

# Changing face of organised crime or old and new usual suspects

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What is the face of organised crime? Could it be represented by the faces of well-known ‘organised criminals’? Let us remind ourselves of the faces of American mobsters from the golden age of prohibition – dignified men in black suits and soft hats but with a revolver in the pocket and sometimes with machine-guns in the car. We may also recall the icon of those times, Al Capone, who was sentenced not for gangster crimes but for tax evasion, or Frank Costello, the so-called “Prime Minister of the Underworld”, who, for several decades, ruled one of the country’s major criminal gangs. He was brought several times to court but spent only 11 months in prison, becoming a well-known figure due to the Kefauver committee hearings in 1951, but passed away tranquilly as a respectable citizen aged 91 (Kenney and Finckenaer, 1995).

Or could the face of Colombian narco-baron, Pablo Escobar, be more representative? The man who was at a certain time considered to be the richest person on earth, a man responsible for hundreds if not thousands of murders, yet mourned by thousands of common Colombians after he was killed on the run in 1993. (Thoumi, 2012)

Or is it the face of “white collar” such as Roberto Calvi, the Italian banker dubbed “God’s Banker”, suspected of financial machinations and money laundering whose death in 1982 has never been fully clarified?

Or is it the face of someone more up-to-date like the Russian “thief-in-law” Vyacheslav Ivankov called Yaponchik, a man whose criminal activities encompassed not only post-Soviet territory but also the U.S., and who was assassinated on a street in Moscow in 2009?

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The faces of these men are known and distinct but the underlying face of organised crime is indistinct and more hidden. That is why the effort to delineate this multi-faceted phenomenon by some unambiguous and clear definition has failed so often (von Lampe, 2016). The strict critic may say that if the exact and generally accepted definition of the phenomenon itself is missing the analysis of its developmental changes stands on weak ground. How can we describe the intended phenomenon, its initial state and its subsequent development without having an exact definition at hand?

But while the exact contours of organised crime are contested, there is at least some agreement that by observing certain phenomena, such as systematic and planned criminal activity or hierarchically structured groups of criminals (see Musil, 2014), something can be learned about the situation and development of organised crime.

## **The face of organised crime in the socialist period**

If we look back at the development of organised crime in the Czech Republic we may state that it is closely linked to political, social and economic developments during the period of transformation and the subsequent phase of stabilisation. It has been related not only to the phenomenon itself but also to its perception.

For the preceding period of socialist Czechoslovakia it was characteristic that the phrase ‘organised crime’ was not used with regard to any kind of criminal activity. Under the dominant ideology it was simply unthinkable to admit to the existence of anything like ‘organised crime’ within socialist society. If anything, this category was considered as something transmitted by the literature and movies, something that belonged to the alien and specific traditions of other countries.

This state of affairs was reflected also by the respective law. The Czechoslovak penal code at that time did not know the term ‘organised crime’ and did not take into account the potential occurrence of such forms of criminality. The penal code knew only the term “organised group” used to designate the cases when several offenders joined in order to commit some separate, concrete crime.

This does not mean that from the present perception some forms of crime in the socialist Czechoslovakia were not organised. In fact, there were some forms of ‘organised’ criminal groups and activities, typically in such areas as the illegal exchange of foreign currency and organised prostitution. While not labelled ‘organised crime’ in legal parlance or in the common language, these manifestations bore the features of organised crime, with the exception of the transnational element because the borders were hermetically closed and all contacts with foreign countries carefully supervised (Scheinost, 2001: 34).

Offenders of this ‘socialist organised crime’ were usually individuals who thanks to their profession had wide-ranging contacts. Take, for example, prostitution. The procurers were mostly taxi-drivers and receptionists at hotels. In contrast, those engaged in the illegal exchange of currency (called commonly “*veksláci*” from German “*wechselln*”) tended to be younger people who most often pretended to be employed, for example as night watchman of some object (because it was necessary to prove a legal source of living to avoid prosecution for so-called social parasitism). The public was familiar with both these activities and especially the illegal exchange of currency that took place openly, sometimes literally before the eyes of the people (and the police). Beyond any doubt these illegal activities enjoyed some tacit approval by the general public and also the police which balanced their willingness to look the other way with the ability to garner support from criminal elements, for example by recruiting prostitutes as informants.

Another facet of the ‘grey zone’ of the economy was connected to illegal or semi-legal businesses involved in the illicit distribution of scarce goods. However, the Czechoslovakian shadow economy never reached the scale and level of organisation endemic, for example, in the Soviet Union. Citizens coped with the shortage of consumer goods and services through the informal exchange networks of which every citizen was a part.

Those who obtained illegal profits from these activities, either as ‘organised’ or simply ‘economic’ perpetrators, were depicted in Czech literature and movies as petty law breakers, greedy individuals not satisfied with money earned from honest work who represented the last remnants of the ‘petty bourgeois’ class. The ‘*veksláci*’, on the other hand, were presented as drifting young men without firm moral principles, longing for an ‘easy

life'. Both these types were of course in stark contrast to the propagated model of 'socialist man' (Šinkovec, 2019).

## **Time of transformation**

So, in the eyes of the Czechoslovak public and from the point of view of the socialist state authorities, there was no organised crime. And where some organised forms of criminality did exist, these were not understood as such. This means that the term 'organised crime' did not enter the public conscience in the CR until the social transformations of the so-called transition period began to take hold after 1989. It is important to note that under the new conditions the existence of organised crime was not tied to any of the facets of the Soviet-Era shadow economy. After all, many of the old schemes, such as the black-market exchange of currency, had lost their meaning under the new economic and financial system. Rather, the focus shifted to new forms of crime that emerged in the process of transformation against the background of a general increase in crime.

Jan van Dijk and Patricia Mayhew in their study "Criminal victimisation in the industrialised world" have argued that a high crime rate is the price paid for living in a rich, urbanised and democratic society (van Dijk and Mayhew, 1993). The post-socialist countries undoubtedly aspired to transform themselves into such a society. However, the increase in crime, including new forms of serious crime, should not be viewed as a sign that the desired goal of transformation had been realised. Rather than marking the advent of a flourishing economy, the crime trends of the 1990s were an unwanted and unanticipated consequence of the efforts to reach that goal as quickly as possible.

All post-socialist countries experienced a radical transformation both economically and politically. The common denominators of the economic transformation were far-reaching changes through the rapid privatisation of state property, the redistribution and new accumulation of capital, and the hurried – even rushed – formation of a market economy. Although the opening of borders was essential for democratic and market changes, it also opened the door to criminal activities from the outside. New institutions and processes of governance and economics were introduced in states

where the natural development of social progress had been halted for decades. The state institutions, which bore the historical burden of public distrust, were left weakened by radical changes both in the constitutional framework and in the composition of staff.

The police and judiciary were among the authorities most deeply affected and undermined by these changes; and at the same time were confronted with dramatically increased workloads in the face of rising crime. As a rule, such profound social change shakes the established norms of social behaviour and social regulation and leads to the emergence of a situation of ‘anomie’, as predicted by Emile Durkheim (Cejp and Scheinost, 2012). And anomie increases the inclination of individuals to commit crimes especially when the new conditions create environments and fertile soil for crime in other ways as well. The emergence and growth of diverse forms of organised crime in particular were promoted in the post-socialist milieu.

When exploring the rise of organised crime in this period we may take into account a second theory apart from Durkheim’s Anomie Theory: the theory of rational choice which posits that crimes are committed when potential perpetrators come to the conclusion that the benefits from crime outweigh the associated costs. Applied to the situation in transition countries it means that crime is an adaptation strategy chosen with the aim to exploit new favourable conditions quickly and effectively and with hardly any substantive risk due to the circumstance that laws and their enforcement are also in motion and, therefore, less effective in their functioning (Lubelcová, 1998: 131–134).

This form of adaptation strategy is a reaction to changes in social conscience. Under the former egalitarian model, when most of the people lived at roughly equal levels of socio-economic status, it was not useful to crop out too much. Rather, it was appropriate to remain at a plain level and avoid any unwanted attention. Individuals striving for wealth had no place in this model. In contrast, what was appreciated (at least formally) was the ‘righteous work’ for the common welfare of the collective. People striving for individual wealth were officially considered to be ‘bourgeois types’ inherited as ‘survivals’ from the period of class-divided society. This egalitarian model, which had prevailed for decades under the socialist regime was suddenly cast aside. It was replaced by an individualistic model which has since shaped the social climate, colouring the process of transformation

and furthering a different notion of desirable social behaviour based on the principle of individual liberty, entrepreneurial success, and the display of personal wealth. The principle of competition and success has since prevailed.

Some people and social groups have been characterised by high aspirations and by their effort to accomplish a rapid vertical mobility fully taking advantage of new opportunities. Nevertheless this effort was often accompanied by impatience and by a relatively strong consumer orientation. Not all have been capable of fulfilling their ambitions in keeping with the law. Some, who with a novel vision of personal success have jumped on the opportunities provided by a free market economy, did so with weak moral standards, which is not really surprising given that under the previous regime nothing had prepared them for the new situation.

What was especially weakened was the respect for property. Because nearly all property under the socialist regime was state property, it was a “property of all people” which meant in fact that it was anonymous and effectively belonged to no one. In addition, the vision of free market economy was for most people a rather obscure notion, and something like ethical principles of enterprising or decent behaviour in the market place were remote ideas. Others found themselves marginalised due to the social changes and reacted with frustration to the loss of status and the inability to achieve prosperity (Scheinost, 1999).

We may add that the social atmosphere after 1989 was characterised by a high level of optimism. Based on research carried out in 1991, 45% of the people expected a rapid improvement of the social and economic situation in the near future, 40% counted on at least a moderate improvement (Svítková, 1992). In 1994, it was found that 33% of the population expected an improvement of their standard of living within one year, and 64% within five years (Mladá fronta Dnes, 1994).

When such high expectations come into conflict with reality, which, in fact, has been the case for many people, one can expect increasing pressure to take the risk of unlawful forms of problem solving. A rational evaluation of possible gains related to potential risks, together with a high desire for social wealth and respect, can lead to the decision to break the law. This theory seems to be adequate in order to explain at least in part the general

rise of profit-motivated crimes in the period of transformation. It is possible to recall also Agnew's general strain theory – strains as the inability to achieve positively valued goals (Agnew, 2001).

If we try to explain the expansion of organised crime as a specific phenomenon against the background of this general growth of crime, the so-called 'enterprise theory' (Smith, 1980) may also prove useful. This theory describes the activities of criminal organisations in terms of market mechanisms of supply and demand. The legal market does not only fail to satisfy potential buyers of illegal goods and services, which is obvious, it even may fail to satisfy those interested in legal products and service. High demand for illegal goods (such as drugs) or services (*e.g.* the organisation of illegal migration) or scarce legal goods (art items, cars), combined with relatively low risk and high profit, provide strong incentives for illegal groups to enter the market and organize the supply in accordance with demand (Kenney and Finckenauer, 1994: 41).

This model of organised crime can be observed in various post-socialist countries. The rapidly emerging demand for drugs and cars (some of the countries in question acted as the source of the 'product' and others as its destination), the development of the sex industry, the huge numbers of refugees willing to pay for assistance in illegal migration especially during the Balkan wars, the expansion of the stolen arts trade, to name but a few 'areas of growing demand', all created profitable opportunities from which criminal groups and organisations benefited. Those who were willing to break the law in order to take advantage of these new opportunities on the one side, and people forming a demand for certain commodities that were not offered legally, on the other, met on this field of criminal enterprising.

Apart from the two groups that interacted as suppliers and customers of illegal goods and services, there was a third group of people that did not offer or buy anything. They exploited opportunities for predatory enrichment that came into being in the frame of the process of privatisation, involving such schemes as frauds, corruption, and so-called tunneling (see Baloun *et al.*, 2005).

This raises the question how the face of organised crime changed in times of transition. It is possible to distinguish three elements shaping the appearance of organised crime at the time (of course as an 'ideal model'):

1. Enterprising Czechs taking advantage of new opportunities that presented themselves in a process of transition marked by such factors as

a state of anomie, a new model of social success, weakened state institutions and law enforcement authorities, and a rushed process of privatisation.

2. The Czech society with its role in creating opportunities for crime through the demand for certain goods (*e.g.*, drugs, cheap cars), unsettled social norms and changing values leading to the higher level of tolerance to socially aggressive form of behaviour, trust in quick progress etc.
3. The international influences in the form of a penetration by criminal entrepreneurs from abroad as well as a demand for illegal goods and services from abroad.

From the beginning, the attention of the public, the media and law enforcement authorities focused on this third element.

Such a penetration from abroad of course existed and cannot be denied. Many factors were favourable for organised criminal activities coming from abroad and developed on the Czech territory: an advantageous geographical position of the CR, anticipating and preparing to join the EU, instability and unpreparedness of legal norms, insufficient institutions and personnel and lack of experience of law enforcement authorities. The CR quickly became the link on the traces of transnational illegal trafficking in diverse commodities. The Czech territory served at first as transit country but gradually also as target country for some commodities such as *e.g.* drugs and trafficked women.

Organised criminal groups coming from abroad were in the first phase involved in drug trafficking, illegal migration, prostitution, racketeering *etc.* as mentioned above. They were not primarily engaged in activities carried out in economy sectors. The term 'organised crime' essentially referred to the setting and content from abroad. With regard to the Czech perpetrators organised crime was interpreted as some kind of incentive that recruits only step-by-step, domestic co-offenders, suppliers and customers.

Thus, organised crime within this initial period was interpreted especially in media as an imported phenomenon focused on its 'classical' manifestations. In this conception, organised crime was commonly represented by the activities of more or less extensive organisations and groups often interconnected in transnational networks trading illegal goods and services or illegal trafficking in legal goods and services. These 'usual' forms of



organised crime probed in the new geographic areas for an attractive milieu that also encompassed newly established groups of customers, victims but also collaborators and co-offenders. They filled the field prepared by new kinds of demand or stimulated demand and offer,

The offender picture at this time corresponded to this usual interpretation: it was rather a foreigner coming from abroad as organiser of trafficking in drugs, cars, women, transport of migrants. At the second place it was his Czech collaborator: the small drug dealer, car thief, burglar of castles, museums and churches, smuggler, driver, person providing transport and accommodation of migrants *etc.* In short, mostly people at the low level of organised criminal businesses as executive members and helpers. At best the Czech co-offenders could be people acting as contacts and counsellors of foreign crime-entrepreneurs who needed their experience and orientation.

The proportion of Czechs and foreigners has been considered for years by the Police to be relatively equal but as results from expertise mentioned below the decisive role was attributed to foreigners. Especially during 1990s it was characteristic that organised crime was not understood as the product of the criminogenic potential of domestic conditions; rather it was presented as the misuse by organised groups penetrating from abroad.

Also the first governmental concept of the fight against organised crime (Concept, 1996) focused mostly on provisions how to hinder the penetration of organised crime from abroad.

Thus, this 'branch' of organised crime during the initial period of transformation may be labelled as 'traditional' or 'classic' organised crime. We may also designate it, in spite of high profits, as a 'lower' form of organised crime because it was connected to lower social strata at least at the executive level.

But if we want to understand organised forms of crime we cannot neglect changes in the legal economy, it means that it is necessary to have a look to new opportunities opened for new perpetrators in the process of transition. It is obvious that the period of transformation provided fertile grounds for the rise of criminal activities in the corporate and financial fields, in particular with regard to the process of privatisation of state property, the development of private enterprising, and the transfer of capital, all within an environment characterised by a lack of market regulation with new laws being developed and adopted only gradually and

sometimes belatedly (Baloun *et al.*, 2005). Under such favourable conditions, several forms of organised illegal or semi-legal activities began to grow. Initially they were not called and presented as organised crime. In fact, for a relatively long time they did not attract any special attention, and they were not visibly connected with existing criminal organisations. Those cases that came to light concerned large privatisation investment funds such as V. Kozeny's Harvard Investment Funds, the Trend fund, or CS Funds which took advantage of coupon privatisation to amass huge quantities of investors' assets and, through a range of different financial operations, to misappropriate these assets.

Offenders coming from abroad also took part in these activities by investment of illegal profits, mostly into real estate or restaurants, but the substantial part of this kind of crime should be attributed to Czech offenders. In contrast with the above mentioned first 'branch', these forms of financial and economic crime were from the outset closely tied with the Czech environment. They arose from 'inside' and were committed mostly by Czech offenders, though in many cases there were some international ramifications especially with respect to financial transactions. For a long time these activities were not presented as organised crime, even in cases where features of organised crime were apparent, including the use of violence. For example, the so-called light fuel oil cases. The base of these cases consisted of tax fraud taking advantage of loopholes in tax law and the incoherent regulation of the designation of oil products (Baloun and Scheinost, 2002). This activity produced enormous profit for perpetrators: it was based on the co-operation of suppliers, transporters, dealers and violence was used if needed especially inside the network against unreliable members, debtors *etc.*

## **Development of organised crime**

### **a. Expertise**

In order to trace the development of organised crime in the CR, especially with respect to criminal activities in the economic sphere, we can draw on regular expert surveys carried out annually since 1993. The panel of experts, ranging in size between 20 and 40, has been composed mostly of

police officers from specialised police units and within the last few years also included respondents from special tax service units. The survey has been part of research on organised crime carried out by the Institute of Criminology and Social Prevention. Of course, the results represent 'soft data', opinions of experts/practitioners, but at the same time it gives a picture of perceived trends in organised crime, as well as in the conceptualisation of this phenomenon. For comparison we may use data from 1993, 2009 and 2017 (Cejp, 2000; 2018).

One issue addressed in the surveys was the proportion of foreigners among offenders involved in organised crime. It may be surprising that throughout the entire period covered by the surveys, police experts estimated the shares of foreigners and Czech offenders to be about equal, with a slight prevalence of foreigners. However, Czech offenders were considered to be positioned more at the executing level.

In 2009 experts estimated that foreign participants comprised 55% and Czechs 45% of organised crime groups (percentage is given by the average of respondents estimation). In addition, they estimated that approximately half the groups are mixed, with almost one third composed entirely of foreigners, and only about a quarter with exclusively Czech membership. Among mixed groups, groups headed by foreigners and Czechs performing auxiliary roles were deemed to be in the majority by a small margin.

With regard to nationalities, according to the 2009 survey, Ukrainians and Russians were believed to be the two groups of foreigners most frequently involved in organised crime in the Czech Republic on a long-term basis. After 2000, Vietnamese and Albanian nationals entered this segment, and their share has steadily increased. Since 1998, the relative representation of Chinese in this first group has declined somewhat. In the 1990s, this group of strongly represented nationalities also included citizens of the former Yugoslavia. With the final disintegration of Yugoslavia into several smaller states, the share of Yugoslavs decreased significantly.

In 2017, experts estimated the share of foreigners to drop to 49% in comparison with 2009, the Czech forming 51% of the total number. With regard to the composition of criminal groups, estimates shifted even more clearly towards a prevalence of Czechs. Only 28% of groups were believed to be composed purely of foreigners, 21% mixed with a prevalence of foreigners, 21% mixed with a prevalence of Czechs, and 30% of the

organised groups composed exclusively of Czechs.

With regard to nationalities we again find in 2017 Vietnamese, Ukrainians, Russians and Albanians among the nationalities most frequently mentioned, followed by Slovaks, Bulgarians and Romanians. Of lesser importance are Poles, Serbs and Nigerians as well as Chinese whose estimated numbers continue to decline.

Overall, these results suggest that the proportion of Czech and foreigners speaking of the offenders has been rather stable, but experts point out that in their opinion the share of pure or predominantly Czech groups is growing. After 2000 the most numerous nationalities (except the Czech) among offenders of organised crime have been consistently Vietnamese, Ukrainians, Russians and Albanians. The long-run tendency shows a rise of the share of Slovaks and Romanians, and within last years also Serbs. In contrast, the number of Bulgarians, Poles, Chinese and Nigerians has been decreasing (Cejp, 2018).

Apart from the national background of organised criminals the surveys sought to ascertain the opinion of experts on the most widespread forms of organised crime in the Czech Republic. The following table enables to compare at least roughly the development of typical and most widespread activities of organised crime in the CR according to the opinion of the experts. Table 1 presents the results of inquiries made in 1993, 2009 and 2017. The column under the year 1993 shows the ranking of the activity in question speaking of prevalence in this year and then the shift in its ranking in 2009 and 2017 and, of course, the ranking of newly named activities in these years.

If we compare the expert opinions expressed from 1993 to 2009, it is obvious that the most widespread activity had consistently been car theft. The organisation of prostitution decreased; theft and trafficking in stolen art items decreased very rapidly. On the other side, the production, smuggling and distribution of drugs sharply increased (since 1994).

**Table 1**  
**Surveys expert opinions**

Activities	1993 N=12	2009 N=26	2017 N=41
	rank	rank	rank
Car theft	1-2	1-3	17-18
Theft of art items	1-2	18-19	24-26
Organising prostitution	3	12-16	17-18
Tax, insurance, credit frauds	4-5	4-5	3-5
Burglary	4-5	12-16	15-16
Organising illegal migration	6	7-11	12
Corruption	7-9	1-3	3-5
Handling stolen goods	7-9	20-22	21
Gambling	7-9	18-19	24-26
Money laundering	10-12	1-3	2
Extortion, racketeering	10-12	23-24	29-30
Trafficking in drugs	10-12	4-5	1
Banking frauds	-	6	19
Establishing fraudulent & fictitious companies	-	7-11	3-5
Credit card fraud	-	7-11	13-14
Document counterfeiting	-	7-11	9
Abuse of computers for criminal activities	-	7-11	7
Misuse of EU funds	-	-	6
Custom frauds	-	-	8
Illegal producing and trafficking in alcohol and cigarettes	-	-	10-11
Infringement of trade mark	-	-	10-11

N = number of experts questioned in the respective year

Even in 2009 we may see the increase of financial and economic crime in the form of tax, insurance, credit frauds and money laundering. The increase of corruption is also visible. In 2009, missing from the ‘top ten’ are the organisation of prostitution, handling of stolen goods, gambling and racketeering. In their place we find abuse of computers, document counterfeiting, establishing fraudulent companies, *i.e.* rather more qualified financial or economic forms of crime.

In 2017, the first place is firmly held by trafficking in drugs, followed by money laundering. Next comes corruption together with various forms

of fraud at 3<sup>rd</sup>-5<sup>th</sup> place and partly of document counterfeiting in 9<sup>th</sup> place. It is important to notice that misuse of EU funds has, since 2013, ranked among the frequently mentioned activities. This year experts named some new activities such as illegal trade in pharmaceuticals and fictitious marriages contracted in order to legalise the stay in the country. All these forms of law breaking are not at top positions but still worthy of mentioning. Experts also called attention to the activities connected with the illegal trade in protected plants and animals.

These changes could indicate how organised criminal groups replace certain operations as these become less lucrative in light of new, more attractive opportunities. For example, thefts of works of art stood alongside car theft as one of the most common activities of organised crime in the first half of the 1990s. The more effective sophisticated registration of items of art and the cooperation of other European states probably led to the gradual decline of these crimes in the second half of the 1990s, and since 2000 they have fallen to a negligible level. Similarly, illegal migration declined. Violent crime against the public or even between criminal groups in connection with organised crime stepwise receded. Organised crime groups evidently make high profits in the easiest possible way through contacts, corruption and negotiation instead of violence. This is probably also one of the determinants of the shift of activities towards the economic and financial sphere (Cejp, 2018).

## **b. Governmental reports**

The report on the security situation and public order in the CR is a document drawn up each year by the Czech police and submitted to the government and to the Parliament. Over the course of the last few years it has noted both a stabilisation of ‘traditional’ organised crime in the CR, accompanied by a slow decline of violent crime (murders, extortion, assault and injury), and a shift towards non-violent crime mostly of an economic character (tax fraud and evasion, credit fraud, computer crime, affecting of government and public contracts and subsidies, *etc.*). Domestic organised crime groups are in this report presented as those leading in the area of crime connected with public subsidies and public procurement. This stated general trend resonates with the notion of a close relationship of organised crime and the development of society and economy.

If we reflect on the report from 2009, we see that it stated that among typical activities of organised crime in the CR are the production, distribution and trafficking in drugs, tax frauds, organising prostitution and illegal migration, money counterfeiting, infringement of trade marks, money laundering, corruption *etc.* It was mentioned that the Czech Security and Information Service paid attention to the attempts of representatives of criminal structures to influence the decisions of state administration and to establish connections to government officials at local, regional and central levels, and to engage in money laundering and investment of criminal assets (Report on the security situation and public order 2009).

In 2013, this report speaks of a continuing trend of infiltration of organised crime into the area of legitimate business and public administration through establishing firms and companies built in order to cover financial machinations or installing own people to the key position in economic and state institutions. The decline of violent activities and growth of criminal economic activities was stated (Report on security situation and public order, 2013).

The 2016 report states that Czech organised crime groups are effectively embedded in the economic environment and dispose by high corruptive potential. These groups try to entangle into their activities people at stable positions in economy and business. The report mentions a leading role of domestic groups especially in the crime connected with public procurement and subsidies. Attempts to corrupt central as well as local public administration are characteristic, both for domestic and foreign groups (Report on security situation and public order, 2016).

The reports indicate the enormous profits generated from these kinds of economic crime in an organised and qualified way facilitated by entrepreneurial experience and accountancy qualification of perpetrators that allows them to balance on the edge of the law and avoid the intervention from law enforcement authorities. Corruption is noted especially in connection with contacts between entrepreneurs and officials especially with regard to the management of public property and public budgets (Report on the security situation and public order, 2017).

## Changes in the character of organised crime

Expertise and governmental reports allow for the monitoring of developments of the qualitative characteristics of organised crime. That enables the identification of some trends. There are roughly three basic categories that are discernible based on these trends.

1. The first category pertains to changes in the overall nature and internal structures of organised crime;
2. The second concerns the way organised crime has stabilised, expanded and become institutionalised;
3. The third category points out to infiltration of organised crime into social structure and public administration.

It was observed with regard to the first category that the social and economic level of the organisations has increased. It is more sophisticated and efficient and encompasses more economic sectors. In addition to being better organised than it once was, organised crime now has a better technology at its disposal and makes use of the Internet. There has been a significant increase in the wealth of the various groups involved. Individual groups have divided up the market in illegal goods and services between themselves. Organised crime is more dangerous than in the 1990s because those who control it are now more cloaked in anonymity and control crime indirectly. Criminals are using increasingly sophisticated means to escape detection.

The second category consists of changes in the way crimes are committed. In this respect, the activities of organised criminal groups make less obvious use of violence, concentrating instead on more economic crime and fraud, and more on corruption. The range of activity is expanding to embrace more economic areas. For example, illegal production and smuggling of alcohol and cigarettes, counterfeiting, and cyber-crime are growing. There is a risk of an increase in the illegal import and export of hazardous waste, human trafficking for forced labour, abuse of EU funds and several other activities.

The third category involves changes related to the expansion of organised crime into *social structures*. It is reaching further into the public administration and undertakes larger-scale activities in the economic sphere. It tries to establish contacts within the police and other security forces.



Profits from illegal activities are laundered in legal business operations. In this respect, organised crime is causing more damage and has a damaging effect on the economy. The fact that the perpetrators already occupy high positions in the business community, and have connections in politics, local and regional administration, the media, *etc.*, makes it difficult to detect their activities. The social level of activities also means that organised criminals can exploit their contacts in order to publicly discredit the authorities involved in detecting and convicting them (Cejp and Scheinost, 2012).

In relation to this development it is worth mentioning the term ‘godfather’ as it arose around the year 2010. A content analysis of newspapers produced by the Institute of Criminology and Social Prevention in 2011 found a noteworthy shift in terminology and focus regarding the ‘face of suspect’. As indicated before, the term ‘organised crime’ itself has been used only rarely, and for the most part it was not used with regard to events involving Czech offenders. The term ‘mafia’ was likewise used only rarely in relation to specific cases. More typically it was applied to different lobbies and their attempts to influence the public administration. The term ‘godfather’, however, was used frequently. Of course, it is a rather journalistic term, similar to ‘tunnelling’ the banks, companies and plants. (Baloun and Scheinost, 2002). It has not been used to designate a ‘supreme boss of a criminal organisation’ but as the denomination of a rich and powerful man capable of manipulating politics, at least at the local level. He has commonly been characterised as a ‘controversial entrepreneur’ – a businessman operating at the margins of the law and willing to go beyond if needed. It means in fact that the link of such an entrepreneur with criminal activities has not been established but is strongly presumed. Simply put, ‘godfather’ indicates a strong man behind the political scene with a web of contacts to dubious and shady characters (Luptáková, 2011).

Over the past few years, this term has again dropped back in media usage and in the political jargon. But its frequency around 2010 referred to the growing attention paid to the risk of the public administration being influenced by well-connected ‘controversial entrepreneurs’. This direction of attention prevailed the attention paid to the peril of ‘classical’ organised crime. The comparison of expertise and statements incorporated in the reports on the security situation in the CR points to three basic conclusions:

1. organised crime has been stabilised on the criminal scene;

2. its traditional forms did not disappear, only have been adapted to conditions and opportunities for profit;
3. a distinct shift of organised crime activities towards the licit economy and business has been observed.

With regard to the second and third conclusion: it seems that perpetrators of organised economic criminal activities stem probably not only from high qualified strata of typical ‘white collars’ but also from ordinary and originally not suspicious entrepreneurs that decided to use (rather misuse) the chances in the market.

It is possible to illustrate this intersection between economic and organised crime and the involvement of such a category of offenders by the example of the so-called ‘alcohol affair’. This was analysed in the frame of research carried out by Tomáš Diviák at the Institute of Criminology and Social Prevention using the method of social network analysis (see *e.g.* Borgatti *et al.*, 2013; Robins 2015; for an introduction to criminal networks see Diviák, 2018). Network is defined as: *a set of nodes and ties among them when nodes represent members/participants and ties represents the relations and interactions among them.*

The alcohol affair counted for one of the most serious criminal activities in the history of the CR. In the second half of 2012 it strongly affected the whole country: about 140 persons suffered serious health damage and more than 50 died as a consequence of consumption of alcohol contaminated by methanol. For the first time in history, the Czech government declared a temporary prohibition and control of all alcoholic beverages with an alcohol content by volume of over 20°. The prohibition was in effect during the time necessary to inspect all alcohol on the market (in shops, restaurants, bars, booths *etc.*). This also included a ban on all exports of these beverages abroad.

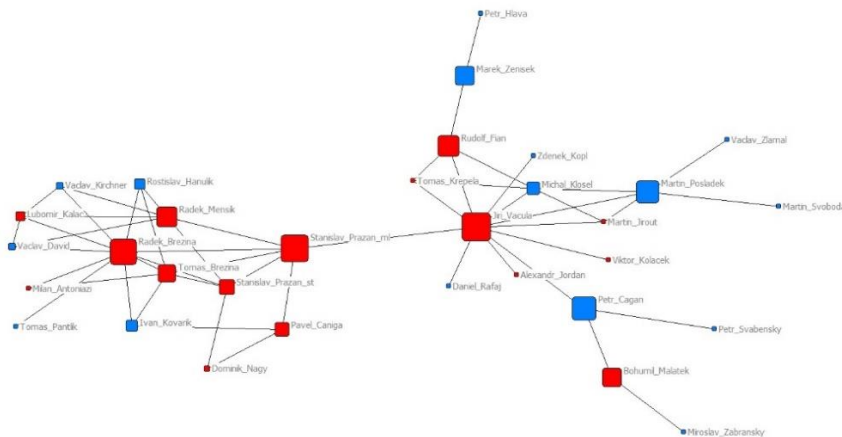
A broad network of perpetrators was discovered. About 70 persons were investigated. It was found that the active core of this network encompassed 32 persons.

There were two basic branches of the network. The first one was created by a long-term active criminal group that illegally produced and distributed untaxed alcohol. This illegal enterprise was covered by a legal firm; the members had their specific tasks. Leaders of this group did not hesitate to

use intimidation or even physical assault in order to gain illegal profit from untaxed alcohol. Nevertheless, their product was non-toxic.

The perpetrators joined in the second branch were connected to the first one. They purchased and used their illegal product but added to it methanol. The leaders and their helpers prepared this deadly mixture and subsequently supplied it to small shopkeepers or directly to customers. These small distributors often did not know what they were in fact buying and selling – they ‘only’ accepted that they broke the tax regulations and traded or bought the cheaper products (tax fraud). Maybe the producers made a mistake; maybe they were not able to determine the amount of methanol, at least not in its lethal or seriously damaging quantity.

**Figure 1:**  
**Network representation**



Source: Diviák (2018)

The sociogram above shows the scheme and picture of this network. Both branches are clearly visible; the perpetrators with entrepreneurial experience are coloured red; the size of the nodes indicates the relative importance of their position in the structure. As crucial aspect for the functioning and collaboration of both branches seems to be the exclusive link between two main actors – other members of both branches did not keep any contact with individuals from the respective other branch. Furthermore, Diviák and colleagues (2019) found that this network didn't fully realise its distributive potential and thus the damages done by the perpetrators could have been even more severe (Diviák, 2019).

The case was qualified as ‘organised crime’ and was as such prosecuted and brought to trial. The punishments were adequate: the two main leaders from the second branch were sentenced to life imprisonment. The leader of the first branch was sentenced to 13 years imprisonment.

## Conclusions

The concept of organised crime in the CR has undergone significant developments. Organised crime ‘old style’ with the ‘usual suspects’ is no longer the top problem and major source of concern, at least in comparison with the public opinion during the 1990s. The threat of organised crime, instead, is found in its economic and political influence. In this regard we may remind the reader of the concept of the ‘godfather’ who due to his economic position and power is able to avoid law enforcement and manipulate democratic mechanisms, thereby affecting policy making by public authorities. The official reports on the security situation do not use the term ‘godfather’ but the threat of the influence of organised crime operating in economic sectors is distinctly articulated.

Compared to the face of the stereotypical ‘organised criminal’ in the 1990s – who was mostly a foreigner involved in trafficking in illegal goods, racketeering *etc.* with the tendency to violence – the imagery has definitely become less clear. There are offenders of ‘classical’ organised crime as they were before, there are also ‘new organised criminals’ acting as ‘normal’ entrepreneurs and ‘respectable citizens’. But their picture cannot be identified with the picture of American gangster bosses from the 1920s and 1930s. It is a matter of perspective what type of criminal is to be preferred: the drug trafficker acting in the shadows on the one side, or the influential entrepreneur and businessman acting publicly on the other side. Maybe this second type resembles the Russian or Ukrainian oligarchs, but the Czech situation is still not the comparable, considering their influence.

The public as it is mentioned above has not shown much eagerness to be informed about organised crime, which is remarkable: ‘organised crime’ is always good for the headlines. But the evolution of ‘organised crime’ toward its higher involvement in economic and financial sectors evokes a growing mistrust in the honesty of the entrepreneurial class and

subsequently this 'dim face' of suspects undermines the trust in policy making and many official tasks carried out in the public sphere by office holders as such.

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