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News

How organized crime is expanding during the COVID-19 crisis

By Marco Musumeci and Francesco Marelli

Over the last century, organized crime has demonstrated a remarkable capacity to rapidly adapt to mutated social, political and economic conditions. While in some cases this adaptation was the result of a reactive response to improved legislation targeting their interests, in many others it was ignited by the pursuit of new possibilities for economic profit. Examples in this sense include how quickly criminal groups adapted to new scenarios created, for instance, by geopolitical changes, the integration of global markets or the generalized use of the world wide web as a marketplace for a variety of licit and illicit goods and services.

Considering the current health and economic crisis created by the COVID-19 pandemic, a question arises with regards to the effects, direct or indirect, that it may have on criminal strategies and, in particular, whether the pandemic is opening new scenarios for organized crime. With the aim of obtaining a clearer view of the situation, UNICRI has been closely monitoring the role of organized crime during the pandemic, collecting information and discussing findings with a series of key partners. The preliminary results of our activities, which will be presented in a Report later in 2020, show a worrisome scenario, where organized crime has been capable of fully exploiting opportunities created by the COVID-19 crisis. In this article, we will consider three main areas of interest for criminal organizations, each one progressively presenting a different level of challenges for both the governmental and law enforcement response: 1) new opportunities and markets; 2) the infiltration into the legal economy; and 3) the control exercised over the territory.

The analysis of UNICRI, conducted in relation to the first area of interest, demonstrates the impressive capacity and rapidity that criminal groups have to quickly grasp any profit possibility created by new or mutated conditions. This is the case, for instance, of what happened with regards to shortages of crucial medical devices and of medical products in general, which has been experienced with the alarming surge of new cases since the outbreak. Following the aftermath of the pandemic, when the virus was spreading rampantly in many countries, it was almost impossible for citizens to purchase protection masks and hand sanitizers. Shortages in these products represented an opportunity for criminal organizations to step in and infiltrate these markets. Taking advantage of the shortages in the supply of essential goods, criminal organizations have infiltrated the medical supply chain, offering the most essential medical supplies and protective equipment.

Several cases registered in different countries and regions of the world demonstrate that criminal groups are capable of rapidly setting up a production and distribution strategy for these goods, which

are very often substandard and that, in the case of protective masks, do not offer any protection at all. This modus operandi leverages on the experience, established collaborations and trade channels owned by criminal organizations dealing in the trade in counterfeit products. These actions have seen consumers as a primary target, offering them products by infiltrating into local shops or through online sales. However, organized crime is also operating at a different and higher level of infiltration. In this regard, cases show that criminal groups are targeting public biddings for protective masks, hand sanitizers and even ventilators, in an attempt to infiltrate a higher level of the medical products' distribution chain. Recently, an individual, who was convicted in the past for financial crimes, won the public procurement contract for the supply of 7 million masks to Consip, an entity of the Italian Ministry of Economy and Finance. On 9 April the financial police arrested an entrepreneur: the contested crimes are disturbing of auction and swindle. The procurement contract was also issued by Consip and envisaged the supply of 24 million masks for a total value of 15,8 million.¹ In both cases, the criminal scheme involved business facilitators and legitimate companies. These cases are of particular concern, considering that the products were oftentimes substandard and not effective. They show how quickly criminals are capable of reacting to new opportunities and that wherever and whenever there is a gap, organized crime is ready to step in.

For what concerns the second area of interest, organized crime infiltration into the legal economy, the current economic crisis created by COVID-19 is greatly facilitating the possibilities that criminal groups acquire direct or indirect control and ownership of legitimate companies. Entire economic sectors, including tourism, manufacturing, food processing and catering are greatly hit by the crisis and a recent report of the International Labour Organization has underlined its devastating consequences for employment: the epidemic is expected to wipe out 6,7% of working hours equivalent to 195 million of full-time workers (in Europe 7,8%). ILO has estimated that 3,3 billions of people are currently affected by the partial or full closure of activities.²

The financial crisis and the potential bankruptcy of several enterprises, shops and economic activities, may represent further opportunities for organized crime to penetrate and infiltrate the legal economy. Results from our analysis show that cases have already been registered where criminal groups are approaching entrepreneurs facing financial difficulties to purchase their activity or to offer them a loan. In both cases, organized crime directly aims at obtaining control of economic activities since previous case analysis conducted in this area showed that repaying the loan to the criminal group will become impossible and entrepreneurs will be forced to alienate property or control of their company to a crime group affiliate or strawman. A recent case in Italy shows how organized crime is already applying this strategy, where more than 100 people were investigated by the police on accounts of usury and extortion targeting economic activities facing a crisis after the lockdown.³

Previous analysis also demonstrated that, through this strategy, organized crime has been able to exercise direct or indirect control over key economic activities in fragile sectors, including the food distribution chain and the food processing and manufacture. It is expected that criminal groups will try to profit at the maximum from these prospects, infiltrating sectors that have a high potential of becoming strategic after the pandemic by responding to potential food or other commodities' shortages created by lockdowns and economic crisis in different parts of the world. Owning or controlling legitimate stakeholders of the production and distribution chains in these sectors, will give criminals the possibility to maximize profits also by directly inserting into the legitimate distribution substandard products and raw materials, creating further risks for the health and safety of citizens.

The third area of interest for criminal organizations is the reinforcement of their presence and control in the territory. A number of organized criminal groups have traditionally attempted and succeeded in maintaining the monopoly of control of illegal activities at the local level, by imposing protection on all types of economic businesses and corrupting local political institutions. To enforce this form of

territorial control, these criminal groups often need to build the image of a sort of “state within the state”, able to provide aid and support to the local community and, at the same time, discourage any form of criticism and dissent through intimidation and violence.

In this regard, the COVID-19 crisis represents an excellent opportunity to reinforce this rhetoric and promote the false idea that, in the moment of emergency, criminal groups can replace the government and perform its role. In the last months in Latin America, and especially in Mexico, Italy, South Africa, Japan and other countries, there have been several episodes in which criminal organizations have provided groceries and cleaning products in support of local populations. For example, one of the daughters of El Chapo, the historical leader of the Sinaloa Cartel, distributed groceries with her father’s image to senior citizens in Guadalajara, Jalisco.⁴ Similarly, the Gulf Cartel distributed aid packages containing food and sanitizers in Tamaulipas, placing in each box a sticker that indicates the name of the cartel and of its leader.⁵

As part of this communication strategy, these criminal groups have used social media to publicize their “services”. Mexican cartels have posted on social media pictures while they were distributing aid packages. In another instance, after distributing food in a neighbourhood of Palermo in Sicily, the brother of a drug-trafficking leader appealed others on Facebook to follow his example. When a journalist reported the news in an Italian newspaper, the brother of the criminal emphatically responded on Facebook that “the State does not want us to do charity because we are Mafiosi” and then he threatened the journalist.⁶

Behind this sudden philanthropic vocation, there is business. For some types of organized criminal groups that are traditionally linked to a specific geographical area, the control of the territory remains their main strength and source of power. It is through territorial control that they will try to take advantage of the coronavirus crisis to infiltrate the medical supply chain, penetrate the legal economy, gain access to national resources and, in general, influence post-COVID-19 policies for their own benefit. As put by the Head of the Italian National Anti-mafia and anti-terrorism Directorate, Federico Cafiero De Raho, social consent is part of their plan of expansion.⁷

The largest effects of this threat might be seen after the health crisis, when the actual impact of organized crime strategy will be more visible. In the meanwhile, we need to closely monitor the situation and stay vigilant.

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- ¹ <https://www.ilsole24ore.com/art/consip-turbativa-d-asta-fornitura-24-milioni-mascherine-arresto-AD0XSEJ>
- ² https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_743036/lang--en/index.htm
- ³ https://bari.repubblica.it/cronaca/2020/05/20/news/usura_100_denunce_bari-257161552/

- ⁴ <https://www.wsj.com/articles/new-face-of-mexico-charity-drug-lord-el-chapo-11587391200>
- ⁵ <https://www.bbc.com/news/world-latin-america-52367898>
- ⁶ <https://palermo.repubblica.it/cronacafratello>
- ⁷ https://rep.repubblica.it/pwa/intervista/2020/04/06/news/cafiero_de_rah