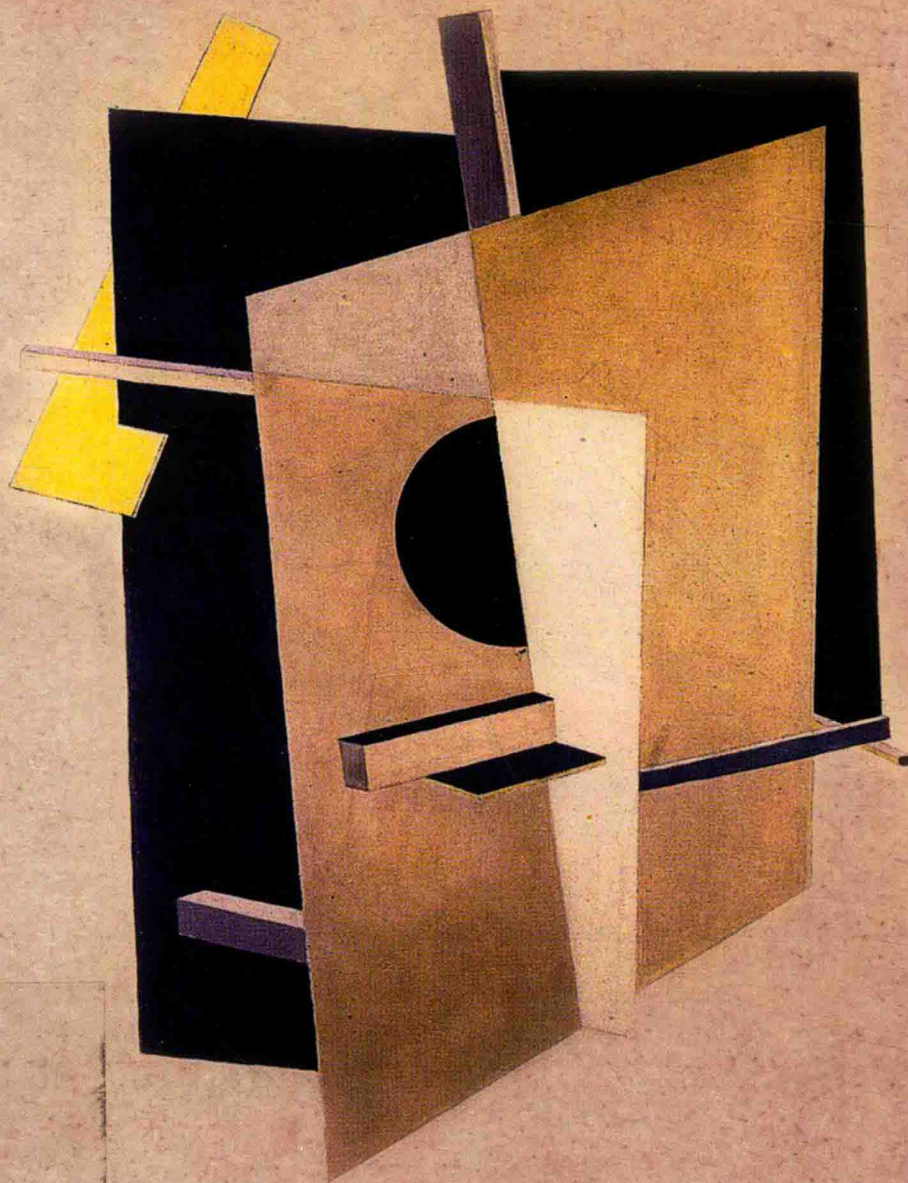


# Organized Crime

Analyzing Illegal Activities, Criminal Structures,  
and Extra-legal Governance



**Klaus von Lampe**



# Organized Crime

Analyzing Illegal Activities, Criminal Structures,  
and Extra-legal Governance

**Klaus von Lampe**

*John Jay College of Criminal Justice,  
City University of New York*



Los Angeles | London | New Delhi  
Singapore | Washington DC



Los Angeles | London | New Delhi  
Singapore | Washington DC

FOR INFORMATION:

SAGE Publications, Inc.  
2455 Teller Road  
Thousand Oaks, California 91320  
E-mail: [order@sagepub.com](mailto:order@sagepub.com)

SAGE Publications Ltd.  
1 Oliver's Yard  
55 City Road  
London EC1Y 1SP  
United Kingdom

SAGE Publications India Pvt. Ltd.  
B 1/1 Mohan Cooperative Industrial Area  
Mathura Road, New Delhi 110 044  
India

SAGE Publications Asia-Pacific Pte. Ltd.  
3 Church Street  
#10-04 Samsung Hub  
Singapore 049483

Acquisitions Editor: Jerry Westby  
Editorial Assistant: Laura Kirkhuff  
Production Editor: Libby Larson  
Copy Editor: Karin Rathert  
Typesetter: C&M Digitals (P) Ltd.  
Proofreader: Dennis W. Webb  
Cover Designer: Anupama Krishnan  
Marketing Manager: Terra Schultz

Copyright © 2016 by SAGE Publications, Inc.

All rights reserved. No part of this book may be reproduced or utilized in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without permission in writing from the publisher.

Printed in the United States of America

*Library of Congress Cataloging-in-Publication Data*

Lampe, Klaus von, 1961-  
Organized crime : analyzing illegal activities, criminal structures, and extra-legal governance / Klaus von Lampe.

Cover image: El Lissitzky, Proun 6, 1919/20, oil on canvas (original: Kunstmuseum Moritzburg, Halle/Saale, Germany)

pages cm  
Includes bibliographical references and index.

ISBN 978-1-4522-0350-8 (pbk. : alk. paper)

1. Organized crime. I. Title.

HV6441.L36 2016  
364.106—dc23 2015006464

This book is printed on acid-free paper.



15 16 17 18 19 10 9 8 7 6 5 4 3 2 1

# **Organized Crime**

*To Ulrich Eisenberg*



**SAGE** was founded in 1965 by Sara Miller McCune to support the dissemination of usable knowledge by publishing innovative and high-quality research and teaching content. Today, we publish more than 850 journals, including those of more than 300 learned societies, more than 800 new books per year, and a growing range of library products including archives, data, case studies, reports, and video. SAGE remains majority-owned by our founder, and after Sara's lifetime will become owned by a charitable trust that secures our continued independence.

Los Angeles | London | New Delhi | Singapore | Washington DC

---

## *Preface*

**T**his book provides a systematic overview of the processes and structures commonly labeled organized crime, drawing on the empirical and theoretical literature on the subject from a broad range of academic disciplines, including criminology, sociology, economics, and political science. The book is global in scope in that the discussion is not limited to any specific country or region in the world, although it incorporates insights and findings mainly from scholars based in North America, Europe, and Australia.

This book is not supposed to be just another text on organized crime. Conventional textbooks on organized crime are primarily descriptive. They are structured along the lines of particular criminal groups and areas of crime, and they incorporate theory primarily in terms of established criminological theories. Classifications tend to be based on superficial criteria, such as the ethnic make-up or the geography of criminal groups, while neglecting underlying similarities and differences. In so doing, these texts fail to take account of the increasing level of sophistication the study of organized crime has attained globally as a serious scientific, multidisciplinary endeavor in terms of conceptualization, theorizing, and empirical research.

In contrast to the existing textbook literature, this book adopts a more analytical approach by placing the main emphasis on underlying patterns and dynamics that transcend any specific historical manifestations of organized crime. It seeks to lay out a general conceptual and analytical framework that captures the multifaceted and dynamic nature of the organization of crime and criminals across different social, economic, and political contexts.

Throughout the book, notorious and less well-known cases are examined in detail to provide concrete empirical reference points for the discussion. No attempt is made to comprehensively and exhaustively describe all past or current organized crime phenomena. Empirical manifestations of organized crime are described in detail only selectively and only insofar as they represent prototypical or ideal-typical examples that serve to illustrate particular dimensions and categories. However, readers will find references to further academic literature that deals with aspects that are given only scant attention in this book.

The structure of the book is such that the complexities of the phenomena labeled organized crime are broken down into key dimensions and categories. The book follows a distinction of three basic dimensions: (a) illegal activities,

(b) patterns of interpersonal relations that are directly or indirectly supporting these illegal activities, and (c) overarching illegal power structures that regulate and control illegal activities and the individuals and groups involved in these activities. Organized crime phenomena are examined along these lines, first in their own right and then in a broader societal and transnational context, particularly with a view to the relation between underworld and upper-world, a relation that may take on the form of confrontation, accommodation, or integration.

### *The Purpose of the Book*

This book is intended as the core text for courses on organized crime and transnational crime on the undergraduate, graduate, and post-graduate levels. Beyond classroom use, this book is meant to serve as a reference and guide to the academic literature on organized crime for academics, intelligence analysts, law enforcement officials, policymakers, and the general public.

The starting point for this book is the assumption that organized crime is not something that lends itself easily to scientific scrutiny. It is not a coherent empirical phenomenon but first and foremost a construct, reflecting social reality as much as the emotions, prejudices, and ideologies of those involved in the construction process. Scholarly efforts have aimed at disentangling the web of imagery associated with organized crime. They have contributed to a better understanding of the underlying phenomena and have shed light on some intricate links that justify placing these diverse phenomena in a broader theoretical context. While there is little overall consistency in the research conducted within this broad field, there are certain clusters of research that have contributed to a cumulative body of knowledge around certain themes, such as illegal enterprise, certain historical phenomena, such as the Sicilian and American Cosa Nostra, or certain methodological approaches, such as criminal network analysis.

The book presents this research within a coherent framework to help readers achieve three goals:

- To understand the categorical differences and similarities between the various phenomena associated with the term organized crime in order to avoid comparing apples and oranges
- To understand the way these phenomena manifest themselves empirically in order to separate myth from reality
- To understand the various theoretical propositions that on different levels of abstraction and within different frames of reference explain key aspects of organized crime in order to gain a sense of what matters more and what matters less in the organization of crime and criminals

The ultimate goal of the book is to provide readers with an analytical toolkit that enables them to critically assess and to put into perspective any organized crime phenomena or any depictions thereof and to formulate meaningful questions for further inquiry.

## *The Content of the Book*

Any endeavor intended to contribute to a better understanding of organized crime is faced with two considerable challenges. The first challenge is to emancipate the audience from stereotypical and mythical imagery created and promoted in the media and—unfortunately—also in some of the academic literature. The second challenge is to overcome the confusion that stems in part from the diversity of conceptualizations in the public and scholarly debate on organized crime and in part from the diversity of the empirical phenomena that are associated with organized crime.

The book addresses these challenges with its emphasis on a comprehensive classificatory scheme and consistent terminology, which encompasses aspects that otherwise might be addressed only in an unsystematic, anecdotal way, only in passing or not at all. These issues include individually and in context the following:

- The modus operandi and logistics of criminal activities
- The individual offender characteristics
- The structure and dynamics of the organization of offenders
- The structure and dynamics of the organization of criminal milieus
- The interrelations between criminal activities and criminal structures and the broader social, cultural, political, and economic environment

The book is divided into 14 chapters grouped into four parts. Part I lays the foundation with an introduction (Chapter 1), an examination of the conceptual history and definition of organized crime (Chapter 2), and an overview of the history and the main currents of the scholarly study of organized crime (Chapter 3). Part II examines empirical manifestations of organized crime in terms of illegal activities, criminal structures, and extra-legal governance (Chapters 4–8). Chapter 4, against the backcloth of two case studies (cocaine trafficking and the trafficking in stolen motor vehicles), examines categorical differences between market-based, predatory, and illegal governance crimes and presents frameworks for the in-depth analysis of specific criminal endeavors. Chapter 5 gives an introduction to the analysis of criminal structures. Taking pedophile networks as an empirical point of reference, it discusses for what purposes and under what circumstances criminals establish and maintain ties to other criminals. Key points that are addressed include the differentiation of criminal structures by function (entrepreneurial, associational, and quasi-governmental structures) and by form (markets, networks, and hierarchies) and the role that trust and violence play in interactions between criminals. Chapter 6 continues the examination of fundamental questions about the organization of criminals, with a focus on illegal entrepreneurial structures. Starting with a case study of a cocaine distribution enterprise, the chapter discusses how and why structures that are geared toward obtaining material benefits vary and to what extent illegality imposes restraints on the organization of criminals. Chapter 7 deals with a central element of the popular imagery of organized crime, associations of criminals like the Italian mafia-type organizations. Case studies of the Sicilian Mafia, of the Chinese

triads, the post-Soviet Thieves in Law, and as an example of outlaw motorcycle gangs, the Hell's Angels illustrate the various social, noneconomic functions that these structures perform for their members. Chapter 8 examines two essential forms of the concentration of power within the sphere of illegality that are often confused: illegal market monopolies and illegal monopolies of violence. The chapter discusses similarities and differences between legal and illegal markets with respect to the processes and consequences of monopolization. It also provides an overview of illegal governance structures that regulate and control illegal entrepreneurial activities in a territory or market. American Cosa Nostra families are presented as a prime example for elaborate quasi-governmental structures within the underworld. Part III places the various empirical manifestations of organized crime in a broader context. Chapter 9 explores the social embeddedness of criminals, criminal activities, and criminal structures with respect to two main questions, to what extent organized crime can be explained by the public demand for illegal goods and services, and to what extent organized crime is rooted in particular segments of society. Chapter 10 focuses on the relationship between organized crime and the legal economy with a view to criminal influence on individual businesses as well as on entire business sectors. Chapter 11 deals with the relationship between organized crime and the state. It presents historical examples of alliances as well as of violent confrontations between underworld and upperworld in the United States, Mexico, Colombia, Russia, and Italy. Chapter 12 investigates how crimes and criminals are organized on an international level and in cyberspace. Part IV of the book brings all the various aspects together that are discussed in the preceding chapters, first by sketching a "big picture" of organized crime (Chapter 13) and then by reviewing the various countermeasures that have been adopted to combat and prevent organized crime (Chapter 14).

It goes without saying that a subject as complex as that of organized crime cannot be exhaustively addressed in one book. Even the aspects that are covered in this book would lend themselves to more in-depth examination. Placing the main focus on the academic literature means that little use is made of the vast body of journalistic and official reports on organized crime. But even the coverage of the scholarly research and writing is far from complete. First of all, the book does not follow the study of organized crime in all of its ramifications. For example, with a wide audience in mind, the more sophisticated levels of criminal network analysis and the kind of abstract modeling of organized crime to be found on and off in economics journals have been consciously excluded from discussion. Second, there are practical and intellectual limits to the volume of literature that can be identified and meaningfully processed for presentation within one coherent framework. While it is true that not everything that has been published is worth citing, the author's own limitations are the main reason why some academic work does not find proper mention. In this sense, the book is no substitute for an independent exploration of the ever-growing body of literature on organized crime. The ambition behind the book is that it can serve as a key to the study of organized crime as a serious scientific endeavor.

---

## Acknowledgments

With *Organized Crime: Analyzing Illegal Activities, Criminal Structures, and Extra-legal Governance*, I have tried to write the kind of book I would have liked to read when I started getting interested in the topic of organized crime more than 20 years ago. I am deeply indebted to a number of great scholars who have supported and encouraged me along the way and who have willingly shared their knowledge and wisdom, namely James O. Finckenauer, Henner Hess, Per Ole Johansen, Ulrich Eisenberg, Marcus Felson, Michael Levi, Alan Block, Dick Hobbs, James B. Jacobs and, last but not least, Petrus C. van Duyne. In the past two decades I have also been influenced by many of the organized crime scholars of my own generation, namely Peter Klerks, Edward Kleemans, Arthur Hartmann, Carlo Morselli, Letizia Paoli, Tom Vander Beken, Jeff McIlwain, Dina Siegel, and Federico Varese.

Most of the literature used for writing this book was accessed through the Lloyd Sealy Library at John Jay College of Criminal Justice in New York and through the Don M. Gottfredson Library at Rutgers University in Newark, New Jersey, with the notable help of Phyllis Schultze.

The work on this book began in 2010 after Patrick “Pat” Collins, then interim chair of the Department of Law, Police Science and Criminal Justice Administration at John Jay College, introduced me to SAGE’s Jerry Westby, who would guide me through the publication process with a gentle yet firm hand.

The writing of the book manuscript extended from July 2011 until February 2015, and during this time I profited greatly from the support I have received throughout the years from my colleagues and from the administration at John Jay College. I would like to thank in particular Serguei Cheloukhine and Lior Gideon as well as Maria “Maki” Haberfeld, all of whom were central to my decision to relocate to the United States and to find a new academic home at John Jay College.

I also owe a great deal to the John Jay students in my organized crime, comparative criminal justice, international criminal justice, and criminology classes, in particular Magdalena Rysiejko, who helped me with an initial review of the literature on countermeasures against organized crime (Chapter 14), and Kathryn Kikendall, who reviewed the literature on the Chinese triads (Chapter 7).

Valuable feedback was received from James B. Jacobs, Kathryn Kikendall, and Marin Kurti, who read parts of the manuscript, and from Edward Kleemans and Carlo Morselli, who gave me insightful comments on the first complete draft of the book. I am also grateful for the advice received from the official

reviewers of the prospectus and of various batches of draft chapters of this book. The following scholars have served as reviewers:

Dennis Anderson (St. Cloud State)  
G.S. Bajpai (National Law Institute University, Bhopal, India)  
Thomas Baker (University of Scranton)  
Kevin Cannon (Southern Illinois University)  
Joseph Carlson (University of Nebraska at Kearney)  
William Cleveland (San Jose State University)  
William Daddio (Georgetown University)  
Patrick Dunworth (Central New Mexico Community College)  
Lisa Eargle (Francis Marion University)  
Rob Hornsby (University of Northumbria)  
Richard Inscore (Charleston Southern University)  
Joseph Jaska (Saginaw Valley State University)  
S. Kris Kawucha (University of North Texas)  
Andrea Lange (Washington College)  
Robert Lombardo (Loyola University Chicago)  
David MacDonald (Eastfield College)  
Richard Mangan (Florida Atlantic University)  
Paul Margo (Ball State University)  
Abu Mboka (California State University at Stanislaus)  
Mark Mills (Glenville State College)  
Jerome Randall (University of Central Florida)  
Paddy Rawlinson (London School of Economics & Political Science)  
Tim Robicheaux (Penn State)  
Gary Smith (University of Nebraska at Kearney)  
Simon Sneddon (University of Northampton)  
Federico Varese (Oxford University)  
Gennaro Vito (University of Louisville)  
Richard Wiebe (Fitchburg State University)  
Robert Wright (Lewis University)

While the book primarily draws on the existing scholarly literature, I have also profited greatly from conversations I have had over the years with many experts from the ranks of the police, customs services, prosecutor's offices, and intelligence services in Europe and North America and also from the numerous conversations with "organized criminals" whom I have met under different circumstances and in different capacities, as political activist, attorney, and researcher. Florian Chaghomy and Manuel Weber navigated me through many encounters with members of the German underworld and discussed with me the organization of crime and criminals.

Marin Kurti deserves particular mention as the one who shouldered many of the burdens that have come with the research projects on the illegal cigarette trade that we have pursued parallel to me writing this book.

Finally, I owe immeasurable gratitude to my wife Claudia and my children Caroline and Richard, who had to share the precious little time we have had together with the project of writing this book.

Klaus von Lampe  
New York City, March 2015

---

## *About the Author*

**K**laus von Lampe is an associate professor in the Department of Law, Police Science and Criminal Justice Administration at John Jay College of Criminal Justice in New York City. He teaches courses in the areas of criminology, comparative criminal justice, and international criminal justice. Prior to coming to John Jay College in 2008, he has directed the Organized Crime Research Project at Free University Berlin, Germany, and practiced law as an attorney with a specialization in representing victims of investment fraud. Dr. von Lampe is the author, co-author, and co-editor of numerous books, book chapters, and journal articles on crime, crime prevention, and corruption with a special focus on the illegal cigarette trade, illegal power structures, and transnational crime. He is editor-in-chief of the peer-reviewed journal *Trends in Organized Crime* (since 2007) and a past President (2012–2013) of the International Association for the Study of Organized Crime.

---

# Contents

Preface	xiii
Acknowledgments	xvii
About the Author	xx
 <b>Part I: Organized Crime as a Construct and as an Object of Study</b>	 <b>1</b>
<b>Chapter 1: Introduction—The Study of Organized Crime</b>	<b>2</b>
Phenomena Associated With Organized Crime	2
<i>The Organization of Crime</i>	3
<i>The Organization of Criminals</i>	4
<i>The Exercise of Power by Criminals</i>	7
<i>Myth and Reality: The Case of “Scarface” Al Capone</i>	9
Conceptual Confusion	11
<i>Organized Crime and the Social Construction of Reality</i>	11
<i>Is a Definition of Organized Crime Needed to Study</i>	
<i>Organized Crime?</i>	12
What Is the Object of Study in the Study of Organized Crime?	14
 <b>Chapter 2: The Concept of Organized Crime</b>	 <b>15</b>
The Conceptual History of Organized Crime	15
<i>The Origins of the Concept of Organized Crime</i>	16
<i>The First Coinage of the Concept of Organized Crime in</i>	
<i>the United States</i>	19
<i>The Merging of the Concepts of Organized Crime and Mafia</i>	20
<i>Challenges to the Mafia Paradigm</i>	22
The Reception of the American Concept of Organized Crime	
in Other Countries	24
Lessons to Be Learned From the Conceptual History of	
Organized Crime	26
Overview of Definitions of Organized Crime	26
<i>Three Notions of the “Nature” of Organized Crime:</i>	
<i>Activity, Structure, Governance</i>	27
<i>Accounting for the Diversity of Definitions of</i>	
<i>Organized Crime</i>	29

Outline of a Conceptual Framework for the Study of Organized Crime	30
<i>Basic Dimensions of Organized Crime</i>	31
<i>Links Between Basic Dimensions</i>	33
The Concept of Organized Crime: Summary and Conclusion	33
<i>Discussion Questions</i>	34
<i>Research Projects</i>	34
<i>Further Reading</i>	35
<b>Chapter 3: Organized Crime Research</b>	<b>36</b>
The Study of Organized Crime as an Academic Subdiscipline	36
The History of the Study of Organized Crime	37
<i>The Pioneers: Frederic Thrasher and John Landesco</i>	38
<i>The Journalistic Period</i>	38
<i>Donald Cressey</i>	39
<i>The Post-Cressey Era</i>	41
The Main Lines of Contemporary Research	44
<i>Illegal Enterprises and Illegal Markets</i>	45
<i>Illegal (Extra-legal) Governance</i>	46
<i>Criminal Network Analysis</i>	47
<i>Crime-Specific Analyses</i>	48
<i>Threat Assessments</i>	49
Challenges to the Study of Organized Crime	50
<i>Data Collection</i>	50
<i>Risks for Researchers</i>	53
<i>Problems of Research</i>	53
Research on Organized Crime:	
Summary and Conclusion	54
<i>Discussion Questions</i>	55
<i>Research Projects</i>	55
<i>Further Reading</i>	55
<b>PART II: Empirical Manifestations of Organized Crime</b>	<b>57</b>
Introduction to Part II	57
<b>Chapter 4: Organized Criminal Activities</b>	<b>59</b>
Why Study Organized Criminal Activities Separate From Criminal Organizations?	59
Outline of This Chapter	60
Case Study: Cocaine Trafficking	61
<i>Coca and Cocaine</i>	61
<i>The Harvesting of Coca Leaves</i>	61
<i>The Production of Cocaine</i>	62
<i>Transportation of Intermediate Products</i>	64
<i>Cocaine Smuggling</i>	64
<i>Wholesale and Retail Distribution</i>	65

Case Study: The Trafficking in Stolen Motor Vehicles	66
<i>Phase I: Obtaining a Car</i>	66
<i>Phase II: Changing the Identity of a Car</i>	68
<i>Phase III: Transportation and Marketing</i>	69
Conceptualizations of Organized Criminal Activities	69
<i>Organized Criminal Activities and Non-organized Criminal Activities</i>	70
<i>An Overview of Different Classifications of Criminal Activities</i>	71
The Main Types of Organized Criminal Activities	74
<i>Market-Based Crimes</i>	74
<i>Predatory Crimes</i>	75
<i>Hybrid Forms of Market-Based and Predatory Crimes</i>	76
<i>The Special Cases of Business and Labor Racketeering</i>	77
<i>Illegal-Governance Crimes</i>	77
<i>Implications of the Three Main Types of Organized Criminal Activities</i>	79
Illegal Markets	80
<i>Different Types of Illegal Markets</i>	81
<i>Implications of Differences Between Illegal Markets</i>	83
The Conceptualization of Particular Organized Criminal Activities	84
<i>Crime Scripts</i>	84
<i>The Logistics of Organized Crime Approach</i>	86
Organized Criminal Activities: Summary and Conclusion	87
<i>Discussion Questions</i>	89
<i>Research Projects</i>	90
<i>Further Reading</i>	90
 Chapter 5: Criminal Structures—An Overview	 93
Introduction	93
Case Study: Pedophile Networks	94
Existing Classifications of Criminal Organizations	96
<i>Categorization by Structure</i>	97
<i>Categorization by Activity</i>	98
<i>Categorization by Sociopolitical Position</i>	98
<i>Categorizations by Function</i>	99
The Three Basic Types of Criminal Structures	101
<i>Entrepreneurial Criminal Structures</i>	101
<i>Associational Criminal Structures</i>	102
<i>Quasi-Governmental Criminal Structures</i>	102
The Basic Forms of Criminal Structures:	
Markets, Networks, and Hierarchies	104
<i>Markets</i>	104
<i>Hierarchies (Organizations)</i>	105
<i>Networks</i>	105
<i>The Relationship Between the Concepts of Network and Organization</i>	106

The Conceptualization of Criminal Networks	106
<i>Constitutive Elements and Boundaries of Criminal Networks</i>	107
<i>The Social Microcosm of Illegal Entrepreneurs</i>	108
<i>Networks of Criminally Exploitable Ties</i>	110
The Emergence and Persistence of Criminal Network Ties	111
<i>Potential Network Ties and Offender Convergence Settings</i>	111
<i>The Role of Trust for Criminal Networking</i>	113
<i>Coping With a Lack of Trust and Mistrust</i>	119
<i>Violence as a Functional Alternative to Trust</i>	121
Criminal Structures: Summary and Conclusion	123
<i>Discussion Questions</i>	125
<i>Research Projects</i>	125
<i>Further Reading</i>	125
<b>Chapter 6: Illegal Entrepreneurial Structures</b>	<b>127</b>
Introduction	127
Case Study: The Lavin Enterprise	130
The Illegal Firm	135
<i>Assets</i>	136
<i>Boundaries</i>	138
Conceptualizing Illegal Entrepreneurial Structures	139
<i>Basic Concepts for Analyzing Criminal Networks</i>	140
<i>Basic Categories for Analyzing Criminal Organizations</i>	143
Explaining the Structure of Illegal Firms	147
<i>The Emergence of Illegal Firms</i>	147
<i>The Consequences of Illegality for the Structure of Illegal Firms</i>	150
<i>Environmental Factors</i>	153
Illegal Entrepreneurial Structures: Summary and Conclusion	156
<i>Discussion Questions</i>	156
<i>Research Projects</i>	156
<i>Further Reading</i>	157
<b>Chapter 7: Associational Structures</b>	<b>158</b>
Introduction	158
Case Studies of Associations of Criminals	158
<i>Case Study: The Sicilian Mafia (Cosa Nostra)</i>	159
<i>Case Study: The Hong Kong Triads</i>	162
<i>Case Study: Vory v Zakone (Thieves in Law)</i>	164
<i>Case Study: Hell's Angels</i>	168
Variations Across Illegal Associational Structures	170
The Core Functions of Associational Structures	172
<i>Bonding</i>	172
<i>Communication</i>	174
<i>Mutual Aid and Mutual Protection</i>	174
<i>Codes of Conduct</i>	176
Delineating Associational Structures From Entrepreneurial Structures and From Quasi-Governmental Structures	182