - suspects came from eastern Europe<sup>25</sup>.

Assessment of 594 investigations<sup>26</sup> revealed that the number of suspects per preliminary investigation ranged from 3 to 191 persons.

In terms of nationality, both homogeneous and heterogeneous group structures were identified. 26.1% of investigations involved offenders of only one nationality. In the remaining 439 investigations, groupings of offenders comprising up to 15 different nationalities were identified.

In 112 of the investigations analysed, additional information on the connections between criminal groupings and certain foreign criminal organisations was obtained.

In 35.3% of the investigations considered the trafficking and smuggling of drugs was the main subject of investigation. Turkish drug-dealing organisations are the main players in this area of crime. In 24.6% of the investigations, the main area of crime was property crime.

A high proportion of this crime is accounted for by internationally organised trafficking in cars by Polish suspects.

German nationals accounted for a large proportion of economic crime (17.5%) and forgery (15%). Most of the suspects in crimes relating to nightlife (16.8%) were Germans. Crimes of violence (14%) were committed primarily by German, Vietnamese and Turkish nationals. Illegal immigrant smuggling (14%) was the work mainly of Yugoslav and German suspects. A high proportion of the

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<sup>22</sup> 444 new cases and 150 updates with information on suspects

<sup>23</sup> Federal Republic of Yugoslavia (Montenegro and Serbia). In addition, a further 202 suspects (2.5%) of Bosnian, Croatian, Slovenian and Macedonian nationality were investigated in 1997.

<sup>24</sup> All the nationalities of the former Soviet Union accounted for 385 suspects. This corresponds to 4.8% of all suspects

<sup>25</sup> Albania, Bulgaria, Estonia, Latvia, Lithuania, Moldova, Poland, Romania, Slovak Republic, Russian Federation, Czech Republic, Hungary, Ukraine and Belarus.

<sup>26</sup> 444 new cases and 150 updates with new data on suspects.

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investigations by the Customs Investigation Service were classified under "other, unidentified areas of crime" (18.3%).

These mainly concerned crimes relating to the evasion of import duties and taxes on highly taxed goods, or the handling of such goods.

Of the 841 investigations pending, 393 (46.7%) were classified as concerning one specific type of crime and 448 (53.3%) as concerning several types of crime<sup>27</sup>.

465 (77.4%) of the preliminary investigations analysed had international connections, 80 (13.3%) had supra regional connections and 56 (9.3%) had regional connections. In the 465 organised crime investigations with international connections, crimes were committed in a total of 102 countries.

In 409 (79%) of the investigations, the suspects used commercial or similar structures. The total losses<sup>28</sup> notified for the 1997 report on the state of organised crime<sup>29</sup> amount to 13M 1 586 363 167. In addition, the estimated profits - for the crimes for which no figures on losses need to be notified under the Convention on police crime statistics - amount to 13M 733 826 641.

In 254 (49%) of the investigations, violence or other appropriate means of intimidation were used. A total of 44 homicide offences<sup>30</sup> were reported in the analysed criminal investigations relating to organised crime.

96 (18.5%) of the cases involved the exertion of influence on politicians, the media, the public administration, the justice system or businesses.

There was evidence of 169 money-laundering offences pursuant to §261 of the Criminal Code in 78 of the analysed investigations relating to organised crime<sup>31</sup>. In 25 of these investigations, 100 reports on suspected crimes pursuant to §11(1) of the GwG were drawn up.

Measures were taken to forfeit illegal profits in 102 investigations (12.1%)

#### *Assessment/outlook*

The statistics on investigations and on their main features remain at the same high level as in previous years. Given that the availability of hard facts on organised crime depends largely on the intensity with which investigations are conducted by law-enforcement agencies, there is unlikely to be either a rise or a fall unless the basic conditions<sup>32</sup> change.

It must be pointed out as regards the overall structure of organised crime that the analysed investigations concerned both permanently established, hierarchical structures (vertical organisations) and loose, temporary networks (horizontal organisations).

The high number of investigations conducted is itself an indication that a considerable proportion of structures co-operated on an *ad hoc* basis.

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<sup>27</sup> In 1996, 48.6% of investigations were classified as concerning one specific type of crime and 51.4% as concerning several types of crime.

<sup>28</sup> A loss within the meaning of the Convention on police crime statistics is the illegally obtained monetary value (market value) in the case of evasion of import duties and subsidy fraud relating to the market organisation rules of the European Community; the loss is the defrauded amount or the unlawfully obtained subsidies

<sup>29</sup> Figures on losses or profit are available for 542 investigations - 444 new cases and 98 updates, 30 including criminal attempts

<sup>30</sup> including criminal attempts

<sup>31</sup> 1993: 1330, 1994: 115, 1995: 320 and 1996: 337 suspected cases of money laundering pursuant to §261 of the Criminal Code.

<sup>32</sup> In other words, the number of officials deployed, the average length of investigations and the ratio of new cases to updates.

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An examination of the group structures shows the ratio of homogeneous to heterogeneous structures to be about 1:1. Isolated ethnic groupings are in the minority, whereas multi-layered networks of relationships of varying composition dominate.

As far as the structures of organised crime are concerned, the 1996 European Council Report also states that most of the groupings identified are loosely knit, are established on an *ad hoc* basis and operate without a leader. Highly self-contained ethnic groupings with few external contacts are becoming increasingly rare in Europe.

As in previous years, the largest national group of suspects was German, although the vast majority of organised crime suspects were not of German nationality.

Information obtained in the early 1990s shows that Italian groupings have become a permanent feature of organised crime. Like Turkish criminal groupings, Italian criminal organisations can draw on a well-established immigrant community in Germany. The offshoots built up in Germany are based on the structures that have developed over decades in Italy. It should be pointed out, however, that the offshoots identified in Germany are operating increasingly independently of their parent organisations. Another distinguishing feature of the operating methods of the people who belong to the organisations in Germany is that they tend to pursue a strategy of co-operation with other criminals, including those of other nationalities. This difference in approach is due to the different objectives of the groupings in the two countries. Whereas in Germany their main aim is to avoid arousing the attention of law-enforcement agencies or the general public, so as not to endanger the group's disposal of illegally gained profit and the shelter offered to fugitive members, in Italy their activities are also concerned with controlling their home regions.

Only a small proportion of the crimes of criminals from the former Soviet Union can currently be placed in the category of organised crime. An analysis of the investigations conducted in Bavaria revealed that a large proportion of such crime does not meet the definition of organised crime, according to current information. There is as yet no evidence of groups with a hierarchical structure there.

This observation tallies with the findings of an analysis project covering the whole of Germany which has so far identified Russian, Chechen, Lithuanian, Georgian, Ukrainian, Uzbek, Armenian and Azerbaijani criminal groupings in Germany and, in a number of cases, connections and links with eastern European groupings such as the Mazutkinskaya, Sohizevskaya, Lytiberezkaya, Vilnius-Brigade, etc. Nevertheless, on the basis of the investigations analysed, the project was unable to confirm the initial working hypothesis of the existence of strictly hierarchical and tightly organised criminal groupings from the former Soviet Union that are active internationally, including in Germany. The level of organisation must be described as relatively low. The structure of the groupings and gangs varies considerably, and they are often established only on an *ad hoc* basis.

The number of crimes committed by "ethnic Albanians" (Albanians from Kosovo) that can be classified under organised crime has increased in the years since the break-up of Yugoslavia. The corresponding structures identified in the south and west of Germany are becoming increasingly well established. An analysis of all the activities of ethnic Albanian criminals throughout the Federal Republic of Germany came to the conclusion that a large proportion of such activities are organised. Like other ethnic criminal structures, Albanians are largely organised on the basis of the extended family and are linked to their place of origin. The currently available information indicates that the structures tend to be characterised by fixed and permanent co-operation.

The criminal activity of Vietnamese criminals has now become established in the east of Germany. The designations of the structures still largely reflect the province of origin of the grouping or the name of its leader. "Turf wars" result in the disappearance of old groupings and the emergence of

new ones. The members of a grouping work together on a permanent basis. Persons of other nationalities are used only for work at the lowest level. However, the previous strict division between the groups from central and northern Vietnam is increasingly rarely observed.

Criminals continue to operate almost exclusively in the traditional areas of crime<sup>33</sup>, which allows them to draw on an existing criminal infrastructure and to reduce the risk of criminal prosecution through further professionalism. In order to open up new market segments, however, in addition to the need for specialised knowledge, it is necessary to develop new logistic structures. Nonetheless, certain investigations indicate that criminal groups are moving away from underworld crime towards new, profit-oriented areas of crime.

It is also suspected that some organised crime structures are completely divorcing themselves from their criminal environment and becoming legally established, although there are currently only indications of this, such as the interlinking with legal business structures, international connections and the recruitment of special (financial) advisers.

As far as illegal immigrant smuggling is concerned, the increase in the number of organised crime investigations in the past two years shows that criminal organisations have entered this market. In this form of crime, organised crime groupings often use commercial structures, such as travel agencies and catering establishments, to conceal travel movements or to shelter illegal immigrants. Violence is also used in many cases in order to force the illegal immigrants to pay the fee for smuggling them or to pay off their debts. There were also isolated cases of the bribery of foreign customs officials.

According to the information available, subsidy fraud is not a major area of activity of organised crime groupings. For the whole of Germany, only four individual crimes were reported, two of which concerned the area of subsidy fraud in goods covered by market regulations.

There is still little information available on corruption crimes of relevance to organised crime. In line with the Report on corruption in the Federal Republic of Germany in 1995 and 1996, the links with organised crime have continued to diminish.

The existing database is of only limited use for forecasting organised crime since in order to make forecasts about this phenomenon, which spans various types of crime, socio-political data as well as crime data must be used.

The globalisation process affecting all parts of the world, which is linked to the rapid development of technology and which is influencing the legal economy, is also increasingly having a bearing on organised crime.

In the past, this process has both produced new possibilities for committing crime and opened up whole new areas of crime.

The following factors, which interact with the increasing process of globalisation, are the main potential dangers influencing the crime situation:

- migration movements,
- wars and trouble spots,

<sup>33</sup> Illegal drug trafficking, property crime, business crime, violent crime and crime relating to nightlife.

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- the gap in prosperity between developed and less-developed countries,
- corrupt regimes and governments with insufficient democratic legitimacy.

The effects of these factors combine in Germany with certain conditions conducive to crime, including, in particular

Germany's geographical position, its economic strength, the consumer goods available, the developed infrastructure, the social security systems and the guarantees based on the rule of law, the presence of corresponding populations, and the considerable demand for illicit drugs.

## *Measures to combat organised crime*

A comprehensive package of measures presented by the Federal Ministry of the Interior and the Federal Ministry of Justice designed to combat organised crime more effectively has now been approved by the Federal Government as the Act on the More Effective Combating of Organised Crime (*Gesetz zur verbesserten Bekämpfung der Organisierten Kriminalität*).

On 6 June 1997, the Permanent Conference of the Federal Minister of the Interior and of the Ministers and Senators of the Interior of the Länder adopted an action programme to combat organised crime.

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Hellas

## Introduction

1. At the Ministry of Public Order there has been functioning a central service called Directorate of Public Security, which at a panhellenic basis gathers, analyses and evaluates all relevant data sent in by the co-competent national law enforcement agencies ( Police, Customs, Coast Guard , Financial and Economic Crimes Office ), in relation to organised crime.

2. For the preparation of this report all competent law enforcement agencies in Hellas have sent their contributions. As an evaluation mechanism, the Council document ENFOPOL 35, REV 2 was used.

In Hellas in 1997, a qualitative transformation was observed in relation to general criminality and it was also verified an upwards trend, mainly as it regards the serious forms of crimes that present a very intensive characteristic of violence, particularly against private or public property. It was also verified that some of the criminal activities fulfilled the criteria characterising the Organised Crime and were related to the sectors of homicide, armed robbery, extortion, drugs smuggling and trafficking, forgery, theft and trafficking in stolen vehicles, and economic crime, in general.

During 1997 we had experienced two attacks against civil servants in an effort to eliminate them or the members of their families or to intimidate them .

Yet, in parallel, there are cases of commitment of serious crimes that by the investigation done, so far, we have come up with indications characterising organised crime, although based on the evidence available with the law enforcement agencies we are not allowed to classify them as fallen within the scope of organised crime, due to the inadequacy of evidential proof.

## Organised Crime Situation

### 1. Suspects involved in organised crime

Based on the evaluation of information and various data that law enforcement agencies have gathered, it is proven that during 1997 a number of criminal groups were active, mainly, composed of Greeks, Albanians, Russians , Turks, Romanians, Bulgarians , as well as other nationalities at lower extent. These criminal groups tried to establish the constant infrastructures as well as operational tactics of organised crime. They were small in size, comprising 2 to 10, at maximum, members of various nationalities, with a vague hierarchy under the leader.

### 2. Criminal activities of the suspects referred at point 1

#### 2.1. Criminal activities carried out by Greeks

Hellenic citizens have the largest extent of involvement in general criminal activities as well as in the sector of organised crime - in some cases- like for example , in the homicide sector ( death contracts ), robberies, and extortion.

As a representative case we have the dismantling of a group of criminals ( crime syndicate ), with a long time action in committing homicides, armed robberies, kidnappings and extortion.

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In the drugs sector, we have experienced a general increase of the violations index, and yet, that the participation of Hellenic citizens (or nationals) in trafficking or smuggling is considered significant. However, despite the aim increase (number of violations, seizures, deaths from heroin) the number of cases related to organised crime is very small.

Yet, providing protection or money to various establishments, mainly, night clubs and to a lesser extent to other businesses, is also at an increase according to our estimations, though the authorities have little evidence to ascertain such crimes. This is because of the fear of the victims to go to the authorities, due to a possible revenge by the perpetrators.

Prostitution, mainly by women coming from Eastern Europe is also at an increase. This is mainly due to the big number of foreign women coming into Hellas looking for a job and a better life.

Thefts of vehicles aiming at their disposal to the illegal trade by altering the particulars of the vehicle ( VIN nos etc. ), is also at an increase and in some cases presented the characteristics of organised crime ( theft, forgery, smuggling, reception of crime property ) .

It can also be considered as significant the involvement of Greeks in the networks facilitating illegal immigration, as well as in the sectors of supplying forged passports and other travelling documents and their transport to other European countries.

## 2.2 Criminal activities carried out by Albanians

Social- economic transformations, civil wars, political instability and other recent developments in our neighbouring countries had as a result our country to accept the biggest pressure of illegal immigration.

In particular a big number of Albanian illegal immigrants, among which there were also escapees from prisons armed with weapons removed from the various camps during the uncontrolled fights that happened in Albania recently.

These facts contributed a lot towards the increased criminality of Albanians in Hellas, mainly in the so-called common crime and in particular in the crime sectors of homicide against their fellow citizens, robberies, drugs smuggling and trafficking, thefts, women prostitution as well as child abuse. From these criminal activities some have the characteristics of the organised crime.

As it regards drugs trafficking, via our land borders significant quantities of drugs were trafficked , mainly, quantities of unprocessed cannabis which represented the 60% of the total seized quantity in our country ( 7389 kg of Albanian origin in 1991 against 1450 kg in 1996 ). 43% of the traffickers were Albanians trafficking the drugs on any kind of means of transportation. As it regards trafficking via sea the total quantity comes up to 833 kg. The view for organised action is reinforced by the multiple efforts of speed boats coming from Albania to call at Hellenic Coasts with the intention to smuggle drugs into the country. It is worth saying that the persons on board these boats were carrying heavy armament and , in fact, in one incident that an exchange of shooting took place between the Albanian smugglers and the Coast Guard , a Coast Guard officer got killed.

The exploitation of juvenile beggars from Albania by their fellow citizens *present the characteristics of* organised crime. There are indications that Albanian "protectors" of under aged persons recruit in Albania juvenile fellow citizens and then take them to the various urban areas in Hellas, where by providing them the necessary food and accommodation force them to beg on the streets on a steady basis (the so-called traffic lights boys), under severe weather conditions and with an overall appearance reflecting on the mercy and the sensitivity of the drivers, Then the "protectors" take all

the day's earnings for themselves. By the competent authorities of Hellas investigations have been undertaken in an effort to combat this phenomenon and are still in progress.

Yet, we have had information on organised action by Albanians in relation to forcing to prostitution of women coming from Albania as well as from other countries. These data are also being given a crosscheck.

## 2.2. Criminal activities involving Russians

After the collapse of the former Soviet Union, i.e. after 1990, a big number of former SU citizens, but of Hellenic origin, entered Hellas and nationalised as Hellenic citizens according to relevant national legislation.

A problem started to be created when citizens of the former Soviet Union, who were not of a Hellenic origin, mainly Russians tried to enter legally in our country, submitting - many of them - forged documents proving their Hellenic nationality. The result was their acquisition of the Hellenic nationality and their supply with legal Hellenic 10 documents (IDs, passports etc.), that allowed them to travel without any difficulty in the countries of the EU. The whole issue is being examined in details and effort is given to check the extent of participation- in these procedures of civil servants as well as the level of official corruption by the organised crime network. The a/m individuals (nationalised Soviet Union citizens) have developed a serious criminal activity, mainly, in the sectors of homicide (death contracts) of their fellow citizens, trafficking in human beings, prostitution, and providing protection to their fellow- citizen businessmen.

Due to the well known in Europe and USA fact that since 1994, has been observed an increased criminality -and in fact organised- in former Soviet Union - particularly in Russia- we forecast an increased future participation in organised crime of individuals coming from the states of the former Soviet Union.

## 2.3. Criminal activities involving Turks.

The involvement of Turks in drugs trafficking (heroin) as well as -in particular- illegal immigration is very significant. The phenomenon of Turkish involvement in illegal immigration networks have also concerned other countries of the EU, as well, having as a result a tot of discussions in various meetings of the various forums of the EU. It is worth mentioning the case of transporting to Italy a large number (839 persons) of illegal immigrants of various nationalities- but mainly Turkish of Kurdish origin- that took place on 26/12/1997 in Turkey with the a boat, flying a Turkish flag. The activities of Turkish facilitators cannot be characterised as incidental, due to their repetitive nature and to their selectivity, as to the day, time, and places of embarkation and debarkation. In fact, in a lot of cases - as it has been testified by the illegal immigrants- they do not hesitate- after they have got their payments- to abandon the old boats uncontrolled in the middle of the open sea and to sail away with fast speed boats, in order to avoid being caught.

There are quite a few cases of shipwrecks or even throwing immigrants in the sea, a fact that has been verified by finding corpses floating on the water. To get an idea, over the last five years Coast Guard has arrested 154 facilitators, the major part of which was of Turkish origin sentenced by the Hellenic Justice to heavy punishments (imprisonment) as well as heavy fines. Yet, 86 transport boats were seized, most of them in excellent condition and register in the Turkish Registry,

The main nationalities of illegal immigrants transported in Hellas by Turkish facilitators are:

- Iraqis of Kurdish origin
- Turks of Kurdish origin
- Pakistanis
- Bangladesh
- Sri Lanka citizens etc.

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# RESTRAINT

By the so far investigation of the Turkish Networks activities in relation to illegal immigration, the conclusion is that the persons involved in it have converted their activities to a profession of modern slavery. Indeed, the methods adopted, the means of transport used the organisation, the frequency and the economic exploitation of the trafficked human beings lead up to the conclusion that we are talking about organised crime.

It is obvious that, the activities of the illegal immigration networks, expressed as it was described above and combined - in most cases - with the illicit drugs trafficking, the organised crime and the transnational criminal activity in general, cannot always be successfully confronted by the complete enforcement agencies of one m-s alone, but it is an imperative need for bilateral and international co-operation, with the view to the more effective confrontation of this phenomenon.

The development of this co-operation, which is a must, can be materialised by concluding relevant Agreements between the countries of origin and destination of illegal immigrants for the latter to be readmitted in the countries of origin, as well as Agreements on exchanging information and expertise, as it regards the activities-of illegal immigration networks, with a view to adopt the necessary measures to combat this phenomenon.

Within this framework, our country convinced on the need of taking measures to confront the increased immigration pressure at its eastern frontiers with Turkey, pursued the conclusion of a Re-admission agreement with Turkey, but without positive result, due to Turkish refusal for co-operation.

## 2.4. Criminal activities involving Romanians

The last few years we have experienced an intensive criminal activity by Romanian immigrants mainly in Athens, breaking into houses and shops, minor robberies, and in some cases homicide with the intention to rob. Romanian criminals have established " a school" in breaking into houses as well as in the sector of disposing the stolen goods. After co-operation with the competent Romanian authorities it was verified the sending of the stolen goods in Romania via tourist agencies, in the form of unaccompanied parcels.

## 2.5. Criminal activities involving Bulgarians

Our competent Services are investigating cases of involvement of Bulgarian citizens in networks of trafficking and exploiting women, and smuggling and to a lesser extent in other forms of criminality. According to intelligence, in the area of Santaski at the Hellenic -Bulgarian borders, there is a trafficking in human beings network in operation. This network promising - to women from Bulgaria as well as from the republics of the former Soviet Union- a well paid and proper job, carries them to the Hellenic borders crossing illegally into the Hellenic territory during night hours. There they are picked up by Hellenic partners to the network and put to legal jobs, as waitresses in various stores ( bars, restaurants, cafeterias etc). The facts, though, prove that these women carry out prostitution activities for money and they only get a very small proportion of their earnings.

Just to get a better idea, during 1997 in the area of Attiki 45 women Bulgarian citizens were arrested by the competent authorities charged with prostitution without permission, working in various brothel houses as well as in massage parlours. The women arrested as prostitutes avoid naming the persons that have facilitated their entry into Hellas or the persons putting them into prostitution businesses.

## 2.6. Criminal activities involving citizens of former Yugoslavia

Citizens of former Yugoslavia have also been involved in criminal activities in Hellas, in particular, in the field of robberies, thefts, forgery and *fraud*. Based on the investigation carried out so far we cannot say that the activities of these groups fall within the category of organised crime.

## 2.7. Criminal activities involving Asian Groups

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Within this category we can include the activities of a Pakistani group, comprising 7 persons bearing the characteristics of organised crime. This group specialised in the fields of abduction, extortion, robbery, and illegal detention. But, in general, the involvement of Asian Groups, in criminal activities is limited and when it takes place it usually refers to their fellow-citizens.

## Places And Areas Of Activities

The biggest part of the criminal activities took place in the big urban cities of Athens and Thessaloniki, as well as at the eastern, western and northern borders of ours, in *particular as it regards drug* trafficking and illegal immigration.

## Resources

The criminal groups as well as criminals in order to be able to justify their luxurious way of living (luxury cars, villas etc.) they set up legal entities, most of the times S.A, which they use as front companies in their effort to launder their illegal gotten proceeds. Financial resources also come from extortion as well as providing "protection" to various night-clubs and other establishments operating during the late hours.

## Use Of Violence

During 1997 it was observed individual cases of use of violence, within the framework of revenge, mainly within the networks of Hellenic, Russian and Albanian criminal groups.

## Exercising Influence

The two a/m incidences (against the Prefect and the Police director) lead to the conclusion that can be classified to activities aiming at the trying to exercise influence on members of the Public Administration by organised interests, an issue that has already been examined. Yet, it is being examined the possibility of corruption of civil servants.

## Money Laundering

In 1997, The competent committee of article 7 of law 2331195, received 03 reports of suspicious transactions, 15 of which were referred to the competent prosecutors for further investigation. Yet, the competent police agencies applied the relevant law in 16 cases.

## Conclusions

It is estimated that organised crime is already a reality in Hellas, but we cannot say for sure that has concrete infrastructures and strategies from the part of criminal groups, that act so far as with some vague tactics and do not make part of a single and steady network. However, the challenge of organised crime is open for our country. The criminal activities of, mainly, Albanian and Russian Groups have already started and it is expected to increase.

For their effective confrontation, a lot of efforts have been given by all co-competent authorities. But, if there is no immediate and decisive answer to that challenge, *not only by Hellas, but primarily by the countries of origin*, the results of these efforts will be dubious.

## Measures Taken Against Organised Crime

# RESTREINT

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1. Upon a decision by the Chief of Hellenic Police, a group of police officers has been established within the Directorate of Security of Attiki, which keeps busy with the sole confrontation of Russian organised crime.
2. So far, 2 officers have been trained in strategic analysis of crime and another 4 in the operational analysis of crime.
3. The relevant legislation for the prevention and suppression of crime has been activated. We continue the effort of adopting the Dutch system VIS (Verification Information System) to combat fraud committed with the use of fraudulent I.D documents that have been stolen or lost.
5. At the 53 Police Directorates officers have been appointed for the gathering, evaluation, estimation and classification or not of the criminal activities in the scope of organised crime.
6. At the Ministry of Public Order there has been established a data base for registering of money laundering cases.
7. Participation in the operational projects within the Schengen Group and EUROPOL.
8. Processing of a trilateral draft agreement of Police Co-operation between Hellas, Romania and Bulgaria for combating crime.
9. Bilateral agreements with an adequate number of countries, primarily of the Balkan peninsula, except Turkey due to its refusal to accept the so far Hellenic proposals.

RESTREINT

*Ireland**Introduction*

The organised crime situation in Ireland is primarily national in character with only an insignificant number of organised criminals of non-Irish nationality residing in the country. In general, Irish organised crime does not operate under the control of any one group or individual and the most important elements comprise a relatively small number of well established and tightly structured groups that are mainly based in the Dublin area.

*Organised crime situation**Suspects involved in organised crime*

In 1997 the number of known criminal groups in Ireland was 76. These organised crime groups can be divided into two general categories. The most significant element of Irish organised crime groups consists of approximately one dozen major groups which are well established, tightly structured, involved in drug trafficking and armed robbery. Some of these major groups use Irish criminals living abroad to procure drugs for the Irish market.

The second category comprises of groups whose criminal activities are less significant. These groups are characterised by less cohesive group structures and criminal activities that are often confined to Ireland.

*Criminal activities of suspects involved in organised crime*

Drugs related crimes and armed robberies are the criminal activities which groups are most frequently involved in. Nine out of the eleven major groups deal with drugs and five are involved in armed robberies. There has been however a decrease in the number of armed robberies and there are less groups involved in these activities than there were the previous year. In contrast, the expansion of the computer industry in Ireland is accompanied by an increase in thefts of computer components and associated crimes. There is no evidence of organised crime involvement in gambling, prostitution or child pornography.

*Places and regions of activity*

Organised crime groups are primarily located in the Dublin area, from where 59% of the total number of groups operate. Some 15% of the groups are located at the border divisions and the rest of the country accounts for 26% of the groups. Slightly more than two-thirds of all groups have contacts outside Ireland, particularly those located in Dublin. Many groups are active in the United Kingdom and some are active in Northern Ireland. Groups active in mainland Europe are primarily associated with the Netherlands and Spain.

*Resources*

Seven of the known criminal groups use legal enterprises, including a coal retailing business, retail outlets, a construction business and a wholesale business.

*Use of violence*

Near to all of the 11 major groups use violence as a sanction within and between groups. About half of all groups engage in violence within and between groups. There was one death in 1997 which related to a dispute amongst criminals, while there were six deaths the previous year. (The murder of a prominent journalist in 1996 was a very serious development. It proved to be an isolated incident).

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## *Use of influence*

There is no evidence that any group has influence over the judicial, executive or legislative functions of the State.

## *Money laundering*

Half of all identified organised crime groups are involved in money laundering to a significant extent. Various sectors of the prospering economy, the property market in particular, provide criminals with increased opportunities to launder the proceeds of crime. During 1997 a total of 504 suspicious transaction reports were received from the designated bodies, which was an increase of 33% over the number of disclosures received in the previous year. Approximately half of the disclosures are associated with organised crime.

## Conclusions

The domestic nature of organised crime in Ireland is unlikely to alter significantly in the years ahead: the absence of a significant number of foreign nationals will prove to be a continuing characteristic of organised crime in Ireland.

## Measures against organised crime

The development of the multi-agency approach in 1996 marked a turning point in the measures against organised crime in Ireland. The newly formed Criminal Assets Bureau has had considerable successes in its role to deprive criminal organisations of assets from criminal activities.

RESTREINT

*Italy*

## Introduction

The Italian contribution to this Situation report on Organised Crime in the European Union 1997 has been produced by the Dipartimento della Pubblica Sicurezza. It is mainly based upon information and intelligence constantly provided by all the national law enforcement agencies of the Italian Ministry of the Interior, who avails itself of such updated information to report on the situation to the Italian Parliament. The major part of its content comes from ongoing investigations, but it also includes intelligence gathered by other governmental agencies. It must be stressed that the analysis has been focused on the criminal phenomena that represent a major threat for the national community.

## Organised Crime Situation

*Suspects involved in organised crime*

In Italy the four traditional forms of criminal organisation (Mafia, Camorra, 'Ndrangheta and Apulean criminal groups) still continue to dominate the criminal panorama not only in South Italy, where they originate, but also in the Central and Northern regions of Italy, and having operational branches abroad. These groups are co-operating even more among themselves and with the criminal groups active in the other Italian regions, and are also making efforts to be more active in the international field.

According to intelligence gathered during investigations in 1997, the Sicilian Cosa Nostra remain strong and there are indicators suggesting that it is still maintaining a pyramidal structure. It appears to be adopting a low profile strategy, aimed at lowering the public attention on the phenomenon while continuing their criminal activities.

The Sicilian criminal groups called 'Stidda' have a less structured organisation. Through a policy of alliances with other groups, the 'Stidda' families are now able to run very complex criminal activities, including international drug trafficking.

The Camorra is traditionally fragmented and horizontally structured. This situation is a result of the success of law enforcement activities against top leaders and of the failed attempt, during the 1980's, of creating a unified and hierarchical organisation all over the region. Each criminal group is involved in several criminal fields often conflicting with other similar groups. Only in the province of Caserta and the South of Lazio region, the 'Casalesi' clan is imposing itself, having a solid hierarchical structure.

From the beginning of the nineties, in a persisting process, the groups belonging to 'Ndrangheta have been trying to create a common authority in order to overrule the several existing criminal activities of each family, to solve conflicts and to represent externally the criminal interests of 'Ndrangheta itself. This trend is imposed by the need to improve the running of the large drug trafficking activities and the other important criminal activities, which are no longer limited to Calabria, also involving its operational branches in other Italian regions and abroad.

The region Apulia is by now considered the land of the fourth "Mafia". This region is a natural bridge towards the Balkans both for licit and illicit traffic, and the development of structured criminal organisations in this region greatly depends on the increasing level of criminal interests occurring there. The structure of these groups is still horizontally oriented and territorially widespread, even though there are several stable links between different families having a single leader. The most important one is the 'Nuova Sacra Corona Unita'.

Ethnic criminal groups tend to increase their level of autonomy and structure and they are enlarging the scope of their criminal activities towards more complex fields such as the illicit immigration, arms and drug trafficking.

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More than one million foreigners permanently live officially in Italy (169,125 from the EU and 1,240,721 from third countries). It is believed that at least another million entered Italy illicitly, representing a large reservoir for ethnical organised crime to recruit individuals from the same origin. Chinese criminal groups show a certain level of organisation and they are adding other criminal activities to their traditional field of extortion.

Investigations carried out during 1997 confirmed the activity in Italy of Russian criminal groups at a trans-national level.

During 1997 the already strong presence of Albanian criminal structures became even more important in Italy, tending to be structured into small autonomous groups. It seems that Albanian criminal groups are reliable for Camorra and Apulian organised crime, both of whom are now co-operating with them for the trafficking activities in the fields of drugs, arms, smuggling of tobacco and for the recruitment of criminals.

Colombian drug traffickers have established good relationships with Italian organised crime for cocaine trafficking, dealing with importing the drugs into Italy while the distribution is run by Italian organised crime.

Nigerian criminal groups are also active, recruiting associates some of them originate from other African countries, particularly Kenya, Tanzania, Mali and Senegal. Relationships with Italian organised crime often proved to be conflictive and violent. They also make use of secrecy and a magic-religious component to enhance intimidation and maintain discipline within the group.

During 1997, 590 non-Italian individuals were accused in Italy of being part of a criminal association to commit crimes, 32 of whom originated from the European Union with 558 from non-EU countries, the latter comprising mostly Albanians (22.4%) and Former Yugoslav nationals (19.5%). In the same period 19 foreigners were accused of belonging to a criminal organisation having the characters of Mafia, one of them was from the European Union and the others were non-EU nationals. In addition, 255 foreign individuals were arrested for being part of criminal organisations involved in drug trafficking, 11 of whom were from the Member States and 244 from non-EU countries. These figures are consistent with those of 1996.

### *Criminal activities of suspects involved in organised crime*

The activities of the several Mafia families can be divided into three main areas:

- those related to the control of their territory (extortion, usury, infiltration in public contracts and other public sectors), which appear to enjoy a renewed vigour;
- illicit trafficking (drugs, arms and wastes);
- money laundering and re-investment of illicit proceeds in formally legal activities.

At a national level the 'Mafia' still has a central role in co-ordinating the major illicit trafficking and money laundering activities, representing the common bridge for the other Italian criminal organisations.

The Camorra seems to focus on the traditional 'territorial' criminal activities such as extortion, usury, prostitution, clandestine betting and frauds, infiltration into public services, even exploiting the marginal criminal fields such as smuggling of goods, production and selling of counterfeited items. The Camorra appears to be increasingly involved in environmental crime, especially in the field of illegal waste disposal activities, where it is the most active at a national level. It is also active in wide scale drug trafficking, establishing links with other major Italian and foreign criminal organisations.

The 'Ndrangheta continues to be very active in the traditional 'territorial' criminal activities such as extortion, usury, frauds, and control of public contracts and enterprises. It appears to be the criminal organisation that can control its territory more effectively, due to the mountainous morphology of the great part of Calabria and the difficult road connections between the sparse villages. The 'Ndrangheta is heavily involved in drug and arm trafficking with the same effort spent for territorial criminal activities

The Apulian organised crime runs the territorial illicit activities and, in addition, exploits the illicit trafficking flows through the Southern Adriatic sea, in close relationship with criminal groups operating in Albania and Montenegro. Illicit trafficking in drugs and arms are basic activities for these groups which are also heavily involved in illicit immigration and smuggling of cigarettes.

Chinese organised crime in Italy is primarily focused on illicit immigration of Chinese individuals and the exploitation of related black labour. In 1997 Chinese criminal organisation also showed an interest in extortion directed against the Chinese communities in Italy, particularly in drug trafficking and prostitution.

According to existing intelligence, Russian criminal groups are mainly operating large-scale money laundering activities, investing large amounts of capital in well developed industrial and tourist areas and appear to be also active in clandestine immigration, particularly of young women for prostitution.

Nigerian criminal groups are dealing with drug trafficking, illicit immigration, exploiting of prostitutes and minor offences such as larceny and fraud.

Operational links emerged between Italian and Turkish organised crime mainly for illicit immigration, particularly dealing with Kurds, and drug trafficking along the Balkan routes.

#### *Places and regions of activity*

The Mafia originates from Sicily, being active in all its provinces and having its traditional lead in the city of Palermo. There are 186 known Mafia families in Sicily and they continue to directly control Western Sicily and indirectly the Central-Eastern areas of the island. The criminal groups called 'Stidda' represent a different phenomenon, and they are mainly active in the areas of Agrigento, Caltanissetta and Ragusa. These Sicilian groups have relationships via operational branches with other important and minor criminal groups operating in other Italian regions, aimed at co-ordinating specific illicit activities such as drug trafficking and in order to re-invest illicit proceeds in the financial and business environment. They also have links with organised crime abroad.

The Camorra originates from Campania, where 114 groups are known to be active. Each group is autonomous, establishing changeable and time-limited alliances with other similar groups. The Camorra's families do not appear to have stable bases out of Campania. In this region, the provinces of Naples and Caserta are the areas where the Camorra is more active, and they are less active in Salerno. While in Naples there is an ongoing continuous changing in balances, the situation appears to be more defined in Caserta where the criminal group of 'Casalesi' is dominant over the others. The Camorra has particular contacts with groups operating in the Balkan countries, in Central and Eastern Europe countries, mainly exchanging counterfeited goods and US dollars for synthetic drugs, arms and radioactive materials.

The 'Ndrangheta originates from Calabria, where 160 groups are known to be active, often having strong operational branches in Northern Italy. Traditionally the most important area is the province of Reggio Calabria, where the 'Ndrangheta currently has relationship on an equal level with the Sicilian Mafia. The balance between the several groups is less stable in the other provinces. Outside the province of Reggio Calabria the more active organisations are those operating in Vibo Valentia, Lametia Terme and in the coastal areas near Crotona, where they are particularly interested in the development of tourism industry in that area. The 'Ndrangheta is active in Northern Italy creating the same structure which exists in Calabria with close links to the family in this last region. This occurs also in Lombardia, Piemonte, Val d'Aosta, Liguria, Emilia Romagna. In Italy it has established close co-operation with Sicilian, Apulian and Campanian criminality for managing the traffic of wholesale quantities of drugs into the Italian territory and abroad. As far as arms trafficking is concerned the region of Calabria, and particularly the area of Lametia Terme, is remarkable, being a reference point mainly for transactions involving north Italian individuals, but also for international transactions

Apulian organised crime can be found in Apulia where around 50 groups are active, 14 of which belong to the 'Nuova Sacra Corona Unita' operating across the provinces of Brindisi, Lecce and Taranto. Only the 14 groups within the 'Nuova Sacra Corona Unita' have stable operational links.

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These organisations however are expanding their activities in Central-Northern Italian regions. Apulean criminal groups are now the obliged points of reference for other Italian and foreigner criminal groups interested in the exploitation of the illicit trafficking via the Adriatic Sea. Links with foreign criminal organisations are particularly strong with criminal groups from the former Yugoslavia and with Albanian organised crime for trafficking drugs, arms, explosives and cigarettes.

As already mentioned, several criminal groups formed by non-Italian members are active in the country. Chinese criminal organisations are mainly present in North Western and Central regions of Italy, where the existence of numerous medium and small industrial companies makes it easier to place black labour.

Chinese groups are also known to be linked with homeland organised crime as far as illicit immigration and money laundering activities are concerned, having logistic bases in Central and Eastern Europe where clandestine immigrants transit.

Albanian criminality, mainly active in Apulia and other Central regions, tend more and more to settle in North Italian regions such as Emilia-Romagna, Tuscany, Piedmont and Venetia, running the exploitation of prostitution.

Investigation during 1997 revealed the existence of ethnical Russian individuals and groups linked to the well known 'Sun Brigade' active in Rome, Milan, Bologna and along the Adriatic coast of the region Romagna.

Nigerian criminal groups are particularly active in the area around Naples, in the province of Caserta and in the area of Rome, also being active in many other urban areas.

## *Resources*

There are no figures available which could give the real dimension of the illegal proceeds of organised crime in Italy. Nonetheless, the figures concerning goods seized and confiscated in Italy using the Italian law against Mafia during 1997 suggest that it is a large-scale economical phenomenon. The huge financial funds that have been stored in the past resulted in the parallel development of formally licit business activities controlled, directly or indirectly, by the criminal organisations operating in Italy, and in the re-investment of capitals of illicit origin in the national and international financial markets.

## *Use of violence*

The Sicilian Mafia, Camorra and 'Ndrangheta make use of violence both within the criminal world and outside. Internally violence is used as a sanction to ensure group loyalty among members. Outside the criminal group it is used as an instrument of pressure in order to obtain illicit advantages.

In 1995 there were 108 homicides in Sicily related to organised crime, this figure being slightly reduced in 1996 to 95, and halved to 46 in 1997. The decrease is believed to be the result of a more stable order in the Western areas of Sicily, where the pyramid structure is still in place. The major percentage of homicides occur in the less stable eastern area of the region.

In Campania, where the Camorra operates, 127 homicides related to organised crime were committed in 1997 compared with 120 in the previous year. This high rate of violence is due to the search for new balances after the successful activity of law enforcement agencies. The use of modern and sophisticated weapons against victims out of the criminal environment created during 1997 a high level of alarm by public opinion and provoked the adoption of special measures of prevention in the concerned areas.

In 1997 the number of homicides related to organised crime in Calabria was 40, compared to 38 in the previous year and 35 in 1995. These figures represent a large reduction compared with the beginning of the nineties and it is due both to the effective fight of law enforcement agencies, particularly in the area of Reggio Calabria, and the new balances among the several criminal groups.

In the other areas of the region there is a greater ongoing fight between the different groups as a result of new emerging leaders.

The Apuleian organised crime groups make less use of murders, even though 28 homicides are related to organised crime.

Homicides have been recorded within the ethnical criminal groups, particularly those of Moroccan and Albanian origin.

#### *Use of influence*

The Mafia traditionally uses both intimidation and infiltration in order to influence institutions and the economy. Intimidation is widespread towards representatives of public institutions, local authorities, entrepreneurs and in some cases clergymen or journalists engaged against Mafia. During 1997 senior executives have been dismissed in 2 Municipalities in Sicily region with allegation of colluding with the Mafia.

The Camorra tends to infiltrate in the local authorities in order to gain effective control of public contracts, public services and the territory's plan. During 1997 senior executives have been dismissed in 3 Municipalities in the Campania region with allegation of colluding with the Camorra. The large State investments for public infrastructures in the area attract the interest of the Camorra leading to a higher and more violent use of influence.

In Calabria an increase of cases of intimidation has been registered against local public authorities in 1997 and senior executives have been dismissed in 2 Municipalities in the region.

In Apulia there were no remarkable cases related to the use of influence on the regional economy or on local political institutions by organised crime during 1997.

#### *Money laundering*

The high level of sophistication of the Mafia in money laundering activities is well known. The value of goods which were contributable to Mafia activity has reduced considerably from around 140 billion Italian lire in 1996 to the 60 billion during 1997 (provisional figures), revealing the adoption of more complex money laundering techniques.

Money laundering activities by the Camorra are increasing both in Italy and abroad, especially in Central and Eastern Europe, the Balkan and the former Soviet Union countries. According to existing intelligence each group tends to run its illicit proceeds rather than creating stable networks for the gathering and re-investing of dirty money.

Part of the illicit proceeds of 'Ndrangheta are invested in trade and building economic sectors in Calabria. In addition, in the last years the Calabrian families have tended to invest in formally licit activities in Northern Italian regions using their branches active therein. Recent investigations revealed the use of dirty money to finance usury and illicit loans. The 'Ndrangheta has recently shown an enhanced capability to move capital into the financial markets, availing itself of advice of experts on the exploitation of fiscal havens.

The Apulian criminal organisations mainly launder their illicit proceeds in the region although recent cases indicate investments in Switzerland.

Italian organised crime also appears to invest part of its huge crime-related financial resources in usury, running it directly or exploiting already existing usurers. Usury, often coupled with racketeering also offers criminal organisations the opportunity to infiltrate the licit economical environment through management buy-in operations.

Italy is becoming an important area for the Russian Mafia for re-investing huge amounts of dirty money. This phenomenon is particularly evident in the coastal areas of Versilia, Marche and Romagna.

Even Colombian criminal groups are laundering drug-related money in Italy, opening banking accounts, via bureau de changes and acquiring front companies.

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Nigerians invest their illicit proceeds in trade activities such as African markets, beauty-centres, restaurants and other meeting places for Nigerian nationals.

A new trend has been identified, using Primary Bank Guarantee or other similar securities such as Prime Bank Notes and Prime Bank Standby Letters of Credit. The market of these securities is less regulated and controls are very difficult also due to the frequent use of front companies located in the fiscal havens. Investigations reveal investments of illicit proceeds laundered via the banking sector into real estate and the tourist sector in the South of France and Spain by Sicilian Mafia.

## Conclusions

The successful results of the law enforcement activities against organised crime over the last years (disarticolazione gruppi, cattura latitanti di spicco, sequestri e confische di beni etc) resulted in a visible containing of all aspects of the Phenomenon of Mafia type organised crime in Italy during 1997.

Nevertheless, the traditional criminal organisations known as Mafia, Camorra, 'Ndrangheta and the Apulean criminal organisations remain the most active in Italy, with many links abroad, particularly in Central and Eastern Europe, the USA, Canada, and Australia.

According to intelligence gathered, the international importance of the Italian organised crime appears to be shrinking as a result of the effectiveness of the law enforcement and judicial activities in the last years.

The presence of Italian organised crime in the international panorama appeared less qualified. It has operational links with foreign criminal organisations for managing the big illicit trafficking sectors, but has lost its dominant role in negotiating.

At the same moment, Italian organised crime showed a reduced level of reactivity to the law enforcement agencies operations and adopted less visible intimidating techniques.

It has been also noticed a massive change in composition within Mafia-typed organisations, recruiting young criminals from juvenile delinquency and common criminality in order to replace the losses.

Ethnic criminal groups in Italy, composed of non-Italian nationals, are gaining a growing importance, shifting their activities towards more complex criminal fields (illicit immigration, drug smuggling, arms, and vehicles). The evolution of Albanian criminal groups during the last years is a clear example of this development.

Investigations during 1997 confirmed the activity of operational individuals belonging to the Colombian 'cartels', to the Turkish families and to the so-called Chinese Triads. It is also evident that the Russian Mafia is increasing its presence in Italy.

A general trend towards a decrease of organised crime related violence has been recorded, even though tensions still exist among different criminal groups, particularly in some areas where balances have not been set up yet such as the provinces of Napoli, Caserta, Bari, Brindisi, Catania and Reggio Calabria.

Indicators suggest the increase of cases of extortion and usury committed by Italian organised crime, probably balancing its reduced role and proceedings in more complex areas of crime.

Two kinds of indicators: intimidating activities against local authorities and the dismissing of Municipalities for collusion with organised crime, indicate that organised crime continues to attempt to infiltrate in the field of public building works with important state financing.

During 1997 law enforcement activities were successful in preventing infiltration of organised crime into the important works for the high-speed railway line from Rome to Naples and the port of Gioia Tauro.

Only two cases of kidnapping which occurred during 1997 can be linked to Sardinian organised crime, which is traditionally active in such a criminal sector.

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Italian organised crime, particularly the groups active in Campania, are enhancing their involvement in the illicit treatment of industrial and urban wastes mainly coming from Italian Central and Northern regions of Italy.

#### Measures against organised crime

The high level of attention devoted to contesting organised crime in Italy is both testified by the updating and improving of legal instruments and the operational activity of law enforcement agencies against the most important criminal organisations.

The current strategic approach in the contrast action against organised crime in Italy is based on new systems whose efficiency has been thoroughly researched. This mechanisms focus on:

- the aggression on criminal related patrimonies;
- the pursuit of fugitives from justice;
- the fight against money laundering activities;
- the contrast to international illicit immigration networks;
- the enhancement of international co-operation;
- improving infra-structures in the most degraded areas;
- the safeguard of transparency in the local political, administrative and economical fields;
- convincing victims and criminals to co-operate with justice.

The criminalisation of Mafia-type conspiracy proved to be a fundamental legal instrument in the fight against organised crime. Statistically an overall number of 144 Mafia-typed organisations were prosecuted and 3,085 associates were denounced during 1997, the highest percentage being in Sicily, Campania, Calabria and Apulia.

The most important investigations and trials during 1997 showed the decisive role played by criminals co-operating with justice (turncoats) in the success of law enforcement activities.

A number of 210 dangerous fugitives from justice was arrested during 1997, 34 of whom were apprehended abroad

A slightly negative trend was recorded for the overall value of goods seized and confiscated attributable to organised crime in Italy during 1997, even though investigations could penetrate more efficiently the financial and businesses fields rather than the traditional real estate sector. It must be stressed that the figures referred to seizures and confiscations that occurred in 1997 are still incomplete at a central level so that a correct comparative analysis cannot yet be undertaken.

Another legal measure which showed its strategic role is the use of a differentiated detention system for the top criminals, aimed at disrupting the links between the criminals serving in prison and their partners still acting within the criminal organisations. During 1997 this regime was applied to 460 detained criminals in Italy.

In the fight against drug trafficking an overall amount of over 55,000 kgs of drugs was seized during the year.

As a result of the disclosure of links between organised crime and local government, a total of 7 Municipalities were dissolved during 1997 (in Sicily, Campania and Calabria).

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Luxembourg

## Introduction

The Luxembourg contribution is based upon police data. The contribution is of a qualitative nature. This approach was selected with a view to the limited number of investigations carried out into organised crime issues.

## Organised crime situation

### *Suspects involved in organised crime*

Nationals of Belgium, Italy and the former Yugoslavia featured most regularly in investigations into organised crime as understood in the broad EU definition, (Enfopol 35 rev. 1) where it is important to stress that these groups are not always structured at the same degree as the classical organised crime groups. German, Chinese, French and Nigerian nationals were also involved, but to a lesser extent. Indications are that out of the Eastern European countries it is the Ukraine that plays a significant role. Due to geographic circumstances Luxembourg is primarily affected by criminal groups from its bordering countries. Activities of organised crime groups observed in Luxembourg generally originate from the capitals and major economic areas of neighbouring countries. These include the Antwerp and Liege regions of Belgium and the German Hamburg region. Other geographic regions where criminal groups originate from are Naples (Italy), Chechnya, the Yekaterinburg region and Belarus of the former Soviet Union, Montenegro and Kosovo of the former Yugoslavia and Zhejiang (China). Russian criminal groups active in Luxembourg appear to have contacts with other Russian criminal gangs established in Germany (Berlin), Belgium (Antwerp) and the Netherlands. There are also links to Austria (Vienna) and France (Paris). Yugoslav criminals active in Luxembourg also seem to maintain links with other Yugoslav groups who are established elsewhere in the EU, particularly in Germany, Belgium and the Netherlands. Prostitution in Luxembourg seems to be controlled by criminal organisations from Eastern Europe to an extent of approximately 30%. In drug trafficking the role of Portuguese or Cape Verde nationals and nationals from the former Yugoslavia is increasingly prominent.

### *Criminal activities of organised crime groups*

The principle activities into which judicial investigations were conducted in 1997 were: money laundering, hit and run raids, fraud, procuring, drug trafficking, trafficking in human beings, (aggravated) theft of jewels, armed robbery and vehicle theft. It was found in all investigations that criminals did not limit themselves to one particular type of criminal activity. Vehicle thefts are an area of particular concern.

As regards fraud (in the broadest sense), there are increasingly strong indications that Luxembourg is developing more and more into a favourable territory for activities intended to defraud the state, at national and multinational level. The criminal organisations involved are new and well integrated in existing commercial structures, preferring to attack the building industry, infrastructural works, international transport and the agricultural and food industries, their tools being corruption and the use of influence. The Luxembourg authorities have also established that the organisations concerned tend to have links with more traditional criminal organisations; for example, those involved in the international transport sector put their infrastructure at the disposal of drug traffickers, while those involved in financial fraud use their networks to help organise the laundering of the profits of the crimes.<sup>5</sup>

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<sup>5</sup> This information is also contained in "Réponse du Luxembourg au questionnaire d'évaluation mutuelle du groupe d'action financière sur le blanchiment de capitaux" (Luxembourg reply to the questionnaire on mutual evaluation issued by the money laundering financial action task force), Chapter 1, Money laundering and anti-laundering policy, a. Principal criminal activities linked to money laundering; 2. Other types of crime; 2.1 Organised crime, page 3.

*Places and regions of activity*

Investigations into aggravated theft of jewelry, vehicle thefts and procuring revealed the international nature of groups active in these areas, not limiting themselves to Luxembourg.

*Resources*

There are indications that some companies in Luxembourg are exclusively or primarily set up to facilitate criminal activities. The fact that related criminal activities seem to be carried out abroad however makes it difficult for Luxembourg law enforcement authorities to undertake specific actions against these companies.

*Use of violence*

There is no information available on the use of violence by organised crime groups. There has been only one case in 1997, in which there is a possible link between violence used against an individual and a criminal organisation.

*Use of influence*

There is no information available that convincingly points towards the successful use of influence by organised crime groups.

*Money laundering*

In 1997, 64 police investigations were conducted concerning money laundering, most following information provided by a professional working in the financial sector according to the law implementing the 308/91 CE directive. In five cases, the results of the police investigations were such, that a judicial examination was ordered by the competent authorities, or that at least the information gave rise to the drawing of an official report in which the suspects were charged with the offence of money laundering. The number of requests for information from Luxembourg made by money laundering prevention services abroad increased slightly in 1997, without however achieving the volume experienced in 1994/95. More than half of all requests for judicial assistance in money laundering cases originated from the Netherlands.

It was found that the number of cases involving people from Eastern Europe (in particular Russia and the former Soviet Republics), which has been increasing continually since the fall of the Iron Curtain, has stabilized in 1997. It is interesting to note that there is still no sign of any involvement on the part of South American drug cartels in the field of European Union finance. The successful investigations and subsequent sentences passed at the beginning of the 1990s would appear to have had the effect of removing such activities elsewhere for the foreseeable future.

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## *The Netherlands*

### Introduction

The Dutch contribution to this report is mainly based upon data from 56 investigations. 37 were carried out by six so-called 'core teams' that are assigned to one or more special areas, along with the national crime investigation team for the combat of serious and organised crime, and 19 investigations carried out by the Fiscal Information and Investigation Service. Though the investigations into organised crime carried out by regional investigation teams have not been taken into account, it comprises an indicative view of the most serious forms of (organised) crime. The inventory comprises of data from both completed and ongoing investigations in 1997. A single investigation may involve several criminal groups. Most of the core teams focus their investigations on drug trafficking. The contribution is further based upon data from other sources such as annual reports from the Unusual Transactions Disclosures Office and results from strategic studies.

### Organised crime situation

#### *Suspects involved in organised crime*

Most suspects involved in organised crime activities are of Dutch nationality. However, a considerable number of foreign suspects was found in the investigations as well. Many criminal groups appeared to be composed of subjects of different nationalities. In a few cases the criminal groups under investigation were solely composed of foreign nationals, with no Dutch influence at all. Fraudulent crimes are found to be mainly carried out by habitual fraudsters of domestic origin, often acting within (temporary) network structures that are composed opportunistically according to current needs depending on the nature of the merchandise. Most of the fraud cases that occurred in the Netherlands in 1997 and complied with the criteria for organised crime involved cross-border networks.

#### *Criminal activities of suspects involved in organised crime*

#### *Drug trafficking*

The majority of the investigations into serious and organised crime which have been examined pertain to drugs. In nearly 75% of all investigations the trafficking of drugs appears to be part of the criminal activities and in most investigations this is a main activity of the suspects involved. The large number of drug investigations should in no way lead to the conclusion that most of the crime groups operating in the Netherlands are involved in drugs. The high percentage of drug cases is partly an artifact of the areas of attention assigned to the 'coreteams' and the important role drugs play within many of these areas. On the other hand, the role of criminal groups that are engaged in drugs trafficking should not be underestimated.

Cocaine - Important supply countries for cocaine are in South America. Particularly Colombia and, to a lesser extent, Venezuela are considered supply countries for this drug. In the investigations, often a collaboration is found between Dutch and Colombian groups. Cocaine is transported to Europe in a variety of ways. Smaller shipments are flown into Europe by drug couriers. The revenues of the illegal activities are often taken to South America by the couriers when they return. Larger shipments are frequently hidden among legal products that are transported by boat or by plane. Part of the imported cocaine is meant for the local market, where it is bought by autochthonous groups and, to a lesser extent, by foreign groups. However, the greater part of the merchandise is distributed from the Netherlands to the rest of Europe (especially the United Kingdom and Spain).

Heroin - Compared to the number of cases in which cocaine trafficking is the main activity, heroin trafficking as the principal source of income of criminal groups is more infrequent. The ethnic groups

traditionally involved in heroin, mostly Turkish and Chinese, appear to focus more on other types of drugs, particularly synthetic drugs, such as ecstasy and amphetamine. Besides, there are indications of barter by Turkish and Colombian groups (exchange of heroin and cocaine). The production of opium and heroin takes place in the so-called 'Golden Sickle': the border area between Pakistan, Afghanistan and Iran. It is imported into western Europe via Yugoslavia, Romania and Hungary. Although the Balkan route is still used, for some time there have been indications that a shift in supply routes is taking place. A growing number of consignments of heroin is transported to the buyers along a northern route, via Uzbekistan and Poland.

**Synthetic drugs** - The Netherlands are among the principal producing countries for synthetic drugs, particularly ecstasy and amphetamine. Dutch groups in particular appear to have specialised in the production and trade. In one third of the investigations gathered for this inventory, in which synthetic drugs were mentioned as a criminal activity, the suspects are no Dutch nationals. Almost half of these investigations concern only Dutch nationals. In the cases whereby foreign suspects are mentioned, the Netherlands often prove to be the supply country of the synthetic drugs and sometimes these are exported in combination with other varieties of drugs, synthetic drugs as well as other hard drugs and (especially) soft drugs. The predominant market for Dutch synthetic drugs is in Europe, mainly the United Kingdom, Spain, France, Germany and, to a lesser extent, the Scandinavian countries. Precursors and production appliances are purchased from legal Dutch, Belgian and German companies. Some precursors are smuggled from Eastern Europe. China and India are also among the countries named as precursor source countries.

**Hashish** - In the investigations, Pakistan and Afghanistan often are mentioned as hashish source countries. Several investigations mark the Netherlands as an important transit country for hashish. This transit does not only involve Europe (such as Belgium, France, Germany, the United Kingdom and Spain), but also the United States and Canada.

**Marijuana** - As mentioned before, many criminal activities in the field of soft drugs are combined with hard drugs trafficking. More than 60% of the cases involving marijuana in 1997 also have to do with cocaine trafficking. Marijuana import is regarded as an independent source of revenues or serves as 'connection tester'. In all cases the source of this soft drug is to be found in South America.

#### *Fraud*

Fraud is another activity encountered in criminal investigations into organised crime groups. Both parasitary (the profit gained by fraudsters is on the expense of legal market parties) and symbiotic (actors in the legal market co-operate in fraudulent activities) forms of fraud were investigated. An example of parasitary fraud in the Netherlands is that of the trade in bonds and bogus projects. Symbiotic fraud types include EU fraud using EU funds, VAT fraud, labour broking, and smuggling of (illegal) merchandise. A remarkable observation is that 75% of the VAT fraud investigations involves computer parts (SIMMs and CPUs). The assessed losses in these cases amount to more than NLG 100 million. Countries involved in the different cases of VAT fraud, EU fraud and cross labour broking include Belgium, Luxembourg, France, the United Kingdom, Italy, Spain, Hellas, Sweden, Finland, Switzerland, Poland, and the United States.

#### *Migrant trafficking and trafficking in human beings*

**Migrant trafficking** - The ethnic origins of the groups involved in migrant trafficking varies strongly. Most of the groups have their origin in Asian and Eastern European countries. The degree of organisation is considered low. In 1997, the developments regarding Chinese migrant trafficking are remarkable. The number of Chinese applying for asylum doubled as compared to 1996. It is also found that there is a strong tendency for Chinese nationals to travel to the United Kingdom. The Chinese organisations active in migrant trafficking are remarkably and disturbingly violent.

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trafficking in human beings – Different nationalities are represented amongst the traffickers in human beings in the Netherlands. In the investigations carried out in 1997 it concerned traffickers from Eastern Europe, Colombia, Brazil, Nigeria, Turkey and the Netherlands. The initiative to traffic human beings usually lies within groups in the countries of origin. Particularly since the early nineties women from the Former Yugoslavia, the Czech Republic, Slovakia and especially the CIS have been employed as prostitutes in the Netherlands. Recently it was established that a Nigerian network uses the asylum procedure in the Netherlands to lure young girls to the Netherlands, after which they are (mostly) forced to work as prostitutes. Investigations into groups originating from Central and Eastern European countries involved in trafficking in human beings have revealed their involvement also in other criminal activities such as drug trafficking and the smuggling of cars.

## *Places and regions of activity*

Investigations into organised crime activities have frequently pointed to activities carried out abroad, or the involvement of criminal groups and networks based in other EU Member States and other countries with an impact upon the Netherlands. International contacts have been seen in drug trafficking, fraud, the smuggling of and trafficking in human beings, and other forms of crime. As mentioned earlier the production of and trade in ecstasy and amphetamine is believed to be primarily an activity taking place in the Netherlands, in comparison to other EU countries. The Netherlands are used both as the place where organised crime groups of various ethnic compositions and national backgrounds operate and as a base to target other EU Member States. From the investigations, it is known that the Netherlands are not always the final destination of the migrants that arrive here with the assistance of migrant trafficking organisations. It is also a transit country for smuggling people to other EU Member States (Sweden, the United Kingdom, and Germany) or elsewhere (the United States, Canada).

## *Resources*

The sectors in the Netherlands where particularly drugs dealers run enterprises are the transport sector, hotels, restaurants and import/export firms. To a lesser extent that applies to the money exchange sector, the sex industry, estate agencies (houses, vessels) and the retail trade. In the Netherlands, organised crime however, is not structurally interwoven in the legal economic sectors. Sectors in which criminal groups frequently undertake criminal activities are mostly facilitary for the logistics of the criminal activities. Legal forms of enterprises are used to screen off illegal activities, transfer flows of money and goods, and for investing illegally gained assets. Legal persons have been identified in and outside the Netherlands that are entirely at the service of the organisation of criminal groups. These include telecommunication businesses, incorporation of a fleet of vehicles and exchange offices.

## *Use of violence*

In one third of all investigations monitored, the use of some form of physical violence executed by the suspects - including elimination of fellow criminals - was established. It was found that sometimes Yugoslav nationals were hired by local Dutch or ethnic Turkish groups to apply the violence. In about half the investigations certain forms of intimidation were used to keep members in line. This included hostage taking and the forced sale of enterprises. Also positive sanctions are applied, including the support of relatives of group members and the provision of legal counseling. However, there is little structured information available on violence against members of other groups.

## *Use of influence*

Making use of corrupted investigating officers and hired expertise is a much used counter strategy by organised crime groups. This practice was detected in a number of investigations where it was suspected that police officers had leaked intelligence or information on planned operations and had acted to prevent planned police actions. Corruptive contacts have been found not only within the police, but customs, the judiciary, public administration and embassies as well. Also free-lance professionals such as tax lawyers, notaries and lawyers were found to act as errand men, facilitators

or even actively taking part in (the planning of) criminal acts. Lawyers were found to be principal suspects in some investigations.

Almost all of the groups involved in drugs trafficking protect themselves against action by investigation agencies through encoded communication. The entire gamut of means of communication is used by the groups to arm themselves against being found out: satellite telephones, unlisted GSM phones from abroad with unregistered chips, telephone cards, a website on the Internet with encrypted messages. Some groups use offensive counter strategies in the form of misinformation campaigns, by leaking information. Other offensive strategies are counter-observation and intimidation of investigating officers. Counter-observation is disproportionally used by Dutch networks. Intimidation mainly involves officers from the police and customs services.

#### *Money laundering*

Approximately 17,000 transactions were reported to the Unusual Transactions Disclosure Office in 1997 by financial institutions in the Netherlands. Most of these reports concerned the exchange of foreign currency and suspicions of smurfing (splitting a large amount of money into smaller sums). Out of these transactions 3,795 were reported to the police as suspicious. The use of exchange offices is still popular amongst drug traffickers in laundering criminal assets. It was found that one criminal group actually exploited an exchange office as part of its activities and was laundering money for other drug trafficking groups in the process. In general Dutch networks appear to frequently use loan back constructions in laundering money. The paper trail of these groups often passes (P.O. Box) private companies, holdings and trusts through the Netherlands Antilles. Based upon the limited number of investigations and data as mentioned in the Introduction the conclusion was drawn that, within Europe, Switzerland and Luxembourg are countries of particular emphasis where assets are deposited. Foreign groups (Colombian, Turkish and Moroccan) often channel cash money to their country of origin, using couriers to carry cash or other means including underground banking systems.

#### Conclusions

As regards to drugs the Netherlands function as an important transit country to other West European countries. This is partly due to its business ties with production, transit and target countries and its sophisticated infrastructure including one of the world's biggest sea harbour and an important international airport. Drug trafficking frequently involves both soft and hard drugs and is often combined with supporting or related crimes, such as document forgery and fire arms trafficking. The Netherlands are a principal producer country for synthetic drugs, particularly ecstasy and amphetamine. Important developments in the Dutch drugs market are the growing collaboration between persons of diverse nationalities, both within the groups and between groups. It is also remarkable that several groups often exploit several types of drugs at the same time. Groups of nationalities from different continents increasingly take an interest in both the production of and the trafficking in synthetic drugs. In the field of fraud, there are indications that some (habitual) fraudsters also develop other activities in the field of organised crime. It is too early to refer to this as a development. In the field of trafficking in human beings and organised clandestine immigration the activities of Nigerian and Chinese groups were noteworthy.

#### Measures against organised crime

Special teams and units have been set up in the Netherlands, each focussing on assigned areas of attention in their combat of organised crime. Examples of these special areas are: organised crime from specific continents (such as South America, South-East Asia and Eastern Europe), environmental crime and synthetic drugs. Apart from the police investigations, the different teams and units produced strategic studies in the areas of attention. This deconcentrated approach and depth of insight are beginning to bear fruit, especially in the fight against drugs trafficking. In 1997, a large number of criminal groups in drugs trafficking were dealt with and in several investigations leading

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Members of criminal organisations were arrested in the Netherlands or their home countries. In some investigations involving exchange offices the approach outside the Netherlands is hindered by the legislation on money laundering. Under Dutch law a connection must be shown between the actual crime and money laundering activities. A modification of this law, in which money laundering will be separated from the actual crime and will be punishable separately, is now being prepared.

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## Introduction

The most significant change compared with the previous year was the substantial increase in finance-related offences which use sophisticated methods.

An increase was also noted in the trafficking of narcotic drugs, in which an increasing number of small groups with primitive structures are involved.

In 1997 an increase was recorded in the frequency of robberies at credit institutions (up 73 percentage points against 1996). These however were committed largely by individual offenders or groups of two, a fact which excludes them from this report.

For the cases included here, the international dimension has gained weight in offences of a financial nature and decreased in the area of drug trafficking.

### A. Trafficking Of Narcotic Drugs

The predominant nationality involved in this criminal activity was Portuguese, accounting for 75 out of the 164 suspects of 16 different nationalities.

Criminal activity took place both within and outside the European Union. Eighteen companies are noted to have been used as legally registered firms.

The number of seizures increased in relation to the previous year, confirming the trend which points to a growing number of small criminal organisations dedicated to drug trafficking. Broadly speaking, these organised groups were formed around ethnic and family connections.

In many cases, links were established between domestic groups and international criminal organisations. Nevertheless, it is not possible to confirm from the evidence collected that those suspected of involvement in drug trafficking were also involved in other criminal activities.

As far as formal measures are concerned, work continued on the implementation of the Integrated System for Combating Drugs, a system aimed at supporting all efforts made in this area by the criminal police bodies, under the co-ordination of the Policia Judiciaria [Criminal Investigation Department].

### B. Trade In Human Beings And Prostitution

During the year in question, a network of 34 Portuguese citizens operating in the Iberian Peninsula was broken up. The network was involved in the trade and exploitation of women, who were brought from Portugal into Spain to be used as prostitutes.

### C. Theft Of Works Of Art

In this field of crime, 17 individuals of Portuguese nationality and one Spaniard were identified.

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The suspects had stolen works of art and antiques, especially from religious, public and private buildings located in Portugal. The items stolen were then traded within the country or exported to Spain.

## D. Forgery Of Documents

Five people were found to be involved in this activity: three Angolans, one Guinean and one person from SãoTomé.

The criminal activity took place in Portugal and consisted in the use of false identity papers, which had been stolen or forged, with a view to obtaining Portuguese passports and thus free movement within the European area. The suspects were also involved in the forgery of cheques.

## E. Forgery Of Money

Twenty-two individuals of Portuguese nationality were found to be involved in this activity.

The following amounts of forged money were seized:

- ⇒ USD 388,920
- ⇒ ESC 5,070,000
- ⇒ PTA 7,520,000

Other items seized were various fire-arms, computer equipment and coiner's dies with a hydraulic support system.

## F. Trading Of Stolen Vehicles

Ten individuals of various nationalities, from European and African countries, were found to be involved in this criminal activity. Some networks included Portuguese emigrants living in France.

The suspects of African origin operated within their own organisations and the Portuguese emigrants through links with other compatriots, while the remainder belonged to transnational networks.

This activity has been expanding rapidly since the abolition of borders within the EU. In this respect, Portugal has ceased to be a transit area for the movement of stolen vehicles to other countries and has instead become a point of origin or destination.

## G. Kidnappings And Abductions

A number of cases were recorded in 1997 involving nine individuals of Portuguese nationality and 5 of Indian nationality.

The criminal activity took place mainly in Portugal and was associated with robbery, the receiving of stolen goods, fraud, the forgery of securities and the holding and use of prohibited weapons.

The suspects were found to have connections in various countries, namely Spain, France, Hellas, Germany and the United Kingdom.

Some legally registered companies were used for the receiving of stolen goods and the forgery of documents. Businesses in the hotel industry were used for money laundering operations.

An increase in this type of crime is not expected in the near future, given that the present threat appears rather low. However, the possible resurgence of certain Turkish groups which were not active in 1997 cannot be discounted.

## H. Theft From Credit Institutions

Eight suspects of Portuguese nationality were identified who belonged to the same organised group and who had also committed crimes of aggravated larceny, vehicle theft and the production and use of false licence plates.

This activity took place in Portugal and gave an estimated return of ESC 21.4 million.

In view of the excellent police results obtained in this area, it is possible to predict a stabilising or even a reduction in incidence for crimes of this type.

## I. Fraud

A total of 143 individuals of six different nationalities were found to be involved.

Criminal activity took place both within and outside the EU and used fictitious commercial companies, in particular off-shore companies. Intermediary and import-export companies, accountancy firms, law firms, banking institutions, investment companies and public-sector bodies were also used.

As regards money-laundering, financial networks were discovered linking Portugal, Germany, Canada, the USA and the United Kingdom. Estimated profits in this area of crime were around ESC 20.3 billion.

An increase was also recorded in the incidence of organised smuggling, the defrauding of Community interests, financial fraud in general, the forgery of money and securities, corruption and computer crime.

## Method

This report was drawn up by compiling information supplied by the various sections of the Policia Judiciária (Portuguese criminal investigation department), the only organisation in Portugal with the powers to investigate crimes of this nature.

This information was requested in accordance with the guidelines on drawing up the EU report, as set out in document ENFOPOL 35 Rev 2.

The method used was essentially the same as that of previous years. However, the current restructuring of the criminal computer system means that as from next year the method of gathering and processing data may undergo significant changes.

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## I. INTRODUCTION

This report tries to reflect, on data obtained from police files, the most significant elements of the situation and consequence of the organised crime in Spain during 1997 as well as the future trends.

## II. CRIMINAL GROUPS

In the course of the year the Spanish police forces detected a total of 264 new active organised crime groups what means an increase of the 45.05%, with respect to 184 in 1996.

The 264 new groups detected are the following:

- 143 (54.17%) can be classified as of a medium or high organisational level, a percentage that is in similar levels to those of the last year.
- 108 (40.91%) had a transnational activity (48.90 % in 1996)
- 54 (20.45 %) are composed exclusively by Spanish nationals (28.41% in 1996).
- 49 (22.73%) are composed exclusively by foreign nationals 22.73% in 1996).
- 161 (60.98 %) are of mixed origin (48.86% in 1996).
- 77 (26.67%) have held some type of cooperation or interconnection (25% in 1996).

## III. SUSPECTS INVOLVED IN ORGANISED CRIME

The total of suspicious characters investigated in the 264 groups rose to 3,765 as opposed to 1,931 in 1996, what means an increase of the 97.97%.

The average number of members per group is of 14.26, as opposed to the average of 1996 that was of 10.61 members per group.

- Within the framework of the EU, the most common nationalities are: United Kingdom, Germany, Italy and France.

Outside of the EU, the most common nationalities are: Colombia and Morocco.

## IV. ILLEGAL ACTIVITIES OF THE CRIMINAL GROUPS.

The 264 criminal groups were involved in a total of 420 illegal activities, what can be translated in an average of 1.59 offences for each group who has been investigated, as opposed to the 411 illegal activities attributed to the 182 groups detected in 1996, what meant an average of 2.25 offences per group.

- As in early years the illegal activity committed mostly during 1997 has been the illegal traffic of drugs, since from the total of 420 illegal activities 217 fit with this illegal traffic, what amounts to the 51,661 of the total (28.95% in 1996).

Within the illegal traffic mentioned:

- Cannabis represents the 47.47% (48.84% in 1996)
- Cocaine represents the 40,55% (45.35% in 1996)
- Heroin represents the 4.61% (13.95% in 1996)
- The synthetic drugs represents the 2.76% (4.65% in 1996)
- Other drugs represent the 4.61% (0.00% in 1996)

It is worthwhile to point out that the groups that have developed this activity in the 88.48% of the cases have been involved exclusively in just a single type of drugs and so only in a 10.42% of the cases they trafficked with more than one of these substances.

With respect to the other illegal activities, it is worthwhile to mention:

- money laundering , who has reached the second place with 85 cases (20.34%). as opposed to the 44 cases of 1996 (10.71%).
- Forgery, reaches now the third place with 28 cases as opposed to the 53 cages of 1996 (12.90%).
- Fraud, with 23 cases (5.47%) reaches the fourth place, the same as in 1996 although in that year were detected 37 cases (9.00%).

In 1997 there were a remarkable decrease of more the 80% in:

- Assaults with intent to rob: Illegal gambling, works of art/jewelry and racketeering.

There has been a remarkable increase in:

- Money laundering 89.91%; drugs traffic 78.44% and traffic of human beings 591.66% (this increase is remarkable in relative terms , so in absolute terms the variation is of 1 case in 1996 and of 7 in 1997).

The criminal activities detected attributed to organised groups taking as a basis the native country with a greater incidence are:

- Spain: Drugs (cannabis/cocaine), money laundering, fraud and forgery.
- United Kingdom: Drugs (cannabis), fraud/forgery, money laundering and illegal traffic of vehicles.
- Germany: Drugs (cannabis) and money laundering.
- Italy: Drugs (cannabis/cocaine), money laundering and fraud/forgery.
- Colombia: Drugs (cocaine, cannabis), money laundering, prostitution and traffic of human beings,

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- Morocco: Drugs (cannabis/cocaine/heroine), fraud/forgery, money laundering and illegal immigration.

## V. MAIN REGIONS OF ACTIVITY

**High incidence:** Cadiz, Malaga, Alienate, Valencia, Barcelona, Gerona and Madrid.

**Medium incidence:** Seville, Granada, Murcia, Tarragona, Canary islands, Corunna, Pontevedra.

**Low incidence:** Huelva, Castellon, Toledo, Cantabria, Saragossa, Biscay and Guipuzcoa.

The criminal groups that operate most often, in relation with its native country are:

**Spanish:** In all parts of the national territory.

**United Kingdom:** Levante, Canary islands, Madrid and Costa del Sol.

**Germany:** Catalonia and Costa del Sol.

**Italy:** Levante, Galicia, Catalonia, Madrid and Costa del Sol

**France:** Balearic islands, Costa del Sol and Catalonia.

**Colombia:** Madrid, Levante, Costa del Sol, Barcelona, Galicia and Canary Islands.

**Morocco:** Madrid, Costa del Sol, Gibraltar and Catalonia.

## VI. ECONOMIC RESOURCES AND MATERIAL MEANS

Only there is information available on 43 of the 264 active groups, being the volume of illegal proceeds of them of 30,719 millions of pesetas, as opposed to the 165,567 millions of pesetas in 1996, referred to the 62 groups of the 184 detected.

- Estimated average of illegal proceeds per group: 714.4 millions of pesetas (342.8 millions of pesetas in 1996). An increase of the 198.40%.

- Illegal proceeds average per member: 50.10 millions of pesetas (32.31 millions in 1996). An increase of the 55.06%.

The material means more often used are:

- Boats, luxury cars, counterwatch electronic equipment and means of communication and the purchase of several types of real estate.

## VII. VIOLENCE

The use of violence was detected in 39 groups, of the 264 identified, what represents the 14.77% of the total (of a total of 182 groups, 45 of them made use of violence in 1996, what implies a decrease of a 24.73% respect to 1996 in this area.

- intra-group violence was used by 20 groups.

- inter-group violence by 10 groups.

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- extra-group violence by 9 groups.

Firearms were used frequently and the police forces seized pistols and war arms when they dissolved these groups.

## VIII. INFLUENCE

Spanish law enforcement agencies have in 1997 detected 29 cases of (attempted or completed) acts of corruption.

Sectors:

- Public Administration : 4 cases
- Legal Authorities: 1 case
- Police Authorities: 12 cases (more than three in Morocco)
- National Business Sector: 1 case
- Mass Media: 2 cases
- Other Sectors: 9 cases

## IX. MONEY LAUNDERING

-85 of the 254 criminal groups identified were involved in this type of criminal activity, what represents a 32.19% of the total, an increase of the 33.13% in respect to 1996.

- 37 criminal groups were exclusively involved in this type of activity.

It is worthwhile to point out that 35 of the known cases were clearly related to drugs traffic.

The main commercial sectors misused for money laundering activities were:

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immovable property (12), hotels and catering (11), shipping and transport (7), import/export (5), others (8).

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Procedures:

- Acquisition of goods undervaluing its price.
- Sale of goods or services overvaluing its price.
- Use of companies or business in order to declare proceeds coming from criminal activities, it is worthwhile to point out the fact of the incorporation of these companies in Gibraltar.
- Physical evasion of money (normally after its previous change in foreign currency) to the native countries of the criminal groups or to tax heavens.
- Feigning of proceeds attributed to lottery prizes and other types of games of chance.

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Financial routes:

- Entries in Spain of capitals from doubtful origin: Eastern European Countries.
- Outgoing from Spain of capitals from doubtful origin: Colombia and the United States of America.

## X. GENERAL OVERVIEW

The organised crime in Spain, considering the data exposed in the annual report of 1997 and especially the evolutionary phenomenon that the same reflects as much in number as above all by the procedures used and the economic and human potential at its disposal, constitutes a real and current danger for the Spanish and European societies.

The general future trend will be the maintenance of the progressive lines identified of settlement of the organised criminal groups.

## XI. MEASURES TO COMBAT ORGANISED CRIME

With regard to the identification of priorities in order to take measures to combat organised crime, the Spanish Government stated, as a priority of its governmental action, the struggle to combat organised crime especially against the most serious forms of the same, as are the terrorism and the traffic of drugs. In the struggle against these organisations has been considered as fundamental to combat the activity of the money laundering associated to the same.

This circumstance together with the improvement of the techniques of analysis could have influence on the results submitted in 1997, to the effect that it reflects not only an increase of the criminal activity, but also a greater efficiency at the time of detecting the criminal groups.

With respect to the initiatives taken on this subject, in a legislative level stand out the proposed laws for the regulation of the activity of the undercover agents and the extent of the technique of the controlled deliveries to the capitals.

The implementation of The 'Global Plan To Combat Drugs And Organised Crime' by the Spanish Government in 1996, includes a total restructuring of the relevant police structures and the creation of the new Drugs and Organised Crime Units (UDYCOs) and the Organised crime and Antidrug Team (EDOAs), deployed in those areas with the highest rates of organised crime, constitute a tool who has proved to be highly effective to combat this criminal phenomenon.

Finally, to point out that the Spanish Authorities are still promoting the adoption of measures contained in the Global Action Plan of the European Union against Organised Crime.

Madrid, October 1998.

RESTREINT

Sweden

## Introduction

The National Criminal Investigation Department (NCID) has the responsibility to, on behalf of the government, annually elaborate a National Report on Organised crime to the European Union. Each Member State submits a situation report, which forms the basis of a summarising report on the impact of organised crime within the European Union. The summarising report will be used for targeting the Member States' actions against organised crime.

Sweden is, starting in 1998, submitting an open summary of the National Situation Report to the European Union. The following summary is open for all interested private and public agencies in Sweden, and more copies it can be obtained from the Information Unit of the Swedish National Police Board or downloaded from the National Police Board's web site on the Internet ([www.police.se](http://www.police.se)).

The report has since a number of years been drawn up in close co-operation with the Board of Customs. The NCID endeavours to, starting in the fall of 1998, further develop the methods and systems for reviewing organised crime operating within or against Sweden. The idea is to set up a common process based on deepened co-operation between the central authorities, and the central and regional levels within the relevant authorities. This should lead to an improvement in the quality of the annual report to the European Union. An important objective is also to make the production of background material possible; this with the intention of creating a better foundation for co-ordinated action against organised crime in Sweden.

Generally speaking, it has for the compilation of this annual report, been difficult to derive hard, quantitative, data as regards the magnitude of organised crime in Sweden. Despite the dominance of the soft, more or less uncertain, data, which is inherent of the subject, the law enforcement authorities must improve their capacity to jointly assess which actors and crime areas constitute major threats against individuals and society.

## What is organised crime?

For a common review to be possible, all EU Member States use the same criteria for "organised crime" in the gathering and analysis of information. In practice the concept is presented as a list of characteristics used for distinguishing organised crime from other crime.

Some of the criteria of the list must be present, i.e. collaboration of more than two people, activities over a certain period of time and the criteria of the crime being financially motivated. In addition, there are a number of criteria that could, but does not necessarily have to characterise organised crime, such as the use of discipline and control, activities on an international level, the use of violence or other means of threatening or undue exertion of influence in such areas as politics, the media, the corporate sector, or on the public authorities (see annex for a complete presentation of the criteria).

## The activities of organised crime

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The criminal actors, defined as organised, operating within or against Sweden, are involved in the following criminal activities:

- Narcotic drugs (including smuggling of anabolic substances and pharmaceutical preparations)
- Smuggling of alcohol and tobacco
- Fraud and other forms of financial crime, mainly bankruptcy fraud
- Illegal trade of stolen vehicles
- Robbery and theft (including receiving) aimed at elderly people and some serial thefts
- Illegal traffic in human beings
- Extortion
- Fraud
- Money laundering
- Murder
- Assault
- Illegal firearms trading

In addition, there are a number of criminal activities, which are not yet sufficiently reviewed for it to be possible to state with any certainty to which extent they are to be considered as organised crime. This concerns for instance prostitution, environmental crime and illegal gambling.

There are a number of criminal activities in Sweden that, insofar as can be judged, does not fulfil the criteria of organised crime. This concerns, i.e. sexual abuse of children and the dissemination of child pornography, armed robbery and theft, such as domestic burglaries. They are therefore not addressed in the Swedish situation report to the EU on organised crime. Naturally, many crime areas although not considered as organised, can constitute serious threats against individuals and society, and are also treated as such by the law enforcement authorities in Sweden.

## The structure of organised crime

In Sweden, there are a number of criminal groups that show a stable and closed structure combined with long-term activities. But the vast majority of the serious crime activities in Sweden, in practice very much synonymous with organised crime, are characterised by:

- *flows of crime* that show a stability over time, as long as sufficient profit maximisation with a minimum of risk is present (as i.e. in the case of amphetamine, which enters the country in a relatively even flow, although modus operandi of the trafficking may alter)
- *networks* between criminal individuals, developed on a long-term basis that show stability over time as regards the general connections
- specific *groups* originating from the networks and which during a specific period are organised for the purpose of jointly committing crime (if police or customs, for instance, disrupt some groups, new groups will take over, given that the market remains and that the necessary skills are not too exclusive)

A consequence worth considering, given that the description above of a dynamic, quickly adjustable criminal environment is correct, would be that the effects following the neutralisation of a so called principal, or a whole group, by the law enforcement authorities, can be limited - that is - if a quick

identification of the groups taking over the activities does not take place, through a continuous and co-ordinated intelligence effort, and possibly also through co-ordinated attacks on the flow of crime, for a prolonged period of time.

A conclusion, which is difficult to neglect, is that ethnic/national/language/cultural background constitutes an important element in the composition of the criminal groups operating within or against Sweden. Few of the criminal groups, though, which normally - as in this report - are categorised on ethnic grounds, are in fact ethnically homogeneous. There is often merely an ethnically homogeneous core leading the activities. Collaborators belonging to various ethnic communities can surround this core.

Financial crime in Sweden has, since a considerable period of time, been of interest primarily to Swedish criminal actors. Following past year's internationalisation, an increasing number of cases indicate that these Swedish criminals have started to collaborate transnationally.

Even if many criminal groups in Sweden often are locally based, the networks and flows of crime which constitute the conditions for their organised crime activities, strikingly often transgress both regional and national borders.

As regards Sweden there is also a large West European criminal sphere, existing since several decades, trafficking in amphetamines and cannabis. A small number of Swedish citizens have leading roles in international organisations within this sphere.

The outlaw motorcycle environment can be considered to constitute a platform for organised crime in Sweden. It appears, though, as if the main part of the financially motivated criminal activity is perpetrated by factions of members, rather than being orchestrated by the clubs per se. These factions are motivated by a personal profit motive, and often collaborate with other criminal actors outside the outlaw motorcycle environment. It has not been possible to prove that the clubs per se benefit from the proceeds of these criminal activities.

Some criminal groups, mainly operating within or against Sweden are limited to *one* main criminal activity, such as the trafficking in one kind of drug. Many groups, though, are active in a wider range of criminal activities. The trend also seems to be for the activities of these criminal actors to multiply. They get involved in criminal activities where profit maximisation and minimal risk are present. It appears as if many traditional white-collar criminals are becoming involved in activities such as the trafficking in alcohol and tobacco.

The intelligence activities of the law enforcement authorities in 1997 have demonstrated with increasing distinction the existence in Sweden of a small number of individuals or groups connected to organised crime, that even in an international perspective have to be considered very serious. In some cases the actual focus of the criminal activities of these actors is outside of the country and Sweden then merely serves as an appropriate platform. In some cases the actors act as local representatives of international syndicates.

In 1997 a trend of co-operation between established crime groups and youth gangs involved in criminal activities has been detected. Some members of such youth gangs appear to have been used by established criminal groups for hit jobs or intimidation.

There also seems to be a proliferation of organised gangs within prison establishments where inmates convicted of serious crime are placed.

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## The use of commercial structures

The use of commercial structures by organised crime in Sweden, at some level of activity, is relatively widespread. This applies especially to organised financial crime, primarily concerning bankruptcy fraud or VAT fraud on certain goods imported from other EU countries, specifically gold, cellular phones and computer components.

Some traffickers, mainly those running drugs and cigarettes, use business structures as legal fronts to conceal their criminal activities. Traffickers in human beings establish mailbox companies or dupe legitimate companies in order to acquire certificates for visa applications; this on the account of their clients that later are to be smuggled into the country.

A limited number of companies in Sweden are suspected of being associated with East European organised crime, for instance as front companies in the laundering of money proceeding from criminal activities in Eastern Europe.

## The use of violence

The impression of both the National Criminal Investigation Department and the

National Board of Customs, even though no comprehensive survey has been carried out, is that violence, aimed at controlling criminal organisations and markets in Sweden has become increasingly serious, and possibly also has increased in magnitude, in recent years. To measure especially the latter, is indeed difficult since the levels, despite possible increases, are low. There is a risk of occasional conflicts associated with series of violence effecting the statistics in a way, which would be unrepresentative. Hence, the observations made do not necessarily indicate a long-term trend. The violence appears to be of three kinds:

- violence associated with conflicts within or between criminal groups; often caused by financial disputes in connection with criminal activities
- violence or threats of violence used as a business instrument, for instance in connection with extortion or debt collection
- violence or intimidation, aimed at avoiding legal proceedings., when applicable, mainly aimed at witnesses or plaintiffs (occasional cases of intimidation of representatives of the media in order to avoid negative publicity have been recorded)

A remarkable number of the cases that sort under the two latter categories, known to the NCID, are connected to the outlaw motorcycle environment. Violence within or between crime groups has also been recorded in connection with a number of other criminal environments in Sweden.

## The influence of organised crime on Swedish society

In general the immediate effect of organised crime on vital sectors of Swedish society - politics, the corporate sector, the judiciary system and the public sector in general - is still marginal. Nevertheless, the trend points at an increased exposure of risks as regards the corporate sector - although the risks should not be exaggerated.

In Sweden the recruitment of so-called *insiders*, i.e. individuals that have access to information which is of importance for a crime, are subject to increasing interest from criminal actors, mainly those involved in financial crime.

Swedish companies operating internationally risk problems with organised crime in foreign countries. As far as can be judged by the facts known to the law enforcement authorities this seems to be a problem mainly in markets in neighbouring countries like Russia and the Baltic states, but the hidden statistics are considerable.

Local organised crime protection rackets pose a typical risk. There is also a certain risk for Swedish companies of being duped or extorted by business partners in the countries mentioned above, to commit criminal acts in order to sell their merchandise, i.e. by participating in multiple invoicing scams, thereby making VAT and custom duty fraud possible for the business partner.

According to the joint assessment of the NCID and the National Board of Customs the risk of threats and intimidation from organised crime aimed at officials in Swedish law enforcement authorities and certain other authorities has increased.

#### Internet as scene of crime

As from 1997 the Internet appears to, from a Swedish perspective, have been established as a scene of crime in its own light, though no connection to actual organised crime has been ascertained.

There are several indications of an increase in child pornography dissemination on the Internet, although it normally is not exposed openly. The case is rather that individuals with the same perversion use web pages and other Internet channels in order to get in touch with each other (and in some cases also to get in touch with minors).

The Internet has also come in use as a channel for mail order sales of for instance cannabis seeds and for the dissemination of techniques for cultivating and producing drugs.

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Annex

## Characteristics of organised crime

The preliminary criteria used in the EU for the review of organised crime is quoted below:

The following list of characteristics of organised crime may assist Member States preparing their National Situation Reports. At least six of the following characteristics must be present, four of which must be those numbered 1, 3, 5 and 11, for any crime or criminal group to be classified as organised crime.

1. Collaboration of more than 2 people;
2. Each with appointed tasks.
3. For a prolonged or indefinite period of time (this criterion refers to the stability and [potential] durability of the group).
4. Using some form of discipline and control;
5. Suspected of the commission of serious criminal offences;
6. Operating on international level;
7. Using violence or other means suitable for intimidation;
8. Using commercial or businesslike structures;
9. Engaged in money laundering;
10. Exerting influence on politics, the media, public administration, judicial authorities, or the economy;
11. Determined by the pursuit of profit and/or power.

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*United Kingdom*

## Introduction

The National Criminal Intelligence Service (NCIS) compiled the United Kingdom's national contribution to the EU's Situation Report on organised crime in 1997, which was based on a combination of data from the UK's Organised Crime Notification Scheme and intelligence material. In addition to the material provided by the NCIS, the United Kingdom's report included material from both Her Majesty's Customs and Excise and the Metropolitan Police Service on specific topics. This short report summarises the full national contribution.

## Emerging Trend

2. One particular theme emerged during the work to prepare the 1997 United Kingdom national contribution. *There appears to be a trend for organised criminals to concentrate on, and migrate towards, criminal activities which offer the combination of large profits with a low level of detection or light custodial punishments.* This trend has been observed in the fields of, amongst others, art and antiques theft, cross-border smuggling, organised prostitution, illegal immigration crime and environmental crime.
3. Much of the criminal activity perpetrated by organised criminals in the United Kingdom is underpinned by both market demand and/or ambivalence amongst sections of the public. During 1997, this applied to both established trade in illicit commodities and to new emerging illicit markets in stolen goods such as computer components and smuggled alcohol and tobacco.
4. The trend towards the exploitation of opportunities providing a lower risk illustrates the flexibility of organised criminals. This adaptive/flexible approach suggests that the overall threat to the United Kingdom from organised criminals is set to continue. The disappearance of existing markets does not appear to represent a problem for organised criminals, as they take advantage of new opportunities which present themselves. The introduction, since 1993, of the EU Single Market is an example of a new opportunity or development which has been exploited by organised criminals. The accession of new EU Member States will present a similar opportunity which organised criminals will try to exploit in the future.

## Drug Trafficking

5. Although the emerging involvement of organised criminals in the United Kingdom in low risk, high profit activities has been noted, *their continuing involvement in the trafficking of drugs, which is seen as the most profitable and prevalent organised criminal commodity, is also set to continue.* The majority of the organised criminal groups known to be currently active in the United Kingdom are involved in drug trafficking. Her Majesty's Customs and Excise has predicted that there will be substantial increases in both the quantity and frequency of drugs being smuggled. This reflects both the appearance of new types of designer drugs and increases in drug crop cultivation in the major production areas of the world.

## Specific Trends

6. Violence and the threat of violence can figure prominently in organised criminal activity. Although there has been a decrease in the number of armed robberies and firearms offences in general in the period under review, the possibility of an increase in the use of violence

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cannot be discounted, particularly if the drugs market in the United Kingdom stagnates or the competition between different drugs traffickers otherwise intensifies.

7. Although organised criminals have made periodic attempts to subvert law enforcement officials, public officials and those in the professions, corruption is not regarded as being either widespread or institutionalised in the United Kingdom.

8. Concerning money laundering, indications are that launderers are moving away from banks and building societies towards the more unregulated sectors of the financial industry. There has also been an increase in the diversion of criminally derived assets to the criminal's close friends and family.

## Overall assessment and outlook

9. Detailed assessment of the threat posed to the United Kingdom by organised criminal is still difficult because of the absence or lack of data such as precise figures for the numbers of people involved, a true picture of the profits gained from a particular criminal activity or activities, or an accurate total for the amount of money laundered. The United Kingdom's law enforcement bodies and relevant government departments are continuing to take steps to address these data gaps. A prime example is the Organised Crime Notification Scheme which has been the subject of further development. Using the data obtained from the Notification Scheme and current intelligence it is possible to draw the following conclusions:

- British Caucasian criminals currently pose the biggest organised criminal threat to the United Kingdom, both in terms of their numbers but also in terms of their power base in the country;
- There is no information or intelligence to suggest that the threat posed by British Caucasian criminals will lessen in the future, particularly while the indoctrination of younger members of the established crime families into the 'family business' continues;
- Although Turkish, Jamaican and West African criminal groups all pose specific threats to the United Kingdom, both through their capacity to undertake large scale crimes and through their use of violence, none of these groups has yet demonstrated the potential to dominate organised crime in the United Kingdom in the future;
- The continuing threat to the United Kingdom from organised crime is likely to be maintained because of the large profits available to those involved, who can make use of markets which are well established and often demand led (e.g. drugs, cross-border smuggling, illegal immigration);
- Further factors which suggest a continuing threat include the communication possibilities provided by the ubiquity of the English language, the scale of financial business conducted in the United Kingdom, and London's position as an important air transport centre.

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### Conclusions and recommendations

The variety of crime problems presented in the national contributions of Member States illustrate that the term 'organised crime' stands for a wide range of phenomena with many differentiations in types of activities, markets, people involved, crimes committed, levels of organisation and other aspects. Organised crime is a phenomenon that is at the same time as hard to define and as multifaceted as society at large of which it is an integral part. The national contributions of Member States corroborate the notion that the organised crime problem is generally not that of large, monolithic and rigidly structured criminal organisations, but rather of small organisations that have a multinational orientation. They have relatively few operating procedures and high flexibility in their operations and are able to adapt to ever changing markets and situations. The reports indicate a certain degree of continuity in the organised crime situation and some changes in certain areas such as organised clandestine immigration.

The EU is now seen as one market place, both in terms of licit as well as illicit activities. Numerous examples of criminal activity infiltrating the licit field of the open EU market place exist and one example for illicit activities is the importation of cocaine and its subsequent distribution. Technological development and new opportunities provided by the globalisation of financial markets and communications are key factors in current developments in organised crime<sup>6</sup>. This has an enormous bearing on the need for professionalism of the law enforcement response requiring it to be flexible enough to respond effectively to all sorts of traditional forms of organised crime as well as new and emerging forms. Organised crime is now able to establish and carry out its activities whilst simultaneously adapting to changing circumstances and emerging business opportunities. These are increasingly across national borders. This takes advantage of the free movement of goods, people, capital, services and new technologies and it is becoming increasingly difficult and even counterproductive for Member States to embark upon strategies in isolation without taking into account the strategies being developed by other Member States.

The High Level Group has in its action plan stressed the need for the EU to provide for concerted strategic and tactical responses to the challenge (from organised crime) facing it. The High Level Group has included in its action plan 30 specific recommendations with timescales for their implementation on which the Multi-Disciplinary Working Group on Organised Crime has in 1997 started working.

One recommendation of the High Level Group in particular is, that 'Member States, and the Commission, should, where it does not already exist, set up or identify a mechanism for the collection and analysis of data which is so construed that it can provide a picture of the organised crime situation in the Member State and which can assist law enforcement authorities in fighting organised crime. (...) Europol shall be integrated in this work and produce annual reports on the basis of the information from the Member States. The academic and scientific world should be further stimulated to contribute by their studies and research to the understanding of the phenomenon of organised crime.' Member States have now for the fourth year contributed information on the basis of which a EU Situation Report on Organised Crime was produced. The following recommendations aim at maximising the practical value of available knowledge on organised crime to policy makers and the implementation of this knowledge in operational projects.

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<sup>6</sup> European Institute for Crime Prevention and Control, affiliated with the United Nations (HEUNI): 'Organised Crime around the World', Helsinki 1998.

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*Recommendation 1: In accordance with recommendation 2 of the Action Plan of the High Level Group Member States should continue their efforts to provide the best possible overview of their national organised crime situation for the benefit of acquiring an accurate picture of organised crime from a European perspective that will improve the effectiveness of national and international law enforcement approaches.*

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The contributions of Member States describe the national situations regarding organised crime on the basis of historical data. These overviews together present an essential insight in the organised crime situation of the European Union. Historical data on criminal groups and criminal activities however are by definition in themselves not sufficient to support current or future law enforcement actions.

*Recommendation 2: The Contact and Support Network together with Europol should be commissioned to work out a proposal for an improved methodology for the elaboration of the EU Situation Report with the objective to provide an improved basis for strategies in future reports. Enfopol 35 rev 2 should remain the basis for that work but common measures to improve the collation and evaluation of data could be considered if found appropriate.*

*Recommendation 3: To add to the value of national situation reports it is recommended that they should be supplemented with quantitative and qualitative information on current and relevant developments and perceived threats.*

Within the EU a number of initiatives are undertaken each year in respect of understanding the organised crime situation as it affects the Member States. It is of paramount importance that such initiatives should be complimentary and not contradictory to each other<sup>7</sup>. A discussion paper from the German Bundesministerium des Inneren which involved Europol sent to the Multi Disciplinary Group on Organised Crime is an example of this procedure<sup>8</sup>

*Recommendation 4: In accordance with recommendation 2 of the Action Plan of the High Level Group, it is suggested that Member States, as part of a multi-agency and multi-disciplined approach, could encourage scientists to study the national and international organised crime situation and enter into dialogues on best practices and policy in the prevention and combating of organised crime.*

*Recommendation 5: Europol should, in line with the Europol Convention, participate in different fora in respect of organised crime reports to ensure that all initiatives benefit from knowledge obtained in the preparation of EU situation reports on organised crime, thus avoiding contradictory statements.*

The cross checking mechanism has identified complimentary information from a number of Member States, however this is only in respect of general observations and not in terms of data relating to individual members of criminal organisations.

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*Recommendation 6: The cross checking mechanism is recognised as being useful but currently it's operation is not yet perfect. Efforts need to be devoted to the further development of the instrument.*

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<sup>7</sup> Crimorg 132, UK to Multi Disciplinary Working Group on OC, 2 Sept. 1998

<sup>8</sup> 'Diskussionspapier Deutschland / Europol Drugs Unit zur Verbesserung des EU-Lageberichts Organisierte Kriminalität', August 1998

The documents Enfopol 35 Rev 2 and Crimorg 34 Rev 1<sup>9</sup> produced within the framework of the Third Pillar of the Maastricht Treaty can both assist in selecting and prioritising law enforcement actions against organised crime. Both documents stress the importance of strategic overviews as being essential tools for policy makers to decide upon appropriate actions. Crimorg 34 Rev 1 builds upon Enfopol 35 Rev 2 in that it offers a framework to translate information about organised crime groups into concrete operational approaches.

*Recommendation 7: Member States should be actively exploring possibilities to translate strategic insights into international organised crime towards selecting and carrying out concerted operational projects aimed at disrupting international organised crime structures. Where Member States' contributions to the EU Situation Report on Organised Crime have identified significant common areas of criminality, which are subsequently confirmed via the cross checking mechanism. Europol should invite the relevant Member States to convene Ad Hoc operational meetings between Law enforcement agencies and where appropriate the Judiciary, to be hosted by Europol. The purpose of these meetings would be that a full exchange of intelligence and information could take place, with a view to providing a timely strategic overview and identifying possible transnational investigations*

The national contributions of Member States show the internationalisation of organised crime. Modern means of transportation facilitate the smuggling of people and commodities and have created a specialised criminal industry. Air- and seaports traditionally play an important role in this. Organised crime groups that arrange transportations of illicit goods need special attention.

*Recommendation 8: EU initiatives in maritime and air trafficking should be merged to avoid duplication and to harmonise the development of tailored and project oriented approaches to the organised crime structures involved.*

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<sup>9</sup> this document is currently being discussed