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The Changing Structure of Organized Crime Groups

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Executive Summary

With significant improvements in modes of transport, communication and ever-expanding horizon of technology, organized crime has significantly evolved into a global phenomenon. It also appears that the factors contributing to globalization and the very fact of globalization of organized crime groups has resulted in a range of complex structures of these groups - necessitating the formation of market-driven transnational networks. Researchers have concluded that the criminal organizations of the 21st century are characterized by a large degree of <u>fluidity</u> and <u>structural complexity</u>. As opposed to the popular stereotypes, they utilize diverse forms and sizes of clusters, network structures and groups, often but not invariably transnational with occasional local home-bases, as suited for their diverse forms of illegal activities, and as dictated by emerging opportunities across the globe. Results of a pilot survey conducted by the United Nations Office on Drugs and Crime (2002) of 40 selected organized criminal groups in 16 countries confirmed the existence of this structural fluidity in the five typologies that were identified and related to the observed groups: Standard hierarchy, Regional hierarchy, Clustered hierarchy, Core group and Criminal network. The major Colombian cartels provide a good example of complex network type structures. Their structure is compartmentalized, and mimics a large, multinational corporation - with the home-based president and vice-presidents making decisions, monitoring and managing the acquisition, production, transportation, sales and finance for the drug-trafficking "business", and the overseas cells handling the import, storage and delivery of the product, as well as money laundering.

Others have noted the heterogeneous structures and opportunity-driven nature of "Russian" organized criminal groups in the United States. They indicated that these organized crime groups were fluid and flexible networks; their leaders held their positions on the basis of their personal characteristics; these interconnected groups were not highly centralized or controlled by a few leaders; they drew upon external resources and partners with necessary expertise for their

criminal undertakings. Experts studying the situation in South-East Europe[1] also reported a wide range of structures, ranging from hierarchical to horizontal, both with cell-like structures and loose networks operating. The Chinese organized criminal groups in the United States were believed to be structurally quite complex and diverse, namely gangs, secret societies, triads, tongs, Taiwanese organized crime groups, and strictly US-based tongs and gangs. The Japanese *Yakuja* is considered to be one of the largest organized crime groups in the world and is described as having a *kaicho* (boss or father having absolute authority in the group), *wakato* (deputy or captain), and *wakai shu* or soldiers, the ordinary members - which seem to point at a hierarchy.

Organized crime groups are not always homogenous with respect to ethnicity. Network-like structures of organized crime groups seem to be more prevalent than ethnicity, region or family-based groups. This appears to be due to the effectiveness of decentralization and loose, non-hierarchical contacts between groups or cells 'with shifting patterns of associates' - that collaborate for a specific purpose and then move apart.

The following models and concepts have been mentioned as useful in anticipating organized and transnational crime: **political conditions** such as a weak state, a weakened state and states in conflict insurgency or terrorism - where an organized crime group provides protection; **economic conditions** such as market demands, new opportunities for illegal products and services, collaborating with other non-criminal areas; **social conditions** where loyalty to kinship or ethnic ties supersede loyalty to the state or government - causing corruption and crime to flourish. A social network may form, with a capacity to cross national boundaries. The **Risk Management Model** depicts a situation where criminal organizations may utilize tools such as counter-intelligence and corruption to minimize the risks of detection and prosecution by stable governments and law enforcement agencies. **Composite Models** predict combination of some of the above aspects.

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[1] Note 2. SP Initiative against Organised Crime in South-Eastern Europe (SPOC) - Adopted in Sofia, 5 October 2000 Stability Pact for South-Eastern Europe Preamble (Internet).

Organized crime is believed to have taken on the character of "entrepreneurial crime", since it has been dealing with any commodity that can be profitably exploited. In view of the highly adaptive strategies of organized crime groups, the possibility of expanding cybercrime could be great, since this is the most important and emerging area of opportunity in the 21st century. The formation of "business liaisons" between transnational organized criminal groups and transnational terrorist groups, and (despite their ideological, practical and operational differences) their collaboration for mutual gain, have been considered by some experts to be a distinct possibility and a global security threat.

A few scholars believe that since a significant number of organized crime groups are utilizing various types of fluid network structures, combating them would benefit from a strategy that focuses on network analysis, in concrete terms as well as in cyberspace. Experts believe that in combating organized crime, there is a need for a number of strategies. These include: a greater political commitment by governments around the globe to recognize the pernicious and transnational nature of organized crime and to combat it; a great need for cooperation for mutual legal assistance and sharing information - in the form of international agreements and treaties among states and within states - among departments and levels of government, to develop and implement a multi-national and multi-disciplinary approach; a need for increasing public awareness regarding organized crime with a focus on reducing the demand for illegal products and services - to prevent corruption at all levels in the civil society and to enhance loyalty to the legitimate state governing system; the need for strategic, systematic and pro-active collection, analysis and sharing of intelligence, especially, financial intelligence, on emerging groups and areas such as cybercrime, identity thefts and computer frauds - keeping within the boundaries of civil liberty; a need for pro-active development and application of the legal apparatus; and for "a systematic threat assessment of known organized crime groups through collecting information on their criminal activities, financial sophistication, violence potential, market/territory and ability to corrupt" as well as through network analysis techniques; and finally, a need for extensive training of law enforcement communities internationally about the complexity of transnational organized crime and the tools for combating it.

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Introduction

This paper, seeking to provide an overview of the "Changing Structure of Organized Crime" focuses on the constellation of selected issues around it, and does not provide a comprehensive survey. All of the cited research is available in English, in print or on the Internet.

Over the past several decades, the definition of the phrase 'organized crime group' has undergone changes coinciding with the experience of law enforcement agencies around the globe about the diversity, persistence and pervasiveness of such groups (Williams and Godson, 2002). A need for a broader definition was thus recognized. The present paper adopts the definition of the United Nations Office on Drugs and Crime (2002) as follows. An organized criminal group is a:

> structured group of three or more persons existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences in order to obtain, directly or indirectly, a financial or other material benefit. By 'serious crime' is meant 'conduct constituting a criminal offence punishable by a maximum deprivation of liberty of at least four years or a more serious penalty'.

Globalization of Organized Crime Groups - A Network Phenomenon

In the recent research literature, it has been emphasized that with significant improvements in modes of transport, communication and ever-expanding horizon of technology, organized crime has significantly evolved into a global phenomenon (e.g., Shelley, 2002, Williams and Godson, 2002). It also appears that the factors contributing to globalization and the very fact of globalization of organized crime groups has resulted in a range of complex structures of these groups - necessitating the formation of market-driven transnational networks. A US Government Working Group on International Crime Threat Assessment (2000) indicates:

The dynamics of globalization, however, particularly the reduction of barriers to movement of people, goods, and financial transactions across borders, have enabled international organized crime groups to expand both their global reach and criminal business interests. International organized crime groups are able to operate increasingly outside traditional parameters, take quick advantage of new opportunities, and move more readily into new geographic areas. The major international organized crime groups have become more global in their operations, while many smaller and more local crime groups have expanded beyond their country's borders to become regional crime threats.

Much more than in the past, criminal organizations are networking and cooperating with one another, enabling them to merge expertise and to broaden the scope of their activities. Rather than treat each other as rivals, many criminal organizations are sharing information, services, resources, and market access according to the principle of comparative advantage. By doing so, they can reduce their risks and costs and are better able to exploit illicit criminal opportunities. Although most cooperation between criminal organizations so far has been largely tactical--such as collaborating in smuggling ventures, arranging illicit financial transactions, or laundering money--the potential for broader alliances to undertake more complex criminal schemes in an increasingly global economy is significant (pp 4-6).

An example of such global networks is provided by Shelley (1997):

Colombian drug traffickers link up with Nigerian crime groups who provide couriers for European deliveries. Shipments are routed through Eastern Europe or the former USSR, minimizing the risks of detection. Proceeds of this crime may be laundered through four different countries before reaching their final destination in an offshore haven in the Caribbean. Law enforcement will be fortunate if they can dismantle any of this chain of illicit conduct.

Transnational organized crime will proliferate in the next century because the crime groups are among the major beneficiaries of globalization. Benefitting from increased travel, trade, telecommunications networks and computer links, they are well positioned for growth.

Several scholars have observed that there are numerous transnational criminal groups with various types of organization structures, diverse skills and specializations, engaging in a wide range of criminal activities and utilizing various techniques to avoid law enforcement (e.g., Massari, 2003; Hobbs, 1998; US Government, 2000; Williams, 1998). In view of the large

overlap, this paper uses the phrases 'transnational organized crime' and 'organized crime' interchangeably.

Structure of Organized Crime Groups

Researchers (e.g. Albanese, 1989; Shelley, 1999; Williams, 1998) have concluded that the criminal organizations of the 21st century are characterized by a large degree of fluidity and structural complexity. As opposed to the popular stereotypes, they utilize diverse forms and sizes of clusters, network structures and groups, often but not invariably transnational with occasional local home-bases, as suited for their diverse forms of illegal activities, and as dictated by emerging opportunities across the globe. Results of a pilot survey conducted by the United Nations Office on Drugs and Crime (2002) of 40 selected organized criminal groups in 16 countries confirmed the existence of this structural fluidity in the five typologies that were identified and related to the observed groups: Standard hierarchy, Regional hierarchy, Clustered hierarchy, Core group and Criminal network. In summary, the authors found that:

(1)   Two thirds of the groups had a classical hierarchical type of structure while one third was more loosely organized.

(2)   The majority of the groups were medium-sized, with the number of members ranging from 20 to 50;

(3)   The majority of the groups included in this study used violence as an essential component of their activities;

(4)   Fewer than a third of the organized crime groups were ethnicity-based and under half of the groups did not have a strong social or ethnic identity;

(5)   The largest number of groups were involved in only one primary criminal activity;

(6)   The majority of groups were engaged in trans-national criminal activities;

(7)   The vast majority of the groups made use of corruption, some frequently and some others occasionally;

(8)   Almost 50 percent of the groups reported not having any political influence, while one-third of the groups indicated having an influence at the local/regional level;

In the UN study, two criminal network type groups were operating from the Netherlands and two others were from the Caribbean. In all four groups the activities of the top members were found to be continuously interchanging and a broader network of individual criminal contacts were believed to be utilized to conduct specific criminal operations. The size and the nature of activities of each of the criminal networks were different. The authors observed that although there were only a few such groups found in this survey, such networks were likely to be more common, almost a prototype of currently operating organized crime groups, and were a growing phenomenon.

In examining the issue of international smuggling of nuclear materials, Williams and Woessener (1999) discussed nine different types of organized criminal groups, not exactly similar to the above categories in the UN study: Opportunistic Amateur, Predatory Criminal, Ethnically-based Smuggling, Sophisticated Transnational, the 'Comrade' Criminals, Criminal Controlled Businesses, Networks of Former Intelligence Agents, Transnational Mafia, and Hybrid Trafficking Organizations.

The major Colombian cartels provide a good example of complex network type structures. Their structure is compartmentalized, and mimics a large, multinational corporation - with the home-based president and vice-presidents making decisions, monitoring and managing the acquisition, production, transportation, sales and finance for the drug-trafficking "business", and the overseas cells handling the import, storage and delivery of the product, as well as money laundering. Paoli (1998) explains:

> The flexibility and ability of mafia organizations to adapt to changing economic and political conditions can be fully taken into account only by considering mafia consortia as functionally diffused organizations. They are the results of a centuries-old process of social construction during which they have been used by their members to achieve a plurality of goals and to accomplish a variety of functions. (p. 90).

The structure of the Colombian Cali Cartel has also been depicted as a hierarchy in which the cartel principals responsible for overall management are Colombian, with individual cell

directors reporting to them and managing direct distribution of cocaine using street gangs and money laundering (Rush, 1999).

Cali, Colombia
Cartel Principals
                    Financial Advisors   Transportation Operations
Cell Director
                        Cell Head   Cell Head
                        Bookkeeper   Bookkeeper
                    Stash House Sitter   Stash House Sitter
                    Cocaine Handler   Cocaine Handler
                     Money Handler   Money Handler
                        Motor Pool   Motor Pool
                          Other   Other

Corpora and Shelley (2002) described loose and complex domestic and international network structures in the former Yugoslav Republics, which are deeply embedded in the local communities and which are performing a variety of criminal functions in a cooperative manner.

According to Xhudo (1996), the structure of the organized crime groups in Albania suggested a hierarchical chain of command, similar to the Sicilian mafia "system of bosses and under-bosses which revolves around blood and marriage relatives." Beare (2000) reported that the structure of Russian and Russia-generated organized crime groups was similar to a three-legged tripod, with the (i) bureaucracy including politicians and security officials, (ii) underground business persons, and (iii) the professional criminals forming the three legs. At upper levels, there is an interweaving of these three sectors, with functional divisions among them. A UNODC (United Nations Office on Drugs and Crime) (2002) study, however, revealed a loosely structured association of 12 to 15 criminal groups consisting of 500 to 600 members originating from Eurasia (for example, Russia, Armenia, Ukraine, Lithuania, Chechnya, Dagestan and Georgia) as the heterogeneous "Russian" organized crime group in the United States. In these loose,

opportunity-driven, flexible and adaptive networks, members are recruited and utilized on the basis of their specific skills and personal characteristics, as needed, to take advantage of new criminal activities. Special expertise and financial resources are also similarly accessed. There seems to be no permanent hierarchy with a single, recognized leader. Finckenauer and Waring (1998) had arrived at a similar conclusion regarding the heterogeneous structures and opportunity-driven nature of "Russian" organized criminal groups in the United States. These authors believed that 200 large Russian Organized Crime groups were operating in 58 countries and approximately 15 of these groups were operating in the U.S. - out of which eight or nine maintained links to Russia. They also noted that the organized crime groups were fluid and flexible networks; their leaders held their positions on the basis of their personal characteristics; these interconnected groups were not highly centralized or controlled by a few leaders; they drew upon external resources and partners with necessary expertise for their criminal undertakings. However, one consequence of the fluidity and lack of a formal structure and central control was the occurrence of internal violence and disputes (Finckenauer and Waring, 1998).

Consistent with the above, experts studying the situation in South-East Europe (SE Europe Stability Pact, 2000) reported a wide range of structures, ranging from hierarchical to horizontal, both cell-like structures and loose networks operating. Some of these groups originated on the basis of former political and economic liaisons; other groups were based on ethnicity and kinship, and still others were believed to have originated in other parts of the world, or at least to be controlled by transnational organizations or individuals. Some arose as an alliance of groups involved in racketeering and extortion activities; others as a consequence of social, political and economic opportunities. Proceeds from crime contributed to the legal economy, just as legitimate businesses became illegal enterprises with the use of corruption, violence and exploitation of the public and the public service. These groups were involved in transnational criminal activities such as extortion and racketeering, large-scale smuggling in consumer goods - in particular cigarettes - trafficking in arms, organization of illegal immigration, trafficking in human beings - in particular for sexual exploitation - trafficking in drugs, trafficking in stolen vehicles, intellectual property crime, environmental crime, forgery of documents and money, economic

crime, fraud and tax crime and money laundering.

The Chinese organized criminal groups in the United States were believed to be structurally quite complex and diverse (Finckenauer, 1996; Ko-lin, 1996; Williams, 1996), namely, gangs, secret societies, triads, tongs, Taiwanese organized crime groups, and strictly U.S.-based tongs and gangs. Ko-lin did not find any empirical evidence of well-organized, hierarchical structures, According to Ko-lin Chin, the foremost academic expert in the U.S. on Chinese organized crime, these groups seemed to collaborate and coordinate in various criminal activities such as drug trafficking, money laundering and human smuggling - the only crime that often attracted attention. Otherwise, these loose network structures allowed these groups to keep a very low profile.

According to these experts, the 'tongs' are Chinese criminal organizations consisting of adults who are linked with street gangs of younger recruits (often with previous criminal records). These adults provide these gangs with a place to hang out, with gambling opportunities, and with a supply of money and guns. These gangs are depicted as having a 'grandfather' or 'uncle' who is the tong leader, a 'big brother', other lower level 'big brothers' and at still lower levels, the clique leaders. The rules for loyalty toward the tongs include respecting the 'grandfather', obeying big brothers, protecting own territories, and (ironically) not using drugs. Violation of the rules is usually punished severely, even by death.

Primarily Hong-Kong based Asian Triads (also active in Taiwan and mainland China) are highly structured organizations; but they are believed to engage in a wide range of criminal activities through loose criminal networks as well. Like the Italian mafia, originally they were mostly ethnicity-based, and group membership involved the use of rituals, oaths, secret ceremonies and incentives. Their criminal activities include heroin and other drug trafficking, human smuggling, theft, murder, extortion, credit card fraud, prostitution, and illegal gambling. However, Ip Pau Fuk (1999) quoted a different description of the structure of Triads at a U.S. Congressional Hearing on Asian Organized Crime:

       Triad members do favours for each other, protect each other, provide

introductions and assistance to each other, and engage in criminal schemes with one another, but Triads generally do not have the kind of strictly disciplined organizational structure that some other criminal groups have. For example, a Triad member would not necessarily be required to get permission from the head of his particular Triad in order to engage in a particular criminal undertaking, even if this particular deal involved an outsider or even a member of another Triad.

According to this description, most of the Triads are like 'fraternities' composed of a number of territorially-based gangs. There are gang leaders who settle disputes and usually do not get any share of the profits from the criminal activities that they facilitate. Ip Pau Fuk described the two structures in the following table. In his opinion, the right hand column primarily represented a myth, and the left side, which resembles more a loose network, was the reality.

LEFT   RIGHT

Chairperson - limited influence, honorary post	Chairperson - the Godfather
Full autonomy	Central leadership
Profit belongs to individual gangs	Profit goes to organization
Disputes settled through negotiations	Disputes adjudicated by core leadership and fights
Made up of criminal fraternities	A criminal enterprise

The Japanese *Yakuja* (literally means 'worthless' or 'losers') is considered to be one of the largest organized crime groups in the world (Lyman and Potter, 2000). It is described as having a *kaicho* (boss or father having absolute authority in the group), *wakato* (deputy or captain), and *wakai shu* or soldiers, the ordinary members - which seem to point at a hierarchy.

Structure, Region and Ethnicity

Organized crime groups are not always homogenous with respect to ethnicity. Of the more than

3,000 organized crime suspects in Germany, there were 37.8% German, 5.6% Polish, 13.5% Turkish, 5.5% Italian, 3.7% Vietnamese, 2.9% Russian, 7.3% Yugoslavian and 23.7% Other[2].

Although Colombian organized crime groups are still referred to by the term 'cartel', it has been noted that largely as a result of local Colombian law enforcement activity, the large, relatively homogeneous, traditional organizations based in Cali and Medellin have increasingly split up into smaller, more autonomous groupings located throughout Colombia (including Cali, Medellin, Bogota and the so-called Northern Valley), as reported by NCIS, 1998. The NCIS report also points out that the top position holders in the Colombian organized crime groups are almost all Colombians - although they have been increasingly using other immigrant crime groups (e.g., Mexicans - who have become a major drug-related group by themselves - Guatemalans, Panamanians, Dominicans and Jamaicans) as suited for various activities. The experts suspect that other groups such as Nigerians, Jamaicans, Eastern Europeans and British criminals may also been involved with the Colombian organized crime groups, while the principals try to keep themselves at some distance from street-level activities. The report indicates that the composition of each cartel's organization in the G8 member countries varies from one country to another. For example, in the U.S. and Canada, each member is typically allocated a specific role in a tightly-controlled cell structure. In the United Kingdom, a cartel representative himself is found to appoint a number of individuals responsible for general drug trafficking operations.

Networks - beyond ethnicity/region:

As observed above, currently, network-like structures of organized crime groups seem to be more prevalent than ethnicity, region or family-based groups. This appears to be due to the effectiveness of decentralization and loose, non-hierarchical contacts between groups or cells "with shifting patterns of associates" - that collaborate for a specific purpose and then move

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[2] Organized Crime in the Federal Republic of Germany: the Situation in 1996 -Washington, April 1997 (Internet).

apart. Shelley (1999) noted that the hierarchical organizational structure and chain of command typical of the older Italian Mafia have been now replaced by the more competitive, newer, transnational organized crime groups that are characterized by "network structures" employing specialists, and are similar to modern organizations operating under the "new economy" (p 4). Shelley and Picarrelli (2002) maintain:

> Unlike the top-down-hierarchical structure of traditional Mafia-type organizations, organized crime groups such as the Colombian drug cartels and Russian-speaking organized crime function as loosely-organized networks of cells. The cells give organizational flexibility, reduce the possibility of law-enforcement penetration, and provide greater efficiency. Network structures also make it more difficult to identify leaders while reducing the size of the leadership within each organization. As such, modern organized criminal groups and leading terrorist organizations resemble modern, "flat" business structures rather than the multilayer organization found in older corporations such as the Ford Motor Company and the steel industry (p. 307).

Williams (1998) discussed the phenomenon of transnational organized criminal groups "operating around the networks that organize the supply of illicit goods and services, the theft and trafficking of licit goods, and the unrestricted trafficking of restricted commodities" (p 73). He explains that for a better grasp of local conditions, utilization of complementary skills and more dynamic management, even legitimate organizations have been moving towards loose and more fluid networks rather than the previous paradigms of organizations. In his opinion, organized criminal groups have paralleled this trend in their 'business' as well, and no longer fit the traditional model of hierarchical, centrally controlled organization structures (associated with Donald Cressey), or disorganized 'markets' (Reuter and Naylor). The advantage of such loose, functional, dynamic networks allow criminal organizations to suffer minor setbacks when so-called 'leaders' or other key figures are prosecuted, arrested, or even killed - "nobody is really irreplaceable" (p. 30, Kleemans and van de Bunt, 1999). Confirming the same idea, Ronfeldt and Arquilla (2001) argue that efficient organizational structures in society have now evolved from tribes, hierarchies and markets to highly efficient and sophisticated networks. They also believe:

> The rise of networks means that power is migrating to nonstate actors, because

they are able to organize into sprawling multiorganizational networks (especially "all-channel" networks, in which every node is connected to every other node) more readily than can traditional, hierarchical, state actors. This implies that conflicts will be increasingly waged by "networks," perhaps more than by "hierarchies." It also means that whoever masters the network form stands to gain the advantage.

These scholars also coined the term 'netwar':

the term netwar refers to an emerging mode of conflict (and crime) at societal levels, short of traditional military warfare, in which the protagonists use network forms of organization and related doctrines, strategies, and technologies attuned to the information age. These protagonists are likely to consist of dispersed organizations, small groups, and individuals who communicate, coordinate, and conduct their campaigns in an internetted manner, often without a central command. Thus, netwar differs from modes of conflict and crime in which the protagonists prefer to develop large, formal, stand-alone, hierarchical organizations, doctrines, and strategies as in past efforts, for example, to build centralized movements along Leninist lines. Thus, for example, netwar is about the Zapatistas more than the Fidelistas, Hamas more than the Palestine Liberation Organization (PLO), the American Christian Patriot movement more than the Ku Klux Klan, and the Asian Triads more than the Cosa Nostra. The term netwar is meant to call attention to the prospect that network-based conflict and crime will become major phenomena in the decades ahead.

They went on to quote sociologist Luther Gerlach:

By segmentary I mean that it is cellular, composed of many different groups.... By polycentric I mean that it has many different leaders or centers of direction. ...... By networked I mean that the segments and the leaders are integrated into reticulated systems or networks through various structural, personal, and ideological ties. Networks are usually unbounded and expanding. .... This acronym [SPIN] helps us picture this organization as a fluid, dynamic, expanding one, spinning out into mainstream society.

The picture that emerges has an uncanny similarity to what the criminologists and other scholars and practitioners in law enforcement have noted, as discussed above.

Factors Contributing to the Changing Structure of Organized Crime Groups

Phil Williams and Roy Godson (2002) have theorized that the following models and concepts would be useful in anticipating organized and transnational crime: The first model refers to **political conditions** such as a weak state, a weakened state and states in conflict insurgency or terrorism - where an organized crime group provides protection; the next one points out **economic conditions** such as market demands, new opportunities for illegal products and services, collaborating with other non-criminal areas; another posits **social conditions** where loyalty to kinship or ethnic ties supersede loyalty to the state or government - causing corruption and crime to flourish. A social network may form, with a capacity to cross national boundaries. The **Risk Management Model** depicts a situation where the criminal organizations may utilize tools such as counter-intelligence and corruption to minimize the risks of detection and prosecution by stable governments and law enforcement agencies. Finally, **Composite Models** predict combinations of some of the above aspects.

Consistent with the theoretical model presented above, according to Albanese (2001), the risk factors for organized crime are: opportunity factors, the criminal environment, and special access or skills. These can also be described as **Economic, Government, Law enforcement, Criminal history and special skills, Social/technological change, Harm**. He believes that a low **local standard of living** may encourage participation in illegal activity; **high demand for a product or service** (specific drugs, diamonds, business protection, prostitution, etc.), **affordable supply** of a product or service (i.e., availability), low barriers for criminal groups are favourable for entry. Important factors are: **Local government's weakness in enforcing laws** and contracts, **corruption level** among local government leaders and businesses (extent to which local institutions abuse their authority or engage in misconduct), **laws that create or expand** the illicit market, the **level of training of local law enforcement in organized crime investigation** (e.g., application of conspiracy laws, fraud and financial crime investigation, use of informants, undercover operations, multi-jurisdictional task force investigations, witness protection methods, conflict of interest, ethics training), the **working conditions** of local law enforcement (to

encourage loyalty to profession - e.g., salary level, nature of work assignments, promotional opportunities based on merit), the level of **police corruption** (extent to which police enforce the law uniformly and without bribery or extortion) and the level of **government interference in a police agency**. The recent social or technology changes (e.g., local immigration wave, major political upheaval, cross-border travel, etc.) may create or expand illegal opportunity in the market. Prior existence of **criminals or criminal groups** in the market may increase the likelihood of future involvement. If **technical or language skills or other special access** are required to participate in the illicit activity, these may function as barriers to entry for new offenders.

Evans (1994) pointed out that the **structure of government** and the **effectiveness of law enforcement** are contributing factors in the development and expansion of organized crime groups. Williams (1998) surmised about the process of organized crime's beginning and growth thus: it grows when likelihood of setbacks is small; people in the immediate social environment are involved in criminal activities; the supply of customers grows through social relations; successful criminal associations may foster other criminal groups; members of such groups become more and more dependent on members of other criminal associations through social relations for resources such as money, knowledge and contacts, and less on others. He calls this process **"social embeddedness of organized crime"**. In discussing the organized crime problem in post-apartheid South Africa, Shaw (1999) similarly warned that organized crime is fostered by **inefficient policing, weak governance** and **inadequate economic development**.

Bovenkerk (1998) too highlighted the political, sociological, cultural and geographical factors, and observed that states with **weak governments, remote, economically depressed regions** or **politically marginalized ethnic groups** are often fertile grounds for organized crime groups to originate and flourish. Furthermore, he believes that historically, certain ethnic groups, such as Chinese, Jews and Greeks, were structurally positioned across the globe to use their knowledge of world trade and commerce towards the lucrative opportunities offered by organized crime - thus, the link between ethnicity and organized crime became established. However, in view of

the recent proliferation of global organized crime networks, Kleemans and van de Bunt (1999) remarked:

> A frequently occurring pattern combines ethnic homogeneity of the inner group with relative heterogeneity when it comes to distribution. ...Strong ties become less important, since the transactions are dominated even more by utilizing one another's distribution networks (p. 26).

Organized Crime Groups as Entrepreneurs

Carter (1994) suggested that organized crime had taken on the character of "entrepreneurial crime", since it has been dealing with any commodity that can be profitably exploited. In his view, entrepreneurial crime groups originated as loose amalgamations with common criminal interests, and evolved into sophisticated organizations going through a number of structural refinements over time. In his view:

> As entrepreneurial crime has risen, the basic nature of organized crime groups has shifted. Traditionally drawn from a narrow group based on heritage, kinship, or other common factors, members usually became career criminals associated with a specific crime group. Entrepreneurial crime groups, on the other hand, depend on a small core of permanent members who bring in others as needed to handle specific assignments.

Evans (1994) maintained that the crime industry seeks out and takes advantage of international opportunities for profit and power, similar to legitimate trade and commerce enterprises. A similar observation has been made by Lyman and Potter (2000) that the 1990s have been "a time of opportunity" for the crime groups in Nigeria and South Africa - to develop from loosely structured gangs to organized crime groups having connections established with the legitimate business and political sectors. In their view, "organized crime syndicates long ago learned that to be successful in a threatening legal environment, they must be prepared to adapt their structures and practices" (2000:493). Desroches (2002), in his study on drug trafficking and organized crime in Canada, found that drug trafficking was considered by his subjects as a business activity

like any legitimate business where the ability to reliably supply sufficient quantity of high quality products at competitive prices was crucial. A statement by Bryan (2000) captures this characteristic of organized crime groups thus:

> Were it not for the illegitimate character of their actions, transnational criminals could be lauded as pioneers and visionaries in the age of globalization. They have adopted facilitative and exacting measures to remain competitive, fashioned an enviable organizational culture of efficiency and accountability, and maximized the opportunities provided by globalization. They have been able to innovate, expand, and flourish in a furiously changing international scenario and have done so while being relatively cloaked ... (p.1).

In view of the highly adaptive strategies of organized crime groups, Williams (2001) warned about the possibility of expanding cybercrime, since this is the most important and emerging area of opportunity in the 21st century. He says:

> ... just as brick-and-mortar companies move their enterprises on to the Worldwide Web seeking new opportunities for profits, criminal enterprises are doing the same thing...   Moreover, criminal organizations tend to be exceptionally good at identifying and seizing opportunities for new illegal enterprises and activities. In this context, the Internet and the continuing growth of electronic commerce offer enormous new prospects for illicit profits.

He provided several examples of cybercrime: major fraud and theft, Internet-related stock frauds, cyber-extortion, utilizing skilled hackers for the introduction and spread of computer viruses (e.g. 'love bug') to gain access to account passwords, jurisdictional arbitrage - i.e., cybercrime initiated in jurisdictions that have inadequate laws to deal with it, and increased use of the Internet for sophisticated money laundering.

Organized Crime Groups and Terrorist Groups - Networking Possible?

The formation of 'business liaisons' between transnational organized criminal groups and

transnational terrorist groups, and (despite their ideological, practical and operational differences) their collaboration for mutual gain, have been considered by some experts to be a distinct possibility and a global security threat (e.g., Sanderson, 2004, UK Secretary of State, 2003).   The motivation to engage in organized criminal activities as well as to take advantage of existing organized crime groups may arise from (a) terrorist groups' financial needs following the post 9/11 enforcement of stricter regulations regarding international financial transactions, (b) the need for small arms and other weapons including nuclear and chemical, (c) the need for assistance with transport of illegal persons and arms, and (d) the need for access to sophisticated communication technology.

Sanderson warns:

> As terror groups transform into hybrid criminal/terror entities and partner with criminal syndicates, the threat to the United States and other nations rises in complexity, demanding a highly flexible, tailored response (p.50).

Neal Pollard, the Director of Terrorism Research Centre in the U.S. states:

> terrorist groups are currently interacting with transnational organized crime syndicates, especially narcotics cartels. Peruvian Shining Path and Colombian FARC guerrillas have provided mercenary security support for narcotics production and trafficking lines in South America, and there is strong evidence that the Palestinian PFLP-GC has been using infrastructure in Lebanon to support drug trafficking. In return, these terrorist groups receive enormous amounts of money, more so than in 'traditional' fund-raising operations such as kidnapping and bank robbery-operations that are far riskier than supporting narcotics trafficking. Furthermore, this interaction offers smuggling routes long established and tested by crime syndicates for drug and arms running, potentially providing terrorists with logistical infrastructure to clandestinely move people, arms and materiel.

In Pollard's opinion, an efficient partnership may develop between some terrorist groups and transnational organized crime networks, the terrorist groups might expect to gain political influence by intimidation, and organized crime groups may hope to avoid law enforcement activities. He believes that if such a partnership indeed develops, states will need to re-think

plans for infiltration and targeting in their counter-terrorism strategies. There will also be an increased threat for the terrorist groups' access to weapons of mass destruction - through transnational organized crime groups. It has been noted (Arlacchi, 2001) that organized crime groups have financed entirely or in part the armed rebellion or terrorist campaigns in about 30 countries, with income generated by taxes on drugs or drug-trafficking.

Shelley (2002) makes the same point as Sanderson and Pollard, and provides examples of possible linkages, such as terrorist groups engaging in organized crime for financial support, taking advantage of the network structures that may overlap to hide from law enforcement, seeking areas with weak governance, using corruption, using modern communication technology, and blending legitimate and illegitimate activities to avoid detection and to launder money.

In another article, Shelley and Picarrelli (2002) pointed out that transnational organized criminals and terrorists engage in many of the same criminal activities although with different goals. Organized crime groups' primary motivation is profit, while the major goal of terrorists is a political ideology.   For terrorists, these activities are the means to a political end.

Gyarmati (2001) noted a basic difference between, and yet, a possible mutual benefit for these two groups:

> There is a difference between organized crime and terrorism; because global terrorism wants to destroy the system as it is. Organized crime wants to destroy the system by using it to its advantage, but they are natural allies because they have very similar features and very similar objectives.

Combating Organized Crime Networks with Network Analysis

Given the fact that a significant number of organized crime groups is utilizing various types of

fluid network structures, it is logical to conclude that combating them would benefit from a strategy that focuses on network analysis, in concrete terms as well as in cyberspace. Coles (2001) presents this idea and argues that significant advantages will come from the use of social network analysis within a conceptual model based on Milgram's experiment of "small world", Boissevian's hypothesis of 'social brokers' and Granovetter's theory of "strength of weak ties". Coles believes that techniques to collect and analyze relational data, such as connections, direction of communication, social distance, group cohesiveness and contacts - which are properties of the systems rather than the individual members - would be particularly appropriate for investigating these networks of organized crime groups. According to some experts (e.g., Garton et al, 1997:4):

> Social network analysis reflects a shift from the individualism common in the social sciences towards a structural analysis. This method suggests a redefinition of the fundamental units of analysis and the development of new analytic methods. The unit is [now] the relation, e.g., kinship relations among persons, communication links among officers of an organization, friendship structure within a small group. The interesting feature of a relation is its pattern: it has neither age, sex, religion, income, nor attitudes; although these may be attributes of the individuals among whom the relation exists . . . Social network analysts look beyond the specific attributes of individuals to consider relations and exchanges among social actors. Analysts ask about exchanges that create and sustain work and social relationships. The types of resources can be many and varied; they can be tangibles such as goods and services, or intangibles, such as influence or social support.

Garton *et al* also extend the concept of social network to a group of individuals connected by computers, interacting for information exchange. In a world dominated by information technology, with changes happening every moment and where cybercrime is a real threat, treating computer-linked organized crime groups as social networks would make sense.

Government of Canada's actions against Organized Crime

The government of Canada is an active participant in developing national (e.g.,

Federal-Provincial-Territorial Working Group) and international (e.g., Council of Europe's Convention on Cybercrime) strategies against cybercrime - which includes identity theft, fraud, stock market manipulation and distribution of child pornography and computer viruses. The law enforcement community, government and private sectors are also continuing to form partnerships to combat organized crime in Canada (Criminal Intelligence Service Canada or CISC, 2003). International action against organized crime includes playing a leadership role in the development of the UN Convention against Transnational Organized Crime in 2000 and by 2002 ratifying it; holding an annual Canada-U.S. cross-border crime forum; addition of organized crime to the G8 agenda in 1995; and establishing Canada-U.S. integrated border enforcement teams in 1996 (Public Safety and Emergency Preparedness Canada: Fact Sheet: Facts about Organized Crime in Canada, 2003 (Internet)).

Conclusion

This paper gleans the observations of experts that point the direction for the law enforcement community - consisting of police, justice personnel and policy makers.

(1)   There is a need for a greater political commitment by governments around the globe to recognize the pernicious and transnational nature of organized crime and to combat it.

(2)   There is a great need for cooperation, mutual legal assistance and sharing information - in the form of international agreements and treaties among states and within states - among departments and levels of government, to develop and implement a multi-national and multi-disciplinary approach.

(3)   Public awareness must increase regarding organized crime with a focus on reducing the demand for illegal products and services - to prevent corruption at all levels in civil society and to enhance loyalty to the legitimate state governing system.

(4)   There is a need for strategic, systematic and pro-active collection, analysis and sharing of intelligence, especially, financial intelligence, on emerging groups and areas such as cybercrime, identity theft and computer fraud - keeping within the boundaries of civil

liberty.

(5)   Pro-active development and application of the legal apparatus is needed.

(6)   "A systematic threat assessment of known organized crime groups through collecting information on their criminal activities, financial sophistication, violence potential, market/territory and ability to corrupt" (Peterson, 2000) is needed as well as through network analysis techniques.

(7)   There is a need for extensive training of law enforcement communities internationally about the complexity of transnational organized crime and the tools for combating it.

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