

# Organized Crime

The background of the book cover is a collage of images related to organized crime. It includes a hand holding a white powdery substance, a blue die, a red die, a black handgun, and several Euro banknotes. Red laser lines and target symbols are overlaid on the collage, suggesting a theme of precision and targeting in criminal activities.

Aspects and Globalized  
Elements

*Law, Crime and Law Enforcement*

Frederick B. Hall • Francis C. Martin  
Editors

NOVA

LAW, CRIME AND LAW ENFORCEMENT

**ORGANIZED CRIME**  
**ASPECTS AND GLOBALIZED ELEMENTS**

**FREDERICK B. HALL**

AND

**FRANCIS C. MARTIN**

EDITORS



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**LAW, CRIME AND LAW ENFORCEMENT**

## **ORGANIZED CRIME**

### **ASPECTS AND GLOBALIZED ELEMENTS**



# **LAW, CRIME AND LAW ENFORCEMENT**

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# **CRIMINAL JUSTICE, LAW ENFORCEMENT AND CORRECTIONS**

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## **PREFACE**

In the last two decades, organized crime has grown more complex, posing evolving challenges for U.S. federal law enforcement. These criminals have transformed their operations in ways that broaden their reach and make it harder for law enforcement to combat them. They have adopted more-networked structural models, internationalized their operations, and grown more tech savvy. They are a significant challenge to U.S. law enforcement. This book examines a broad conceptualization of organized crime in its narrative discussion of criminal activity. The analysis includes groups engaged in sustained criminal enterprises, such as, but not limited to: drug traffickers, mafia families, smugglers, violent gangs, and fraudsters. These operations may or may not have a transnational dimension to them, but they directly impact U.S. persons, businesses, and/or interests.

Chapter 1 - In the last two decades, organized crime has grown more complex, posing evolving challenges for U.S. federal law enforcement. These criminals have transformed their operations in ways that broaden their reach and make it harder for law enforcement to combat them. They have adopted more-networked structural models, internationalized their operations, and grown more tech savvy. They are a significant challenge to U.S. law enforcement.

Modern organized criminals often prefer cellular or networked structural models for their flexibility and avoid the hierarchies that previously governed more traditional organized crime groups such as the Cosa Nostra. Fluid network structures make it harder for law enforcement to infiltrate, disrupt, and dismantle conspiracies. Many 21<sup>st</sup> century organized crime groups opportunistically form around specific, short-term schemes and may outsource portions of their operations rather than keeping it all “in-house.”

Globalization has revolutionized both licit and illicit commerce. Commercial and technological innovations have reduced national trade barriers, widened transportation infrastructure, and bolstered volumes of international business. The Internet and extensive cellular telephone networks have fostered rapid communication. Integrated financial systems, which allow for easy global movement of money, are exploited by criminals to launder their illicit proceeds. Estimates suggest that money laundering annually accounts for between 2% and 5% of world GDP. Simultaneously, borders are opportunities for criminals and impediments to law enforcement.

Organized criminals have expanded their technological “toolkits,” incorporating technology-driven fraud into their capabilities. Their operations can harm U.S. citizens without ever having a physical presence in the country. These illicit activities include cyber

intrusions into corporate databases, theft of individual consumer credit card information, fencing of stolen merchandise online, and leveraging technology to aid in narcotics smuggling. Further, criminal organizations—which have historically burrowed into and exploited local ethnic communities—can now rely on Internet connectivity and extensive, international transportation linkages to target localities around the globe.

Since the terrorist attacks of September 11, 2001, there has been a shift in law enforcement attention and resources toward counterterrorism-related activities and away from traditional crime fighting activities including the investigation of organized crime. Although the effects of organized crime may not be seen in a consolidated attack resulting in the physical loss of life, they are far-reaching—impacting economic stability, public health and safety, as well as national security.

In July 2011, the Obama Administration issued its *Strategy to Combat Transnational Organized Crime*. It addresses the fact that federal investigation of organized crime matters has not historically been a centralized effort. Regardless, there still is no single agency charged with investigating organized crime in the way the Federal Bureau of Investigation (FBI) has been designated the lead investigative agency for terrorism. Further, resources to tackle this issue are divided among many federal agencies. As such, Congress may exert its oversight authority regarding the federal coordination of organized crime investigations via the 2011 strategy. Policymakers may also debate the efficacy of current resources appropriated to combat organized crime.

Chapter 2 - Organized retail crime (ORC) involves the large-scale theft of everyday consumer items and potentially has much broader implications. Organized groups of professional shoplifters, or “boosters,” steal or fraudulently obtain merchandise that is then sold, or “fenced,” to individuals and retailers through a variety of venues. In an increasingly globalized society, more and more transactions take place online rather than face-to-face. As such, in addition to relying on physical resale markets, organized retail thieves have turned to online marketplaces as means to fence their ill-gotten goods.

ORC exposes the United States to costs and harms in the economic, public health, and domestic security arenas. The exact loss from ORC to the retail industry is unknown, but estimates have ranged from \$15 billion to \$37 billion annually. The economic impact, however, extends beyond the manufacturing and retail industry and includes costs incurred by consumers and taxes lost by the states. The theft and resale of stolen consumable or health and beauty products such as infant formula (that may have been repackaged, relabeled, and subjected to altered expiration dates) poses potential safety concerns for individuals purchasing such goods from ORC fences. In addition, some industry experts and policy makers have expressed concern about the possibility that proceeds from ORC may be used to fund terrorist activities.

Current efforts to combat ORC largely come from retailers, online marketplaces, and law enforcement alike. Retailers responding to the 2010 National Retail Security Survey spent an average of 0.46% of their annual sales on loss prevention measures. These loss prevention costs are ultimately borne by consumers in the form of higher prices on goods. Also, online marketplaces report taking various measures to combat the sale of stolen and fraudulently obtained goods on their websites, including educating sellers and consumers, monitoring suspicious activity, and partnering with retailers and law enforcement. Combating retail theft has traditionally been handled by state law enforcement under state criminal laws. Some, however, have begun to question whether state laws—which vary in the quantity of monetary

losses that constitute major theft—are adequate to combat ORC. While many agree that ORC is a national problem, there is debate over the federal government’s role in deterring ORC and sanctioning various actors that may be involved in committing or aiding these crimes. One policy issue facing Congress is whether criminalizing organized retail crime in the *U.S. Code* would allow for more effective investigation and prosecution of these criminals. Congress may also wish to consider whether regulating resale marketplaces (online markets, in particular), to require such entities to increase information sharing with retailers and law enforcement, would strengthen investigations and prosecutions of ORC as well as decrease the prevalence of retail thieves relying on legitimate online marketplaces to fence stolen goods.

Chapter 3 - Violence has been an inherent feature of the trade in illicit drugs, but the violence generated by Mexico’s drug trafficking organizations (DTOs) in recent years has been unprecedented and remarkably brutal. The tactics—including mass killings, the use of torture and dismemberment, and the phenomena of car bombs—have led some analysts to speculate whether the violence has been transformed into something new, perhaps requiring a different set of policy responses. According to government and other data, the best estimates are that there were slightly more than 50,000 homicides related to organized crime from December 2006 through December 2011. Some analysts see in this year’s data about Mexico’s organized crime-related homicides the possibility that the violence may have peaked or reached a plateau, if it has not begun to decline. Many observers maintain that the steep increase in organized crime-related homicides in recent years is likely to trend down far more slowly.

In December 2006, Mexico’s newly inaugurated President Felipe Calderón launched an aggressive campaign against the DTOs—an initiative that has defined his administration—that has been met with a violent response from the DTOs. Of the seven most significant DTOs operating during the first five years of the Calderón Administration, the government successfully removed key leaders from each of them, through arrests or by death in arrest efforts. However, these efforts add to the dynamic of change—consolidation or fragmentation, succession struggles, and new competition—that generates more conflict and violence among competing criminal groups. In the last six years, fragments of some of the DTOs have formed new criminal organizations, while two DTOs have become dominant and polarized rivals: the Sinaloa DTO in the western part of the country and Los Zetas in the east. In addition, the DTOs have increasingly diversified into other criminal activities, now posing a multi-faceted organized criminal challenge to governance in Mexico.

U.S. citizens have also been victims of the security crisis in Mexico. In March 2010, three individuals connected to the U.S. consulate in Ciudad Juárez, two of them U.S. citizens, were killed by a gang working for one of the major DTOs operating in that city. In February 2011, two U.S. Immigration and Customs Enforcement (ICE) agents were shot, one fatally, allegedly by Los Zetas, one of Mexico’s most violent DTOs. In the U.S. Congress, these events have raised concerns about the stability of a strategic partner and neighbor. Congress is also concerned about the possibility of “spillover” violence along the U.S. border and further inland. The 112<sup>th</sup> Congress has held several hearings on DTO violence, the efforts by the Calderón government to address the situation, and implications of the violence for the United States. Members have maintained close oversight of U.S.-Mexico security cooperation and related bilateral issues. This report provides background on drug trafficking in Mexico: it



identifies the major DTOs; examines how the organized crime “landscape” has been altered by fragmentation; and analyzes the context, scope, and scale of the violence. It examines current trends of the violence, analyzes prospects for curbing violence in the future, and compares it with violence in Colombia.

Chapter 4 - *The Strategy to Combat Transnational Organized Crime* applies all elements of national power to protect citizens and U.S. national security interests from the convergence of 21<sup>st</sup> century transnational criminal threats. This *Strategy* is organized around a single unifying principle: *to build, balance, and integrate the tools of American power to combat transnational organized crime and related threats to national security—and to urge our foreign partners to do the same.* The end-state we seek is to reduce transnational organized crime (TOC) from a national security threat to a manageable public safety problem in the United States and in strategic regions around the world. The *Strategy* will achieve this end-state by pursuing five key policy objectives:

- 1) Protect Americans and our partners from the harm, violence, and exploitation of transnational criminal networks.
- 2) Help partner countries strengthen governance and transparency, break the corruptive power of transnational criminal networks, and sever state-crime alliances.
- 3) Break the economic power of transnational criminal networks and protect strategic markets and the U.S. financial system from TOC penetration and abuse.
- 4) Defeat transnational criminal networks that pose the greatest threat to national security by targeting their infrastructures, depriving them of their enabling means, and preventing the criminal facilitation of terrorist activities.
- 5) Build international consensus, multilateral cooperation, and public-private partnerships to defeat transnational organized crime.

The *Strategy* also introduces new and innovative capabilities and tools, which will be accomplished by prioritizing within the resources available to affected departments and agencies.

**A new Executive Order** will establish a sanctions program to block the property of and prohibit transactions with significant transnational criminal networks that threaten national security, foreign policy, or economic interests.

**A proposed legislative package** will enhance the authorities available to investigate, interdict, and prosecute the activities of top transnational criminal networks.

**A new Presidential Proclamation** under the Immigration and Nationality Act (INA) will deny entry to transnational criminal aliens and others who have been targeted for financial sanctions.

**A new rewards program** will replicate the success of narcotics rewards programs in obtaining information that leads to the arrest and conviction of the leaders of transnational criminal organizations that pose the greatest threats to national security.

**An interagency Threat Mitigation Working Group** will identify those TOC networks that present a sufficiently high national security risk and will ensure the coordination of all elements of national power to combat them.

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*Chapter 1*

## **ORGANIZED CRIME: AN EVOLVING CHALLENGE FOR U.S. LAW ENFORCEMENT\***

*Jerome P. Bjelopera and Kristin M. Finklea*

### **SUMMARY**

In the last two decades, organized crime has grown more complex, posing evolving challenges for U.S. federal law enforcement. These criminals have transformed their operations in ways that broaden their reach and make it harder for law enforcement to combat them. They have adopted more-networked structural models, internationalized their operations, and grown more tech savvy. They are a significant challenge to U.S. law enforcement.

Modern organized criminals often prefer cellular or networked structural models for their flexibility and avoid the hierarchies that previously governed more traditional organized crime groups such as the Cosa Nostra. Fluid network structures make it harder for law enforcement to infiltrate, disrupt, and dismantle conspiracies. Many 21<sup>st</sup> century organized crime groups opportunistically form around specific, short-term schemes and may outsource portions of their operations rather than keeping it all “in-house.”

Globalization has revolutionized both licit and illicit commerce. Commercial and technological innovations have reduced national trade barriers, widened transportation infrastructure, and bolstered volumes of international business. The Internet and extensive cellular telephone networks have fostered rapid communication. Integrated financial systems, which allow for easy global movement of money, are exploited by criminals to launder their illicit proceeds. Estimates suggest that money laundering annually accounts for between 2% and 5% of world GDP. Simultaneously, borders are opportunities for criminals and impediments to law enforcement.

Organized criminals have expanded their technological “toolkits,” incorporating technology-driven fraud into their capabilities. Their operations can harm U.S. citizens without ever having a physical presence in the country. These illicit activities include cyber intrusions into corporate databases, theft of individual consumer credit card information, fencing of stolen merchandise online, and leveraging technology to aid in narcotics smuggling. Further, criminal organizations—which have historically burrowed

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into and exploited local ethnic communities— can now rely on Internet connectivity and extensive, international transportation linkages to target localities around the globe.

Since the terrorist attacks of September 11, 2001, there has been a shift in law enforcement attention and resources toward counterterrorism-related activities and away from traditional crime fighting activities including the investigation of organized crime. Although the effects of organized crime may not be seen in a consolidated attack resulting in the physical loss of life, they are far-reaching—impacting economic stability, public health and safety, as well as national security.

In July 2011, the Obama Administration issued its *Strategy to Combat Transnational Organized Crime*. It addresses the fact that federal investigation of organized crime matters has not historically been a centralized effort. Regardless, there still is no single agency charged with investigating organized crime in the way the Federal Bureau of Investigation (FBI) has been designated the lead investigative agency for terrorism. Further, resources to tackle this issue are divided among many federal agencies. As such, Congress may exert its oversight authority regarding the federal coordination of organized crime investigations via the 2011 strategy. Policymakers may also debate the efficacy of current resources appropriated to combat organized crime.

## INTRODUCTION

In the last two decades, organized crime has grown more complex, posing evolving challenges for U.S. federal law enforcement. This is largely because these criminals have transformed their operations in ways that broaden their reach and make it harder for law enforcement to define and combat the threat they pose. Globalization and technological innovation have not only impacted legitimate commerce, but they have simultaneously revolutionized crime. In response to these forces, organized criminals have adopted more-networked structural models, internationalized their operations, and grown more tech savvy. Criminals have become more elusive. They see international borders as opportunities while law enforcement views them as obstacles. Criminals have expanded their range of tools and targets as well. Meanwhile, law enforcement “plays by yesterday’s rules and increasingly risks dealing only with the weakest criminals and the easiest problems,” according to the Strategic Alliance Group, a partnership of seven law enforcement agencies from five nations.<sup>1</sup>

Motivated by money, organized crime fills needs not met by licit market structures and/or exploits businesses, consumers, and nations for profit. Organized criminals have capitalized on commercial and technological advances that have bolstered communication and international business. They use innovative methods of moving illegal proceeds around the world. Some nations have also witnessed the creation of ties between powerful business figures, politicians, and criminals.

Modern organized criminals may prefer cellular or networked structural models for their flexibility and avoid the hierarchies governed by elaborate initiation rituals that were favored by their predecessors. Fluid network structures make it harder for law enforcement to infiltrate, disrupt, and dismantle conspiracies. Many 21<sup>st</sup> century organized crime groups opportunistically form around specific, short-term schemes. Further, these groups may outsource portions of their operations rather than keeping all of their expertise “in-house.”

In July 2011, to address these and other issues, the Obama Administration issued its *Strategy to Combat Transnational Organized Crime (2011 Strategy)*. It described transnational organized crime (TOC) networks as a strategic threat to national security, laid



out a definition of transnational organized crime, and set forth five policy objectives and six categories of priority actions in an attempt to devise a cohesive federal response to transnational organized crime.<sup>2</sup> Complicating all of this, since the terrorist attacks of September 11, 2001 (9/11), there has been a shift in law enforcement attention and resources more toward counterterrorism-related activities and away from traditional crime fighting activities—including the investigation of organized crime.

This report provides an analysis of how organized crime has capitalized on globalization by using borders as opportunities, relying on fast-paced technological change, and adapting its organizational structures. It illustrates how these transformations can impact U.S. persons, businesses, and interests. The report includes a discussion of how U.S. law enforcement conceptualizes organized crime in the 21<sup>st</sup> century and concludes by examining potential issues for Congress, including the extent to which organized crime is a national security threat (partly to be tackled by U.S. law enforcement agencies), congressional oversight regarding the federal coordination of organized crime investigations, and the utility of current resources appropriated to combat organized crime.

*This report employs a broad conceptualization of organized crime in its narrative discussion of criminal activity. In other words, the analysis includes groups engaged in sustained criminal enterprises, such as—but not limited to—drug traffickers, mafia families, smugglers, violent gangs, and fraudsters. These operations may or may not have a transnational dimension to them (which is a requirement under the guidelines of the 2011 Strategy), but they directly impact U.S. persons, businesses, and/or interests. While this conceptualization may be broader than the definition laid out in the 2011 Strategy, it incorporates a range of criminality that may inform Congress in future legislation impacting organized crime. The cases and examples discussed in this report are not intended to set definitional boundaries for organized crime.*

## ORGANIZED CRIME ADAPTING TO GLOBALIZATION

Organized crime targeting the United States has internationalized and its structures have flattened. The popular image of mobsters employing elaborate initiation rituals and strict codes of conduct to control crews that assail their own communities is outmoded. Today, nimble, adaptive, loosely structured small groups with global reach harm consumers, businesses, and government interests on a daily basis. Commercial and technological innovations are behind this transformation. They have helped to reduce national trade barriers, widen transportation infrastructure, and bolster volumes of international business. Smugglers have taken advantage of growing international commerce to hide illicit trade. The Internet and extensive cellular telephone networks have fostered rapid communication, simultaneously revolutionizing licit and illicit commerce. For example, integrated financial systems allow for easy global movement of money. Estimates suggest that money laundering annually accounts for between 2% and 5% of world GDP.<sup>3</sup> Criminal organizations targeting the United States operate in many of the world's nations. Areas wracked by social disorder, inadequate policing, and poor governance offer opportunities for organized crime to take root.<sup>4</sup> These groups exploit diaspora communities in the United States as cover for their operations, situating elements of their global operations among immigrant enclaves.

Organized crime groups are becoming more entrepreneurial or market focused, reacting to changes in both illicit and licit economies.<sup>5</sup> Of course, they are still heavily involved in activities such as narcotics trafficking and money laundering (which have been greatly impacted by globalization), but organized criminals are increasingly involved in less “traditional” high-tech operations encompassing identity theft, counterfeiting of goods, and various types of fraud.

## **Borders and Organized Crime**

Modern organized criminals prey upon weaknesses in international transportation and customs security regimens.<sup>6</sup> Border policing efforts have attempted to keep pace with the expansion of international commerce. Organized criminals attempting to smuggle goods, people, or information across borders also face enhanced border security regimens resulting from the terrorist attacks of 9/11. Regardless, specialized criminal networks smuggle items such as narcotics, counterfeit goods, stolen goods, and bulk cash, as well as humans, around the world and into the United States. They have hidden their contraband within the growing volume of legitimate global trade. Prior to the global recession, between 1995 and 2008 the volume of global containerized traffic tripled.<sup>7</sup> Drug traffickers move large loads of cocaine, eventually destined for U.S. markets, from South America to Mexico via containerized shipping. International counterfeiters use containers to smuggle their fake goods into the United States. As Moisés Naím has succinctly put it, most illicit trade involves copycats, smugglers, and traffickers.<sup>8</sup> While individuals can and do engage in these activities, a good deal can be attributed to organized crime.

### ***Copycats and Smugglers***

Criminal groups engage in counterfeiting and smuggling across and within the borders of the United States. This activity includes a wide range of products and influences the lives of everyday Americans, U.S. businesses, and government.

## **Counterfeiting and Piracy**

Counterfeiting highlights the nexus between globalization and the modernization of organized crime. Although it is difficult, if not impossible, to determine how deeply immersed organized criminals are in this activity, at least one study has suggested serious involvement.<sup>9</sup> Further, in a recent speech before the International Intellectual Property Summit, Attorney General Holder reinforced the need for the international law enforcement community to combat “the international networks of organized criminals now seeking to profit from IP [intellectual property] crimes.”<sup>10</sup>

In areas such as film piracy, counterfeiting does not necessarily involve high entry costs or large legal penalties when compared to more conventional criminal activity such as drug trafficking.<sup>11</sup> It is also potentially very lucrative. With little infrastructure—a high-speed Internet connection, scanner, and copier and off-the-shelf software—criminals around the globe can easily imitate the branding and packaging that accompanies products, let alone copy the products themselves.<sup>12</sup> Counterfeiting and pirating goods<sup>13</sup> involves the violation of intellectual property rights (IPR),<sup>14</sup> essential to creative and high-tech industries particularly reliant on copyrights, trademarks, and patents to protect innovation. Counterfeiting and piracy

potentially harm legitimate businesses and consumers, sapping profits and brand value and flooding markets with inferior and even dangerous products masquerading as legitimate goods. Aside from enforcement outlays, the activity also costs governments tax revenue and may slow economic growth by driving down incentives to innovate.<sup>15</sup>

Between FY2005 and FY2008, the yearly domestic value<sup>16</sup> of IPR-related law enforcement seizures of contraband in the United States leaped from \$93 million to \$273 million. In FY2009, the domestic value of seizures dropped 4%.<sup>17</sup> This is likely due to the global recession. Products originating in China—both Mainland China and Hong Kong—accounted for over 85% of these IPR seizures in FY2008 and FY2009.<sup>18</sup> Two 2010 operations in the United States together netted \$240 million in counterfeit materials. The hauls included fake Rolex watches, Coach handbags, pirated DVDs, and fake pharmaceutical products. Much of the material came from China.<sup>19</sup>

### **Auto Theft Rings**

Another example of organized criminals viewing borders as opportunity involves auto theft. Although international automobile theft has existed almost as long as cars have been around,<sup>20</sup> the integration of worldwide markets and expansion of international shipping have greatly impacted it by facilitating international transport of stolen automobiles. Assessing the level of such activity is very difficult since few metrics for it exist. Regardless, today's international automobile theft rings benefit from the high levels of cargo container traffic ushered in by globalization. These groups profit by stealing vehicles in the United States and shipping them abroad, where they are sold. Such illicit operations react to global demand for luxury vehicles, and in some instances are extremely responsive to market forces. They trawl large U.S. metropolitan areas that have assortments of vehicles and rely on rail or port facilities to move stolen vehicles abroad.<sup>21</sup>

In June 2010, law enforcement officials announced indictments of 17 participants in an alleged scheme that pilfered 450 cars annually in New York, New Jersey, and Connecticut. According to law enforcement officials, the group, described as a “steal to order” outfit by New York State Attorney General Andrew Cuomo, filled specific requests from U.S. customers and others in Senegal and netted up to \$25,000 per car. The group supposedly relied on specialists who could reprogram car keys to match a vehicle's specific code, exporters, and two car dealership employees, among others. The ring allegedly stored vehicles in four Bronx, NY, garages and loaded those destined for Senegal into shipping containers, concealing the cars behind furniture.<sup>22</sup>

### **Human Smuggling and Trafficking**

Criminal organizations are taking advantage of an unprecedented era of international migration, including illegal migration to the United States.<sup>23</sup> However, since 2007 illegal immigration to the United States has declined.<sup>24</sup> This may be attributable, in part, to dwindling job opportunities resulting from the global recession and increased immigration enforcement activity along the U.S. Southwest border.<sup>25</sup> Nonetheless, criminal organizations continue to capitalize on the desire of unauthorized immigrants to enter the United States. Networks of human smugglers and others—including Mexican drug trafficking organizations (DTOs) that have broadened their money-generating activities to include human and weapon smuggling, counterfeiting, kidnapping for ransom, and extortion—bring unauthorized immigrants across the border and into the United States.<sup>26</sup> In one well-known case, Cheng

Chui Ping—also known as “Sister Ping”—sentenced in March 2006, had led an international human smuggling ring that was responsible for smuggling Chinese villagers to the United States between the early 1980s and April 2000. In a 2006 press release, the Department of Justice (DOJ) described her as “one of the first, and ultimately most successful, alien smugglers of all time.”<sup>27</sup> At the start, Ping’s smuggling ring brought small numbers of villagers to the United States via aircraft, using fake immigration documents. She turned from exclusive reliance on air transit to include the use of maritime shipping as her operation matured. This way, Ping likely exploited increasing volumes of international seaborne cargo engendered by globalization to mask her illegal movement of human beings. She eventually developed the capability to smuggle hundreds of victims at a time via cargo ships, where the villagers could be stashed below the deck until they reached their U.S. destination and eventually paid her exorbitant smuggling fees.<sup>28</sup> Criminals who smuggle individuals into the United States may also turn the smuggling into a trafficking situation by increasing the immigrants’ debts owed once they have been smuggled to the United States. The smugglers/traffickers may then require their victims to work for a period of time to pay off the debts.<sup>29</sup>

Organized crime exploits individuals through both labor and sex trafficking. In 2006, the FBI reported that human trafficking generates about \$9.5 billion for organized crime annually.<sup>30</sup>

However, as the Government Accountability Office (GAO) has noted, estimates regarding the global scale of human trafficking are questionable;<sup>31</sup> as such, any estimates regarding the proceeds generated through these crimes may not be representative of their true scope. These criminal organizations target both U.S. citizens and foreign nationals who are drawn to visions of better lives in the United States.

International borders often play a central role in the dynamics involved in forced labor and sex trafficking. In many instances, victims likely perceive borders and border security regimens as insurmountable barriers via legitimate means, requiring them to turn to illicit methods of transit offered by traffickers. Organized criminals prey on victims’ powerful desires to live or work in other countries. While the following two cases may not have been prosecuted by DOJ as traditional “organized crime,” the networks involved highlight some of the dynamics involved in labor and sex trafficking. In August 2010, federal law enforcement announced an indictment of six individuals for participation in an alleged conspiracy to exploit Thai nationals through forced labor in the United States. The defendants allegedly enticed workers to the United States by offering opportunities for lucrative jobs. Once in the United States, the approximately 400 Thai workers had their passports confiscated, were threatened with economic harm and deportation, and were forced to work on farms in Washington and Hawaii.<sup>32</sup> In another case, four individuals from the United States, Mexico, and Guatemala were sentenced in April 2010 for involvement in a sex trafficking organization that targeted young Mexican women. They lured these women to the United States on the promise of better lives or legitimate employment. Once the women were brought to the United States, they were instead physically threatened, beaten, intimidated, and forced to engage in commercial sex.<sup>33</sup> DOJ has also reported an uptick in Asian organized crime groups becoming involved as pimps or brokers in domestic human sex trafficking. Although the increase is noted for Asian organized crime groups, involvement in sex trafficking is certainly not limited by ethnic or geographic origin; these criminals collaborate with other, non-Asian groups to further their sex trafficking enterprises.<sup>34</sup>



### ***Drug Trafficking***

In the last decade, cocaine has become a truly global commodity dependent on illicit market fluctuations. Traffickers now can leverage wide, international distribution networks to ride out pressures or changes that may make their traditional illicit markets less hospitable. According to media reports, some Colombian and Mexican cocaine suppliers have shifted sizeable amounts of product using containerized shipping—hiding their illicit material within the daily globalized flow of legitimate seaborne international commerce.<sup>35</sup> And some of the Mexican Gulf Cartel's smuggling activity involving European markets has used the United States as a transshipment point.<sup>36</sup>

When it comes to the internationalization of cocaine markets, not all the news involves the growth of supply, however. Global demand for cocaine has partly impacted U.S. bound supplies of the drug. Cocaine availability levels in the United States have decreased since 2006. Diversion of cocaine to European and Latin American markets by Colombian and Mexican drug cartels has fueled this downturn in availability, as have coca eradication efforts, large seizures, law enforcement pressure on Mexican cartels, and violent inter-cartel rivalries.<sup>37</sup>

While the story of globalized drug smuggling impacting the United States often revolves around Colombian and Mexican cartels specializing in drugs such as cocaine, marijuana, heroin, and methamphetamine, criminal groups trafficking narcotics come in all sizes and handle a variety of drugs. Because of the ease of international communications, travel, and transportation networks inherent in globalization, drug trafficking groups need not be directly tied to the large cartels to have significant worldwide reach. Even relatively small groups can forge far-flung supply and transportation links.

The FBI's operation Black Eagle tracked a small Albanian network of alleged criminals based in northern New Jersey who were indicted in March 2009.<sup>38</sup> The network purportedly had domestic ties to Chicago, Detroit, and Texas, as well as international links to Macedonia and Albania. At one point, the group of opportunists supposedly conspired to smuggle 100 kilograms of heroin from Albania to the United States. According to the FBI, the group planned to use a Balkan front company to conceal the heroin in containerized shipments of furniture bound for the United States. The heroin was purportedly to come from Afghanistan, likely via Turkey and into Albania. There was no clear cut leadership in the loosely knit group. The heroin deal was going to be one last score before some of the criminals "retired," according to the FBI. They were also likely involved with stealing and selling pharmaceuticals, illegal gambling, dealing ecstasy, and theft of retail goods.<sup>39</sup>

In another case involving a relatively small group, Phuong Thi Tran pleaded guilty in February 2010 for her involvement in what has been described in press reports as an Asian drug trafficking ring that smuggled ecstasy pills and other drugs into the United States from Canada, where they were manufactured. Tran, who lived in Canada, is originally from Vietnam and served as the group's ringleader. She oversaw an operation that smuggled millions of ecstasy pills into the United States between 2002 and 2008, when she was arrested.<sup>40</sup>

### ***Money Laundering***

Making ill-gotten gains appear legitimate is critical to the success of organized criminals. For many criminals, the movement of money—either as bulk cash or digital transactions—across international borders plays an integral role in this process. They use many techniques