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## INTRODUCTION

This essay examines the encroachment by Organised Criminal Gangs on the lives of citizens of the European Union. The picture it reveals is only partial. It is an attempt to give the reader a feel for the extensive scale of organised criminal activity. It does not describe the parallel struggle against terrorism, except where they appear to overlap with organised crime in the Balkans.

If details of international criminal activity seem vague, it is because they are. Organised gangs keep themselves hidden, hence information about them is scarce. Many base themselves outside the European Union. Often their only traces are the offences which they commit against us. Understandably, the law enforcement authorities inside the 25 EU member countries are reluctant to reveal more information to politicians than they must.

## SUMMARY

Heroin floods into Europe from Afghanistan, cannabis from Morocco, and cocaine from Columbia. Europe exports Ecstasy is exported to the rest of the world. Cyber-crime hackers, from Russia and China, steal our money and identity, and hidden paedophile rings traffick unspeakable filth. Women and children are trafficked (a modern version of slavery) into Europe from the Balkans.

The worldwide damage in 2003 by internet attacks is estimated to exceed €110 billion. The illegal drugs trade, according to the UN, amounts to about 8% of total world trade, which is the same proportion as tourism. Money laundering, according to the IMF, equals between 2% and 5% of world GNP, and costs us around €600 billion per year. Counterfeiting is estimated by the OECD at €450 billion per year. Trafficking in humans is estimated to be worth around €20 billion per year and causes immense human suffering.

Border controls around Britain do little to prevent these horrors... and similarly around each European country. Why are we Europeans currently fighting the international criminal gangs so ineffectively? What must we do to fight them more effectively?

Europe is a luxury passenger liner sailing blissfully through dangerous seas. Pirates and sharks see us as badly-defended and profitable targets. The passengers onboard see nothing of the predatory attacks until they are affected themselves.

Organised Crime crosses frontiers in Europe effortlessly, but police forces and legal jurisdictions are national. The author argues that urgent improvements to law enforcement are needed across Europe, and that a change in attitude is needed from national politicians because they control the resources provided

by citizens. Ideally, international crime in Europe should be fought by a European law enforcement agency.

EU Member states allow their nationalistic feelings, and their lack of trust in each other, to hold back closer EU cooperation, so hindering the fight against Organised Crime. Instead, national leaders attempt to fight the international gangs with ad-hoc national arrangements and through a plethora of ill-coordinated organisations. Nobody has an ability to act overall against the gangs. Worse, nobody with power even has a clear overall view of the growing challenge which faces all of us.

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# 1. ORGANISED CRIME FEEDS UNSEEN OFF EUROPE

## 1. ORGANISED CRIME FEEDS UNSEEN OFF EUROPE

The public hears, from time to time, about lurid large-scale crimes - the drowning of twenty Chinese cocklers at Morecambe in 2004, the suffocation of 58 Chinese would-be immigrants in a Dutch van at Dover in 2000, the drowning of 21 Albanians in a storm trying to land in Italy, and eight dead Turks found in Ireland in a container which had travelled by train from Milan to Zeebrugge and then by sea-ferry to the UK. But the public has no information about the ongoing, large-scale but usually-hidden, activities of organised gangs across Europe, nor of their growth, nor of their widening activity. The public is aware of local crime in its own neighbourhood. The connection between local crime and organised international crime, which fuels it, is not made. Many local crimes - burglaries, muggings, etc - are motivated by the need for cash, which the petty criminal requires for buying drugs imported by international gangs.

Which are the major unseen organised crimes? Importing of Hard Drugs, Trafficking of Women and Children, Theft and Paedophilia on the Internet, Counterfeiting of goods, Stealing of Motor-Cars, Money Laundering, Smuggling of Cigarettes, and Terrorist who use these to finance their political activities.

Heroin is on sale throughout Britain, even in our children's school playgrounds, and its price is falling.

It comes from Afghanistan, where with the Taliban gone, opium poppies flower profusely. Cocaine flows into Europe through Spain from Columbia, and Cannabis from Morocco. Europe is a net exporter of synthetic

Ecstasy to the world, with 50 to 70 separate production centres, although China is growing fast as a producer.

Theft on the Internet - the fast growing crime - is a threat to everybody who uses the world-wide-web for financial transactions. Cyber-crime on the internet siphons millions from trusting internet users. Online bookmakers and online casinos are blackmailed by a million simultaneous e-mails which disable their websites, and until they do not pay up, they lose revenue.

Why is international organised crime "unseen"? Because it hides itself but also because the public is not told about it by their political leaders. Ministers in national governments prefer to boast about their successes within their own borders - about reducing local crime levels, and about announcing new local crime-fighting initiatives. They are much less interested in fighting international crime which stretches across Europe - because doing that would tie up their local resources, because success is slower and harder to win, and because success would bring them little public credit.

And nobody at European level has power to take action against international criminals. The annual report in 2003 by EuroPol<sup>1</sup> on Organised Crime estimates that there are "around 4,000 groups with close to 40,000 members". Some are organised hierarchically (the Don at the top, the soldiers at the base), others as loose cells, others as families.

We do not know who most of the organised criminals are. The UN Secretary-General, Kofi Annan, speaking to the European Parliament in February 2004, referred to "the shadowy

<sup>1</sup>EuroPol is the European Union's law enforcement agency, located at The Hague in the Netherlands, which provides intelligence and analysis to national police forces.

2. **WHY SHOULD WE CARE ABOUT FIGHTING ORGANISED CRIME?**
3. **WHO ARE THE ORGANISED GANGS WHO ATTACK EUROPE?**

network of organised criminals.” Organised Gangs go where the best opportunities are and where the ‘highest-profit against lowest-risk’ equation is most favourable to them. They frequently move their members and their proceeds from country to country in order to outstrip the national police forces. Some global organised crime syndicates are more spread out than the multinationals which they attack. Some conceal their attacks on the internet by wiping their traces from the database which they have just attacked. Some gangs are involved in several different criminal activities simultaneously.

## 2. WHY SHOULD WE CARE ABOUT FIGHTING ORGANISED CRIME?

We need to fight the international gangs because

1. they bring hard drugs into our children’s playgrounds. they destroy our people’s lives, and the addicts crave money which leads them to commit other crimes
2. the trafficking of women and children brings them indescribable misery
3. counterfeited goods are low quality and cheat our consumers
4. smugglers and money-launderers avoid paying taxes, so obliging the rest of us to make up the difference and pay higher taxes.
5. internet thieves steal our identity details and our money
6. fighting them diverts resources from society’s other needs
7. organised criminals undermine our society’s beliefs - in human rights and the rule of law

The greatest deterrent to criminals is the likelihood of being caught and of being punished. Fighting the international gangs would therefore reduce lesser crimes on our streets. If we do not fight them now, they will continue to grow, and the next generation will pay heavily for our lethargy today.

## 3. WHO ARE THE ORGANISED GANGS WHO ATTACK EUROPE?

Among the most powerful and best-organised are the Russian gangs. They are also well-entrenched in Finland, Sweden, Denmark and the Baltic states (where minorities of the populations are Russian because Stalin forcibly moved them there in the 1930s). They use extreme violence to solve disagreements rather than expensive lawyers. In recent years an astonishing number of Russian businessmen, on visits to western Europe without their full compliment of personal body-guards, have been assassinated in turf wars.

Further to the east, in Asia and China, the laws are inadequate and gangs are skilled at internet-hacking. Triads or Snake-Head gangs persuade hopeful Chinese citizens to pay to be trafficked via Moscow or the Balkans to enter Europe illegally in search of a better life. The Vietnamese are the newest boys on the block.

From the south, Nigerians traffick people and drugs into Europe, and continue with the hoary old “419 fraud.”<sup>1</sup> They also hack American bank accounts, using the information to buy high value goods on the internet and then resell them cheaply for cash. Moroccans grow cannabis and Columbians grow cocaine, and both are smuggled into Europe via Spain.

Next to Europe, the Balkans are the hub of Organised Crime because they lie at the cross-roads between Europe and the Middle

<sup>1</sup>Named after paragraph 419 in Nigeria’s criminal code which makes the scam illegal. A typical message is “I am the son of a famous person, and have \$23 million to get out secretly which I will share with you. Please help and start by sending money for my expenses.”

## 4. WHICH ARE THE BIG ORGANISED CRIMES?

### 4.1 CYBER CRIME

East. The Albanians operate mainly in trafficking of drugs and humans. Turkish gangs dominate the heroin trade from Afghanistan through Iran and Lebanon.

Inside the enlarged European Union, Polish gangs specialise in stealing luxury vehicles from Germany, Lithuanian gangs engage in a wide range of activity, gangs in the Netherlands and in Belgium are leaders in the production of synthetic drugs. Gangs from the former Yugoslavia and Ukraine have strong roots in areas of Poland, Slovakia, Hungary, and Slovenia. The two EU candidates, Romania and Bulgaria, are involved in finance and counterfeiting credit cards, and forgery.

Human trafficking from eastern Europe affects the lives of an estimated 700,000 women and children each year and is estimated to generate \$7 billion a year for organised crime worldwide. South Eastern Europe remains its centre, because the eastward expansion of the EU allows easy transit into the west. Authorities suggest that Albanian gangs, who are seeing the benefits of drug trafficking, are likely to engage in bloody turf wars with the Turkish narcotics gangs. In March 2004, nine Egyptian men were arrested in Milan airport for supplying cleaners' uniforms to immigrants to smuggle them past transit areas, a scheme which had been running since the previous August. Turkish organised crime gangs are known to only accept members who are exclusively Turkish; but recent reports have them collaborating with Indian and Pakistani groups to supply and sell heroin. Turkish police believe the outlawed Kurdistan Workers' Party (PKK) is the main perpetrator of heroin involvement in Turkey. Although they discover useful quantities of heroin, their police resources are stretched by the fight against terrorism and recent suicide-bombings.

## 4. WHICH ARE THE BIG ORGANISED CRIMES?

### 4.1 Cyber Crime

International Gangs moved into cyber crime in 2003. The numbers of cyber attacks increased dramatically and is likely to grow.

The culprits behind these attacks are not teenage computer whiz-kids hoping for notoriety. They are gangs who coordinate the tools of spam, viruses, and hacking, for financial gain. Europe is an easy target because of its growing reliance on the internet for doing business. Some analysts believe that intellectual crime is now the preferred method for funding terrorism.

Cyber crime is an attack on the 'soft underbelly' of our society. It is increasingly used to generate finance for other organised crimes. The gangs are transnational, sophisticated, and operate from countries outside of EU jurisdiction. We are targeted because we are rich.

Many cyber crimes originate from Russia, China, Brazil, and South Korea. Brazil is home to eighteen of the twenty most active hacker groups. It has lax enforcement of laws and the lines between what is legal and illegal are blurred. In Russia, hacking into foreign computer systems is not illegal, and their hackers are world-known for their online extortion techniques. Inadequate Chinese Laws make that country a rapidly growing base for cyber criminals. South Korean groups hold hacking contests in order to weed out competition. The level of transnational collaboration and the sophistication of organised criminals is rising as gang members assign specific areas of expertise and communicate via the internet.

East Europeans are becoming key players in the cyber underworld. Cyber crime is an attractive option for young males in Romania,

Bulgaria, Poland, and Slovenia - where early computer education and high unemployment rates offer few employment opportunities other than crime. These gangs are loosely organised but coordinated, with accomplices to their network in west Europe and in the United States.

Organised cyber criminals are becoming more effective in their attacks. New viruses spread faster and infect more computers. They increasingly use blended attacks, techniques that combine hacking, spam, and malware.<sup>1</sup>

In a typical attack, the first version of a virus disables anti-virus software, steals e-mail addresses and copies itself to shared network folders in order to spread its attack. The virus also installs an open back door port as well as spyware, which allows hackers to remotely control the infected machine and to record every keystroke the owner makes. Next, hackers send a second self-activating virus that actively seeks to install itself through the opened port of the infected computer. This virus opens a second port through which the hackers send a series of instructions that must be authenticated with a cryptographic key. Disabling the virus is difficult without knowledge of the precise key. The hackers now control these compromised computers, which they use for a variety of purposes. They can extract confidential data using the spyware, including personal identification information and credit card numbers, or they can use the computer as a spam machine for sending out thousands of fraudulent e-mails.

The recent release into the public domain of 135 million lines of Microsoft source code increases the likeliness of cyber attacks over the coming months.

Finding the authors of these viruses is extremely difficult for law enforcement, because many of the attacks originate outside

of the EU's jurisdiction. Cyber criminals move fast and take advantage of security flaws within hours of their discovery. They use encryption technology to hide a virus's existence, its development, and its movement.

The newest variety of cyber crime is Phishing<sup>2</sup>. It is the sending of millions of spoof e-mails. These hope to guide trusting recipients to websites which are replicas of well-known sites. A recent spree of phishing attacks against large British financial institutions used e-mails to fool gullible individuals into divulging their banking passwords and personal numbers<sup>3</sup>.

A "denial of service" attack directs spam toward a particular website in an effort to overload and disable it. Online gambling websites experience acute problems as hacking gangs threaten to paralyse their websites during peak sporting events unless they pay a ransom fee of anywhere up to \$40,000 per site.

Some e-mails include a Trojan attachment which settles inside the recipient's computer. It looks for key-strokes which look like credit card numbers or social security numbers, and sends them out to an e-mail dropbox for later collection.

Phishing attacks, so far, have been principally against English-language websites. The most attacked have been E-Bay, AOL, Citibank, and large banks. Two Spanish banks and a Latvian bank have also been attacked. Whether banks in continental Europe have been attacked is not known, either because the attackers know English best, or because Europe has no coordinated statistical information, or because the British prefer to pay with plastic which is not authorised with a PIN (as it is in France and parts of continental Europe).

<sup>1</sup>"Malware" means malicious software programmes such as viruses and worms. The 'Blaster' worm was found to have been first posted anonymously onto a porno website in Arizona using a stolen credit card and from there it spread rapidly round the world. A few years ago, a schoolboy in the Phillipines created the 'I love you' bug, which caused enormous damage around the world. He was not arrested because, doing it from the Phillipines, was not illegal. <sup>2</sup>"Phishing" means fishing on the internet. The "ph" was first used in "phone phreaking" which only a few years ago, meant the hacking of telephone numbers.

<sup>3</sup>Which is a powerful reason for changing one's passwords regularly

Phishers grow ever more sophisticated. Recently a weakness was found in Microsoft software which allows the origin of replica websites to be disguised as genuine ones. The padlock symbol on websites, supposedly guaranteeing security, can be imitated successfully.

An attack on an Australian bank was found to have passed through twenty-one different ISPs (Internet Service Providers)<sup>1</sup>. Although their attacks are mainly against banks, potentially phishers may attack any online retail business, and soon will. The UK has an impressive National High Tech Crime Unit but its excellence is not reproduced across the EU.

Paedophilia thrives on the worldwide web. Worldwide networks have been discovered. In 1997 US Customs arrested men in California who watched live sexual abuse on the internet. This led them to a worldwide porn ring, named Wonderland, and a multinational police operation began, codenamed Operation Cathedral, which led to many arrests including Europeans in at least eleven European countries. Each prospective ring member, to qualify, was required to submit thousands of new pictures to the website. It is said that 20% of children who use internet chat-rooms have been approached online by paedophiles.

More recently, a children's charity reported to Swedish authorities the discovery of another internet network called the Shadowz Brotherhood which had been formed in 2000. It had a hierarchy for members - one star awarded on joining, a second was awarded on contributing pictures which gave access to more pictures, and so on up to the most revolting pictures. Over fifty Europeans in different countries were arrested in 2002.

Other growing cyber crimes include Text Messages on mobile-phones. Some scams are closed down by authorities, but usually after the profits have been removed safely to another country and become impossible to recover. Large numbers of mobile phones are stolen - gangs like to change theirs every few days - and the 'unique number' is still not required in all EU states.

It will not be long before viruses spread to mobile phones in Europe, as they already have in the USA. Viruses can also create power-cuts, disrupt flight-schedules and ATMs, and wreck emergency responses.

Boiler Room<sup>2</sup> scams by telephone are another growth area. A caller claims to offer his potential victim shares in 'high-tech' start-up business (such as in DNA or in eyeball recognition, or maybe buying fine wines or diamonds) which has little or no track record. The 'stockbroker' gives the victim a local phone number on which he can ring back to check. But the call-back is rerouted back to him at his call-centre in another country. These gangs benefit from a combination of loopholes in local laws, lax financial regulation, and overworked local police forces. The current hot-spot for English share-fraudsters who are targeting the UK is said to be in Barcelona - from where one salesman played a tape with Big Ben chiming in the background as he phoned his British victims. Under Spanish law, a business which is only offering advice and not selling anything does not have to be regulated by the CNMV (the Spanish equivalent of the UK's FSA).

A boiler-room scam might work like this. The broker phones 200 people, telling 100 of them that a particular share-price will go up, and telling the other 100 that it will go down. If the share's price goes down, he abandons the first 100, but phones the second 100

<sup>1</sup>Which, to obtain a successful prosecution under UK law, would mean the authorities having to obtain evidence from each of the twenty-one ISPs probably based in many different countries.

<sup>2</sup>So named because they started in low-rent basements in American cities.

## 4.2 TRAFFICKING HEROIN FROM AFGHANISTAN

again, this time he tells 50 that the price will now go up and the other 50 that it will go down again. Whichever direction the share-price moves next, he now has 50 to whom he has twice given a correct forecast. Some of his intended victims are convinced by his prophetic powers and are willing to hand over their cash.

A 'colleague' of the broker phones the victim, but from a different jurisdiction, and takes an order to buy the shares, and the victim sends his cheque to a third legal jurisdiction.

Where has the deception taken place? Who should prosecute? There are no statistics about how much this is happening because the scammers do not advertise, and their victims are embarrassed. If a boiler-room is discovered, the gang pack their bags and move to a new jurisdiction, and the local national regulator loses interest.

At home, when you are not looking, the cat may steal your food....but, in this case, he eats it offshore.

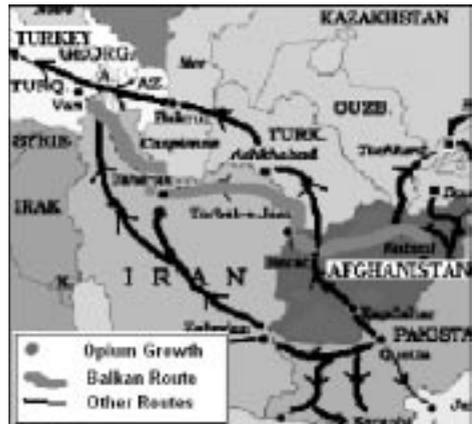
### 4.2 TRAFFICKING HEROIN FROM AFGHANISTAN

Opium poppies are spreading vigorously in post-Taliban Afghanistan - despite efforts by other countries<sup>1</sup>, humanitarian organisations, and charities to wean Afghan farmers away from the crop.

An Interpol study indicates that Afghan opium production rose by an estimated 18% in 2003. Opium poppies are now grown by farmers in 28 of Afghanistan's 32 provinces, against 18 in 1999. The north-eastern province of Badkhsan is the biggest producer.

Afghanistan will almost certainly be the world's top opium producer in 2004. The United Nations Office of Drug Crime puts Afghan income from opium at US \$1.3 billion in 2003, which is over 40% of the country's GNP.

Illicit laboratories all over Afghanistan refine raw opium into heroin. Traffickers transport the majority of Afghan opium through Iran into Turkey, for EU consumption. Increasing seizures on the Balkan route (from Kabul through Herat, over the mountainous border of Iran, through Teheran, arriving in Turkey in the city of Van) show its rising importance as a major heroin route.



*Drug routes for heroin from Afghanistan through Iran to Turkey*

Turkish smugglers, who use the Balkan route intensively in the autumn, prepare the ground during the summer by informing against the smuggling rings of Kosovans, Albanians, Romanians, Serbs, and Croats, so that Hungarian customs officers fill their drug seizure quotas before the Turks make their move. Gangs prefer to carry out opiate trafficking largely in the spring and summer, arriving over high mountain crossing points in cities such as Diyarbakir, Erzurum, Gazantiep, and Van. Heroin also reaches Turkey from Lebanon via Syria. Significant quantities of Lebanese heroin reach Europe via Cyprus. Traffickers ship opiates from

<sup>1</sup>Britain was designated by the G8 countries to lead the international effort to stop opium growing in Afghanistan!

### 4.3 TRAFFICKING IN HUMANS

Turkish ports, often via Greece and Italy, to arrive in Marseilles.



*Trafficking routes from Syria and Iraq into Turkey*

Smugglers use the extensive lorry and passenger vehicle traffic for transportation. The Turkish Internal transport ministry has recorded large increases in regular traffic on the motorways from Turkey to Europe. German police have calculated the general vehicular traffic along the Balkan Route as up to five million vehicles in 2003. The use of TIR Lorries (Transport International Routier), which operate according to the international customs system and are not subject to customs control for tax purposes, is common. The use of controlled deliveries and the growing expertise of Turkish police

and customs is having some effect in terms of arrests and seizures. But the task of interception is extremely difficult, given the limited resources which they can devote to external points of entry where huge numbers of vehicles cross. After the trucks have entered the EU, the remaining borders are open.

### 4.3 TRAFFICKING IN HUMANS

As the EU expands eastwards and increases its law enforcement cooperation efforts with its new member states, organised gangs are moving their operations to South Eastern Europe.

The gangs have targeted this region for four reasons. First, its location on the edge of the EU is a gateway for gangs to traffick their victims in from Central Asia, and from the Caucasus. Second, this region is made up of dysfunctional states with ineffective legal systems and difficulty with the enforcement of laws. Third, because of the conflicts in the 1990s, corruption and thriving black markets have emerged throughout the region. Finally, widespread poverty makes the people hungry for any opportunity.



*Human trafficking routes to, through and from the Balkans*

## 4.4 GANGS LINKED TO TERRORISM

Traffickers lure many of their victims with advertisements promising them jobs in West European countries as waitresses, dancers, and babysitters. A small percentage are kidnapped off the streets. Once in the hands of the traffickers, the victims have their identification removed, they are beaten, tortured, and their lives and the lives of their families are threatened.

Gangs are turning to increasingly sophisticated methods to avoid exposure and to remain ahead of law enforcement. Traffickers have used air travel to get victims out of the region. This has become a viable method of movement due to the EU's liberalised visa policies. Traffickers take victims from Moldova, who are allowed to carry Romanian passports, and then traffick them with legitimate documentation which makes it difficult for the victims to be identified.

In Albania, to avoid law enforcement, traffickers are abandoning their traditional use of boats to transport victims across the Adriatic into Italy. The ports of Vlorë, Shkodra, and Fier, which were once the main transit points for criminal gangs, are being replaced. Traffickers now use routes that go through ports in Montenegro and overland routes into Greece to bring their victims to market.

They are finding alternative places to keep their victims in transit and at their destination. In the past, victims were kept at bars and brothels, but the traffickers are starting to move their victims to private residences where it is harder for law enforcement officials to track and find them.

To try to stem the tide of human trafficking into Norway, that government has tried a campaign to combat trafficking at its source. The Norwegian Immigration Agency (UDI), transmitted television

advertisements aimed at potential refugees in their homelands. The advertisements warn potential victims to avoid people who promise work in Norway because they are lying and, if they do not, they could end up being victimised.

The EU-15 absorbs an estimated 500-700,000 illegal immigrants each year and another 400,000 asylum seekers. It has fifteen separate national asylum and immigration policies - which work together about as well as a kitchen colander holding water. If there were a common EU Immigration & Asylum policy, there would be fewer differences and fewer gaping holes. The idea has been debated by the EU's fifteen national governments since 1998.

### 4.4 GANGS LINKED TO TERRORISM

There is a debate about whether Albania is a haven for terrorist organisations such as Al-Qa'ida. In February 2004, the Serbian intelligence Chief stated that : "Intelligence shows that the Muslim extremist organisation Al-Qa'ida is active in northern Albania, and Serbian intelligence agents have been monitoring them for more than a year." However the Albanian Interior Minister rejected these claims stating : "We firmly reject claims about the presence of Islamic terrorist organisations on Albanian territory and we confirm our firmness in the fight against all terrorist tendencies or activities." There certainly are Islamic charity organisations in Albania which the United States has linked to Hamas and to Al-Qa'ida.

The Holy Land Foundation for Relief and Development and the Tabiah International Aid Organisation both operate freely in Albania by providing support, money, and counselling for Albanian Muslims. While these acts are charitable, the United States has

## 4.5 MONEY LAUNDERING

frozen the assets of the Holy Land Foundation for Relief and Development and is currently investigating the Tabiah International Aid Organisation on charges of being connected to Hamas and Al-Qa'ida. The Holy Land Foundation for Relief and Development is a Palestinian linked organisation that provides aid to Palestinian refugees in Jordan, Lebanon, and Palestine, and assists Muslims financially in Bosnia, Kosovo, and Albania. The United States has accused this organisation of providing "millions of dollars of financial and material support annually to Hamas" and froze its assets in 2001. In 2000, the foundation had raised over \$13 million.

The Foundation claims that its presence in the Balkans especially Albania is limited. Since 1999, they have financially supported the Islamic Medical Association Medical Camp in Albania. Through their financial contributions, the Islamic Medical Association has built, "two camps in Durres ; three camps in Kukes at the Kosovo-Albanian border, one camp in Elbasan, and a central clinic in Tirana." The Holy Land Foundation has indirectly been active in Albania since 1999.

The US is currently investigating the Tabiah International Aid Association. The TIAA office is located in Tirana, capital of Albania, where they are active in charitable operations. Since 1998, they have provided funding for maddrassas (religious schools), and support for poor Muslim families with food, shelters, and medical assistance. According to FBI affidavits, the President of the TIAA is Abdullah bin Laden, the nephew of the Al-Qa'ida leader Osama bin Laden, and the former vice-president, Abduraham M. Alamoudi, was the founder of the American Muslim Council and was arrested by the FBI in October 2003 for "charges of engaging in illegal financial transactions with Libya, most

notably in August 2003 when he received a briefcase containing \$340,000 in cash from the Libyan-controlled Islamic Call Society." In addition, a federal affidavit filed by the Immigration and Customs Enforcement Agency stated "Alamoudi was a key player in a complex web of organisations that appeared to be raising money for Muslim charities but actually funding terrorist groups linked to Al-Qa'ida and Hamas in Albania, Libya, Russia, Bosnia, and Saudi Arabia".

Cover charity organisations are nothing new in the world of terrorists and terrorist organisations. In Bosnia, the Al-Haramain Islamic Foundation, with ties to the Saudi backed Wahabi movement, used the foundation to teach young men about Islamic doctrines, built schools, mosques and other projects, while actively recruiting young men for terror groups.

## 4.5 MONEY LAUNDERING

Money laundering is a major hidden menace. It is almost entirely concealed in an intricate network of companies and accounts across countries which have little or no laws against it. The network extends across Europe and into offshore financial institutions which accept money no matter how dirty. This activity flourishes because criminals do not feel the same pressure from the police, as they do for more tangible crimes. Money laundering is less 'sexy' than drugs or human trafficking-and as a result the public and government put less emphasis on making arrests.

To launder money, the first step is to break up the money into smaller amounts or by purchase of financial instruments. Current EU laws require financial institutions, such as banks, to identify with whom they are doing business and to report all amounts over €15,000.

These laws failed, as reported in British newspapers recently, when an English secretary stole from her employer and deposited funds totalling over £4 million in a bank in Cyprus. The money was wired but both the English bank and the Cypriot bank failed to identify with who they were doing business and failed to report even the largest single transaction of £2.25 million. This unsophisticated individual money laundering scheme should have alerted both financial institutions which handled the money, but it was the employers who identified the crime.

This suggests a lack of implementation of those laws. The United Kingdom recently fined two financial institutions £1.25 million and £2.3 million for improper record-keeping. This caused the United Kingdom's financial industry to scramble to solve any reporting problems they may have had due to their staff's lack of knowledge concerning their customers' identities and large unreported transactions. But this change of heart has not been seen in most other EU countries.

The law fails because the financial system is overloaded with deposits exceeding the €15,000 limit, so that financial institutions only audit a percentage of the transactions.

The second step in money laundering is layering. This involves a series of bank transfers or conversions of funds in order to distance the money from its original source. Many of these transactions occur overseas in countries which have little or no rules against money laundering and which provide high degree of secrecy. The worst places are put on a black-list by the Financial Action Task Force<sup>1</sup> on Money Laundering: the Cook Islands, Egypt, Guatemala, Indonesia, Myanmar, Nauru, Nigeria, Philippines, and the Ukraine. The FATF report also names places not on the black-list but still being monitored:

St. Vincent and the Grenadines, Bahamas, Dominica, Niue (in the South Pacific), the Marshall Islands, and Grenada. Though the Marshall Islands are not blacklisted, the Israeli police recently connected an illegal gambling operation to funds wired to the islands. The operation resulted in the arrest of nineteen individuals and the confiscation of five boats and of gambling equipment.

A recent major European money laundering case was the bankruptcy of Parmalat in Italy. The investigation revealed a web of money laundering deals that spread throughout historically significant money laundering centres : Switzerland, Luxembourg, Netherlands, Austria, and the Cayman Islands. In Switzerland, a subsidiary had been set up to facilitate hiding the huge debt which Parmalat had accumulated.

The third step in the money laundering process is the integration of the stolen money back into the legal economy. This is done by purchasing luxury items, real estate, business ventures, gambling, stock purchases, business loans, and bank or credit cards. In the case of the secretary who stole from her employers, she purchased a house, a Range Rover car, and a power boat. The Parmalat scandal integrated as much as €500 million through a travel company owned by the principle owner of Parmalat.

Throughout the money laundering process, organised gangs need people who know the intricate workings of the financial institutions, laws, and markets. The gangs have integrated accountants and lawyers into their syndicates or have hired them outright.

One other noteworthy aspect of crime is the public perception of the damage it does to society. The criminal who commits a damaging crime can expect to get a longer sentence than one who does only minor

<sup>1</sup>An inter-governmental organisation which was established in 1989 following the G-7 summit in Paris. There is also "the Egmont Group" of national Financial Intelligence Units, which is based in London.

## 4.6 TRAFFICKING IN TOBACCO AT THE EU'S EASTERN BORDERS

damage. This is not the case for criminals convicted of money laundering. Recently, a man who laundered over £2 million of drug money was sentenced to three years in jail, while a burglar was sentenced to three years and nine months of imprisonment.

One other method of moving money is exceedingly difficult to police. 'Hawala' is an alternative or parallel remittance system. It exists and operates outside of, or parallel to, traditional banking and financial channels. It was developed in India, before the introduction of western banking practices, and is still a major remittance system used around the world. It is one of several such systems, another well known example being the 'chop', chit, or 'flying money' system indigenous to China, and also used around the world. These systems are often referred to as 'underground banking'. This term is not correct, as they often operate in the open with complete legitimacy. and their services are publicly advertised.

The components of Hawala that distinguish it from other remittance systems are trust and the extensive use of family relationships or regional affiliations. Unlike traditional banking, or the 'chop' system, Hawala makes minimal use of negotiable instruments. Transfers of money take place based on communications between members of a network of hawaladars, or hawala dealers. Hawala is 'money transfer without money movement'.

Many Hawala transactions (some legitimate, some illegitimate) are conducted in the context of import-export businesses. The manipulation of invoices - such as 'over or under invoicing' - is a common method of money laundering after the transactions have been made.

### 4.6 TRAFFICKING IN TOBACCO AT THE EU'S EASTERN BORDERS

Tobacco is one of the most heavily smuggled goods across Europe - by both organised gangs and by individuals.



*Slovakia. The Ukraine becomes one of the EU's eastern borders. The arrows show border-crossings with Ukraine and the Czech Republic, where tobacco trafficking is detected.*



*Slovenia. The arrow (lower left) shows the port of Koper, where counterfeit cigarettes entered the country*

Reports suggest that an average of 16 million cigarettes are confiscated annually along the border between Slovakia and the Ukraine. The main market for the smugglers is east Slovakia. Each consignment brings a profit of thousands of dollars which enables the gangs to "buy" border guards.

This new EU external frontier between Ukraine and Slovakia is expected to be patrolled by 450 officers along the

## 4.7 THEFT OF MOTOR-CARS

100-kilometre border. But, according to a former Slovakian Interior Minister, the route is still “full of holes”. Distribution of tobacco to the local markets and to the neighbouring markets in the Czech Republic is known as a “hot route” for some smuggling groups.

The implementation of new border agreements between Slovakia, the Czech Republic, and Hungary will require similar cooperation to that in the Schengen Agreement<sup>1</sup> According to a recent Czech news-report, “The exchange of information is to be directed against mafia activities, corruption, illegal migration terrorism, and trafficking.” The Slovak Interior Minister has said that not even the entry of Slovakia into the EU will be able to prevent foreign gangs from operating in his country. Next door, according to a Hungarian news-report: “It will become virtually impossible to control the smuggling of cheap tobacco products from neighbouring countries, such as Slovakia, into Hungary from 1st May 2004 because the customs border will cease to exist between the two countries. This year, tobacco products are 30-40% cheaper in Slovakia than in Hungary”.

In Slovenia, another new member of the EU, the costs of setting up of the external border will be some €650 million by 2010.

Until measures are fully implemented, organised crime will continue to use the port of Koper and also the southern border with Croatia to infiltrate the EU. Corruption along the new eastern borders of the EU will continue to impede the work of law enforcement for some time to come.

Recent developments show the creativity and the boldness of the criminals trafficking tobacco through Koper. A record-breaking recent seizure of 140 million counterfeit cigarettes used exceptional counterfeiting techniques, so a well-funded and

well-organised group seems to have been responsible. The cigarettes are thought to have originated in the former Yugoslavia, where wartime sanctions and political corruption have spawned a thriving trade in black-market goods. This incident has been thought to have a connection to the area from where a Montenegrin Prime Minister comes. He was under criminal investigation in Italy for allegedly taking payoffs to help mafia gangs funnel untaxed cigarettes into that country. The southern border of Slovenia will remain a very important focus for trafficking into the EU.

### 4.7 THEFT OF MOTOR-CARS

Car theft is on the decrease since the 1960s because of better inbuilt technology. But the number of stolen cars that are not recovered is increasing. Over a million cars are stolen each year in the old EU of fifteen countries. In the UK, 47% of stolen vehicles are never recovered, of which an unknown proportion is exported.

A substantial number, particularly the expensive ones, disappear to Africa, the Middle East, and east Europe. There is often a link with trafficking of drugs, firearms, or human beings.

The process is easy in parts of the EU. A wrecked model, similar to a stolen vehicle, is bought at auction so giving the thieves title to it. The identification numbers are switched and the stolen car is shipped to Russia or Belarus or the Ukraine for resale. Border-guards are easily bribed, having very low salaries which are paid in the depreciating rouble. Russian police, who investigate a missing-car report from Interpol, can be bribed to say that it has not been found. A recent World Bank study estimated that \$38 billion is spent each year in Russia on bribes.

<sup>1</sup>The EU Schengen agreement defines border controls and information-sharing arrangements between 23 EU member states. The UK and Ireland are not full members. Norway and Iceland are also consulted “in the margins of the Council of Ministers in the Mixed Committee”.

## 4.8 CURRENCY FORGERY

In early 2004, a draft EU law was tabled which would require police, customs, and car registration authorities to work more closely with manufacturers and insurers. All stolen cars would be flagged upon either or both of the Schengen Information System and InterPol's database of stolen cars. Not all EU states are linked to either. The draft must first pass through the European Parliament and the Council of Ministers, and afterwards must be put into national laws by the EU's twenty-five national parliaments, before it comes fully into effect.

### 4.8 CURRENCY FORGERY

Forgery of the Euro currency is rising across the EU. It is likely to increase further as forgers produce more precise counterfeit Euros. The total number of forged Euro banknotes which were seized in 2003 was 551,287, of which 311,925 were seized in the second half of the year. Only 167,118 counterfeit Euros were seized in the whole of 2002, so the increasing trend is clear.

The Euro is an attractive target for counterfeit artists, because it is a world currency but not yet familiar to people and to foreign tourists who visit the EU.

In December, 2003, Greek and Cypriot police discovered a Euro counterfeiting ring in Greece by which forgers planned to flood Athens, host to the 2004 Olympic Games, with forged Euros. Although security features such as watermarks, colour shifting ink, holograms, metallic threads, and raised ink, make the Euro a difficult currency to replicate, forgers across Europe are increasingly discovering ways to produce phony Euros.

According to the anti-counterfeiting unit of France's Police Nationale, forgers in the past needed bulky, expensive offset printers to produce reasonably genuine looking notes.

Now, they use portable inkjet colour printers linked to personal computers and colour scanners. Sophisticated gilding equipment is used to replicate the holograms.



*Genuine 50 Euro note*



*Forged 50 Euro note*

Forgers use print shops in hidden locations, as well as clandestine print shops within public stores, to produce highly accurate Euro replicas with minimal detection. 500 000 worth of counterfeit Euros were found hidden in an antique shop earlier this year in Rome. In January 2004, Bulgarian police, with EuroPol experts present, discovered 300 000 forged Euros in a caravan, parked behind a soft drink factory in the Black Sea port of Varna, Bulgaria. Thirteen major clandestine print shops were discovered within the EU in 2003, along with seven print shops outside the Union.

## 4.9 COUNTERFEITING OF IDENTITY DOCUMENTS AND OF COMMERCIAL GOODS.

### 5. HOW FAST IS ORGANISED CRIME GROWING?

Forgery networks in Europe are decentralised. Financiers who place the orders, personnel who create the Euro notes, finishers who craft security threads and watermarks, and distributors who smuggle the fake money into the EU, operate independently of each other in groups or cells. Each cell is connected to one another to achieve the final product, but little information is exchanged between cells for security reasons. Often, a single ethnic group carries out each individual cell task, making infiltration extremely difficult. A Serbian operation in 2003 relied on Croatian printers, Slovenian paper, Bulgarian computer graphics, and Albanian distributors.

Of the 551,257 counterfeit Euro notes seized last year, the €50 and €20 denominations were most popular.

Police discovered over 26,000 counterfeit coins in 2003. This number is tiny compared to the 49 billion genuine coins in circulation, but the quality of phony coins is increasing. Replicating Euro coins is an alternative that is less conspicuous than Euro note counterfeiting.

Bulgaria and Italy account for the largest quantities of forged notes discovered in Europe, with Bulgarian forgers the world's largest producers of fake Euros even though Bulgaria is not yet a member of the EU.

Bulgaria and Italy are the leading countries for Euro counterfeiting because of weak anti-counterfeiting legislation that makes it nearly impossible to obtain convictions. To obtain a conviction in Bulgaria, agents must break into print shops at the precise moment when the presses are running. In a forgery case prior to the introduction of the Euro, a local businessman in eastern Bulgaria was found with 413,000

counterfeit Deutsche Marks under his bed. He was never arrested because he was able to claim that the currency was to wallpaper his room. Since Prime Minister Berlusconi came to power in 2001, Italy has relaxed rules on corporate fraud by decriminalising phony bookkeeping, cut limitations for corporate crime, and abolished reporting requirements for offshore balances.

## 4.9 COUNTERFEITING OF IDENTITY DOCUMENTS AND OF COMMERCIAL GOODS.

In 2002 almost 10,000 forged passports and other identity documents were detected at UK ports of entry. The UK's Home Office estimates that only one forged document in ten used to gain entry is detected. The forgers' identities are not all known, but are thought to be linked to Russians and to terrorists.

Counterfeiting of commercial goods is widespread. Fake jeans, perfumes, car brakes, aeroplane parts, pharmaceuticals, viagra, cosmetics, baby foods, CDs and DVDs, golf-clubs, light-bulbs, beer, coffee, condoms, caviar, radio-active materials, and laundered diesel for motorcars have all been detected. Most manufacturing is done outside in the EU, with Thailand a major centre. All reduce income for honest businesses in the EU. Counterfeit goods were found on sale at Ground Zero, after "9/11".

### 5. HOW FAST IS ORGANISED CRIME GROWING?

Nobody knows. There are no reliable statistics in Europe, because each country keeps its own figures but in different uncoordinated ways using its own criteria.

Historic events in recent years have created conditions in which the gangs can flourish across Europe. These include the collapse in 1990 of the Soviet Union

## 6. HOW WELL IS TRANS-NATIONAL ORGANISED CRIME BEING FOUGHT?

### 6.1 BY INDIVIDUAL NATIONS SEPARATELY

### 6.2 HOW WELL IS ORGANISED CRIME FOUGHT THROUGH INTERNATIONAL ORGANISATIONS?

which had previously clamped down on nonconformist elements, the opening of internal borders between countries inside the European Union during the 1990s, the EU's enlargement to 15 countries in the mid-1990s and to 25 in 2004, and technological developments specially in communications like the internet, mobile phones, encryption, electronic transfer of funds, and easier and cheaper travel and transport.

In the ex-communist countries, corruption, which is an innate facet of all human nature, became endemic under communism. Everybody survived by stealing from the state - and the habit continues.

Enlargement of the EU is likely to allow Organised Crime to become even stronger. The Corruption Perceptions Index<sup>1</sup> charts perceived levels of corruption among public officials in 133 different countries around the world. The 25 members of the EU appear in the league table as follows, starting with the country judged to be least corrupt:

1st Finland (so the least corrupt country in the world)  
3rd Denmark  
6th Sweden  
7th Netherlands  
11th Luxembourg and the UK  
14th Austria  
16th Germany  
17th Belgium  
18th Ireland  
23rd France and Spain  
25th Portugal  
27th Cyprus  
29th Slovenia  
33rd Estonia  
35th Italy  
40th Hungary  
41st Lithuania

50th Greece

54th Bulgaria and Czech Republic

57th Latvia

59th Slovakia

64th Poland

Below these are would-be members of the EU: Turkey 77th, and Romania 83rd<sup>2</sup>

Visibly, the ten new EU states, joining in May 2004, are perceived to be more corrupt than the first fifteen members except for Italy and Greece. Organised Crime will take advantage of them all belonging to a Single Market with open borders which stretch across a large part of Europe.

## 6. HOW WELL IS TRANS-NATIONAL ORGANISED CRIME BEING FOUGHT?

6.1 By individual nations separately

6.2 Through international organisations

6.3 Working together as the EU

### 6.1 HOW WELL IS ORGANISED CRIME FOUGHT BY INDIVIDUAL NATIONS SEPARATELY?

The unfortunate answer is "Hardly at all." Each country has its own separate law enforcement arrangements. Each national government concentrates on its own problems and has little time or resources to spare for fighting the wider threat.

In the UK, for example, there are 43 separate county police forces in England and Wales, plus other police forces in Scotland and in Northern Ireland, plus the British Transport Police, the National Crime Squad, the Anti-Terrorist Branch, the Diplomatic Protection Branch, the Serious Fraud Office, the City of London Police, and probably more. Our borders are also protected (allegedly, despite the flood of heroin and illegal immigrants) by Customs & Excise too.

<sup>1</sup>Published each year by Transparency International.

<sup>2</sup>Below these, in Europe, are Russia 86th, Albania 92nd, and Serbia 106th. At the very bottom lie Nigeria 132nd and, last of all, Bangladesh 133rd.

## 6.3 HOW WELL IS ORGANISED CRIME FOUGHT WORKING TOGETHER AS THE EU?

Surprisingly, they are not fully coordinated so that, for example, the UK's Criminal Records Bureau does not have access to intelligence held by British Transport Police or by Customs & Excise.

In Italy, there are five separate national police forces. And so on, across Europe. Within each individual European country, police forces do not cooperate fully even with each other - because of lack of trust, or reluctance to share information, or to share the credit for having the information. It is the same problem which the USA discovered after "9/11" - that intelligence had not been shared between the FBI, the CIA, and the Pentagon. The USA has tried to solve it by combining agencies into the new Department of Homeland Security.<sup>1</sup>

In the Netherlands, recently, several teams have been combined into a single National Crime Squad for investigation of large projects. In the UK, in February 2004, the government announced its proposal to create a Serious Organised Crime Agency which would share intelligence, expertise, and investigative talents, but only inside Britain. In most EU countries, there is still no central agency which can respond quickly and effectively to an international crime situation.

### 6.2 HOW WELL IS ORGANISED CRIME FOUGHT THROUGH INTERNATIONAL ORGANISATIONS?<sup>2</sup>

The answer is "on a fragmentary basis only". Crime is international and efficient, but international efforts to fight it are fragmentary and uncoordinated.

The United Nations, from its lofty position, drafts Conventions and invites its members to sign up to them. Its Convention Against Corruption was initialled by 120 countries in Merida, Mexico, in December 2003. It will come into force when thirty

countries have ratified it. The UK has not yet done so. Nor has the UK ratified the UN Protocol against the Smuggling of Migrants by Land, Sea and Air. EU countries go to United Nations negotiations without a coordinated position among themselves. Consequently, they tend to end up accepting the American position - even though the EU pays more than twice as much as the US each year to UN anti-drug programmes.

The world's eight richest nations, the "G8", created the "Lyon Group" following their summit at Halifax in 1995. It is charged with "enhancing abilities to investigate and prosecute high-tech crimes; and with strengthening extradition and mutual legal assistance regimes to ensure that no criminal can find safe haven anywhere in the world". It offers fellow high tech officers a 24-hour network of telephone numbers to contact each other, but it is unclear how often it is actually used. It now has thirty-five member countries. Phone numbers for the rest of the world remain hard to find, and anyway the Lyon Group is only for 'high tech' crimes.

At the practical level, there is Interpol, located in Lyons, France. It might be named by the public as the centre of international police cooperation. But, it is a policemen's club which is financed by police forces, is not supported officially by any government. It does not match up to the EU standards of data protection. It has no police force of its own and cannot do analytical work. It acts as an information centre - such as its useful Stolen Car database. It regards the EU's law enforcement agency, EuroPol, as the younger bull in the field.

Also active is the USA's FBI which maintains its own offices around the world. It has officers in most American embassies, a

<sup>1</sup>Created out of 22 previously separate agencies. Infighting and turf wars are still reported. Across the USA, there are still 70 different federal police forces, and 25,000 others, some with only two members.

<sup>2</sup>Probably, the first successful example of international cooperation against crime was in 1910 with the arrest of Dr Crippen. He fled Britain on an ocean liner headed for New York, but had not anticipated there could be a telegraphed request from London to the New York authorities ahead of his arrival.

## 6.3 HOW WELL IS ORGANISED CRIME FOUGHT WORKING TOGETHER AS THE EU?

training centre in Budapest, Hungary, and a South-Eastern Europe Coordinating Initiative, at Bucharest, Romania.

### 6.3 HOW WELL IS ORGANISED CRIME FOUGHT WORKING TOGETHER AS THE EU?

The short answer is “also ineffectively”. EU decision-making moves at the pace of the slowest, the most reluctant, the lowest common denominator among its national governments. There is no habit of majority-voting in order to get justice decisions made.

In the Council of Ministers, which is the EU's upper legislative house where the main power lies in Justice affairs, each member state has a different priority. The UK's current priority is to reduce heroin trafficking. Germany's priority has been countering illegal immigration. Spain's priority, even before the March 2004 bombs in Madrid, was countering Terrorism. And so on. The Council of Ministers does not provide a clear vision to the public of what needs to be done to combat organised crime across Europe, and nor does it set clear goals for law enforcement.

The EU is handicapped by the ‘it's my information not yours’ and ‘I don't trust you’ syndromes, both inside individual countries, and between countries.

The Council of Ministers has approved a series of EU Commission proposals for laws in the Justice area. But the individual national governments are lethargic about ratifying the decisions to turn them into national laws. Two recent examples:

A. only Denmark, Germany, the Netherlands and Finland met the June 2003 deadline (to which all 15 states had agreed) for putting the Anti-Money-Laundering directive into their national laws. Since then, Ireland,

Spain, Austria. The UK and Belgium have also ratified, but six other countries - Italy, Portugal, Greece, Sweden, Luxembourg, and France - have not yet done so.

B. the EU Arrest Warrant came into effect in January 2004. But only ten of the EU's 15 states have so far ratified it. Italy's leader Berlusconi refuses to ratify it at all. Fears remain about how well it will work when there is less than total trust across the EU states about fears of police failures to respect the basic human rights of suspects. The EU Commission published a Green Paper in February 2003 on Procedural Safeguards for Suspects and Defendants in Criminal Proceedings. No formal legislative proposal has yet been put forward, although one has been long promised to deal with access to legal advice, access to free interpretation, right to communicate with consular authorities, and written notification of their rights, but not bail, nor Habeus Corpus, nor the right to silence, nor police immunity.

It ought not be unduly burdensome for EU member states to transpose EU laws into their national law-book, after their national governments have committed themselves bindingly to the laws in the EU's Council of Ministers. But national parliamentarians do not think it urgent enough - so laws are not put in place and Organised Crime remains free to continue to gorge on us. It is interesting that, in some respects, the ten new EU members have made faster and more thorough progress towards implementing EU laws than the existing member states. They have demonstrated a greater willingness to share information and are less entrenched in restrictive, nationalist-centred thinking.

One enormous weakness for the EU is the lack of clear statistics about crime across the Union. There is no common standard for measuring and reporting crimes. The absence means no clear picture emerges of the activities of the gangs, and the public cannot be informed and asked for support.

Why would accurate comparable statistics be useful? In New York City, in 1993, Mayor Giuliani introduced the CompStat system, which is a computer-aided mapping system. It measures crime, week by week, precinct by precinct, thus allowing police to closely monitor patterns of crime and to deploy resources appropriately to break the patterns. Since 1993 crime in New York City has dropped by 66%.

The EU has put forward several other crime-fighting initiatives:

The Framework Decision on combating the sexual exploitation of children and child pornography.

The Framework Decision on combating Corruption in the private sector.

The Framework Decision on the protection of the Environment through criminal law.

An Evidence Warrant was proposed by the EU Commission in January 2004. The use of a single standard form is proposed, applying the principle of mutual recognition for obtaining certain types of evidence which already exist. But it could not be used to request a DNA sample, or to ask to monitor a bank account, or to take statements from witnesses or suspects or victims.

The Framework decision on Drug Trafficking, proposed by the Commission in May 2001, remains blocked in the EU's Council of Ministers.

The Convention on Mutual Assistance, opened for signature in May 2000, which by early 2004 only 3 EU states had ratified - Denmark, Spain & Portugal.

In January 2001, the Council's Programme of Measures to Implement the Principle of Mutual Recognition of Decisions in Criminal Matters listed 24 measures based on mutual recognition. But it is still not ratified by all 15 of the EU's member states, so is not in force.

The Framework Directive on Fighting against Human Trafficking - to approximate national laws and to lay down sanctions in all 25. In March 2004, the EU Commission had no clear information of any member state having ratified it into their national law.

The Framework Decision, adopted in December 2003, for fighting against Sexual Exploitation of Children and Paedo-Pornography.

The basic EU problem is that there are too many national differences – in laws, languages, mutual suspicions, different prosecutorial traditions<sup>1</sup>, rules which differ widely across Europe about what is permitted in 'hot pursuit' across different borders, definitions of legal terms<sup>2</sup>, use of telephone-intercepts (which in some EU states can be used as evidence but in others can only be used as intelligence), and so on. Crimes are defined differently in different EU states, criminals are treated differently, courts are structured differently, and the different agencies of law enforcement each have their own idiosyncratic procedures, often complicated by differing powers and mandates from their national parliaments.

The EU has created some partial legislation, and some but not all, of the necessary building blocks for combatting organised crime.

<sup>1</sup>Accusatorial (in England & Wales) and Inquisitorial (on the continent & in Scotland). The difference, basically, is that Accusatorial leaves investigation to the police and prosecution to the public prosecutor, while the Inquisitorial does both (although there are variations on this on the continent, for example in Germany where the federal prosecutor cannot interfere in Land affairs, while in Italy there is no federal model but there is decentralisation from central control. In the UK there are several organisations which do both - such as the Serious Fraud Office, Customs & Excise, the Inland Revenue, & the Health & Safety Executive.

<sup>2</sup>To illustrate just one difference which if harmonised would make 'hot pursuit' easier, the legal definition of a "home", according to the EU's Police Cooperation Handbook, in Iceland includes one's aeroplane, in Germany it can include a department store, in Finland it can include a holiday home, in Austria it can include a doctor's surgery, in Italy it can include a train sleeper, in the Netherlands it can be a tent, while in Norway it can be a ship's cabin but not a tent under any circumstances.

## 7. WHAT MORE MUST WE DO TO FIGHT ORGANISED CRIME?

EuroPol is the EU's law enforcement agency. It has no powers of arrest but acts, from its centre in The Hague, as information coordinator and supplier to national forces. It has 500 staff and gives advice and training, provides help with methods and investigative procedures, institutes investigations and supports teams, provides analysis, and coordinates intelligence.

It has played a very important role co-ordinating role in detecting the main transit drug routes, When it detects one, it tries to co-operate with involved countries in order to prevent the entry of the drugs into the EU but it cannot compel their participation. Its European Vehicle Identification Database (EuVID) collates identification information on different types of vehicles, and includes images of vehicle registration documents from 40 European countries, guidelines on 'How to Investigate Motor Vehicle Crime', and a catalogue describing original keys sold with each vehicle. CD-Roms have been distributed to specialised law enforcement agencies in the Member States, some East European countries, and vehicle registration departments.

The database, 'Eurodac', stores the fingerprints of anyone who applies for asylum in the EU plus Norway and Iceland.

The use of "Joint Investigation Teams", made up of from national forces, was sanctioned by an EU Directive (although still not yet ratified by all member states parliaments). But it is a slow and cumbersome way of putting together a law enforcement team and the concept is not working well. The teams take too long to set up, involving disputes about who should be involved and who should be in command. Some disputes are referred up the tree for approval from political ministers who meddle and argue. Sometimes it takes months to agree who takes

part. When a Team finally gets into operation, it may not see the broader picture - because there can be a similar activity in a third country which was not included in the team.

For investigation of fraud, the EU created OLAF<sup>1</sup>, its independent Anti-Fraud office in Brussels. It investigates misuse of EU monies but its relationship to EuroPol is not defined, so they cannot exchange data.

For prosecutors, the EU has created EuroJust, an office in The Hague, founded in 2002. It is staffed by one representative from each EU member state. It coordinates the work of prosecutors and judges across the EU's individual member states.

For border control, the EU Commission has proposed to establish an EU Agency 'to manage cooperation at the external EU borders'. Its budget would be almost €1 billion for infrastructure, hardware and software, training and support. The individual member countries will retain responsibility for their own borders. It is a 'Schengen Building Measure', so the UK and Ireland, having chosen not to be full members of Schengen, are technically excluded from the decision-making. If it is to be a research centre with a separate database, there should not be duplication or competition with EuroPol.

## 7. WHAT MORE MUST WE DO TO FIGHT ORGANISED CRIME?

The police in Europe are not sufficiently at grips with Organised Crime. It is not their fault. They receive their resources and their priorities from national politicians. It is the national leaders who are at fault for not setting a lead. EU member governments move at the pace of the slowest, so far too little action has been taken.

<sup>1</sup>OLAF is the French acronym for "Office Europeen de Lutte Anti-Fraude"

## 8.1 RECOMMENDATION ONE: INFORM THE PUBLIC

What could speed them up? A shocking incident, perhaps, which was perpetrated by Organised Crime, would trigger immediate dramatic changes - just as it led the USA to rapid changes after “9/11”, and just as the EU’s Foreign Ministers promised after the Madrid bombings in March 2004.

Perhaps if hackers were to bring five European banks, in different countries, to their knees simultaneously, or if a lethal new synthetic drug were to kill hundreds of young Europeans, national leaders would finally awaken from their lethargy.

Are these ridiculous and tasteless, if improbable, suggestions? Who anticipated “9/11”? Who anticipated that, in July 2002, Falun Gong would hacked into the controls of a Chinese broadcasting satellite, Sinosat, and hijack it? Who foresaw the shock which changed the attitude of the Irish government in Dublin towards organised criminal gangs - when famous journalist Veronica Guerin was murdered in 1996 on the orders of a gang boss?

Of course, no peace-loving person wants such incidents. But how are national politicians to be stripped of their blinkers?

If the public knew of the true extent of organised crime activity, of its growth, and of the consequences of its national leaders doing too little to stop it... If the public knew, it would put pressure on national leaders to change their policies.

### 8.1 RECOMMENDATION ONE: INFORM THE PUBLIC

In some member states including the UK, the public feels that police forces tend to cut themselves off. The public sees fewer policemen on the beat and wonders why. Local police stations are closed and the public wonders why.

EuroPol’s website should start by offering regular reports to the media and to the public about its successes and its challenges in dealing with international gangs. There is no such service at present because national police-forces prefer to take the credit. Yet local county police-forces in the UK boast of their successes on their websites. EuroPol publishes brochures like its ‘2003 European Union Organised crime, but how many of the public get to see it?

There is totally inadequate democratic control over European-wide law enforcement efforts. The budget of EuroPol is shared by the twenty-five national parliaments. No democratic control by any single elected authority is possible. No elected representatives of the public, who pay the taxes, have control over the spending of their taxes. Instead, the Director of EuroPol has to report to Supervisory and Management Boards of over a hundred people, serviced by twenty-eight interpreters, for which outside rooms have to be rented, and all of whose expenses EuroPol has to reimburse. The Director assiduously visits MEPs in Brussels, all twenty-five EU national parliaments, and seventeen federal Land parliaments inside Germany, and answers their questions. But no parliamentarians have control or power to alter his priorities. EuroPol is the EU’s Law Enforcement Agency - therefore its budget should be part of the overall EU budget, and should be controlled jointly by the Council of Ministers and the European Parliament.

EuroPol needs reform. Its working language is English, but its documents have to be translated into all twenty official EU languages, and under confidential conditions so extra-expensively. Its decision-making process is by consensus where possible between all its members, with the difficult

## 8.2 RECOMMENDATION TWO: CHANGE THE PRIORITIES OF NATIONAL POLICE FORCES

## 8.3 RECOMMENDATION THREE: FOLLOW IRELAND'S CREATION OF A CRIMINAL ASSETS BUREAU

## 8.4 RECOMMENDATION FOUR: PUT MORE PRESSURE ON THE GOVERNMENTS OF THE BALKAN COUNTRIES

ones sent 'upstairs' to the Council of Ministers for further delay.

The new European Police College<sup>1</sup> is being created. First proposed in 2000, it was initially located in Copenhagen, but was unable to make contracts or to purchase supplies because it was not a legal entity. It is now proposed to locate it in Bramshill, Hampshire. Its budget, like EuroPol's, should be part of the overall EU budget and subject to normal democratic control.

### 8.2 RECOMMENDATION TWO: CHANGE THE PRIORITIES OF NATIONAL POLICE FORCES

Local and national police officers, faced with a request to help fight a trans-national gang, are not required to take action. The UK's National Policing Plan 2003-6 says 'forces will have to decide for themselves how to use their available resources most effectively... *the government expects activities identified as national or local priorities to receive greater priority in allocating resources.*' The italics are the pamphlet author's own, to draw the reader's attention to the national government's failure to address international crime.

British Chief Constables receive little or no credit for tying up their resources in fighting a major multi-country investigation against international gangs. Their targets, set by the Home Office in Whitehall, are to:

Tackle anti-social behaviour

Reduce street, drug-related, violent, and gun crime

Combat serious and organised crime across force boundaries (but the word "international" is not mentioned)

Increase the number of offences brought to justice

Driven by these national priorities, it is no wonder that police chiefs are reluctant to allocate precious resources for the larger fight. One can almost hear the organised gangs cheering.

### 8.3 RECOMMENDATION THREE: FOLLOW IRELAND'S CREATION OF A CRIMINAL ASSETS BUREAU

In 1996, the Republic of Ireland created a Criminal Assets Bureau. It is an example which should be copied across EU because it attacks the assets of criminals. It can initiate civil forfeiture of property which are the proceeds of crime, and which the High Court can freeze for up to seven years and ultimately dispose of, if it is satisfied, and a criminal conviction first is not necessary. The Bureau uses the skills and powers of the police (the Garda), tax officials, and social welfare officers. Since 1996 it has restrained over €20 million, collected over €46 million of taxes and interest, saved over €1 million on social welfare, and has disbanded many organised groups or significantly disrupted their activities.

The UK created an Assets Recovery Agency in 2003 to co-ordinate activity in recovering unlawfully obtained assets 'from those with no right to hold them.'

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Albania, Bosnia & Herzegovina, Croatia, Former Yugoslav Republic of Macedonia, Serbia, and Montenegro give undertakings but do not deliver on them enough. Their borders are insecure, corruption is widespread, their data protection laws are incompatible with the EU's, and smuggling and trafficking is rife. They are the cockpit of organised crime.

<sup>1</sup>Called CEPOL, it will train senior EU police officers to the best European standards

## 8.5 RECOMMENDATION FIVE: NATIONAL GOVERNMENTS MUST WORK HARDER AT PASSING EU LEGISLATION

### 8.6 CREATE AN FBI FOR EUROPE AMONG THOSE COUNTRIES WHO ARE WILLING

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Nobody political in Europe has an overall view with power to act. There is a reluctance to share, due to the lack of trust and of mutual confidence between EU member states, among the existing 15, let alone among the new ten members. Just as there was a failure by EU member states to share intelligence about terrorists before the March 2004 bombings in Madrid.

National governments must give greater priority to passing EU legislation to fight international crime - particularly in areas including money laundering, illegal migration, trafficking in human beings, and witness protection (immunity from prosecution, long-term physical protection, and change of identity).

How do we overcome the absence of political will among 25 national governments in the EU to fight international gangs effectively – when the fight against terrorism has siphoned off resources from the fight against organised crime?

President Clinton in 1995, seeking a new initiative ahead of his re-election campaign, asserted that Organised Crime was a threat to national security. He issued an executive order (number 12,975) in which he declared “a national emergency” and thus bypassed normal constitutional restraints. Federal agencies were directed to take all appropriate actions to within their authority, “to protect the welfare, safety and security of the United States and its citizens”. His order has never been rescinded. The EU’s Commission President has no power to do anything similar.

#### 8.6 RECOMMENDATION SIX: CREATE AN FBI FOR EUROPE AMONG THOSE COUNTRIES WHO ARE WILLING

If member states cannot afford the resources to fight international crime, then it is necessary to create new resources at EU level to do so - by the EU creating an FBI.<sup>1</sup>

Not all EU 25 members will be willing to do this. In Britain it would be presented xenophobically by Euro-sceptic newspapers as “Germans, who have finally won the war, in jack-boots marching down our streets, knocking on our doors at midnight and taking us away.”

An inner core of EU states, who do not lack the political courage, should go ahead and create a multinational federal police force among themselves. The first step towards it should be to give EuroPol investigative powers, instead of having to always work through national police forces.

Should the UK be part of the inner core who create an FBI for Europe? Our EU record, ever since 1945, is of refusing to join every new European initiative - Coal & Steel in 1951, the Common Market in 1957, the Euro currency, and the Schengen system now. Yet, as continental Europeans point out repeatedly, the British always join in the end, after the rules have been written by the other members to suit themselves.

As the UK’s policing may be the best in Europe, certainly among the best, or may be the best in the world, what better subject for the UK to set a lead in Europe and shape a ‘EU FBI’ in its own British image, rather than dismissing the idea now, leaving it to others, then joining it later?

In 1997, when the last Conservative government in Britain left office, the UK was the least user of EuroPol’s facilities (when Conservative leader Michael Howard was UK

<sup>1</sup>Call it what you will - ‘a rose by any other name would smell as sweet’ as Shakespeare’s Romeo said.

Home Secretary which was also when police numbers reduced). Now the UK and Germany are the two states which use EuroPol the most.

The choice boils down to 'political will' among the leaders of the EU's member states - whether they are willing to pool resources in the interests of fighting effectively against organised international criminals, and whether they have the political courage to persuade to their public that it is right to do so.

Would an FBI interfere in national policing? No. The USA's FBI was created a century ago to counter criminals who operated across the borders of individual American states. To this day, the fifty individual American states retain jurisdiction over the vast majority of criminal prosecutions. The American FBI does not get involved in local crimes.

Euro-sceptics complain that the EU Commission's budget has not been approved by the Court of Auditors for nine years – because most agricultural spending is done by the member states, not by Brussels, and some member states are less reliable than others in spending our taxes - and the policing is done by the same member state which spends the money. An EU FBI team, of officers drawn from elsewhere in the EU, would be better at investigating the mis-spending of agricultural funds by those national governments.

Would a European FBI be too costly? Even if it were given a huge annual budget of €500 million, that would be an annual cost of one euro per head of population across the enlarged EU of 25 countries.

One euro per year to stop heroin reaching our children's playgrounds.

The obstacle to creating a European FBI is not that there is not a huge job for it to do. It is not a question of cost. Simply, it is a question of political will in the national capitals.

As Martin Luther King, who was murdered in 1968, said : "Either we work together as brothers, or we die together as fools". And as Edmund Burke wrote : "All that is required for evil to triumph, is for good men to do nothing."