

**INTS 4987 – FORCED LABOUR & HUMAN
TRAFFICKING**

***Transnational Organized
Crime Groups Operating within
the United States: An
Evaluation of their
Participation in Human
Trafficking and Other Forms
of Illicit Trade***

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Executive Summary

The purpose of this report is to examine the participation of transnational organized crime groups in human trafficking. In extension, the report also looks at the correlation between human trafficking and other forms of illicit trade used in the enterprises of selected transnational organized crime groups that have significant operations in the United States. The report shows how these transnational organized crime groups gradually broaden their criminal enterprise. Many of the largest organized crime syndicates started with one form of illicit trade or activity and expanded their enterprise to other forms.

The report looks at the cultural, historical, and economic variables that not only create transnational organized crime groups, but also sway the groups to different forms of illicit trade. The main questions presented during the research process were:

- 1) What historical, cultural, and economic elements contribute to organized crime enterprises diversifying their activities to include human trafficking?
- 2) What patterns and variables exist for explaining why some organized crime groups begin their criminal enterprises with human trafficking?
- 3) How does human trafficking correlate with other forms of illicit trade, particularly drug and arms trafficking?
- 4) What variables can lead organized crime groups to change their cultural norms and principles to allow them to participate in human trafficking (e.g. La Cosa Nostra)?

These four questions were the guiding factors in collecting the data and developing the focus for this report.

To understand the parameters the report must work within, a few definitions need to be provided. While the concept of organized crime has a global understanding, other governments and law enforcement

agencies provide varied definitions. Since this report focuses on transnational organized crime groups operating within the U.S., the definition used is that of the Federal Bureau of Investigation (F.B.I.). The F.B.I. defines organized crime as

[...] any group having some manner of a formalized structure and whose primary objective is to obtain money through illegal activities. Such groups maintain their position through the use of actual or threatened violence, corrupt public officials, graft, or extortion, and generally have a significant impact on the people in their locales, region, or the country as a whole”¹

While many forms of organized crime fall under this definition, the report maintains a focus on only transnational organized crime groups.

The report shows that successful transnational organized crime groups start with one form of illicit activity and eventually diversify into other forms. The illicit activity they start with is typically what is most available to them. In the case of many former Soviet Union countries, the most available and easily accessible commodities are people trapped in severe poverty. Due to their economic circumstances, they are increasingly vulnerable to human trafficking. While this is not the norm with all transnational organized crime groups, we can see this as a pattern in countries plagued with severe poverty.

Another norm found is that many transnational organized crime groups who began their enterprises with illicit trades often diversify to participating in human trafficking. If we are to look at human trafficking and other forms of illicit trade in terms of simple economics, we can determine that human trafficking is more profitable. This is particularly true with sex trafficking. A man, woman, or child can be sold several times in a single day while drugs and weapons have a limited supply. With drugs and weapons, eventually the supply will run out and the dealer/trafficker will have to produce more.

¹ Federal Bureau of Investigation Website, Organized Crime, “Glossary of Terms”, <http://www.fbi.gov/about-us/investigate/organizedcrime/glossary>

People are also commodities in terms of forced labor. An article written by Miriam Wells for the website, *In Sight Crime: Organized Crime in the Americas*, shows that law enforcement agencies have found several instances in Mexico where “[d]isappeared Mexicans are reportedly being enslaved in forced labor camps run by criminal groups”.² The article goes on to state that the work done by those enslaved “include forced killings, preparing marijuana, constructing tunnels, cleaning safe houses, preparing food, installing communications equipment, and acting as lookouts or sex slaves.”³ This shows a strong correlation between human trafficking and other forms of illicit trade.

During the course of research for this report, it became evident that globalization has been a significant factor in the expansion of illicit trades operated by transnational organized crime groups. These groups are in essence businesses that set out to make money. The black-market and illicit trades are typical outcomes of global economy and exist to fulfill demands that have been made illegal by governments. Cultural and economic norms and principles of these groups change or are ignored depending on what is perceived to be more profitable. While illicit trade is a global issue, the demand for illicit commodities in the U.S. is particularly high. This fact creates a profitable environment for transnational organized crime groups to operate and the commodity that they trade in will depend on the access they have to it and the demand they have received for it.

² In Sight Crime: Organized Crime in the Americas, *Criminal Groups Enslaving Mexicans In ‘Forced Labor Camps’*, Miriam Wells, Monday, 15 July 2013, <http://www.insightcrime.org/news-briefs/criminal-groups-enslaving-mexicans-in-forced-labor-camps>

³ Ibid.

“Environmental degradation, overpopulation, refugees, narcotics, terrorism, world crime movements, and organized crime are worldwide problems that don’t stop at a nation’s borders.”

- Warren Christopher
The 63rd United States Secretary of State

I. Introduction

Since the beginning of the 20th Century, the issue of organized crime has been significant to United States’ law enforcement and policy makers alike. The purpose of this report is to examine the participation of transnational organized crime (TOC) groups in human trafficking. In extension, the report also looks at the correlation between human trafficking and other forms of illicit trade used in the enterprises of selected TOC groups that have significant operations in the United States. The report shows how these groups gradually broaden their criminal enterprise. Many of the largest organized crime syndicates started with one form of illicit trade or activity and expanded their enterprise to other forms.

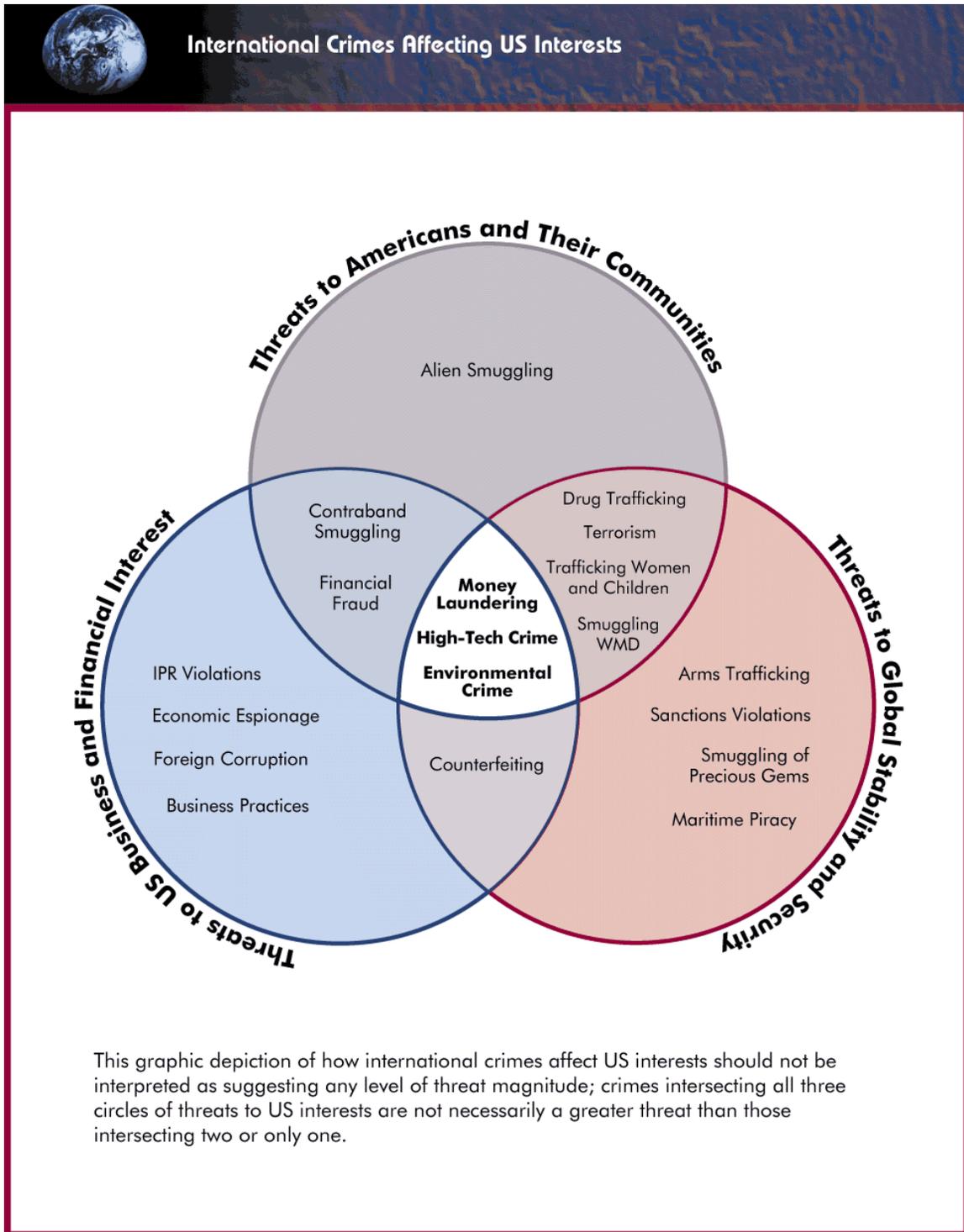
The focus of this report will be on selected transnational organized crime groups that have been known to participate in human trafficking and will then expand to the other forms of illicit trade that these groups operate in. The report will also look at the cultural, historical, and economic variables that not only create transnational organized crime groups, but also sway the groups to different forms of illicit trade. The main questions presented during the research process are:

- 5) What historical, cultural, and economic elements contribute to organized crime enterprises diversifying their activities to include human trafficking?
- 6) What patterns and variables exist for explaining why some organized crime groups begin their criminal enterprises with human trafficking?
- 7) How does human trafficking correlate with other forms of illicit trade, particularly drug and arms trafficking?
- 8) What variables can lead organized crime groups to change their cultural norms and principles to allow them to participate in human trafficking (e.g. La Cosa Nostra)?

These questions were the guiding factors in collecting the data and developing the focus for this report.

When looking at the issue of transnational organized crime in the United States it is important to understand that law abiding citizens are not the only ones who see the United States as a land of opportunity. The freedoms we enjoy in the U.S. have also been appealing to the criminal elements of other countries where their movements and freedoms have been severely restricted. The United Nations Office on Drugs and Crime states that “[e]ach year, transnational organized crime generates an estimated \$870 billion”.⁴ Keeping this statistic in mind, the circle chart on the following page illustrates how criminal enterprises pose a significant threat to the U.S., as well as nations around the globe. Developed by the *Federation of American Scientists* in December of 2000, it illustrates the threats posed by transnational organized crime to three different areas of national and international security. These areas are Americans and the communities they live in, global stability and security, and U.S. business and financial interests.

⁴ “Transnational Organized Crime”, *United Nations Office on Drugs and Crime*, <http://www.unodc.org/tox/>



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⁵ International Crime Threat Assessment”, *Federation of American Scientists*, December 2000, <https://www.fas.org/irp/threat/pub45270chap1.html>

II. Methodology

The collection of the information needed will be gathered through U.S. and international legal cases and through past and current law enforcement activities that deal with transnational organized crime and illicit trade. Sources will include the United Nations, Interpol, the U.S. Department of Justice, the Federal Bureau of Investigation, and other national and international organizations that have done significant research and law enforcement activity in combatting transnational organized crime groups. Due to the natures of organized crime and illicit trade, the variables and findings of this study will be primarily qualitative rather than quantitative. Presenting extensive data on these issues would be based on estimates of these illicit activities and would therefore leave too large of a margin for error.

Focusing on TOC groups that have already been identified as participating in human trafficking, this report will use a process trace method in order to reveal patterns and develop answers to the four main questions posed. In addition, a set of variable questions will be used in order to structure the process trace. Below, the variables to be studied are listed for each question.

Variables for Questions 1 & 2

- Historical settings and events that formed organizations
- Cultural norms/standards of the organizations
- Economic environments where the organizations began
- Political environments where the organizations began
- Economic demands of the black market
- Availability and access to illicit commodities in demand

Variables for Question 3

- If the organization participates in more than one illicit trade, do they use the same methods of transportation?
- To what extent are human trafficking victims forced/coerced into participating in other forms of illicit trade? (e.g. drug mules, forced labor in producing drugs, etc.)
- Has the organization used human trafficking victims as forms of currency in order to obtain another illicit commodity?

Variables for Question 4

This question will focus on known criminal organizations that have at one time had rules against prostitution, such as La Cosa Nostra organizations, but have in recent years begun to ignore these rules. The variables listed below for this question will be aimed at identifying what caused this shift in policy.

- Has the organization ever had policies against prostitution and sex trafficking?
- When did the organization begin participating in prostitution and sex trafficking?
 - Is there a certain period of time when a shift in policy is visible?
 - Can this be attributed to a single person (i.e. change in leadership)?
- Is there a single event or action that can be attributed to the change in policy? If so what?

Heavy emphasis in this study will be placed on determining how and why transnational organized crime groups participate in certain illicit trades. A comprehensive understanding of the historical, cultural, and economic variables is vital to developing analyses and answers to the

four main questions. As governments are responsible for creating laws in their countries, the political climates of various states must also be evaluated in order to determine if certain laws have created hospitable environments for these organized crime groups to develop. It is reasonable to infer that unstable governments lead to the vulnerability of the people under their rule. When people become vulnerable they search for ways to better their situations. Some turn to criminal motives in order to survive, while others become victims of these criminals.

III. Definitions & Clarification of Terms

To understand the parameters the report must work within, a few definitions need to be provided. While the concept of organized crime has a global understanding, other governments and law enforcement agencies provide varied definitions. Since this report focuses on transnational organized crime groups operating within the U.S., most of the definitions used have been developed by U.S. agencies and legislative policies.

Definitions

Transnational Organized Crime (as defined by the U.S. Department of Justice):

Transnational organized crime refers to those self-perpetuating associations of individuals who operate transnationally for the purpose of obtaining power, influence, monetary and/or commercial gains, wholly or in part by illegal means, while protecting their activities through a pattern of corruption and/or violence, or while protecting their illegal activities through a transnational organizational structure and the exploitation of transnational commerce or communication mechanisms. There is no single structure under which transnational organized criminals operate; they vary from hierarchies to

clans, networks, and cells, and may evolve to other structures. The crimes they commit also vary. Transnational organized criminals act conspiratorially in their criminal activities and possess certain characteristics which may include, but are not limited to:

- In at least part of their activities they commit violence or other acts which are likely to intimidate, or make actual or implicit threats to do so;
- They exploit differences between countries to further their objectives, enriching their organization, expanding its power, and/or avoiding detection/apprehension;
- They attempt to gain influence in government, politics, and commerce through corrupt as well as legitimate means;
- They have economic gain as their primary goal, not only from patently illegal activities but also from investment in legitimate businesses; and
- They attempt to insulate both their leadership and membership from detection, sanction, and/or prosecution through their organizational structure.⁶

Criminal Enterprise (as defined by the Federal Bureau of Investigation):

The FBI defines a criminal enterprise as a group of individuals with an identified hierarchy, or comparable structure, engaged in significant criminal activity. These organizations often engage in multiple criminal activities and have extensive supporting networks. The terms Organized Crime and Criminal Enterprise are similar and often used synonymously. However, various federal criminal statutes specifically define the elements of an enterprise that need to be proven in order to convict individuals or groups of individuals under those statutes.

The Racketeer Influenced and Corrupt Organizations (RICO) statute, or Title 18 of the United States Code, Section

⁶ *Strategy to Combat Transnational Organized Crime*, White House, 2011

1961(4), defines an enterprise as "any individual, partnership, corporation, association, or other legal entity, and any union or group of individuals associated in fact although not a legal entity."

The Continuing Criminal Enterprise statute, or Title 21 of the United States Code, Section 848(c)(2), defines a criminal enterprise as any group of six or more people, where one of the six occupies a position of organizer, a supervisory position, or any other position of management with respect to the other five, and which generates substantial income or resources, and is engaged in a continuing series of violations of subchapters I and II of Chapter 13 of Title 21 of the United States Code.⁷

Organized Crime (as defined by the Federal Bureau of Investigation):

The FBI defines organized crime as any group having some manner of a formalized structure and whose primary objective is to obtain money through illegal activities. Such groups maintain their position through the use of actual or threatened violence, corrupt public officials, graft, or extortion, and generally have a significant impact on the people in their locales, region, or the country as a whole.⁸

Significant Racketeering Activity (as defined by the Federal Bureau of Investigation):

The FBI defines significant racketeering activities as those predicate criminal acts that are chargeable under the Racketeer Influenced and Corrupt Organizations statute. These are found in Title 18 of the United States Code, Section 1961 (1) and include the following federal crimes:

- Bribery
- Sports Bribery
- Counterfeiting
- Embezzlement of Union Funds
- Mail Fraud
- Wire Fraud

⁷ "Glossary of Terms", *Federal Bureau of Investigation, Office on Organized Crime*, <http://www.fbi.gov/about-us/investigate/organizedcrime/glossary>

⁸ Ibid.

Money Laundering
Obstruction of Justice
Murder for Hire
Drug Trafficking
Prostitution
Sexual Exploitation of Children
Alien Smuggling
Trafficking in Counterfeit Goods
Theft from Interstate Shipment
Interstate Transportation of Stolen Property

And the following state crimes:

Murder
Kidnapping
Gambling
Arson
Robbery
Bribery
Extortion
Drugs⁹

Human Trafficking (as defined by the Palermo Protocol):

- (a) “Trafficking in persons” shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the 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 the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs;
- (b) The consent of a victim of trafficking in persons to the intended exploitation set forth in subparagraph (a) of this article shall be irrelevant where any of the means set forth in subparagraph (a) have been used;

⁹ Ibid.

- (c) The recruitment, transportation, transfer, harbouring or receipt of a child for the purpose of exploitation shall be considered “trafficking in persons” even if this does not involve any of the means set forth in subparagraph (a) of this article;
- (d) “Child” shall mean any person under eighteen years of age.¹⁰

Illicit Trade:

Most agencies and organizations define illicit trade in terms of one specific type (e.g. illegal tobacco market, arms trafficking, drug trafficking). For the purpose of this report the term illicit trade has been generalized to include all types of illegal black market activity and the definition is one merged by the common Merriam-Webster definitions of illicit and trade.

Illicit:

il·lic·it *adjective* \ (,)i(l)-'li-sət\
 : not allowed by law : unlawful or illegal
 : involving activities that are not considered morally acceptable¹¹

Trade:

trade *noun* \ 'trād\
 : the activity or process of buying, selling, or exchanging goods or services
 : the amount of things or services that are bought and sold : the money made by buying and selling things or services

¹⁰ *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime (Palermo Protocol)*, General Provisions, Article 3: Use of Terms; United Nations 2000

¹¹ Merriam-Webster Online Encyclopedia, <http://www.merriam-webster.com/dictionary/illicit>

: the act of exchanging one thing for another¹²

Merging the two definitions we define illicit trade as an unlawful or illegal activity or process of buying, selling, or exchanging goods or services.

IV. Major Transnational Organized Crime Groups Operating in the U.S.

Los Zetas Cartel

Background

The Los Zetas Cartel is a transnational organized crime group that developed in Mexico in the late 1990s. Originally part of the Gulf Cartel, the founding members of the Zetas were also at one time members of the Mexican Army's special forces. According to an article published by *Foreign Affairs*,

The Zetas are not the archetypal drug-smuggling organization. [...] It has managed to diversify its sources of revenue. Rather than concentrating on trafficking drugs, the Zetas' portfolio includes everything from piracy, extortion, kidnapping, and migrant smuggling to theft from oil pipelines and levying taxes on other criminal organizations. Some of these activities provide the group with greater profits than they receive from drugs. And the Zetas' drug trade is itself diversified. Not only does it smuggle drugs into the United States, where there is a considerable markup in prices; it also supplies local drug markets along the entire route to the United States from Central America.¹³

¹² Merriam-Webster Online Encyclopedia, <http://www.merriam-webster.com/dictionary/trade>

¹³ "Los Zetas' Spawn: The Long Afterlife of Mexico's Most Ruthless Drug Gang", Dyer, Dwight and Sachs, Daniel, *Foreign Affairs*, Aug. 5, 2013, <http://www.foreignaffairs.com/articles/139626/dwight-dyer-and-daniel-sachs/los-zetas-spawn>

Along with maintaining diversified criminal enterprises, the Zetas also function under a unique type of organizational structure. “Instead of developing a strong vertical hierarchy, they have built a horizontal, decentralized one.”¹⁴ The Zetas maintain several different leaders operating their own individual cells, acting independently in order to achieve the Zetas’ overall goals.

The unique organizational structure of the Zetas’ is a main factor behind the group’s ability to spread so quickly. Another is the fact that the group has never identified itself as a strictly drug trafficking organization. According to an article written for the website *In Sight Crime*,

[...] the Zetas have never looked at themselves as a drug trafficking operation. They have always been a military group whose primary goal is to control territory. In essence, the Zetas understood something the other groups did not: they did not need to run criminal activities in order to be profitable; they simply needed to control the territory in which these criminal activities were taking place.¹⁵

Once the Zetas gain control of a certain territory, they then take over the already existing criminal enterprises within that territory or they “extort petty drug dealers, human traffickers, human smugglers, thieves and contraband traders.”¹⁶

Use of Human Trafficking Victims in Other Illicit Trades

An article written by Miriam Wells for the website, *In Sight Crime: Organized Crime in the Americas*, shows that law enforcement agencies have found several instances in Mexico where “[d]isappeared Mexicans are reportedly being enslaved in forced labor camps run by criminal groups”.¹⁷ The article goes on to state that the work done by

¹⁴ Ibid.

¹⁵ Dudley, Steven, Rios, Viridiana, “Why Mexico’s Zetas Expanded Faster than their Rivals”, *In Sight Crime*, April 21, 2013, <http://www.insightcrime.org/news-analysis/why-mexicos-zetas-expanded-faster-rivals>

¹⁶ Ibid.

¹⁷ *In Sight Crime: Organized Crime in the Americas, Criminal Groups Enslaving Mexicans In ‘Forced Labor Camps’*, Miriam Wells, Monday, 15 July 2013,

those enslaved “include forced killings, preparing marijuana, constructing tunnels, cleaning safe houses, preparing food, installing communications equipment, and acting as lookouts or sex slaves.”¹⁸ This shows a strong correlation between human trafficking and other forms of illicit trade.

Numerous survivors of human trafficking have come forward in recent years testifying in criminal cases and identifying the Zetas as their traffickers. In one *CNN* interview conducted by Michael Ware in 2009, one unidentified woman describes her experience after trying to migrate to the U.S. While travelling to the U.S., she was kidnapped by a faction of the Zetas. They held her and many others in a secret location while they blackmailed their families for money to buy them back. The interview discusses how the Zetas used people in whatever way they saw necessary in order to make money off of them. Men whose families could not pay to free them were killed and the women who could not be freed were forced into prostitution. The woman being interviewed not only experienced being raped on a regular basis, but was also forced to cook and serve the Zetas holding her.¹⁹

As discussed earlier, the Zetas’ main method of operation is to gain control over territory and then take over the illicit trades already in operation in those territories. The irregular migration of Mexican citizens is a key indicator of Mexico’s economic instability and in an effort to better their economic situations, Mexican citizens begin moving through territories controlled by the Zetas, leaving themselves increasingly vulnerable to extortion, exploitation, and violence.

<http://www.insightcrime.org/news-briefs/criminal-groups-enslaving-mexicans-in-forced-labor-camps>

¹⁸ Ibid.

¹⁹ Ware, Michael, “Los Zetas: Trafficking in Human Misery”, *CNN*, Aug. 16, 2009, <http://newsroom.blogs.cnn.com/2009/08/16/los-zetas-trafficking-in-human-misery/>

Italian Mafia

Background

The Italian Mafia has been identified as one of the first recognized forms of organized crime in the United States and thus, has the most available information regarding its history and activities. Italian Mafia is an umbrella term for various organized crime groups originating in Italy. First appearing in the 1800s, the Italian Mafia has “infiltrated the social and economic fabric of Italy and now impact the world. They are some of the most notorious and widespread of all criminal societies.”²⁰ The F.B.I. identifies five major Italian transnational organized crime groups operating in the U.S. They are La Cosa Nostra, the Sicilian Mafia, Camorra/Neapolitan Mafia, the ‘Ndranghet/Calabrian Mafia, and the Sacra Corona Unita (United Sacred Crown).

Of these five groups, the F.B.I. has declared La Cosa Nostra as the greatest organized crime threat to the United States. La Cosa Nostra “is a nationwide alliance of criminals—linked by blood ties or through conspiracy—dedicated to pursuing crime and protecting its members.”²¹ A typical requirement for membership in these groups is to come from an Italian heritage. However, La Cosa Nostra and other Italian Mafias have been known to do business with other ethnically different organized crime groups, a main one being the Albanian Mafia, which will be discussed further along in this report.

Illicit Trades

Italian Mafiosi figured out a long time ago that diversification of criminal enterprises was the best way to successfully expand their criminal empires. These groups are not only involved in drug trafficking and human trafficking, but also

²⁰ “Italian Organized Crime”, *Federal Bureau of Investigation, Office on Organized Crime*, http://www.fbi.gov/about-us/investigate/organizedcrime/italian_mafia

²¹ Ibid.

illegal gambling, political corruption, extortion, kidnapping, fraud, counterfeiting, infiltration of legitimate businesses, murders, bombings, and weapons trafficking. Industry experts in Italy estimate that their worldwide criminal activity is worth more than \$100 billion annually.²²

It is rare to find an Italian organized crime group that only participates in one form of illicit trade. Rather, their crimes include the entire range of activities found under the definition of racketeering. The comingling of funds from both legal and illegal revenues is common and it is not uncommon to see Italian Mafia leaders with ties to the political and business elite.

When discussing Italian organized crime and human trafficking, particularly sex trafficking, it is important to note that it is a development of the twentieth century. The original mafia groups in Italy did not typically participate in prostitution due to the cultural taboos surrounding it and it was typically considered off limits to Italian Mafiosi. However, when Italian organized crime groups immigrated to the United States, they were introduced to a melting pot of cultures where, while still looked down upon, prostitution was more widely accepted and seen as a reasonable enterprise for criminals to make a profit. In the process of taking over territory, La Cosa Nostra diversified its enterprises to include prostitution. With globalization, the Italian Mafia's participation in forced prostitution and human trafficking has become wide spread and no longer prohibited by cultural taboos.

Russian Mafia (Bratva)

Background

Like the Italian Mafia, Russian Mafia is an umbrella term for organized crime groups originating in Russia and, historically, the Soviet Union. According to an article written by *BBC News* covering the history

²² Ibid.

and origins of Russian Mafia, organized crime began to take hold during the Brezhnev administration. “Crooks known as ‘thieves in law’ (vory y zakone) [sic] began to fill the gap, supplying luxuries such as jeans, cigarettes, vodka, chewing gum and hi-fi equipment to those who could afford them.”²³ After the collapse of the Soviet Union, these criminals gained extensive mobility in their criminal enterprises and began to expand both their international reach and black market ventures.

While the Russian Mafia is made up of many different factions, they typically follow the code/guidelines of the Vory v Zakone, also known as the Thieves in Law. In an article written by Michael Schwartz for the *New York Times*,

The Vory was born of Stalin's prison camps and grew into a group of criminal barons who kept order in the gulags and governed the dark gaps in Soviet life beyond the reach of the KGB. While the Communist Party had a steadfast grip on government and society, the Vory had something of a monopoly on crime.²⁴

“With its own code of ethics,”²⁵ the Vory quickly spread throughout all of the post-Soviet territories, introducing a new brand of transnational organized crime to the developing globalized economy.

Use of Human Trafficking Victims in Other Illicit Trades

Unlike the Italian Cosa Nostra, the Vory v Zakone code of ethics has never prohibited its members from participating in the enterprise of prostitution and human trafficking. From the beginning, Russian organized crime groups have used human trafficking (in most cases forced prostitution/sex trafficking) as a leading method of producing

²³“The rise and rise of the Russian mafia”, *BBC News*, Nov. 11, 1998, http://news.bbc.co.uk/2/hi/special_report/1998/03/98/russian_mafia/70095.stm

²⁴ Schwartz, Michael, “Vory v Zakone has hallowed place in Russian criminal lore”, *New York Times*, July 29, 2008, <http://www.nytimes.com/2008/07/29/world/europe/29iht-moscow.4.14865004.html?pagewanted=all&r=1&>

²⁵ Ibid.

income. With the collapse of the Soviet Union, millions of people were left vulnerable, which gave the Bratvas easy access to a commodity that has had a continual increase in demand.

Balkan Organized Crime

Background

Balkan organized crime groups are another product of the collapse of the Soviet Union. According to the F.B.I.,

“Balkan Organized Crime” applies to organized crime groups originating from or operating in Albania, Bosnia-Herzegovina, Croatia, Kosovo, the former Yugoslav Republic of Macedonia, Serbia and Montenegro, Bulgaria, Greece, and Romania.²⁶

Typically, Balkan organized crime groups are based on clan and ethnic structures. For example, organized crime groups originating in Romania will typically only be made up of ethnically Romanian individuals and often times made up by members all from the same region or neighborhood in Romania. Another likeness with Russian organized crime is that the code of the Vory v Zakone is present within the structures of Balkan organized crime groups and since the collapse of the Soviet Union have been operating their enterprises along side those their Russian counterparts.

Balkan organized crime first started appearing in the United States in the 1980s. These organizations originally were only “involved in low-level crimes, including bank robberies, ATM burglaries, and home invasions.”²⁷ However, before long “ethnic Albanians affiliated themselves with the established [La Cosa Nostra] families in New York, acting as low-level participants.”²⁸ Eventually, these Albanian crime organizations,

²⁶ “Balkan Criminal Enterprises”, *Federal Bureau of Investigation, Office on Organized Crime*, <http://www.fbi.gov/about-us/investigate/organizedcrime/balkan>

²⁷ Ibid.

²⁸ Ibid.

most notably the Rudaj Organization (The Corporation), split away from La Cosa Nostra and began to compete for territory. Operating higher level and more sophisticated crimes

Illicit Trades

Among all the Balkan organized crime groups operating in the U.S., the Rudaj Organization, also known as The Corporation, maintains the highest level of notoriety for its criminal enterprises. As such, there is a substantial amount of information on their current and past criminal activities. Convictions and indictments for members of The Corporation have accumulatively included human trafficking, as well as all the crimes included under the definition of racketeering. The F.B.I. notes that

[m]any years of communist rule led to black market activities in the Balkans, but the impact of these activities was limited to the region. When communism collapsed in the late 1980s and early 1990s, it led to the expansion of Balkan organized crime activities. Criminal markets once closed to Balkan groups suddenly opened, and this led to the creation of an international network. Within the Balkans, organized crime groups infiltrated the new democratic institutions, further expanding their profit opportunities.²⁹

In immigrating to the U.S., The Corporation was able to use its connections within Balkan countries to supply the United State's black market enterprises and expand the reach of Balkan transnational organized crime.

Aiming to supply a demand, The Corporation began trafficking in drugs, Soviet-era weaponry, and people. All three of which were not only in high demand, but also easily accessible. The collapse of the Soviet Union not only left massive weapons caches vulnerable to theft and their guards open to bribery, but it also led to an extreme vulnerability of the people once caught within the grasp of the communist empire. No longer able to depend on the Soviet Union's mandatory "benefits", people began

²⁹ Ibid.

migrating and searching for ways to become economically secure. While some looked for legal ways to better their circumstances, others found illegal methods to be more lucrative and found it all too easy to exploit and extort their fellow countrymen.

Snakeheads

Background & Illicit Activities

Snakeheads are Chinese organized crime groups that specialize in smuggling people into foreign countries. For the purposes of this report, we will be looking at the Snakehead operation led by Cheng Chui Ping, commonly known as “Sister Ping”. Currently serving a 35-year prison sentence, “Sister Ping” was convicted of human smuggling in 2006. The F.B.I. notes that “[f]or more than a decade, Cheng smuggled as many as 3,000 illegal immigrants from her native China into the U.S.—collecting more than \$40 million from immigrants by charging upwards of \$40,000.”³⁰

Snakeheads’ primary enterprise is that of human smuggling. However, while smuggling is not legally considered trafficking, the line between the two is easy to cross. Often, when a person being smuggled is unable to pay the fee to get to the U.S., the smugglers will “allow” the individual to pay off their debt once they get to the U.S. If they cannot pay, the Snakeheads will force them to work exploitative environments until their debts are paid off. In the case of “Sister Ping”, she “allowed some customers to pay part of their fee, but once in the U.S. they were held or threatened with violence until the balance was paid.”³¹

In a short biography of her illicit activities in the U.S., the F.B.I. notes that “Sister Ping”

³⁰ “The Case of the Snakehead Queen”, *The Federal Bureau of Investigation*, March 17, 2006, http://www.fbi.gov/news/stories/2006/march/sisterping_031706

³¹ Ibid.

started her smuggling service shortly after she entered the U.S. in 1981. Her business flourished and she joined with other snakeheads to buy ships that could carry more desperate immigrants at a time. During the early 1990s, she ruled her enterprise from a variety store in Manhattan's Chinatown. Using her illegal proceeds, she also ran a legitimate travel agency and real estate company. Many customers were illegal aliens she'd smuggled into the country. At the height of her operations, she owned restaurants, a clothing store, and real estate in Chinatown, as well as apartments in Hong Kong and a farm in South Africa.

As an illegal immigrant herself, “Sister Ping” understood intimately the vulnerabilities of the people she smuggled into the U.S. The cultural, political, and economic situations in her native country were all factors in her success as a leading figure in a transnational organized crime enterprise.

While “Sister Ping’s” story and rise in the black market world of human smuggling is interesting, it is not unique or representative of the entire realm of Asian transnational organized crime. The F.B.I. has begun identifying many structural and organizational trends within Asian transnational organized crime groups.

First, it is more common to see criminal groups cooperate across ethnic and racial heritage lines. Also, some gangs and criminal enterprises have begun to structure their groups in a hierarchical fashion to be more competitive, and the criminal activities they engage in have become globalized. Finally, more of these criminal enterprises are engaging in white-collar crimes and are co-mingling their illegal activities with legitimate business ventures.³²

Like other global forms of organized crime, there many different groups that fall under the category of Asian organized crime.

The F.B.I. identifies two categories of Asian criminal enterprises.

³² “Asian Criminal Enterprises”, *Federal Bureau of Investigation, Office on Organized Crime*, <http://www.fbi.gov/about-us/investigate/organizedcrime/asian>

Traditional criminal enterprises include the Chinese triads (or underground societies) based in Hong Kong, Taiwan, and Macau as well as the Japanese Yakuza or Boryokudan. Non-traditional criminal enterprises include groups such as Chinese criminally influenced tongs, triad affiliates, and other ethnic Asian street gangs found in several countries with sizeable Asian communities.³³

These groups participate in every activity found under the definition of racketeering and, like their global counterparts, use violence and intimidation in order to gain territory and expand their criminal networks. The use of forced labour and exploitation in achieving illicit financial prowess has become commonplace and a useful method in expanding a criminal empire. Here, again, we see how economic instability and government policies lead to the successful diversifications of criminal enterprises.

V. Conclusion

Throughout the research process for this report, it has been evident that economic instability has been a main cause behind the creation and success of transnational organized crime groups. It is also clear that as the global economy evolves, so do the criminal networks operating in globalization's shadows. The "International Crime Threat Assessment" written in 2000 by the *Federation of American Scientists* asserts that transnational organized crime groups continue to reach new levels of sophistication. One part of the report states that

[i]nternational criminal networks--including traditional organized crime groups and drug-trafficking organizations--have taken advantage of the dramatic changes in technology, world politics, and the global economy to become more sophisticated and flexible in their operations. They have extensive worldwide networks and infrastructure to support their criminal operations; they are inherently flexible in their operations, adapting quickly to challenges from rivals and from law enforcement; they have tremendous financial resources to draw upon; and they are completely ruthless.

³³ Ibid.

International criminals spare no expense to corrupt government and law enforcement officials in foreign countries that serve as their bases of operation or as critical avenues for transshipment of drugs, arms, other contraband, illegal aliens, or trafficked women and children. Organized crime groups routinely resort to violence to advance and protect their interests.³⁴

Throughout this report we have seen this statement proven accurate and have also seen how political and economic instabilities have allowed transnational organized crime groups to develop, expand, and thrive.

The report shows that successful transnational organized crime groups start with one form of illicit activity and eventually diversify into other forms. The illicit activity they start with is typically what is most available to them. In the case of many former Soviet Union countries, the most available and easily accessible commodities are people trapped in severe poverty. Due to their economic circumstances, they are increasingly vulnerable to human trafficking. While this is not always the norm for all transnational organized crime groups, we can see this as a pattern in countries plagued with severe poverty.

Another norm found is that many transnational organized crime groups who began their enterprises with illicit trades often diversify to participating in human trafficking. If we are to look at human trafficking and other forms of illicit trade in terms of simple economics, we can determine that human trafficking is more profitable. This is particularly true with sex trafficking. A man, woman, or child can be sold several times in a single day while drugs and weapons have a limited supply. With drugs and weapons, eventually the supply will run out and the dealer/trafficker will have to produce more.

During the course of research for this report, it became evident that globalization has been a significant factor in the expansion of illicit

³⁴ International Crime Threat Assessment”, *Federation of American Scientists*, December 2000, <https://www.fas.org/irp/threat/pub45270chap1.html>

trades operated by transnational organized crime groups. These groups are in essence businesses that set out to make money. The black-market and illicit trades are typical outcomes of global economy and exist to fulfill demands that have been made illegal by governments. Cultural and economic norms and principles of these groups change or are ignored depending on what is perceived to be more profitable. While illicit trade is a global issue, the demand for illicit commodities in the U.S. is particularly high. This fact creates a profitable environment for transnational organized crime groups to operate and the commodity that they trade in will depend on the access they have to it and the demand they have received for it.

VI. Annotated Bibliography

“International Crime Threat Assessment”, *Federation of American Scientists*, December 2000,
<https://www.fas.org/irp/threat/pub45270chap1.html>

This study was conducted and prepared by a U.S. Government interagency working group. Experts were consulted from all branches of government that deal with this issue of organized crime, including representatives from the Central Intelligence Agency, Federal Bureau of Investigation, Drug Enforcement Administration, and the U.S. Customs Service. Although this study was published back in December of 2000, the information it contains remains relevant, and at times prophetic, in describing the continued rise and expansion of transnational organized crime. The data provided within the study shows significant patterns in how organized crime groups develop and expand. The extensive amount of information provided within the study helped to develop a strong understanding of organized crime structures and the elements behind their development and expansion.

Federal Bureau of Investigation, Office on Organized Crime
<http://www.fbi.gov/about-us/investigate/organizedcrime>

Although this is not a citation for a single article or journal, the information and background content for the many different transnational organized crime groups that threaten the U.S. was invaluable to this study. The website also provides hundreds of press releases and case studies pertaining to operations conducted by the F.B.I., as well as arrests and convictions of organized crime members. In the case of Italian Mafia and La Cosa Nostra, the site provides extensive data dating as far back as the 1920s when La

Cosa Nostra first began to rise in prestige among its criminal counterparts. Overall, this website was the starting point for all research done for this report.

“The Case of the Snakehead Queen”, *The Federal Bureau of Investigation*, 17 Mar 2006, Web 19 Nov 2013,
http://www.fbi.gov/news/stories/2006/march/sisterping_031706

Another product of the F.B.I.’s website on organized crime, this article, though short, gives a good description of the character of Cheng Chui Ping (Sister Ping). Although it is a press release and contains a minimal amount of background information on Sister Ping, it provides a good description of her character and the true nature of human smugglers in general.

“The rise and rise of the Russian mafia”, *BBC News*, 11 Nov 1998, Accessed 19 Nov 2013,
http://news.bbc.co.uk/2/hi/special_report/1998/03/98/russian_mafia/70095.stm

The article was published by the *BBC News* in 1998 and the website link does not provide the name of the author. Although the article is dated, its main focus is to give historical background on the development of the Russian Mafia and to illustrate how the collapse of the Soviet Union led to the rapid expansion of Russian transnational organized crime. While the article provides no new data/information relevant to the activities of Russian organized crime in this decade, it provides a starting point for research on the backgrounds of these criminal groups.

Schwartz, Michael, “Vory v Zakone has hallowed place in Russian criminal lore”, *New York Times*, July 29, 2008, <http://www.nytimes.com/2008/07/29/world/europe/29iht-moscow.4.14865004.html?pagewanted=all&r=1&>

Written in 2008 for the *New York Times* by journalist Michael Schwartz, this article provides a quality and extensive background on the Vory v Zakone, a hierarchical leadership structure, much like that of the Italian Cosa Nostra, that is found in both Russian and Balkan organized crime groups. Though it is dated, the article focuses on the historical development of the Vory v Zakone and provides the reader with an introductory understanding of its codes of honor and cultural norms.

Ware, Michael, “Los Zetas: Trafficking in Human Misery”, *CNN*, Aug. 16, 2009, <http://newsroom.blogs.cnn.com/2009/08/16/los-zetas-trafficking-in-human-misery/>

The above citation is for a *CNN* webpage covering the news documentaries of journalist Michael Ware back in 2009. The two videos focus on human trafficking operated by the Los Zetas Cartel in Mexico and provides testimonies from three individuals affected by it. The interviews Ware conducts provides the viewer with a survivor’s first hand account of the injustices she faced while being held by Zetas after trying to migrate into the United States. While the documentaries are short and by no means representative of the issue of human trafficking within Mexico, they provide evidence that the Zetas do participate in human trafficking and gives insight into how they operate.

Dyer, Dwight and Sachs, Daniel, “Los Zetas’ Spawn: The Long Afterlife of

Mexico’s Most Ruthless Drug Gang”, , *Foreign Affairs*, Aug. 5, 2013, <http://www.foreignaffairs.com/articles/139626/dwight-dyer-and-daniel-sachs/los-zetas-spawn>

The authors of this article, Dwight Dyer and Daniel Sachs, provide a detailed description of how the Los Zetas Cartel has operated since the arrest of its leader, Miguel Ángel Treviño Morales, in July of 2013. While the first thought is that this would have delivered a huge blow to the Zetas, Dyer and Sachs discuss how the horizontal leadership structure of the Zetas kept them from collapsing completely. The authors provide a quality analysis of the situation since and, in extension, provides a applications that need to be made to U.S. and Mexican policies in order to eventually put an end to the Los Zetas Cartel.

Dudley, Steven, Rios, Viridiana, “Why Mexico’s Zetas Expanded Faster than

their Rivals”, *In Sight Crime*, April 21, 2013, <http://www.insightcrime.org/news-analysis/why-mexicos-zetas-expanded-faster-rivals>

The authors of this article, Steven Dudley and Viridiana Rios, are experts on the issue of organized crime in Latin America. Rios has a PhD. in Government from Harvard University and currently works for Mexico’s Finance Ministry. This article gives a detailed description of how the Zetas expanded as quickly and as successfully as they did. Much of the data is based on a study done at Harvard University that focused on identifying the expansion of organized crime through monitoring of web content. However, the article focuses mainly on the qualitative findings of how the Zetas expanded as quickly as they did. Overall, this article is exceptional in providing a background for the development of the Los Zetas Cartel.

Miriam Wells, “Criminal Groups Enslaving Mexicans In ‘Forced Labor Camps’”

***In Sight Crime*, 15 July 2013,**

<http://www.insightcrime.org/news-briefs/criminal-groups-enslaving-mexicans-in-forced-labor-camps>

The author, Miriam Wells is a regular contributor to the website, *In Sight Crime*, which focuses on organized crime and illicit trade activities in the Americas. The article focuses on the use of human trafficking by organized crime groups in Mexico as a significant factor in the increase of disappeared Mexicans. This article gives a good illustration of the dire circumstances Mexican citizens are faced with.

Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime (Palermo Protocol), General Provisions, Article 3: Use of Terms; United Nations 2000

Provides the best and most in depth definition of human trafficking, which is the operational definition used for this report. As a supplement to the U.N. Convention Against Transnational Organized Crime, the Palermo Protocol shows the extensive connections between human trafficking and organized crime.

Strategy to Combat Transnational Organized Crime, White House, June 2011,
http://www.whitehouse.gov/sites/default/files/Strategy_to_Combat_Transnational_Organized_Crime_July_2011.pdf

This is a government document created to supplement and Executive Order delivered by the Obama Administration with the goal of developing a strategy aimed at slowing the spread of transnational organized within the United States. The study provides a list of illicit activities and transnational organized crime

groups that the U.S. government has identified as posing a significant threat to security. Understanding that transnational organized crime groups work in an international black market, the study provides strategies and necessary steps in policy that must be taken in order to successfully combat these groups.