

# How does serious organised crime hurt legitimate business and society? Data from EU funded Transcrime project

## (OCP)

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**Where (in what regions, assets, sectors) are the criminal proceeds invested in the legal economy?**

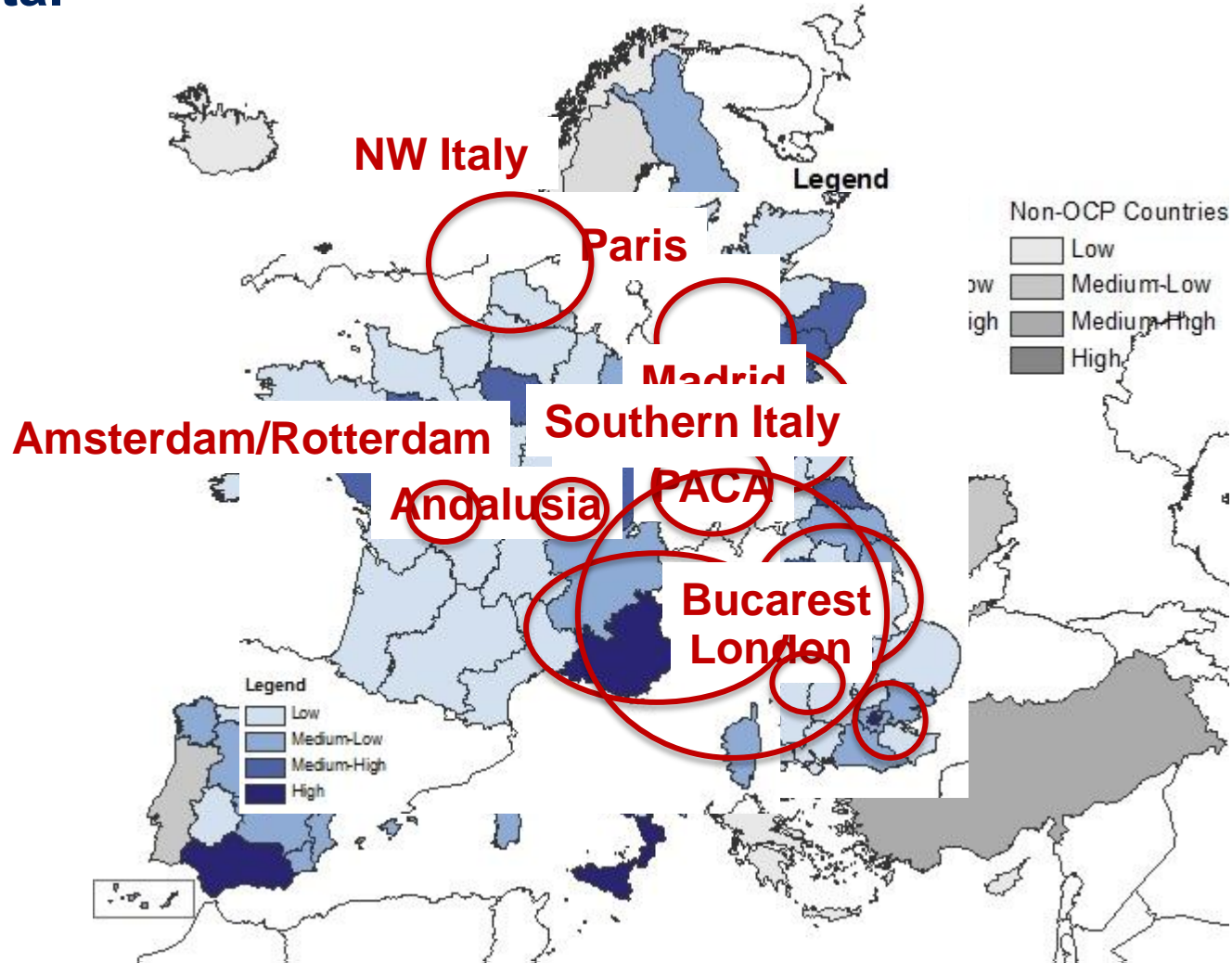


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# In what geographic areas?

## Evidence of OC investments in NUTS 2; % on country total



Source: Transcrime – Project OCP

# Characteristics of these areas

- Areas with **traditional and strong presence** of criminal groups (e.g. southern Italy)
- **Strategic** areas for **illicit trafficking** (e.g. Andalusia)
- **Border** regions (e.g. south-eastern France)
- Areas with important **ports and airports** (e.g. Rotterdam/Amsterdam)
- Areas providing **business opportunities** (e.g. large urban, tourist or coastal areas and/or with a strong real estate markets)

# Characteristics of these sectors

## Characteristics of sector

- Cash and labour intensive
- Territorial-specific
- **Protected sector**
  - Key role of **public administration** or public subsidies
  - **Weak or developing regulation**
- Front for **other illicit activities**



## Drivers of infiltration

- Profit
- Control the territory
- Influence on policymakers
- Culture, prestige and other drivers
- Commission or facilitation of illicit activities
  - Conceal and facilitate illicit trafficking
  - Develop fraud schemes

# In what types of assets?

Evidence of investments in all types of assets:

- **Cash** and other movable goods (e.g. bank accounts, jewels)
- **Registered assets**
  - Cars and vans (useful to transport illicit goods)
  - Motorbikes (crucial for OMCGs)
  - Boats (to transport drugs or for THB)
  - Airplanes (status symbol and also used to transport drugs and illicit goods)
- **Real estate** properties
  - Luxury houses (status symbol and investment)
  - Flats (rent and control)
- **Companies**

# In what business sectors?

<b>HIGHER evidence</b>	<ul style="list-style-type: none"><li>• Bars and restaurants</li><li>• Construction</li><li>• Wholesale and retail trade (in particular of food products and of clothing)</li><li>• Transportation and logistics</li><li>• Real estate activities</li><li>• Hotels</li></ul>
<b>EMERGING sectors</b>	<ul style="list-style-type: none"><li>• Waste and scrap management</li><li>• Casinos, VLT, slot machines</li><li>• Renewable energy</li><li>• Money transfer businesses</li></ul>

Source: Transcrime – Project OCP

# Which OCG invest where? - Sectors

<b>Italian mafias</b>	<ul style="list-style-type: none"> <li>• Construction</li> <li>• Wholesale and retail trade</li> <li>• Bars, restaurants and Hotels</li> <li>• Real estate</li> <li>• Others (e.g. casinos, VLT and waste and scrap management)</li> </ul>
<b>Chinese OCGs</b>	<ul style="list-style-type: none"> <li>• Wholesale and retail trade (clothing and textiles)</li> <li>• Bars and restaurants</li> <li>• Transportation and logistics</li> <li>• Real estate</li> <li>• Sex, tattoo and other personal activities</li> </ul>
<b>Russian/ Georgian OCGs</b>	<ul style="list-style-type: none"> <li>• Wholesale and retail trade</li> <li>• Bars and restaurants</li> <li>• Real estate</li> <li>• Hotels</li> <li>• Casinos, VLT, slot machines</li> </ul>
<b>Motorcycle gangs</b>	<ul style="list-style-type: none"> <li>• Bars and restaurants</li> <li>• Construction</li> <li>• Private security</li> <li>• Wholesale and retail trade</li> <li>• Repair and retail of vehicles</li> </ul>



# Why are OCG investing in the legitimate economy?

- **Launder** criminal proceeds
- **Profit**
- **Control** of the territory
- **Infiltration** into the political/administrative sphere
- **Social consensus**
- Cultural reasons
- Commission or **facilitation of illicit activities**

# What proceeds are confiscated?

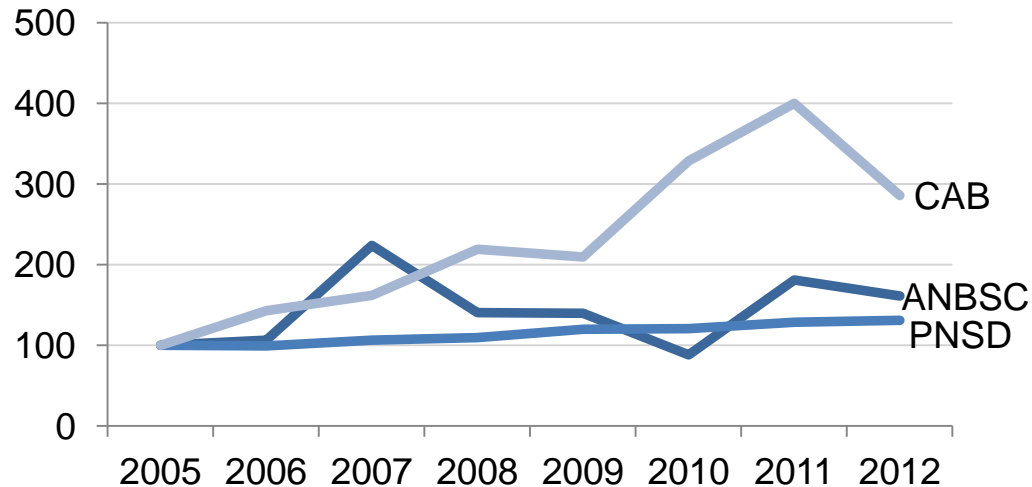


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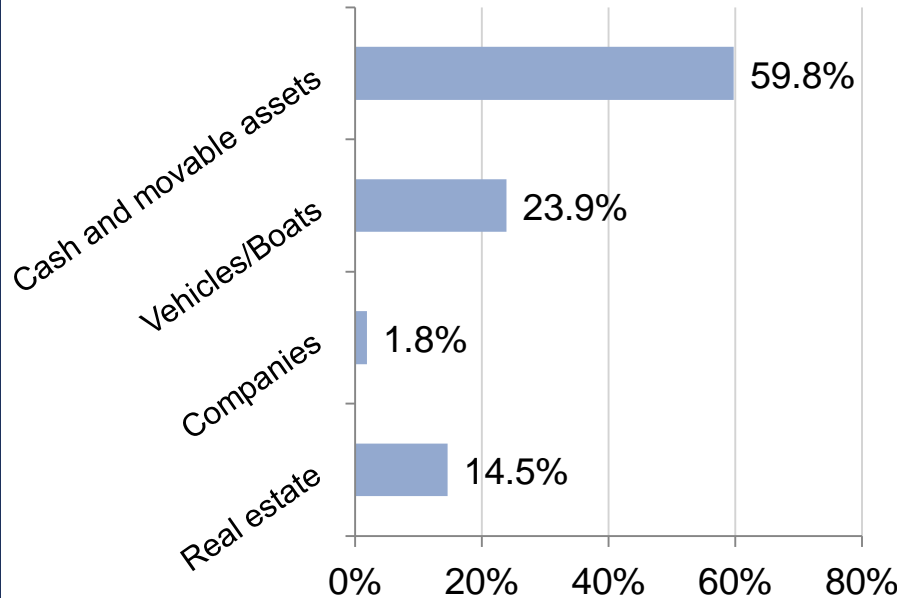


# The data on confiscated assets

Increase in the **number and total value** of confiscated assets



Selected EU MS, Index 2005=100.  
Source: Transcrime – Project OCP



**Most confiscated assets are movable goods while confiscated companies are almost absent**

# The characteristics of these data

- **Lack of statistics** on confiscated assets
  - Use of IT systems to organise data is very infrequent
- **Lack of comparability** of data across countries
  - Data collection methods and criteria vary across EU MS
  - Different datasets exist in the same country
- **Impossible to trace** an asset since the investigation stage to the final confiscation
  - Information on the single asset often available just in the last stage of the confiscation process

# Final remarks

**Cash, bank accounts, vehicles, boats and real estate are commonly seized**

**Companies are rarely confiscated, despite the collected evidence of criminal investments**



Differences emerge between *what criminals invest in* and *what is actually confiscated*

Why this gap?

- **Investigative problems** → need to improve financial investigation techniques
- **Regulatory problems** → need to ease and strengthen seizure of companies
- **Management problems** → companies are not confiscated because difficult to manage

# Conclusions: research and policy implications



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# Research and policy implications

Future projects should adopt a more **integrated approach**

## 1. From information to knowledge

- Shifting from macro to micro approach
- Identifying criminal opportunities
- Improving the collection and quality of information

## 2. From insight to awareness

- Analysing contextual vulnerabilities
- Increasing data sharing among researchers, experts and LEAs

## 3. From analysis to risk assessment models

- Passing from cold maps to heat maps of risk
- Extending the study to all 28 EU MS
- Establishing public-private partnerships

# Research and policy implications / 2

## 4. Revising of the confiscation tools

- Improving the confiscation of companies
- Enhance the management of confiscated assets by improving the regulation and in particular the management of the companies
- Adopting alternative instruments to seizure (e.g. administrative penalties and temporary suspensions)

## 5. Reshaping LEAs, FIUs and AROs

- Following the opportunity reduction approach
- Focusing on high-risk situations



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