

Organised crime flourishes in Russia, or is it just an old tale with a new twist?

An article in the last edition of *Platypus* examined the impact of organised crime in post-apartheid South Africa. In this issue, we look at an FBI statement on the international expansion of organised criminal groups from the former Soviet Republics and also at an AFP operation which provided an opportunity to form stronger links between law enforcement officials in Russia and Australia.

By Richard Crothers

Since the break-up of the Soviet Union and the rise of 'democracy' in Russia's new Commonwealth of Federated States, there has been a disturbing increase in the level of organised crime. Similar trends have taken place in other former Warsaw Pact nations.

While multi-national companies grab for a slice of newly opened markets, criminal organisations are also grabbing for their piece of the action – often in league with corrupt government officials and unscrupulous business operatives.

Russian organised crime is usually ethnic based and controlled by people familiar with violence, deception and corruption. But it is also entrepreneurial, often organised along the same lines as legitimate business and frequently developing into 'legitimate' businesses. Marketing however, has sometimes included techniques stronger than those generally accepted as 'aggressive marketing'. The use of bombs and bullets has been introduced to influence market share.

In Moscow recently, 13 people were killed and 11 seriously wounded at a memorial service in a bomb attack initiated by a Russian organised crime gang.

Russian police said the blast, resulting from two or three kilograms of TNT, was a 'payback' to settle old scores in a gangland war.

Killed was the leader of the Russian foundation for Afghan war invalids who was attending the memorial service for his predecessor, gunned

down outside his apartment building two years ago.

Control of foundations, such as the war invalids' fund, which enjoy tax-free status are highly attractive to organised crime. Foundations also are allowed to sell tax-free alcohol, the supply of which is controlled by the Russian Mafia.

The number of businessmen assassinated in Moscow peaked in 1994 with 170 deaths, and the drop in statistics since then has been slight.

This year, the head of the Russian National Sports Fund was shot and stabbed to death in an attempt to gain control of sports-related profits. A few days later the Moscow ice hockey team's manager was gunned down. Numerous other Mafia-related attacks were carried out with guns and explosives.

The need to launder 'dirty' money through legitimate outlets has encouraged cooperative ventures between Mafia bosses and newly-developing companies. Millions of rubles are cleansed in offshore transactions with legitimate profits often siphoned off into accounts in Monte Carlo, Switzerland and other European and Caribbean banks.

Business executives who uphold their principles have been killed in industrial accidents or lost in mysterious air crashes while police say they are powerless to protect people from the machinations of organised crime.

All the while the criminal community is striving to take on the trappings of legitimacy. Mafia bosses meet regularly with business executives, foreign entrepreneurs and government officials – gradually acquiring a facade of respectability.

On the morning of June 26, a cashier and a bank clerk drove through St Petersburg with two policemen and five soldiers. They were carrying millions of dollars worth of rubles in a physical inter-bank transfer. But ten persons were waiting to rob the vehicle in Erivan Square, acting on information from corrupt government officials that the bank transfer was to occur.

The robbers' leader, dressed as an army officer, created turmoil in the square by warning people that violence was expected. When the bankers and their escort arrived, they were intercepted by the conspirators using explosives and weapons, and the currency was stolen.

It was hidden in a government building in the Caucasus until it was smuggled across the border into Germany a month after the robbery. Then, five months later, the gang sought to launder the currency by placing it in small amounts – we'd call it smurfing – in banks across northern Europe on a single day. At that point, the launderers and at least some of the ringleaders were arrested on information supplied by a German undercover officer to German police and shared with Russian police. The events described took place in 1907.

Taken from an excerpt of remarks given by Ronald K. Noble, Undersecretary for Enforcement, US Department of the Treasury, Washington DC at the Russian Organised Crime Conference held in Vienna, Virginia, in 1994, which appeared in the Royal Canadian Mounted Police Gazette, October, 1996.