

COVID-19 and Organized Crime: Strategies employed by criminal groups to increase their profits and power in the first months of the pandemic

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The COVID-19 Pandemic: Disruption of all systems



Economy



Healthcare

Medical products

Medical research



Transportation

Logistics

e-Commerce



Illicit traffics

Cross-border crimes

Money laundering

Fraud and Corruption

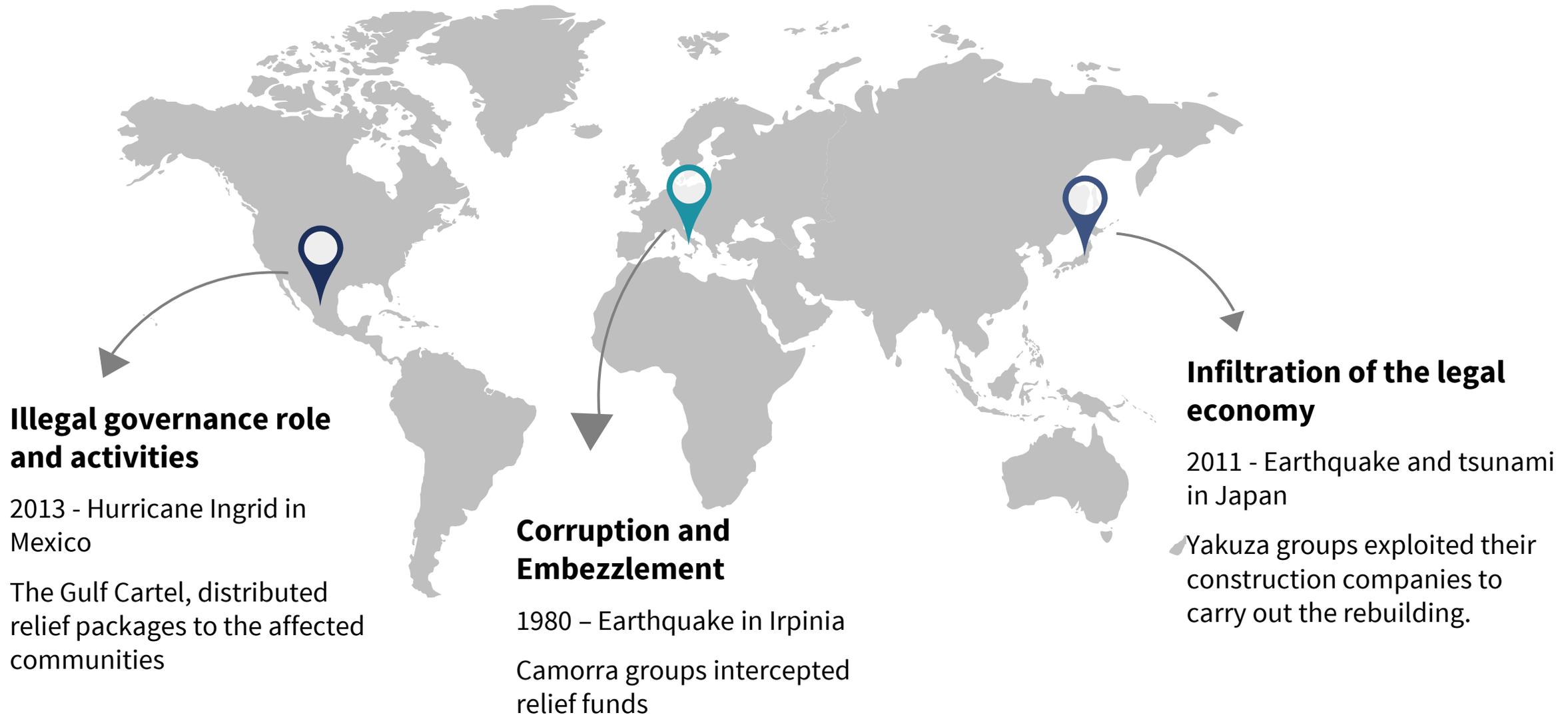
Cybercrime



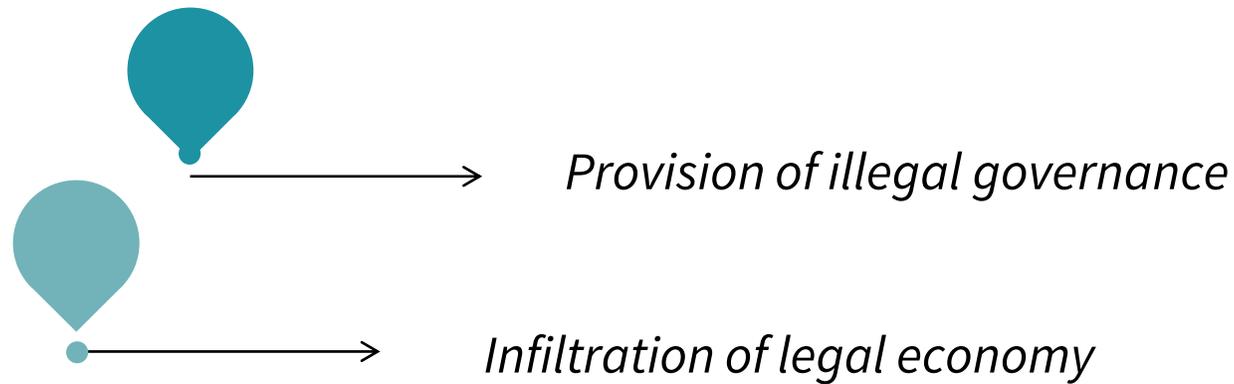
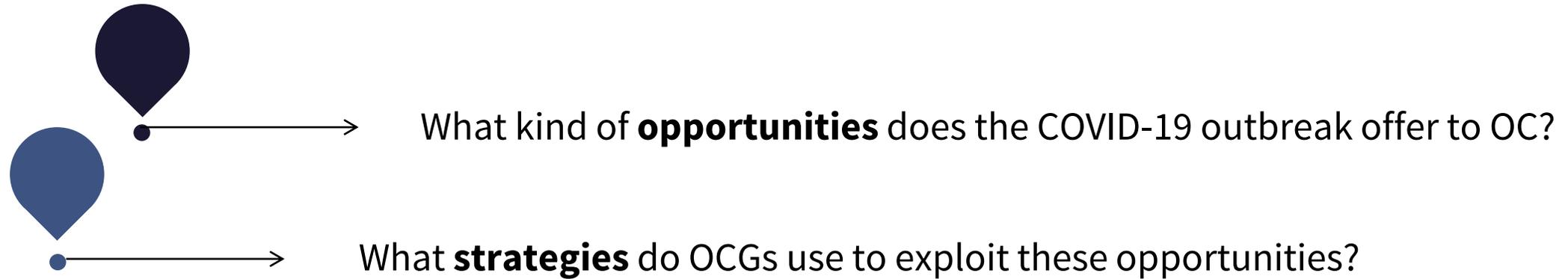
... and so many others

New opportunities & challenges for OCGs

OCGs and past crises



Impact of COVID-19 on OC activities



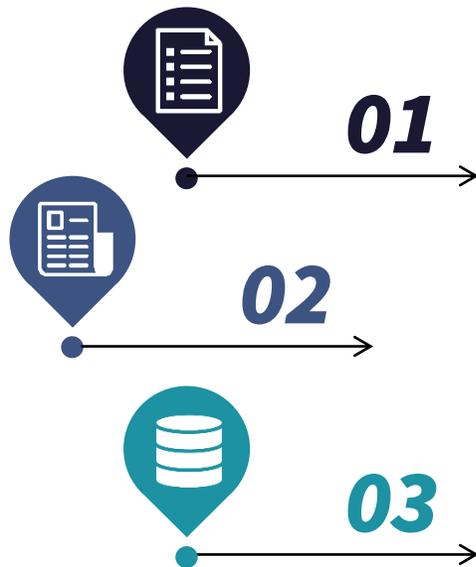
Exploratory investigation

Identification of **illustrative cases** in the **first months** of the pandemic

Methodology

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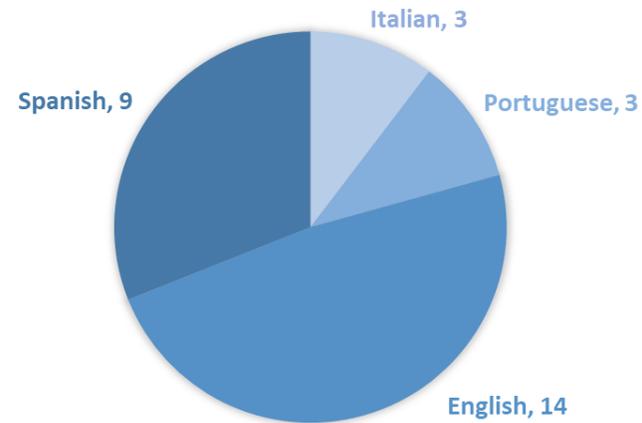
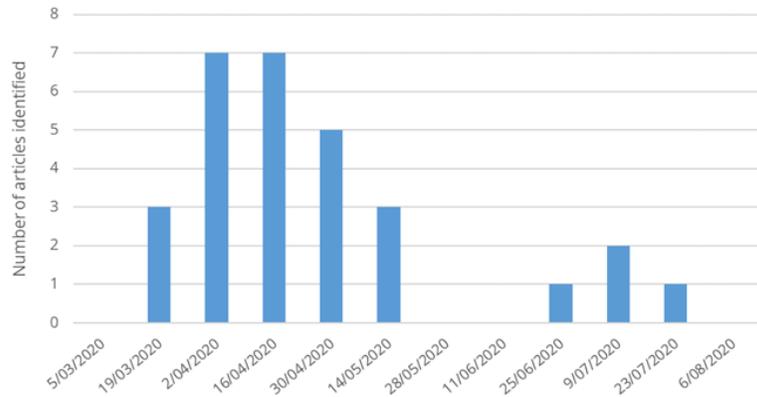
- › **Systematic assessment** of case studies reported by the **media** and **institutional reports**
- › International, national and local sources
- › Time Span: **(Jan) March – August 2020**
- › Four languages: **English, Italian, Spanish** and **Portuguese**



- › Official reports: INTERPOL, EUROPOL, UNODC, GITOC, IMF, Guardia di Finanza, FAMHP
- › News articles from digital repositories and news aggregators: LexisNexis[®] Metabase, Google News, Microsoft News, Yahoo! News
- › Investigative journalists publications: OCCRP, InSight Crime

Dataset

- › **29 identified cases** from 21 sources
- › Not evenly distributed over time



Potential biases

- Languages (e.g. Chinese, Japanese, Russian, Arabic and other Asian languages not included)
- Editorial preferences (e.g. towards more sensationalist or newsworthy events)

- › Categories of cases :

1) **Illegal governance**

- Social measures
- Economic measures

2) **Infiltration of the legal economy**

- Trafficking of medical and sanitary products
- Misappropriation of public funds

Results

Illegal governance

- › Strict lockdowns and other restrictions imposed by governments → **Economic downturn**
- › Socio-economic instability exposed two main **weaknesses** of governing authorities:
 - 1) Slow and often **inadequate economic assistance**
 - 2) Difficulties in enforcing **restrictions**



Economic measures

- › Distribution of first need products
- › Support to businesses
- › Price control



Enforcement measures

- › Social measures
- › Lockdowns
- › Curfews

Illegal governance: *Economic measures*



Cosa Nostra and Camorra
distributing food and primary goods

Yakuza handed out
free masks, toilet paper and tissues to pharmacies and kindergartens

Temporary truce between South African gangs to hand out **food parcels**

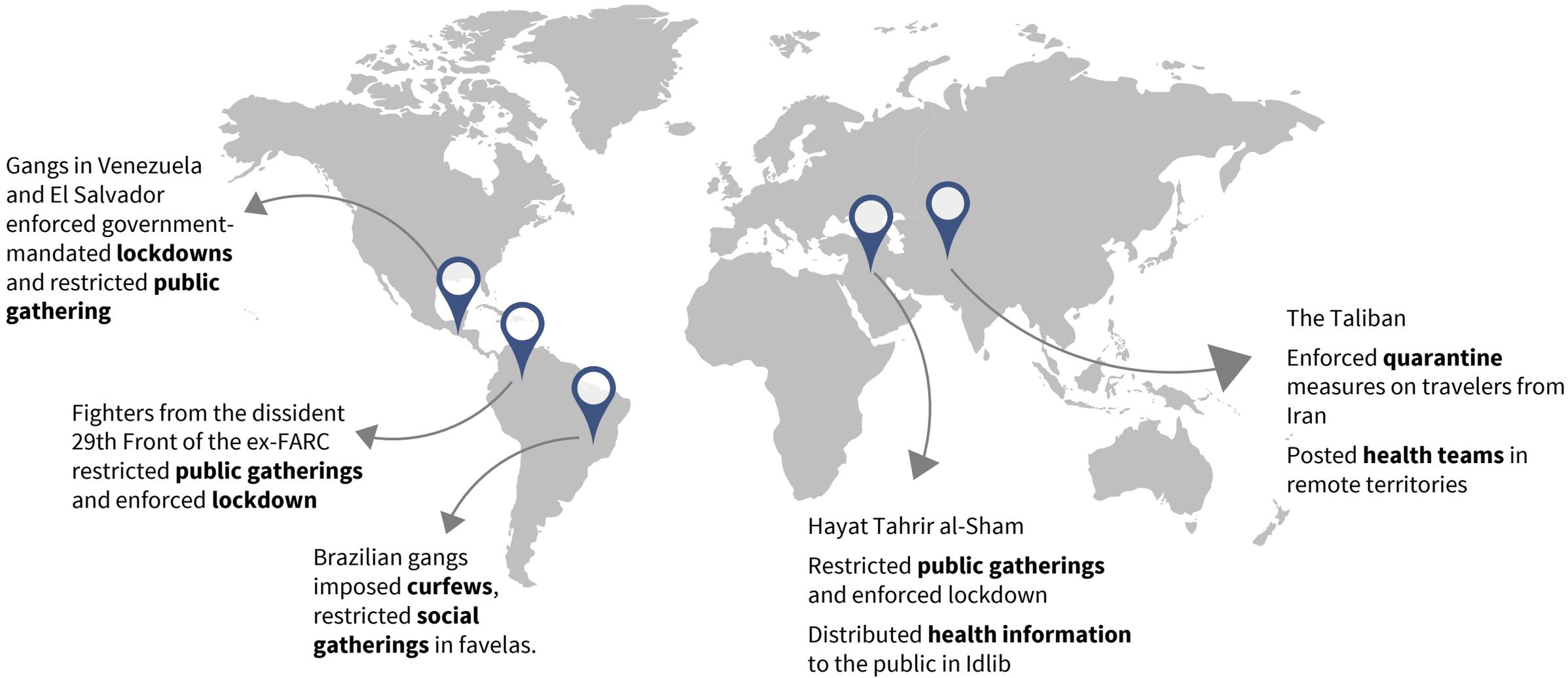
Distribution of **sanitary equipment** in Rio de Janeiro

OCGs and militias in the favelas **prevented to price increase of disinfectants and masks**

Barrio 18 **deferred collection of extortion payments** from local vendors

Several cartels supplied bundles containing **food and sanitizers** (+ advertising)

Illegal governance: *Social measures*



Infiltration to the legal economy

- › OCGs have the need and capacity to infiltrate for money laundering purposes and expanding sources of income → **vulnerable sectors**
- › Governments aim to **reactivate their economies** and to **provide medical and healthcare assistance**
- › Need for **fast economic and regulatory interventions** → procurement procedures **relaxed**



**Sectors at risk of
illegal infiltration**



**Public funds for
medical needs**



**Economic
stimulus**

Infiltration of the legal economy

Embezzlement of **economic relief** packages (€45,000) awarded to a **'ndrangheta** member

Large-scale distribution of **counterfeit** and **defective pharmaceutical and medical** products in several European countries (Romania, UK, Belgium and Lithuania)



German health authorities scammed on **massive fraud scheme** and **money laundering**

- > 10 million **face masks** (€15 million)
- > Suppliers from **Spain, Ireland** and **Netherlands**

Operation Pangea XIII seized of numerous dangerous **pharmaceutical and medical products**

- > Authorities from 90 countries involved
- > 121 arrests worldwide

Funds for protective equipment awarded to a well-known OC Slovenian member

Discussion

- › Several criminal groups exploited the spread of COVID-19 in the first phase of the pandemic to:
 - Show themselves as **providers of governance**
 - Benefit in terms of power and profit from their **infiltration of the legal economy**
- › Evidence on five dynamics:
 - 1) Provision of **goods in high demand**
 - 2) Imposition of **social-distancing measures**
 - 3) Deferral of the collection of **protection payments** (from local businesses)
 - 4) Infiltration of more vulnerable hence **lucrative sectors**
 - 5) Misappropriation of **public funds**
- › More cases identified for illegal governance, less on infiltration of the legal economy
- › Sector most affected by infiltration: wholesale distribution of pharmaceutical and medicines
- › Not all forms of OCGs have been found to exploit the pandemic

THANK YOU

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