



Transnational Organized Crime

An Overview from Six Continents

Jay Albanese
Philip Reichel

Editors



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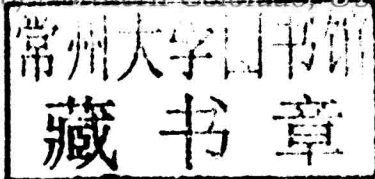
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Contents

Introduction	1
1. Transnational Organized Crime Networks Across the World	7
<i>Jan van Dijk and Toine Spapens</i>	
2. Transnational Organized Crime in North America	29
<i>James O. Finckenauer and Jay Albanese</i>	
3. Transnational Organized Crime in Latin America	57
<i>Mary Fran T. Malone and Christine B. Malone-Rowe</i>	
4. Transnational Organized Crime in Europe	75
<i>Klaus von Lampe</i>	
5. Transnational Organized Crime in Africa	93
<i>Mark Shaw</i>	
6. Transnational Organized Crime in Asia and the Middle East	117
<i>Richard H. Ward and Daniel J. Mabrey</i>	
7. Transnational Organized Crime in Oceania	141
<i>Roderic Broadhurst, Mark Lauchs, and Sally Lohrisch</i>	
8. Terrorism and Transnational Organized Crime	163
<i>Gus Martin</i>	
Index	193
About the Editors	209
About the Contributors	211

Introduction

Transnational organized crime characterizes the 21st century in the same way that traditional street crimes characterized the 20th century. The provision of illicit goods and services and the infiltration of business and government have become the major problems of the modern age of globalization, technology, international travel and communications, multinational migration and business, and their down-sides: smuggling, trafficking, laundering, and corruption.

This book contributes to our understanding of these global trends by examining transnational organized crime from the perspectives of the world's six inhabited continents: North America, Central and South America, Europe, Africa, Asia, and Oceania. It also includes a final chapter that addresses the overlaps between transnational organized crime and terrorism. Each chapter is written by authors who are either native to each world region or who have extensively traveled and worked there. In addition, the contributors to this book possess recognized expertise through their research and writing on organized crime issues and their transnational manifestations.

Therefore, this book provides a unique overview of transnational organized crime in each continental region of the world. It offers students and researchers a perspective that is often lacking in contemporary writing on this issue: a regional perspective by authors having expertise both in the field and also in the region.

Organized crime has been defined through a consensus of scholars as continuing criminal enterprises that rationally work to profit from illicit activities that are often in great public demand. Its continuing existence is maintained through the use of force, threats, monopoly control, and/or the corruption of public officials (Albanese, 2011). But how large a problem is organized crime on a global scale?

Several organizations have attempted define and quantify what the world's largest problems are. The Arlington Institute (2012) identified the five largest world problems as follows:

- Economic collapse: Will a fragile current global economy tip the world into depression?
- Peak oil: Petroleum has powered the world for 100 years; have we reached a peak in oil production?
- Global water crisis: Over the last 50 years, the world population has tripled, but pollution, bad agricultural practices, and poor civic planning have decreased the water supply.
- Species extinction: Certain species that we depend upon for food are going extinct—impacting our own survivability.
- Rapid climate change: Global warming is an empirical fact. Will people from different cultures work together to reduce global warming or will they suffer from it?

In a related way, the U.N. Millennium Development goals identified serious challenges for attention as including ending poverty and hunger, universal education, gender equality, child health, maternal health, combating HIV/AIDS, environmental sustainability, and global partnership (U.N. Office on Drugs and Crime, 2011; U.N. Habitat, 2011).

Two common features are apparent when you consider these serious international issues. First, they are all either entirely manmade, or they have been pushed to a crisis point by decisions of humans. In addition, these decisions appear to be the result of some combination of ignorance, selfishness, criminality, and corruption. To the extent that the problems also reflect opportunities for criminal enterprises to profit from illicit activities linked to those problems, an argument can certainly be made that organized crime and corruption play an important role in their exacerbation.

These largest world problems range from health to environment to social instability to civil conflict—all of which are either created or worsened by organized crime and corruption. The issue addressed in this book is crucial: More effective control of organized crime and corruption would reduce many other significant world problems!

The chapter contributions to this book are noteworthy in several ways. The opening chapter by Jan van Dijk and Toine Spapens examines the global trend away from established organized crime “groups” toward organized crime “networks,” which are more loosely formed and more

difficult to defeat. This chapter also offers a quantitative analysis of the extent of organized crime in different world regions and how its extent is associated with the quality of the institutions responsible for the rule of law in these countries. It provides a useful framework for understanding the local nature of much organized crime and how its reach is enhanced in a globalized world.

Chapter 2 reviews organized crime in North America, including Canada, Mexico, and the United States. This assessment by James O. Finckenaue and Jay S. Albanese describes several major known organized crime threats, which are presented in terms of their nature and extent and the law enforcement response. The economic disparities between Canada and the United States on one hand, and Mexico on the other, create a lucrative supply-and-demand environment, and the land and water access facilitates trafficking routes for illicit goods and services and human smuggling. The influence of the Mexican drug cartels in cross-border trafficking is discussed.

Chapter 3 on transnational organized crime in Latin America by Mary Fran T. Malone and Christine B. Malone-Rowe provides a compelling overview of the organized crime issues and their context in a number of Central and South American countries. Excellent use is made of timely source material to place organized crime in this region in the context of the institutional weakness of countries, the role of political and economic elites, and geography.

Chapter 4 by Klaus von Lampe addresses transnational organized crime in Europe. This review provides an up-to-date summary of transnational organized crime both within and also extending outside Europe. Excellent use of source material explains contemporary research on the issues of transnational organized crimes, the offenders, and their environment. A patchwork of trafficking routes and crime hotspots are found in Europe, involving criminals of different ethnic and national backgrounds, forming networks and groups of varying degrees of sophistication.

Chapter 5 describes organized crime in Africa. Mark Shaw presents a well-documented account of what (little) we know about the African continent in terms of organized crime and how the dramatic changes on the continent are affecting organized crime throughout the region. The overlapping threats of state fragility/failure, organized crime, and corruption are explained clearly, and differences within the continent are noted. Recent data and research are cited throughout this African overview.

In Chapter 6 on transnational organized crime in Asia and the Middle East, Richard H. Ward and Daniel J. Mabrey cover a vast geographic area.

The 21st century has marked both growth in organized crime and a greater emphasis on new forms and new adaptations of technology that foster cross-border and international crime. The emergence of China as a global economic power has also had consequences on a government coping with major changes in crime and corruption. For many of the developing economies of Asia, organized crime continues to be a troubling issue, characterized by corruption, unstable or weak governments, and corruption in the boardrooms and offices of international corporations. In the Middle East, where the so-called Arab Spring has brought down governments, organized crime has flourished as justice systems and law enforcement organizations have been overthrown or handicapped by coping with public disorder. In virtually all cases, organized crime in Asia and the Middle East has been evolutionary, adapting to changing political conditions, warfare, and the development of technology, communications, travel, and the emergence of a global economy.

Chapter 7, by Roderic Broadhurst, Mark Lauchs, and Sally Lohrisch, describes organized crime in Oceania, a large region of 25 countries that includes four geographical regions: Australia (including Norfolk Island) and New Zealand, Melanesia (Fiji, New Caledonia, Papua New Guinea, Solomon Islands, Vanuatu), Micronesia (Guam, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Northern Mariana Islands, Palau), and Polynesia (American Samoa, Cook Islands, French Polynesia, Niue, Pitcairn, Samoa, Tokelau, Tonga, Tuvalu, Wallis and Futuna Islands). Drugs, migrant smuggling, human trafficking, weapons smuggling, financial crimes, cybercrime, and illegal fishing are each described in terms of their organized crime linkages.

Chapter 8, by Gus Martin, provides an assessment of how insurgent movements and terrorists have become wealthy customers and entrepreneurs in transnational organized crime. This chapter explains the convergence between illicit enterprise and asymmetrical insurgency in the modern world. It also examines the incentives that link the demand by revolutionary customers for the supply of materials that can be provided by transnational organized crime. A review of the convergence between some terrorist groups and specific organized crime activities is presented.

This book provides a useful supplement for courses on organized crime, transnational crime, and comparative criminal justice to address the global expansion of organized crime in a concise and understandable region-by-region assessment. The contemporary linkage between transnational organized crime and terrorism is also explained in a separate chapter. In this way, students can obtain exposure to both the similarities

and differences in manifestations of organized crime around the world. In sum, this short book offers an interesting, unique, and valuable overview of transnational organized crime trends around the world, using the six inhabited continents as a reference point. In this way, readers can appreciate the geographic, cultural, and regional differences that underlie the common threat of transnational organized crime.

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1

Transnational Organized Crime Networks Across the World

Jan van Dijk and Toine Spapens

INTRODUCTION

This chapter discusses the network perspective on transnational organized crime (TOC). A distinct feature of transnational crime networks is that they complete parts of the “criminal business processes” in different countries. In the case of ecstasy, for example, the chain may involve Dutch producers who procure precursor chemicals from China and Germany, manufacture the pills in the Netherlands and Belgium, export the product to Australia, and launder the money in the Virgin Islands. Cross-border illegal activities require coordinated actions by individuals and groups, sometimes from all over the world, sometimes just from neighboring countries.

The network perspective on organized crime emerged in the 1990s (Kleemans, Brienens, & Van de Bunt, 2002; Kleemans, Van den Berg, & Van de Bunt, 1998; Klerks, 2001; Sparrow, 1991). Its main argument is that most organized crime groups are loosely knit collectives with constantly

shifting members instead of the well-organized and hierarchically structured “firms” as depicted by, for instance, Donald Cressey (1969). We may therefore view transnational crime networks as collectives of criminals based in different countries who maintain criminal relations.

We first discuss the network perspective on organized crime and present a typology of criminal networks. Then we give an overview of the extent of organized crime in different parts of the world, using a composite index of social indicators of organized crime activities. We use country scores on this index for a quantitative analysis of the impact of institutional controls on the extent of organized crime in individual countries. Next, we elaborate on the concept of transnational crime networks. In the final section, we critically examine the popular notion of Western policymakers that globalization processes allow criminal firms originating from individual countries to expand their criminal activities across the world. The chapter ends with some conclusions regarding the likelihood of such criminal globalization.

CRIMINAL GROUPS AS NETWORKS

Criminologists use the network perspective for mapping crime groups such as narcotics supply networks, youth gangs, and terrorist networks (see McGloin & Nguyen, 2011; Sageman, 2008). Recent network studies on organized crime for example concerned the Hells Angels in Canada (Morselli, 2009), the Italian mafia (Calderoni, 2011; Campana, 2011), and from a historical perspective, the Al Capone organization (Papachristos & Smith, 2011).

The focal point of these studies is predominantly the criminal group because limited availability of data and the lack of suitable analysis software led researchers to focus on relatively small networks. Although a lack of access to primary data, most notably police investigations, continues to be a problem, technical analysis tools have improved considerably. The recent study of the Al Capone organization, for example, included 1,500 persons and 6,000 different connections among them. Social network analysis of crime groups has proved to be a useful tool for describing criminal networks and for understanding the various roles of their members. Police analysts use similar techniques for mapping crime groups under investigation, for instance, by using Analyst Notebook or comparable software.

The term *network organization* usually refers to horizontal organizations with few hierarchical levels and a high degree of flexibility in both internal and external relations. In 2002, the United Nations Office on Drugs and Crime (UNODC) collected data on 40 groups from 16 countries, including the United States, Africa, and Russia. The groups analyzed were seen as representative of their countries by national experts. The researchers distinguished five different types of networks (UNODC, 2002b; van Dijk, Shaw, & Buscaglia, 2002). Their typology includes the following:

- **The criminal network** (defined by the activities of key members, prominence in network determined by position and skills, personal loyalties primarily important, coalescence around criminal projects, low public profile, network reforms after exit of key individuals). A Dutch network of drug smugglers and a Nigerian network involved in different types of crimes were examples of such groups included in the sample.
- **The standard rigid hierarchy** (single leader, clearly defined hierarchy, strong system of internal discipline, often strong social or ethnic identity, violence essential to activities, influence or control over defined territory). Examples of such groups originated from Italy, China, Colombia, and Eastern Europe. They make up a third of the 40 groups.
- **The regional hierarchy** (single leadership structure, line of command from center, degree of autonomy at regional level, geographic/regional distribution, multiple activities, often strong social or ethnic identity, violence essential to activities). A notable example of such groups are outlaw motorcycle gangs such as the Hells Angels with chapters in different countries.
- **The clustered hierarchy** (number of criminal groups, governing arrangement for the groups present, cluster has stronger identity than constituent groups, degree of autonomy for constituent groups, formation strongly linked to social/historical context, relatively rare). An example of such a group is the “28s prison gang” of South Africa.
- **The core group** (core group surrounded by loose network, limited number of individuals, tightly organized flat structure, small size maintains internal discipline, seldom has social or ethnic identity). An example was a Dutch group involved in the trafficking of persons.

The UNODC researchers have collected further data on the secondary characteristics of the networks/groups (van Dijk et al., 2002). The results showed that most groups operate across borders. Of the groups, 70% carried out criminal activities in three or more different countries. Many even operated in five or more. Most are involved in multiple criminal activities. Of the 40 groups analyzed, 30 used corruption and 33 routinely employed violence. Of the 40 cases, 30 showed evidence of the investment of profits from illegitimate activities in legitimate business activity. These results suggest that organized crime groups in most parts of the world are indeed operating in more than one country.

The results also show that only a minority of these groups is structured as the rigid hierarchy described by Cressey in his early assessment of the mafia in the United States (Cressey, 1969). Cressey claimed that organized crime in the United States consisted mainly of a nationwide alliance of 24 tightly knit criminal mafia "families" led by *capos* (bosses) who commanded "soldiers," "buffers," and "button men" and were advised by *consiglieres*.

An important question is what determines the structure of a criminal network; criminologists assume that the (political) context in which criminal networks operate is an important factor. Mafia-type syndicates, which are large and often structured as standard or clustered hierarchies, seem to have developed, and may still thrive, in countries where state authority is weak, corruption levels are high, and consequently, enforcement is lax (cf. Paoli, 2011; Paoli, Greenfield, & Reuter, 2009). In such circumstances, dominant criminal groups may even develop into an alternative for the state, by offering protection to citizens (Gambetta, 1993; Varese, 2001). According to Paoli (2011), Italian government authorities came to terms with the representatives of mafia power until at least up to the mid-20th century. They delegated to the latter the maintenance of public order over wide areas of western Sicily and southern Calabria, where the authority of the central government was scarce and even the personal safety of state officials was in danger. Mafia-type organizations also prevail in Russia and Mexico (Fijnaut & Paoli, 2004; Gonzalez-Ruiz, 2001). In Eastern Europe (e.g., Bulgaria and Albania), a limited number of major criminal groups seem to monopolize criminal activities in certain areas (Bezlov, 2005). The main criminal organizations in these countries are fairly stable, and their territories are known to the public.

In most other parts of the world, the organized crime scene seems to be in a state of flux. Crime networks tend to be relatively small and

decentralized to cope better with the risk of apprehension and prosecution. Most notably in Colombia the notoriously powerful Cali and Medellín cartels have since long been disbanded and superseded by hundreds of smaller, more flexible, and more sophisticated cocaine-trafficking organizations. We can see this transformation at least partly as an adaptation to the gradual improvement of law enforcement and adjudication by the courts. Much of the organized crime, including smuggling of migrants, in mainland China seems also in the hands of small to medium-sized, locally active groups that do not fit the traditional concept of the highly organized 'triad' (Zhang, 2001; Zhang & Chin, 2001). According to the researchers, the use of violence against customers during transportation or in countries of destination is rare because this could hamper future activities in their geographically limited recruitment areas back home. Nigerian organized crime is highly improvised and has therefore even been characterized as "disorganized organized crime" (Shaw, 2002).

ANALYZING ORGANIZED CRIME AND ITS DETERMINANTS WITH THE USE OF STATISTICAL INDICATORS

The U.N. 2000 Convention against Transnational Organized Crime urges member states to collect and share information on trends in organized crime. Around the turn of the last century, various attempts were made by international organizations such as Europol and Interpol to quantify the number of groups involved in organized crime per country. This counting of the most prominent organized crime groups was predicated on the notion that organized crime is mainly the work of stable and hierarchically structured groups known to law enforcement agencies. As explained earlier, this notion now seems dubious in most parts of the world where small and constantly changing networks seem to be dominant. The diversity and flexibility of criminal networks complicate attempts at counting their numbers as a way of measuring their prevalence. In one Europol study in the 1990s, for example, the Italian authorities listed only 4 criminal groups in the country whereas the Netherlands counted 600 different groups. This was a clear indication of methodological and definition problems, and the counting exercise was subsequently abolished.

An alternative approach, more in line with the social network perspective, is the construction of social indicators of organized crime *activities* rather than of groups. In an explorative study on organized crime indicators—or “mafia markers”—van Dijk has collected statistics on each of the main defining elements of organized crime (van Dijk, 2008). Although definitions in national legislation show great variation, criminologists as well as the international law enforcement community describe organized crime as criminal activities for material benefit by groups that engage in extreme violence, corruption of public officials, including law enforcement and judicial officers, penetration of the legitimate economy (e.g., through racketeering and money laundering), and interference in the political process.

One of the most common activities of organized crime is racketeering, including the collection of protection money from businesses. Since 1997, the World Economic Forum (WEF) has carried out annual surveys among business executives of larger companies to identify obstacles to businesses, which includes a question on the prevalence in the country of organized crime defined as “mafia-oriented racketeering, extortion” (WEF, 2004).

Another source of cross-national data on perceived organized crime is risk assessments made by international business consultancy companies. The London-based consultancy company Merchant International Group (MIG) assesses investment risks in over 150 countries, including the prevalence of different types of organized crime (MIG, 2004). The risk assessments concerning organized crime from MIG were found to be strongly correlated to the perceptions of business executives of the WEF surveys. To facilitate further statistical exploration, a composite index was constructed based on the averaged rankings of countries on the WEF surveys of 1997 to 2003 (WEF, 2004) and the assessments of organized crime prevalence of MIG. The resulting index refers to the level of different types of organized crime activities, such as extortion and drugs, arms, and people trafficking, as perceived by potential victim groups and/or independent experts.

As mentioned earlier, instrumental violence, corruption of public officials, and money laundering are regarded as other defining characteristics of organized crime. It is indeed hard to imagine a country where organized crime is rampant without significant amounts of these mafia-related phenomena. Statistical indicators were selected for the prevalence of each of these three defining characteristics of organized crime as well. Police-recorded homicides divide roughly into emotional

attacks on intimates and cool-blooded killings executed by organized crime. The perpetrators of the first category are in most cases arrested. The perpetrators of the second category are not. To develop a proxy measure of "mob-related violence," rates of unsolved homicides were calculated by deducting numbers of convictions for homicide from the numbers of police-recorded homicides. The resulting country rates of unsolved murders per 100,000 population were found to be fairly strongly correlated to the perceptions of organized crime, just mentioned. Similarly, a proxy indicator of "high-level corruption" was derived from studies of the World Bank Institute and indicators of money laundering and the extent of the black economy were taken from the WEF surveys among business executives. All three indicators proved to be strongly correlated to the others. These findings support the construction of a composite organized crime index combining the five interrelated proxy indicators: perceived prevalence of organized crime, especially racketeering; unsolved homicides; grand corruption; money laundering; and the extent of the black economy.

Table 1.1 depicts the mean scores on the Composite Organized Crime Index (COCI) of world regions. To allow a more detailed diagnosis of regional problems with organized crime, the table presents both the absolute scores of regions on the composite index as well as the rank numbers on the five source indicators used.

As can be seen in Table 1.1, organized crime was least prevalent in Oceania (mainly Australia and New Zealand) and most prevalent in Central Asia and the Caribbean. The ranking of regions according to the composite index and those according to the five constituting indicators show a high degree of consistency. Outliers are the relatively high rank numbers on informal sector and money laundering of Central America. Among the high-crime regions, South Africa shows surprisingly low rank numbers on homicides. The latter result could reflect that organized crime groups in the region, which tend to be highly flexible and fluent, are less prone to the use of extreme violence than groups in, for example, Eastern Europe.

The combination of data from different sources allows the calculation of scores for a large number of individual countries. In Asia, rates are the worst in parts of South Asia (Pakistan, Bangladesh), but China and India are also rated unfavorably (even more than Italy with its notorious problems in the southern part of the country). In the international literature on organized crime, India is rarely the focus of attention. Research on Chinese organized crime mainly focuses on Chinese expatriates. Limited available