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HOW ORGANIZED IS ORGANIZED CRIME AND DRUG TRAFFICKING IN SERBIA*

Original Scientific Paper

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Abstract

Reason for writing and research problem(s): The production and trafficking of narcotics in Serbia is the most dominant and profitable form of organized crime. The main factor favouring the presence and development of the transnational aspect of organized drug trafficking in the country is its geographical location as well as the geopolitical situation on the external borders of the administrative EU Schengen area. As a result, the drug market today in Serbia is highly active. At the root of this inquiry is an analysis of the role of domestic criminal organizations in the international ring of drug trafficking.

Aims of the paper (scientific and/or social): This study scrutinizes the political, economic and social relations of those closely involved in (organized) criminal activities in Serbia, namely drug trafficking.

Methodology/ Design: The research includes a normative analysis of the existing legal framework for the fight against organized crime. The empirical research includes, on the one hand, an analysis of institutions dealing with the suppression of organized crime in Serbia, media, government, and other official reporting on the issues related to the work of the criminal justice system and in general on the topic of organized crime in Serbia. On the other hand, the research relies on primary sources gathered via semi-structured interviews conducted with actors at various levels of criminal organizations, politics, law enforcement agencies, and independent authorities involved in the monitoring of criminal activities in the country.

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Results/ Findings: In Serbia, systemic corruption has led to state capture by interwoven political and economic elites, which have in the past often either participated in organized crime activities themselves, or benefited from receiving services or financial compensations from various organized crime groups. In order to effectively combat organized crime in the Balkans, it is necessary to analyse the conditions and processes by which state capture occurs, and to link these processes to formal and informal power relations within and across states. In other words, it is important to strengthen the independence of law enforcement institutions located along the functional triangle of police, the public prosecutor's office, and the courts.

Keywords

drug trafficking, organized criminal groups, fight against organized crime, Serbia

1. INTRODUCTION

How 'organized' are organized crime networks operating in Serbia? What is the nature of the links between organized crime and political and state institutions and actors in the country, and across the Western Balkan region? Despite the vast body of domestic and international literature on these issues, and the millions of dollars and euros invested in developing policy and operational responses to meet the challenges posed by organized criminals, corrupt politicians and other state actors, significant challenges remain. What are the lessons to be learned from a Serbian case study?

In order to answer this critical set of questions, this study scrutinizes the political, economic and social relations of those closely involved in criminal activities in Serbia. The study on organized crime in Serbia is based on the results of research into the fight against organized crime in the Western Balkan region over the past decade. The research includes a normative analysis of the existing legal framework for the fight against organized crime. The empirical research incudes, on the one hand, an analysis of institutions dealing with the suppression of organized crime in Serbia, namely the Special Department of the District Court in Belgrade (Special Court), the Special Prosecution Office, and the Ministry of Interior Affairs (MUP), which comprise the functional triangle in the fight against organized crime. Furthermore, we analyse media, government, and other official reporting – UN, EUROPOL, UNODC, INTERPOL, SELEC, European Border and Coast Guard Agency [FRONTEX], etc. – on the issues related to the work of the aforementioned branches and in general on the topic of organized crime in Serbia. On the other hand, the research relies on primary sources gathered via semi-structured interviews conducted with actors at various levels of criminal organizations, politics, law enforcement agencies, and independent authorities involved in the monitoring of criminal activities in the country.

But first we must consider how to define organized crime. Most documents investigating organized crime are limited to empirical studies focusing on individual manifestations of the phenomenon. Alternatively, theoretical and scholarly literature recognizes various forms of organized crime including, but not limited to, traditional, transnational, professional, and white collar organized crime. In order to avoid the dilemma of defining organized crime, for

the purposes of this study we rely on the normative definition provided by Serbian criminal legislation, which stipulates that organized crime constitutes criminal acts committed by organized criminal groups or their members. It further defines an organized criminal group as a group of three or more persons working jointly and for a longer period of time with the aim of committing one or more criminal offenses, for which a sentence of imprisonment of four years or more is prescribed, for the purpose of obtaining, directly or indirectly, financial gain, or other benefits (Code of Criminal Proceedings, 2011). The legislator has thus defined clear and uniform criteria for distinguishing organized crime from other similar criminal phenomena. It must be said that this definition largely resembles the 2010 United Nations Convention against Transnational Organized Crime's internationally shared definition of an organized criminal group and is in line with the EU Council Framework Decision 2008/841/JHA of 24 October 2008 on the fight against organized crime.

At the root of this inquiry is an analysis of the role of domestic criminal organizations in the international ring of drug trafficking. The focus will be placed on the activities of the so-called Šarić clan, named after the alleged leaders of the organization, Duško and Darko Šarić. The Šarić brothers are believed to have been major organized-crime figures in the Balkans for at least a decade. Both brothers are currently facing trials, in Montenegro and Serbia respectively. Darko surrendered to Serbian police after reaching an agreement with the Belgrade authorities to give himself up in March 2014, after spending four years on the run. The special prosecutor for organized crime accused him of smuggling more than five tons of cocaine and of laundering at least 22 million euros. Duško Šarić was arrested on November 16, 2010 in Pljevlja, Montenegro, after the Italian authorities issued an order for his arrest in an international action dubbed the "Balls". He stood trial for the alleged laundering of EUR 19.2 million, originating from narcotics trafficking. Despite being sentenced to five and a half years in prison by the Bjelopolje High Court, Šarić and his associate Jovica Lončar have already been acquitted four times before the Montenegro Appellate Court.

The growing amount of evidence in the ongoing trials, the apparent international prominence of the case resulting in the involvement of the United States Drug Enforcement Agency [DEA] and the size of the seized narcotics allegedly connected to the clan have, for the first time, provided a clear insight into the *modus operandi* of Serbian organized groups involved in the trafficking of narcotics. This will allow us not only to observe criminal connections between Serbian criminal groups and their counterparts based in the drugs' countries of origin and final destination, but also the methods these groups are using to launder drug-related money, and to domestically influence desired political and social outcomes. In other words, the objective of this paper is to use the Šarić case in order to analyse the possible relationship between criminality, social structure and political economies in Serbia.

2. ORGANIZED CRIME IN SERBIA – HISTORICAL PERSPECTIVE

Like many other countries in the world, Serbia faces the challenge of organized crime. According to numerous reports, including the European Commission's Progress Report on Serbia, organized crime in the country remains a matter of serious concern. Sources indicate that organized crime has likely laundered over a billion euros over the past decade (Vasović, 2010), affecting the development of a country that is still trying to emerge from the isolation

of the international trade embargo and armed conflicts of the 1990s and to progress towards European Union membership.

In historical perspective, the tradition of smuggling and banditry has always been present in the Balkans, and even celebrated in folk culture, as in the tales of the Hajduks and Uskoks throughout 18th and 19th century. At the beginning of the 20th century, narcotics trafficking from the poppy fields of Afghanistan through the Balkans flourished under Turkish entrepreneurs. Soon after, local agents started their own opium production in the geographical area corresponding to present-day Macedonia. Organized crime survived even in the days of strict Communist rule, although at the time it was, according to numerous reports, semi-controlled by the state leading to the establishment of a symbiotic network of criminals and state security services (see for example Nikolić-Ristanović, 1998). This setup became even more apparent during the armed conflicts in the former Yugoslavia in the 1990s, when notorious criminals, football hooligans and ordinary thugs were drafted by various para-military formations formed by the proxies of Serbian president Slobodan Milošević in order to wage wars in Croatia, BiH, and Kosovo respectively.

With the end of hostilities in 1999 and the 'second democratic revolution' in 2000, which have seen as the end of Milošević's authoritarian rule, the security system and even the central authority in Serbia virtually collapsed, paving the way for the entire region to "open up to the forces of lawlessness" (Binder, 2011). Indeed, in the years to come criminal organizations coopted not only political but also high-ranking law enforcement officials. These efforts were abetted by the simultaneous collapse of Balkan economies, the crumbling of industrial enterprises, consequent massive unemployment, and the evaporation of the social welfare system. All of these factors fed into the burgeoning underworld that culminated with the assassination of Serbian Prime Minister Zoran Djindjić in 2003. Djindjić was assassinated by members of the notorious Zemun criminal clan and renegade parts of the police Unit for Special Operations. The apparent collaboration of a criminal organization with part of the state law enforcement apparatus, which resulted in the murder of the country's Prime Minister, led to a large-scale clampdown on criminal organizations in Serbia, which had by this time already developed numerous criminal enterprises, as will be discussed in more detail below.

Today, organized crime in Serbia appears in many different forms, and here it is worth mentioning its most prominent forms, namely illegal production and trafficking of narcotics, trafficking of human beings (women, children and infants, and as of late illegal migrants), trafficking of human organs, smuggling and illicit trade of cultural goods, smuggling of endangered species of flora and fauna, sports corruption, currency counterfeiting, trafficking of firearms, illegal import of radioactive waste and other waste materials, organized prostitution, organized gambling, organized crime in the economic-financial area, racketeering and other forms of organized violent crime, cyber-crime, and other offenses . However, unlike traditional organized crime groups in the United States or in Western Europe, Balkan groups do not appear to operate under a traditional hierarchy, but rather around "ethnic associations and friendship ties" (Federal Bureau of Investigation [FBI], 2018).

None of the abovementioned forms of criminal activities are exclusively restricted to Serbia. On the contrary, it needs to be particularly asserted that, in all of the countries undergoing a process of political and economic transition, organized crime is on the constant rise. As

a consequence of this expansion, but also due to the ongoing process of globalization, technological innovation and the end of a bi-polar world, it is only natural that organized crime has expanded its scope of activity to include different types of crime and cross borders, that it exploits lawful economic activities in order to legitimize its criminal activities, and that it applies advanced technology, especially for encoding and concealing communication. This can be best observed in the area of illicit drug trafficking.

2. 1. Drug trafficking in Serbia

According to the 2015 Regional Serious and Organized Crime Threat Assessment [SOCTA], the production and trafficking of narcotics in Serbia is the most dominant and profitable form of organized crime. According to the latest available data, in 2015 a total of 6,419 drug seizures resulted in the seizing of almost 1.3 tonnes of herbal cannabis, 11 kilograms of cannabis resin, 97 kilograms of heroin, 26 kilograms of amphetamines and 6 kilograms of MDMA (EMCDDA, 2017). The main factor favouring the presence and development of the transnational aspect of organized drug trafficking in the country is, on the one hand, its geographical location at the crossroads between Western Europe and the Middle and Far East, and on the other, the geopolitical situation of Serbia on the external borders of the administrative EU Schengen area. In addition, many trafficking routes and informal networks were already well established during the UN-imposed trade embargo in the 1990s for the smuggling of other types of products (excise goods, cigarettes, etc.), thus paving the way for a more lucrative drug business.

As a result, the drug market today in Serbia is highly active and may be observed mostly as a transit region, but also as the region of origin – in the case of marijuana and synthetic drugs production – and on a smaller scale as a final destination of narcotics for local consumption. In this part of the text, we will present the key features of the trafficking of the most represented drugs on the market, namely cocaine, cannabis, heroin and synthetic drugs.

2.1.1. Cocaine

Serbian criminal organizations participate in the smuggling of cocaine from South America. Due to the high sales price of this drug, which sharply contrasts with the low purchasing power of Serbian citizens, home-grown organized crime groups primarily direct their cocaine-related businesses outside of the country. The presence of Serbian organized crime groups in transnational cocaine trafficking is a relatively recent occurrence. It has been only since 2009 that seizure data have suggested the use of the Balkans as an entry point, spurring talk of an emerging 'back door' Balkan route for cocaine import to the Western European market. Specifically, in October 2009, law enforcement in Uruguay seized more than two tons of cocaine from a British-flagged yacht named "Maui" close to Montevideo, leading to the arrest of one Uruguayan and one Croatian citizen. The significance of the two-ton seizure on "Maui" can better be understood in the light of estimation that approximately 91 tons of cocaine are consumed in Europe every year. It therefore came as somewhat of a surprise to learn the findings of the DEA-led operation dubbed "Balkan Warrior", which named Darko Šarić, at the time a relatively unknown Serbian and Montenegrin national, as the mastermind behind a powerful Balkan organized crime group which smuggled huge quantities of cocaine into the European drug market between 2006 and 2009 from Brazil, Argentina and Uruguay. The

subsequent section of this text will shed more light into this very prominent case. What can be concluded from the Šarić case of the nature of cocaine trafficking in Serbia is that it largely follows pre-existing global patterns. First, his group was innovative and skilled in switching and modifying both trafficking routes and methods of work in order to circumvent law enforcement activities. In so doing, it relied on modern technology to communicate and to facilitate access to maritime containers, for example a well-known rip-on/rip-off system, or incorporating liquid cocaine into materials for later extraction. Possibly the only specific aspect of Serbian organized crime groups in cocaine trafficking was their ability to capitalize on the presence of ineffective border controls in the Balkan area, where chronic instability and the lack of the efficient rule of law make for weak law enforcement. However, the data suggest (UNODC, 2015), first, that to date the use of these 'routes' appears to be sporadic, and, second, that they remain of minor importance compared with established primary routes leading to large European seaports such as Rotterdam, Hamburg, Valencia, etc.

2.1.2. Illicit cannabis

Illicit cannabis trafficking varies between its two common manifestations, namely concerning herb and resin. Cannabis herb, better known as marijuana, is widely used in Serbia. This contrasts with current trends in Western and Central Europe, where the more expensive cannabis resin is predominantly consumed. Hence, although Serbia is predominantly a transit country, it is also a destination for marijuana that is traditionally produced in nearby Albania. With the recent decrease in Albanian production, but also the imposition of more efficient cross-border controls throughout the Balkans, Serbia has become a country of origin as numerous illegal laboratories for the production of marijuana under natural conditions and modified marijuana and skunk had opened – mostly for local consumption. Albanian cannabis herb has been able to penetrate European markets via the Adriatic Sea in speedboats or on ferries, and via the northern route that includes Serbia as a transit country. The impressive track record of seizures indicates the importance of the Serbian route for marihuana export to Central and Western Europe. The biggest single seizure occurred in 2013, when Serbian customs authorities discovered a 900 kilos marijuana shipment of Albanian origin that had transited Macedonia on its way to destination markets in Western Europe. The findings of the UNODC (2015) suggest that the Serbian route may be of increasing importance to marijuana traffickers in the years to come.

Meanwhile, the production of resin, or hashish, remains confined to countries in North Africa, the Middle East and Asia (UNODC, 2013). Despite the assumptions that Serbia might be used as a transit country for cannabis resin sourced in Morocco and Pakistan, currently there is no evidence of the land route being used for this purpose.

2.1.3. Heroin

According to the UNODC (2015), most seizures conducted in Serbia seem to point to routes that include a trajectory from Macedonia and Bulgaria. In addition, the majority Albanian-populated southern region of Bujanovac and Preševo Valley connects two major transportation routes, namely that via Kosovo and that through Serbia. Although between 50 and 60 metric tons of heroin originating from Afghanistan transit Serbia annually according to the UNODC

(Tomović, 2016), the intensity of heroin trafficking and quantities smuggled through Serbia to Western European countries is on a decade-long decline (UNODC, 2015). Serbian authorities assess that this occurrence is a consequence of the shift towards the Bulgaria-Romania heroin route (EMCDDA, 2013). This can best be observed through the numbers: while in Serbia the biggest individual seizure in 2017 was a modest 3.1 kilos, at the Romania-Bulgaria border the police confiscated record high 423 kilos, or EUR 34 million of drug market value, in just a single day. In addition, Serbia does not have access to the open sea, and in recent years maritime routes have been dominantly used for heroin trafficking due to the possibility for smuggling larger quantities. The abovementioned signals two conclusions: first, that the larger Serbian organized crime groups are no longer associated with the heroin trade, and second, given that the market is still active, it seems that smaller groups, possibly not even linked to Serbian organized crime groups, are now running heroin trafficking routes through the country.

2.1.4. Synthetic drugs

The production of synthetic drugs and precursors, which include amphetamine, methamphetamine and ecstasy-type substances, is not dependent on the cultivation of a plant-based raw material, but rather on the establishment of improvised, so-called kitchen laboratories. Following a decrease in the number of kitchen laboratories in neighbouring Bulgaria, the production of synthetic drugs and precursors has mostly relocated to Serbia. There are even reports of several busted amphetamine laboratories in Serbia that have been established with help from Bulgarian nationals (UNODC, 2012). Local production resulted in lower prices and a greater availability of these drugs on the Serbian market, thus also increasing market demand. Serbia is also a transit country for amphetamine-type stimulants [ATS], mostly produced in the Netherlands and destined for the Turkish and Middle Eastern market. In response to strengthened controls over the main ATS precursors, traffickers have reacted and reduced their risk by acquiring pre-precursors that are currently less controlled (INCB, 2011). Another characteristic of synthetic drugs trafficking is its regional trans-border character, as observed in the 2017 arrest of Milan Zarubica, a Serbian national dubbed the 'king of synthetic drugs'. Zarubica was arrested in a coordinated action of Serbian and Macedonian police. His illegal laboratories were seized on both side of the border, and in addition the investigation is currently continuing on Turkish territory following the trail of Zarubica's business contacts (Rudić, 2017).

2.2. The Šarić case: a criminal-political nexus

Serbian organized crime flourished during the Balkan wars in the 1990s, producing complex trans-national crime networks that exploited the fluid borders of former Yugoslav states. During this time, Serbian criminals enjoyed protection by various state actors in exchange for their illegal services, most notably the politically-motivated murders of opposition leaders – Ivan Stambolić in 2000 and four Serbian Renewal Movement [SPO] party leaders in 1999. In return, members of the notorious Zemun clan were provided special training courses by the Serbian Special Police Forces, while in September 2001, 700 kilograms of heroin were recovered after it was kept illegally in a bank vault rented by the Serbian Intelligence Agency in Belgrade. As a consequence of such an arrangement, after the fall of Milošević's regime Serbian organized

crime groups reportedly had more money at their disposal than the Serbian government, and were better armed than the Serbian Army and Serbian police (BBC, 2001).

The apparent "statelessness" (Vasić, 2004) led to the establishment of a "para-state cartel" (Dimitrijević, 2003) that tried to continue offering clientilistic services to the newly-elected Serbian Government. The best illustration for this was the attempted arrest of former president Slobodan Milošević, when several masked members of the police Unit for Special Operations, connected to the Zemun organized crime group, attempted to end the negotiations that had lasted for several days and capture Milošević using the same vehicle as they had used in the kidnapping and execution of Ivan Stambolić just one year earlier. Once their services were denied by the new political elite, members of the Zemun criminal group attempted a coup d'état by assassinating Prime Minister Zoran Djindjić in March 2003. This watershed moment triggered the decisive engagement of the loyal part of the security services in the fight against organized crime. In the aftermath of a month-long state of emergency, the four strongest Serbian organized crime groups, as identified in the document titled 'The White Book of Organized Crime', were dismantled. Many of their members were imprisoned for longer jail sentences, while some of their leaders were killed while resisting arrest. This opened up the arena for new crime syndicates to fill in the void in the criminal underworld.

Emerging criminal groups understood that to keep operating they had to change from within and operate in a less transparent manner. They formed a syndicate, putting their resources together, stopped selling drugs in the impoverished domestic market, and moved into well-entrenched European narcotic markets. As explained by Dojčinović (2014), they started enforcing an almost military discipline internally, retreated into near-complete shadow, and created webs of offshore companies through which they laundered millions of Euros. In the meantime, the killing spree on Serbian streets had stopped, criminals – many of whom enjoyed the popularity of rock stars – ceased to appear on trendy TV talk shows, and even the tinted glass SUVs commonly associated with criminal figures and 'shady' businessmen inexplicably disappeared from Serbian streets. It seemed that Serbian organized crime had taken a decisive and irreversible blow.

This impression lasted until 2009, when the name of Darko Šarić, until then completely unknown to ordinary citizens, made international headlines as one of the biggest drug lords in the world. Miloš Oparnica, the head of the National Bureau of Interpol in Serbia, proclaimed in 2010 that the police had begun dealing with Šaric in 2000 for money laundering, which was probably the beginning of the crackdown on the whole case.

Šarić rose to prominence only with the beginning of his downfall – in October 2009, when a joint operation by law enforcement agencies from the United States, Uruguay, and Serbia seized more than 2 tons of cocaine aboard a British-registered yacht near Uruguay's capital, Montevideo. Another half-ton of the drug was confiscated in Argentina as part of the same operation, dubbed 'Balkan Warrior.'

Several alleged members of Šarić's gang were immediately arrested in Latin America and the Balkans, while Šarić himself disappeared. He and 19 other suspected members of the gang were indicted in Serbia in 2010, and an estimated 20 million euros of property tied to the network has been confiscated by the law enforcement agency. After spending almost four years on the

run, after realizing the authorities were closing in on him, Darko Šarić contacted the Serbian government through his lawyer, agreeing to surrender, provided he was first allowed to see his lawyer and his mother and son in Montenegro. Ever since, he has stood trial for cocaine trafficking and money laundering. His trial offers a unique insight into the main characteristics of the contemporary Balkan narcotics trade.

Darko Šarić was born in Pljevlja, Montenegro in 1970. In his youth he was known as a local petty criminal. He was convicted six times by the Municipal Court in Pljevlja for five different criminal offenses, including the destruction of appliances in mines or other construction companies, destruction of business and residential premises, embezzlement, and illegal possession of weapons and explosive materials. He was first convicted as a juvenile in 1988, when he was sentenced to an educational measure of enhanced parenting. The next time, in 1992, he was given a suspended sentence; the third time in 1994, to four years in prison. It seems that he did not serve the sentence, as he was sentenced to an additional four months in prison again in 1996. Two years later, on 3 September 1998, he was sentenced to two months' imprisonment, and three months later, on 31 December of the same year, he was sentenced to serve another three months in prison. In 2005, Šarić received Serbian citizenship, a Serbian passport and an ID card, under shady circumstances for which he was later trialed in Serbia.

The obvious question is how it was possible for a person from a relatively low criminal ranking to become known as the Balkan crime lord who took over some of the most lucrative drug markets in Europe and transported tons of cocaine from South America into Europe.

This question has two plausible answers. According to the first theory, the smuggling of cocaine and other drugs from South America and the Middle East through the Balkans to Europe was nothing new. What is new is that, for the first time, citizens from several Balkan countries, namely Serbia, Montenegro and Croatia, have surfaced at the forefront as the main ringleaders. However, as claimed by several criminologists (see Nicović 2011; Drecun 2011), these figures are most likely just middlemen for the much bigger players in the narcotic trade business from Russia or Albania.

According to the second theory, Serbian organized crime was gaining a stronger foothold in the international drug trade by exploiting political corruption in Serbia and offering heroin and cocaine at record low prices. An important role might have been played by post-Second World War Balkan emigrants to Latin America, who might have provided initial contacts with local crime groups.

The *modus operandi* of Šarić's group does not differ significantly from other cocaine trafficking groups. According to indictments issued in Argentina, Italy, Slovenia and Serbia, Šarić's criminal clan was smuggling large quantities of the highest quality cocaine while the drug was hidden on cargo ships registered in North Korea officially carrying cement, sugar, rice and soy. Their communication relied at first on older generation mobile phones, Internet communication based on draft text in unsent email messages, and coded language.

Šarić's Montenegrin partner, Dragan Dudić, also known as Fric, played an important role in providing logistics and finances for the shipping of cocaine. Dudić owned the largest Montenegrin seaport, Perast, which he bought under suspicious circumstances with the assistance of the Kotor municipal administration. The cargo ship 'Godfather', later renamed

'Perast', made six trips to Perast port in Montenegro, supposedly carrying cement for the Greek company Volos. Each time, prior to arriving to Montenegro, the vessel made a stop in the Spanish port of Ceuta. According to documentation obtained by MANS, the vessel was owned by Dragan Dudić's company Bastion Commerce, who bought it from another Balkan national, Smiljan Samardžić. In addition to Greece, Montenegro, Suriname and the Dominican Repubic, Dudić's ships travelled to numerous EU ports including Italy, Germany, United Kingdom, France, Sweden and Spain.

Dudić made his fortune using his political connections that granted him amnesty, but more importantly extremely favourable bank loans. In the middle of 2009 the President of Montenegro, Filip Vujanović, pardoned Dudić when he was sentenced for the beating of a fellow citizen. The decision came after a positive opinion by the then Minister of Justice Miraš Radović, which, interestingly, was contrary to the opinion of the Montenegrin Supreme State Prosecutor's Office. Data provided by the Serbian Organized Crime Prosecutor's Office suggest that Dudić was the one to provide the logistics and finances for the transport of cocaine seized in Uruguay in 2009. Soon after it was made public that the Serbian Prosecutor was investigating Dudić's business connection, he was assassinated in his hometown of Kotor.

Most of the money earned from drugs was practically laundered through offshore companies, mainly based in the US state of Delaware, and then returned to the Balkans. It is particularly interesting that Šarić and his group brought all their money back to the region. Of course, this should not be understood as due to patriotic motives, but rather political connections that made money laundering in the region feasible. Here it is important to mention the role of local banks, namely the Montenegrin branch of Hypo Alpe Adria Bank and the First Bank of Montenegro, which accepted large amounts of money from Šarić's offshore companies without verifying its background.

Particularly interesting is the case of the First Bank of Montenegro, controlled by the family of Prime Minister Milo Djukanović, which has allowed unusually favourable business terms to Darko Šarić, Dragan Dudić, and their third partner, Rodoljub Radulović, also known as Banana (he claimed to run a lucrative banana import business from South America). In almost all of their transactions, the First Bank failed to follow Montenegrin money laundering laws, its own business policies, and elementary good business practices. For example, when setting up accounts for Delaware-based 'Lafino Trade LLC' and Seychelles-based 'Camarilla Corporation,' the First Bank failed to obtain valid copies of registration records as well as copies of identification cards for people with access to the accounts (OCCRP, 2014). Both companies were controlled by Darko Šarić, and both were used for money laundering, according to Serbian prosecutors. In addition, contrary to its obligation to report suspicious transactions to the Anti-Money Laundering Agency of Montenegro, the First Bank never reported a single suspicious transaction from Lafino or Camarilla, as discovered at the trial of Duško Šarić, Darko's younger brother.

At the same time, Darko Šarić's offshore companies provided counter services to the First Bank and indirectly to their owners. For example, Lafino Company deposited a term payment of six million euros for five years under somewhat unusual terms. Normally, at the time, depositors were paid interest for term deposits of 5 percent. However, Lafino accepted to receive only 1.5 percent interest on their deposit., This deposit was of critical importance for the First Bank,

who at the time were struggling with received bills and depositors. Curiously, the only other clients with such a low interest rate were the bank owner, Aco Djukanović, and yet another offshore company owned by Milo Djukanović's close friend, Zoran Bećirović.

In 2013, Serbia also opened its own inquiry into suspected links between top government officials and members of Darko Šarić's organized crime group, after the media reported that the former Interior Minister and present day Minister of Foreign Affairs, Ivica Dačić, had twice met with an accomplice of Šarić in late 2008. Minister Dačić publicly said at a press conference that he met Rodoljub Radulović during November and December 2008, but claimed he did not know Radulović was a criminal. The meetings were recorded with hidden cameras by agents of the Serbian Intelligence Agency (BIA), who monitored Radulović's activities as a member of a drug trafficking clan. To this day, it remains unknown what the topic of conversation between the two was, as the videos allegedly did not have sound. It also remains unspecified who leaked the videos from their meetings, and for what purpose.

Besides Dačić, the videos show Radulović's meetings with various other police officials and local politicians. Rodoljub Radulović met Ivica Tončev, who served at the time as Dačić's advisor for national security. An internal government intelligence report shows that Ivica Tončev's ties to organized crime were known before 2008 when he entered government (CINS, 2012). The report paints a picture of Tončev as having long-term relationships with the underworld in Austria and Serbia, as he has allegedly met with at least five major organized crime figures, mostly during his time as a government official. It was particularly curious that both the American and Russian embassy officials, as well as numerous European officials, voiced their distress about Tončev holding an important position in the Serbian government. Nonetheless, Ivica Dačić seems to have ignored these concerns, while Tončev continued his meteoric rise in Serbian political life, where currently he is appointed as a State Secretary at the Ministry of Foreign Affairs.

Radulović also met with Branko Lazarević, who was then Dačić's chief of cabinet, and Vanja Vukić, the deputy chief of cabinet. At the time of these meetings, Radulović was preparing a shipment of 1.8 tons of cocaine from South America to Europe. A special task force, including Serbian police, Serbian intelligence officials and agents from the United Kingdom's Serious Organized Crime Agency, was monitoring the group and planned to seize the drugs in their port of destination in Greece. Through a leak from police, the group found out about the ongoing investigation and unloaded the cocaine on the Spanish coast instead. One of the traffickers who later become a protected witness, Draško Vuković, testified in the Šarić case that in late 2008 an insider at the Ministry of Police was informing Radulović about the international investigation into the drug shipment. Lazarević is the only one among the four high-ranking former police officials to stand trial for leaking information to the narcotics traffickers. At trial, he denied providing any sensitive information, and implied that it was Minister Daćić himself who had introduced him to Radulović. Interestingly enough, as reported by the OCCRP (2012), Dačić's Socialist Party of Serbia (SPS) rented space in their party headquarters to the Šarić brothers, where they operated a popular nightclub called Vanilla. Dačić, Vukić and Tončev have not been charged, and there is no indication that they are under investigation for their alleged contacts with the Šarić clan.

In the meantime, Darko Šarić was personally gaining a foothold for his organization in the

European drug market. At least fifteen European countries delivered information on the activities of the alleged drug lord on their territory. Media have speculated regarding Darko Šarić's legal residence in the Czech Republic, Slovenia and Switzerland. The most vivid insight of Šarić's activities comes from Italy, where in 2010 it was revealed that the Šarić gang had, starting from 2008, ousted the 'Ndrangheta from the drug market in the north of the country. With the emergence of the Šarić group's activities in Italy, it offered better quality cocaine for a lower price, effectively wiping out their competition. In the aftermath of the operation 'Balkan Warrior', over 80 people were arrested in Italy in connection with the Šarić clan. Towards the end of their activities, the clan had developed a network with operatives coming from Serbia, Montenegro, Croatia and Slovenia operating all over Europe and South America.

Through this cartel, Šarić's clan earned billions, laundered it through various offshore companies and clientilistic banks, and used it to buy political parties, police officials, and media outlets, and to purchase real estate throughout Serbia, Montenegro and other Balkan countries. This last fact led to his downfall. Namely, it could easily have happened that, despite the DEA-led operation, the head of the clan could remain intact. Theoretically, at least, it is not impossible that Šarić himself would have remained elusive to the law enforcement agencies had he stayed within the maze of investments, offshore companies, hedge funds, anonymous accounts, etc. But he slipped because of the "peasant motive," as Vasić calls it (2014), of showing off his newly-acquired wealth. At the end of the day, his obsession with purchasing real estate, night clubs, hotels, etc. had brought him to the forefront of the various security services' investigative interests, and made it possible to link him with the seized narcotics in South America. Had he not stood out in Serbia and Montenegro, the question is whether he would actually have gone down in the 'Balkan Warrior' police action at all.

On March 9, 2012, the Special Court in Belgrade officially started the trial of Šarić and his group for the smuggling of more than five tons of cocaine from Latin America to Western Europe and of laundering at least EUR 22 million. In 2015, Šarić was convicted of drug smuggling and sentenced to 20 years in prison, but an appeal court negated the verdict and sent the case back for retrial in June 2016. Meanwhile, part of the indictment against Šarić for forging personal documents had expired, and he could not be trialed for it. Following the second restart of the trial, due to the reassignment of one of the judges involved in the case, suspicions of deliberate obstruction of the case are growing (Živanović, 2017).

3. CRIMINALITY, SOCIAL STRUCTURE AND POLITICAL ECONOMY – THE CONCLUSION

In Serbia, systemic corruption has led to state capture by interwoven political and economic elites, which have in the past often either participated in organized crime activities themselves, or benefited from receiving services or financial compensations from various organized crime groups. This text demonstrated in detail how, because of Darko Šarić's connections with politics and business, the state institutions failed to prevent his clan from laundering millions of euros and investing it legally in lucrative real estate and other businesses opportunities.

This setting effectively leads to a vicious circle, whereby the rule of law and constitutionalism, as fundamental democratic values, are subjected to the overall politicization of institutions dictated by the new type of predatory elites connected around the joint interests of criminals and political and economic figures to protect their vested position in power. The captured state

thus prevents ongoing EU-led democratization efforts and effectively perpetuates the country's status as a weak state, as favoured by the interests of organized crime. In other words, had Darko Šarić's activities not attracted the attention of the DEA and other international drug enforcement agencies, one cannot but wonder whether he would still be in a position to continue his illegal drug-related activities in Serbia.

Another obstacle in the effective fight against organized crime is the unreformed security structures of the Serbian Ministry of the Interior and related Security Services. Bearing in mind that members of the police and security services have a rich history of participation in the activities of organized criminal groups, it is clear that this represents a serious threat to the effective suppression of organized crime in Serbia. Their influence is evident, as demonstrated above, in cases of leaked information from the ongoing investigations, but also in still unfinished inquiries into unresolved crimes from the past, in which part of the state security services are suspected to have participated, such as the assassination of journalists Slavko Ćuruvija and Dada Vujasinović.

Meanwhile, international organizations mandated to work on preventing or mitigating organized crime at the national and transnational levels tend to focus on technical matters, avoiding the fundamentally political dimension of these issues. This approach prevents them from seeing the forest for the trees. In order to effectively combat organized crime in the Balkans, it is necessary to analyse the conditions and processes by which state capture occurs, and to link these processes to formal and informal power relations within and across states. In other words, it is important to strengthen the independence of law enforcement institutions located along the functional triangle of police, the public prosecutor's office, and the courts.

Finally, it is essential to empower more effective use of local expertise by international actors in policy and program development. As has been previously noted in Mexico and Columbia, it is often the case that investigative journalists or independent analysts are in a position to make a significant contribution in responding to these phenomena. In Serbia there are several independent actors producing increasingly sophisticated studies mapping the penetration of the state by transnational organized criminal networks. In some cases, they have proved more effective than law enforcement officials in flagging the penetration of politics by organized crime groups and pushing for accountability.

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