

Cooperation for “un-organizing” crime

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A Convergence of Crime and Conflict



After the WW2 organized crime had nothing to do with international peace and security; it was a problem in a few big cities and isolated regions.

In late 1980s and early 1990s organized crime gained momentum because of:

- The collapse of the Communist system which opened new markets to be exploited;
- Globalization and the technologic advances made it easier for criminals to do business around the world and to launder money;
- Criminal groups exploited unstable regions.

Western Balkans - a case in point

Result: organized crime went global, reaching macroeconomic proportions and posing a threat to international peace and security.

The return of organized crime on the international agenda



9/11 switched the international attention from organized crime towards terrorism;

- Some **older forms of crime** such as piracy, smuggling of migrants, human trafficking have reemerged.
- **New forms of crime** such as cybercrime and economic crime became big businesses.



- **All states are affected**, either as countries of origin, transit, or demand for illicit goods and services.

- BUT “**failing states are particularly vulnerable** since weak governance and underdevelopment attract crime, and crime undermines governance and development” (Rød-Larsen, IPI).

Organized crime – terrorism nexus

“But the nature of organized crime is more **slow-burning** and less dramatic than terrorism: There will be no “big bang” event, but rather **a quiet infiltration into states and institutions** will take place.”



(IPI, Nov. 2013)

the rise in **alternative** governance structures:

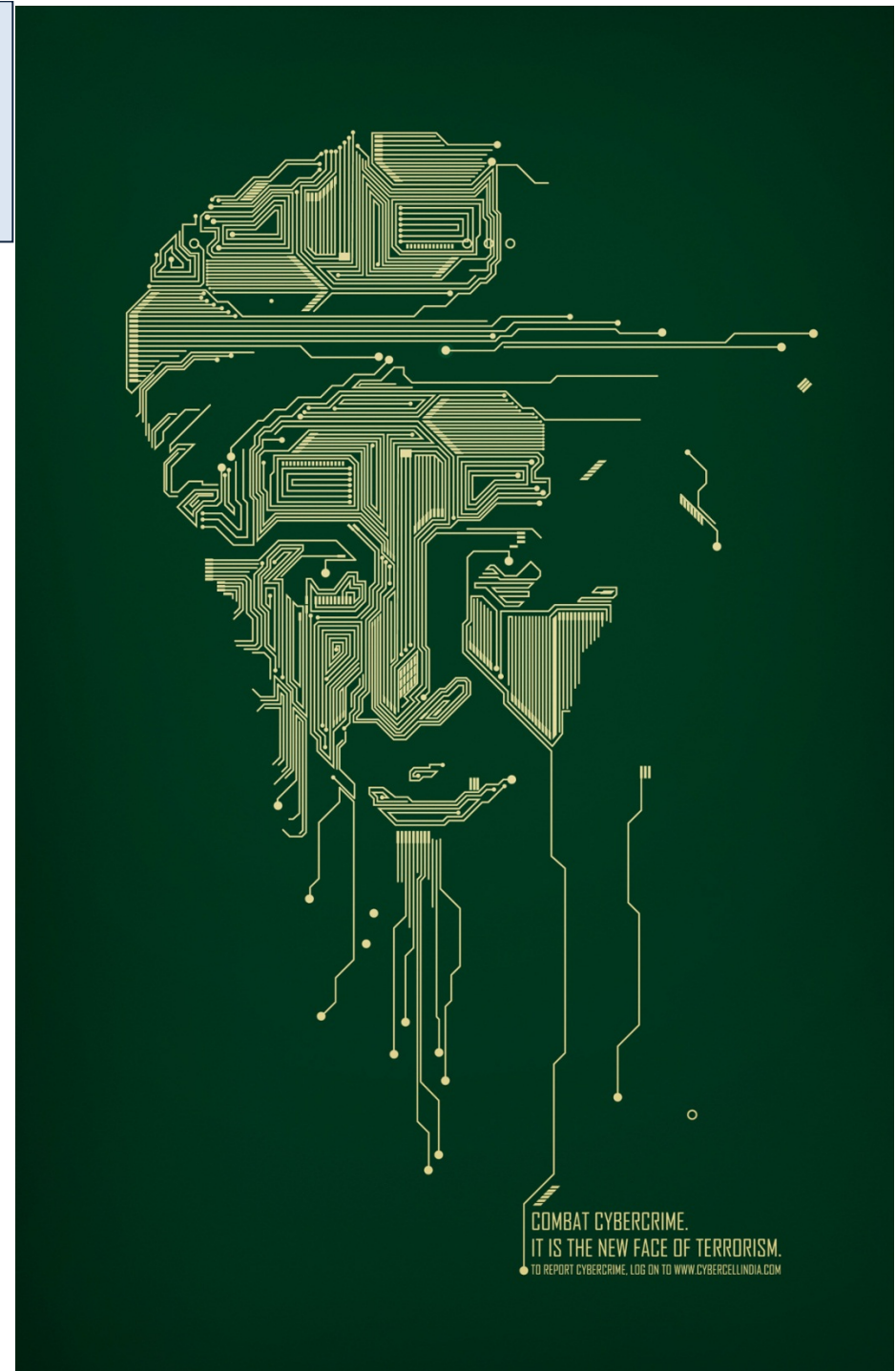
- entire regions are out of the control of the central government, or
- criminal groups control certain neighborhoods or sectors of the economy.



“softened” or “weakened” sovereignty

The Nexus of (Organized) Cybercrime and (Cyber)Terrorism

- Many terrorists employ the cybercrime market (anonymity, cryptocurrencies etc)
- Many terrorists are also cybercriminals – either to finance themselves, for skill acquisition, or as a direct result of their goals (cyberattacks), becoming cyberterrorists
- Cybercrime creates a terrorist friendly environment



Strategies used to wield power

1. **warlord strategy** where criminal groups seek to control territory for rent-seeking.
2. **mafia strategy** where, instead of choosing to carve out a territory to rule relatively autonomously, criminal organizations may choose to embed themselves as dispersed networks intermediating between the state and population.
3. **terrorism strategy** where criminals confront the state rather than seeking accommodation with it.
4. **the Blue Ocean strategy** where criminals seek to exploit new markets—either geographic or sectoral. Examples cited included the decision by al-Qaida to move into the Sahel and the infiltration of West Africa by Latin American cartels for cocaine trafficking.
5. **a joint-venture strategy** where state and criminal elites team up to share power and wealth. Under such an arrangement, political actors use criminal organizations as an instrument of statecraft, and criminal actors use political assets within their criminal business models and operations.

Some food for thought:

- Understanding **the new threat**: the periphery comes to the core? Is state sovereignty under threat? Is the whole international system under stress since it cannot control cross-border flows of all kinds (digital, human, financial, illicit)?
- Organized crime contributes to instability in a number of regions around the world, including many of those where there are peace operations. Expressions like “**mafia states**,” “**ungoverned spaces**,” and “**captured states**” have been used to describe the most acute cases. How accurate are such descriptions? Why is crime attracted to these regions, and what are the consequences for national, regional, and international security?
- The nexus **crime – conflict – terrorism**: from criminal to terrorism or from terrorism to criminal? The emergence of hybrid groups that have both criminal and terrorist aspirations?

Organized crime vs. un-organized cities

- Not only **'fragile states'**, but also **'fragile cities'** - crime is both a cause and a consequence of the inability of municipal authorities to provide public services and public security.



Estimates are that more than half of all Africans will live in cities by 2025. This rapid pace of urbanization is creating a new locus of fragility in many African states – as evidenced by the burgeoning slums around many of the continent’s urban areas – and the accompanying rise in violence, organized crime, and the potential for instability.

Source: <http://africacenter.org/2011/04/urban-fragility-and-security-in-africa/>

Organized Crime is UBIQUITOUS – now,
with digital, it is truly borderless



"Silk Road" Case Study – frontier for new cybercrime

- Exemplifies the **nexus between organized crime and cyberspace**
- Silk Road – online marketplace for illegal drugs – recently shut down by US Federal authorities
- The use of **bitcoins** for hard to trace transactions – buyer side and supplier side
- The use of **Tor networks for anonymity**
- The use of **generic online marketplace** website functionality for criminal endeavor – **trustworthiness ratings, customer satisfaction and product return guarantees included!**
- **Overnight copycats** – not just drugs, but also weaponry – the Armory – one journalist tried to buy a helicopter and some RPGs
- Taken down not through a failure of technology, but through **human error**

Transborder Organized Crime

- Criminals are ahead of governments in exploiting the most advanced tools of globalization, such as international travel, banking or trade, and are benefiting from the economic-financial crisis.
- Transnational organized crime is one of the major threats to human security, impeding the social, economic, political and cultural development of societies worldwide, and involved in trafficking in human beings, drugs and firearms, money laundering, etc.

According to the United Nations Office on Drugs and Crime (UNODC)

Transborder Organized Crime (2)

- Supporting criminal networks is a range of professionals operating along the margins of criminality: lawyers, accountants, financial advisers, bankers, stockbrokers, IT specialists, businessmen, chemists, corrupt politicians, judges and magistrates, government officials, police, customs officers and military personnel, even compliant media people and clerics.
- The structures of contemporary criminal networks have evolved from pyramid shaped hierarchies to networks of cells where almost every unit is operating independently. They are continuously changing constellations, partners and even geographical locations which makes it nearly impossible to map out an entire network.



THE SHOCKING SCALE OF CYBERCRIME

\$388 BILLION

THE TOTAL BILL FOR **CYBERCRIME** FOOTED BY ONLINE ADULTS IN **24 COUNTRIES** TOPPED USD \$388BN OVER THE PAST YEAR ⁺



Norton Cybercrime Report



THE DIRECT CASH COSTS OF CYBERCRIME - MONEY STOLEN BY CYBERTHUGS/SPENT ON RESOLVING CYBERATTACKS - TOTALLED \$114BN



CYBERCRIME IS BIGGER THAN...

...the global black market in **marijuana, cocaine and heroin** combined (\$288bn) and approaching the value of all **global drug trafficking** (\$411bn) ⁱ

At \$388bn, cybercrime is more than **100 times** the annual expenditure of **UNICEF** (\$3.65 billion) ⁱⁱ



AS BIG A CRIME AS...

\$288bn

The illegal trade in Marijuana, Cocaine & Heroin

\$411bn

The entire illegal drugs trade ^{ix}

PWC – US State of Cybercrime – Poll among various companies

Source of recent attacks

Hackers



Current employees & former employees



Foreign nation-states
(e.g. China, Russia, North Korea)



Activists/activist organizations/hactivists



Organized crime



Means of access

- 17% Laptops
- 16% Compromised an account
- 16% Copied information to mobile device (e.g., USB drive, iPod, CD)
- 16% Remote access
- 15% Used their own account
- 15% Social engineering
- 14% Downloaded information to home computer
- 13% Stole information by sending it out via email
- 12% Stole information by downloading it to another computer
- 11% Rootkit or hacking tool

Giving credit where credit is due



G20

+

Organized Crime?*



How to “un-organize” crime?



EURISC
FOUNDATION
SINCE 1995

Under-development

Corruption / criminalization of
governance

Lack of liquidity

Demographic trends

The growth of cities

Readily available weapons / violence as
a commodity

The demand for drugs

Impossible to entirely eliminate crime!

BUT **strengthening resilience**

(the ability of a system to cope, adapt
and respond to challenges, to bend but
not to break!)

**How can resilience be strengthened
within states to ward off the threat?**

What social antibodies can be created
to strengthen integrity and reduce
vulnerability? What are the implications
for conflict prevention and
peacebuilding, particularly in relation to
enhancing development and the rule of
law? What lessons from the fight
against terrorism can be applied to the
fight against organized crime?

How to “un-organize” crime?

Under-development

Joint crime prevention and development strategies

Corruption / criminalization of governance

Increase transparency in governance at all levels

Lack of liquidity

“it is not the mafia looking for banks, but the banks looking for mafia”

Demographic trends

Unemployed youth and job opportunities in the illicit economy.

The growth of cities

Inequality, growth of slums, inability of city governance to cope with these

Readily available weapons / violence as a commodity

Regulating weapon use

The demand for drugs

Decriminalizing drug use could reduce the incentives for trafficking?

How can police, counterterrorism efforts and peace operations become more effective at dealing with the threat of violent nonstate and transnational actors?

While organized crime went global, law enforcement responses are predominately national:

- Reluctance to share information on organized crime for fear that the information will be leaked.
- Meanwhile criminals share a great deal of information with one another; are better armed and better equipped than police; are able to move money quickly, use technology effectively, and move freely across borders.



SELEC – South East European Law Enforcement Center

In 2007, 13 Southeast European States had the initiative to create a more dynamic and flexible law enforcement cooperation platform for the Police and Customs authorities.

SELEC is the heir of SECI Center (Southeast European Cooperative Initiative – Regional Center for Combating Trans-border Crime - 1999-2011).

SELEC maintains the operational effectiveness, while enhancing the analysis capacity with a broader information system and an adequate level of protection of personal data in line with European standards.

SELEC maintains a Taskforce on Financial and computer crime and offers Member States full-service law enforcement information system

2005 – for the first time a testimony in the region was made by video-conference from Moldova to Former Yugoslav Republic of Macedonia





SELEC – South East European Law Enforcement Center

Joint investigation TIRANA among Romania, Germany and Bulgaria (Customs and Police) initiated in 2013 and targeting organized criminal group dealing with trafficking of heroin from Turkey through Bulgaria to Romanian and after that to Germany. The investigation was started after a seizure of 5 kg of heroin made by the Bulgarian Customs in January to 2013 in a car with German I/p Nr and driven by Romanian citizens. On 20.04.2013 controlled delivery operation was carried on between the Bulgarian and the Romanian authorities. As a result of the operation 6 persons were arrested, from which 3 were Albanian citizens and 25 kg of heroin were seized.

(1st prize, first semester 2013)



SELEC – South East European Law Enforcement Center

Joint investigation SUGAR, a tax evasion case between Bulgarian and Romanian authorities initiated in 2012 targeting a trans-border organized criminal network, consisting of Romanian and Bulgarian citizens, acting in Romania and specialized in trade with large consume goods (sugar, flour, rice, and sunflower oil) and building materials. The criminal group did not record in the financial accounting all the operations which had been carried out, or they recorded some unreal operations, with a view to illicitly getting VAT back.

(1st prize, second semester 2012)



SELEC – South East European Law Enforcement Center

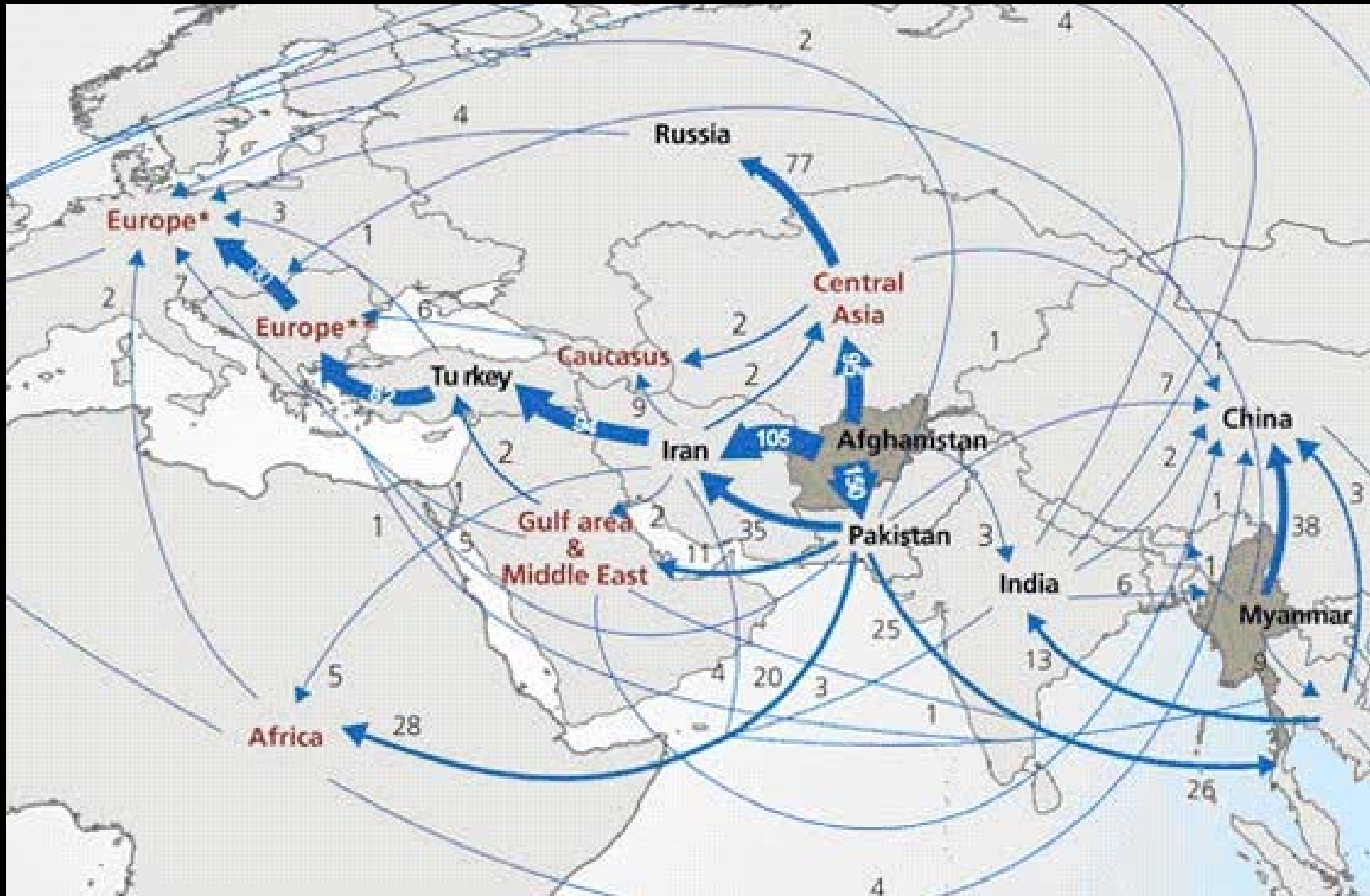
Operation SOUTH/KADIN between Bosnia and Herzegovina and Croatia initiated in 2013 and targeting organized criminal group dealing with smuggling of migrants from Kosovo and Turkey through Bosnia and Herzegovina and Croatia to Slovenia and further to Western European countries. Two operational meetings were supported by SELEC. The case succeeded with the arrest of 38 persons and seizure of 35 mobile phone devices with SIM cards, other 30 SIM cards, 1 boat engine, and ammunition as well as documents that will be used as evidence.

(2nd prize, first semester 2013)

Source: <http://tracc.gmu.edu/2011/12/13/possibilities-for-illicit-trafficking-in-the-wake-of-troop-withdrawal-from-afghanistan-a-regional-problem/>

Illicit drug activities and connections after the withdrawal of troops from Afghanistan

(George Washington University)





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