

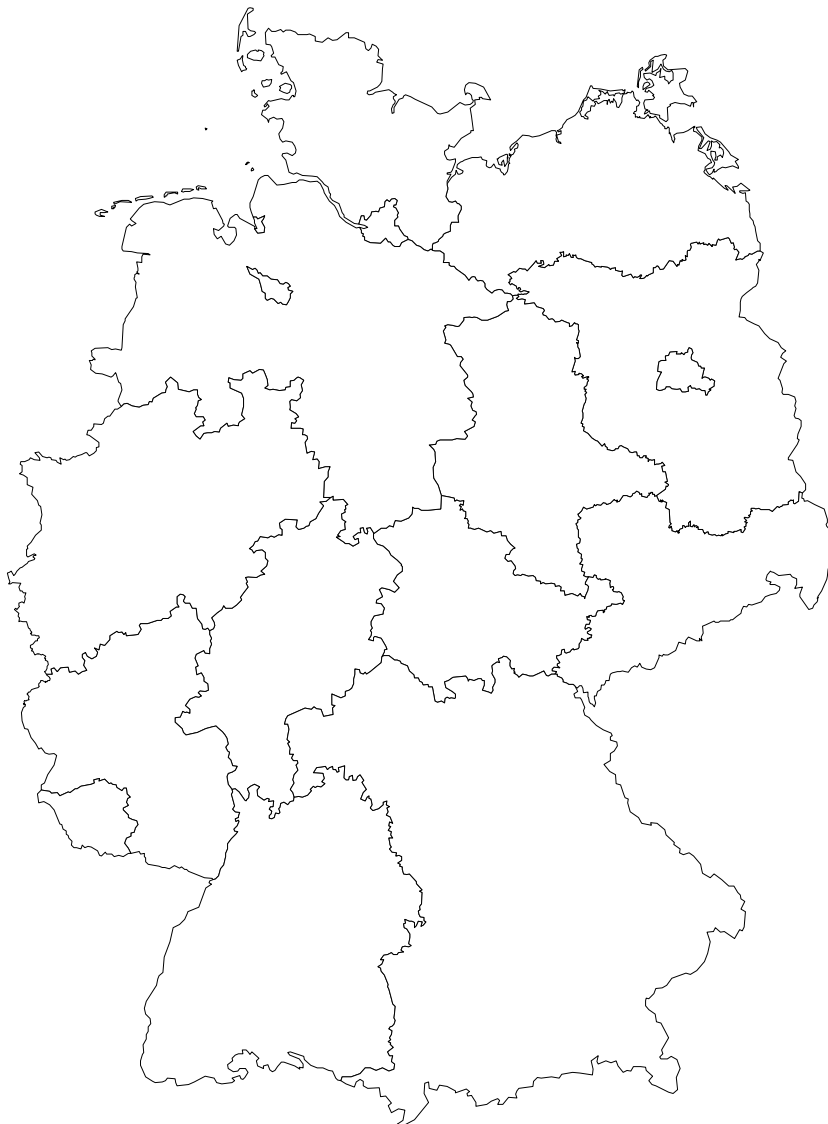


ORGANISED CRIME SITUATION REPORT 2003 FEDERAL REPUBLIC OF GERMANY - SUMMARY -

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**Organised Crime
Situation Report 2003
Federal Republic of Germany**

- Press release summary -

**Bundeskriminalamt Wiesbaden in co-operation with the State Criminal Police Offices,
Koblenz Border Police Headquarters and Cologne Zollkriminalamt (central office of the
Customs Investigations Service)**

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Introduction / Statistical overview

1 Introduction / Statistical overview

The Organised Crime (OC) Situation Report for the Federal Republic of Germany has been published annually since 1991. It provides information on the fight against OC in Germany and aims to depict developments and focal points in the field of OC, to sensitise law enforcement authorities throughout Germany to new trends, to provide information for police leadership, to demonstrate the need for action and suggestions for combating measures resulting therefrom and to advise anti-crime policy.

The OC situation report, with the annual results of the investigation work by the police and customs regarding criminal proceedings, describes only information relating to detected crime, which does not permit conclusions to be made on undetected crime.

The pieces of structural information included in the OC situation reports over the last 10 years have not been subject to any strongly dynamic developments that would make the annual detailed analysis and re-assessment of all the fields necessary. Therefore, they will in future only be updated as occasion demands or every couple of years. Thus, core information published in past situation reports remains valid. The OC situation report with its overall perspective of all fields of criminal activity describes the aggravated forms of crime in Germany that, by definition, fall into the field of OC, and gives an overview of the progress made in combating them. It is thus a compendium of the OC situation reports published by the State Criminal Police Offices and Customs as well as the cases relevant to OC investigated by the Federal Border Guard.

The data and structural information required for this purpose are conventionally collected with the help of questionnaires (data collection grid) and interviews with police experts and compiled for each year from 1 January until 31 December. These conditions leave only limited room for examining further issues. Where necessary, this can only be done after collecting additional data specifically for this purpose.

The Organised Crime definition of the Working Party of Police and Judicial Authorities (AG Justiz/Polizei), adopted in May 1990, serves as the basis for collecting data on organised crime.¹ The data collected include information on OC investigations initiated in the year under review (initial reports) and continuing investigations instituted in previous years (ongoing investigations). The report only takes into account those investigations that show all the general and at least one of the specific characteristics listed in sections a) to c) of the OC definition.

¹ cf. section 2.2.2 "OC relevance of the investigations"

Analysis and evaluation

The structural analysis based on the data compiled relates to all the information obtained throughout the OC investigations considering both investigations completed during the year under review and ongoing investigations.

In addition to checking all the reported investigations for OC relevance, OC groups are assessed in terms of their level of organisation and professionalism, which is expressed by the so-called "OC potential". The OC potential is portrayed on a scale from 1 (= very low) to 100 (= very high).

Furthermore, the structural analysis includes data obtained through in-depth interviews with experts (in particular with heads of investigation) on the central topics determined for the year under review. In 2003 the issues of particular interest examined were the importance of Bulgarian counterfeiting organisations and the role of Kurdish suspects in the field of OC.

Statistical overview

	2003	2002
<u>Number of investigations</u>	637	690
Initial reports	327	338
Investigations completed	323	375
<u>Suspects</u>	13,098	13,825
Suspects identified for the first time	6,788	6,864
Total number of nationalities	87	88
Percentage of German suspects	38.8 %	44.4 %
Percentage of non-German suspects	61.2 %	55.6 %
Largest groups of non-German suspects		
• Turks	6.9 %	9.4 %
• Poles	5.6 %	5.6 %
• Italians	4.5 %	3.0 %
• Vietnamese	4.0 %	2.3 %
• Lithuanians	3.8 %	3.2 %
• Nationals of Serbia and Montenegro	3.7 %	2.4 %
• Russians	2.4 %	2.7 %
<u>Heterogeneous offender structures</u> (Co-operation between suspects of different nationalities)	79.9 %	79.8 %
<u>Homogeneous offender structures</u>	20.1 %	20.2 %
<u>Armed suspects</u>	4.6 %	4.4 %
<u>Losses identified</u>	521,671,881 €	3,068,712,796 €
<u>Estimated profits</u>	467,643,462 €	1,467,051,013 €
<u>Provisionally seized assets</u>	69,150,761 €	30,782,858 €

	2003	2002
<u>Commission of crimes at int. level</u>	84.3 %	82.4 %
<u>Criterion a) of the OC definition</u> (Use of commercial or business-like structures)	94.0 %	87.2 %
<u>Criterion b) of the OC definition</u> (Use of violence or other means of intimidation)	48.8 %	49.9 %
<u>Criterion c) of the OC definition</u> (Exertion of influence on politics, the media, public administration, judicial authorities or the business sector)	25.0 %	19.2 %
<u>Fields of crime</u>		
• Drug trafficking and smuggling	33.3 %	36.8 %
• Property crime	14.1 %	13.2 %
• Crime associated with the business world	13.5 %	11.6 %
• Facilitation of illegal immigration	10.0 %	8.6 %
• Crime associated with nightlife	9.6 %	9.4 %
• Tax and customs offences	8.8 %	8.7 %
• Violent crime	4.1 %	5.1 %
• Counterfeiting/forgery	3.3 %	4.2 %
• Arms trafficking and smuggling	1.3 %	0.4 %
• Environmental crime	---	0.3 %

	2003	2002
<u>Investigations including:</u>		
Acts of money laundering acc. to Sec. 261 German Penal Code	143	117
Witness protection measures	63	57
Confiscation of assets	161	183
<u>Cases handled by:</u>		
OC investigative teams, joint police/customs investigative groups, special investigation teams	68.3 %	68.7 %
Specialised OC public prosecutor's offices or persons in charge of special OC departments	69.2 %	68.4 %
<u>Average length of the investigations completed</u>	17.5 months	16.9 months

Situation report

2 Situation report

2.1 Resources

2.1.1 Officers assigned to the investigations

2,549 officers were assigned to OC investigations in 2003. Special and support staff are not included in the statistics.²



The average number of officers assigned to an investigation was 4 (3.9 in 2002) and in some cases up to 21 investigators.

2.1.2 Authorities in charge

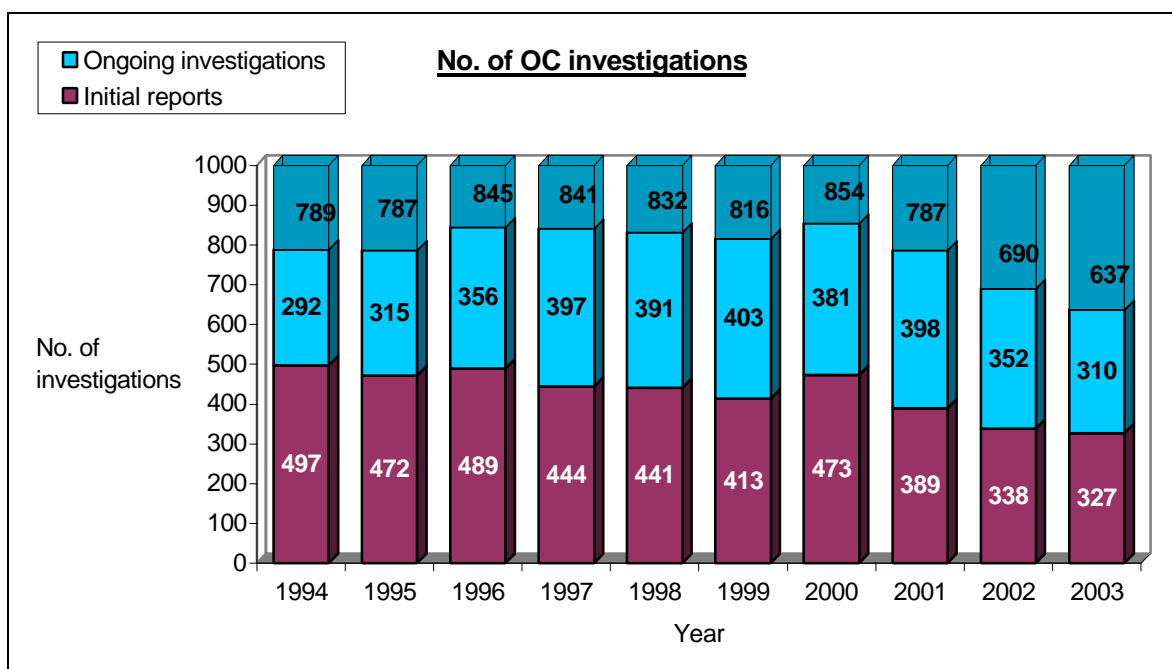
Of the 637 investigations reported in 2003, 303 (47.5 %) were conducted by specialised OC offices, 202 (31.7 %) by other specialised offices and 95 (14.9 %) by joint investigative groups (for instance, customs and police), while 37 investigations (5.8 %) were handled by special investigation teams set up to deal with specific cases.

As regards judicial authorities, 441 investigations (69.2 %) were conducted by specialised prosecutor's offices that focus on OC and/or persons in charge of special OC departments (68.4 % in 2002).

2.2 Investigations

2.2.1 Number of investigations

In 2003, 637 OC investigations were being conducted in the Federal Republic of Germany, 501 of these by the police forces in the federal states and 136 by federal authorities (Bundeskriminalamt, Federal Border Guard, Customs Investigation Offices). 327 of these investigations were initiated in the year under review (initial reports) and 310 were ongoing investigations instituted in previous years. 323 investigations were completed during the period under review.



The decrease in the total number of OC investigations (initial reports and ongoing investigations instituted in previous years) amounts to around 8 % nationwide, in the case of the initial reports to 3 %.

A decrease in OC cannot be concluded from the decrease in the investigations. Rather, the intelligence on the situation depends on the resources used and the extent and intensity of OC crime prosecution.

² Investigating officers of the Customs Investigations Office have been included since 1996.

The regional distribution³ of the OC investigations can be depicted as follows:

	State Criminal Police Office	BKA	Federal Border Guard	Customs	Total
Berlin	74	1	8	9	92
Bavaria	77	0	5	8	90
Baden-Württemberg	52	3	3	18	76
North Rhine-Westphalia	51	3	1	14	69
Lower Saxony	42	0	6	15	63
Hesse	38	2	3	6	49
Saxony	23	0	4	6	33
Hamburg	28	0	1	3	32
Schleswig-Holstein	30	0	0	1	31
Saxony-Anhalt	24	1	0	1	26
Brandenburg	16	0	3	5	24
Rhineland-Palatinate	17	0	0	0	17
Mecklenburg-Western Pomerania	10	0	1	2	13
Saarland	7	1	1	1	10
Bremen	8	0	0	0	8
Thuringia	4	0	0	0	4
Total	501	11	36	89	637

2.2.2 OC relevance of the investigations

The situation report is based on the following definition of Organised Crime:

"Organised crime is the planned commission of criminal offences determined by the pursuit of profit and power which, individually or as a whole, are of considerable importance and involve more than two persons, each with his/her own assigned tasks, who collaborate for a prolonged or indefinite period of time

- a) by using commercial or business-like structures,
- b) by using force or other means of intimidation or
- c) by exerting influence on politics, the media, public administration, judicial authorities or the business sector."

³ The location of the public prosecutor's office in charge of the investigation is the criterion for the geographical distribution of Customs, Fed. Border Guard and BKA investigations.

This definition does not cover terrorist offences.⁴

The definition of OC consists of two parts. All general characteristics and one of the specific characteristics listed under a) to c) must be fulfilled for criminal behaviour to be considered Organised Crime.

For the 637 reported OC investigations, the following details were given concerning the specific characteristics (multiple responses possible):

599 investigations: criterion a) applied
("by using commercial or business-like structures"),

The term **commercial structures** is used to describe enterprises that are officially registered. Within the meaning of the OC definition, the use of commercial structures is characterised by the (joint) use of existing, primarily legal companies or companies especially founded for criminal purposes. The commission of the offence must be linked to a real or faked economic activity.

In contrast to this, the term **business-like structures** covers factors that do not fit the other categories in criterion a). Such structures are often considered to exist if the perpetrators proceed in a particularly professional manner.

311 investigations: criterion b) applied
("by using force or other means of intimidation"),

159 investigations: criterion c) applied
("by exerting influence on politics, the media, public administration, judicial authorities or the business sector").

In 2003, verifiable cases of **exerting influence on politics, the media, public administration, judicial authorities and the business sector** were recorded in 159 of the investigations. Thus, this organised crime criterion was met much less frequently than the other criteria in the OC definition.

The threshold to reprehensible forms of influence is lower than that for acts of corruption punishable under criminal law.⁵

21 investigations established acts of corruption subject to the provisions of sections 331-335 (corruption by or involving officials), whereas 11 investigations established acts of

⁴ GAG Justiz/Polizei (Working Party of German Police and Judicial Authorities), May 1990

⁵ cf. structural analysis within the OC Situation Report 2002 Summary: "Analysis of the links between corruption and OC"

corruption in accordance with sections 299 and 300 (corruption in business dealings) of the German Penal Code.⁶ During the investigations, 40 completed offences of granting a benefit, 221 completed offences of offering a bribe, 47 completed offences of accepting a benefit and 157 completed offences of taking a bribe were disclosed. Offences pursuant to sections 299 and 300 of the German penal code were revealed in 83 cases.

In 60 % of the investigations⁷ the acts of corruption originated from OC groups dominated by German nationals (cf. section 2.4.1 "Germans").

2.2.3 Initiation of investigations

In 279 cases (43.8 %) investigations were initiated on the basis of leads from other proceedings (by the same service or another law enforcement agency). 149 investigations (23.4 %) were instigated on the basis of complaints filed with the investigating authorities. The percentage of investigative proceedings initiated on the basis of the police actively obtaining information (intelligence from undercover investigators/confidential informants, investigations on the initiative of the authorities, evaluations independent of investigations or involving more than one investigation, random checks) amounted to 24.3 % (155 investigations). In the remaining 54 cases (8.5 %) suspicious transaction reports in accordance with the Money Laundering Act, anonymous tips as well as leads from services/authorities other than law enforcement agencies were the starting point for the OC investigations.

2.2.4 Length of investigations

Of the 637 investigations, 323 were completed during the period under review. The average length of the investigations was 17.5 months, the longest proceedings took 84 months.

2.2.5 Losses and profits

The total losses⁸ reported for the period under review amounted to approx. € 522m. There was a clear decrease compared to the losses of previous years (€ 3.1bn in 2002, € 1.2bn in 2001), which was mainly due to the fall in the number of tax and customs offences

⁶ Two investigations included activities that fall into both categories; total number of investigations dealing with activities involving corruption: 30 (16 in 2002).

⁷ 18 of a total of 30 investigations.

⁸ For 199 investigations, losses were recorded in accordance with the Police Crime Statistics guidelines. Losses as defined by the Police Crime Statistics guidelines are the illegally obtained monetary value (market value). For import duty and tax evasion and for subsidy fraud in connection with the marketing regulations of the European Union, losses are defined as the amount evaded or the unjustly received subsidies.

(important factors in the previous year because of large-scale investigations into cigarette smuggling and VAT carousel fraud). Nevertheless, as in the previous years the highest losses were caused by tax and customs offences (€ 126m approx.) and, in particular, by crimes associated with the business world (€ 280m approx.).

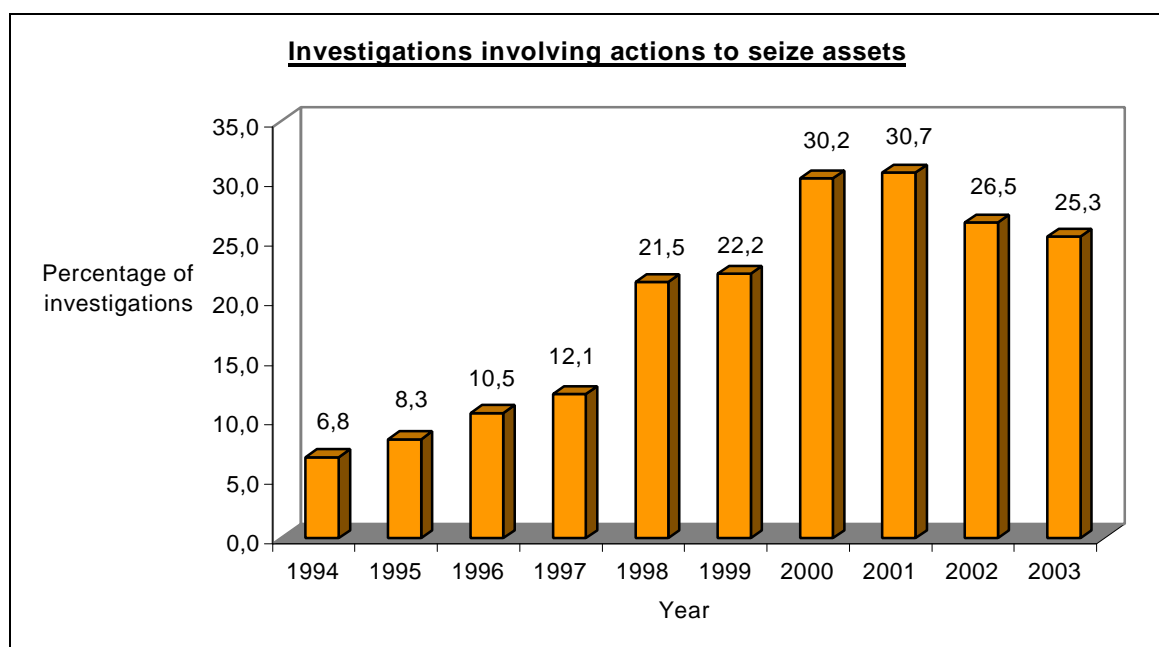
The profit⁹ made by criminal organisations is estimated at approx. € 468m (€ 1.5bn the previous year). The same factors that were relevant for the decrease in losses were also decisive for the considerable fall of the estimated profits.

The largest profits were achieved with crime in connection with the business world (€ 164m approx.), with drug dealing and smuggling (€ 124m approx.) and facilitation of illegal entry (approx. € 59m). For the year under review, the estimated profit from tax and customs offences amounted to approx. € 39m, which is less than 10 % of the profits estimated for the previous year (€ 534m).

2.2.6 Action taken

Confiscation of assets

In 161 investigations (25.3 % of all investigations) action was taken to ensure assets were confiscated. The total value of these provisionally confiscated assets amounted to approx. € 69m (€ 31m in 2002).



⁹ Profits were estimated for 366 investigations.

Money laundering activities

In 197 investigations, information was obtained relating to money laundering offences (in criminological terms). In 143 cases investigations were conducted for money laundering pursuant to section 261 of the German Penal Code. In 268 cases suspicious transaction reports pursuant to section 11 subsection 1 of the Money Laundering Act were filed that relate to 72 investigations.

2.3 OC potential of groups of perpetrators

The term "OC potential" is used to express the level of organisation and professionalism of the groups of perpetrators. The OC potential is calculated using a system of weighted OC indicators and is portrayed on a scale from 1 (= very low) to 100 (= very high). This makes it possible to show the significance of the individual phenomena of organised crime in relation to each other.

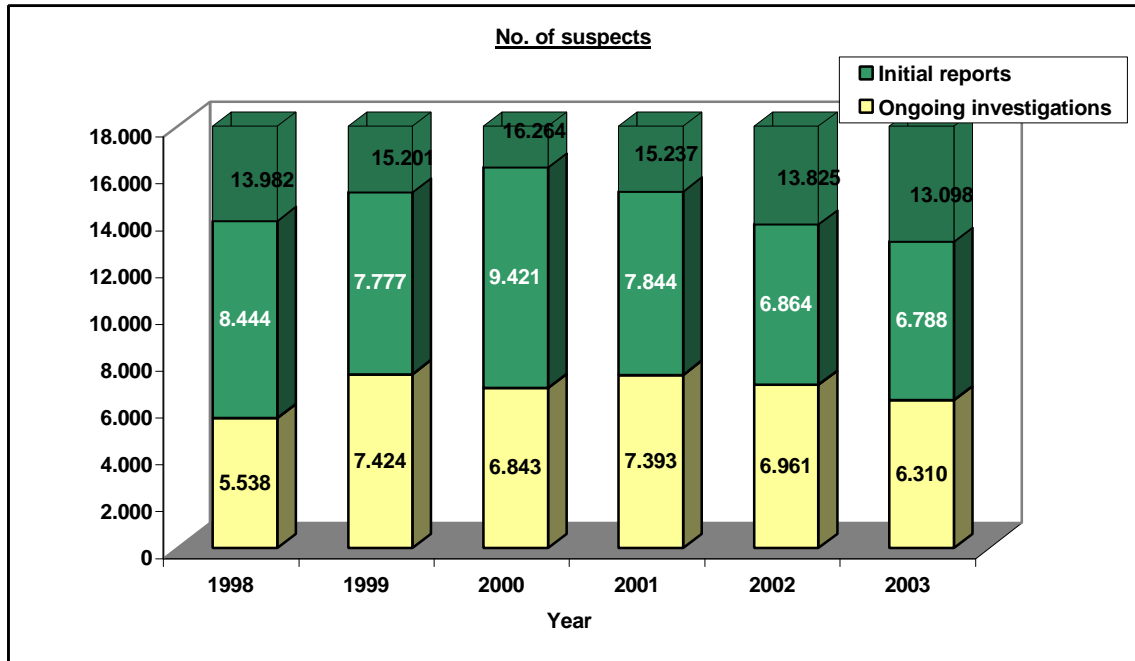
In 2003, the year under review, the average OC potential of all groups was 41.5 points. This means that the OC potential rose again compared to the previous years (40.5 points in 2002; 39.7 points in 2001). As a rule, groups with a low level of OC potential only fulfil the minimum requirements of the OC definition and their structure is not consolidated to any considerable extent.

Groups with a medium-level of OC potential that already have consolidated group structures and work more professionally continue to be in the majority in terms of numbers. More than a quarter of all groups had an OC potential of between 30 and 40 points.

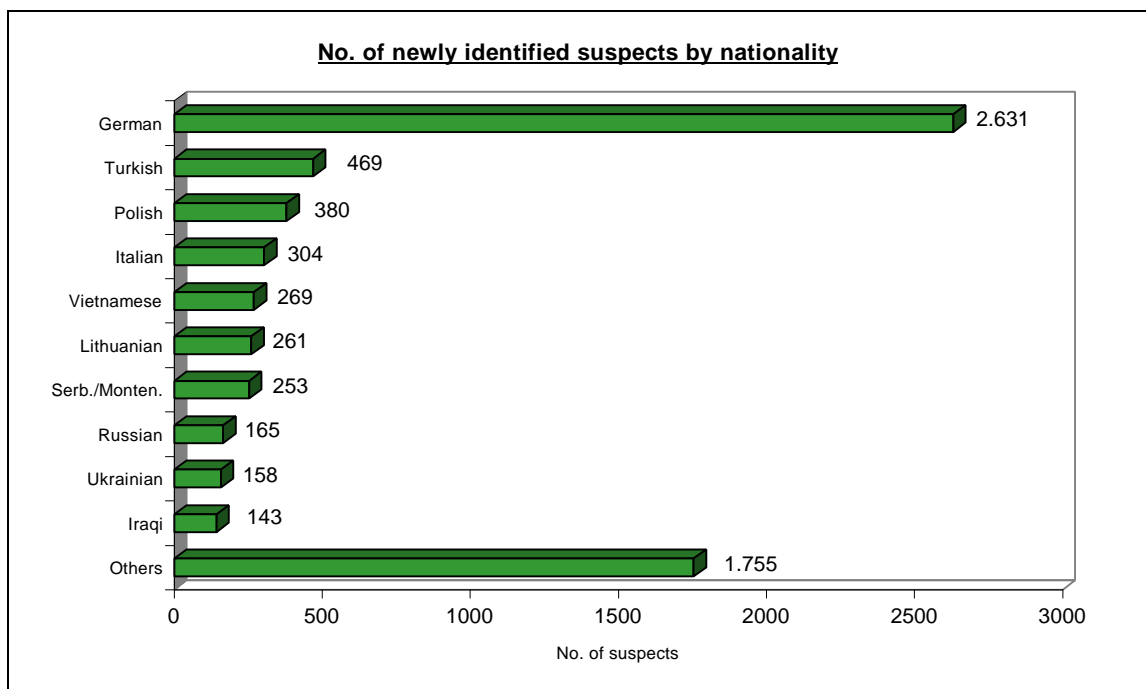
As in previous years, only a small percentage of the groups (about 13 %; approx. 12 % in 2002) had a high level of OC potential of more than 60 points.

2.4 Suspects / Group structures

Last year a total of 13,098 suspects (13,825 in 2002) were identified, of these 6,788 (6,864 in 2002) were new to the statistics.¹⁰



The suspects were from 87 nations (88 in 2002).



¹⁰ The total number of suspects in OC investigations has only been recorded since 1998.

In the year under review, German nationals again made up the largest group (38.8 %) among the total number of suspected offenders (44.4 % in 2002). However, the percentage of German nationals among the suspects has been falling since 2000.

As in previous years, Turkish nationals continued to be, apart from German nationals, the most prominent group among the suspects. They were followed by Polish and Italian suspects. Particularly noteworthy are the 269 Vietnamese suspects that rank fifth at 4 %. This is mainly due to two large-scale investigations into cigarette smuggling and heroin trafficking respectively.

A total of 435 suspects (6.4 %) come from C.I.S. countries (Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan and Belarus).

The total of 300 suspects from the Baltic states (Estonia, Latvia and Lithuania) made up 4.4 % of all suspects.

Composition of the groups

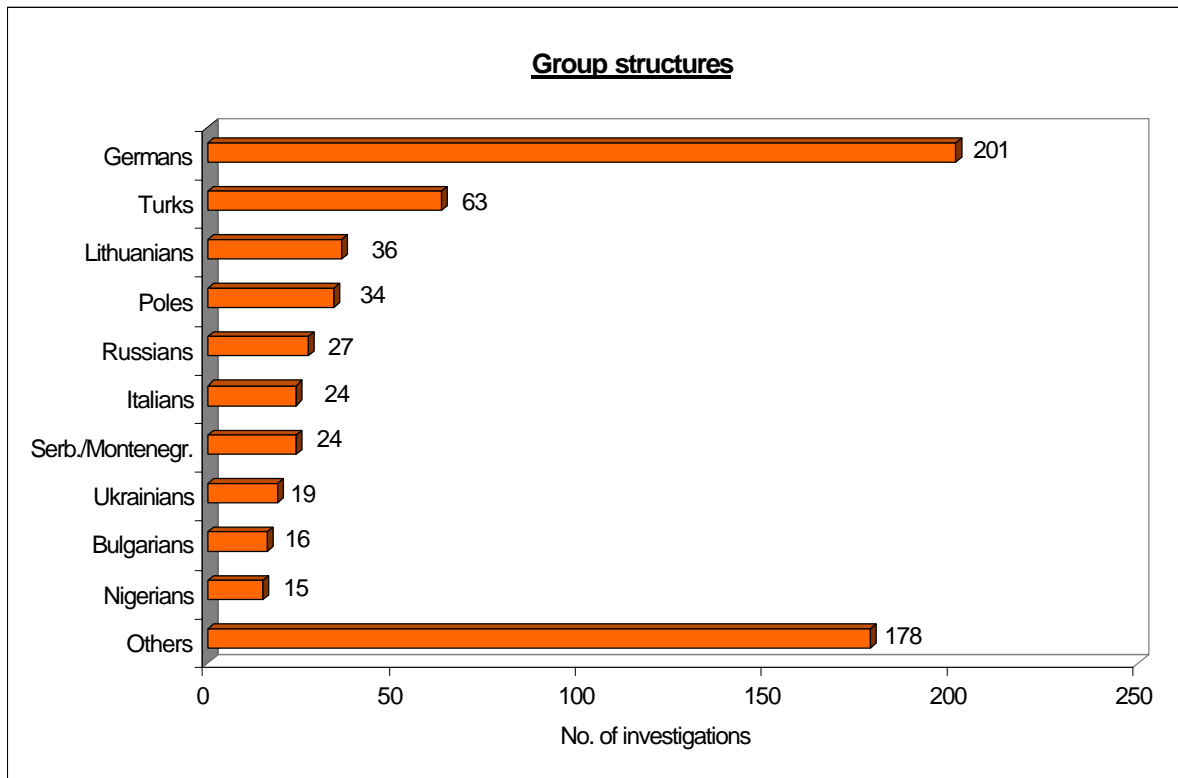
The number of suspects per investigation ranged from three to 372 persons and averaged 20 persons as in the previous year. The OC groups' size can be classified as follows:

Up to 10 suspects	275 groups
11 to 50 suspects	319 groups
51 to 100 suspects	28 groups
More than 100 suspects	15 groups

Compared to the previous years, the percentage of groups that comprised suspects of only one nationality remained at the same level with 20.1 % (20.2 % in 2002, 20.2 % in 2001).

Group structures

The illustration below shows the distribution of nationalities for the investigated OC groups. The groups were considered under that nationality whose members dominate the criminal activity of the group without necessarily being the majority of group members.



As in the previous years, German OC groups dominated OC in Germany, although their number dropped compared to the previous year (239 groups in 2002). They were followed by Turkish OC groups (79 groups in the previous year), who have been heading the list of non-German OC groups for several years. Looking back to the data for the last few years, the number of Lithuanian OC groups has clearly increased - in spite of the drop in the number of investigations. For the year under review, OC groups from 48 nations were summarised under the category "Others".

2.4.1 Germans

The percentage of German nationals dropped again compared to the previous years and is now at 38.8 % (44.4 % in 2002; 47.9 % in 2001). However, the 2,631 newly identified German suspects continue to head the list of suspects.

As in previous years, the activities of German OC groups were concentrated in the fields of drug smuggling and trafficking (especially cocaine and cannabis products), crime associated with the business world and crime associated with nightlife.

Compared to the previous years, the percentage of OC groups active in more than one area of crime further decreased to 22.9 % (33.5 % in 2002; 42.8 % in 2001). Narcotics offences, violent crime, crime associated with the business world and property crime (in particular motor vehicle-related property offences) were the most common areas of illegal activity.

Roughly 80 % of the losses caused by OC groups dominated by German nationals were recorded for the area of crimes associated with the business world (approx. € 238m). The major profits made by OC groups dominated by German nationals were found to have been obtained through crimes associated with the business world (approx. € 136m), as well as drug offences (approx. € 48m) and facilitation of illegal entry (approx. € 41m).

German nationals who were nationals of a different country at birth

For the year under review, 803 German suspects (14.8 %) were recorded who were nationals of one of a total of 53 different countries at birth.¹¹

The Russian Federation, Poland, Turkey and Kazakhstan continue to be the most important countries of origin of these suspects. The percentage of German suspects whose country of origin is one of the successor states of the Soviet Union (431 persons) in relation to the total number of OC suspects remained at the same level as in the previous year with 3.3 % (3.6 % in 2002). Their percentage in relation to the German suspects also remained constant with 8 %.

2.4.2 Turks

Turkish nationals made up 6.9 % of all OC suspects. As in previous years, with a proportion of 11.3 %, Turkish nationals continue to head the list of non-German suspects, although their number dropped sharply.

¹¹ In the year under review, 2003, a total of 5,411 German nationals were investigated.

As in previous years, Turkish OC groups in the main were involved in drug trafficking and smuggling (predominantly heroin trafficking). Far fewer of these groups concentrated on offences in connection with nightlife and crime associated with the business world.

It is particularly noteworthy that the crimes in connection with nightlife include a relatively high percentage of investigations into illegal games of chance. Activities in the field of crime associated with the business world frequently involved investment offences.

The majority of Turkish OC groups focused their activities on one specific area of crime, in particular in the field of drug-related offences.

2.4.3 Lithuanians

The year under review saw a clear increase in the number of OC groups dominated by Lithuanians to 36 groups (27 groups in 2002; 29 groups in 2001). At the same time, the number of newly identified Lithuanian suspects also rose from 222 in the previous year to 261. The largest proportion of the OC groups dominated by Lithuanians was composed of more than one nationality. Within these groups, the Lithuanian perpetrators most commonly worked together with German suspects, a large proportion of which were resettlers from the former Soviet Union.

Lithuanian groups operate primarily in the field of property, tax and customs offences, in addition they also appear in other fields of crime (trafficking in and smuggling of heroin and cocaine, trafficking in human beings and offences connected with facilitation of illegal immigration). Just as in the previous year, the property offences of the Lithuanian groups in Germany concentrated on the theft of vehicles and trafficking of the same to Lithuania.

In the field of tax and customs offences, cigarettes were smuggled mainly from Lithuania, Poland and Russia to Germany and, in particular, also to the UK.

2.4.4 Poles

Compared to the previous year (382 persons), the number of newly identified suspects remained static at 380 persons. As in the previous year, Polish nationals formed the second largest non-German group of suspects.

Polish suspects very often worked together with German suspects of generally Polish origin. It is noteworthy that a relatively large number of Polish suspects carried arms (13.9 %).

The main focus of Polish OC groups continued to be on property offences, in particular international vehicle trafficking as well as tax and customs offences.

2.4.5 Russians

The proportion of Russian OC in Germany has changed only slightly in comparison to the previous year.

However, their OC potential has increased considerably in comparison to the previous year and has the highest average of all OC groups. This shows that the Russian OC groups have consolidated their structures inside Germany and increased their level of professionalism.

Compared to the previous years, OC groups dominated by Russians increasingly integrated non-Russians. Their criminal activities cover a wide range of fields. During the year under review, they again focused on violent crime as well as tax and customs offences. At the same time, the proportion of property crime decreased.

2.4.6 Italians

The number of reported Italian OC groups continued to fall as over the previous years (24 investigations in 2003, 29 in 2002, 42 in 2001, 63 in 2000).

Only one of the Italian groups under investigation in Germany comprised exclusively Italian nationals. It seems to be rare for Italian groups active in Germany to isolate themselves strictly from members of other ethnic groups.

The percentage of property crime (motor vehicle-related property crime only) has risen constantly over the last few years. Crimes associated with the business world and drug trafficking, in particular cocaine trafficking, dropped but still continued to be main activities. In the investigated cases, the cocaine was mainly supplied from the Netherlands. In some investigations, Germany was a transit country for narcotics destined for Italy.

2.4.7 Nationals of Serbia and Montenegro

After a sharp drop in 2002, 2003 again saw a rise in the number of suspects from the Republic of Serbia and Montenegro¹². Their proportion in the total number of suspects increased from 2.4 % to 3.7 %.

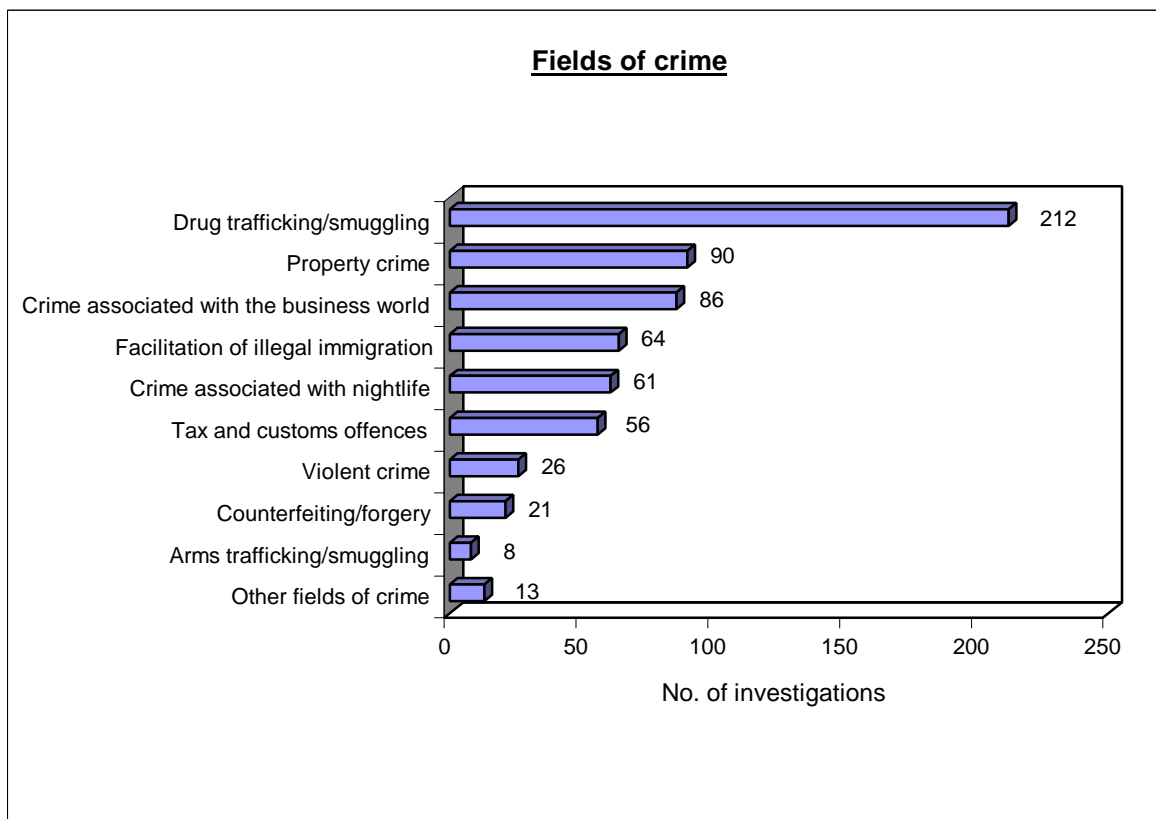
Six groups were comprised exclusively of nationals of Serbia and Montenegro. The major part of the groups were heterogeneous with both German and Turkish suspects.

¹² Since February 2003, the federation of "Serbia and Montenegro" has been the legal successor to the Federal Republic of Yugoslavia.

In 2003, the investigated groups continued to focus on drug trafficking and smuggling (predominantly cocaine and heroin). At the same time, the activities related to facilitation of illegal entry have dropped continuously over the last few years. In fact, not a single investigation was recorded for the year under review that focused on crimes related to facilitation of illegal entry.

2.5 Fields of crime

The groups perpetrators concentrated their criminal activities on the following fields of crime:¹³



In 2003, the foci of criminal activities were largely identical to those recorded for previous years. In spite of a drop from 36.8 % in the previous year to 33.3 % for the year under review, drug trafficking and smuggling remained the major field of activity in Organised Crime, followed by property crime (14.1 %), crimes associated with the business world (13.5 %), facilitation of illegal entry (10.0 %), offences related to nightlife (9.6 %) as well as tax and customs offences (8.8 %). Compared to the previous year, arms trafficking and

¹³ The focal points of the criminal activities of the groups of perpetrators are the basis for determining into which OC relevant field of crime the investigations fall.

smuggling increased. For 2003, no OC investigations focusing on environmental crime were reported.

Modi operandi involving more than one area of crime

In the year under review, only one in four groups of perpetrators was active in more than one area of crime¹⁴. This shows that the groups' growing trend towards focusing on one field of crime continues.¹⁵

Groups active in more than one field of crime continued to display, on average, a higher OC potential (47.6 points) than those focussing on one area of crime only (39.7 points).

Commission of offences

537 (84.3 %) investigative proceedings analysed show links to other countries, i.e. at least one crime scene was located outside Germany. In 80 investigations, there were supraregional links, while regional links were established in 20 investigations.

There were international connections to a total of 104 countries, the main countries being: the Netherlands (194 investigations), Poland (107 investigations), Italy (103 investigations), Spain (100 investigations), Belgium (91 investigations), France (88 investigations), the UK (84 investigations) and the Russian Federation (80 investigations).

2.5.1 Drug trafficking and smuggling

The focal point of the criminal activities of the OC groups in Germany remained on drug trafficking and smuggling, the proportion of which went down slightly from 36.8 % in 2002 to 33.3 %.

More than two thirds of the groups are characterised by a modus operandi focusing on a specific area of crime. Apart from the field of drug trafficking, groups acting in more than one field of crime have primarily come to notice in connection with property offences, weapons offences and crime associated with nightlife.

As in previous years, cocaine and heroin trafficking and smuggling were dominant, followed by trafficking in and smuggling of cannabis products and synthetic drugs.

German nationals play a leading role in cocaine trafficking/smuggling. Overall, a higher number of different ethnic groups than in the previous years was active in this field. OC

¹⁴ Modi operandi are classified as involving more than one area of crime if a group of perpetrators intends to make profits in more than one field of crime or individual group members act in several crime areas in the group's interest.

groups from the countries of cultivation in South America continue to play a subordinate role in the distribution of cocaine in Germany. As a transit country, the Netherlands continue to play an important role in supplying the German cocaine market.

As in previous years, heroin trafficking in Germany was dominated by Turkish OC groups followed by Lithuanian, Nigerian and Serbian-Montenegrin groups, even if their proportionate numbers decreased.

In the year under review, the trafficking in cannabis products was predominantly carried out by German OC groups. An additional role was played by Turkish and, in a handful of investigations, Moroccan groups of perpetrators. Overall, this market segment saw investigations drop by 25 %.

In the year under review the number of investigations focusing on trafficking in and smuggling of amphetamines and amphetamine derivatives fell sharply by 30 %. German OC groups continued to dominate their home market in this sector. The Netherlands are still the main country of origin for amphetamines and amphetamine derivatives.

2.5.2 Property crime

With a share of 14 % of all OC investigations, property offences make up the second largest field of crime.

As in the past, most property crime, by far, involved motor vehicles (more than three quarters of the investigations). The lion's share of the vehicles were stolen in Germany and taken to Poland, Russia, Lithuania, Belarus and Ukraine. The vehicles trafficked into the successor states to the Soviet Union were taken along routes via Poland and also via various Scandinavian states (Denmark, Sweden, Finland). In few cases, vehicles stolen in Italy, Belgium and the Netherlands were marketed in Germany or trafficked to Eastern Europe via Germany.

Other stolen goods were high-quality electronic equipment, cash, jewellery and non-cash means of payment. Groups active in more than one area of crime often also committed fraud or drug trafficking offences.

There was a disproportionately high number of Polish and Lithuanian OC groups involved in property offences, in particular in the field of international vehicle trafficking.

¹⁵ in 487 of a total of 637 investigations

2.5.3 Crime associated with the business world

Within the scope of the OC situation report the term "crime associated with the business world" covers, among other offences, investment offences (in particular investment fraud, participation fraud, fraud in connection with stock market speculation), financing offences, bankruptcy offences, offences in connection with labour, competition-related offences, misappropriation and other fraud (in particular fraudulent failure to provide a service, fraud to the detriment of insurance companies).

With a share of almost 14 % of all OC investigations, crime associated with the business world is the third largest field of organised crime.

In 2003, the year under review, the OC groups operating in this field of crime focused on a very wide range of activities. The most common offences committed by these groups were financing offences (in particular credit fraud and obtaining goods by fraud), investment fraud and competition-related offences (in particular fraud in connection with tenders). In comparison to the previous year, the number of investigations focusing on financing fraud and competition-related offences have particularly increased. False accounting, on the other hand, was by far less important than in the previous year.

As in previous years, the percentage of German groups active in this area rose again and is now over 60 %. While the percentage of Turkish groups remained nearly constant, the proportion made up by Italian groups dropped from 10 % in 2002 to 5.8 %. In this field of crime, the percentage of groups comprised of only one nationality was twice the average of all OC fields of crime.

In 2003 criminal activities continued to concentrate on *modi operandi* focusing on a specific area of crime. Activities in more than one field of crime were rarer and included mainly counterfeiting and property crimes.

2.5.4 Facilitation of illegal immigration

In this field of crime, OC groups provide support for illegal entry and illegal residence by aliens; this support involves gang-type activity on a commercial basis. Furthermore, this term also covers the transport of illegal immigrants through Germany and into other Schengen countries.

The illegal entrants came from a multitude of countries. The major countries of origin were the Eastern European states (in particular Ukraine), the Middle East and Asian countries (predominantly China). Poland, the Czech Republic, Italy and Austria were the most significant transit countries.

Facilitation of illegal immigration was committed by suspects from a variety of ethnic groups. The proportion of German groups has, compared to last year, gone down from 35.6 % to 25 %. Ukrainian, Turkish, Vietnamese and Moldavian groups of perpetrators were the next most frequently recorded groups.

2.5.5 Crime associated with nightlife

The OC situation report classifies the following offences, amongst others, as "crimes associated with nightlife": promoting prostitution, exploiting prostitution, trafficking in human beings/aggravated forms of trafficking in human beings and illegal games of chance.

As in previous years, the investigations focused on trafficking in human beings/aggravated trafficking in human beings and exploitation of prostitutes (two thirds of all investigations).

The majority of women continued to come from Eastern Europe, in particular from the Russian Federation, Ukraine, Lithuania, Rumania and Poland. Poland and the Czech Republic played a significant role as transit countries.

As ascertained in previous years, more and more non-German offenders are forcing their way into this field of crime, in particular Turkish, Lithuanian and Bulgarian OC groups. German OC groups continue to be the most numerous in this field of crime, however, their proportion has decreased continually over the last four years.

Especially in the field of crime associated with nightlife, the OC groups' activities were often not limited to one ethnic group.

2.5.6 Tax and customs offences

The number of investigations (56) remained at the same level as in 2002 (60). With its share of 90 %, cigarette smuggling played a very significant role. It was followed by VAT carousel fraud as a further criminal activity of the OC groups.

Most of the groups smuggled cigarettes to Germany from Lithuania, Russia and Ukraine via Poland. Besides these activities, cigarettes from Eastern Europe were smuggled via Germany and Belgium to the UK, where profit margins are particularly high as a consequence of the high tobacco duty. Furthermore, the smuggling of cigarettes from Asia, in particular from China, was also a significant factor.

Tax and customs offences were committed to a great extent with specialisation in the one specific field of crime, while modi operandi involving more than one area of crime covered, in addition to the tax offences, facilitation of illegal immigration and motor vehicle trafficking.

Most of the OC groups involved in tax and duty offences were dominated by Poles (around one quarter of the investigations). They were followed, by a wide margin in terms of numbers, by German, Lithuanian and Russian dominated OC groups.

Vietnamese groups, who had, in previous years, controlled the illegal distribution of cigarettes mainly in the Berlin area, were dominant in two investigations only for the year under review.

2.5.7 Violent crime

The category "violent crime" in the OC situation report covers the following offences: extortion, protection racketeering, robbery, offences against personal liberty, and offences against life etc.

When violence is used solely as a supporting measure to commit offences in other fields, it constitutes violence in the sense of criterion b) of the OC definition, but such violent behaviour does not fall into the category of "violent crime".

As in previous years, most of the investigations reported in the field of violent crime revolved around crimes of extortion (mainly protection racketeering) and robbery (in particular robberies on banks, money transports and jeweller's). Crimes of extortion were in several cases paired with trafficking in human beings and exploiting prostitution.

The pre-eminent nationalities in this field of crime were Russians and Vietnamese. The significance of German and Polish nationals in this area has diminished.

2.5.8 Counterfeiting/forgery

The following criminal activities come under the rubric of counterfeiting crimes: the production and circulation of counterfeit money, the forgery of non-cash means of payment and the falsification of documents.

Compared to the previous year, the number of groups dropped disproportionately, in line with the on-going general trend over the last few years in OC, as opposed to rising figures in the field of counterfeiting crimes not related to OC.¹⁶

With 12 investigations and seven cases respectively, the production and circulation of counterfeit money (EUR and USD counterfeits) and the forgery of non-cash means of payment (almost exclusively payment cards) continued to be the most common areas of

¹⁶ 29 groups in 2002, 31 groups in 2001, 36 groups in 2000

illegal activity for OC groups. As was the case last year, Bulgaria and Germany were identified as the countries where the majority of counterfeits were produced.

Around one quarter of the investigations were into Bulgarian dominated OC groups. Groups dominated by Turkish, German, Italian, Hungarian and Ukrainian nationals played an additional role.

The proportion of counterfeiting groups acting in more than one area of crime (42.9 %) was far higher than the overall average (23.5 %) for all fields of crime. These groups of perpetrators were primarily active in the fields of alien smuggling, property crime and crimes associated with the business world.

Issues of particular interest

3 Issues of particular interest

3.1 Bulgarian counterfeiting organisations

The euro, who has over the short period since its introduction in January 2002 become one of the major currencies worldwide besides the USD, is an increasingly interesting target for internationally organised currency counterfeiters. The high-quality counterfeit euros are nearly exclusively produced abroad. As early as in the second quarter of 2002, counterfeit euros were distributed in such a quantity and quality, that the European Central Bank classified them as dangerous¹⁷. Although the euro notes series have all the security features available at the time of production, counterfeiters are constantly improving the quality of their products by improving the imitations of watermarks, security threads, fluorescent properties, foil applications (holograms) etc.

The most frequent counterfeit notes established in payment transactions in Germany were EUR 50 bank notes (approx. 58 %) and EUR 100 bank notes (approx. 31 %).¹⁸ At the same time, the quality of the counterfeit euro notes has constantly improved.

In terms of the number of counterfeit euro notes seized in other eurozone countries in 2002, Germany ranked third after France and Spain. France alone accounted for more than 50 % of the counterfeit euros seized, which was due to the fact that large amounts of counterfeits were not only introduced from abroad and distributed in France, but also produced inside France.

The counterfeiters and distributors of counterfeits reported for Germany were - besides Germans - mainly Turkish, Lithuanian and Bulgarian nationals. The offender structures show a great level of organisation and often include distributor networks restricted to one ethnic and social group. Identified and convicted perpetrators do generally not reveal their backers and suppliers.

An increased number of counterfeit 50 EUR and 100 EUR notes from Bulgaria has been reported since the middle of 2002. These were largely counterfeits made with the help of ink jet printers or by use of a combination of various production methods. After the fall in the number of counterfeit euros from Bulgaria during the first six months of 2003, which was possibly caused by several counterfeit workshops in Bulgaria having been dismantled, the number of these counterfeits increased again during the last six months of 2003. In spite of the renewed importance of further countries (in particular Italy) as the

¹⁷ Terminology used by the European Central Bank

origin of counterfeits distributed in Germany, the number of Bulgarian counterfeits continued at a high level.

In the 2002 OC situation report, OC groups dominated by Bulgarian suspects drew particular attention in connection with the production and organised distribution of counterfeit currency in Germany. Therefore, an OC structural analysis on Bulgarian counterfeiting organisations was carried out for 2003.

Group structures

Within the OC proceedings in Germany, investigations mainly focused on suspects who uttered counterfeit notes, made arrangements for the distribution of counterfeits or worked as couriers. The counterfeiting organisations in Bulgaria proved to be extremely compartmentalised.

Groups structures inside Germany showed great variation in their level of organisation.

Bulgarians who were to utter counterfeit notes often enter Germany by coach or passenger car in small groups or as individuals. The suspects frequently divide up tasks among groups of at least three persons. The Bulgarians who utter counterfeits in general do not plan to stay in Germany for a longer period of time. Their objective is to utter the counterfeit notes and immediately return to Bulgaria.

Another method is that groups of perpetrators of different ethnic origins work together in Germany on various levels in network-style structures. However, this method nearly always involves intermediates or couriers from Bulgaria. These are, besides ethnic Bulgarians, Bulgarian nationals of Turkish origin.

The suspects at the lowest distribution level in general operate regionally. Groups that utter counterfeit currency largely also developed illegal activities in connection with distributing false documents. The second lowest distribution level already has a nationwide and/or international network of contacts and buyers in other eurozone countries.

The groups of offenders in Germany are to a large extent structured in line with their gang-type *modi operandi*. In few cases, supraregional groups have been recorded that work independently but co-operate in various forms with other OC groups. The majority of producers and/or large-scale dealers of counterfeits in Bulgaria are, however, considered OC perpetrators.

¹⁸ Deutsche Bundesbank (German Federal Bank): "Falschgeldanfall in Deutschland im 2. Halbjahr 2003",

Combating counterfeiting crimes

The sustainable suppression of organised bank note counterfeiting and uttering is a difficult task. Manufacturing and distributing counterfeit currency at an international scale requires a co-ordinated modus operandi.

Combating the production and distribution of counterfeit currency and credit card crime as well as falsification of identity documents in connection with follow-up crimes has been accorded great importance in the EU. Therefore, combating measures on various levels also extend to EU candidate countries as well as third countries concerned with the phenomenon.

After the new Bulgarian government came into power in 2001, more emphasis was put on the suppression of counterfeit currency in Bulgaria, in particular after the introduction of the euro. Since then, considerable amounts of counterfeit bank notes have been seized. Over the last few years, several workshops were identified, in which high-quality counterfeits were produced with the help of relatively modest technical equipment.

Furthermore, the transnational co-operation with a view to the neutralisation of OC groups has borne first fruits. This is also the background for the Bulgarian law enforcement authorities' constant wish for the provision of advice, exchange of experience and even supply of material support, where Germany is considered an important partner.

Therefore, in Sofia in late September 2003 the German and Bulgarian Ministers of the Interior signed a treaty on the closer co-operation in combating organised and serious crime, in particular the production and distribution of counterfeit currency.

On the occasion of international meetings of European counterfeit currency experts, comprehensive recommendations were drawn up on improvements for the suppression of counterfeit currency throughout Europe.

English version: "Incidence of counterfeits in Germany in 2nd half of 2003"

3.2 OC committed by Kurdish suspects

The OC structural analysis includes Kurdish suspects irrespective of their nationality or religion. Reliable figures for Kurds living in Germany are not available since German authorities do not record persons according to their ethnic origin but according to their nationality. The Kurds' native lands fall into the national territories of Turkey, Syria, Iran and Iraq.

The 2002 OC situation report recorded 18 investigations (of a total of 690 OC proceedings) with criminal activities dominated by Kurdish suspects.

Criminal activities

In 2002 the criminal activities of OC groups dominated by Kurdish suspects focused on drug trafficking and smuggling as well as alien smuggling.

Drug trafficking and smuggling

Kurdish OC groups operating in Germany mainly focused on heroin smuggling and trafficking. The persons investigated during narcotics proceedings were Turks and Germans of Kurdish origin only. The makeup of the offender groups varied extremely from small gang-like groups to hierarchic structures with extensive branches. Very frequently, groups were composed by persons from the same family, town or region.

The investigated groups were responsible for illegal import and intermediate-level trafficking. The narcotics were smuggled into Germany either from Turkey (via the Balkans route) or from the Netherlands. Both in Turkey and in the Netherlands, the majority of suppliers were Kurds. In case of bottlenecks in supplies, the groups also acquired heroin from Kurdish suppliers in Germany. The heroin trafficked was provided to regional markets, in particular within North Rhine-Westphalia. On the other hand, heroin was also trafficked at a transregional or national level. In part, the groups controlled all the trafficking stages from the country of origin to the supply to small-scale dealers or consumers. In half of the investigations, the criminal activities were controlled from within Turkey.

The groups were proven to have trafficked and/or smuggled between 3 and 40 kg of heroin (as a total of several individual deals).

The profits made by heroin trafficking were, in general, used for consumer goods, covering debts, illegal gambling or visits to brothels. Considerable assets were not confiscated in any of the investigations. The financial means of the investigated Kurdish perpetrators in Germany were rather limited.

Facilitation of illegal immigration

Kurdish organisations smuggle aliens by sea, air and land offering a wide variety of services at a range of prices. The identified *modi operandi* for alien smuggling by air or land did not differ considerably from the methods used by groups of alien smugglers of other nationalities and/or ethnic origins. The present structural analysis focused on the smuggling of aliens by sea across the Mediterranean and their onward transfer to Germany.

Since the middle of the 1990s, Kurdish alien smuggling organisations have gained a prominent position in the field of alien smuggling by sea in the Mediterranean region. Due to the high logistic requirements for transporting nearly 1,000 persons at a time, a considerably stronger structural organisation, higher investments and a longer period of co-operation, mainly in the countries of origin, can be noted for this phenomenon.

The investigations in general covered only part of the principal overall structures, which accounted only for one stage of the trafficking route. In most of the cases, the investigations focused on the illegal entrants being picked up in Italy and smuggled into Germany, by which relevant information about the overall structures was obtained as well. Many of the migrants had been smuggled across the Mediterranean into Italy by sea and transferred to Germany. Kurdish migrants were, in general, not smuggled with a view to committing crimes, but for economic reasons.

For being smuggled by sea, the illegal entrants had to pay between USD 2,500 and USD 10,000, depending on the desired final destination after the stopover in Italy and further means of transport (freight trains, minivan, passenger car, aircraft) to cover the whole smuggling procedure. The monies were in most cases paid by the migrants' family members through cash transfer systems that do not require a bank account (for instance Western Union) or by some form of underground banking¹⁹ - the so-called "hawala" banking in its various forms - to backers in Greece, Turkey, Iraq, Syria or the Lebanon. The onward smuggling into Germany was to a large extent managed by "sub-contractors" operating independently from Germany who were often supported by family members of the illegal entrants.

Overall, OC committed by Kurdish suspects poses a rather average threat and danger potential.

¹⁹ The term "underground banking" is used for what is internationally called "Alternative Remittance Systems" (ARS).

Alien smuggling by Kurds has dropped due to the reduced push factors for migration, in particular from Iraq. Thanks to co-ordinated international action, the significance of maritime migrant smuggling by Kurdish groups has been reduced. It appears that these developments, in particular in the smuggling of Kurdish aliens by sea via Tunisia and Libya, will require further monitoring.

In the field of drug-related crime, heroin trafficking and smuggling remains an important police issue. Turkish-Kurdish OC groups still played a role in this context, although their numbers and the "quality" of investigations were lower than in previous years.

It is, however, still unclear whether these trends show that the importance of Kurdish groups in the field of heroin trafficking is actually diminishing or whether the lower figures are only due to gaps in police information.