

The Prediction and Control of Organized Crime

**A Risk Assessment Instrument for Targeting Law Enforcement
Efforts**

by

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Biographical sketch

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Abstract

Linking isolated instances of organized crime in a systematic way can inform law enforcement in identifying high-risk activities and markets and prioritizing them according to objective factors known to be associated with organized crime. There are five ways in which risk assessment organized crime can be achieved. Improvements to data collection, utilizing a team approach to gather information, identifying common elements in organized crime incidents, understanding the parameters of a risk assessment instrument, and connecting organized crime risk assessment to the implementation of law and policy are practical ways in which organized crime activity can be better anticipated, investigated, and prevented. Connecting isolated incidents to organized crime through better information from offenders, victims, and police is possible with teams of investigators, researchers, and analysts. An organized crime risk assessment tool is presented that offers systematic analysis of opportunity factors, the criminal environment, and harm potential among the 17 risk factors identified. Risk assessment can be used to evaluate the influence of organized crime in local jurisdictions, and the impact of new laws and policies that affect commerce and criminal opportunities.

It was September 2000 when Ukrainian journalist Heorhiy Gongadze disappeared after writing articles alleging corruption and links to organized crime by Ukrainian government officials. His headless corpse was found near Kiev four months later. A protracted, and still unsolved, investigation ensued with allegations of direct involvement by the president of Ukraine, and alleged links to organized crime figures, who may not have been happy with accusations in the press of crime and corruption (Gessen, 2001; Ukrainian Journalist, 2000; Woronowycz, 2000; Tyler, 2001; Ukrainian Prosecutors, 2001; International Study, 2001; Woronowycz, 2001a; 2001a).

In an unrelated case, six illegal immigrants were found dumped on the side of the road in Foggia, Italy. They were believed to have suffocated to death in a truck and were discarded there. Police believed these were only some of hundreds of illegal immigrants from Eastern Europe and Asia who land of the shores of Italy looking for a better life in Europe. In Arizona, 14 illegal immigrants from Mexico died five days after being abandoned by smugglers in the heat of the desert. Several others managed to survive the 115-degree heat and were hospitalized. These were among more than 100 deaths from exposure in the Arizona desert by illegal immigrants in less than a year (Associated Press, 2001; Six Illegal Immigrants, 2000; Karaim, 2001).

In still another case, a 25-year-old Portuguese woman was arrested at Kennedy Airport in New York with nine pounds of Ecstasy pills valued at \$500,000 in bags taped all over her body underneath her clothes. The tape she used apparently set off the metal detector. She arrived in New York on a flight from Lisbon, although authorities believe the pills originated in Amsterdam or Israel (Fenner, 2001).

What's the Connection?

These incidents of murder, human smuggling, and drug trafficking are typical of how we learn about organized crime: illegal immigrants are arrested, bodies are discovered, or a drug courier is arrested by police. We usually discover the crime at the “street” level, long after the planning, conspiracy, and organization have occurred that made the crime possible. The cases described above each suggest a connection to organized crime, but police immediately face two problems.

1. Is the body, person, or suspect *really connected to organized crime*, or is it simply an *individual* law violation occurring apart from a larger criminal enterprise?
2. How does a particular incident *fit* into the larger picture of organized crime in the area---how does it *compare in seriousness and risk* to other types of organized crime activity in that jurisdiction?

Establishing a connection to organized crime, and ranking the relative seriousness of the problem for longer-term investigation and targeting purposes, are difficult problems that rarely are addressed in systematic fashion.

A method to answer the second question of comparative risk is proposed here, but the first question also requires attention. Making the connection from a single incident to a larger criminal conspiracy has never been easy. How are police expected to make these

connections when crimes like these occur with regularity with offenders often crossing jurisdictional boundaries?

Improvements to Data Collection: From Isolated Incidents to Organized Crime

There are three ways we learn about most crimes: the accounts of offenders, victims, and police agencies. By using a combination of these three sources of information, the link between isolated criminal activity and organized crime can be established. (The accounts of witnesses and bystanders are far less accurate because they necessarily involve speculation about what was *perceived* rather than what was experienced.)

Offender Information

Offenders know the most about crime because they developed the motive, the criminal design, chose the victim, and committed the crime. Offenders are potentially the richest source of information about crime but, unfortunately, comparatively few are caught. In the United States, for example, only about 28 percent of robberies known to police result in arrest, although 70 percent of murders are solved. Informants, surveillance, and undercover investigations are three police methods involving offenders that can help determine whether a link to organized crime exists.

Using known offenders for information and as informants to investigate criminal conspiracies is a common police strategy in most countries. **Informants** are the most cost-effective investigative tool in organized crime cases. The typical informant is a criminal who chooses to cooperate with the police in exchange for a reduced charge, sentence, or immunity from prosecution. But this is not always the case. Sometimes honest people simply wish to report wrongdoing (Salerno, 1991). Both criminal and non-criminal informants desire anonymity in order to protect their safety. U.S. courts have generally held that the government is entitled to keep secret an informant's identity who has provided information about a possible law violation (*Lawmaster v. U.S.*, 1993). This is called the "informer's privilege." The privilege is not absolute, however, and can be overcome if the defense can show it is crucial to the defendant's case (*U.S. v. Foster*, 1993). The legal status and protection of informants varies widely around the world.

The information obtained from an informant is used to investigate more serious criminality. For example, an arrested drug courier can be used to determine who are the wholesale drug suppliers in a given area. An illegal waste disposer can provide information about other participants in an illicit enterprise. There is usually little expense involved with informants, unless the informant is paid for the information or is placed under government protection. In addition, informers can provide information that would require months of undercover investigation to obtain.

In recent years there has been a well-documented stream of organized crime figures that have become informants. Such high-level criminals as Nicky Barnes, Jimmy Fratianno, Sammy Gravano, Mickey Featherstone, Anthony Casso, Anthony Accetturo, Michael Franzese, and Steve Flemmi all became informants for the government and

testified against their former cohorts in crime (Lehr and O'Neill, 2000; Shawcross, 1995; Franzese, 1993; Pryor, 1983; Fried, 1994; Capeci, 1994; Demaris, 1982; English, 1991; Raab, 1994). This trend of has occurred for three reasons:

1. *Long prison sentences* for racketeering and drug conspiracy law violations in many jurisdictions force criminals to consider prison as the "end of the line," rather than as merely a cost of doing business.
2. *Witness protection programs* are available in a growing number of countries, which allow a potential informant a way to avoid the future wrath of his or her co-conspirators after testifying against them.
3. *A diminished sense of "honor among thieves"* or loyalty to an organization or ethnic heritage exists now than in the past. Many criminals are simply in it for the money, and when caught, they look for the easiest way out, regardless of who might be "sacrificed" to accomplish it.

Different observers place varying levels of weight on these three reasons, but certainly some combination of them has changed the stakes in creating criminal informants (Jacobs, 1994; McShane, 1994).

The low cost of informants is offset to some degree by problems of reliability and credibility. A number of the "mob trials" that occurred in the United States during the

1980s and 1990s resulted in acquittals because juries did not believe the testimony of government informants. A journalist reported after one of these acquittals, "The last piece of evidence requested by the jury for re-examination was a chart introduced by the defense that showed the criminal backgrounds of seven prosecution witnesses. It listed 69 crimes, including murder, drug possession and sales, and kidnapping" (Buder, 1987). These crimes clearly cast doubt on the veracity and motives of the informant.

This issue of the reliability of informants (many are forced to admit they have lied in the past) and credibility (will juries believe the testimony of admitted criminals?) are problems particularly when the witnesses have been paid by the government. For example, Sammy Gravano's testimony in New York against former "boss" John Gotti apparently was believed by the jury resulting in a conviction, but his testimony against Pasquale Conte and other alleged crime figures in another trial, was not. Two hours after it began deliberations, the jury sent out a note that said, "We believe that Sammy Gravano's testimony is essential to the government's case. We have already debated his credibility, and have reached an impasse" (Bowles, 1993).

The handling of informants by police has been a subject of controversy in balancing the assistance they provide in solving crimes that would otherwise be difficult to solve versus the concessions given to them (money, freedom, or reduced prison sentences). Trials provide a forum for defense attorneys to examine the motives and payments informers receive, but some believe additional protections for defendants are needed in cases where an informant's testimony is central to the prosecution's case and direct evidence does not exist to disprove statements believed to be lies. Similarly, the

government must live up to promises made to informants (Billingsley, Nemitz, and Bean, 2000; Lefer, 1999).

Undercover investigations are not employed very often in organized crime cases due to the length of time required to gain acceptance and access to information about criminal organizations. The constant danger to the undercover officer if his or her identity was discovered also makes these investigations risky. But a successful undercover operation can produce many convictions and disrupt an entire criminal organization. A well-known undercover success is Joe Pistone, who worked undercover as "Donnie Brasco" inside the Bonanno crime group in New York for six years. His work resulted in more than 100 convictions of organized crime figures (Pistone, 1989). Other undercover agents have also produced significant cases over the years (Wansley and Stowers, 1989; McClintick, 1993). Pistone's case also illustrates the risks of undercover work. He and his family had to move four times while he was testifying, he did not see his family for three months while working undercover, and he resigned the FBI without serving long enough to earn a pension due to threats against him (Meddis, 1989). He believes there is a \$500,000 contract on his life, so his life undercover appears to have changed, rather than ended.

Surveillance of suspected offenders in the community by police has a long tradition in police work. Physical surveillance is complicated by the private spaces in which criminals can conceal themselves. Police need some proof of criminal activity, "probable cause" in the United States, in order to enter homes and businesses. Portable communications technology has made it easier to plan crimes by telephone or e-mail. Most governments require some level of proof, like probable cause, before police can

eavesdrop on these conversations. Therefore, both physical and electronic surveillance need some reliable information in advance the about planned criminal activity in order to be successful. This advance information comes from informants and sometimes from victims.

A Team Approach to Gathering Information: The Case of Victims

Victims of organized crime have been underutilized in making criminal cases. In addition to helping solve crimes, victims can provide information about the nature and circumstances of crimes, which can then be used to anticipate and prevent future incidents. Researchers can be a useful resource for interviewing victims and organizing the information they possess. Information gathered by researchers can be used by law enforcement for both strategic and tactical analysis of organized crime in a jurisdiction. For example, criminologist Ko-lin Chin interviewed business owners in New York City's Chinatown to obtain information about the victim's perspective on extortion by Chinese gangs there. Chin found gang extortion to be a common and longstanding practice--- nearly 70 percent of businesses in Chinatown had been approached by gangs for money, goods, or services. He found most victims were extorted three or four times per year (Chin, 1996, p. 40). The businesses received a benefit from paying off gangs because this protected them from being shaken down by other individuals and gangs. Chin found that "most Chinese business owners comply with gang extortion demands because such practices are considered consistent with Chinese customs and not worth resisting. Businesspeople are generally willing to pay the gangs some money to avoid further, more

significant problems” (1996, p. 97). These gangs were exclusively Chinese (they spoke Cantonese 89 percent of the time), and their common heritage was central to the extortion efforts. For example, gangs often exploited the Chinese custom of “lucky money,” where money is given away on holidays such as the Chinese New Year. These research findings provide context for understanding the extortion process in New York’s Chinatown, information that can be profitably used by law enforcement to obtain better results in extortion investigations by cultivating better relationships with Chinese business owners and targeting specific gangs.

Ukrainian researcher Vladimir Tulyakov interviewed business owners in Odessa, a port city on the Black Sea. He discovered that extortion of business owners was common, and given the weak condition of Ukraine’s government, most extortion attempts were carried out by “legitimate” regulatory inspectors as a way to supplement their government salary. He found that business victimization there had changed “from mass criminal extortion to mass legalized extortion by abuse of power” of government inspectors and their agencies (Tulyakov, 2001). The rich context offered in these interviews with victimized businesses provides information often not known to police or to policymakers, because most of these crimes are never reported to police. Also, crimes occurring in new ethnic communities or in foreign languages are difficult for police to investigate and often receive little public or media attention despite their seriousness (Finckenauer, 2000; Bovenkerk, 1998). These studies demonstrate that researchers and academics can be used effectively to gather information that can help inform and design interdiction and prevention efforts.

In order to maintain a flow of information from extortion victims, governments and their police agencies must protect victims and witnesses who jeopardize their safety in order to provide criminal information and thereby protect others. New York State was held liable for the deaths of two businessmen in the garbage hauling industry, when the state Organized Crime Task Force failed to keep its promise to protect them in return for their testimony against competitors linked to organized crime (Arena, 1997). The victims' families were entitled to monetary compensation because the state failed to meet its obligation to them. Cases like this erode the willingness of the public to assist in organized crime investigations and point to the need for systematic and effective witness protection programs.

Better Police Information Informs Research

In most countries police gather data about crime that include crimes reported to them and arrests made. This information usually has little utility for understanding organized crime because it lacks detail. For example, U.S. police count arrests nationwide for gambling, prostitution, and stolen property, but it is not known what proportion of these arrests are related to organized crime, which would make these data useful for law enforcement or policy planning. In Ukraine, Belgium, and some other countries, police reports include information about whether an offense was committed as part of a group or gang of different sizes. Small additions of information like this, now known only to the arresting officer, would do much to improve the ability of crime data to inform organized crime control efforts. In the United States, a National Incident-Based Reporting System

(NIBRS) has been developed to gather more information about each criminal incident known to police, but this is a voluntary data system and most police departments do not participate, so its usefulness has been limited thus far (Albanese, 2002, p. 77).

The potential utility of connecting arrest information with gang or group involvement is illustrated by Alexander Yarmish and his colleagues who examined trends in the proportion of crimes committed by organized crime groups in Ukraine. Using government reports, they found the share of crime committed by groups increased from 0.7 percent to 1.7 percent between 1995 and 1999. Most groups (95 percent) consisted of 10 or fewer members, with the typical group consisting of between 4 and 10 members. The scope of the operations of these groups was largely restricted to one city or district (56 percent), with far fewer having known international links (4 percent) (Yarmish, Sobolev, Rushchenko, Volobuev, and Bobrosky, 2001). Using both government-collected information and interviews with offenders in prison, the Yarmish study also provided detailed information about the nationalities, age, education, and employment status of offenders involved in organized crime groups-information useful to both police and government officials to establish law enforcement targets and future law and policy.

Police are sworn to apprehend criminals and to prevent crime, so collection of data about their activity often is secondary to law enforcement tasks. For this reason governments should insure that all police agencies systematically collect more detailed information about criminal incidents. Here again, academics and researchers can perform a useful role in organizing and analyzing crime data in ways that are useful to law enforcement agencies, as the Yarmish study illustrates. Similar work in Belgium and elsewhere is ongoing where researchers are generating and analyzing information that

can assist law enforcement efforts (Black, 2000; Williams, 1998). In this way police actions can be informed by regular analysis of trends, criminals, and crime groups in a particular area.

There is debate about the *size* of the group necessary in order to be considered part of organized crime. Some countries have decided that groups with two or three members are the smallest groups to be considered organized crime. This debate over exact group size is arbitrary because organized crime should be defined by its *activity*. Groups as small as two appear quite often, and many larger organized crime groups are dominated by a strong leader with many interchangeable subordinates. In some ways these groups exist due to the power and influence of one individual, although in other cases organized crime is a symptom of a much larger subculture of smuggling and fraud that exists in certain areas. Nevertheless, the definition of the term “group” must be accommodated and an individual career criminal working alone should be distinguished from one working in the context of a group, because the potential for harm is increased with multiple participants. Therefore, groups of two or more that engage in organized crime activity should be considered part of the definition of organized crime group. There is evidence that organized crime groups vary widely in ethnicity, cohesiveness, continuity, and sophistication, but these factors do not affect whether or not these groups are part of organized crime---rather, they affect only the types of criminal activity the group is able to carry out (Bovenkerk, 1998; Finckenauer and Waring, 1998; Williams, 1998).

Crimes by corporations during the course of business, or crimes by politicians or government agencies, also can be considered part of "organized" crime. In cases where

political leaders steer contracts to a favored contractor and circumvents a competitive bid process, are examples of organized crime because they fulfill the elements of its general definition: organized crime is a continuing criminal enterprise that rationally works to profit from illicit activities, and its existence is maintained through the use of force, threats, and/or the corruption of public officials. Therefore, official misconduct by government officials, obstruction of justice, and commercial bribery, are all types of organized criminal behavior. Inasmuch as they fulfill the requirements of the definition above, they constitute a part of what is known as organized crime. The U.S. National Advisory Committee on Criminal Justice Standards and Goals recognized three decades ago that there are more similarities than differences between organized and the so-called "white collar" crimes.

Accordingly, the perpetrators of organized crime may include corrupt business executives, members of the professions, public officials, or members of any other occupational group, in addition to the conventional racketeer element (National Advisory Commission, 1973).

Organized and white collar crime overlap when they involve the important elements of organization (i.e., multiple participants), rational criminal motive, and the use of corruption and/or violence to maintain immunity. Criminologist Nikos Passas concludes that "analytically, the corrupt activities of ordinary businesses and criminal businesses are indistinguishable" (Passas, 1998).

Criminologist Letizia Paoli observes that both juvenile gangs and terrorist groups frequently become involved in organized crimes, such as drug trafficking, extortion, or weapons trafficking. On the other hand, these groups are unlike most organized crime groups in that they exist for relational or ideological reasons, rather than to merely make a profit through crime. Juvenile gangs and terrorist groups can be considered part of organized crime when they engage in the activities of typical organized crime groups. Because their goals or ideology can change, their common organized crime activity should include them in investigations of organized crime (Paoli, 1998).

Types of Organized Crime

The definition of what constitutes an organized crime group is broad, but the specific types of illegal activities can be clearly categorized into three major types: provision of illicit goods, provision of illicit services, and infiltration or abuse of legitimate business. Within each of these categories are more specific crimes, which constitute what we know as organized crime.

The *provision of illicit services* involves an attempt to satisfy the public demand for money, sex, and gambling that legitimate society does not fulfill. The specific crimes involved include: loansharking, prostitution, and gambling. The *provision of illicit goods* is a category of organized crime that offers particular products that a segment of the public desires, but cannot obtain through legitimate channels. The sale and distribution of drugs and the fencing and distribution of stolen property are examples of specific

crimes in this category. The third category of organized crime is the *infiltration or abuse of legitimate business*. Labor racketeering and the takeover of waste disposal companies are two examples of infiltration of legitimate business. Labor racketeering involves the use of force or threats to obtain money for insuring jobs or labor peace. This often entails the threat to employers or employees that if money is not paid, there will be no job, or that violence, strikes, and/or vandalism will occur at the business. In a similar way, some waste disposal companies have been taken over through the use of coercion to intimidate legitimate owners to sell the business or to have it operated by an outsider by means of intimidation. Table 1 illustrates this typology of organized crime.

Table 1

A Typology of Organized Crime

Type of Activity	Nature of Activity	Harm
Provision of Illicit Goods and Services	Gambling, lending, sex, narcotics, stolen property, trafficking in humans.	Consensual activities No inherent violence Economic harm
Infiltration or Abuse of Legitimate Business	Coercive use of legal businesses for purposes of exploitation.	Non-consensual activities Threats, violence, extortion Economic harm

The provision of illicit goods and services is distinguished most clearly from the infiltration of legitimate business in its *consensual* nature and lack of inherent violence. Organized crime figures offering illegal betting, loansharking, or drugs rely on the existing demand among the public to make money. They also rely heavily on return business, so they want the illicit transaction to go well to insure future bets, loans, and

other illicit sales. It is unusual for criminal syndicates to solicit business in this fashion. Instead, those interested in illicit goods and services seek out the illicit opportunities. Violence plays no inherent role in the activities themselves, although bad debts cannot be collected through the courts, as they are for loans and sales in the legitimate market. Therefore, threats or violence occurs when one party to the transaction feels cheated or short-changed, and there is no legal alternative for resolving the dispute. Violence also can occur in an attempt to control or monopolize and illicit market. If a group wishes to corner the market on illicit narcotics in a particular area, it may threaten or intimidate its illicit competitors. Once again, these threats are used as an enforcement mechanism, rather than as an intrinsic part of the provision of illicit goods and services themselves.

The infiltration of legitimate business is more predatory than the provision of illicit goods and services. Here, organized crime groups attempt to *create a need* for their services, rather than exploit an existing market as in the case of illicit goods and services. Demands for "protection" money or no-show jobs to avoid property damage, work stoppages, or violence are examples of the predatory nature of the infiltration of legitimate business. In legal terms, organized crime uses coercion or extortion in the infiltration of legitimate business, which involves implied or explicit threats to obtain a criminal objective. Coercion and extortion are not necessary to provide illicit goods or services because the demand already exists among the public.

All organized crimes can be grouped into these three categories. Recent manifestations of organized crime, such as money laundering, insurance fraud, and corruption of public officials are crimes that attempt to infiltrate or abuse legitimate businesses by creating a need for organized crime elements through bribery and

extortion. Theft and sale of intellectual property, stolen vehicles, art, and firearms are examples of the provision of illicit goods to satisfy an existing demand for these items.

Development of a Risk Assessment Instrument: the Genesis of Organized Crime

Organized crime is clearly more prevalent in some geographic areas than in others.

Likewise, some new immigrants have been involved in organized crime, yet the vast majority of new immigrants are law-abiding citizens. It also appears that certain industries have been disproportionately impacted by organized crime, yet examples can be found of organized crime involvement with virtually every type of business.

Therefore, it is necessary to distinguish factors that *describe* organized crime in some locations at certain times from factors that help to *explain* the existence of organized crime in all places at all times.

The search to explain organized crime has become more urgent in recent years with the ease of international travel and trade, the globalization of communications via the Internet, and the emergence of many new democracies in Eastern Europe and around the world that are struggling to establish themselves. Because of these changes, the likelihood that local organized crime problems move to other locations to exploit new victims is greater than ever before. Especially in new democracies, fears that alliances between corrupt leaders, businesses, and criminals can bankrupt a nation are quite real (Albanese, Das, and Verma, 2003).

The factors that explain the existence of organized crime are of three kinds: *opportunity factors, the criminal environment, and special access or skills*. It will be shown that distinguishing the important aspects of each of these factors enables the identification of high-risk activities and businesses at high risk of organized crime involvement.

Opportunity Factors

Opportunity factors for organized crime are of four types: economic, governmental, law enforcement, and social or technological changes. Changing combinations of these factors help determine the nature and extent of organized crime in a specific area.

Economic factors impact on the presence of organized crime through economic conditions such as poor standard of living, high demand for an illicit product or service combined with an affordable supply, and a competitive environment that makes it possible to cater to the demand. Organized illicit drug distributors flourish in an environment like this, as would providers of prostitution, gambling, and loansharking. For example, a major organized crime case in Philadelphia began on a college campus when a student placed large illegal bets on sporting events and could not repay his losses. He was threatened by a local organized crime figure, and the student went to the Federal Bureau of Investigation (FBI) for help. Electronic surveillance was begun, ultimately resulting in multiple convictions for conspiracy, racketeering, and murder. An FBI agent assigned to the case said later, "Most of our major mob cases start out as gambling investigations" (Anastasia, 1998, p. 10). In a similar way, cocaine use in the United

States has leveled off in recent years, but estimates show much more trafficking from cocaine-producing countries in South America toward Europe (Forero, 2001). The demand and economic stability needed to be a large drug consumer is present in many of the countries of Western Europe, and cocaine producers have begun shifting their trafficking patterns to meet this demand.

Poor economic conditions in Eastern Europe and Asia have helped fuel international trafficking of women and children to Western Europe and North America both for prostitution and an illicit labor force (Hughes, 2001; Richard, 2000; Oakley, 2001). Unemployment, government oppression, and hopelessness promote risk-taking behavior by those who seek opportunities outside their home country. Although some human trafficking involves kidnapping, much of it exploits vulnerable and desperate people, showing the importance of economic conditions in the genesis of organized crime.

On the other hand economic conditions might not result in organized crime activity if other factors are present to intervene. Certain kinds of government conditions, law enforcement factors, and certain social or technological changes can either promote or inhibit organized crime activity.

Government conditions and actions can inhibit or contribute to the existence of organized crime. Contributory government factors include a weak central or local government that has difficulty enforcing laws and contracts, corruption among political leaders, or laws that create or expand criminal markets (e.g., laws prohibiting new drugs, new tobacco taxes or restrictions, changes in the way taxes are collected on fuel oil, absence of money laundering prohibitions, privatization of businesses in former socialist

countries without laws to regulate how it is carried out). In Haiti, links have been established among political leaders, protected drug traffickers, and a weak police force (Robinson, 2000). In a less transparent way, Russia's pervasive government corruption and inadequate laws to regulate business dealings during the 1990s resulted a government that lacked both the political will and legal instruments necessary to combat entrenched organized crime interests (Webster, Borchgrave, Cilluffo, 2000; Corwin and Stanglin, 1994). Russian oil, for instance, was stolen by criminals or corrupt plant managers and then sold in Rotterdam--the proceeds wired through front companies in Europe and deposited in London banks. Organized crime figures subsequently requested \$40 million in U.S. currency from a U.S. bank through a Moscow bank. The U.S. bank obtained a wire transfer of funds from the London bank, took a commission on the exchange, and then flew the U.S. currency from the U.S. to Moscow. The money was then withdrawn by Russian organized crime figures who used it to buy narcotics (to sell and make more money), buy property, or attempt to influence politicians or elections (Friedman, 2000, p. 220). This type of criminal enterprise is made possible by government conditions that include inadequate (or absent) laws regulating the privatization of business and money laundering, an existing climate of corruption in the business sector, and banks that are either controlled by organized crime interests or that fail to exercise due diligence in knowing their clients. The first step needed to close this kind of criminal opportunity is government legislation that specifically prohibits or regulates these activities.

Law enforcement factors are those characteristics of police agencies that discourage or promote organized crime activity. Law enforcement factors include the degree to which police are well-trained and adequately paid, levels of police corruption,

and the extent of government interference in police operations. The level of police effectiveness varies significantly around the world and also within nations, and the evidence shows that ongoing vigilance is needed to insure police are not corrupted by association with organized crime activity. An examination of 28 drug-related corruption convictions by U.S. police officers at the Mexican border discovered internal control weaknesses. These included failure to monitor agents who inspected individuals with whom they had close personal relationships, not inspecting police personnel who crossed the border, and failing to evaluate training and measures designed to insure integrity (U.S. Comptroller General, 1999). More dramatically, reform-minded leaders in criminal justice have been killed in places such as Italy and Russia in order to protect existing criminal arrangements (Webster et al., 2000, pp. 45-6; Jamieson, 2000). These murders occur only where criminal groups believe that apprehension by police agencies is unlikely or higher government figures have been corrupted. The fundamental importance of law enforcement's ability to be trained and operate in a professional way without unnecessary political interference cannot be overstated.

Social or technological changes that involve new individual freedoms or new technology can promote or limit opportunities for organized crime. Examples include rapid changes in access to the Internet, the ability to travel freely, cell phone access, software copying capabilities, changes in the legal status of women, and similar factors that create or shift opportunities for both legitimate and illegitimate purposes. For example, frauds based in Nigeria are becoming increasingly global as e-mail access permits unsolicited requests from official-looking agencies to transfer money as advance fees for "insider" deals on oil sales, real estate, or currency conversion (Kaplan, 2001).

Although most people ignore these e-mails, a small response from thousands of e-mails produces millions of dollars in proceeds from fraud.

Technology has extended the reach of criminals to permit theft of property across national boundaries. For example, groups within Russia and Ukraine were identified as major manufacturers of pirated CD software and music (Learmonth, 2001). More than one million credit card numbers have been stolen by organized hacker groups in Russia and Ukraine that specifically target U.S. computer systems associated with e-commerce and e-banking (Groups, 2001; FBI, 2001). In a similar way, the growth of the Internet has extended the reach of the sex industry in distributing pornography and recruiting women and children into prostitution (Hughes, 2000; U.S. Authorities, 2000).

Combinations of economic, governmental, and law enforcement factors, and social or technological changes can create or inhibit the opportunity for the development or expansion of organized crime in a specific location at a given time. These opportunity factors can be aggravated or mitigated with the presence of certain characteristics in the criminal environment and in special skills or access required.

Criminal Environment

The criminal environment is the nature of the offending population in a particular area. Is there a history of organized criminal activity? Is there a history of organized crime activity in this area for this product or service? If so, the likelihood of organized crime exploitation of the opportunity factors described above would be increased. The garment industry in New York City offers a case study of continuing organized crime infiltration

for much of the twentieth century. It began in the 1920s when Arnold Rothstein was hired by clothing designers to fight against labor unions, and labor unions paying him to stop strike-breakers. The influence over the garment district in New York was maintained by organized crime control over trucking companies and drivers' unions, which could be used to thwart timely delivery of time-sensitive designer clothes to stores. Organized crime influence was supposed to have ended in 1992 when Joseph and Thomas Gambino pled guilty to antitrust charges, agreed to pay \$12 million in fines, and leave the industry permanently. A "special master" was brought in to monitor the industry in New York and institute reforms over a five-year period. But only one year after the special master left, indictments were brought against several organized crime figures, including Joseph DeFede, who allegedly ran the Lucchese crime family in New York, for imposing an annual "mob tax" of several hundred thousand dollars on contractors and clothing designers in exchange for labor peace (Jacobs, Friel, and Radick, 1999; Smith, 1999). DeFede pled guilty in 1999 and was sentenced to five years in prison. This case illustrates how difficult it can be to remove the influence of organized crime from an industry.

Another important factor in assessing the criminal environment is the history of general (non-organized) criminal activity in the area, especially for the product or service of concern. Generic criminal activity might indicate a somewhat reduced risk of organized crime involvement, as would the lack of any prior criminal involvement in the product or service area. For example, several remote and rural jurisdictions in the United States have established legalized casino gambling in recent years, and it has been alleged that organized crime groups emerge to provide illicit services such as prostitution

(Albanese, 1995; Evans and Hance, 1998). The threat of organized crime involvement is far less in these remote areas than it is in areas where the presence of organized crime has already been established. As noted below under “exacerbating factors,” it is also important to account for criminal activity in neighboring jurisdictions to anticipate the likelihood of carry over to other areas.

Special Skills or Access

Given the existence of certain opportunity factors and knowledge of the criminal environment, special skills or access also might be needed in order to exploit these criminal opportunities. For example, the threat of smuggling nuclear materials from the former Soviet Union turned out to be a minor threat due to the special access required and logistical problems in accomplishing this task, which greatly reduced the likelihood of its occurrence. Nevertheless, continuing lax oversight and increased demand could result in organized crime groups devoting the resources necessary to make smuggling nuclear materials profitable (Lee, 1997). Likewise, software piracy that involves breaking the codes behind licensed products requires computer expertise that is still rare, although such knowledge and skills are becoming more common (Glasser, 2000).

Harm

Estimates of potential harm can be made so that activities of greater social consequence can be given priority. Harm can be assessed in terms of monetary cost,

individual harm, and long-term social costs. These estimates can be based on the harm caused in past known cases, combined with any additional factors present in the local jurisdiction that might increase or decrease the potential harm. Accurate estimation of harm potential allows law enforcement agencies to be proactive in their enforcement approach based on objective estimates of seriousness, rather than relying solely on complaints or other reactive approaches in combatting organized crime.

Risk Assessment: Prediction of High Risk Conditions

Activities at high risk for local organized crime involvement can be determined systematically by screening a jurisdiction for the presence and level of the opportunity and environmental factors described above: economic governmental, law enforcement, criminal environment, special access requirements, social/technological changes that affect criminal opportunities, and potential harm. A systematic prediction, or risk assessment, model merely summarizes the experience of the past as a guide to making decisions that affect the future. These models simplify complex reality into its major components (Halstead, 1998). Criminological prediction models have proved to be fairly simple in construction with a small number of important predictor variables, and therefore are easily adopted in practice. Many jurisdictions now employ probation, parole, and sentencing guidelines that are based on prediction models. These models utilize the experience of past probation, parole, or sentencing candidates and compare that experience with similar current cases to help make an informed judgment about risk

assessment (Gottfredson and Gottfredson, 1980). For example, probation and parole prediction devices have been very useful in distinguishing “high risk” groups of offenders from “low risk” groups for helping determine release from prison or the intensity of supervision required in the community. In the same way, the risk assessment tool proposed here can help distinguish “high risk” from “low risk” local markets for organized crime activity of specific kinds.

INSERT FIGURE 1 ABOUT HERE

Figure 1 presents a practical method of applying prediction methods to organized crime in the form of a risk assessment tool. The risk assessment tool is comprised of 17 variables in six categories: economic factors (4), government (3), law enforcement (4), social/technological change (2), criminal environment/special skills (3), and potential harm (1). As described above, these six categories of factors are the most likely to affect the nature and extent of organized crime in a jurisdiction. The risk assessment tool will have the greatest utility when applied to *specific illicit activities in a particular locality*. Most organized crime is local in nature and even transnational organized crime groups choose locations based on specific features. Therefore, risk assessment tools applied to entire countries or states are likely to overlook important variations within those large jurisdictions. In the same way that organized crime operates differently in different neighborhoods in Manhattan and Brooklyn in New York City, the same is true in

Moscow, Kiev, Mexico City, and other large jurisdictions. Smaller cities and towns may have less variation within them, making application of a risk assessment tool appropriate to the entire locality. In a similar way, specific illicit activities have different risk potential in different localities. Therefore, the risk of organized illegal gambling, prostitution, drug trafficking, government bribery, extortion, or human smuggling will vary dramatically among jurisdictions, requiring separate applications of the risk assessment tool. In this way, such a tool can help law enforcement agencies set priorities in logical and systematic fashion, directing their limited resources to the illicit activities and localities that are shown to be at highest risk for organized crime involvement.

Measurement the 17 factors involves some creativity on the part of the investigators, although prior research in prediction methods suggests that ordinal (low/medium/high) or dichotomous measures (yes/no) may be all that is required to assess risk levels (Black, 2000; Gottfredson, Gottfredson, and Wilkins, 1977; Simon, 1972). A method for measurement of each of the 17 factors is suggested in Figure 1, which shows that a combination of police intelligence information, analysis of previously gathered arrest data, and surveys and estimates made by researchers and academics can generate the most useful information. Such a “team” approach to risk assessment, involving police, analysts, and researchers, may be an exemplary arrangement for organizing the information needed for the organized crime risk assessment tool. There are numerous examples worldwide of successful partnerships among police, investigative analysts, and researchers in addressing criminal justice problems. The cooperation of these groups in evaluating and targeting the risk posed by organized crime involvement in different illicit activities and locations is a logical and necessary step forward.

Connecting Risk Assessment To Law Enforcement Practice

Figure 1 illustrates the kinds of questions to be answered in applying the risk assessment tool in practice and provides detail of what each factor attempts to measure. The rate at which the 17 factors in this model change in any location will vary over time. For example, local standard of living, government strength, corruption level, level of police training, and police working conditions are likely to change slowly, although government transition and elections can change the political climate quickly. On the other hand, affordable supply of an illicit product, new laws that inadvertently expand illicit markets, and social and technological changes occur with great rapidity. Therefore, it is necessary to screen a jurisdiction periodically with a risk assessment tool for specific illicit activities in order for the risk assessment to remain current. Such periodic re-evaluations of risk also will permit refinement in the measures used as indicators. The measurement methods used will become more reliable as more experience is gained in applying the model over time to different kinds of illicit activities.

There is a tendency to view organized crime activities as unique events, but regular application of a standard assessment tool helps to reveal the similarities in the nature of organized crime operations across groups and jurisdictions. For example, a “typical” Russian extortion was described in Florida where a Russian immigrant bragged about his connections with organized crime in Moscow, and threatened a couple who owned a bagel shop and deli to sell him 49 percent of the business and also pay him

\$25,000 per month for protection. The terrified owners sold their share of the deli for a fraction of its value and fled to Canada (Friedman, 2000, p. 154). In a strikingly similar but unconnected case in Boston, an Irish-American organized crime figure forced a couple to sell their successful liquor store to him for less than its value, or else they would be killed. In a later grand jury investigation, the original owners lied about the extortion effort due to their fear of reprisal. Ironically, they were victimized again when convicted of perjury for lying before the grand jury (Lehr and O'Neill, 2000, pp. 160-9). These virtually identical extortions occurred 10 years apart and were committed by different types of organized crime figures in completely different settings. More systematic efforts to assess organized crime risk in different locations could lead to better anticipation and intervention in organized crime activities, rather than constant repetition of old scams on new victims.

Cigarette Smuggling: A Case Study

Cigarette smuggling provides an example of how a risk assessment tool for organized crime can be used in practice. Why cigarette smuggling? It is widespread, very costly, the illicit market involves different kinds of criminal groups, and it is a legal product. Problems have been reported in more than 30 countries with cigarette smuggling occurring both within and among nations (Big Cigarette Smuggling, 2000; Brazil, 2000; Cigarette Smuggling, 2000; McIllwaine-Biggins, 2001; Greek Coast Guard, 2000; Brand, 2001; Bennetto, 2001; Latvian Customs, 2001; Russian Mafia, 2001; Swiss, 2000; Turkish Police, 2000; Underground Store, 2001). Some of the smuggling has been

conducted by otherwise legitimate businesses that wish to increase their profits illegally, while other cases involve sophisticated organized crime operations and government knowledge. The illegal profits from cigarette smuggling also are enormous, harming the legitimate sector and the ability of governments to raise tax revenues. The seriousness of the problem is illustrated by six member countries of the European Union that decided in 2001 to prosecute large U.S. tobacco companies for allegedly smuggling large quantities of contraband cigarettes into Europe (Finland and Belgium, 2001; Smoke, 2001). Unlike the entirely illegal market for illicit narcotics where smuggling primarily involves concealment, the illicit cigarette market is a legal but highly regulated market that requires more creativity on the part of smugglers in order to make illegal transactions appear legal. This complicates investigation and apprehension efforts. The director of the U.S. Bureau of Alcohol, Tobacco and Firearms states “we have found with increasing frequency that our investigations into...alcohol and tobacco product diversion have led to international organized criminal involvement” (Magaw, 1999).

In 2000 New York State raised the tax on a pack of cigarettes by 55 cents, increasing the price to about \$4.75 per pack and as high as \$50 per carton, the highest price anywhere in the United States. The tax increase was designed to raise government revenue, but it had the effect of creating a whole new category of organized criminals, mostly small business people who saw an easy way to increase their profits because convenience stores often make 25 to 30 percent of their sales in cigarettes (Mahoney, 2000). Smugglers simply drive five hours south to Virginia where cigarette taxes are the lowest (a carton of cigarettes sells as low as \$20), buy cases of cigarettes, drive back to

New York, and sell them at New York prices-making about \$50,000 per van load of cigarettes.

Applying the 17-factor risk assessment model to cigarette smuggling, it can be seen there was no change in the local standard of living during this time (a very short time-frame for the tax increase), the demand for cigarettes did not change significantly over that period, nor did the effectiveness of the government in enforcing the law, corruption level, police training, working conditions, police corruption, government interference, social or technological changes, or the criminal environment. The sudden implementation of a major cigarette tax increase made larger economic and institutional changes impossible over such a short period.

On the other hand, the affordable supply dropped as taxes doubled overnight, the competitive market became more attractive as a 10-hour roundtrip drive to load up on Virginia cigarettes was now made worthwhile given the huge, sudden disparity in cigarette prices between states, and there were no special access or skills required to enter the illicit market. An application of the risk assessment tool *prior* to passage of the new tax law would have made it clear that such a sudden jump in taxes would likely result in dramatic increases in smuggling, and that additional law enforcement resources would be needed to enforce the new tax law. If a secondary objective was to decrease public demand for smoking and health costs by raising taxes, a much more gradual tax increase would be needed. The result instead was a large increase in cigarette smuggling into New York City (O'Shaughnessy, 2000). Under federal law it is a felony punishable up to five years in prison for transporting more than 60,000 cigarettes across state lines without paying applicable state taxes, but the law is not a deterrent. A New York City

investigator said about the smugglers, “I don’t think there’s high school diploma among them, and they’re making a lot of money” (Whole Pack, 1997; Arrests Show, 1999; U.S. Department of Treasury, 1998).

Analysis of cigarette smuggling in other jurisdictions would require application of the risk assessment tool to local conditions there. For example, the U.S.-Canadian border has been the site of cigarette smuggling through Indian reservations that straddle the border. Because U.S. Indian reservations do not have to pay taxes, a carton of cigarettes is about \$14 cheaper if purchased on the reservation. Therefore, truckloads of cigarettes have been diverted through the reservations, where they were bought without paying tax, and then resold in Canada or in the U.S. A former Mohawk tribal chief and R.J. Reynolds cigarette manufacturer sales director were convicted in a scheme in which truckloads of Canadian-brand cigarettes were illegally diverted to smugglers in the United States, who would then smuggle the cigarettes back into Canada and sold on the black market. The cigarette manufacturer admitted to aiding in this scheme and paid \$15 million in fines to the U.S. government (Hutchinson, 2000). In 2001, Canada increased its substantial taxes on cigarettes by another \$4 per carton for the purpose of raising revenue and discouraging smoking. In an effort to mitigate increased smuggling, Canada also has provided additional resources to the Royal Canadian Mounted Police, Canada Customs, and related enforcement agencies to improve their ability to intervene in smuggling activity. These enforcement resources are “dedicated to providing timely and accurate information on the nature and extent of contraband activity thereby enabling the Government to establish tobacco tax policy...and evaluate the impact of any [future] tax increase” (U.S. Bureau of Alcohol, Tobacco, and Firearms, 2001). A risk assessment

tool is one mechanism by which Canadian police agencies can assess levels of cigarette smuggling by organized crime at different locations along its 3,000-mile border with the United States.

It is important to recognize when assessing risk that estimates of harm are not limited to financial costs. A cigarette smuggling case between North Carolina and Michigan involved a police raid of 18 businesses and homes and the arrest of 22 people, several of whom were linked to Hezbollah, the Middle East terrorist organization. It was alleged that the cigarette smuggling profits were being used to fund their terrorist group activities based in Lebanon (North Carolina, 2000). The state of Michigan estimated losing approximately \$75 million per year from cigarettes diverted from low tax states (Magaw, 1997). In similar fashion, North Korean officials in Eastern Europe and Africa have been accused of using their embassies and front companies to smuggle untaxed cigarettes and other illicit goods. It is feared that these profits are being used to fund North Korea's nuclear capability (Kaplan, 1999; Perl, 1998). A year-long investigation by the Center for Public Integrity concluded that three large tobacco manufacturers worked closely with individuals and companies directly connected to organized crime over a long period of years. Evidence was found of smuggling networks between legitimate tobacco companies and organized crime groups in Canada, Colombia, China, Southeast Asia, Europe, the Middle East, Africa, and the United States. It was estimated that one in three cigarettes exported worldwide is sold on the black market (Tobacco Companies, 2001; Joossens and Raw, 2000). It can be seen that potential harm will be different in each jurisdiction and for each illegal activity, and it must be accounted for in assessing risk.

Exacerbating Factors

In addition to the factors described in the risk assessment model, there are exacerbating factors that contribute to the risk of the presence of organized crime. These “background” factors affect the likelihood of organized crime by creating a context, which promotes its existence. These factors include geographic location, local history, and cultural traditions or beliefs.

Geographic location affects the degree to which a country or local jurisdiction will be subject to the influence of organized crime. For example, a country like Ukraine borders six other countries providing a natural transit point from East to West, and it is likely to at least be a transportation route for smuggling of various kinds. Likewise, a local jurisdiction located on a major interstate highway or directly between two population centers is likely to experience problems that may not be of its own doing, but the result of an unfortunate geographical location. Clearly, a country or jurisdiction cannot change its geographic location but it must be aware of the events and trends in neighboring jurisdictions in order to anticipate organized crime problems that might be imported or travel through its borders.

Local history also affects the likelihood of organized crime. A history of government oppression, for example, works against the likelihood that new government prohibitions or policies will be accepted or followed. A long history of smuggling and tax evasion also works against new efforts to thwart these behaviors. A recent history of

war or ethnic violence also can make change difficult when there exists deep divisions of opinion within a country or region. Understanding the importance of history is crucial when planning new laws, policies, or regulations. Effective organized crime efforts will require specific components designed to accommodate or change the historical opinions or behaviors that may work against them.

Cultural traditions and beliefs can have a dramatic impact on the risk of organized crime. The role and status of women in a society or region, the acceptability of drug use, tolerance for corruption, and the status of children can each have a significant impact on the extent of prostitution, violence, drug trafficking, graft, and trafficking in human beings. These traditions or beliefs are slow to change and require education and policies that promote non-exploitive attitudes. Such efforts are not organized crime prevention efforts per se, but they must be accounted for when planning more direction interventions.

Conclusions and Recommendations

There are five ways in which the prediction and control of organized crime can be achieved more effectively. Improvements in data collection, identify common elements in organized crime incidents to develop a risk assessment instrument to target law enforcement efforts, understanding the parameters of such an instrument, utilizing a team approach to gathering information, and connecting organized crime risk assessment efforts to the implementation of law and policy are practical ways in which organized

crime activity can be better anticipated and prevented. These five methods are detailed below.

1. *Improvements in data collection* need to be made in distinguishing crimes committed by individuals from those committed as part of group activity. Some countries now make these distinctions, which makes it possible to obtain information on trends regarding group versus individual criminal activity of various kinds. Other jurisdictions should follow this lead.
2. *A practical method of applying prediction methods to organized crime* in the form of a risk assessment tool should be tested and implemented. The risk assessment tool described here is comprised of 17 variables in six categories: economic factors (4), government (3), law enforcement (4), social/technological change (2), criminal environment/special skills (3), and potential harm (1). These six categories of factors are most likely to affect the nature and extent of organized crime in a jurisdiction.
3. *There are four parameters for an organized crime risk assessment tool* to be useful in practice. It must be location-specific (i.e., findings will vary by geographic location), activity-specific (i.e., different activities will have different risk levels), time-specific (i.e., conditions change over time so risk assessment must be done periodically), and all factors must be measured *comparatively* against levels found in other jurisdictions.

4. *A “team” approach to risk assessment*, involving police, analysts, and researchers, is an exemplary arrangement for organizing the information needed for application of an organized crime risk assessment tool. The types of data and analysis needed (intelligence, arrest/group trends, surveys, economic data, harm estimates) require the contributions of each of these groups. There are numerous examples worldwide of successful partnerships among police, investigative analysts, and researchers in addressing criminal justice problems. The cooperation of these groups in evaluating and targeting the risk posed by organized crime involvement in different illicit activities and locations is a logical and necessary step forward.

5. *An organized crime impact assessment* should be conducted prior to the implementation of new laws or policies that affect commerce. The example of cigarette smuggling illustrates that even a simple tax revenue measure can have disastrous results in expanding organized crime and harming local economies, when existing knowledge of organized crime risk factors are not solicited or applied.

Figure 1
Albanese

Organized Crime Risk Assessment Tool

Risk Factors (Economic, Government, Law enforcement, Criminal history and special skills, Social/technological change, Harm) **Measurement Method Assessment** Low (1), Medium (2), High (3)E1. **Local standard of living** is low (encouraging participation in illegal activity)Local economic indicatorsE2. **High demand for product or service** (specific drug, business protection, prostitution, etc.)Addiction levels, arrests, surveysE3. **Affordable supply** of product or service (i.e., availability)Research estimates, seizuresE4. **Competitive market** (favorable for entry-low barriers--for criminal groups?)Research & intelligence on illicit market G1. **Local government weak in enforcing laws** and contracts (effectiveness of government and courts in enforcing the law)Comparative assessment of effectivenessG2. **Corruption level** among local government leaders and businesses (extent that local institutions abuse their authority or engage in misconduct)Reports and indicators of corruptionG3. **Laws that create or expand** the illicit market (e.g., changes in drug laws, tax laws, etc.)Analysis of new and existing laws L1. **Level of training of local law enforcement in OC 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)Comparative assessment of police training in these areasL2. **Working conditions** of local law enforcement (to encourage loyalty to profession-e.g., salary level, nature of work assignments, promotional opportunities based on merit)Comparative assessment of conditionsL3. Level of **police corruption** (extent to which police enforce the law uniformly and without bribery or extortion)Reports, surveysL4. Level of **government interference in police agency(s)** - (do other government agencies interfere with police investigations or personnel?)Assess known past cases where this occurred S1. **Social change?** - do recent social changes create or expand illegal opportunity in the market (e.g., local immigration wave, major political upheaval, cross-border travel, etc.)Research & intelligence on impact of social changesS2. **New technology?** - that creates or expands illegal opportunities for a product or service (e.g., level of Internet access, cell phones, availability of weapons, etc.)Research on impact of current technology changesC1. Have **criminals** existed in this market in the past? - (increasing the likelihood of future involvement)Police records, victimization surveysC2. Have **criminal groups** existed in this market in the past? - (increasing the likelihood of OC group involvement in the market)Police records, victimization surveysC3. Are **technical or language skills or other special access required** to participate in the illicit activity (i.e., barriers to entry for new offenders)?Comparative level of skills/ access neededH1. How serious is the **potential harm?** - (estimate the financial and human costs of the activity on the jurisdiction) Projections of cost and social impact**Risk Assessment Total** (for this activity & location)

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