

Challenging the Russian Mafia Mystique

by James O. Finckenauer and Elin Waring



about the author

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The tall man with dark hair and eyes sweeps out of a Lincoln Navigator wearing a long, black leather coat, an impeccably tailored suit, and a scar that everyone knows not to mention. He runs his organization with an iron fist and demands absolute loyalty from his "family." His English has only a slight Russian accent, and he has influential friends in the U.S. Congress, courts, and law enforcement—friends over whom he has considerable influence. This godfather stereotype is often the perception that Americans have about criminals who have arrived here from the former Soviet Union and the so-called "Russian Mafia." It is almost entirely inaccurate.

Following the collapse of the Soviet Union in 1991, movies and television shows featured depictions of criminals from the former Soviet Union as the newest type of "romantic" gangster, and newspapers and magazines published chilling articles about "Russian godfathers."¹ Although a few serious works have begun to appear, such as *Russian Organized Crime: The New Threat?* edited by Phil Williams and *Red Mafiya* by Robert I. Friedman, what is known is still more anecdotal than empirical in nature.

It was in response to this absence of solid information that a consortium

of law enforcement organizations in New York, New Jersey, and Pennsylvania created the Tri-State Joint Soviet-Emigre Organized Crime Project (TSP) in 1992. (See "Studying Russian Crime and Criminals," page 4.) Drawing on information collected by TSP and several other research initiatives, the research reported here describes the historical context, the types of crime in which Russian criminals in the United States have been implicated, the extent to which these activities fit definitions and understandings of organized crime, and most importantly, whether what is seen is mafia-like. (See "Defining Organized Crime," page 5.) For purposes of simplicity, all persons in question will be referred to as Russians.

Historical Context of Russian Crime

The use of bribery, black markets, and other schemes to survive in Soviet society is well documented.² This connive-to-survive attitude is borne out of the shared Soviet

heritage, including the state-run, centrally planned Soviet command economy, which resulted in shortages and, therefore, widespread bribery and thievery.

For instance, theft of state property or use of it for personal profit was not viewed as wrong. This belief stemmed from the centuries old distinction between stealing from a peasant, which would be considered wrong, and stealing from the czar and nobility, which was not regarded as wrong. This belief carried over into the Soviet period, with the state taking the role occupied by aristocrats.

In this atmosphere, three tiers of organized crime developed in the Soviet Union. The first tier was high-level government and party bureaucrats; the second was shadow economy operators who produced goods off the books; and the third was professional criminals, including the vory v zakone (thieves in law). The roots of the vory v zakone are usually traced to the Soviet prison system, and most notably to the Stalinist gulags. They are distinguished by being completely committed to a life of crime. They follow only their own rules and laws and reject any involvement with or obligation to the legitimate world.

These tiers were, in part, the result of an economy where the government could not provide people with the basic necessities, and the elite and loyal Communist Party members were lavishly rewarded. Many moral compromises were made and distinctions between right and wrong were blurred so average Soviet citizens could feed and clothe their families. Due to the unpredictability of the economy, informal

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Studying Russian Crime and Criminals

The study of organized crime is a difficult and often risky undertaking. Many of the methods commonly employed in criminological research, such as survey research and self-report studies, are either inappropriate or not applicable. Thus, the opportunity presented to Finckenauer and Waring to affiliate with the Tri-State Joint Soviet-Emigre Organized Crime Project (TSP) provided unprecedented access to a wide range of information and sources. In return for unrestricted access,¹ the researchers agreed not to compromise the investigative techniques employed nor to disclose any information pertinent to active criminal cases.

The agencies in the consortium were the New York State Organized Crime Task Force, the New York State Commission of Investigation, the Pennsylvania Crime Commission, and the New Jersey State Commission of Investigation. The consortium's directive was "to identify the nature and extent of Russian-emigre crime within the tri-State region... in order to assist law enforcement in its ongoing effort to combat the threat of organized crime."²

This joint intelligence, investigative, and prosecutorial effort set about to accomplish three goals—to identify the participants, to describe their criminal activities, and to analyze the markets in which the criminal activities occur.

TSP generated considerable source material, and the authors pursued a cooperative agreement with TSP as the primary data source. The project provided data on the types of offending by Russians who had come to the attention of the participating agencies. The information came in seven forms—indictments, newspaper and magazine articles, telephone records, general undercover observation reports, surveillance reports, confidential informant interviews, and various other reports—and included 404 separate documents in a variety of formats and lengths. Although each of the seven source types had deficiencies, the sources complemented one another and provided information that was more reliable and valid than any other single source.

In addition to the information garnered from TSP, research was conducted through several other research initiatives to collect a large

quantity of written materials, including a mailed questionnaire and in-depth interviews with a variety of individuals, including:

- Writers and journalists who had studied and written about Soviet organized crime.
- Residents and businesspersons in Brighton Beach, Brooklyn, which is alleged to be the center of Russian criminal activities in the United States.
- Key community figures in the large emigre communities in Brighton Beach and Philadelphia.
- Law enforcement professionals (both in the United States and the former U.S.S.R.).

1. The authors had complete access to investigative reports, memos, information from other agencies, and other investigative materials collected by TSP. However, they did not have access to grand jury transcripts, the identities of confidential informants, and other similar materials.
2. The Tri-State Joint Soviet-Emigre Organized Crime Project, *An Analysis of Russian-Emigre Crime in the Tri-State Region*, New York: New York State Commission of Investigation, 1996: 33.

practices, such as bartering and deal making, became the means that Soviets used to get what they needed and to do what they wanted. The children learned from watching their parents deal with the shadow economy or black market: You had to manipulate the system or you and your family would suffer.

Taking advantage of shortages, an illegal second, or shadow, economy began to work alongside the official economy. This economy was made up of the activities deemed necessary by factory managers, farm directors, and others in similar positions to exceed their production quotas and produce profits and

income outside official channels. The shadow economy also was a means for citizens to obtain legal goods in an illegal manner.

The black market, a second aspect of the illegal economy, was used to obtain illegal items, including Western products as well as stolen goods, drugs, and bootleg liquor and cigarettes. This market was comprised of work activities carried out for private gain, such as carpentry, plumbing, and electrical work that was officially unauthorized. Instead of being curtailed by the collapse of the Soviet Union, evidence indicates that black market activity actually has increased. The

amount of money exchanging hands is greater, and the number of items on the black market is more extensive—it now includes antiques, stolen cars, precious metals, and advanced weapons, including nuclear weapons materials.

Russian Crime in the United States

It isn't surprising that criminals who emigrated from the former Soviet Union would commit crime based on their past experiences. In fact, one could easily imagine that some who left the Soviet Union simply continued their old ways and saw

Defining Organized Crime

Three assumptions helped shape the basis of this research into Russian crime. The first is that a criminal organization can be usefully examined both in terms of its structure and the activities in which it engages; second, that a criminal organization is not synonymous with organized crime; and third, that the nature and extent of harm caused is an essential dimension for characterizing a criminal organization.

Organized crime is typically defined by three characteristics: criminal monopoly, violence, and corruption. Although other forms of criminal organization may involve one or two of these activities, true organized crime is unique because all three are essential, each one reinforcing the other two.

A monopoly (total control of a market) is gained through the threat and use of violence and the corruption of

the legal and political systems. This violence may have both a specific instrumental purpose (creation and maintenance of criminal monopolies) and a more general intent (creation of an atmosphere ripe with fear and intimidation). Not only does this facilitate the establishment of market control, it eventually controls the community and undermines the legal system because local residents will not report crimes or serve on juries.

As with violence, corruption is instrumental in providing organized crime with insurance against arrest, prosecution, and conviction for crimes. Corruption also facilitates monopoly control by enlisting the authorities in the elimination of criminal competitors. The integrity of the legal and political systems is harmed as law enforcement becomes distorted and the rule of law is subverted. The ultimate harm,

however, is to citizens, who lose respect for the legitimacy of the legal and political systems and who, as a result, fail to support what they believe are corrupted processes.

Of the types of harm traditionally associated with the operation of organized crime, the one most clearly evident in the Tri-State Joint Soviet-Emigre Organized Crime Project data was violence. Russian criminals in the tri-State region use violence to intimidate the public, potential competitors, and persons viewed as disloyal. There is, however, no indication that Russians have established any criminal monopolies in the United States. Rather, their offenses take place in a variety of areas and do not represent total domination of any market. Russian criminals also do not appear, at this point, to be using systematic corruption to protect their enterprises in the United States.

anything having to do with the government as “fit for the taking.” This may mean that it could be expected for some, if not many, such emigres to have few reservations about defrauding the government and government programs and mounting various scams and schemes against bureaucracies.

In fact, fraud is the most common type of crime among Russian criminals in the United States, according to the TSP investigation. Fuel tax evasion cases are the largest and best-known type of fraud carried out by these individuals. The criminals take advantage of the ways that various States and the Federal Government collect taxes on motor fuel.

Russians also commit other sophisticated types of fraud that blend legal and illegal operations, as often happened in the former Soviet Union. This blend maximizes the

impact of the illegal activity and makes it harder to detect. For example, in the early 1990’s a Pennsylvania automobile insurance ring staged automobile accidents that resulted in more than \$1 million in phony claims. This scheme, which illegally used people in the legitimate economy, was led by the owner of a medical clinic and at least one doctor employed at the clinic.

Other fraud involves confidence schemes in which the victims are often members of the Russian community, which varies from the old belief that it was all right to steal from the government but not from citizens. For example, an emigre may purchase a ticket to Russia for his mother from a Russian travel agency, but because the agency is a criminal front, a ticket is never received. Other operations organized by Russian offenders have included making counterfeit credit cards, checks, Immigration and

Naturalization Service documents, passports, and other documents.

In addition to the fraud and counterfeiting allegations, Russians are involved in drug and drug paraphernalia markets, including the importation and street-level sale of drugs. Evidence indicates that Russians have cooperated with other ethnic groups, such as Colombian drug cartels. In addition, the former Republics of the Soviet Union serve as transshipment points for importation of drugs into the United States.³ Smuggling has involved more than drugs and drug-related items; smuggled products include aluminum, weapons, and currency, among others.

Russian criminals in the tri-State region have shown a willingness and capacity to use violence, including murder, extortion, and assaults. Additional information was found on this topic when another data



Vyacheslav Ivankov, who some consider the godfather of the Russian mafia in the United States, was arrested by the FBI in 1995 for extortion. He was sentenced to 9 1/2 years in prison.

source was used to complement the information garnered from TSP—interviews with residents in Brighton Beach, Brooklyn, the oldest and most prominent Russian community in the United States. A transplanted Russian, who is now a teacher in Brighton Beach, gave a detailed description of this trend toward the use of violence in the criminal arena.

Russian murderers are being ordered and brought from Russia to complete a specific task of killing someone. The mafia shows them who to kill and that is the end of it. It is planned and organized pretty well. However, I don't think that Russians occupy any of the higher positions in the criminal structure.

Since 1981, investigators have reported at least 65 murders and attempted murders in the tri-State area involving Russians that have indications of organized crime involvement.⁴ These murders do not appear to be either systematic or designed to protect a criminal enterprise, but instead are motivated mainly by greed or personal vendettas.

Organized Crime vs. Crime That Is Organized: Whither the Russian Mafia

The notion of mafia is associated most often with Sicily and southern Italy. The Sicilian Mafia is said to be a way of life that is particularly Sicilian, with a code based on Sicilian traditions and customs. The notions of honor, respect, and omerta (code of silence) are critical to defining the mafia. The so-called Russian Mafia, however, is not associated with honor and respect and should not be confused with the real thing.

The label Russian Mafia offers a convenient hook for understanding, but at the same time sensationalizes matters so as to peak interest. The use of the term Russian Mafia may actually create a self-fulfilling prophecy in which people—whether Russian emigres, members of the general public, law enforcement officials, or journalists—map their images of mafia onto the crimes that occur in Brighton Beach and elsewhere. A criminal group gains stature when it is called “mafia,” which only heightens its power.

Regardless, some law enforcement authorities and journalists have described Russian criminals operating in the United States as being structured in the manner of the mafia or La Cosa Nostra (the U.S.-based version). For example, when Vyacheslav Ivankov, nicknamed “Yaponchik” or “Little Japanese,” was arrested in June 1995, he was labeled the “capo di tutti capos” (boss of all bosses) of Russian crime in the United States.⁵ Officials viewed Ivankov's arrest as proof of Russian organized crime in the United States. His known association with the Solntsevskaya gang, the largest gang in the former Soviet Union, strengthened the idea that he was the leader of a group similar to La Costra Nosa.⁶ Ivankov is believed to be one of the Russian vory, and perhaps even among the top leadership group.⁷

Other authorities believe that Russian crime networks and organizational structures in this country do not look anything like La Cosa Nostra.⁸ According to this viewpoint, criminals from the former Soviet Union operate mostly as individual specialists instead of with the hierarchical structure traditionally associated with continuing criminal enterprises. Because they operate in this manner, the groups are variable and occasionally come together to commit a crime. This point of view suggests that the Russian crime groups are not rigidly authoritarian and that the people involved do not answer to anybody in particular. When these groups do work together, it is in a market-like manner, choosing others to work with purely because of the expected financial return on their collaboration.

But neither view is entirely correct. Data indicate that the individuals identified by law enforcement as involved in or suspected of criminal activities are part of large, ongoing networks of criminals. Although

analyses found no evidence of a complex hierarchy or set of hierarchies, they did find ad hoc teams that come together for specific criminal ventures, forming opportunistic partnerships. In these groups, organizational structure is created on an as-needed basis to enable the co-offenders to carry out particular crimes. They often create flexible, project-oriented structures similar to some licit organizations.

Many legitimate organizations have moved to decrease the amount and degree of hierarchy and to increase the reliance on strategic partnerships and task groups and on third-party service providers.⁹ This style of organization seems to be effective for both licit and illicit enterprises. These forms of organization also are similar to those seen among Russian offenders in the tri-State area.

What is not found is evidence of mafia-like structures or activities. Ironically, Russian criminals have adopted the structure of many legitimate organizations, which is becoming more horizontal rather than vertical in nature.

Of the tools used by sophisticated criminal organizations—monopoly, violence, and corruption—violence is the only one that is seen as typical of Russian criminals. The evidence does not indicate monopolization of criminal markets or a systematic use of corruption.

The prevailing structure of Russian organized crime in the United States is characterized by people who knew each other in the former Soviet Union, or who knew people in common, and who collaborate for a specific criminal event. Although their backgrounds vary, they are most likely professional and entrepreneurial criminals. Russian criminals in the United States associate mainly with each other, although their loyalty does not seem to be based on shared ethnicity or culture.

For More Information

- Finckenaue, James O., and Elin Waring, *Russian Mafia in America*, Boston: Northeastern University Press, 1998.
- Friedman, Robert I., *Red Mafiya*, New York: Little, Brown and Company, 2000.
- Williams, Phil, ed., *Russian Organized Crime: The New Threat?* Portland, OR: Frank Cass and Company, 1997.

The flexible structure of U.S.-based Russian organized crime can be attributed to a number of forces. Of primary importance, this structure is a continuation of the patterns and practices that were so common in the former Soviet Union. Second, this loose, flexible structure is well-suited to the types of crime in which these criminals are involved. Crimes such as fraud and confidence schemes and certain violent crimes are particularly suited to this type of structure because they require teamwork, flexibility, and the ability to imitate the operation of a legitimate actor or organization. But because Russian crime and the nature of Russian criminal organizations in this country are evolving, this picture also could change.

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Notes

1. For example: Anderson, Scott, "Looking for Mr. Yaponchik," *Harper's* (December 1995): 40-51; Attanasio, Traci Anne, "How Russian Organized Crime Took Root in the U.S.," *Organized Crime Digest* 15(19) (October 12, 1994): 1; Friedman, Robert I., "The Organizatsiya," *New York* (November 7, 1994): 50-58; Raab, Selwyn, "New Group of Russian Gangs Gains Foothold in Brooklyn," *The New York Times* (August 23, 1994): 1; *The Times* (Trenton, NJ), "New Comrades of Crime," *The Times* (August 14, 1995): A1.
2. Simis, Konstantin M., *USSR: The Corrupt Society*, New York: Simon and Schuster, 1982.
3. Freeh, Louis, Testimony before the Senate Permanent Subcommittee on Investigation, May 25, 1994, 100 Russell Senate Office Building, Washington, DC.
4. The Tri-State Joint Soviet-Emigre Organized Crime Project, *An Analysis of Russian-Emigre Crime in the Tri-State Region*, New York: New York State Commission of Investigation, 1996: 1.
5. *The Times* (Trenton, NJ), "New Comrades of Crime" (August 14, 1995): A1.
6. Dunn, Guy, "Major Mafia Gangs in Russia," in *Russian Organized Crime: The New Threat?* Phil Williams (ed.), Portland, OR: Frank Cass and Company, 1997: 65-67.
7. Friedman, 1994, op. cit.
8. Rosner, Lydia S., "The Sexy Russian Mafia," *Criminal Organizations*, 10(1) (1995); Surrect, Roy, "Remarks," First International Law Enforcement Sharing Conference on Russian Organized Crime, September 19-23, 1994.
9. Powell, Walter W., and Laurel Smith-Doerr, "Networks and Economic Life," in *The Handbook of Economic Sociology*, Neil Smelser and Richard Swedborg (ed.), Princeton: Princeton University Press, 1994.