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Drug trafficking and Money laundering in Spain:

Evidence and political response

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Abstract

This research project is the result of collaboration between our Research Institute (*Instituto de Ciencias Forenses y de Seguridad*) in the Autonomous University of Madrid and the Ministry of Interior of Spain through GESI (*Gabinete de Estudios sobre la Seguridad Interior*). During the last two years, we have been developed several contract researches in the field of violence against women (i.e. implementation of the Spanish police risk assessment instrument) and organized crime (assessment of the statistics and final reports on organized crime and terrorism).

The research project had two main goals: First, to know the available data and the methodology used to provide reliable data on organized crime in Spain. For that purpose, we have reviewed the organized crime annual reports produced by the Ministry of Interior to carry out a deep analysis about the methodology used in order to suggest recommendations. Second, due the lack of accessible quantitative and qualitative data about organized crime in Spain and the lack of empirical research about that topic, we aimed at having an overview of the organized groups and members detected in Spain during the last 10 years. For that purpose, a template was designed in October 2009 to collect information about police files (*Guardia Civil*, civil guard), corresponding to operations on Organized Crime performed between 1999 and 2009. At the present time, we have collected information about 70 police operations of such kind. The template has been designed to collect information about 74 variables regarding four large areas: features of organizations (risk level, geographical location, task distribution, security measures deployed, etc.), illegal markets exploited (dedication to more than one main activity, profits, modification of the activity over time), instrumental activities (money laundering, violence, corruption, etc.) and features of the individual members of each group (sex, age, nationality, police records, etc.).

This presentation will show last trends and features regarding two topics: drug trafficking and money laundering in Spain. After a brief explanation about the recent evidences collected about them, we will stress some relevant issues about political responses to the mentioned topics implemented in Spain during the last decade.

Drug trafficking in Spain: general trends and new actors

Drug trafficking has been a traditional organized crime activity in Spain since during the 80s Colombians traffickers began strategic alliances with Galician groups as key intermediaries to conquer the European market. At the same time, the Gitano clans were developing the monopoly of heroine distribution in ghettos inside the most significant cities of Spain. Since then, drug trafficking has been the most important organized crime activity detected in Spain (60% groups detected) during the last 10 years. Trafficking of cocaine is the most significant activity among all drugs (44% of groups detected) followed by trafficking of hashish that has been an increasing activity during the same period (39% of the groups). Trafficking of synthetic drugs is less significant (9% of the groups) as well as trafficking of heroine (8% of the groups). Most of organized groups detected have drug trafficking as an exclusive activity. This trend has increased during the last five years arriving to 50% of the drug related groups meanwhile the rest of the groups share drug trafficking with other illegal markets.

Even if Colombians and Moroccans are the most significant nationalities involved in cocaine and hashish trafficking, Mexicans are now becoming very active; police has recently conducted operations against a powerful group of Mexicans that used Spain as a gate to deliver the cocaine to Europe and to carry on the money laundering activities through Spanish companies.

Money laundering and illegal capital movements

Spain has been country with high money laundering activities coming from organized crime members initially from Italian mafias and Russian organizations. Our weather conditions as well as our touristic coasts and the lack of surveillance and control over

this kind of activity, especially in touristic places, have been attractive factors to develop these types of activities. During the last ten years, parallel dynamics have been detected. First, members from big organized crime organizations have chosen Spain as a refuge country carrying on money laundries activities for those organizations. Many examples of members of Camorra, 'Ndrangheta and Cosa Nostra are well known in our country and many Russian mafia members arrived after the decomposition of the USSR investing big amount of money coming from illegal activities in the origin country in real estate and service industries. Second, Spanish members who were familiar with Spanish financial opportunities have been conducting activities and operations to launder money coming from activities implemented in Spain. Spanish are the most significant nationality involved in money laundering activities. They carry on activities by themselves or in collaboration with other members, especially Colombians, providing resources and opportunities for money laundering activities in our country.

Drug trafficking and cocaine are the activities producing more money laundering instrumental activities and Spanish and Colombians provide the most professional and sophisticated procedures to launder the illegal money: interposed societies, phantom companies, real estate investments, use of tax heavens such as Andorra or Gibraltar. They also use experts and collaborators such as lawyers, managers, notaries, etc. and other members in charge of minor tasks: personal couriers, etc.

Finally, we have a third dynamic more and more common nowadays which imply no money laundering activities in our country. Organizations manage to send the money to origin countries to avoid control authorities and surveillance. This is a regular practice in case of Moroccans in charge of hashish trafficking. They send the money earned in Spain back to Morocco due to the short distance between countries and the absence of surveillance in the Moroccan border. This method is also used by groups from Romania, Colombia or Mexico. Depending on the capabilities, they buy or open telephone booth or money change companies in order wire the money to their origin countries without letting any trace. The money is also transferred by couriers or by physical transportation by means of their own logistic companies.

Money laundering activities developed by groups in charge of smuggling of immigrants or trafficking in human beings activities are less significant in magnitude and professional sophistication. The use of financial professionals is less common and the money can be easily sent by physical couriers or Money transfer companies.

Spanish political response

Organized crime is now a hot topic within the public debate and political agenda in Spain following the European trend. Nevertheless, this is a new trend because during the past Spain had been mainly and fully engaged in the fight against terrorism. Last decade, following European directives, the situation has changed and many initiatives have been developed in order improve professional and specialized law enforcement resources. One of the main changes conducted recently has been a reform of the penal code regarding significant issues concerning organized crime.

Nevertheless, there are still some significant issues that must be afforded in the future,

- methods accessible for investigation are still limited
- there is a need of specialization of law enforcement investigative units
- Fight against money laundering must be stressed
- It is necessary to improve economic and financial intelligence
- Inspections and monitoring conditions are being developed to big financial institutions.