

CHAPTER 18
ORGANIZED CRIME IN POLAND

by
Emil W. Plywaczewski, Dr., Prof.

DIRECTOR OF THE DEPARTMENT OF CRIMINOLOGY
AND ORGANIZED CRIME PROBLEMS
FACULTY OF LAW IN BIALYSTOK
UNIVERSITY OF WARSAW, POLAND

Contents

1. Introduction
2. Nature and Extent of Organized Crime in the Post Communist Societies in Central Europe and Eastern Europe
 - A. General Considerations
 - B. Russian Criminal Organisations
 - C. The Situation in Poland
 - D. The Situation in Other Countries
3. Control of the Proceeds of Crime. International Initiatives to Counter Money Laundering
 - A. General Considerations
 - B. The Vienna Convention
 - C. Basel Statement of Principles 1988
 - D. Strasbourg Convention
 - E. Financial Action Task Force
 - F. Other Initiatives to Counter Money Laundering
4. Conclusion; How to Combat Organized Crime?

1. Introduction

Organized crime has been identified in various United Nations forums as one of the most pernicious forms of criminality, of which the dimensions have yet to be measured and the full impact has yet to be determined. Such crime constitutes an underground economic system, the gross product and net gain of which exceeds the gross national product (GNP) of some countries.

At recent international meetings dealing with crime control concerns, alarm was expressed by many Governments that new forms of organized crime were emerging often as the result of the dramatic political, economic and technological changes of the 1990s. Criminal groups have been increasingly taking advantage of looser border controls and the movement towards free trade to launch or expand such activities as international car theft, black-market trade in nuclear materials, smuggling of migrants, arms trafficking, trade in human donor organs, environmental crime, computer tampering and money laundering.

Organized crime can be described as the commissions of criminal actions which are individually or jointly, of a serious nature, in planned manner and with a view to profit. It involves a group of two or more persons, each of whom has a specific task to perform and who make use of business related structures, as well as violence or other means of intimidation and exert influence over politicians, the media, government, the Criminal Justice authorities or the economy.

According to the definition of the General Secretariat of the International Criminal Police Organisation organized crime is defined as: "any enterprise or group of persons engaged in a continuing illegal activity which has as its primary purpose the generation of profits, irrespective of national boundaries."

For the purposes of this definition:

"enterprise or group of persons" means to include any association of criminals, whether working in organisations such as large corporations with internal rules and established hierarchies or operating together for a common purpose.

"activity" means any singular criminal activity or a multiplicity of criminal activities. "profits" means materialistic gain, acquisition of power or influence.

"Irrespective of national boundaries" means international or ramifica-

tions of the activity which are international.

For the purpose of the United Nations Documents “organized crime” means any offence, committed by a member of a criminal organization and being a part of the criminal activity of such organization.

Criminal organization: means a permanent group, consisting of three or more persons, and established in order to commit following offenses:

- a) Illicit traffic in drugs or psychotropic substances as defined in art. 1(m) of the United Nations Convention Against Illicit Traffic in Drugs and Psychotropic Substances of 19 December 1988;
- b) Counterfeiting currency as defined in the Art. 3 of the International Convention for the Suppression of Counterfeiting Currency of 20 April 1929;
- c) Terrorist acts as defined in the Art. 1 of the European Convention of the Suppression of Terrorism of 27 January 1977;
- d) Extortion of money or another material benefit by threat of an attempt against life or health or violent attack against property;
- e) Theft of cars and traffic in stolen cars;
- f) Illegal traffic in arms, explosive material or devices or radioactive materials;
- g) Money laundering offenses as defined in Art. 6 of the European Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime of 8 November 1990;
- h) Traffic in Persons as defined in the Convention for the Suppression of the Traffic in Persons and the Exploitation of the Prostitution of Others of 2 December 1949;
- i) Fraudulent cross-border transportation of goods and
- j) Theft of art objects and traffic in stolen art objects.

According to the Conclusions and Recommendations of the Economic and Social Council of the United Nations, it is possible to identify five essential common elements in the criminal phenomena of organized crime and terrorism:

- they are usually associative crimes;
- they invoke the solidarity of associations of persons with a covert link between the individuals for the achievement of the goals of the interested group only;
- the associative crime involves the development of a criminal organization which sometimes assumes very sophisticated forms of functional integration;
- the crime almost always have some connection with power, either eco-

conomic or
political;

- the crimes have a criminal phenomenology whose methods totally reject every mechanism of democratic consensus.

Each one of these elements has a major social and political importance; has been the focus of scholar's attention; but has not been dealt with from the standpoint of the necessary changes in the methods and approaches for their prevention and control.

2. Nature and Extent of Organized Crime in Post Communist Societies in Central Europe and Eastern Europe

A. General considerations

National authorities of Germany, the United Kingdom, Netherlands and the United States of America (with some differences in perception of the relative importance of these groups) find that groups which deserve international attention are, in alphabetical order: Chinese Triads, Colombian cartels, Jamaican posses; Japanese Yakuza, Sicilian Mafia, Russian criminal organisations and West African groups such as Nigerian organized crime groups. Even if other groups could be added, the seven mentioned are the most widely recognised among practitioners and scholars. Some of this groups have long traditions, such as the Asian gangs and the Sicilian Mafia. Others are relatively young, such as Colombian cartels and the Russian criminal organisations, and others have come to global attention only in the last few years, such as the Nigerian groups. Let's present nature and extent of organized crime in the Post Communist Countries in central and Eastern Europe.

B. Russian Criminal Organisations

Russian organized crime groups are attracting attention worldwide. Although there has been a major increase in organized crime in Russia and the other parts of the former Soviet Union, Russian criminal organisations are not an entirely new phenomenon. The underground economy in the Soviet Union and the pervasive corruption provided the potential for organized crime, but was kept under control by the dominance of the Communist Party. The reforms initiated by Gorbachev, however, at the same time dismantled the mechanisms of social, political and economic control. The collapse of the Communist Party and with it the Soviet state also weakened the system of criminal justice. The new environment was a very permissive

one for organized crime with few laws against criminal associations and with continued inefficiencies in the economic system.

The transition to the market economy is also being carried out without a clear regulatory framework. Russia tried to develop a free market without the system of rules and regulations that are necessary to ensure its integrity, efficiency, and effectiveness. At the same time the end of the Cold War made it easier for the groups in the former Soviet Union to engage in transnational criminal activity. The result has been a consolidation of existing criminal groups, the rise of new organisations, and the diversification of criminal activity.

One analysis has identified several major kinds of criminal enterprise. In addition to old style party officials who misused their position, there are also many ethnic-based groups. These include Georgian organized crime groups which controlled much of the black market under the Communist system and has subsequently extended the range of its activities, the Chechens and Azerbaijani groups, and others who help to account for a major upsurge in illicit trafficking not only in drugs but also in metals, weapons, nuclear materials and even body parts. Moreover, these organisations clearly operate with little regard for national boundaries. In addition to the smuggling of nuclear material from the former USSR, other metals such as magnesium have also been stolen and sold in Western Europe. Moreover, these groups have infiltrated the Russian banking system and have been unscrupulous in their use of intimidation and violence against bankers and businessmen who were not co-operative. As a result, banking in particular has become a high risk profession in Russia.

According to information available to the Main Organized Crime department, the top leadership of the criminal world has recently been spending considerable time and money in order to infiltrate government structures. Several criminal ring-leaders actually hold office in the executive or the legislative branches of government. In the Moscow oblast alone, 22 assistants to deputies of the State Duma have been arrested this year for their dealings with the criminal world. All these facts indicate that the wave of organized crime continues to sweep across Russia. The wave is widening, and is penetrating deeper into society as well as government structures. There is ample evidence to support the MVD's recent declaration that 70 percent of the country is riled by the mafia.

The most productive activities of Russian organized crime groups have been described to be the left of antiques and their smuggling to the West;

prostitution; car thefts; the arms trade; and narcotics. Many other activities can be added to the list. Russian organized crime groups belong to the prototype of opportunistic organized crime operating in domestic and international market. Like the Sicilian Mafia they concentrate at the local level on keeping control over their territory by excluding criminal rivals, and at the transnational level on using their capabilities in smuggling or otherwise illegally dealing in anything which presents the opportunity of a profit, from cars to arms, medicines to raw materials.

Russian organized crime groups have also spread their activities to other countries, including the United States. Among the most important groups are the Odessa organized crime groups (based in Brighton beach but also active in California), the Chechens who typically specialize in contract murder and extortion, and the Malina (Organizatsiay, a multi-ethnic group in Brighton beach which maintains extensive international ties and is active in a variety of areas - drug trafficking, credit card fraud, extortion and tax fraud. There is evidence of relationship with Colombians and with Italian Mafias.

Much work is under way to help Eastern European countries achieve a transparent process of privatisation and to better organise the resistance to the growth of organized crime in the states of the former USSR. Nevertheless, the rest of the world community should be prepared to face the reality that some of these states currently experience powerful influences coming from organized crime on all their institutions, given the weakness of other competing social and economic forces. It will require a real concentration of resources and great political motivation to establish regulatory and law enforcement efficiently against such organized criminal activities.

C. The Situation in Poland

Poland is becoming the bridge between Western and Eastern criminal organisations. Because of the war in Bosnia-Herzegovina, Poland has replaced the Balkans as a favoured route for heroin, hashish and other drugs smuggled to the West.

Poland's amphetamine industry constitutes the most sophisticated indigenous narcotics enterprise. Judging from the extremely high purity of the final product, criminal groups apparently use first-class laboratory equipment and highly qualified chemists. Like successful trafficking organisations elsewhere, Polish amphetamine gangs are starting to buy in the legal economy. Moreover, outside Poland, especially in Germany and in the Scan-

Scandinavian countries, they operate through a network of Polish citizens who serve as critical links in the wholesale trade. This network can move any type of drug into Western markets: Central Asian hashish, Afghan heroin, even Colombian cocaine. The Cali Cartel recruited Polish couriers to smuggle cocaine across the Polish-German border.

In Warsaw, the so-called Russian market, located near an old soccer stadium along the Vistula River, has become a major arms bazaar. Poland reportedly loses 38 billion dollars a year in tax revenue to alcohol and cigarette smuggling. Polish police reported many attempts at smuggling radioactive materials through Poland to the West. The transport of stolen cars from the West to the former Soviet States occurred through Poland. Finally, there has been a dramatic rise in intravenous drug abuse in Warsaw.

According to the police, there are 293 dangerous gangs with 4,000 members throughout Poland. Many deal in drugs, launder and forge money, falsify documents and export protection money from legitimate businesspeople.

An increasing involvement of organized gangs in large-scale car theft, money laundering and drug trafficking operations has been reported. While Polish authorities reject the use of the term "Mafia" for Polish gangs, there are well-organized groups that control prostitution, extort protection money from legitimate businesses, smuggle drugs on a large scale and have infiltrated the criminal justice system. Polish criminals have made their country the fourth-largest European producer of illegal amphetamines, after the Netherlands, Great Britain and Belgium.

According to police data, in the years 1993/4 several highly organized criminal groups specialising in the following activities were recorded:

illegal production of and trafficking in drugs and psychotropic substances - 16 groups, international trafficking in stolen cars - 13 groups, forging legal tenders and trafficking in them - 7 groups, trafficking in radioactive substances and rare metals - 4 groups, trafficking in firearms - 2 groups.

Moreover, many groups which came from Russia, Ukraine, Lithuania, Yugoslavia and Albania also acted on the territory of Poland. Apart from that, there were first signs of criminal activity carried out by Vietnamese groups in Poland. More and more frequent signs that Polish criminal structures are connected with Italian, Asian and South American organisations speak for the fact that the Polish crime is becoming increasingly internationalised.

The process of forming criminal structures in Poland has not been fin-

ished yet. Most of these groups are young and will undergo different phases of restructuring. However, the so-far existing trends indicate that structural changes within groups functioning in Poland will take place in the oncoming years.

Groups dealing with production of and trafficking in drugs, car theft and smuggling, smuggling consumer's goods, or transfer of people across the border, consist of people of different nationalities and the scope of activity is international. However, there are groups which, while internationally co-operating in one of the previously mentioned activities, do not form a homogeneous structure. Within each of those groups there are sub-groups or teams of criminals specialised in particular activities, e.g. car thieves, document forgers, couriers, receivers of stolen property or others.

In Poland, the activities which involve money laundering take the external form of legal financial transactions (e.g. banking operations), legal transactions violating particular administrative arrangements (e.g. safety standards in the banking system), or illegal operations forbidden by proper regulations and threatened with economic and penal law sanctions. They constitute methods of money laundering, understood by the Polish police as a set of criminal behaviour connected with financial operations, and creating a model which determines the extent and possibility of using these operations in money laundering. The presentation of money laundering methods can only be done on the basis of police data and police operational methods, as well as by monitoring the banking system.

D. The situation in Other Countries

The Czech Republic. This country, as a part of the Czech and Slovak Federal Republic before January 1993, and separately thereafter, has followed an active privatisation program. The news media gave extensive coverage to the alleged presence of organised crime groups from Italy and the former republics of the USSR in the Republic, allegedly investing illegal proceeds or conducting drug trafficking and other illegal activities. Organized crime groups in Prague, the capital, include Russians, Italians, Ukrainians, Yugoslavians, Bulgarians and even Chinese.

There has been not real rivalry between the clans so far because they have divided spheres of influence and are co-operating: Russian organized crime groups run prostitution in restaurants and hotels; Yugoslav organized crime focuses on heroin trafficking, while organized crime groups from the former Soviet Republic smuggle opiates from the former Central Asia to-

gether with Balkan organized crime groups. The Arab groups deal in hashish and the Chinese focus on restaurants.

An especially important sphere in which organized crime finds favourable conditions is the economy. Economic transformation brings in its wake completely new forms of economic crime added to the conventional forms linked with operation of state-owned and co-operative companies. Because, at this stage, economic reform in the Czech Republic is still in the process of implementing the theoretical concepts, organized crime in the field of economy has not yet acquired the dimensions and forms that are found in the countries with advanced market economies. It should, however, be noted that new types of economic crime had been recorded in the Czech Republic as early as 1990 and that there is a clear tendency to their growth both in terms of volume and sophistication.

The efforts of the criminal underworld at penetrating all areas of public administration, judiciary and police are expected to further increase with the aim of obtaining a greater influence on the management of the country and its institutions to meet their specific interests.

The forms of pursuing these objectives will vary, ranging from kidnapping of children and relatives and the resulting extortion, corruption, defamation, scandalization to murders of unyielding and incorruptible persons. It may be assumed that the organized character of crime, including international connections, will increase in intensity. It is realistic to expect a struggle of individual gangs for gaining influence and account-settling encounters.

The Slovak Republic. It is a young country, too. The Slovak Republic came into being on the first of January 1993, as a result of the division of former the Czech and Slovak Federal Republic.

Organized crime taking place in the Slovak Republic has both conventional and new forms. The conventional forms of crime have been here for a long time and they keep their important position in the crime hierarchy. However, they also have "modernized" by taking over foreign models and experience and their scope steadily increases. The conventional forms of organized crime include: black money market; organized prostitution; narcotics; illegal trade in antiques; trade in stolen cars and automobile parts; illegal arms trade; counterfeiting money; securities; public papers; sale of stolen goods; and burglary.

New forms of organized crime reflect the current social and economic changes. This type of crime emerged and is increasing as a function of the

process of transformation of economy in socialist system to market economy. In view of the fact that economic reform in this country has only been undergoing the process of passing from the stage of concept formulation to that of implementation, economic crime has not yet reached the dimensions and it has in the advanced economy countries.

The majority of new forms of organized crime have the character of economic crime. It is also to note new forms that, although they are not economic crimes, all closely connected with the economy. New forms of organized crime include: tax evasions; illegal activities connected with privatization; illegal penetration of foreign entities into state economy; trade with strategic materials; racketeering - extortion of "protection" money; illegal transit and procuring jobs for illegal aliens, violence on hire; environmental crime; computer crime; kidnapping with the demand of ransom.

The Baltic States. The growth of organized criminality in the Baltic region has become international in nature; local and foreign criminal groups use the area as both an operating and transiting zone. Their activities have rapidly expanded across existing national frontiers as both commerce and travel have increased between the countries of Western and Eastern Europe. Countries in Scandinavia and Western Europe have seen criminal groups from the East operate either independently or jointly with local groups. Criminal activities have included smuggling, drug trafficking and distribution, alien smuggling, money laundering, the illegal transfer of capital, prostitution and illegal trade in stolen vehicles, arms, goods, antiques, strategic metal and radioactive substances. There has also been an upturn in the degree of violence associated with many crimes.

The Baltic region, within the last few years, has turned into a major transshipment point for the flow of drugs from the cultivation and production areas in central Asia, and Southeast and Southwest Asia to the markets in Scandinavia and Western Europe. Many of the drugs shipments find their way into and through the Baltic States from neighbouring states such as Russia (including Kaliningrad), Belarus, Ukraine and Poland. The war in the former Yugoslavia has also rerouted the drug flow that once went through the Balkans, so that the Baltic States have now become an important route. In addition, the raw materials used to process various types of lethal drugs have been coming into the region via this route.

In the Baltic States has increased organized crime sponsored violence and terrorism. Bombings, murders and contract killings, kidnappings and other forms of brutality have taken place since the breakup of the Soviet

Union and the growth of criminals activities. The number of bombings has jumped in Estonia, Latvia and Lithuania. For instance, in Estonia, there were no bomb explosions reported in 1991, but 68 occurred in 1993 (along with more than 50 car bombings). During the early months of 1995, a series of bombings and arson attacks that destroyed kiosks and food stands took place in Tallin, the capital of Estonia, in retaliation for murders between rival criminal groups. In Lithuania, the number of bombings in 1993 was reported at 150.

The Baltic States have become a transiting and holding area for persons from developing countries (such as Afghanistan, Somalia, Iraq, and Iran and the former Soviet Union) who are attempting to reach Scandinavia or Western Europe often illegally. In many cases these persons are being smuggled through Russia, Ukraine, Belarus, Poland and the Baltic States by criminal networks which also extort large payments from them. Once the persons reach either Estonia or Latvia, for example, they are eventually smuggled by sea to Scandinavia. In the past three years, more than 1,500 people have been illegally transported over the Baltic sea by criminal groups in fishing boats to Sweden, Denmark and Norway.

In addition to the previously mentioned criminal activities, prostitution, counterfeiting, arms theft and trafficking, extortion and vehicle theft have become common problems. The Baltic States are used as a market and shipment point for stolen vehicles going from West to East and vice versa. Estonia, Latvia and Lithuania have seen vehicle thefts increase domestically. In Estonia in 1993, more than 1,155 vehicles were stolen, while 2,518 were stolen Lithuania for the same year. In Poland, for instance, vehicle thefts rose from 4,173 in 1988 to 18,620 in 1991, and to more than 58,000 in 1994.

The most common crime in the Baltic States has become smuggling, along with organized criminal violence and drug trafficking. The smuggling of goods, alcohol, raw materials, strategic metals and radioactive substances is a boom industry in the former Soviet Union and Eastern Europe, and has provided quick profits for criminals. In 1992, an estimated 17 billion U.S. dollars worth of profit earned in Russia from the illegal export of strategic material left the country to offshore banking accounts. The Baltic States have become an outlet for a good part of the illegally exported natural resources from Russia, such as aid. For example, the first nine month of 1993, some 35 million U.S. dollars worth of raw material and metals were

exported illegally from Russia to the West through Estonia.

3. Control of the Proceeds of Crime, International Initiatives to Counter Money Laundering

A. General Considerations

Organized crime, almost without exception, exists and perpetuates itself for the purpose of making money. The concept of greed, and the power that money - in vast quantities - assures, is integral to most manifestations of serious organized crime. Indeed, most criminological definitions of organized crime fasten on this particular facet. Organized crime is in the business to make money, and thus, where a particular business activity is rendered in attractive, in economic terms, it will move into something else.

Organized crime produces enormous amounts of money not for the sake of producing wealth in itself. This wealth is only relevant when it can be utilised and given a utility value. The product of such crime is used to acquire possession, social standing and respectability, immunity and other investment opportunities. Most criminals are concerned sooner or later to acquire legitimacy and thus convert their wealth, through a process of obscuring its origins, into indicia of standing and respect.

Today organized crime has moved far away from the almost romantic picture of the relatively amiable but not too competent gangsters in wide lapelled striped suits. Today the modern crime syndicates have adopted the same structures and modus operandi as legitimate business. They have spread their investments and, thus, their risks. They operate internationally, they have diversified their activities - ensuring that disruption of one activity, will not unduly bring into question the viability of the whole. They operate within a management hierarchy and appear as financiers and businessmen rather than as stereotype gangsters.

The laundering of the proceeds of criminal activity through the financial system is vital to the success of criminal operations. Those involved have to exploit the world's financial institutions if they are to benefit from the proceeds of their activities. The crime of money laundering is a matter of growing concern for industrialised countries and is one to which the developing economies in many countries in the world's are particularly prone.

Besides putting in jeopardy the soundness and stability of the financial system, money laundering permits organized crime to take roots and extend its influence over the different regions of the world. This enormous flood of criminal proceeds involves considerable risk of corruption for administra-

tion, judicial authorities and political parties, as well as private institutions and constitutes a danger for the stability of democracies. In order to put the situation in the field in the control of the proceeds of organized crime, it is important to consider the various international initiatives which have been undertaken to combat money laundering.

B. The Vienna Convention

The United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances in December 1988 ("The Vienna Convention"), adopted a number of key proposals. Specifically, it: creates an obligation to criminalize the laundering of money derived from drug

trafficking; deals with international co-operation, thereby facilitating cross-border investigations into money laundering (a considerable step forwards for the authorities); enables extradition between signatory states in money laundering cases; sets out principles to facilitate co-operative administrative investigations; sets forth the principle that banking secrecy should not interfere with criminal investigations in the context of international co-operation.

Ratification of the Vienna Convention by many countries (over sixty) was an important step in establishing contacts and therefore access to external information and expertise which is essential in countering the international nature of money laundering activities. Of course, in some questions the Vienna Convention is either completely silent or which it has left to be resolved or worked out in further bilateral or multilateral arrangements between Parties.

C. Basle Statement of Principles 1988

The Basle Statement of Principles was issued by the Basle Committee on Banking Regulations and Supervisory Practices in December 1988. It signalled the agreement by the representatives of the Central banks and supervisory authorities of the Group of Ten countries to the dangers posed by money launderers to the stability of the banking system worldwide, and of the need for an international set of principles, to overcome differences in the practical implementation of supervisory regimes in each member country.

The basic policies and procedures outlined in the Statement of Principles included: the need for effective procedures to identify customers identification; compliance with laws and regulations pertaining to financial

transactions and refusal to assist transactions which appear to be associated with money laundering; and co-operation with law enforcement agencies.

The concerns expressed by the Basic Committee are particularly important for countries where the financial services industry is being established in an expanding market economy: public confidence in the new range of services offered by financial institutions is an important requisite to the growth of those institutions; without effective money laundering legislation, international business with financial institutions in these countries will be significantly hampered by the risks of exposure to money laundering by financial institutions in countries complying with strict money laundering regulations.

D. Strasbourg Convention

The Council of Europe was the first which in a Recommendation of the Committee of Ministers from 1980 warned the international community of the dangers that “dirty money” in the financial systems represents to democracy and the rule of law.

The approach of the Council is to consider not only laundering of drugs proceeds a crime but also to criminalize the proceeds derived from all kinds of offences. The idea is that the criminal should not be permitted to profit from his crime. The work of the Council in the field of money laundering is action-oriented. Several international conferences on the subject were held in the 1980s and inspired the work on an international Convention on Laundering, Search Seizure and Confiscation of the Proceeds from Crime (Strasbourg Convention).

The Strasbourg Convention was opened for signature in November 1990; The rules permit international co-operation against money launderers and the confiscation of criminal gains. The convention requires criminalisation of money laundering not only from drug trafficking, but also from any kind of criminal activities, and provides for other complementary measures in order to control and confiscate criminal proceeds as well as to reinforce judicial co-operation.

E. Financial Action Task Force

The Financial Action Task Force (FATF) was formed in 1989 by the Group 7 major industrial nations and the President of the Commission of the European Communities to assess the results of co-operation already undertaken in order to prevent utilisation of the banking system for money

laundering purposes, and to consider additional preventative measures in this field, especially the adaptation of the legal and regulatory systems to enhance multilateral judicial assistance.

There are 40 measures recommended by the FATF for adoption by countries combating money laundering. These are grouped under the following areas: general Framework; Improvement of National legal systems to combat money laundering; strengthening of International Co-operation.

The FATF has an important role in monitoring the effectiveness of the international community in the steps taken to counter money laundering, and in identifying the increasingly sophisticated methods employed by money launderers.

Another, more modest, regional initiative is the Caribbean Financial Action Task Force. As a result of the Caribbean Conference of Drug Money Laundering, held at Aruba from 8 to 10 June 1990, a series of recommendations for taking action against money-laundering was formulated. Some countries, however, have proved reluctant to take further action, not least because of the benefits they receive as tax havens, and progress has generally been slower than was initially anticipated.

F. Other Initiatives to Counter Money Laundering

In 1988 International Criminal Police Organisation (Interpol) formed a working group to pursue similar co-operation over mechanisms for gathering and sharing financial information connected with drug trafficking. The working group has developed a model law for identification, tracing, seizure and confiscation of assets derived from criminal activity and has published and updated to Financial Assets Encyclopedia. In March 1992, Interpol also established an Automated Search facility (ASF), a system giving access to data held by national systems, but with the provision that members could specify which countries were to receive their information - obviously essential in a body the size of Interpol, with 136 members, most of whom distrust at least some of the others.

In parallel with these measures, the heads of state of the European Community set up a European Committee to Combat Drugs (CELAD) in December 1989. This aimed to co-ordinate anti-drugs strategies, suppress illicit drug-trading and reduce demand. In 1991, the TREVI-group - a regular committee of EC interior and justice ministers, with associated working groups of their officials, police chiefs, and others - established a European Public Organization, EUROPOL, to deal with cross-border crime and in

December 1993, formed a European Drugs Unit (EDU).

In June 1991 the European Union Directive on the prevention of the use of the financial system for the purposes of money laundering was approved by the Council. The EU Directive, which came into force in 1993, requires Member States to prohibit money laundering and to introduce by means of legislation a variety of provisions designed to ensure that credit and financial institutions in particular have in place appropriate procedures for the identification of costumers, the reporting of suspicious activities to the authorities and other internal control procedures.

4. Conclusion; How to Combat Organized Crime? (the Main Anti-Organized Crime Measures)

By exploiting the dominant economic trends of the 1990s - globalization and internalization - transnational organized crime has become a major force in world finances, capable of derailing the economic and social development of key countries and undermining international security.

In a declaration and Global Action Plan, the Ministers of Justice and the Interior taking part in the Naples (Italy) Conference in November 1994 urged States to move swiftly to counter a rapidly globalizing movement of interlinked organized criminal groups and their spread into new spheres of activity. The Plan reflects agreement that if organized crime is not resisted in time, it will undermine political structures, endanger internal peace and development and threaten not only emerging democracies but also wellestablished ones. It calls for improved data gathering and analysis, anti-corruption safeguards, special investigative units and implementation of existing measures directed against loopholes that allow trans-border criminals to circumvent justice. It recommends that the Crime Commission of the United Nations begin to solicit States views on the feasibility of an international convention that would adress forms of transnational crime not already covered under existing treaties.

According to past resolutions and decisions of the United Nations Member states should intensify their efforts to combat more effectively organized crime at the national level, including consideration, if though necessary in their respective systems, of the following measures, subject to safeguards and the maintenance of basic rights under ordinary legal procedures and in conformity with international human right standards:

- The modernising of national criminal laws and procedures, including measures to: Introduce new offences directed to novel and sophisticated forms

of criminal activity; Provide for the forfeiture of illegally acquired assets; Facilitate the obtaining of evidence abroad for use in criminal proceedings in national courts; Modernize national laws relating to extradition.

- The conduct of national campaigns against drug abuse to develop measures an treatment, rehabilitation, law enforcement and educational processes to deal with drug abuse.
- The strengthening of law enforcement authorities and the provision to those authorities of increased powers.
- The establishment of national institutions, such as national crime authorities or commissions, with appropriate powers, to investigate and obtain evidence for the prosecution of those centrally involved in organized crime activity.
- The review or adoption of laws relating to taxation, the abuse of bank secrecy and gaming houses, in order to ensure that they are adequate to assist in the fight against organized crime, and in particular, the transfer of funds for or the proceeds of such crime across national boundaries.

The Member states should also increase their activity at the international level in order to combat organized crime, including, as appropriate, becoming parties to relevant multilateral treaties and entering on extradition and mutual legal assistance. Multilateral co-operation should not be seen as a compromise between various bilateral efforts. Rather, it is something that has significant benefits in its own right, as many regional arrangements have demonstrated. Regional co-operation in judicial and criminal matters is the natural concomitant to efforts to achieve political and economic union. Regional co-operation is also based on the recognition that, although transnational organized crime is a global problem, it takes different forms in different regions and countries. But for more effective and concerted action to combat organized crime is necessary to work out the United Nations Convention against this phenomenon.

Secretary-General of the United Nations Boutros-Boutros-Ghali told the World Ministerial Conference on Organized Transnational Crime in Naples at its opening meeting: "Powerful international criminal groups now work outside national or international law. They include traffickers in drugs, money laundering, the illegal trade in arms - including trade in nuclear materials - and the smuggling of precious metals and other commodities. These criminal elements exploit both the new liberal international economic order and the different approaches and practices of States. They command vast sums of money, which they use to suborn State officials. Some crimi-

nal “empires” are richer than many poor States. These problems demand a concerted, global response.”

“Organized crime has become predominantly transnational in character”, according to recent reports from the United States. But law enforcement worldwide remains predominantly local and national. Although much has been done by governments to impact upon organized crime, efforts hampered by lack of knowledge, common orientation and international co-operation. A new approach must be sought involving a number of agencies before greater success can be achieved. If this action is not taken soon the situation may well spiral out of control.

This new approach to combat organized crime must work alongside an increase in proactive methods. It requires the involvement of public enforcement to provide the solution, but is clear that crime cannot be tackled successfully unless other sectors of society are involved. One convincing example is the approach by the New York State Organized Crime Task Force to organized fraud, money laundering and corruption in the New York construction world. In this field it has proved that only an approach involving the entire enforcement chain together with multidisciplinary and private sector involvement leads to actual results.

Today success will be achieved by the use of a multi national and multi disciplinary approach which uses preventative as well as control measures applied by the Criminal Justice system and governments, utilising the knowledge and resources of industry and science.

The application of scientific knowledge and industrial methods and techniques to criminal intelligence work will aid the success. The activities and structures of criminals should be analyse to identify their weaknesses and appropriate methods taken. The motto for this approach should be “it concerns us all, let’s tackle it together”. It is clear that integration of strategies, policies, mechanisms and their management at domestic and international level, is the challenging answer to the increasing challenges posed by development of transnational organized crime.

References

1. Bosworth-Davies., Saltmarsh G., Money Laundering. A Practical Guide to the New Legislation, Chapman and Hall, London - Glasgow - Weinheim - New York - Tokyo - Melbourne - Madras 1994.
2. Council of Europe, Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and explanatory report, Treaties and reports, Council of Europe Publishing, Strasbourg Cedex 1995.
3. Flood S. (ed.), Illicit Drugs and Organized Crime. Issues for a United Europe, Office of International Criminal Justice, The University of Illinois at Chicago, Chicago, Illinois 1991.
4. Financial Action Task Force (FATF) on Money Laundering, Paris (France), 7 February 1990 (FATF-2, 13 Mai 1991; FATF-3, 2 June 1992).
5. Global Mafia. Special Report, Newsweek, December 13, 1993.
6. Holdos J., Organized Crime and Terrorism on the Territory of the Slovak Republic, Europe 200, Quarterly Newsletter, June (S) 1995.
7. Holyst B., Economic Crime in Poland during the Period of Changes in the Social and Economic System (Select Problems), EuroCriminology, Vol.10, Łódź 1996.
8. International Criminal Police Organization (Interpol), Report prepared by the Drugs Sub-Division ICPO-INTERPOL General Secretariat, Lyons, France, January 1995.
9. Johnson C., Russian Organized Crime, in: P. Williams, C. Florez, J. Deal and J. Furloni (eds.), Drug Trafficking and National Security, Boulder, Colorado, Westriew Press 1995.
10. Kaiser G., H.-J. Albrecht (eds.), Crime and Criminal Policy in Europe. Proceedings of the II. European Colloquium, Criminological Research Reports by the Max Planck Institute, Volume 43, Freiburg 1990.
11. Organised Crime Across the Borders (Preliminary Results by E.U.Savona, S. Adamoli, P.Zoffi with the assistance of M. DeFeo), HEUNI PAPERS No.6, Helsinki 1995.
12. Pliushch, L. Glasnost and After. The UNESCO Courier June 1996.
13. Plywaczewski E.W., Money Laundering and Financial System - Including the Situation in Poland, EuroCriminolog, Vol.10, Łódź 1996.
14. Ponomarev P.G., Confronting Money Laundering in Russia, Crime and Social Order in Europe. Crime and Social Order Research Programme, Newsletter No.4, July 1996.
15. Savona E.U., Mafia Issues. Analyses and proposals for combatting mafia

today, International Scientific and Professional Advisory Council of the United Nations Crime Prevention and Criminal Justice Programme, ISPAC 1993.

16. Schneider H.J., *Organized Crime in International Criminological Perspective*. United Nations Asia and Far East Institute for the Prevention and the Treatment of Offenders (ed.): Report for 1992 and resource Material Series No.43 Tokyo 1993.

17. Serio J., *Organized crime in the Former Soviet Union: only the name is new*, Criminal Justice International, July - August, 1993.

18. Skrastnis J., *The Peculiarities of the Organized Crime Development in the Baltic States*, Europe 2000, Quarterly Newsletter, September (10) 1996.

19. *The Ninth United Nation Congress on the Prevention of Crime and the Treatment of Offenders*, Cairns, Egypt; *Less Crime, more justice: Security for all*, National Statement Japan 1995.

20. *The United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances*, E/Conf.82/15/, Vienna, 19 December 1988.

21. *The EU Directive on the Prevention of the Use of the Financial System for the Purpose of Money Laundering* of 10 June 1991.

22. United Nations, Economic and Social Council, Commission on Crime Prevention and Criminal Justice, *The Impact of Organized Criminal Activities upon Society at Large (Report of the Secretary-general)*, Distr. General, E/CN.15/1993/3, 11 January 1993.

23. United Nations Crime Prevention and Criminal Justice newsletter, *Crime*, Special double issue on the United Nations Commission on Crime Prevention and Criminal Justice, Numbers 22/23, July 1993.

24. United Nations, Commission on Crime Prevention and Criminal Justice, *Report on the Third Session (26 April - 6 May 1994)*, Economic and Social Council, Official Records, 1994, Supplement No.11.

25. United Nations, Economic and Social Council, *Problems and Dangers Posed by Organized Transnational Crime in the Various Regions of the World (World Ministerial Conference on Organized Transnational Crime, Naples, 21 - 23 November 1994)*, Distr. General, E/Conf. 88/2, 18 August 1994.

26. van der Hulst J.W. (ed.) *EC Fraud*, Kluwer, Deventer-Boston 1993.

27. Varela-Cid E. Ferraro L. Croce L., Zin C., Pelaez H., Bonino E., Castro J., Zaragoza Aguado J. and others, *Narcocriminality*, Latin American Parliament, Brazil, Sao Paulo 1994.

Summary

Organized crime has been identified in various United Nations forums as

one of the most pernicious forms of criminality, of which the dimensions have yet to be measured and the full impact has yet to be determined. In the "Introduction" of the paper attention is drawn to the definition of organized crime and to essential elements of this criminal phenomenon.

National authorities of many countries find that criminal organisations which deserve international attention are, in alphabetical order: Chinese Triads, Colombian cartels, Jamaican posses, Japanese Yakuza, Sicilian Mafia, Russian criminal organizations and West African groups such as Nigerian organized crime groups. The author presents only organized crime and its most frequent forms in the Post Communist Societies in Central and Eastern Europe. An especially important sphere in which organized crime finds favourable conditions is the economy. Economic transformation brings in its wake completely new forms of economic crime added to the conventional forms linked with the operation of state-owned and co-operative. Because, at this stage, economic reform in the post communist countries is still in the process of implementing the theoretical concepts, organized crime in the field of economy has not yet acquired the dimensions and forms that are found in the countries with advanced market economies. The author analyses the conventional and new forms of organized crime in Poland and other post communist countries (the Czech Republic, the Slovak Republic and the Baltic States). Special attention is drawn to Russian criminal organisations, though they only make the front pages of the press if the victim is a member of parliament or a star television presenter. Organized crime is seen as having links with hotels, banks, major advertising agencies and even the highest reaches of political life. Russian organized crime groups have also spread their activities to other countries, including the United States.

Further the author presents the main international initiatives to counter money laundering (the Vienna Convention 1988, Basel Statement of Principles 1988, Strasbourg Convention 1990. Financial Action Task Force and other initiatives). These initiatives are very important, because the laundering of the proceeds of criminal activity through the financial system is a vital to the success of criminal operations. Those involved to exploit the world's financial institutions if they are to benefit from the proceeds of their activities. The crime of money laundering is a matter of growing concern for industrialised countries and is one to which the developing economies in many countries in the world are particularly prone.

In conclusions of the paper the author underlines, that by exploiting the dominant economic trends of the 1990s - globalization and internalization - transnational organized crime has become a major force in world finances, capable of derailing the economic and social development of key countries and

undermining international security. Although much has been done by governments to impact upon organized crime, efforts hampered by lack of knowledge, common orientation and international co-operation. A new approach must be sought involving a number of agencies before greater success can be achieved. If this action is not taken soon the situation may well spiral out of control.

This new approach to combat organized crime must work alongside an increase in proactive methods. It requires the involvement of public enforcement to provide the solution but is clear that crime cannot be tackled successfully unless others sectors of society are involved.

Today success will be achieved by the use of a multi national and multi disciplinary approach which uses preventative as well as control measures applied by the Criminal Justice system and governments, utilising the knowledge and resources of industry and science. For more effective and concerted action to combat organized crime is also necessary to work out the special United Nation Convention against this phenomenon.