

RESEARCH BRIEF

The impact of COVID-19 on organized crime



UNITED NATIONS OFFICE ON DRUGS AND CRIME
Vienna

THE IMPACT OF COVID-19 ON ORGANIZED CRIME

UNITED NATIONS OFFICE ON DRUGS AND CRIME (UNODC)
RESEARCH BRIEF PREPARED BY THE RESEARCH AND TREND ANALYSIS BRANCH

Acknowledgements

The Research Brief on the Impact of the COVID-19 on Organized Crime was prepared by UNODC under the supervision of Angela Me, Chief of the Research and Trend Analysis Branch, Anja Korenblik, Chief Programme Development and Management Unit, and Kristiina Kangaspunta, Chief Crime Research Section.

The Research Brief is based on a contribution by Transcrime-Università Cattolica del Sacro Cuore, which conducted the collection and systematic analysis of information and provided the initial draft.

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The report also benefited from the work and expertise of many other UNODC staff members in Vienna and around the world, particularly the Global Research Network.

UNODC would also like to thank Sweden for its generous contribution that made the development of this Brief possible.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
LICIT ECONOMY AT GRAVE RISK OF INFILTRATION ACROSS THE WORLD.....	1
ORGANIZED CRIMINAL GROUPS PUSH FURTHER INTO COMMUNITIES DURING THE PANDEMIC.....	3
PANDEMIC AND LOCKDOWNS DISRUPT TRADITIONAL ACTIVITIES OF OCGS	3
INTRODUCTION.....	5
LIMITATIONS OF THIS RESEARCH BRIEF	8
THE THREAT OF INFILTRATION BY ORGANIZED CRIME INTO THE LEGAL ECONOMY.....	9
IMPACT OF THE COVID-19 CRISIS ON ORGANIZED CRIME ACTIVITIES AND MODUS OPERANDI.....	11
A. RISK OF INFILTRATING LEGITIMATE COMPANIES	13
B. THE THREAT OF EMBEZZLEMENT AND MISUSE OF PUBLIC FUNDS IN LIGHT OF ECONOMIC RECOVERY PACKAGES OFFERED TO ADDRESS THE CRISIS	18
COVID-19 AS AN OPPORTUNITY TO STRENGTHEN THE GOVERNANCE ROLE OF ORGANIZED CRIMINAL GROUPS	21
CONCLUSION	29

EXECUTIVE SUMMARY

Licit economy at grave risk of infiltration across the world

THE COVID-19 CRISIS BRINGS TO ORGANIZED CRIME	
OPPORTUNITIES	CHALLENGES
INFILTRATION INTO THE LEGAL ECONOMY BY INVESTING IN SECTORS UNDER DISTRESS	LOCKDOWN MEASURES DISRUPT DRUG TRAFFICKING CHAINS
INFILTRATION INTO SECTORS OF THE ECONOMY THAT BECOME LUCRATIVE AS THE PANDEMIC EVOLVES	CHANGES IN THE DYNAMIC OF DEMAND, SUPPLY AND PRICES OF ILLICIT DRUGS IN THE MARKET
BOOST STANDING IN COMMUNITIES AND ENHANCE CONTROL OVER TERRITORIES	DIFFICULTIES TO SMUGGLE DRUGS AND ILLICIT GOODS THROUGH TRADITIONAL ROUTES
PROVIDE AID PACKAGES TO STRUGGLING BUSINESSES AND PEOPLE TO INCREASE THEIR INFLUENCE	CONSTRAINED ACTIVITIES RELATED TO TRAFFICKING IN PERSONS AND SMUGGLING OF MIGRANTS

Crisis increases likelihood of struggling companies falling under control of organized crime

The COVID-19 pandemic has swept across the world, killing hundreds of thousands of people, and testing public healthcare systems to a breaking point. Many areas of economic activity have either been shut down by governments to halt the spread of the virus or have seen demand collapse. In many countries where organized criminal groups are prevalent, struggling private businesses – many unable to access enough public funds to keep them afloat – are more likely to seek out loans on the illicit market than they would be at other times.

Businesses in the transport, hospitality, arts, retail, and beauty sectors are particularly vulnerable to infiltration by organized criminal groups (OCGs). As these businesses begin to reopen, some will find themselves either in the debt of OCGs, or directly controlled by them. The OCGs can seize control either through exchange of money for buying shares or by directly taking over operations. This generates more opportunities for criminal activity, including money laundering and trafficking activities, enabling OCGs to further expand their control and power over the licit economy.

High demand coupled with low supply in key sectors opens way for OCGs

The pandemic has brought dramatic spikes in demand to some sectors, for example medical devices, pharmaceutical products, e-commerce, food retail, cleaning, and funeral services. The demand for sanitary masks, breathing devices,

and medicines has also risen notably. As governments seek to shore up their defences against the pandemic, procurement procedures in some countries have been relaxed.

There is already evidence from countries around the world that organized crime has moved into these sectors – especially where traditional means of making illicit profits, such as illicit drugs and firearms trafficking and smuggling of migrants are being tightly constricted by restrictions on movement. For

example, falsified medical masks have been seized in Spain and Italy, attempts to smuggle vital equipment have been stopped in Ukraine, Iran, and Azerbaijan; one Mexican cartel has been promoting the production of falsified COVID-19 medical products and forcing pharmacies to sell them.

An international operation coordinated by INTERPOL recently led to the seizure of more than four million potentially dangerous pharmaceuticals worth more than USD 14 million and interrupted the activities of 37 OCGs. More than 34,000 unlicensed or fake products were being sold across some 2,000 websites. They included falsified masks, substandard hand sanitizers, “corona spray,” “coronavirus packages,” and unauthorized antivirals.

Depending on the evolution of the pandemic, the market for prevention products – vaccines in particular – could be the next area to face high demand and low supply, making it vulnerable to organized crime.

Flows of public money will be at risk

Governments around the world are investing large sums of money to shore up their economies and make sure the most vulnerable people are cared for. Although it is too soon to have robust evidence on the appropriation of public funds by organized criminal groups, information from previous crises suggests that these groups will target such funds. Aid destined for distressed companies, medical and pharmaceutical goods, public works such as improvements to hospitals, and waste disposal services will be particularly at risk. Similar processes were seen after tropical cyclone disasters in Latin America, an earthquake in Italy, and the 2011 tsunami in Japan. In each case, organized criminal groups benefitted from public procurement processes.

Economic sectors vulnerable to infiltration by OCGs due to their financial distress caused by the COVID-19 crisis

	Retail and marketplaces		Tourism and hospitality
	Transportation		Arts, entertainment, and recreation

Economic sectors vulnerable to OCG infiltration because of their opportunities to benefit from the COVID-19 crisis

	Logistics and e-commerce		Food retail trade
	Wholesale trade in medical products		Cleaning services, waste management and funeral services
	Wholesale trade in pharmaceutical products		

Organized criminal groups push further into communities during the pandemic

Criminals use propaganda and aid distribution to tighten grip on territory

The pandemic has exposed weaknesses in governing structures on several levels – not least in providing the emergency aid desperately needed in the poorest communities. Across the world, criminal groups have stepped in to deliver aid packages and other necessities to those most in need, which has allowed them to exert further control over the territories where they operate.

In Italy, mafia affiliates used fake charities to deliver packages to the needy. Mexican cartels supplied bundles containing food and sanitizers to the states and cities under their influence. Yakuza groups in Japan handed out free masks, toilet paper, and tissues to pharmacies and kindergartens. The Taliban posted health teams to remote areas of Afghanistan to help tackle the virus and militant group Hayat Tahrir al-Sham distributed health information to the public in the Syrian province of Idlib. In South Africa, there are reports that gangs in Cape Town called a temporary truce to hand out food parcels.

In carrying out these activities, many of these groups staged publicity stunts to make sure the communities – and the wider population – knew who was supplying the aid. One of the Mexican cartels posted videos of armed individuals handing out bags of groceries from the back of a pickup truck, and other cartels stamped their logos on the packages they delivered. Yakuza groups made grand offers of help, making them appear powerful and benign even when they ultimately did not deliver the aid.

As well as solidifying the position and status of organized criminal groups in the community, these activities serve to highlight the failures of governments and diminish the legitimacy of official agencies. As a result, organized criminal groups are likely to find it easier to continue their activities in the future in those territories and to expand their ranks with new recruits.

Enforcing lockdowns helps bolster credentials of criminal groups

As the virus spread and governments ordered increasingly strict controls on their populations, officials in many countries began to struggle with the sheer extent of the task of enforcing the measures. OCGs saw another opportunity to boost their standing in communities, stepping in to enforce lockdowns and curfews.

In Afghanistan, the Taliban enforced quarantine measures on those arriving from Iran. Gangs throughout Latin America imposed curfews on the population. Former rebel fighters in Colombia and Hayat Tahrir al-Sham in Syria helped to restrict public gatherings and enforce lockdowns.

Brazilian OCGs and militias operating in the favelas became deeply involved in the process, imposing price controls on in-demand products such as disinfectants and masks. This saw the criminal groups move firmly into traditional areas of government regulation, with the aim of making profit while burnishing their reputation at the expense of politicians and officials.

Pandemic and lockdowns disrupt traditional activities of OCGs

Criminal groups forced to innovate to protect their income

Just as the pandemic has disrupted the licit economy, decimating some industries and mothballing others, it has also constrained many of the illicit activities of OCGs. Lockdowns and border restrictions

have hampered their ability to organize prostitution, infiltrate security forces, and traffic drugs, humans, and firearms. The evidence suggests that reconstructing these sectors will take some time.

Some of the more stable and structured OCGs have used the crisis to strengthen their control of illegal markets and territories. However, many OCGs consist of loose networks of criminals – they are dynamic, small-scale and engage in opportunistic crimes. Some of these smaller groups have used the crisis to supply markets with illicit services and products that are in high demand during the pandemic, such as substandard and falsified face masks, disinfectant and medicines associated with COVID-19, such as chloroquine.

The present crisis has also created an opportunity for criminals to engage in cybercrime. During the pandemic, there has been an increase in phishing, credit card fraud, pirated websites asking for fake donations, and cyber-attacks. There have also been multiple reports of fake and cloned websites as well as sham email addresses being used to perpetrate online scams

The COVID-19 crisis has also forced OCGs to innovate as regards their traditional areas of operation. In the Balkans, some evidence suggests traffickers are changing the types of drugs they smuggle and using young children to deliver the merchandise. Gangs smuggling heroin from Afghanistan to markets in Western Europe are reportedly diversifying their routes to avoid strict controls on movement.

INTRODUCTION

By mid-June 2020, the spread of COVID-19 had caused over 450,000 deaths around the world, while the confirmed cases of the disease now total more than 8.5 million worldwide.¹ As neither a vaccine nor a fully effective cure exist at the moment, contagions and deaths may keep rising in the next months all around the world. In response to this, governments have adopted unprecedented and drastic measures to limit the spread of the virus. National authorities have progressively issued stronger policies, including, among other things, social distancing, the prohibiting of large private and public gatherings, and the closure of leisure premises. These interventions have severely disrupted and modified everyday habits, mobility, and business activities.

The fallout of the COVID-19 pandemic is also having a profound impact on our societies and economic systems, which, in turn, influences and shapes organized crime and illicit markets. The socio-economic impact of the COVID-19 crisis is likely to be deep and long-lasting and may exacerbate pre-existing inequalities prevalent across societies in various areas, ranging from access to food supplies², education³, health care and others. The global economy is likely to contract by -3 per cent in 2020, according to projections by the IMF, which represents a downgrade of 6.3 percentage points compared to projections published in January 2020 before the outbreak of the crisis.⁴ Based on such predictions, global poverty is also likely to increase exponentially in 2020 and in the following years, while estimates indicate that an additional 420 million people will be living in extreme poverty in 2020.⁵

These processes are already affecting the way criminal networks operate, and the nature of law-enforcement responses to them. Most notably, organized criminal groups (OCGs) have been given further opportunities to exploit public funds made available by governments to help vulnerable groups. Moreover, those OCGs that aspire to govern markets as well as territories have an opportunity to reinforce their control over land and deepen their bonds with communities, as the current crisis has exacerbated some States' fragility.

These "governance-type" OCGs operate in many countries around the world;⁶ the illegal governance role of OCGs can be observed in different contexts, both in developing and developed countries.

¹ Johns Hopkins University, "COVID-19 Map," Johns Hopkins Coronavirus Resource Center (accessed June 19, 2020). Available at <https://coronavirus.jhu.edu/map.html>.

² Wise, J., "COVID-19 Pandemic exposes inequalities in global food systems", *BMJ*, May 2020.

³ Sharma, N., 'Torn safety nets: How COVID-19 has exposed huge inequalities in global education', *World Economic Forum*, 5 June 2020. Available at : <https://www.weforum.org/agenda/2020/06/torn-safety-nets-shocks-to-schooling-in-developing-countries-during-coronavirus-crisis/>.

⁴ International Monetary Fund, *World Economic Outlook, April 2020: The Great Lockdown* (April 2020). Available at <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>.

⁵ United Nations Industrial Development Organization, *Coronavirus: the economic impact: which countries and manufacturing sectors are most affected by the COVID-19 crisis? Some early evidence and possible policy responses* (26 May 2020), Available at: <https://www.unido.org/stories/coronavirus-economic-impact>.

⁶ Albanese, J.S. ed., *Transnational Crime and the 21st Century: Criminal Enterprise, Corruption, and Opportunity*, 1 edition (New York: Oxford University Press, 2011); Sanín, F.G. and Jaramillo, A.M., "Crime, (Counter-)Insurgency and the Privatization of Security - the Case of Medellín, Colombia", *Environment and Urbanization*, vol. 16, No. 2 (2004), pp. 17-30; Hill, P.B.E., *The Japanese Mafia: Yakuza, Law, and the State* (Oxford, New York: Oxford University Press, 2003).

Traditional Italian mafias, such as the Sicilian Cosa Nostra,⁷ the Calabrian 'Ndrangheta,⁸ the Neapolitan Camorra,⁹ as well as the Russian Mafia,¹⁰ the Triads in Hong Kong and Macau,¹¹ and the Japanese Yakuza,¹² are the archetypical OCGs that yearn for governance.¹³ Yet, other criminal groups in the post-Euromaidan Ukraine,¹⁴ OCGs in China,¹⁵ and certain Latin American structured trafficking groups,¹⁶ criminal organizations in the United Kingdom¹⁷ and Nigeria,¹⁸ street gangs in the United States,¹⁹ in Brazil,²⁰ South Africa,²¹ and other countries, all perform—albeit to varying extents—a governance role.

In the context of the analysis presented here, 'governance-type' OCGs are understood to be criminal groups that aspire to exercise security governance in the areas they control.²² This is done by managing ordinary criminality and providing a secure environment to protect businesses paying protection fees and seeking to win the favor of local populations.

⁷ Gambetta, D. *The Sicilian Mafia. The Business of Private Protection*, 1st ed. (Cambridge - London: Harvard University Press, 1993); Paoli, L., *Mafia Brotherhoods: Organized Crime, Italian Style* (New York: Oxford University Press, 2003).

⁸ Paoli, L., *Mafia Brotherhoods: Organized Crime, Italian Style*, 2003; Federico Varese, *Mafias on the Move: How Organized Crime Conquers New Territories* (Princeton University Press, 2011).

⁹ Campana, P. "Eavesdropping on the Mob: The Functional Diversification of Mafia Activities across Territories," *European Journal of Criminology* 8, No. 3 (2011), pp. 213–228; Marco Dugato, Serena Favarin, and Luca Giommoni, "The Risks and Rewards of Organized Crime Investments in Real Estate," *The British Journal of Criminology*, vol. 55, No. 5 (2015), pp. 944–965.

¹⁰ Varese, F., *The Russian Mafia: Private Protection In A New Market Economy*, First Edition (Oxford: Oxford University Press on Demand, 2005).

¹¹ Chu, K.Y., *The Triads as Business* (London; New York: Routledge, 2000); Lo, T.W., and Kwok, S.I., "Triad Organized Crime in Macau Casinos: Extra-Legal Governance and Entrepreneurship," *The British Journal of Criminology*, vol. 57, No. 3 (2017), pp. 589–607.

¹² Kaplan, D.E. and Dubro, A. *Yakuza: Japan's Criminal Underworld* (University of California Press, 2003).

¹³ Aziani, A., Favarin, S., and Campedelli, G.W., "Security Governance: Mafia Control over Ordinary Crimes," *Journal of Research in Crime and Delinquency*, vol. 57, No. 4 (2019), pp. 444–492.

¹⁴ Zabyelina, Y., "Vigilante Justice and Informal Policing in Post-Euromaidan Ukraine," *Post-Soviet Affairs* vol. 35, No. 4 (2019), pp. 277–292.

¹⁵ Chin, K., "Chinese Organized Crime," in Paoli, L., ed., *The Oxford Handbook of Organized Crime*. (New York: Oxford University Press, 2014), pp. 219–233.

¹⁶ Locks, B. "Mexico"; Locks, B., "Extortion in Mexico: Why Mexico's Pain Won't End with the War on Drugs," *Yale Journal of International Affairs*, vol. 10 (2015), pp. 67–83.

¹⁷ Campana and Varese, "Organized Crime in the United Kingdom"; Densley, J. A., *How Gangs Work - An Ethnography of Youth Violence*, 1st ed., St Antony's Series (London: Palgrave Macmillan, London, 2013).

¹⁸ Williams, P., "Nigerian Criminal Organizations," in *The Oxford Handbook of Organized Crime*, ed. Paoli, L. (Oxford: Oxford University Press, 2014), pp. 254–269.

¹⁹ Sanchez-Jankowski, M., *Islands in the Street: Gangs and American Urban Society* (Berkeley: University of California Press, 1991); Sobel, R.S. and Osoba, B.J., "Youth Gangs as Pseudo-Governments: Implications for Violent Crime," *Southern Economic Journal* vol. 75, No. 4 (2009), pp. 996–1018.

²⁰ Desmond Arias, E., and Davis Rodrigues, C., "The Myth of Personal Security: Criminal Gangs, Dispute Resolution, and Identity in Rio de Janeiro's Favelas," *Latin American Politics and Society* 48, No. 4 (2006), pp. 53–81.

²¹ Gastrow, P., *Organised Crime in South Africa: An Assessment of Its Nature and Origins* (Halfway House, South Africa: Institute for Security Studies, and South Africa, 1998).

²² For further information see Aziani, A., Favarin, S., and Campedelli, G.M., "Security Governance" Mafia Control Over Ordinary Crimes", *Journal of Research in Crime and Delinquency*, vol. 57, No. 4 (2019), pp. 444–492.

However, most criminal activities are performed by loose networks of criminals who associate episodically and for the commission of specific crimes on an opportunistic basis.²³ Very often, these loose criminal networks are the primary OCGs behind trafficking activities ranging from illicit drug to illicit waste trafficking along with the trafficking of wildlife and firearms.²⁴ These OCGs, which supply markets with illicit services and products, are present in most countries and tend to be small-scale and dynamic, with weak levels of stability and limited hierarchical structures.²⁵ Criminals consociating in these OCGs need to launder their illicit profits and thus infiltrate the legal economy. Such loose networks are rarely able to act as providers of illegal governance.²⁶ Instead, to different extents, illegal governance is carried out by more the stable and structured “governance-type” OCGs referred to above.

This research brief reviews and analyses the mechanisms that OCGs are using or are likely to use in the near future to infiltrate the legal economy and strengthen their governance activities following the COVID-19 crisis. It discusses cases and evidence collected globally on how OCGs have already exploited opportunities presented by the current COVID-19 pandemic and examines case studies of previous crises and emergency situations to better portray possible ways in which OCGs may infiltrate the legal economy.

The amount of information on illegal governance activities far exceeds the direct evidence of criminal infiltration in the legal economy. Two factors may explain this. First, illegal governance activities may take place prior to episodes of infiltration in the legal economy. Second, illegal governance measures are more public and explicit than attempts to infiltrate the legal economy. A systematic analysis of open sources also allowed for the identification of a number of instances of OCGs’ involvement in both the provision of and trafficking in medical products generated by the COVID-19 emergency. Nevertheless, tentative patterns are already emerging that point to the following:

- The COVID-19 crisis has offered unique opportunities to OCGs around the world;
- Organized criminal groups are targeting legitimate businesses that are struggling because of the crisis;
- New markets in medical equipment are being exploited by OCGs;
- In some cases, governments have failed to enforce restrictions, allowing OCGs to step in;
- OCGs have increasingly sought out opportunities to commit various forms of cybercrime;

²³ Reuter, P.H., *Disorganized Crime. The Economics of the Visible Hand* (MIT Press., Cambridge, 1983); Paoli, L. and Beken, T.V., “Organized Crime. A Contested Concept,” in *The Oxford Handbook of Organized Crime*, ed. Paoli, L. (Oxford: Oxford University Press, 2014), pp. 13–31; Hagan, F.E., “‘Organized Crime’ and ‘Organized Crime’: Indeterminate Problems of Definition,” *Trends in Organized Crime*, vol. 9, No. 4 (2006), pp. 127–137.

²⁴ Albanese, J.S., *Organized Crime: From the Mob to Transnational Organized Crime*, 7 edition (London; New York: Routledge, 2014); Daniela Andreatta and Serena Favarin, “Features of Transnational Illicit Waste Trafficking and Crime Prevention Strategies to Tackle It,” *Global Crime*, vol. 21, No. 2 (2020), pp. 130–153; Aziani, A., Berlusconi, G. and Giommoni, L., “A Quantitative Application of Enterprise and Social Embeddedness Theories to the Transnational Trafficking of Cocaine in Europe,” *Deviant Behavior* (2019), pp. 1–23; Savona, E.U. and Mancuso, M., “Fighting Illicit Firearms Trafficking Routes and Actors at European Level. Final Report of Project FIRE” (Milano: Transcrime – Università Cattolica del Sacro Cuore, 2017).

²⁵ Caulkins, J.P., and Reuter, P.H., “What Price Data Tell Us about Drug Markets,” *Journal of Drug Issues*, vol. 28, No. 3 (1998), pp. 593–612; Levi, M. “The Impacts of Organised Crime in the EU: Some Preliminary Thoughts on Measurement Difficulties,” *Contemporary Social Science*, vol. 11, No. 4 (2016), pp. 392–402; Reuter, P.H., *Disorganized Crime. The Economics of the Visible Hand* (MIT Press, Cambridge, 1983).

²⁶ Paoli, L., and Beken, T. V., “Organized Crime. A Contested Concept,” in *The Oxford Handbook of Organized Crime*, ed. Paoli, L., (Oxford: Oxford University Press, 2014), pp. 13–31; Aziani, A., Favarin, S., and Campedelli, G.M., “A Security Paradox. The Influence Of Governance-Type Organized Crime Over The Surrounding Criminal Environment,” *The British Journal of Criminology*, vol. 60, No. 4 (2020), pp. 970-993.

- The ways in which OCGs have responded to the crisis depends on their size and internal structure.

Infiltration in the legal economy—including through embezzlement and misuse of public funds—and illegal governance are strongly interconnected. Injections of funds into the economy to create liquidity, especially during periods in which institutions are weakened and speed is of the essence, increase the risk of OCGs embezzling those funds dedicated to economic recovery efforts. However, the opposite situation, in which the economic stimulus is too small to produce any significant effect, leaves businesses and workers in a serious and vulnerable economic position. As a result, criminals may offer funds to businesses and individuals facing difficulties – leading to OCGs infiltrating the legal economy and strengthening their governance role, control of territory, and ties with local populations.

In a similar fashion, the timing of the intervention can also increase the risk of embezzlement or infiltration. Although timely reactions are essential to limit an economic recession, quickly rushing towards the disbursement of recovery funds may not leave enough time for institutions to establish appropriate public procurement policies and safeguard measures to avoid misappropriation of public funds. On the other hand, late liquidity injections may give governments and public administrations enough time to ensure clean and legitimate procedures, but it may be too prolonged for many companies to avoid insolvency or bankruptcy.

Limitations of this research brief

The aim of this research brief is to present an abbreviated assessment of the growing impact of the COVID-19 pandemic on OCGs' infiltration of the legal economy and their illegal governance activities. It builds on information UNODC has assembled from:

- Responses submitted by Member States to UNODC following a call for information;
- Information provided by UNODC field offices;
- Systematic analysis of 85,000 open sources, official evidence, media and institutional reports;
- Academic literature.

The analysis presented here should be viewed as a preliminary assessment of the impact of COVID-19 on the activities of organized criminal groups. The aim of the brief is to alert the international community of the threat posed by organized crime in the short and long term, in the context of the COVID-19 pandemic.

THE THREAT OF INFILTRATION BY ORGANIZED CRIME INTO THE LEGAL ECONOMY

Institutional responses to the COVID-19 pandemic have profoundly impacted criminal groups and illicit markets by reducing the profitability of some activities carried out by organized criminal groups and providing opportunities for new ones.²⁷ The geography and modalities of traditional organized criminal activities such as drug trafficking and smuggling of migrants have changed in some contexts, reducing OCGs' room for maneuver. On the other hand, the pandemic is offering new opportunities for OCGs to expand their territories and markets.²⁸

The severe health and economic crisis generated by the pandemic opens up the possibility of infiltration of businesses and financial institutions by organized crime, as well as an increase in fraud and money laundering, according to media reports.²⁹ Successful OCGs are known to be fast and dynamic, and their lack of bureaucracy can constitute an important competitive advantage vis-à-vis governments when social, economic and/or environmental circumstances suddenly change. Their operational flexibility is especially pertinent in critical situations, such as that brought by the COVID-19 pandemic.³⁰

There are different mechanisms that OCGs may use to infiltrate the legitimate economy, such as acquiring control of legitimate companies. Companies most at risk are those most affected by the crisis – either because they have a sudden shortage of liquidity, or because their products are in much greater demand and thus more profitable.

OCGs may also seek to intercept part of the flows of public funding from national governments and supranational organizations that is intended to revitalize national economies and support worst affected citizens.

²⁷ Sanchez, G., and Achilli, L., *Stranded: The Impacts of COVID-19 on Irregular Migration and Migrant Smuggling* (Florence: European University Institute, 2020); UNODC, *COVID-19 and the drug supply chain: from production and trafficking to use* (Vienna, 2020), p. 25. Available at <https://www.unodc.org/documents/data-and-analysis/covid/Covid-19-and-drug-supply-chain-Mai2020.pdf>.

²⁸ Savio, I. "Italia y la hoja de ruta del crimen: cómo las mafias del mundo sacarán tajada del COVID," *El Confidencial*, 13 April 2020. Available at https://www.elconfidencial.com/mundo/europa/2020-04-13/mafia-italiana-crisis-coronavirus_2543271/.

²⁹ Tessa, M., "Imprese: sale pericolo di infiltrazioni criminali, servono nuovi indicatori di anomalia | WSI," *Wall Street Italia*, 20 May 2020. Available at <https://www.wallstreetitalia.com/imprese-sale-pericolo-di-infiltrazioni-criminali-servono-nuovi-indicatori-di-anomalia/>.

³⁰ Global Initiative against Transnational Organized Crime, *Crime and Contagion: Impact of a Pandemic on Organized Crime* (2020). Available at <https://globalinitiative.net/crime-contagion-impact-COVID-crime/>.

Box 1: Definition of organized crime

Organized crime does not include random, unplanned, individual criminal acts. Instead, it focuses exclusively on planned, rational acts of groups. As any list of crimes would be quickly outdated, most experts look not at the offence but the offender: an organized criminal group.

The United Nations Convention against Transnational Organized Crime defines "an organized criminal group" using four criteria:

- A structured group of three or more persons;
- The group exists for a period of time;
- It acts in concert with the aim of committing at least one serious crime;
- To obtain, directly or indirectly, a financial or other material benefit.

A structured group is defined as one that does not need a formal hierarchy or continuity of membership, a broad definition that could include loosely affiliated groups without any formally defined roles for its members.

For the purposes of the Convention, serious crime means an offence punishable by a maximum penalty of incarceration of at least four years (article 2b). There is no requirement for countries to introduce a definition of serious crime or to follow the definition of the Convention. The definition of serious crime is included in the Convention to determine its scope of application and to invoke its international cooperation provisions.

IMPACT OF THE COVID-19 CRISIS ON ORGANIZED CRIME ACTIVITIES AND MODUS OPERANDI

COVID-19 is slowing and constraining organized criminal activities and their reconstruction will take some time, according to the available evidence. Among the criminal activities hit by the pandemic are drug trafficking, smuggling of migrants, trafficking in persons, illicit firearms trafficking, prostitution³¹, in countries where this is illegal, and the corruption of security forces officials. Qualitative assessments of current events from different regions of the world give an idea of the nature and magnitude of this phenomenon (Box 2-4). Although a complete assessment of how COVID-19 has affected organized crime cannot be made at these early stages of the pandemic, this cooling of traditional illicit markets has possibly resulted in a significant reduction of associated profits.

Nevertheless, the disruption caused by COVID-19 has been quickly exploited, with some criminal groups expanding their portfolio, particularly in relation to cybercrime and opportunistic criminal activities in the health sector.³² With business and personal activities increasingly shifting online during the pandemic, OCGs have engaged in more phishing and credit card fraud, as well as using pirated websites for fake donations. Fake and cloned websites and sham email addresses have reportedly been used to perpetrate online scams,³³ some involving the sale of masks and hand gel.³⁴ OCGs have also begun to traffic in sub-standard, falsified, or stolen high-demand products such as face masks and disinfectants.³⁵

³¹ Terminology used by the United Nations surrounding prostitution includes the terms 'prostitute' and 'sex worker'. In the context of trafficking in persons and sexual exploitation, the first term is used more widely. See for example Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, in which one of the forms of exploitation is the exploitation of the prostitution of others, including sexual exploitation.

³² Global Initiative Against Transnational Organized Crime, *Crime and Contagion: The Impact of a Pandemic on Organized Crime*, (March 2020).

³³ Neal, W., "Germany's Million Mask Scam Foiled as Organized Crime Goes Online", *Organized Crime and Corruption Reporting Project*, 16 April 2020. Available at <https://www.occrp.org/en/daily/12123-germany-s-million-mask-scam-foiled-as-organized-crime-goes-online>.

³⁴ Eurojust, "Eurojust Action against Criminal Groups Abusing Corona Crisis," 8 April 2020. Available at <http://eurojust.europa.eu/press/PressReleases/Pages/2020/2020-04-08.aspx>.

³⁵ Balia, E., "Come Cambia Il Crimine in Epoca Di COVID: Così Le Mafie Sfruttano La Crisi Economica," *Business Insider Italia*, 17 April 2020. Available at: <https://it.businessinsider.com/come-cambia-il-crimine-in-epoca-di-covid-cosi-le-mafie-sfruttano-la-crisi-economica/>.

Box 2: Impact of COVID-19 on organized crime in the Balkans

OCGs in the Balkans are using the COVID-19 crisis to change modus operandi, according to the available evidence. A market-specific assessment is provided below.

Drug supply and production: The pandemic crisis is likely to change the dynamics of supply, demand, and prices of illicit drugs in the market – changes that will be greater if the crisis persists.³⁶ Some evidence points to low quality drugs and in some cases more expensive drugs in Montenegro, Serbia, and Bosnia and Herzegovina. An increase in people under than 14 years old delivering drugs has also been reported.³⁷

Smuggling of migrants and trafficking in persons: While the arrival of migrants and refugees in the Balkans area has largely decreased during the COVID-19 crisis, no clear trend can be established regarding smuggling of migrants or trafficking in persons. Official statements indicate that police services in Slovenia, Serbia, Bosnia and Herzegovina, and North Macedonia are continuing to register cases of illicit border crossing and smuggling of migrants. However, restrictions on movement are likely to make both activities more difficult.³⁸

Illicit firearms trafficking: There is little evidence on current cases of illicit firearms trafficking in the region. Slovene police estimate that limited border crossings will reduce the rate of illicit firearms trafficking and the smuggling of other goods. It is also believed that the closure of the internal Schengen borders is preventing the illegal transport or export of weapons through and from Slovakia.

Box 3: Impact of COVID-19 on organized crime in Latin America

Drug trafficking: Illicit drug trafficking and production, the financial cornerstones of Latin American criminal organizations, have suffered demand and supply restrictions because of the pandemic, media sources suggest.³⁹ Declines in drug sales in the United States along with difficulties in obtaining chemicals from South East Asia have significantly affected drug trafficking from Mexico.⁴⁰ In addition, law enforcement officials and trafficking experts assert that lockdowns have disrupted supply chains of Mexican and Colombian cartels.⁴¹

Smuggling of migrants and trafficking in persons: One month after the pandemic arrived in South America, Chilean authorities recorded a decrease in the number of cases related to smuggling of migrants and trafficking in persons typically occurring along the border with Peru and Bolivia. However, the Chilean authorities reported no significant changes in the modus operandi of OCGs during the COVID-19 pandemic.⁴²

³⁶ Global Initiative Against Transnational Organized Crime, "Crisis and Opportunity: Impacts of the Coronavirus Pandemic on Illicit Drug Markets.," *Global Initiative*, 13 May 2020. Available at: <https://globalinitiative.net/coronavirus-illicit-drug-markets/>.

³⁷ Djordjevic, S., *Crime in the Western Balkans six at the time of Coronavirus: Early findings* (Belgrade Centre for Security Policy, 2020). Available at <http://www.bezbednost.org/All-publications/7224/Crime-in-the-Western-Balkans-Six-at-the-Time-of.shtml>.

³⁸ Djordjevic, S., *Crime in the Western Balkans six at the time of Coronavirus: Early findings* (Belgrade Centre for Security Policy, 2020); Sarajevo Times, "SIPA Police Arrested Four Persons for Human Trafficking," , 27 May 2020. Available at <https://www.sarajevotimes.com/sipa-police-arrested-four-persons-for-human-trafficking/>.

³⁹ Fajardo, L., "Cómo se adaptan los carteles, las maras y las pandillas a la pandemia de coronavirus," *BBC News Mundo*, 23 April 2020. Available at <https://www.bbc.com/mundo/noticias-america-latina-52350436>.

⁴⁰ De Mauleon, H., "El crimen organizado durante la pandemia," *El Universal*, 13 April 2020. Available at <https://www.eluniversal.com.mx/opinion/hector-de-mauleon/el-crimen-organizado-durante-la-pandemia>.

⁴¹ Mustian, J. and Bleiberg, J., "Cartels Are Scrambling: Virus Snarls Global Drug Trade", *AP NEWS*, 19 April 2020. Available at <https://apnews.com/4f0a4ca93cc2fee94d386efb13db31a0>.

⁴² UNODC, "Assessment by national authorities" (United Nations Office on Drugs and Crime, 2020).

Box 4: Situation in the Middle East and North Africa (MENA)

Some observers are concerned that the most vulnerable sections of society in lower/middle income countries in the MENA region may run out of financial resources in the very near future as a result of COVID-19 restrictions. This could lead to an increase in people committing illicit trafficking activities.⁴³

Drug trafficking: Transnational and domestic drug trafficking seem largely unaffected. Morocco and Lebanon remain the main exporters of cannabis resin in the region, and heroin produced in Afghanistan is reportedly still being transported through the Middle East to Europe or Asia.⁴⁴ At the same time, in Algeria, for instance, more than 600 kg of cannabis were seized recently.⁴⁵

Smuggling of migrants: Smuggling of migrants from Libya to Europe has remained unchanged, while the inflow of migrants from sub-Saharan Africa to Libya appears to have slowed down.⁴⁶

Prostitution (in countries where this is illegal): Some media reports suggest that prostitution networks have reorganized under the umbrella of “massage parlors” where sexual services are provided. In Casablanca and Marrakech, for instance, several prostitution networks using this technique were dismantled during April.⁴⁷

Corruption and extortion: Several countries in the MENA region are likely to face a decrease in revenues, affecting their operating budgets and possibly also the salaries of their populations. OCGs are likely to take advantage of this situation, expanding corruption to maintain and strengthen illegal activities at the national and transnational levels. Reported cases of Afghan-produced heroin being transited through the Middle East have shown corruptive behaviors linked to security forces and especially border police. Likewise, one police officer in North Africa took advantage of the curfew to smuggle migrants from Libya to a neighboring country for a bribe.⁴⁸

Firearm trafficking: The Saudi Arabian government reports a rise in firearm and ammunition smuggling operations.⁴⁹

A. Risk of infiltrating legitimate companies

OCGs are likely to infiltrate legitimate companies and sectors made vulnerable by the COVID-19 crisis

The COVID-19 crisis has pushed many businesses to the brink of defaulting -- more than 20% of firms worldwide have been downgraded with respect to their credit default risk, according to the rating agency Moody's. Sectors such as hotels and leisure (60%), transportation (35%) and retail (30%) are particularly at risk.

One of the most dramatic consequences of the COVID-19 crisis for companies is a shortage of capital, caused by the closure or curtailment of business activities. Struggling firms that are not adequately

⁴³ Global Initiative against Transnational Organized Crime, *Crime and Contagion: Impact of a Pandemic on Organized Crime* (2020).

⁴⁴ Eljehtimi, A., “Moroccan Smugglers Embark on Long New Route to Ship Drugs to Europe,” *Reuters*, 18 May 2020. Available at <https://www.reuters.com/article/us-health-coronavirus-morocco-crime-idUSKBN22U1RS>; UNODC, *COVID-19 and the drug supply chain: from production and trafficking to use* (Vienna, 2020).

⁴⁵ Algeria Press Service, “Three drug traffickers arrested, 611 kg of cannabis seized in Naama”, 25 March 2020. Available at <http://www.aps.dz/en/regions/33714-three-drug-traffickers-arrested-611-kg-of-cannabis-seized-in-naama>.

⁴⁶ UNODC, “Field Office Assessment” (United Nations Office on Drugs and Crime, 2020).

⁴⁷ UNODC, “Field Office Assessment” (United Nations Office on Drugs and Crime, 2020).

⁴⁸ UNODC, “Field Office Assessment” (United Nations Office on Drugs and Crime, 2020).

⁴⁹ UNODC, “Assessment by national authorities” (United Nations Office on Drugs and Crime, 2020).



supported by public subsidies are more likely to seek OCGs' liquidity, putting them at higher risk of criminal infiltration.⁵⁰

Many OCGs still have the financial resources to infiltrate impoverished businesses

Although some of their activities have been affected by the crisis, many OCGs still have the capacity to engage in emerging criminal opportunities. They have vast financial liquidity acquired in the past from carrying out both illegal and legal activities. Some have previous investments in sectors now in high demand, such as cleaning companies, food industry and funeral homes – that are likely to provide yet more financial resources to infiltrate suffering businesses.⁵¹

The economic crisis pushes distressed businesses to look for liquidity offered by OCGs

Judging by their past activities, OCGs are likely to use their liquidity to support distressed companies before subsequently taking them over through buying shares or by directly seizing control of operations, according to several sources.⁵² Criminal organizations are likely to target companies and sectors that will generate possibilities for further criminal activities, such as laundering illicit profits and trafficking of substandard and falsified medical products. These companies may in turn help OCGs to further expand their control and power over the licit economy.⁵³

⁵⁰ Stephany, F. et al., *Which Industries Are Most Severely Affected by the COVID-19 Pandemic? A Data-Mining Approach to Identify Industry-Specific Risks in Real-Time*, Working Paper V 1.2 (March 2020).

⁵¹ EUROPOL, "Pandemic Profiteering. How Criminals Exploit the COVID-19 Crisis." (The Hague: EUROPOL - European Union Agency for Law Enforcement Cooperation, 2020). Available at <https://www.europol.europa.eu/publications-documents/pandemic-profiteering-how-criminals-exploit-covid-19-crisis>; Saviano, R., "La mafia del coronavirus. Dalla droga alla sanità, la pandemia aiuta l'economia criminale," *la Repubblica*, 22 March 2020. Available at https://www.repubblica.it/cronaca/2020/03/23/news/la_mafia_del_virus_dalla_droga_alla_sanita_la_pandemia_aiuta_l_economia_criminale-252023708/; Savona, E.U. and Riccardi, M., eds., *Assessing the Risk of Money Laundering in Europe - Final Report of Project IARM* (Milano: Transcrime - Università Cattolica Sacro Cuore, 2017).

⁵² Bulfon, B., "Coronavirus, La Rinascita Farà Gola Alle Mafie e Ai Corrotti. 'Serve Un Drastico Processo Di Semplificazione Normativa' | Rep," *La Repubblica*, 30 March 2020. Available at https://rep.repubblica.it/pwa/generale/2020/03/30/news/coronavirus_i_soldi_della_rinascita_faranno_gola_alle_mafie_necessario_un_drastico_processo_di_semplificazione_normativa_-252702698/#success=true; Falcioni, D., "L'allarme di Roberto Saviano: 'Pandemia occasione per la criminalità organizzata,'" *Fanpage*, 20 April 2020. Available at <https://www.fanpage.it/attualita/lallarme-di-roberto-saviano-pandemia-occasione-per-la-criminalita-organizzata/>; De Martiis, A., "The Effects of Organized Crime on Distressed Firms," SSRN Scholarly Paper (Rochester, NY: Social Science Research Network, March 30, 2020); Naim, M., "Mafia States: Organized Crime Takes Office," *Foreign Affairs* vol. 91, No. 3 (2012), pp. 100-111; Savona E.U. and Riccardi, M., eds., *Assessing the Risk of Money Laundering in Europe - Final Report of Project IARM* (Milano: Transcrime - Università Cattolica Sacro Cuore, 2017).

⁵³ Di Donato, V. and Lister, T., "The Mafia Is Poised to Exploit Coronavirus, and Not Just in Italy," *CNN*, 19 April 2020. Available at <https://www.cnn.com/2020/04/19/europe/italy-mafia-exploiting-coronavirus-crisis-aid-intl/index.html>.

Most experts' projections suggest that criminal organizations will focus their infiltration on particularly vulnerable sectors (Box 5). These sectors could be identified by combining data on firms in financial distress, articles on current case studies, and the historical preference of OCGs for certain industries.

Box 5: Economic sectors vulnerable to infiltration by OCGs due to their financial distress caused by the COVID-19 crisis

Transportation: Governments from almost all regions of the world have adopted measures that have had a vast impact on the transportation industry. These include travel warnings, border closures, regional lockdowns, and curfews. Cruise ships have been quarantined and airlines have halted flights in numerous regions. Terrestrial transport including commercial and private buses, and regional and intercity trains, has also been affected.⁵⁴

Tourism and hospitality: Lockdown measures have also had a negative effect on resorts, restaurants, bars, hotels and other tourism facilities. Many entrepreneurs have continued investing based on predictions that the economy will be back on track by the next spring season in 2021, this will most probably not occur.⁵⁵ Hence, a large proportion of affected businesses will either be forced to close or to look for credit.⁵⁶

Arts, entertainment, and recreation: With large gatherings deemed to be trigger points for the spread of the virus, most leisure sectors have been adversely affected. This includes cinemas, theaters, concerts, musical festivals, art galleries, nightclubs, casinos and gambling facilities, and sport clubs.⁵⁷

Retail and marketplaces: According to media sources, retail industries have been heavily affected by social distance and lockdown measures. Their sustainability has also been undermined by the change in the routine of people who have started to rely more on online and home delivery services.⁵⁸

Economic sectors benefitting from the COVID-19 crisis at risk of OCG infiltration

Some economic sectors have benefited from the COVID-19 pandemic by providing essential services such as logistics or e-commerce to societies under lockdown. Others are deeply involved in the response to the health emergency through selling pharmaceutical and medical devices or providing cleaning or funeral services. The increase in revenues and profit margins in these sectors could attract criminal investment in areas where OCGs are particularly active (Box 6).

⁵⁴ Becker, E., "How Hard Will the Coronavirus Hit the Travel Industry?," *Travel*, 2 April 2020. Available at <https://www.nationalgeographic.com/travel/2020/04/how-coronavirus-is-impacting-the-travel-industry/>; Phocus Wire, "Coronavirus and the Travel Industry – Impact and Recovery", 26 May 2020. Available at <https://www.phocuswire.com/Coronavirus-impact-travel-industry>.

⁵⁵ Balia, E., "Come Cambia Il Crimine in Epoca Di COVID: Così Le Mafie Sfruttano La Crisi Economica," *Business Insider Italia*, 17 April 2020. Available at <https://it.businessinsider.com/come-cambia-il-crimine-in-epoca-di-COVID-cosi-le-mafie-sfruttano-la-crisi-economica/>.

⁵⁶ Di Donato, V. and Lister, T., "The Mafia Is Poised to Exploit Coronavirus, and Not Just in Italy," *CNN*, 19 April 2020. Available at <https://www.cnn.com/2020/04/19/europe/italy-mafia-exploiting-coronavirus-crisis-aid-intl/index.html>.

⁵⁷ Straw, W., "Nightlife Is the Soul of Cities — and 'night Mayors' Are Its Keepers in This Coronavirus Pandemic," *The Conversation*, 26 March 2020. Available at <http://theconversation.com/nightlife-is-the-soul-of-cities-and-night-mayors-are-its-keepers-in-this-coronavirus-pandemic-134327>.

⁵⁸ Market Watch, "5 Industries Most Affected by COVID-19 Lockdown," 21 April 2020. Available at <https://www.marketwatch.com/press-release/5-industries-most-affected-by-COVID-19-lockdown-2020-04-21>; Kumar, N. and Haydon, D., "Industries Most and Least Impacted by COVID-19 from a Probability of Default Perspective – March 2020 Update", 26 May 2020. Available at <https://www.spglobal.com/marketintelligence/en/news-insights/blog/industries-most-and-least-impacted-by-COVID-19-from-a-probability-of-default-perspective-march-2020-update>.

Box 6: Economic sectors vulnerable to OCG infiltration because of their opportunities to benefit from the COVID-19 crisis

Wholesale trade in medical products: The demand for medical devices (e.g., sanitary masks, breathing devices, disinfectants) has generated a surge of new firms importing and distributing these goods. Some OCGs have quickly exploited the gap between demand and supply of medical products that has emerged at the onset of the pandemic and have offered products often in violation of local authorization processes.⁵⁹

Wholesale trade in pharmaceutical products: OCGs have become involved in providing medicines, ostensibly related to COVID-19 treatment, both by infiltrating legal wholesale companies (so-called *parallel importers* of pharma drugs) and managing illicit trade (Box 7).

Logistics and e-commerce: Expansion of e-commerce during the lockdown has increased demand for logistic services. This sector was already heavily infiltrated by OCGs.⁶⁰ Some experts have suggested the crisis has only increased the risk of infiltration.

Food retail trade: Demand for food products has increased during the crisis with supermarkets, discount stores, and food retailers all boosting their revenues, making them more attractive to investments by OCGs.⁶¹

Cleaning services, waste management and funeral services: Cleaning firms are likely to see an increase in demand especially in the post-COVID phase, potentially attracting criminal investment.⁶² Mafia groups in Italy have in the past invested in multi-service companies such as waste, disinfection, and funeral homes.⁶³

At the same time, sudden demand for medical products such as sanitary masks, breathing devices and medicines has spurred many countries to relax procurement procedures, helping to generate further opportunities for criminal infiltration (Box 7).

Box 7: Cases of OCG involvement in the trafficking of health-related products during the ongoing COVID-19 crisis

During the early stages of the pandemic, masks, disinfectants, and health products became difficult to find on the legal market, providing ideal conditions for criminal groups.⁶⁴

1. In Belgium, the Federal Agency for Medicines and Health Products (FAMHP) inspection and checking services reported an upward trend in activity from March 2020 as a result of an increase in the number of parcels containing illegal medicinal products claimed to combat COVID-19. Furthermore, Belgium seized almost 7,000 illegal chloroquine tablets (or their derivatives), mostly coming from India, China, Colombia and Russia.⁶⁵

⁵⁹ Lecco News, "Criminalità organizzata, l'osservatorio studia possibili infiltrazioni nell'emergenza COVID," 21 April 2020. Available at <https://www.lecco.news/lecco-citta/criminalita-organizzata-losservatorio-studia-le-possibili-infiltrazioni-legate-allemergenza-276422/>.

⁶⁰ see e.g., Savona E.U. and Riccardi, M. eds., *Assessing the Risk of Money Laundering in Europe - Final Report of Project IARM* (Milano: Transcrime - Università Cattolica Sacro Cuore, 2017).

⁶¹ Direzione Centrale della Polizia Criminale, "Report 1/2020 Dell'organismo Permanente Di Monitoraggio Ed Analisi Sul Rischio Di Infiltrazione Nell'economia Da Parte Della Criminalità Organizzata Di Tipo Magioso" (Italian Ministry of Interior, 2020).

⁶² Direzione Centrale della Polizia Criminale.

⁶³ Falcioni, D., "L'allarme di Roberto Saviano: 'Pandemia occasione per la criminalità organizzata,'" *Fanpage*, 20 April 2020.

⁶⁴ For more information see UNODC, *Research Brief COVID-19- related Trafficking of Medical Products as a Threat to Public Health* (Vienna, 2020).

⁶⁵ Federal Agency for Medicines and Health Products, "Coronavirus: The FAMHP Seizes Postal Packages Containing Counterfeit and Other Illegal Medicinal Products against COVID-19," 31 March 2020. Available at https://www.famhp.be/en/news/coronavirus_the_famhp_seizes_postal_packages_containing_counterfeit_and_other_illegal_medical

2. In March of 2020, operation PANGEA XIII coordinated by INTERPOL, covering 90 countries worldwide, resulted in 121 arrests, the seizure of over four million potentially dangerous pharmaceuticals worth more than USD 14 million, and the disruption of the activities of 37 OCGs.⁶⁶ All these activities took place across some 2,000 websites and involved more than 34,000 substandard and falsified masks, hand sanitizers, “corona spray,” “coronavirus packages,” and unauthorized antiviral medications.⁶⁷
3. According to a recent GI-TOC report, one of the most widespread criminal organizations operating in Mexico, the Jalisco New Generation cartel, has been promoting the production of specific COVID-19 falsified medical products and subsequently forcing many pharmacies to sell them.⁶⁸
4. The Guardia Civil in Spain has intercepted more than 150,000 masks along with 1,100 liters of chemical components used in the production of hydrogel.⁶⁹
5. Similarly, Italian police have seized numerous falsified masks in Milan and Rome.⁷⁰ Roughly 9,000 protective masks imported from China were seized by Guardia di Finanza because they were being sold without certification or authorization. The presumed criminal scheme involved a former politically exposed person (PEP) and a set of firms located in tax havens.⁷¹
6. Attempts to smuggle essential stocks of medical face masks and hand sanitizer have been intercepted in Ukraine, Iran and Azerbaijan.⁷²
7. Police in Serbia arrested a person in possession of over 6,000 face masks.⁷³
8. Slovenian police seized 250,000 euros from companies that purchased 1.5 million masks from Bosnia and Herzegovina on suspicion of fraud.⁷⁴
9. A gang in Japan unsuccessfully attempted to send 30,000 masks to China after the coronavirus first broke out in Wuhan in December.⁷⁵
10. The media has reported about a case of a “ventilators’ affair” in Bosnia and Herzegovina, which involved the supply of substandard ventilators.⁷⁶

⁶⁶ Behar, R., “Organized Crime In The Time Of Corona,” *Forbes*, 27 March 2020. Available at <https://www.forbes.com/sites/richardbehar/2020/03/27/organized-crime-in-the-time-of-corona/#77fafa51150d>.

⁶⁷ Mapenzauswa, S., “Interpol Cracks down on the Illicit Trade of Medical Supplies”, *African News Agency*, 20 March 2020. Available at <http://www.africannewsagency.com/23972792>.

⁶⁸ Global Initiative against Transnational Organized Crime, *Crime and Contagion: Impact of a Pandemic on Organized Crime* (2020).

⁶⁹ Puglisi, J.A., “La Guardia Civil buscaba depósitos ilegales de mascarillas y encontró más de 100 armas y lanzagranadas,” *Periodista Digital*, 17 March 2020. Available at <https://www.periodistadigital.com/gente/sucesos/20200317/guardia-civil-buscaba-depositos-ilegales-mascarillas-encontro-100armas-lanzagranadas-noticia-689404-280569/>.

⁷⁰ Global Initiative against Transnational Organized Crime, *Crime and Contagion: Impact of a Pandemic on Organized Crime* (2020).

⁷¹ Foschini G., Mensurati M., and Tonacci F., “Coronavirus, l’Inail: ‘Pericolose le mascherine di Pivetti’, ma il certificato venne falsificato”, *la Repubblica*, 28 April 2020. Available at https://www.repubblica.it/cronaca/2020/04/28/news/coronavirus_inchiesta_mascherine-255097954/.

⁷² Global Initiative against Transnational Organized Crime, *Crime and Contagion: Impact of a Pandemic on Organized Crime* (2020).

⁷³ Dervisbegovic, N., “Balkan Gangsters ‘Profiting From Pandemic’, Report”, *Balkan Insight*, 16 April 2020. Available at <https://balkaninsight.com/2020/04/16/balkan-gangsters-profiting-from-pandemic-report-says/>.

⁷⁴ Dervisbegovic, N., “Balkan Gangsters ‘Profiting From Pandemic’, Report”, *Balkan Insight*, 16 April 2020.

⁷⁵ Cerantola, A., “Japanese Gangs Vie for Power Amid Pandemic”, *OCCRP*, 22 April 2020. Available at <https://www.occrp.org/en/coronavirus/japanese-gangs-vie-for-power-amid-pandemic>.

⁷⁶ Cuckic, N., “Ventilators affair in BiH—fight against corruption or another political quarrel?”, *European Western Balkans*, 5 June 2020. Available at <https://europeanwesternbalkans.com/2020/06/05/ventilators-affair-in-bih-fight-against-corruption-or-another-political-quarrel/>.

The organized crime threat related to the trafficking of falsified COVID-19 medical products will evolve with the phases of the pandemic

OCGs quickly adapted to the market gap in medical products emerging during the initial phases of the pandemic.⁷⁷ They will develop their activities related to medical products as the pandemic evolves – medicines for the prevention and treatment of COVID-19 are likely to prove lucrative. Once a vaccine or treatments are proven to be effective, the global demand will quickly rise. If supply is not able to meet demand, OCGs will find a fertile environment to fill the gaps with sub-standard and falsified products. OCGs have experience with managing sophisticated trafficking schemes of falsified medicines, which require connections in the health system and logistical know-how.^{78,79}

B. The threat of embezzlement and misuse of public funds in light of economic recovery packages offered to address the crisis

Criminal organizations rely on the legal economy to increase their profits. Misappropriation of public funds can reinforce organized crime, provide opportunities for patronage through employment, lead to low-quality public goods, and reduce profits for law-compliant companies.⁸⁰

Previous emergency situations – particularly earthquakes in Italy⁸¹ and tropical storms in the Caribbean⁸² – shed light on the capability of OCGs to infiltrate the legal economy through embezzlement and misuse of public funds (Box 8).

Corruption likely to facilitate embezzlement of public funds

Corruption is criminalized under the United Nations Convention against Corruption. The Convention obliges States parties to adopt legislative and other measures to “establish as criminal offences, when committed intentionally, the embezzlement, misappropriation or other diversion by a public official for his or her benefit or for the benefit of another person or entity, of any property, public or private funds or securities or any other thing of value entrusted to the public official by virtue of his or her position”.⁸³

Generally speaking, corruption is linked to the power vested in public servants and the functions they fulfil. Corruption diverts resources from their rightful purpose at the cost of people’s quality of life and

⁷⁷ For more information see UNODC, *Research Brief COVID-19- related Trafficking of Medical Products as a Threat to Public Health* (Vienna, 2020); Kumar I., and Tidey A., “COVID-19: Organised crime group 'adapting' with 'new crime trends', Interpol Warns,” *Euronews*, 30 March 2020. Available at <https://www.euronews.com/2020/03/30/covid-19-organised-crime-group-adapting-with-new-crime-trends-interpol-warns>.

⁷⁸ Savona, E.U., Dugato M., and Riccardi M., “Theft of Medicines from Hospitals as Organised Retail Crime: The Italian Case,” in *Retail Crime: International Evidence and Prevention*, ed. Ceccato, V. and Armitage, R., Crime Prevention and Security Management (Cham: Springer International Publishing, 2018), pp. 325–353.

⁷⁹ Beken, T.V., *European Organised Crime Scenarios for 2015* (Maklu, 2006).

⁸⁰ Daniele, G. and Dipoppa, G., *Doing Business Below the Line: Screening, Mafias and Public Funds*, Baffi Carfein Centre Research Paper No. 2018-98 (2018).

⁸¹ Gisoldi, A., “Terremoto Irpinia 35 anni (e 50mila miliardi) dopo. Zamberletti: ‘Sprechi e malaffare? Colpa della politica locale,’” *Il Fatto Quotidiano*, 24 November 2015. Available at <http://www.ilfattoquotidiano.it/2015/11/24/terremoto-irpinia-35-anni-e-50mila-miliardi-dopo-zamberletti-sprechi-e-malaffare-colpa-della-politica-locale/2247028/>.

⁸² Goi, L., “Honduras Crime Group Used Natural Disaster to Launder Money,” *InSight Crime*, 29 March 2017. Available at <https://www.insightcrime.org/news/brief/honduras-crime-group-used-disaster-launder-money/>.

⁸³ United Nations Convention against Corruption, article. 17.

erodes public trust in government institutions. The COVID-19 pandemic has unexpectedly put governments in a situation where they need to procure large amounts of medical equipment to meet growing demand by hospitals and the public at large. OCGs can easily take advantage of such a situation, particularly when additional stressors are placed on governments. Most countries had not devised contingency plans for this type of scenario, making them particularly vulnerable to OCGs.

OCGs may bribe public officials to embezzle funds, particularly in areas where the groups have operated for a long time. Bribery is also likely to be committed by members of OCGs placed within those structures.

Corruption facilitates embezzlement. Strong criminogenic ties between OCGs and government officials are one of the most obvious means by which criminals manage to misappropriate public funds. For example, after an earthquake in southern Italy in 1980, emergency funds were initially handled by national institutions and professionals. During this time, the reconstruction process went smoothly. But as responsibility shifted to local institutions and professionals, where criminal organizations could exert more influence, Mafia groups managed to embezzle the funds.⁸⁴

Where corruption is endemic there is a higher risk of misuse of public funds. The risk of embezzlement of recovery funds can depend on the type of institution handling them. Specific assessment of the transparency of public procurements could provide a more precise indication of such risk.

Box 8: Cases of embezzlement of public funds related to past crises

The powerful drug trafficking group 'Cachiros' in Honduras allegedly used devastating tropical storm Agatha in 2010 to launder an estimated \$6.4 million. The organization arranged for businesses to be hired by the state to carry out major **infrastructure projects** in the aftermath of the storm. Most State agencies and authorities responsible for supervising these projects were either controlled by the Cachiros or turned out to be inexistent. Furthermore, the national electricity company ENEE was accused of artificially inflating the price of the commodity to benefit the criminal group.⁸⁵

An earthquake in southern Italy in 1980 radically disrupted the socio-economic fabric of affected regions for years. The commissioner in charge of coordinating the **relief programs** said most were managed by mafia groups seeking to embezzle the funds. This claim indicates that criminal organizations probably exert significantly more influence over local institutions and professionals rather than national counterparts, making it easier to appropriate **reconstruction funds**.⁸⁶

Millions in public funds were earmarked to **reconstruct** the southern Italian city of Naples after a **cholera emergency** in 1884. Most of this money was awarded to the Camorra group, in part because of their political allies and corrupt practices.⁸⁷

Well-known *Yakuza* criminal groups took advantage of the catastrophic 2011 earthquake and tsunami in Japan to gain contracts for their **construction companies** to carry out the massive rebuilding, according to media reports. The *Yakuza* put its criminal scheme into practice along with a massive deployment of relief goods for the victims of the natural disaster, mainly to attain support from the community and local authorities.⁸⁸

⁸⁴ Gisoldi, A., "Terremoto Irpinia 35 anni (e 50mila miliardi) dopo. Zamberletti: 'Sprechi e malaffare? Colpa della politica locale,'" *Il Fatto Quotidiano*, 24 November 2015.

⁸⁵ Goi, L., "Honduras Crime Group Used Natural Disaster to Launder Money," *InSight Crime*, 29 March 2017.

⁸⁶ Gisoldi, A., "Terremoto Irpinia 35 anni (e 50mila miliardi) dopo. Zamberletti: 'Sprechi e malaffare? Colpa della politica locale.'"

⁸⁷ Saviano, R., "La mafia del coronavirus. Dalla droga alla sanità, la pandemia aiuta l'economia criminale," *la Repubblica*, 23 March 2020. Available at https://www.repubblica.it/cronaca/2020/03/23/news/la_mafia_del_virus_dalla_droga_alla_sanita_la_pandemia_aiuta_l_economia_criminale-252023708/.

⁸⁸ Jones, T. Y., "Yakuza among First with Relief Supplies in Japan," *Reuters*, 25 March 2011. Available at <https://www.reuters.com/article/us-yakuza-idUSTRE72O6TF20110325>.

COVID-19 AS AN OPPORTUNITY TO STRENGTHEN THE GOVERNANCE ROLE OF ORGANIZED CRIMINAL GROUPS

Governments around the world have attempted to halt the spread of the pandemic while managing the economic costs of lockdown measures. However, some of their responses have been inadequate, with financial relief packages and institutional responses being too slow or too small. The crisis has placed severe pressure on government institutions and revealed organizational limits and social tensions in the process. Consequently, the need for active governance has increased.⁸⁹

The COVID-19 crisis came in a context where OCGs strive to exercise governance both in developing and developed countries

The COVID-19 crisis has been an opportunity for OCGs that aspire to govern not only markets but also territories⁹⁰ to strengthen their bonds with the local population. In some contexts, the rise of organized crime can be attributed to State weakness or inadequacies in governance.⁹¹ These weaknesses are often systemic and longstanding, exacerbated by crises like COVID-19.

OCGs have engaged in illegal governance activities since the onset of the pandemic

Militias, insurgents, and terrorist groups who engage in criminal activities are exploiting the COVID-19 crisis to strengthen their governance roles, just as they have done during crises in the past.

However, unlike the ways in which they infiltrate the legal economy, OCGs often carry out illegal governance in the light of day. Enforcing social distancing or providing food to communities experiencing hardship requires little planning or organization and can be immediately observed. Buying shares in a company or appropriating public funds takes time and happens covertly. As a result, illicit governance is easier for the media to report on and more visible to society at large – not only in the aftermath but also in the midst of a crisis.

⁸⁹ Asmann, P., "What Does Coronavirus Mean for Criminal Governance in Latin America?", *InSight Crime*, 31 March 2020. Available at <https://www.insightcrime.org/news/analysis/criminal-governance-latin-america-coronavirus/>.

⁹⁰ Aziani A., Favarin S., and Campedelli G.M., "A Security Paradox. The Influence Of Governance-Type Organized Crime Over The Surrounding Criminal Environment," *The British Journal of Criminology*, vol. 60, No. 4 (2020), pp. 970-993; Campana, P. and Varese, F., "Organized Crime in the United Kingdom: Illegal Governance of Markets and Communities," *The British Journal of Criminology* vol. 58, No. 6 (2018), pp. 1381-1400; Gambetta, D., *The Sicilian Mafia. The Business of Private Protection*, 1st ed. (Cambridge - London: Harvard University Press, 1993); Paoli, L., *Mafia Brotherhoods: Organized Crime, Italian Style* (New York: Oxford University Press, 2003).

⁹¹ Gambetta, D., *The Sicilian Mafia. The Business of Private Protection* (Harvard University Press, 1993); Hill, P.B.E., *The Japanese Mafia: Yakuza, Law, and the State* (Oxford, New York: Oxford University Press, 2003); Varese, F., *Organized Crime: Critical Concepts in Criminology* (London; New York: Routledge, 2010).

Box 9: Linkages between organized crime and terrorism

The linkages between terrorism and organized crime are multifaceted and can manifest themselves in different ways. Generally speaking, terrorist groups and OCGs have in theory distinct objectives. Terrorist groups deliberately challenge State authority and seek to produce political change through violent means; their motivations are related to several factors, including, but not limited to ideological ones.⁹² OCGs on the other hand typically engage in clandestine operations so as to obtain a financial or other material benefit while avoiding detection by law enforcement authorities. Rather than aiming to effect political change, the disruption they seek to impose on territories under State authority is meant to perpetuate conditions that are beneficial to their operations.⁹³

In practical terms, the linkages between terrorism and organized crime become apparent most notably in the financing of terrorism.⁹⁴ In other cases, these linkages may involve the smuggling of migrants and illicit arms trafficking involving small arms, light weapons and other military equipment. Other activities may also include car theft, illicit mineral extraction, kidnapping for ransom, drug trafficking, trafficking in cultural property and trafficking in other illicit goods. Instances involving OCGs facilitating the transport of terrorists across borders and integrating former foreign terrorist fighters in their activities also represent possible scenarios where these two phenomena become intertwined.

OCGs' governance activities encompass both the provision of economic assistance and the enforcement of lockdown measures

Strict lockdowns have inevitably resulted in an economic downturn in many countries. People have been cut off from their sources of livelihood, forced to rely instead on alternative sources of income. At the same time, some governing authorities have been unable to enforce widespread lockdowns. They have reacted slowly to the crisis and have lacked the resources to provide proper economic help.

In many instances, OCGs have stepped in to exploit the situation. They have in effect served as governing bodies, enforcing quarantine measures and providing assistance within the territories they control.

Exploiting opportunities requires a high level of control and connection to the community

Promptly assisting people in distress and enforcing rules during the pandemic requires a high level of control and connections to the community. Only groups that already have such capacities have had a visible role in managing the crisis.⁹⁵ Criminal organizations that were not strongly rooted in the territory before the pandemic did not have the ability to suddenly change course and begin imposing their governance model. However, if the pandemic and its negative economic and social consequences carry on for a long time, even OCGs without governing capacities may begin to have them. As seen in

⁹² S/2015/366, para. 8.

⁹³ S/2015/366, para. 9.

⁹⁴ *Report of the Secretary-General on actions taken by Member States and the Global Compact Entities to address the issue of linkages between terrorism and organized crime* (2020, forthcoming).

⁹⁵ Asmann, P., "What Does Coronavirus Mean for Criminal Governance in Latin America?", *InSight Crime*, 31 March 2020. Available at <https://www.insightcrime.org/news/analysis/criminal-governance-latin-america-coronavirus/>.

past crises, prolonged fragility of legitimate institutions provides OCGs with opportunities to increase their power and influence over given territories and sectors of the economy.⁹⁶

Governance services have been provided by OCGs in different forms:

direct sustenance

OCGs acted to boost their reputation as “bona fide” protectors during the first weeks of lockdown by delivering aid packages to underprivileged families. In southern Italy, known mafia affiliates began distributing food in late March. Cosa Nostra members directly distributed food to the population in Palermo, and Camorra families in Naples provided basic necessities to people through fake charity organizations, according to media reports.⁹⁷

Criminal organizations in Mexico followed the same route. The Sinaloa Cartel, the Jalisco New Generation Cartel, the Gulf cartel, Los Durango, and Los Viagras supplied bundles containing food and sanitizers to people in the territories under their influence. Cartel members also advertised their actions. For instance, Los Viagras posted videos in which armed individuals distributed bags of groceries from the back of a pickup truck, while the other cartels printed their logos on the packages they delivered (Box 10).⁹⁸ These stunts ensured that even those who did not receive supplies became aware that criminal groups were the ones who had helped those in need.⁹⁹

Yakuza groups in Japan also delivered necessities and tried to boost their reputation through publicity stunts. In February, Yamaguchi-Gumi associates handed out free masks, toilet paper, and tissues to pharmacies and kindergartens. Yakuza groups also offered to disinfect the Diamond Princess, a cruise ship docked in the port of Yokohama that hosted 705 positive cases of coronavirus.¹⁰⁰ South African gangs also sought to strengthen the relationship with their communities by reportedly putting their rivalries on hold to hand out food parcels in Cape Town.¹⁰¹

⁹⁶ Locke, R., *Organized Crime, Conflict and Fragility: A New Approach* (New York: International Peace Institute, 2012); Gambetta, D., *The Sicilian Mafia. The Business of Private Protection*, 1st ed. (Cambridge - London: Harvard University Press, 1993).

⁹⁷ Crimaldi, G., “Coronavirus a Napoli, Il Welfare Della Camorra Arriva in Parlamento: «Il Viminale Pronto a Intervenire»,” *Il Mattino*, 16 April 2020. Available at https://www.ilmattino.it/napoli/politica/coronavirus_a_napoli_il_welfare_della_camorra_in_parlamento-5175000.html; Di Donato, V. and Lister, T., “The Mafia Is Poised to Exploit Coronavirus, and Not Just in Italy,” *CNN*, 19 April 2020. Available at <https://www.cnn.com/2020/04/19/europe/italy-mafia-exploiting-coronavirus-crisis-aid-intl/index.html>; Rosen, K.R., “Stoking Unrest and Distributing Groceries: Italy’s Mafias Gain Ground in Fight for Loyalty during Pandemic Lockdown,” *Newsweek*, 18 April 2020. Available at <https://www.newsweek.com/italy-mafias-coronavirus-pandemic-support-1498726>.

⁹⁸ Ernst, F., “Mexican Criminal Groups See COVID-19 Crisis as Opportunity to Gain More Power,” *The Guardian*, 20 April 2020. Available at <https://www.theguardian.com/world/2020/apr/20/mexico-criminal-groups-COVID-19-crisis-opportunity-gain-power>; Keyser, Z., “As Mafia Delivers Essentials in Italy, Cartels Distribute Food in Mexico,” *The Jerusalem Post*, 21 April 2020. Available at <https://www.jpost.com/international/as-mafia-delivers-essentials-in-italy-cartel-distributes-food-in-mexico-625283>; Sieff, K. et. al., “Now Joining the Fight against Coronavirus: The World’s Armed Rebels, Drug Cartels and Gangs,” *The Washington Post*, 14 April 2020. Available at https://www.washingtonpost.com/world/the_americas/coronavirus-taliban-ms-13-drug-cartels-gangs/2020/04/13/83aa07ac-79c2-11ea-a311-adb1344719a9_story.html; Torres, A., “Notorious Mexican cartels hand out food and sanitizer to poor struggling with the Coronavirus pandemic,” *The Daily Mail*, 14 April 2020. Available at <https://www.dailymail.co.uk/news/article-8218479/Notorious-Mexican-cartels-aid-countrys-poor-struggling-coronavirus-pandemic.html>.

⁹⁹ Rosen, K.R., “Stoking Unrest and Distributing Groceries: Italy’s Mafias Gain Ground in Fight for Loyalty during Pandemic Lockdown”, *Newsweek*, 18 April 2020.

¹⁰⁰ Cerantola, A. “Japanese Gangs Vie for Power Amid Pandemic,” *Organized Crime and Corruption Reporting Project*, 22 April 2020. Available at <https://www.occrp.org/en/coronavirus/japanese-gangs-vie-for-power-amid-pandemic>.

¹⁰¹ Bloomberg, “Gangs in South Africa Call a Truce as Coronavirus Lockdown Limits Drug Trade”, 20 April 2020; Wyatt, T., “South African Gangs Make Unexpected Truce to Join Forces and Help People during Pandemic”, *The Independent*, 20 April 2020.

Box 10: Mexican drug cartels hand out aid packages to distressed populations

During April 2020, drug trafficking groups in Mexico reportedly delivered food and other necessities to low-income neighborhoods in territories under their control.

Packages containing oil, sugar, rice, toilet paper, and other essential items were distributed to poor communities in Guadalajara. Video footage shows hand-delivered packages with the 'El Chapo 701' logo.¹⁰²

Similar video footage shows members of the Jalisco New Generation Cartel distributing packages across eight municipalities in the state of San Luis Potosí. Stickers of the Cartel's 'CJNG' logo were put on grocery bags with the message: 'From your friends, COVID-19 contingency support'.¹⁰³

Pictures also circulated of armed Gulf Cartel members giving away boxes in the state of Tamaulipas sealed with stickers that read: 'Gulf Cartel, in support of Ciudad Victoria, Mr. 46, Vaquero'. Mr. 46 is the pseudonym of the leader of the Cartel's cell that operates in Matamoros.¹⁰⁴

There is also evidence showing affiliates of the criminal group Los Viagras delivering relief packages from the back of a pickup truck in Apatzingán. In contrast to the approach adopted by other cartels, who used their resources to provide packages, Los Viagras reportedly extorted contributions from local businesses to finance their distribution in the community.¹⁰⁵

support to business

Italian Camorra, which has always been highly active in loan sharking, has quickly exploited the crisis and adopted a '*quid pro quo*' (something is given so that something can be given in return) approach by lending money with a zero percent rate of interest.¹⁰⁶ Donations during the crisis can engender greater loyalty and gratitude than economic support in stable periods.¹⁰⁷ In a similar fashion, in Guatemala City, gang members of Barrio 18 deferred collection of extortion payments from local vendors.¹⁰⁸ In Mexico City, OCGs reportedly offered loans to business owners to ensure their businesses will reopen once the crisis is over.¹⁰⁹

¹⁰² Keyser, Z., "As Mafia Delivers Essentials in Italy, Cartels Distribute Food in Mexico," *The Jerusalem Post*, 21 April 2020.

¹⁰³ Torres, A., "Notorious Mexican cartels hand out food and sanitizer to poor struggling with the Coronavirus pandemic," *The Daily Mail*, 14 April 2020.

¹⁰⁴ Sieff et al., "Now Joining the Fight against Coronavirus: The World's Armed Rebels, Drug Cartels and Gangs"; Torres, A., "Notorious Mexican cartels hand out food and sanitizer to poor struggling with the Coronavirus pandemic," *The Daily Mail*, 14 April 2020.

¹⁰⁵ Ernst, F., "Mexican Criminal Groups See COVID-19 Crisis as Opportunity to Gain More Power", *The Guardian*, 20 April 2020. Available at <https://www.theguardian.com/world/2020/apr/20/mexico-criminal-groups-covid-19-crisis-opportunity-gain-power>; Reuters, *El Chapo's Daughter, Mexican Cartels Hand out Coronavirus Aid*, 2020. Available at <https://www.youtube.com/watch?v=t-8iNURe5fU>.

¹⁰⁶ Falcioni, D., "L'allarme di Roberto Saviano: 'Pandemia occasione per la criminalità organizzata,'" *Fanpage*, 20 April 2020.

¹⁰⁷ Rosen, K.R., "Stoking Unrest and Distributing Groceries: Italy's Mafias Gain Ground in Fight for Loyalty during Pandemic Lockdown", *Newsweek*, 18 April 2020.

¹⁰⁸ Navarrete, M. A., "Coronavirus afecta dinámicas de extorsión en México y Centroamérica," *InSight Crime*, 13 April 2020. Available at <https://es.insightcrime.org/noticias/analisis/extorsion-pandemia-violencia/>; Ríos, R., and Sapalú, L., "Pandilleros Conceden Indulto En El Cobro de Extorsión," *El Periodico*, 26 March 2020. Available at <https://elperiodico.com.gt/nacion/2020/03/26/pandilleros-conceden-indulto-en-el-cobro-de-extorsion/>.

¹⁰⁹ El Universal, "The Unión Tepito Cartel is providing loans to small businesses in Mexico City", 25 May 2020. Available at <https://www.eluniversal.com.mx/english/union-tepito-cartel-providing-loans-small-business-owners-mexico-city>.

ORGANIZED CRIMINAL GROUPS INFILTRATE THE ECONOMY DURING COVID-19

STRUGGLING BUSINESSES



ORGANIZED CRIME



ECONOMY



OCGs have the financial means to infiltrate businesses that are under financial distress during the COVID-19 pandemic and businesses for which the pandemic has created high demand

offering jobs to those unemployed or not attending school

Besides opening lines of credit to curry favor, OCGs can also exploit the crisis by recruiting members. Lockdown measures have led to a sharp rise in unemployment and school closures. Economic hardship inevitably leads to the search for new job opportunities and, with economic recovery still nowhere in sight, the risk increases that chances will only be found outside of the legal economy.¹¹⁰ Moreover, with children out of school and other community hubs, such as libraries, youth and children centers being closed, the lockdown has removed many of the traditional means of identifying children at risk.¹¹¹ In England, for instance, schools have remained open for both vulnerable children and children of essential workers, however only 5% of pupils identified as vulnerable have been attending, according to media reports. This increases the chances of young people in this high-risk demographic being recruited by local gangs.¹¹²

price control

Brazilian OCGs and militias operating in the favelas have exerted their governance powers in the form of price controls. As demand for disinfectants and masks skyrocketed, prices dramatically increased, placing a heavy burden on families.¹¹³ Imposing price controls is ordinarily the prerogative of the State. However, significant delays in food stamps,

¹¹⁰ Arsovska, J., *Decoding Albanian Organized Crime: Culture, Politics, and Globalization* (Oakland, California: University of California Press, 2015); Calderoni, F. et al., "Recruitment into Organised Criminal Groups: A Systematic Review," *Trends and Issues in Crime and Criminal Justice*, No. 583 (2020); Scott H. Decker and Margaret Townsend-Chapman, *Drug Smugglers on Drug Smuggling: Lessons from the Inside* (Philadelphia: Temple University Press, 2008).

¹¹¹ Adams, R., "Children Could Be Recruited by Gangs during Lockdown, Report Says," *The Guardian*, 25 April 2020. Available at <https://www.theguardian.com/society/2020/apr/25/children-could-be-recruited-by-gangs-during-lockdown-report-says>.

¹¹² Weale, S., "Just 5% of Vulnerable Children Were in School in England Last Week," *The Guardian*, 21 April 2020. Available at <https://www.theguardian.com/education/2020/apr/21/just-5-of-vulnerable-children-were-in-school-in-england-last-week>; Yeginsu, C., "If U.K. Schools Reopen, Will the Students Return?," *The New York Times*, 11 May 2020. Available at <https://www.nytimes.com/2020/05/11/world/europe/coronavirus-uk-schools-reopen.html>.

¹¹³ Asmann, P., "What Does Coronavirus Mean for Criminal Governance in Latin America?," *InSight Crime*, 31 March 2020.

taxation and other social measures opened the door for forms of illicit governance that are designed to create and strengthen allegiance.

health services

In Afghanistan, the Taliban posted health teams in remote territories to tackle the virus. In a similar effort to promote themselves as a governing body, the militant group Hayat Tahrir al-Sham distributed health information to the public in the Syrian province of Idlib.¹¹⁴ These interventions have allowed such groups to style themselves as effective and efficient authorities.

enforced social distancing

OCGs across the world are known to provide security governance.¹¹⁵ Following the spread of the virus, some OCGs began to enforce their governance models by imposing curfews and restrictions on the free movement of people. For instance, the Taliban enforced quarantine measures on travellers from Iran; gangs in Brazil imposed curfews (Box 11); fighters from the dissident 29th Front of the ex-FARC in Colombia and Hayat Tahrir al-Sham in Syria restricted public gatherings and enforced lockdowns.¹¹⁶

Box 11: Brazilian gangs have imposed social distancing measures in favelas

In March, gang members in Brazil imposed and enforced curfews and other restrictions on the residents. After Rio de Janeiro's Cidade de Deus became the first favela to report a case of COVID-19, Red Command gang members ordered its 40,000 residents to remain indoors after 8 pm. Video footage shows affiliates of the criminal group going through the streets threatening that anyone found outside would be punished. A similar approach was adopted in Rocinha (Rio de Janeiro), Brazil's largest favela, Pavão-Pavãozinho (Copacabana), and Cantagalo (Ipanema), where criminal groups threatened violence for anyone breaking the curfew.¹¹⁷ Criminal groups also enforced social distancing measures in other favelas, according to media sources. Gang members in Morro de Prazeres forced residents to limit gatherings to groups of two. Traffickers forced shops to reduce their business hours in Parque, while in Nova Holanda church services were moved outside.¹¹⁸

The strengthening of criminal governance during crises is not a new development

OCGs have used past crises to extend governance roles, particularly environmental disasters when security forces were focusing on response and rescue efforts. In this context, disruptions in the provision of necessities such as food, water, and medical supplies, create opportunities for criminals to strengthen their links to the community.

¹¹⁴ Sieff, K. et al., "Now Joining the Fight against Coronavirus: The World's Armed Rebels, Drug Cartels and Gangs", *The Washington Post*, 15 April 2020.

¹¹⁵ Aziani A., Favarin S., and Campedelli G.M., "A Security Paradox. The Influence Of Governance-Type Organized Crime Over The Surrounding Criminal Environment," *The British Journal of Criminology*, vol. 60, No. 4 (2020), pp. 970-993.

¹¹⁶ Asmann, P., "What Does Coronavirus Mean for Criminal Governance in Latin America?"; Sieff et al., "Now Joining the Fight against Coronavirus: The World's Armed Rebels, Drug Cartels and Gangs", *The Washington Post*.

¹¹⁷ Asmann, P., "What Does Coronavirus Mean for Criminal Governance in Latin America?"; Briso, C.B. and Phillips, T., "Brazil Gangs Impose Strict Curfews to Slow Coronavirus Spread," *The Guardian*, 25 March 2020. Available at <https://www.theguardian.com/world/2020/mar/25/brazil-rio-gangs-coronavirus>; Sieff, K. et al., "Now Joining the Fight against Coronavirus: The World's Armed Rebels, Drug Cartels and Gangs", *The Washington Post*, 15 April 2020.

¹¹⁸ Briso, C.B. and Phillips, T., "Brazil Gangs Impose Strict Curfews to Slow Coronavirus Spread", *The Guardian*, 25 March 2020.

In 2013, Mexican drug cartels exploited the destruction caused by hurricanes to gain consensus

In September 2013, hurricane Ingrid hit the eastern coast of Mexico, causing over 30 fatalities and over \$1 billion worth of damage. The Gulf Cartel, which controlled some of the hardest-hit areas, began distributing relief packages containing food and water before publicizing it on social media to amplify their audience. The Sinaloa Cartel apparently adopted a similar approach in September 2013 when hurricane Manuel hit their territories on the western coast of Mexico.¹¹⁹

Japanese Yakuza groups have a history of intervening in the aftermath of earthquakes

In the aftermath of the 1995 Kobe earthquake, the Yamaguchi-Gumi handed out food, water and diapers in the area worst hit by the disaster, according to media reports. In 2011, Yakuza groups sent food, water, blankets, and toiletries to evacuation centers after the Tōhoku earthquake.¹²⁰

¹¹⁹ Sullivan, J.P., "Mexican Cartel Strategic Note No. 15: Skullduggery or Social Banditry? Cartel Humanitarian Aid," *Small Wars Journal* (2013). Available at <https://smallwarsjournal.com/blog/mexican-cartel-strategic-note-no-15-skullduggery-or-social-banditry-cartel-humanitarian-aid>.

¹²⁰ Jones, T.Y., "Yakuza among First with Relief Supplies in Japan," *Reuters*, 25 March 2011. Available at <https://www.reuters.com/article/us-yakuza-idUSTRE72O6TF20110325>; Sterngold, J., "Quake in Japan: Gangsters; Gang in Kobe Organizes Aid for People In Quake," *The New York Times*, 22 January 1995. Available at <https://www.nytimes.com/1995/01/22/world/quake-in-japan-gangsters-gang-in-kobe-organizes-aid-for-people-in-quake.html>.

CONCLUSION

The COVID-19 pandemic has presented both opportunities and challenges for OCGs – it can make them stronger, but it may also weaken them. In countries and regions where OCGs had already infiltrated economies and communities, the new environment could allow them to further expand their control over territory. On the other hand, lockdown measures have curtailed travel and shipping of goods across borders, disrupting some criminal activities. While dealing with the new opportunities that COVID-19 has brought to some OCGs, governments could also capitalize on those situations where the pandemic has weakened OCGs’ control and influence. Long-term assessment and monitoring are needed to determine the impact of the pandemic on organized crime and the modus operandi of OCGs.

Box 12: Sectors and industries that are most susceptible to criminal infiltration

Sectors vulnerable to infiltration by OCGs due to financial distress from the COVID-19 crisis	Sectors attracting OCGs’ infiltration as a result of the COVID-19 crisis
<ul style="list-style-type: none"> • Transportation • Tourism • Hotels, bars and restaurants • Event and travel organization • Arts, entertainment, and recreation • Retail and marketplaces (excluding food sector) 	<ul style="list-style-type: none"> • Wholesale trade of medical devices • Wholesale trade of pharmaceutical products • Logistics and e-commerce • Food retail trade • Cleaning services • Funeral services

► *Temporary potential alignments between legitimate governmental interests and OCGs’ actions are illusory*

Social distancing, curfews and quarantines – even when they are enforced by organized criminal groups through illegal means such as threats and violence – align with the interests of governments., as all States have resorted to some form of lockdown to help prevent the spread of COVID-19. This highlights how the relation between criminal governance and legitimate State governance is complex, rather than necessarily being in immediate opposition to one another.¹²¹ However, in the long-term, any potential form of legitimization of OCGs stemming from the crisis will only pose as an additional burden in the development of healthy societies.

► *Economic and social empowerment of OCGs has international and transnational consequences*

OCGs that have extended governance roles to address the pandemic are often key players in transnational criminal activities and as such have extensive connections and economic interests in many different countries.¹²² In recent decades, organized criminal activities have progressively

¹²¹ Asmann, P. “What Does Coronavirus Mean for Criminal Governance in Latin America?”; Hill, P.B.E., “The Japanese Yakuza,” in *The Oxford Handbook of Organized Crime*, ed. Paoli, L., (New York: Oxford University Press, 2014), pp. 234–253.

¹²² Albanese, J.S., *Transnational Crime and the 21st Century*; Francesco Calderoni et al., “The Italian Mafias in the World: A Systematic Assessment of the Mobility of Criminal Groups,” *European Journal of Criminology*, vol. 13, No. 4 (2015), pp. 413–433; von

extended beyond national borders, creating new opportunities for criminals and determining a shift toward globalized participation of OCGs in illicit markets.¹²³ This merging of national, international, and transnational perspectives has an impact on justice at both the national and global level, as growing interconnections between criminal networks increase the likelihood of negative spillovers between countries.¹²⁴

At the same time, the transnational power of OCGs is often dependent on their capacity to have a local base from which to operate, which serves to illustrate how national and local issues become international and global ones. Given this fact, the strengthening of OCGs local power through an increase in the provision of illegal governance may directly correspond to their transnational relevance and capacity to impose themselves on the global market.¹²⁵

► ***Risk of embezzlement, of infiltrations and criminal governance are intertwined***

Infiltration in the legal economy, misappropriation and misuse of public funds, and criminal governance are strongly interconnected. The risk of embezzlement on one side, and the risk of infiltration on the other, are two sides of the same coin – as such, they pose a dilemma. Massively injecting liquidity into the economy, although vital for the recovery, inevitably increases the risk of misuse of public funds, especially in times when institutions are weakened by the pandemic. However, lowering such risks by implementing stimulus package that would be too small to save businesses from insolvency and bankruptcy is not ideal either. Companies would look for alternative sources of funding, which, in times of crisis, would likely be criminogenic and end up fostering the infiltration of OCGs into the legal economy. Moreover, families who cannot make ends meet would rely on criminal groups as well, allowing them to strengthen their position as illegitimate governing bodies.

► ***Timely interventions may be risky, but slow interventions may be fatal***

The timing of an intervention is also vital. Quick and swift reaction times are essential to prevent a recession, but the checks and balances needed to ensure legality of appropriation processes may suffer. Safeguards need time to be set up, especially in a time of institutional crisis like the one brought by the COVID-19; therefore, reaction times need to be scaled accordingly. On the other hand, slow relief packages to ensure legality may be fatal to many companies on the brink of financial collapse. The same holds true for economic support destined to communities in distress – if implemented too slowly, it can provide opportunities for OCGs to strengthen their governance role.

► ***Governments must balance the trade-off between substantial and swift interventions and the risk of enriching OCGs***

Governments all over the world must assess the tradeoff between a higher risk of misuse of public funds arising from quick and large liquidity injections, and greater opportunities for OCGs to

Lampe, K., *Organized Crime: Analyzing Illegal Activities, Criminal Structures, and Extra-Legal Governance*, 1 edition (Los Angeles: SAGE Publications, Inc, 2016).

¹²³ Dugato, M. and Aziani, A., "Measuring (Transnational) Organized Crime as an Indicator of Global Justice," *Fudan Journal of the Humanities and Social Sciences*, vol. 13 (2020), pp. 211-231; McCarthy, D.M.P., *An Economic History of Organized Crime: A National and Transnational Approach* (Routledge, 2011); Siegel, D. and van de Bunt, H., *Traditional Organized Crime in the Modern World: Responses to Socioeconomic Change* (Springer Science & Business Media, 2012).

¹²⁴ Dugato, M. and Aziani, A., "Measuring (Transnational) Organized Crime as an Indicator of Global Justice," *Fudan Journal of the Humanities and Social Sciences*, vol. 13, pp. 211-231.

¹²⁵ Albanese, J.S., *Organized Crime: From the Mob to Transnational Organized Crime*, 7 edition (London; New York: Routledge, 2014); Aziani, Favarin, and Campedelli, "Security Governance."

strengthen their foothold in legal markets and territories under their control. Rapidity in the provision of recovery funds and streamlining of bureaucratic procedures, while maintaining appropriate safeguards, is essential.