

Transnational Organized Crime: emerging trends of global concern

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NATO Defense College
Rome, 16 November 2009

Slide 1 – Title slide

I would like to thank you all for being here this morning, and I would also like to thank the NATO Defense College for inviting me to talk about organized crime in my capacity of Director of the United Nations Interregional Crime and Justice Research Institute.

Transnational organized crime and its emerging trends are a matter of global concern, not just from the global security perspective of how these threats affect States and populations.

Nowadays, in our globalized world, the safety and security challenges we face are beyond the traditional concept of territorial integrity and beyond the grasp of individual State sovereignty. We aren't just affected by safety threats from neighbouring countries, we also face the challenges and effects of threats from far away regions, posed also by non-State actors.

Slide 2 – Emerging trends in organized crime

Transnational organized crime is one of the major threats to human security. It not only negates the concept of Freedom from Fear, threatening from personal safety up to State security, but it also undermines Freedom from Want, impeding social, economic, political and cultural development, corroding from within public, financial and security institutions and eroding the State's fundamental duty to safeguard peace, order and justice.

Today's lecture will cover these emerging trends within organized crime. We will start by having a look at the various types of organized crime groups, and then continue with various criminal activities, such as trafficking in drugs, in weapons and CBRN material, trafficking in persons, counterfeiting, maritime piracy, environmental, cyber and financial crimes.

This is by no means a comprehensive list of organized crime threats; they are, however, selected items which are connected to UNICRI's work as well as to the wider field of the UN's work concerning organized crime and related security issues.

Slide 3 – Organized crime

Let's start with transnational organized crime, the international normative framework, definitions and typologies.

Slide 4 – **United Nations Convention against Transnational Organized Crime and its Protocols**

The main normative framework for the UN and its member States' actions and policies concerning organized crime is the United Nations Convention against Transnational Organized Crime (UNTOC) and its protocols.

The Convention was adopted by the General Assembly in 2000 and entered into force in September 2003; it has been so far ratified by 150 States (out of the current 192 member States).¹

It is further supplemented by three Protocols, targeting specific areas and manifestations of organized crime; these are:

- Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (ratified by 133 countries so far);

slide 5 – UNTOC & its protocols (continued)

- Protocol against the Smuggling of Migrants by Land, Sea and Air (ratified by 121 States);
- Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition (ratified by only 79 countries).

This Convention and its protocols represent a major step forward in the fight against organized crime not only because they are the main international instrument to prevent, repress and punish these crimes, but also because they introduce unified criminal definitions and phenomenology that include money laundering, economic fraud, identity-related crimes, corruption and obstruction of justice. Furthermore, they represent a judicial base for acts of cooperation between Governments and, particularly, between law enforcement agencies.

Slide 6 – **Transnational organized crime**

From the UNTOC Convention (art.3.2), we draw the following standard definition of transnational organized crime. Breaking down its components, an offence is transnational if:

- a) It is committed in more than one State;
- b) It is committed in one State but a substantial part of its preparation, planning, direction or control takes place in another State;
- c) It is committed in one State but involves an organized criminal group that engages in criminal activities in more than one State; or
- d) It is committed in one State but has substantial effects in another State.

The issue of Transnationality, however, is not as simple as it looks: it can include several different types of elements and situations, so it is always worth remembering that the transnational element is more complicated than it first seems.

¹ Status as of 9 November 2009. For updated Status of Ratification please consult: <http://www.unodc.org/unodc/en/treaties/CTOC/signatures.html>

Slide 7 – Definition

The UNTOC Convention also defines an organized criminal group as a structured group of three or more persons existing for a period of time acting in concert with the aim of committing one or more serious crimes to obtain (directly, or indirectly) a financial or a material benefit.²

A serious crime is a conduct constituting an offence punishable by a maximum deprivation of liberty of at least four years or a more serious penalty.³

Slide 8 – Composite Organized-Crime Index (Jan van Dijk)

In his book “The World of Crime”⁴ Jan van Dijk creates a Composite Organized-Crime Index, which measures the severity of this problem in different countries. The index is created by collecting and analyzing information from around the world on the following 5 indicators:

- perceived organized crime prevalence;
- the extent of the shadow economy;
- grand corruption;
- money laundering;
- unsolved murders (per 100,000 people).

Based on this globalized composite index, Jan Van Dijk lists the 15 countries with the highest scores, in which organized crime seems to be a very real and complex problem. Those countries are:

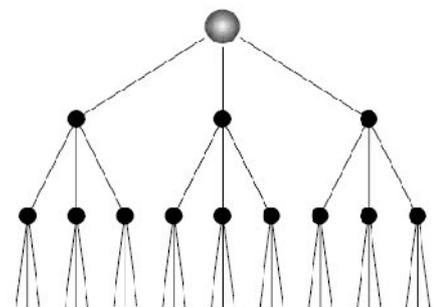
1) Haiti	4) Nigeria	7) Russian Fd.	10) Colombia	13) Kazakhstan
2) Paraguay	5) Guatemala	8) Angola	11)Mozambique	14) Pakistan
3) Albania	6) Venezuela	9) Ukraine	12) Bangladesh	15) Jamaica

Slide 9 – Organized crime group typologies and type 1 - Standard hierarchy

As we have just seen, the UNTOC Convention defines organized crime as a structured group of three or more people; there are, however, at least five basic ways in which these “three or more people” can organize themselves.⁵

The first, and probably most known, criminal group typology is the so-called “standard hierarchy.” It is frequently found crime groups from Eastern Europe, Russia and China, and it is characterized by the following elements:

- it has a single leader
- with clearly defined hierarchy
- under a strong system of internal discipline;



² UNTOC Convention, art.2a

³ UNTOC Convention, art. 2b

⁴ Jan van Dijk, *The World of Crime: Breaking the Silence on Problems of Security, Justice, and Development Across the World*, Sage Publications, 2008

⁵ Based on a pilot survey conducted by UNODC concerning 40 selected criminal groups in 16 different countries. “Global Programme Against Transnational Organized Crime: Results of a Pilot Survey of Forty Selected Criminal Groups in Sixteen Countries,” UNODC September 2002.

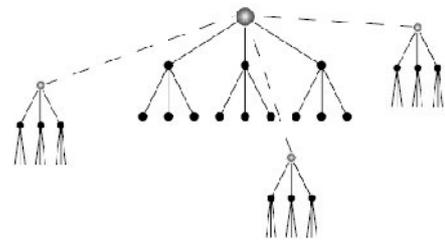
- The group is known by a specific name
- and there are often strong social or ethnic identities underlying it;
- Violence is essential to their activities
- and they often have clear influence or control over a defined territory.

Slide 10 – 2. Regional hierarchy

The second type of crime group is the “regional hierarchy.” A classic example of this typology is the Italian Mafia, but other examples include organized crime groups from Albania and Russia, Japan (the Yakuza and the Yamaguchi-Gumi), the US (the Fuk Ching), and outlaw motorcycle gangs in Australia.

The regional hierarchy is characterized by:

- a single leadership structure
- with a line of command stemming from the centre;
- There is a certain degree of autonomy at the regional level
- over a geographic/regional distribution;
- They undertake multiple activities
- and violence is essential to their activities;
- They often have a strong social or ethnic identity.

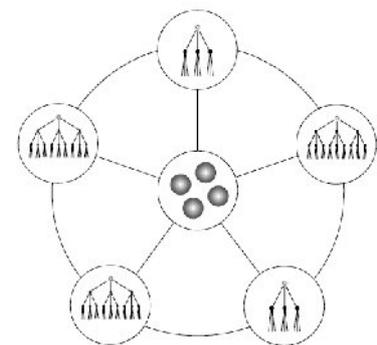


Slide 11 – 3. Clustered hierarchy

The third type is the “clustered hierarchy”. It is relatively rare, which is why it is difficult to find many examples of this kind of group; among the most notorious, there are the “28s prison gang” of South Africa, the Italian-dominated heterogeneous network of groups active in Germany, and the Russian-based Ziberman group.

The clustered hierarchy:

- Relatively rare;
- It consists of a number of criminal groups
- with a governing arrangement among the groups present;
- The cluster has a stronger identity than its constituent groups
- and there is a degree of autonomy for these constituent groups;
- The formation of this structure is strongly linked to a specific social or historical context.

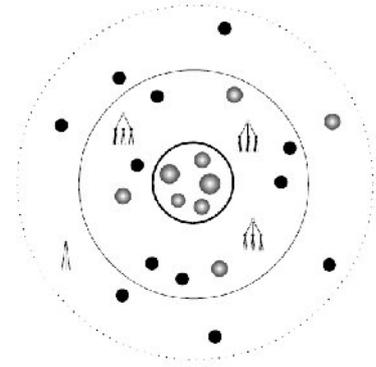


Slide 12 – 4. Core group

The fourth type is the “core group,” a tight group of people loosely connected to some other networks. It is relatively common in Europe, but a further example of it is the McLean Syndicate operating from Australia and overseas.

The core group’s characteristics are:

- The core group is surrounded by a loose network;
- There is a limited number of individuals
- working in a tightly organized flat structure
- of small size so as to maintain internal discipline;
- There seldom is an underlying social or ethnic identity and
- only in a limited number of cases is it known by a specific name.

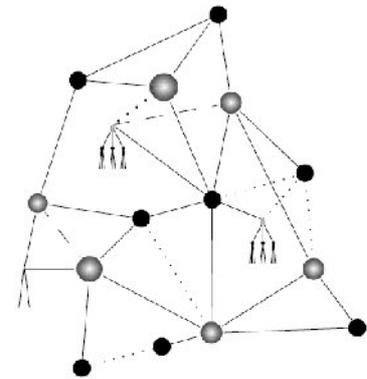


Slide 13 – 5. Criminal network

The fifth typology is the “criminal network,” which is probably the most common type of organized crime group nowadays and the one that most resembles a business type of group. Examples of it can be found worldwide, as in the case of the Meij Group from the Caribbean, the Verhagen Group from the Netherlands, or the West African criminal network.

The criminal network is:

- Defined by the activities of key individuals
- whose prominence in the network is determined by contacts or skills;
- Personal loyalties and ties are more important than social or ethnic identities;
- Network connections endure, coalescing around a series of criminal projects
- granting them a low public profile, so that they are seldom known by any name;
- Networks reforms after exit of key individuals



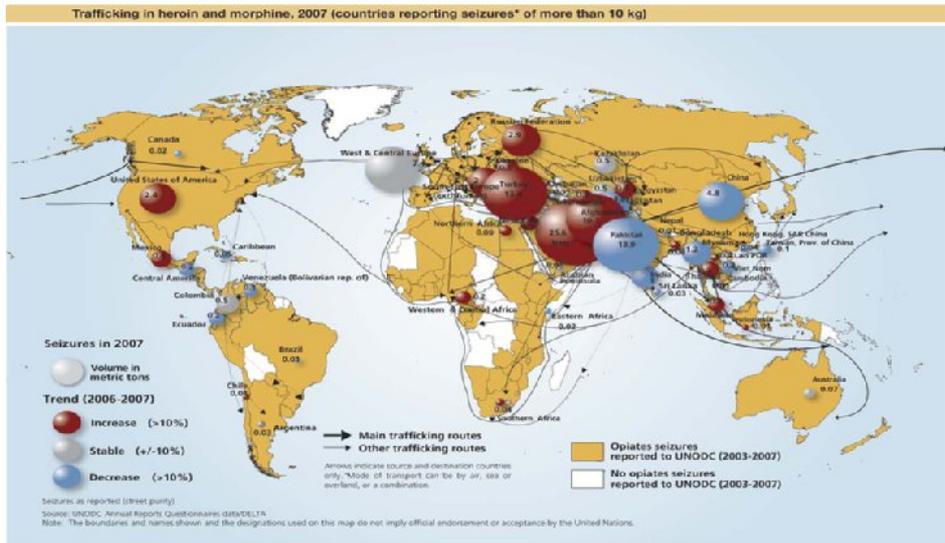
Slide 14 – Drug Trafficking⁶

Drug trafficking represents a considerable threat to security and stability. UNODC recently estimated that criminal organizations acquire between \$ 300 to 500 billion from illegal drug trades, which represents their largest source of revenue, and in some regions these profits amount to a consistent portion of some countries’ gross domestic product.

With those revenues, drug cartels do more than intimidation and money-laundering, they buy power: banks, real estate, businesses, but also politicians and elections. When this happens, they represent a real threat to the States’ authority, hampering economic development and undermining the rule of law.

⁶ Data and Maps from the Drug Trafficking chapter are from UNODC’s World Drug Report of 2009, available at: http://www.unodc.org/documents/wdr/WDR_2009/WDR2009_eng_web.pdf

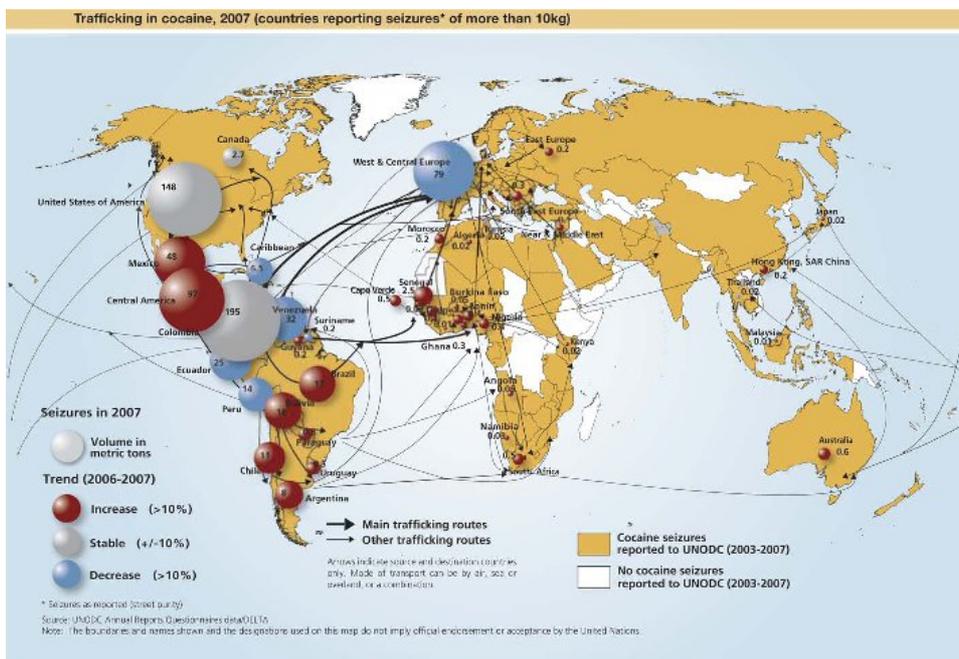
Slide 15 – Trafficking in heroin and morphine, 2007, (countries reporting seizures of more than 10 kg)



In the past ten years alone, the production and seizures of opiates has basically doubled. While the main consumers are found in South Asia and Europe, the main production hotspots remain Afghanistan, Myanmar and Laos (as you can see by the big red balloons on the map), from which stem the three major opiate trafficking routes:

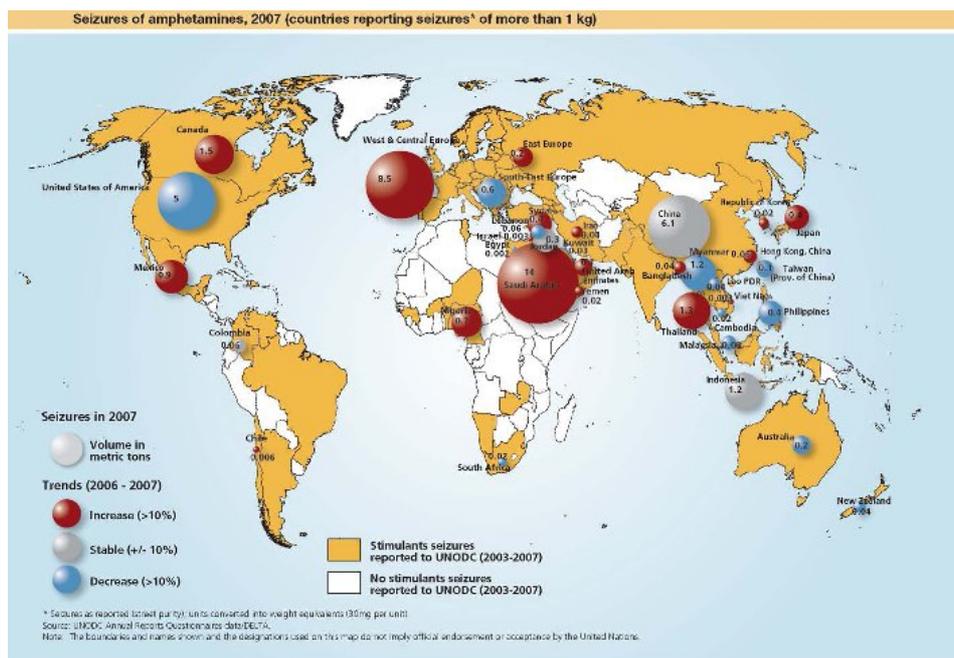
- from Afghanistan to neighbouring countries, the Middle East, Africa and Europe;
- from Myanmar and Laos to South East Asia (notably China) and the Pacific (mainly Australia);
- from Latin America (Mexico, Colombia, Guatemala and Peru) to North America.

Slide 16 - Trafficking in cocaine, 2007, (countries reporting seizures of more than 10 kg)



While the total area cultivated to coca in Latin America has somewhat overall decreased, the yield of each crop however has been increasing substantially. Colombia remains the world's largest coca producer, followed by Peru and Bolivia. As we can see from the map, the major transit regions are the Caribbean and Central America, West African countries and Spain, which play a key role in cocaine's journey towards its European end markets. The largest consumers remain North America and Europe (particularly the UK, which represents Europe's largest cocaine market).

Slide 17 - Trafficking in amphetamines, 2007, (countries reporting seizures of more than 10 kg)



Global seizures of amphetamine-type stimulants (ATS, which include methamphetamines and ecstasy among others) have continued to increase in recent years, and they now account for 84% of all seizures. The main differences with other types of drug trafficking is that ATFs can be produced just about anywhere and at a relatively low cost, which makes ATF trafficking a mostly intraregional phenomenon, meaning that they are generally produced in the same region where they will be consumed. The main producers are found in North America, East and South-East Asia and Europe, but the Middle East (particularly Saudi Arabia) is catching up.

Slide 18 – Illicit Arms Trade

Illicit arms trade is another serious threat to human security. Beyond personal safety issues, these illicitly produced weapons can further fuel existing conflicts, contribute to crime and risk sparking new outbreaks of violence, destabilizing already vulnerable regions.

Slide 19 – Some estimates (FAS):

The Federation of American Scientists (FAS) estimated that the illegal arms trade is worth over \$ 10 billion, of which \$ 1-4 billion just in illegal trade in small weapons,

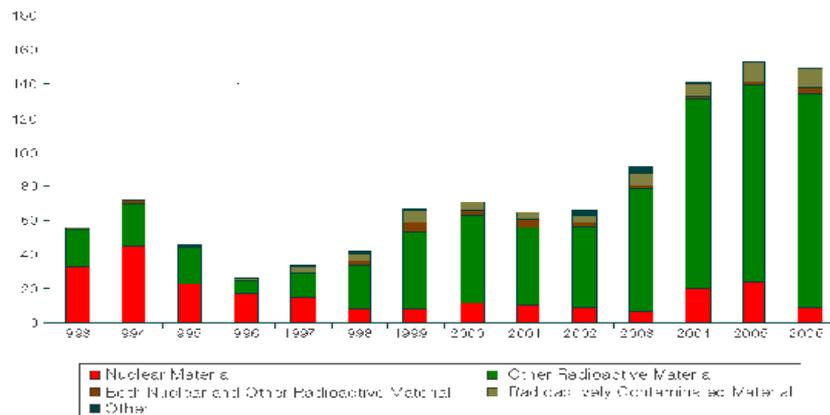
which accounts for 60-90% of the hundreds of thousands of deaths in conflict environments and the tens of thousands of deaths in non-conflict areas.⁷ All this by the hands of the about 2 million people and criminals involved in arms trafficking and accruing its revenues.

UN experts believe that 60% of the arms illegally trafficked originate from a legal transaction. Every year, about 1 million light weapons around the world are reported lost or stolen, only to end up in the black market.

Slide 20 – CBRN Trafficking⁸

Illicit trafficking in chemical, biological, radiological and nuclear (CBRN) material also poses a grim security threat and a serious challenge for the international community. Easier cross-border mobility and the dismantling of a significant portion of the former Soviet Union’s nuclear programme have facilitated CBRN trafficking, along with technical innovations (in bio-, nano- and information technology) and the unsuitability of existing strategies in response to this hazardous trade.

Slide 21 – IAEA Illicit Trafficking Database

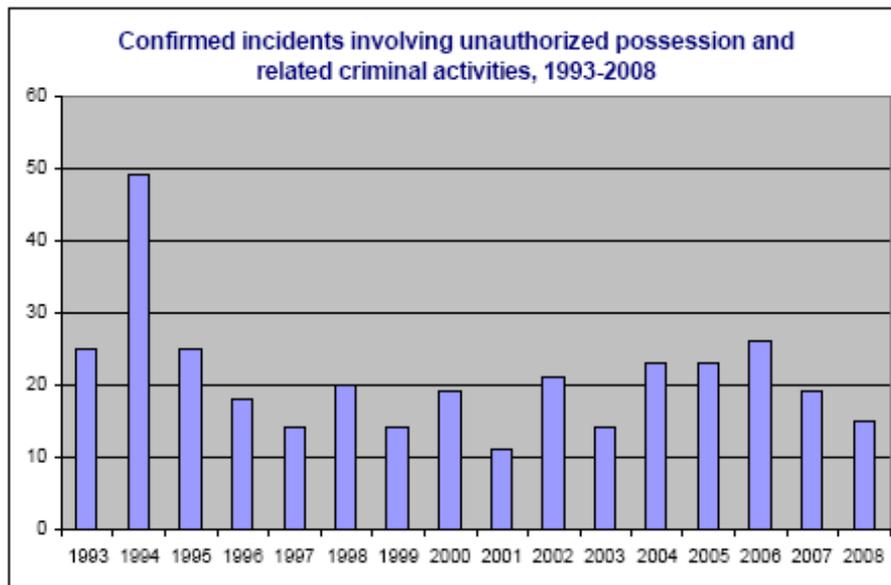


The International Atomic Energy Agency (IAEA) Illicit Trafficking Database (ITDB) collects information on illicit activities involving nuclear and radioactive material. We can see here the overall trends in trafficking of CBRN material, with a general increasing pattern of incidents per year; however if we have a closer look we will see that, while trafficking in nuclear material (red) has been fairly stable, major increases have come from other radioactive material (green).

⁷ <http://www.fas.org/asmp/campaigns/smallarms/IssueBrief3ArmsTrafficking.html>

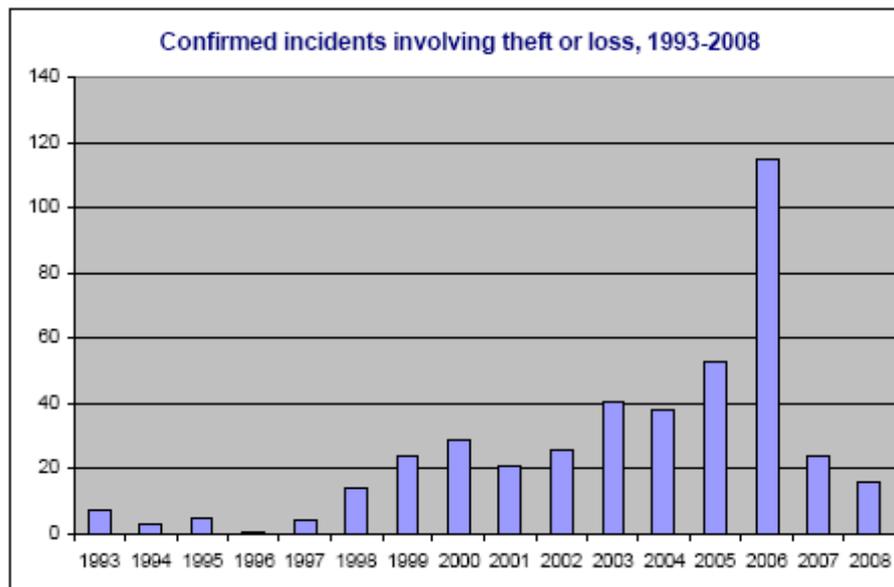
⁸ Data and charts on CBRN trafficking from the IAEA Illicit Trafficking Database (ITDB) 2009 Factsheet, available at <http://www-ns.iaea.org/downloads/security/itdb-fact-sheet-2009.pdf>

Slide 22 – **Unauthorized possession and related criminal activity**



These are confirmed incidents of unauthorized possession of CBRN material; some of them involved attempts to sell or to smuggle these hazardous substances across borders; all of them indicate a perceived demand in this illegal market.

Slide 23 – **Thefts and losses**



Here we see reported thefts and losses of this hazardous material. The 2006 spike and the 2007 trough do not indicate a major heist: they simply result from a change in reporting procedures rather than a de facto increase and decrease.

Slide 24 – **Trafficking in Persons⁹**

⁹ Maps from “Trafficking in Persons: Global Patterns,” UNODC, April 2006.

Slide 25 – Trafficking in persons, modern-day slavery

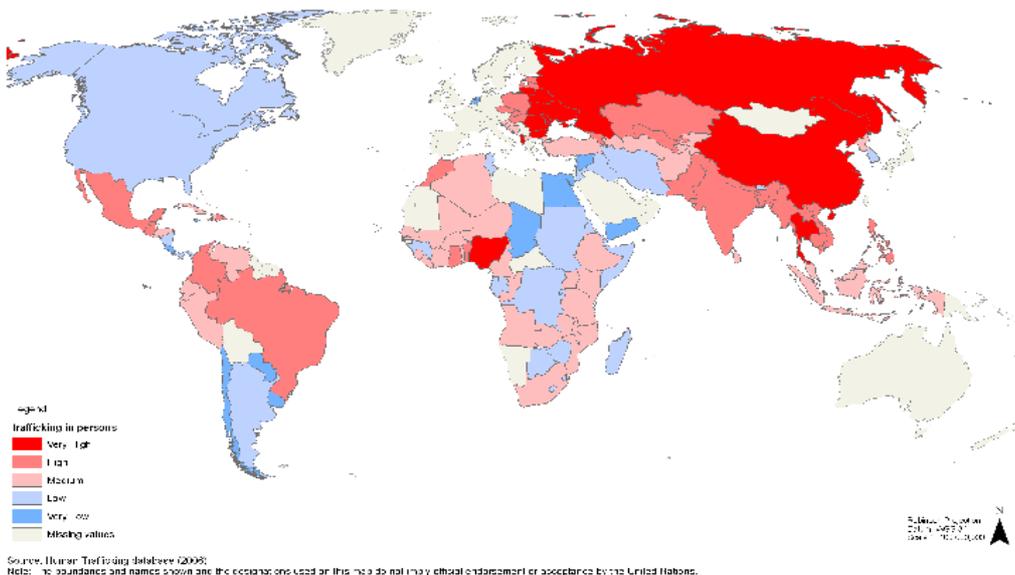
NATO's Policy on Combating Trafficking in Human Beings,¹⁰ defines this practice as a “modern-day slave trade that fuels corruption and organized crime, bringing with it the potential to weaken and destabilize fragile governments”.

Trafficking in persons is modern-day slavery. The term refers to “the recruitment, transportation, transfer, harbouring or receipt of persons, by means of threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve consent of a person having control over another person for the purpose of exploitation.”¹¹

Slide 26 – video (Not for Sale campaign)

Slide 27 – Global map of origin countries of trafficking in persons

Global map of origin countries of trafficking in persons



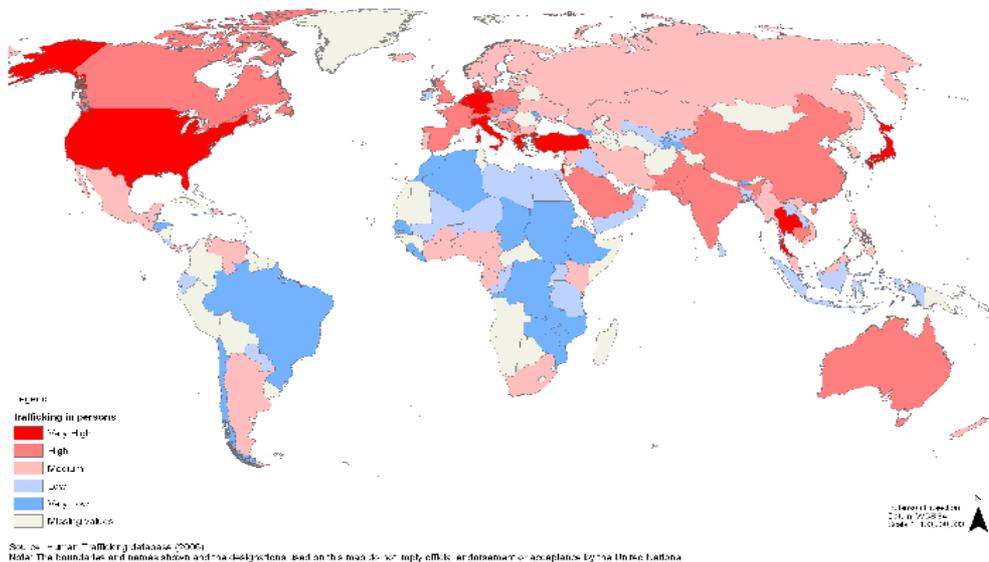
This map is a global picture of origin countries of trafficked persons, in other words, where the victims are originally “recruited” by deception or coercion. As you can see, most of them are countries of the developing world: the Commonwealth of Independent States (ex: Belarus, Moldova, Russia and Ukraine), Central and South Eastern Europe (ex: Albania, Bulgaria, Lithuania and Romania), Asia (ex: China and Thailand), Africa (ex: Nigeria), but also Latin America and the Caribbean (ex: Brazil, Colombia, Dominican Republic, Guatemala and Mexico).

¹⁰ Definition adopted at the NATO 2004 Istanbul Summit.

¹¹ Annex II Art.3 (a) of the UN General Assembly “Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the UN Convention against Transnational Organized Crime” (A/RES/55/25 of 15 November 2000)

Slide 28 – Global map of destination countries of trafficking in persons

Global map of destination countries of trafficking in persons



The picture changes considerably when we look at the main destination countries of trafficked victims. The top 10 destinations are the US, Italy, Greece, Germany, Belgium and the Netherlands, Israel and Turkey, Thailand and Japan.

The picture that emerges from these patterns of human trafficking indicates that people are generally trafficked from developing countries to more affluent ones. There are, however, examples in Africa of many children who are trafficked between neighbouring countries.

Similarly, trafficking in human beings doesn't necessarily cross borders to reach a destination market. Internal trafficking is happening at alarming rates, though too frequently it goes unreported: in many places the majority of the trafficked victims are actually coming from the same country in which the exploitation is taking place.

Slide 29 – Severity of Human Trafficking

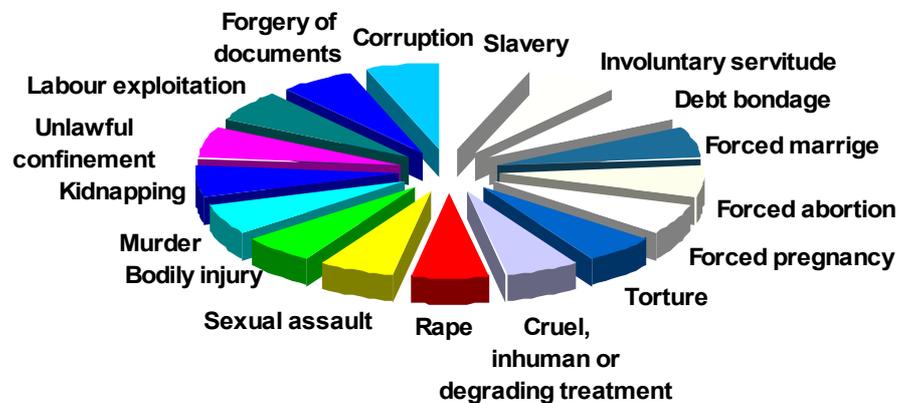
Research indicates that:

- People are trafficked from 127 countries to be exploited in 137 countries (UNODC)
- Estimated number of persons in forced labour, including sexual exploitation, as a result of trafficking at any given time is 2.5 million (ILO)
- Estimated annual profits made from the exploitation at the global level are 31.7 billion US\$ (ILO)
- Total financial cost of coercion to the workers affected– excluding the victims of forced commercial sexual exploitation – is approximately US\$ 21 billion (ILO)

Slide 30 – Different forms of exploitation

We also have to remember that there are several forms of exploitation. The most common and renowned are forced labour and sexual exploitation, but there are several other forms of exploitation of trafficked victims: for the removal of organs, tissue and body parts, or involvement in criminal activities (petty crime, drug trafficking), children are used for begging or illicit adoptions, women and girls for forced marriage, or trafficked victims used to fight in armed conflicts, notably in Africa but in other parts of the world as well.

Slide 31 – **Crimes related to trafficking in persons**



Furthermore, there is an entire corollary of crimes related to human trafficking. This pie chart is not to proportional to the scale of the crime compared to others; it is rather a visual illustration of all of the various related crimes, highlighting the fact that human trafficking is usually not emphasized or sufficiently explained by the media. It is, in fact, a very complicated crime, with many issues connected to it, therefore making it very difficult to identify (both by professionals but even by the victims themselves) and leading to the non-identification of this crime, which is why trafficking in persons is an under-reported hidden crime.

Slide 32 – **Counterfeiting**

Counterfeiting is another growing and increasingly dangerous phenomenon. The problem behind it is that from an economic perspective counterfeiting is extremely profitable for organized crime for at least two reasons.

First, these fake products are made with low quality raw materials, so the cost of production is also low, while its sale price could well be “not as cheap as we think”,

depending on the destination of the replicated product and on the awareness of the consumer. The profit margin is consequently very high, possibly higher than that obtainable from drug trafficking.

Secondly, the profitability of counterfeiting also depends on the low level of risk that is associated with this criminal activity. Sanctions are ineffective deterrents and counterfeiting is not considered to be a priority by law enforcers. But let's have a closer look at the issue.

Slide 33 – Overview of the current situation

Counterfeiting is a growing phenomenon and estimates on its dimensions are alarming. According to the OECD estimates, international trade in counterfeits would total \$ 200 billion, and no region in the World is free from counterfeiting.

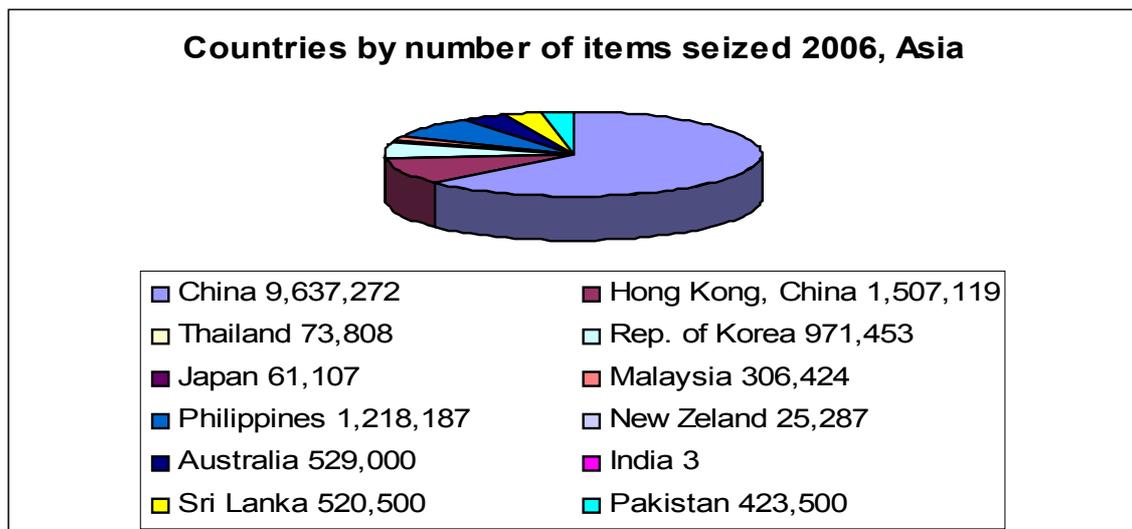
Slide 34 – The European Union 2007

The Report recently produced by my Institute collected data made available by the Taxation and Customs Union of the European Commission to show the increase of seizures of counterfeit goods witnessed by the EU in the recent years: from 68 million goods seized in the year 2000 to more than 128 million goods in 2006.

We see here how these increases are broken down by counterfeit product type:

- +62% of seizures of foodstuff and beverages
- +264% of seizures of cosmetics
- +98% of seizures of toys and games
- +51% of seizures of medicines
- Significant increase for: clothing, electrical equipment, computer equipment, jewelry and watches.

Slide 35 – WCO Data for 2006



The World Customs Organization produced this chart illustrating the top Asian countries in which counterfeit items seized in 2006. As you can see, China is very

much above the others in the seizing data, and they are actually seen as the biggest country where counterfeit products are being produced and distributed.

Slide 36 – **Risks for consumers**

Counterfeiting is by no means a victimless crime. Aside from economic consequences born by producers and governments, counterfeit products can be tragically dangerous to the health and safety of the consumers if the production safety standards are not respected, as is usually the case, particularly when dealing with medicines, toys, electrical components and spare parts for cars and aircrafts. We see here on this slide a few recent cases involving counterfeit products.

Slide 37 – **Environment-related crimes and toxic waste dumping**

Environmental crimes are a matter of growing concern, undermining our natural resources and prospects of a sustainable future. It is a crosscutting issue involving weak institutions and rule of law, corruption and organized crime. Moreover, in terms of security, environmental crimes can either feed upon or be the source of geopolitical instability.

Slide 38 – **What is environmental crime?**

Environmental crime can involve any of the following five main areas of offence falling:

- illegal trade in wildlife,
- dumping and illegal trade in hazardous waste,
- illegal trade in ozone-depleting substances,
- illegal, unregulated and unreported fishing,
- illegal logging and trade of timber.

Slide 39 – **Main challenges**

The situation on the ground, however, is never a clearly cut as its definition. There are several challenges involved in the fight against environmental crimes, such as:

- Scarce awareness and knowledge of the phenomenon and poor resources assigned to law enforcement;
- Insufficient regulation of the phenomenon linked to insufficient sanctions;
- Harm posed to people and natural resources;
- Growing involvement of organized crime and its transnational dimension, linked to the low risk of detection;
- High profits behind the phenomenon;
- Scarce international cooperation.

Slide 40 – **Dumping and illegal trade in hazardous waste**

As we have recently seen even just in Italy, the proper disposal of waste can become quite problematic (especially when organized crime and weak local institutions are involved). The matter is even thornier when it entails the disposal of toxic and hazardous waste. The increased cost of safe disposal and stricter legislations has

driven an export trade to many of the world's least developed countries. This means that growing amounts of waste produced in Northern countries are now being dumped in Southern countries of Africa and, more recently, Eastern Europe and Asia.

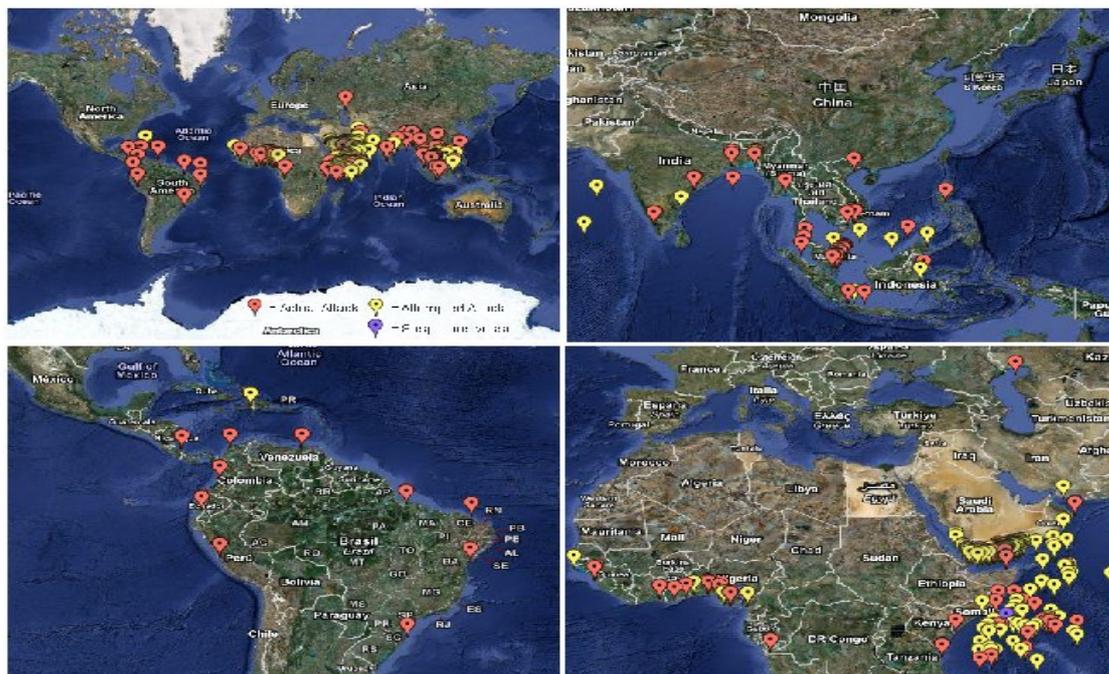
Slide 41 - A specific category of hazardous wastes: The e-wastes

Similarly, another growing phenomenon and concern that is particularly harmful to the environment and to human health, is the disposal of electronic wastes, such as mobile phones, PCs, televisions, refrigerators. These too are exported away from the countries that produced or made use of these products (mainly Western countries) to Asia, specifically to China and India, and to Africa, disguised as donations from developed countries to circumvent the laws banning the import of e-wastes.

Slide 42 – Maritime piracy¹²

Maritime piracy is once again becoming an emerging issue with vast implications of social, economic and security impact.

Slide 43 – IMB Live Piracy Map 2009



These maps from the International Maritime Bureau indicate attacks, attempted attacks and suspicious vessels connected to maritime piracy in 2009. As we can see, the areas vulnerable to piracy include: the Gulf of Aden (Somalia), Gulf of Nigeria, the Malacca Strait (Malaysia & Indonesia) and the Singapore Strait in the South China Sea, Chittagong (Bangladesh) and Tanzania (Dar es Salaam), but also in South and Central America and in the Caribbean waters.

¹² Data and Maps from the International Maritime Bureau's Piracy Reporting Centre, available at: http://www.icc-ccs.org/index.php?option=com_content&view=article&id=30&Itemid=12

2009 has been a year of unprecedented increases in piracy activities. If in 2007, 263 piracy incidents were reported to the IMB, in 2008 the number rose by 11% to 293 piracy incidents. And so far the increasing trend seems to be confirmed: a staggering 306 incidents were reported just in the first nine months of 2009!

Slide 44 – Cyber-crime

The worldwide developments in information and communication technologies have also cast a dark shadow, opening new possible forms of exploitation, opportunities for criminal activity and indeed new forms of crime.

Cybercrimes encompass a broad range of potentially illegal activities. They include crimes *against* computer networks or devices (like malwares, denial-of-service attacks and viruses) and crimes *facilitated by* the use of computers (cyber stalking, fraud, phishing, identity theft and information warfare).

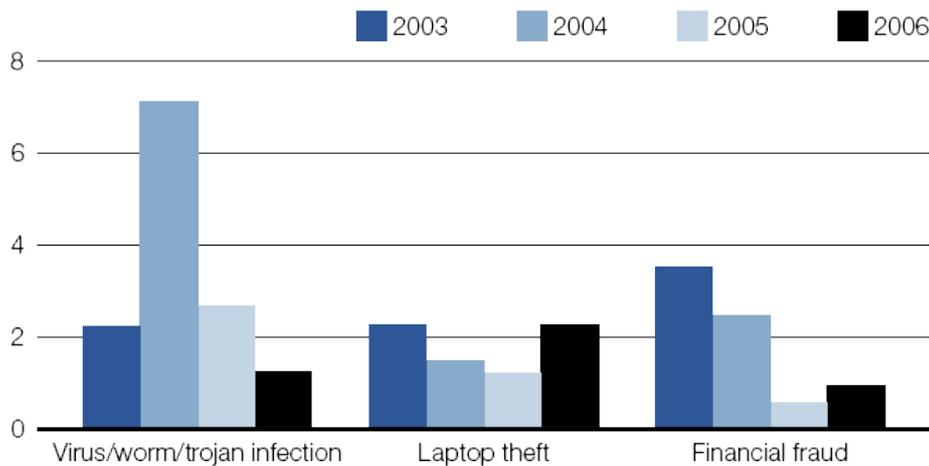
Moreover, not only is the Internet also used to facilitate terrorist financing and logistics, but there is also the potential of cyberspace becoming the turf for the next great war, as cyber attacks to vital nodes of corporations and to national and international infrastructures could completely paralyze entire countries.

Slide 45 – The Internet Crime Complaint Center (USA), complaints of online crime, 2008

YEAR	COMPLAINTS RECEIVED	US\$ LOSS, millions
2008	275,284	265 million
2007	206,884	239 million
2006	207,492	198 million
2005	231,493	183 million
2004	207,449	68 million

There has been an increasing trend in the number and economic magnitude of cybercrimes. In this table we see the data reported to the Internet Crime Complaint Center pertaining to the number of complaints of online crime received in the past few years and how much was lost in economic terms.

Slide 46 – **Major sources of financial loss due to computer crime and security breaches in Australia, 2003-06 (\$ million) (AIC)**



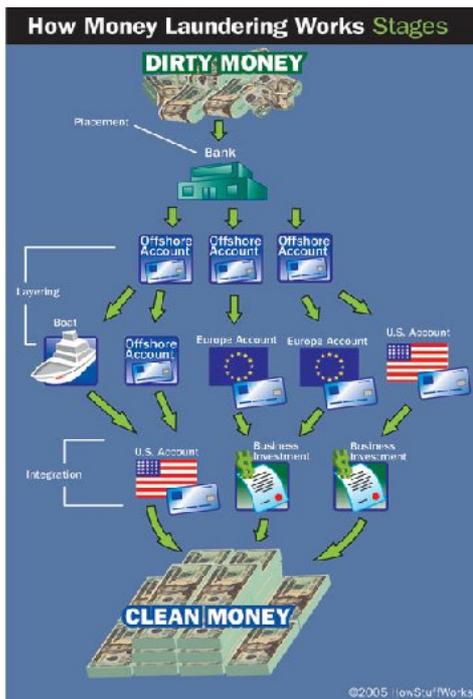
This data from the Australian Institute of Criminology on major sources of financial losses due to cybercrime and security breaches between 2003-2006 in Australia breaks down the losses by year and type of attack. We can see here the changing trend in types of attacks: for example, in 2003 the major losses were due to financial fraud, in 2004 and 2005 it was viruses, and in 2006 the major losses were from laptop theft. These patterns, however, may not be representative of global patterns, as they are specific to Australia alone.

Slide 47 – **Financial crimes: money laundering and corruption**

Finally, once a criminal organization has prepared and carried out its illegal activities, no matter which type, all their criminal proceeds (dirty money) must be laundered, so that they can make more profit or reinvest it in other criminal or even legitimate cover-up activities.

So, since nearly all criminal activities are followed by laundering, financial and economic inquiries are an extremely important part of organized crime investigations since the lead for organized crime can often be found in the paper trail of the money laundering process.

Slide 48 – **How Money Laundering Works: Stages**¹³



What are the stages of the process of laundering dirty money into clean money?

The basic money laundering process has three steps:

1. **Placement** - insert the dirty money into a legitimate financial institution in the form of cash bank deposits. Then...
2. **Layering** - send the money through various financial transactions to change its form and make it as hard to trace as possible. And finally...
3. **Integration** - the money re-enters the mainstream economy in legitimate-looking form so the criminal can use the money without getting caught, making it very difficult to catch the launderer during this final phase if there is no documentation of the previous stages.

Slide 59 – **video (“Vanishing” by UNDP)**

Corruption is the paste holding together the Criminal-Political Nexus: it is through corruption that various organized criminal groups (like the Italian or the Chinese mafia) buy power, consent and impunity.

To attract less public attention, these criminals tend to target lower and more basic political levels (such as mayors, local administrators and assistants, police officers), conditioning politics indirectly and even buying elections.

Communities around the world are demanding more transparency and accountability from their governments. In the meanwhile, corruption continues to be an obstacle to development, governance and rule of law. The international community is making great progress in addressing it, and we should all ensure that the **United Nations Convention against Corruption** does not remain a mere text but becomes a functioning instrument to regulate corruption.

Slide 50 – Thank you for your attention.

¹³ Image from article “How Money Laundering Works” by Julia Layton, HowStuffWorks.com <http://money.howstuffworks.com/money-laundering1.htm>