

## FORMAL MANIFESTATIONS OF ORGANIZED CRIME IN BOSNIA AND HERZEGOVINA

Review scientific paper

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### Summary

#### Purpose:

In the overall context of negative social phenomena, organized crime takes a special place, given its constant presence and trend toward expansion, as well as its tendency to be expressed through new forms that are characterized by a high level of organization, classification and internationalization, while, at the same time, adjusting to the socioeconomic and political relations of each country. The question of the phenomenological dimensions of organized crime, which is the subject of this article, is especially significant. The phenomenological dimension of organized crime is its organized structure of criminal behaviour, the change in that structure and the formal manifestations of organized forms. In this context, one can talk about the statics and dynamics of organized crime and the typology of its forms. One can thereby form a picture of the various forms of organized crime and try to clear up some of its criminological phenomena (in addition to its etiological and victimological phenomena).

#### Design/Methodology/Approach:

Literature review has been carried out in order to determine the structure and content of organized crime. In the process of writing this article, the author primarily used a method of content analysis that includes an analysis of available sources and reports of official authorities (domestic and international) and other relevant materials.

#### Findings:

Organized crime is a negative and harmful occurrence in all societies, including in Bosnia and Herzegovina ("BiH"). It is characterized by its ease of adaptation to socioeconomic and sociopolitical conditions, and especially its adaptation to the conditions of countries, of which BiH is one. Therefore, the article surveys organized crime in BiH, with particular reference to the characteristics and conditions of organized crime in BiH and its demonstrated forms therein. One characteristic of organized crime is that, influenced by global social changes, it has undergone significant changes. These changes indicate that some forms have been actualized, while others have just appeared. In this context, traditional activities of organized crime are observed, including: drug trafficking, trafficking in human beings, smuggling of various goods and services (arms and ammunition, artwork and other taxable goods), corrupt business enterprises, organized violent crime, etc. Newer forms of organized crime including: gambling on the Internet (online sports betting, casinos, money-laundering schemes, etc.), manipulation of stock markets (rising-falling schemes), mortgage fraud (unfair assessments, dishonest lenders, insurance fraud), credit card fraud, usurious telephone prices ("sky-high"

phone bills), cyber-crime, etc. It also is important to emphasize the appearance of new ways of organizing criminal groups in so-called criminal networks as transnational criminal collectives and to point out the specific results of this form of organization and activity by criminal groups. Some of these phenomena are present in BiH, and they demand an adequate institutional and legal reaction. Global social changes that have occurred over the past twenty years have given rise to new phenomena, such as technological development, migration, the transnational transfer of capital and services, open markets, etc.

Practical implications:

The purpose of this article is to assess new forms of organized crime in BiH and the institutional and criminal responses to them. The results of this article may be applied in the assessment of the new forms of organized crime that have been caused by global changes and may provide institutional and criminal law proposals (*de lege ferenda*), which would lead to the successful prevention and combating of these forms of crime.

#### **Keywords**

Organized crime, phenomenological dimensions of organized crime

## **Introduction**

Although the negative social phenomena associated with organized crime have been extensively studied, both in theory and practice, organized crime continues to evade meaningful understanding of its concepts, characteristics and forms of expression. These problems arise not only from the numerous phenomenological varieties of organized crime, but also from the fact that the majority of legislators who are engaged in designing specific (primarily criminal and criminal procedural) standards to combat this type of crime have indulged in very broad definitions that essentially boil down to *questo facti* in practical application, i.e., the proper assessment of the competent authority (Шкулић, 2003:28-29). When one analyzes perceptions of organized crime, or its conceptual definitions, it becomes evident that these problems relate to three groups of variables: first, different theoretical approaches in the definition of organized crime; second, different understandings of the terminology of organized crime and organized crime problems; and, third, the different socioeconomic and political systems of BiH. Furthermore, global social changes that occurred late last century have significantly contributed to generating different conceptions of organized crime, new forms of organized crimes, and different approaches to organized criminality (Sikman 2010).

The defining characteristics that distinguish organized crime from other crimes generally relate to its manifestations. As a practical matter, this means that the organized crime are generally comprised of the elements of ordinary crimes with certain aggravating elements related to its manifestation and appearance, which authors have characterized as integral or constitutional elements of the notion of organized crime. The basic defining characteristic of organized crime is the existence of a criminal organization as an independent and dynamic entity with many

characteristics and a distinctive social structure (Albini, 1971: 37-38).<sup>1</sup> "Organized crime" implies the organized criminal activity of a criminal organization, i.e., the organized, planned and systemic commission of criminal offences that have the characteristics of organized crime. The commission of criminal offences by criminal organizations is actually a consequence of the establishment of the criminal organizations, because they are formed with the aim of committing criminal offences. If, within a putatively criminal organization, no criminal offence is committed or attempted, then such organization does not possess a criminal character, even though its formation may nonetheless be illegal (Albanese, 2004:4-5). Monetary gain and maximization of profit, monopoly and power are the program platforms of organized crime, which is mainly directed to the realization of profit, economic monopoly and economic power, with minimal risks and the subsequent legalization of acquired profit, monopoly and power. These are the priority goals of organized crime, and the organized criminal activity is directed in toward them, while other aims (e.g., political power) appear as secondary aims and accompanying effects of organized crime. Influencing state authorities, individuals and other agents of social control exist in different modalities. The links between criminal organizations and the brokers of political power can be stronger or looser, depending on whether cooperation is active or passive. Influencing state authorities, individuals and other agents of social control enables criminal organizations to accomplish their set criminal aims without interference within the national borders of a given country and, very often, on an international level, as well.

Favorable conditions for the emergence and development of organized crime are those phenomena and processes that, when combined, lead to the creation of organized criminal enterprises negative and socially sanctioned phenomena. They include the existence of certain social conditions and relationships that can be determined and, as such, lead to the appearance of organized crime. The conditions and causes that lead to the emergence of organized crime, and maintain its existence, are numerous and complex.<sup>2</sup> The aforementioned indicators suggest

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<sup>1</sup> Southeast Europe is dominated by transnational criminal networks. Vertical integration, in the sense of a determined hierarchy, varies depending on the criminal market, with the trade of narcotics being the market with the strongest expressed vertical structure and human trafficking being the least vertically organized system. Organized criminal groups connected with economic crime are relatively vertically integrated in the extent to which they are connected with the political and economical elite. In the sense of operational structures, they are marked by equal network structure in which, for different tasks and services, engagement with "external sources" is carried out. National exclusivity becomes less useful as a criterion, considering that, according to reports, in many countries, the composition of organized criminal groups is multinational, with dominant members from the home nation of the country in which the gravamen of the criminal offence is taking place. Clearly defined hierarchical organizations are increasingly being replaced by criminal networks that consist of smaller semi-autonomous criminal cells, with a variable degree of interference with the legal structure (most often, legal business structures), which recruit professionals like jurists, accountants, financial-services professionals and notaries public for certain services, primarily economic crime and money laundering.

<sup>2</sup> Prof. Branislav Simonovic PhD has catalogued three common misconceptions regarding organized crime, which allow its proliferation and expansion: first, the failure to recognize the existence of organized crime in

that organized crime is derived directly from economic, social and political causes (Santino, 2003:82-87).

### **Economic Causes of Organized Crime**

The economic causes of organized crime can be observed in the context of the economic development and decline of a country, which can lead to the emergence and development of both domestic and transnational organized crime. In this context, noted scientific views emphasize the connection between a country's problems with economic development and new forms of organized crime (Boskovic, 2004:55), while the emergence of global financial markets and capital, which require more flexible and open borders, contributes to the presence and development of transnational organized crime. Those economic factors lead to the emergence of organized crime, not only in capitalist systems, but also in transitional economies and socialist countries, and the emergence of transnational organized crime, which goes beyond the borders of one country. The globalization of financial markets and the international economy and the establishment of the common markets<sup>3</sup> are the main economic factors that contribute to organized crime, since the free movement of goods, services, money and people opens up new dimensions to organized crime and strengthens existing forms, such as cross-border smuggling, organized fraud, etc. Important economic factors that contribute to organized crime are exceptional transfers of money and capital, which take place both within the state and at the international level. In addition, economic interdependence and reforms being carried out continuously in most countries are also considered to be economic causes of organized crime. From an economic point of view, organized crime has already usurped existing legal business transactions, and, if this trend continues, there is a risk that small- and medium-sized companies, faced with unequal job opportunities, will engage in the same criminal activities of organized crime, such as the smuggling of goods and services (EU Organized Crime Report, 2003:11).

### **Social Causes of Organized Crime**

Social change, as a permanent feature of a social life, where content, composition or shape of some social phenomena are being changed (including the society as a whole), and which takes place in all spheres of social life, adversely affects the

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society due to the political interests of the dominant establishment; second, the minimization of the dangers posed by organized crime; and, third, the misconception that organized crime can be successfully combated by the same classical law-enforcement methods used to combat traditional forms of crime (Simonovic, 2004:632).

<sup>3</sup> Essentially, it is a model of economic globalization which includes creating a free market dominated by the economic laws of supply and demand, and market competition of the companies mostly with private companies and joint stock ownership. Transnational corporations take special place and role in achievement of set objectives, which appear as carriers of a global strategy, imposing a new model of economic relations in which the economic power of national states significantly weakens.

appearance, development and expansion of negative social phenomena such as Organized crime. In this context we can talk about political, economic, social, normative and moral social changes that contribute to the appearance, development and expansion of Organized crime. Sources of social changes, and therefore of Organized crime, are versatile and some of them include: social conflicts, evolutionary trends in the society, or the influence of power and authority. Permanent urbanization, accompanied by increased flow (mobility) of people, leads to the higher anonymity in the society, which can be used for Organized criminal activities in terms of facilitating contacts of people at great distances, which contributes to the expansion of Organized crime. The presence of large numbers of immigrant communities, particularly in the EU Member States the United States, represents an important social factor that contributes to development of Organized crime. Furthermore, social instability, besides the economic crisis which causes a drop in social standards due to low income, significantly affects the occurrence and development Organized crime in the society, especially in the underdeveloped countries.

### **Political Causes of Organized Crime**

The early 1990s ushered in a new era of social relations in the world, which has been accompanied by numerous and frequent social changes at the global level that have influenced all spheres of social life (political, economic, social, cultural, normative, moral, etc.) and that have had impacts on various social phenomena, even negative ones, such as organized crime. Those fundamental changes have substantially affected the political structure and processes of international relations. These political changes have led to the promotion of a particular political model in an attempt to establish a single political system as the only valid model of a political system. All of these phenomena allow the emergence and development of organized crime, but also impose a direct threat to states, since there is a possibility that organized crime will infiltrate the political system, affecting the credibility of the political system of the concerned state or directly influencing its executive branch, including law enforcement authorities. It is evident that the character of civil and political institutions emerges as a key determinant of the viability of organized crime. Universal frameworks for politics and governance imply the expansion of the powers and role of the state.

Criminal organizations often use new technical and technological advances for planning, monitoring and executing their criminal activities (Šikman, Ivetić, Amidžić, 2011). The technological developments of the past decade have changed the way that people communicate and strongly influenced, among other things, financial transactions. These conditions have been favorable for the development of criminal organizations, which have been among the major beneficiaries of technological progress in areas like telecommunications, transportation and, most importantly, the development of cyber-technology (the Internet), which provide many new opportunities for organized crime activities. The spread of e-business and the ability to create "virtual identities" have facilitated criminal activities and provided the

anonymity on which they thrive. This has led to the emergence of new and more harmful and profitable forms of organized crime, at the same time making them difficult to detect and investigate. Significant development has occurred in the field of computer and printing technology, which enables organized crime groups to produce counterfeit documents and currency. Money transfers can be done very quickly using advanced technologies, while the monitoring of such financial transactions has been made very difficult and complicated. The wide-scale use of mobile phones, particularly prepaid ones, is a key feature of current organized crime. Many organized crime groups use pirated or non-encrypted phones and stolen cards, which change frequently, thereby increasing communication and mobility. The use of Internet technologies to acquire commercial items, without being subject to domestic budgetary constraints, administrative delays and the costs of technological development, enables criminal organization to act using legal transactions.

### **The Phenomenological Dimension – The Statics, Dynamics, and Typology of Organized Crime**

In order to understand the phenomenological dimensions of organized crime, one must study the manifestations of organized crime from a descriptive point of view. In this context, one can talk about the statics and dynamics of organized crime, as well as the typology of its forms.<sup>4</sup> The statics of organized crime can be seen through the structure of the behavior referred to as organized crime. The dynamics of organized crime describe changes in its scope and distribution. Typology classifies different types of organized crime, based on common characteristics, into groups allowing for easier study. The statics and dynamics of organized crime can be observed using collected data (Sikman, Pena, 2009: 519-538). The collection of relevant data pertaining to organized crime, however, involves a series of problems, including significant methodological problems (Rawlinson, 1999). Creating a typology of organized crime is a complex and important undertaking and depends on the classification criteria. General crime classification criteria can be used to classify organized crime and its perpetrators: legal, socio/ambient, psychological/motivational and clinical.<sup>5</sup> American criminologist John E. Conklin has written about the four basic types of crime: conventional, white collar, organized and consensual (Conklin, 2007:206). Conventional crime is divided into two main categories: violent crime (crimes against persons) and property crime (crimes against property). White collar crime involves a special category of persons who enjoy prestige and high social status and commit criminal acts in the course of certain

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<sup>4</sup> Of course, these are conditional categories, since the static, dynamics and typology of manifesting forms of deviant activity concern crime in general, of which organized crime is only a subset (Sikman, Pena, 2009: 519-538).

<sup>5</sup> This is a classification proposed by the famous Italian criminologist Ponti who acknowledges the artificial character of each of these classifications and admonishes that any generalization in criminology is arbitrary so that there can be no general concept of "crime" (Ignjatovic, 1999:206).

activities. The main types of white collar crime are crimes by entrepreneurs, crimes by employees, crimes of civil servants, and crimes of various professions (lawyers, doctors, etc.). Organized crime is a special kind of crime because of the damage that it causes to the economy and society in which it occurs. Consensual crime involves those types of crime for which there is no victim in the strictest sense of the word because the injured party has consented to the commission of the offense. This category includes offenses related to drugs, gambling and prostitution.

Since there are two dominant conceptions of organized crime (one based on criminal activities and one based on the existence of a criminal organization), it is necessary to classify organized crime according to the type of criminal activity and the type of criminal organization involved.

The type of criminal activity is "organized criminal activity" and includes three categories: providing illegal services, providing illicit goods and investing in legal affairs (Albanese, 2004:7). Providing illegal services implies the facilitation of certain services that are in some way prohibited. This activity typically includes usury (lending money at interest rates above the legal limit), gambling and prostitution. Providing illegal goods involves offering products (goods) that cannot be obtained legally. Trafficking in illegal drug is the most commonly recognized crime involving the provision of illegal goods, but this category of organized crime can also involve other goods that are in high demand and cannot be obtained through legal means (weapons, ammunition, cars, stereo equipment, software, etc.). The third category of organized crime involves investment in legal businesses (construction, communications, etc.) for the purpose of laundering the proceeds from organized criminal activities.

In 2005, Europol identified the following forms of organized criminal activities: drug trafficking, which includes trafficking in cocaine, heroin, synthetic drugs, cannabis, pharmaceutical products that are classified as drugs, and doping and anabolic substances; crimes against persons, which include illegal migration, human trafficking and the exploitation of children; financial crimes and other crimes against property, which include money laundering, fraud, forgery, organized burglaries and thefts, and the theft of cultural property; illicit trafficking, which includes trafficking in stolen vehicles, tobacco smuggling, illicit trafficking in firearms and illegal business (EU Organized Crime Report, 2005).

There is no universally accepted classification of organized criminal groups. Historically the typology of organized criminal groups has often followed the threefold classification proposed by American criminologist Jay S. Albanese: the "hierarchical model," the "patron-client model" and the "enterprise model" of organized crime'. All three models are derived from the American La Cosa Nostra crime family (Albanese, 1989). Boronia Halstead distinguishes two broad categories of criminal organizations: a "focus group" model and an "economic" model, within which different submodels can be differentiated emphasizing certain aspects of a particular

criminal organization, such as its structure, activities and social components (Halstead, 1988:1-24). William and Godson point to several potential predictive models, which emphasize the causal relationships between certain social conditions, manifestations of organized crime and outcomes. They describe a political model, an economic model, a social model, a model of risk management and a hybrid model (Williams, Godson, 2002:311-355). German criminologist Klaus von Lampe discusses two models of organized crime: a causal model and an analytical model (Lampe, 2003).

The Centre for International Crime Prevention of the United Nations employs a reference typology that is based on the structure of transnational criminal organizations in Europe.<sup>6</sup> The Centre classifies organized transnational criminal groups into five typologies. The criteria for this classification were the following ten variables: structure<sup>7</sup>, size, activity, cross-border operations, identity, use of violence, use of corruption, political influence, investment in legal activities and cooperation with other criminal groups. Based on these variables, the Centre identified the following typologies: typology 1: The Standard Hierarchy; typology 2: The Regional Hierarchy; typology 3: The Clustered Hierarchy; typology 4: The Core Group and typology 5: The Criminal Network.

### Forms of Organized Crime -- A Review of Bosnia and Herzegovina

It is not possible to divide the various forms of organized crime into categories like "new" or "traditional" because organized crime is a dynamic category characterized by the ease of adjustment to present socioeconomic conditions and by various forms of manifestation. In this context, one talks about the "new" forms of organized crime -- that is, the new forms of manifestation of organized crime or the manifestation of already identified activities of organized crime (Šikman, 2011).

Identifying forms of organized crime is a very important preliminary step toward combating it. There are different criteria for the identification of organized crime forms, but they mainly relate to the identification of key characteristics and specific types of organized crime. If a particular form of crime manifestation has characteristics of organized crime, then one can talk about the particular offense as a form of organized crime. Some crimes are inherently organized crimes (Sikman, 2010:293). Examples are the illicit production and trafficking in narcotics, the smuggling of weapons and ammunition, cultural goods, radioactive waste and other hazardous

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<sup>6</sup> See Assessing Transnational Organized Crime: Results of a Pilot Survey of 40 Selected Transnational Organized criminal groups in 16 Countries, Centre for International Crime Prevention, United Nations Office at Vienna, Vienna 2002nd ([http://www.unodc.org/pdf/crime/publications/Pilot\\_survey.pdf](http://www.unodc.org/pdf/crime/publications/Pilot_survey.pdf)). Compare to: Boskovic, G. & S. Mijalkovic (2008). Characteristics of the organizational structure of criminal organizations, *Nauka, bezbjednost, policija*, no. 1 / 2008, Belgrade: Crime Police Academy.

<sup>7</sup> The issue of the structure was a dominant one in determining the typology of transnational criminal groups.



substances, trafficking in human beings (including prostitution-related trafficking, child trafficking, and trafficking in human organs), some forms of business/financial transactions (the abuse of power, organized production and distribution of counterfeit currency, money laundering, the forgery of credit cards for electronic payment, and the forgery of identity documents), organized corruption, violent organized crime, organized computer crime, organized gambling, copyright misuse, the organized theft of motor vehicles, and criminal exploitation of natural resources (Šikman, 2010:294). These are the forms of organized crime that are predominate domestically in BiH.

### **Organized Crime Activities Related to the Illicit Production and Trafficking of Narcotics**

Global trends in drug trafficking have implications for BiH. The illicit trafficking in narcotic drugs is considered to be one of the most important activities of organized criminal groups in BiH because of the geographic position of BiH and the importance of the "Balkan route,"<sup>8</sup> which partly passes through BiH. Data on the quantities of illicit narcotics seized along the "Balkan Route" confirm presuppositions about drug markets, primary routes of trade and the role of organized crime groups. The role of BiH in international drug trafficking is likely that of a "redistribution center." There is also proof that cannabis is transported from Albania through Montenegro into BiH. In addition to transient illegal drug trafficking, there is a growing domestic market of users, who mainly consume synthetic drugs, such as "ecstasy" (MDMA) and amphetamines, as well as cannabis. Despite the worries expressed by public-affairs officials, there are no data on the size of the market or the number of users in BiH. In order to begin to solve its problems relating to the illicit trafficking of narcotics, BiH needs to conduct such research. The severity of domestic drug abuse is evidenced by the fact that more than ten organized criminal groups involved in drug trafficking have been identified in the Cantons of East Sarajevo, Sarajevo, and Bosna-Podrinje alone. Illicit drug trafficking organizations in BiH do not tend toward a particular ethnic makeup nationally, but rather have strong regional ties in neighboring countries, which are based on common origin and geographic location.

### **Smuggling as an Organized Crime Activity**

Smuggling as an activity of organized criminal enterprises involves the professional illegal transfer of high-value goods across national borders. Customs inspections

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<sup>8</sup> Data for the period from 1998 to 2004 were taken from the UNDOC "World Drugs Report 2005. Data for 2004 were taken from the United States State Department's Report "International Narcotics Control Strategy Report for 2003 and 2004," with the exception of data pertaining to Albania, which the Albanian government provided directly. Report on status of economic and organized crime in Southeastern Europe, CARPO regional project, Ref. PC-TC (2005) 9, European Commission and Council of Europe, Strasbourg, August 2005, p. 23-24. ([www.coe.int/economiccrime](http://www.coe.int/economiccrime)).

are evaded with the camouflage of goods, the corruption of customs officials or the use of illegal border crossings. According to available data, the security of BiH is significantly threatened by the illegal trafficking in weapons, which is being carried out by individuals and groups at both the inter-entity and international levels. The most trafficked weapons are militaristic ones, left over from the war, with are mainly stored in hidden locations along with weapons stolen from military warehouses. In most cases, the end user is unknown. The illegal trade in objects of art (art trafficking) is an extremely lucrative business in which profit is measured in the millions of dollars. Illegal collection of and trade in cultural property is one of the most lucrative forms of organized crime in the world and in BiH.<sup>9</sup> In the early 1990s, in Croatia and Serbia, the "Budapest link" was a very popular route for the smuggling of and illegal trade in cultural property. It functioned thanks to a woman who lived in Belgrade and then in Croatia, through whom dealers would smuggle paintings by Croatian artists to sell in Western Europe.

### **Trafficking in Human Beings as an Activity of Organized Crime (trafficking for prostitution, child trafficking, trafficking in human organs)**

Trafficking in persons is a global phenomenon that greatly affects states that are in political and economic transition or are suffering from post-conflict stress. Such states are usually the main starting point for human trafficking.<sup>10</sup> BiH is a very important link in the trafficking chain.<sup>11</sup> In the context of human trafficking, BiH is considered both a transit country to Western Europe and a country of destination for many female victims from Eastern Europe. Recently, BiH has become a country of origin from which Bosnian girls have been trafficked from nightclubs to private homes, hotels, motels and houses. With respect to people smuggling, BiH is considered a transitory country through which citizens of Albania, China, Turkey, India and Pakistan are illegally transferred to countries in Western Europe. They enter BiH through Serbia and Montenegro through legal and illegal border crossings in eastern BiH, arrive in Sarajevo and then go to western BiH, often by taxi. From the western part of BiH, local criminal groups take them across rivers or illegal border crossings into Croatia. In the past, cases involving large groups of illegal immigrants coming to BiH as tourists or members of cultural associations have been documented. It appears that a recently established community of Chinese Bosnians is

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<sup>9</sup> According to experts, the annual value of the illegal trade in cultural goods at the global level is approximately 9.5 billion dollars. Milenković, Ž. (2002). 'Na aukciji Zevs i Venera, *Glas javnosti*, Internet izdanje, 9. februar 2002, <http://arhiva.glasjavnosti.co.yu/arhiva/2002/02/09/srpski/R02020802.shtml>.

<sup>10</sup> This phenomenon also affects more economically developed countries, which are mainly countries of destination and transit countries. Trafficking in human beings is currently an important transnational, regional and national issue. It is estimated that each year in the world between one and two million people are trafficked and that most of them are women and children (Francis, 2000).

<sup>11</sup> When talking about victims of people trafficking, in the period up to 2005 most often the victims were female citizens of Ukraine, Moldavia and Romania, while in the last few years recorded was also a significant growth of females from the territory of Serbia and Montenegro as well as Bosnia and Herzegovina.

connected to illegal migration and human trafficking from China into Western Europe. The market for people smuggling has a simple structure, and it seems that it mainly relies on strong cooperation among organized criminal groups from different countries in the region.

**Some Forms of Organized Economic Crime (abuse of power and financial skills, counterfeiting, money laundering, forgery of credit cards and identity documents)**

The financial operations of organized criminal groups are the most serious problem for both the government and the society of BiH in terms of economic damage from tax and tariff evasion. Certain estimates indicate that the annual amount of lost revenue amounts to more than 1.5 billion euros.<sup>12</sup> Economic crime is growing because of the non-unified economic territory, as well as the spread of fraudulent personal documents, which are in circulation because of the large number of people who were displaced or killed during the war and the internal division of the country. The main mechanism for widespread tax evasion is the creation of fictitious companies, which are relatively easy to register. The largest number of cases so far in this area has comprised criminal activities related to the import and trade of goods. According to available data, the illegal import of so-called high tariff goods (petroleum products, alcohol and cigarettes), and large quantities of textiles and technical goods has been the dominant form of duty evasion. In addition to illegal cross-border imports (smuggling), other methods, such as falsifying import documents (customs fraud), have been used. With regard to the internal trade of goods, there have been organized forms of tax evasion through fictitious (shell) companies, which has benefited from the previous system of taxation. Money laundering in BiH poses an exceptional risk to the integrity of financial institutions. Money launderers in BiH primarily seek the easiest and fastest ways to launder their proceeds rather than concentrating on achieving the highest profit rate on the laundered money or its investment. Agencies tasked with uncovering and identifying individuals and groups involved in the production and trafficking of counterfeit currency have identified a number of people from BiH involved in these crimes, trafficking primarily in counterfeit currencies from Bulgaria and other Eastern European countries. Euros are the most frequently counterfeited currency, a large amount of which goes to countries in Western Europe. These financial crimes affect the general economic stability and legal money flows in both direct and indirect ways.

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<sup>12</sup> REPORT FROM THE COMMISSION TO THE COUNCIL on the Preparedness of Bosnia and Herzegovina to Negotiate a Stabilization and Association Agreement with the European Union. Brussels, 18.11.2003, COM (2003), 692 final, p. 28.

## Corruption as an Activity of Organized Crime

Since corruption and organized crime are mutually linked negative social phenomena, one can talk about specific relationships where this correlation has been demonstrated. This is an example of a conditional classification based on a descriptive analysis of the practical manifestation of links between corruption and organized crime. Thus, one can speak of two basic forms of connection between organized crime and corruption: first, the influence on government bodies, individuals and other entities of social control; and, second, a cause-and-effect relationship between organized crime and corruption (Chene, 2008). Some authors distinguish between traditional and "new" forms of organized crime, which show different patterns of behavior, motivation and attitude towards public authorities (Shelley, 2003: 303-312). Traditional crime groups, such as the Italian mafia, need the state and the economy in order to maintain their wealth and continue their development. To this end, such groups tend to collude with representatives of public authorities and, by various means, influence their work. For them, corruption is an operational tool used to influence public authorities in order to exercise certain privileges.<sup>13</sup> "New" criminal groups, such as those having arisen in the former Soviet Union, often come from post-conflict countries full of chaos and weak rule of law, so that they have no direct interest in making "partnership" relationships with the state. They use institutional weaknesses and corruption to destabilize the state and its structures, in order to make profits. Attempts to control organized crime by corrupt and inefficient law enforcement agencies are almost useless.

## Organized Theft of Motor Vehicles

The organized theft of motor vehicles is a type of organized crime that has been increasing in the European Union ("EU") since 1993. This increase has been caused by political changes that have taken place in the EU, primarily those related to the abolition of controls at border crossings between EU countries, which allows the free movement of vehicles from one end of the EU to the other. According to the estimates of EU member states, the main destinations of stolen motor vehicles have been Eastern European, Central European and Southeastern European countries. One of the forms of crime that has recently assumed the characteristics of organized crime in BiH is the theft and resale of stolen motor vehicles. Profit from car theft can be achieved in at least two ways: by further resale and by extortion of ransom from the owner in exchange for its return.<sup>14</sup> Vehicles stolen in Western

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<sup>13</sup> For a thorough analysis of this topic, see Shelley, L. (2005). *Unravelling the New Criminal Nexus*, *Georgetown Journal of International Affairs*, Washington, DC: Edmund A. Walsh School of Foreign Service at Georgetown University p. 513; Shelley, L. (2005). *The Unholy Trinity: Transnational Crime, Corruption and Terrorism*, *Brown Journal of International Affairs*, XI, issue 2, Washington, DC: [Brown University](#), p. 101-111.

<sup>14</sup> Stealing one hundred cars generates a profit between one and two million euros. It is estimated that 700,000 cars are stolen each year from European Union countries and resold in countries in Southeast

European countries and some countries in transition (especially Germany, Italy, Croatia, Slovenia, Austria, the Czech Republic, and Hungary) are brought into BiH, where they are sold or transported further east. Cases involving extortion of money from owners of stolen vehicles have increased recently. Persons that perform these forms of crime are well organized and equipped with sophisticated equipment. This conclusion is supported by the fact that dozens of groups engaging in the theft and resale of vehicles have been uncovered. The case of a well-organized group with about thirty members from the Banja Luka area is the best illustration of this occurrence. The organization of these thefts is evidenced by the fact that groups of people target and steal makes and models of German vehicles, such as Volkswagen Golfs and Passats, Audis, and BMWs, which are then transported to their final destinations, completing the organized criminal act. Criminal groups cooperate well throughout BiH, as well as on a regional and international level, leading to the conclusion that, in BiH, there is organized vehicle theft with characteristics of international crime.

**Other Forms of Organized Crime (organized violent crime, computer crime, gambling, misuse of copyright, and exploitation of natural resources)**

Violent organized crime is a type of organized crime dominated by violence and characterized by brutal and aggressive behavior by the offender. In the past, a large number of robberies during which well-organized groups have executed attacks on banks and post offices without adequate mechanisms of protection have been documented. Robberies of trade and services buildings, such as shopping centres, petroleum stations, betting places, etc., have also been documented. Especially worrying are cases of robberies in private apartment buildings. A common characteristic of all of these acts is that, during the actual robbery, firearms and other means of force are used, and these criminal activities are always well prepared and organized. Along with millions of dollars in economic damages, these kinds of crime significantly erode the feelings of safety of citizens.

Organized computer crime is manifested in various forms of abuse of computer technology for criminal purposes. It can occur in several forms: using a computer as a tool of crime perpetration (fraud, theft, embezzlement, etc.); using a computer as a target of attack in which the computer or computer network and the information it contains are the ultimate goal of a criminal action; or using a computer as an instrument of organizing, planning, managing and/or implementing criminal activities (particularly during the planning and preparation phases of a criminal plot). The development of information and communication technologies ("ICTs") has created

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Europe. For example, in 1999, 500,000 vehicles were stolen with an average value of 15,000 euros, with a resulting average profit made by the organized theft of motor vehicles of 7.5 billion euros for the year. Similar calculations can be made for the United States, Canada and Africa (1.6 million stolen vehicles), where the estimated profit from organized vehicle thefts amounts to \$18.5 billion. Europol, 2006. *An overview of Motor Vehicle Crime from European Perspectives*, The Hague, p. 1.

opportunities for organized crime organizations by providing these criminals with new tools, as well as resources and markets for new types of crime.<sup>15</sup> The introduction of new ICTs may affect the structure of criminal organizations and the management of companies involved in crime when enterprises and companies with advanced ICTs follow the logic of a network, instead of that of a clear hierarchy (Castells, 2003: 21) This precept also applies to organized criminal groups that exhibit network structure. Some forms of organized crime manifest themselves as organized gambling. In BiH, computer crime occurs at the same level as the general computer literacy of society; in other words, it develops at the same pace as the spread of ICTs generally. Two types of organized computer crime have been documented in BiH to date. The first one relates to the illegal use of computer programs via unlicensed software, the use and reproduction of which is widespread. The second one relates to economic associations that use telecommunication services, like Voice over Internet Protocol (VoIP) services, in violation of governing legal regulations.

Sophisticated and innovative criminal frauds are expanding. One of these is a specific type of fraud that is usually referred to in criminal justice and criminological literature as pyramidal fraud. Pyramidal fraud occurs when investment opportunities and games of chance are fraudulently organized around the progressive entrapment of the participants in a "pyramid scheme" with each participant's promised financial gain conditioned upon the recruiting of more participants under the same investment structure. Particularly concerning are cases of high-tech organized gambling, usually organized on the Internet, such as online casinos and bookmaking. These types of organized gambling bring in millions of dollars of profit and are carried out by large criminal organizations, especially ones that are transnational in character.<sup>16</sup> Gambling becomes an organized criminal activity at the moment that a criminal group organizes it using known methods, such as the opening of casinos, elimination of competition, rental of gaming machines, participation in the distribution of revenues generated by organized gambling, etc.

## Conclusion

Organized crime occurs in all countries, in both modern and developed, socially unstable and disordered states, where it effects the state itself, its internal organization, as well as the public and private interests of citizens, including their lives when they are caught in the middle of various forms of violence. Organized crime is a negative and harmful occurrence in all societies, including that of BiH. It is characterized by the ease of adaptation to socio-economic and socio-political conditions,

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<sup>15</sup> Computer-related crime in the EU: Old crimes, new tools; new crimes, new tools, EUROPOL, Den Haag, 2002.

<sup>16</sup> Much of the criminal activity of the American Mafia La Cosa Nostra, one of the most famous criminal organizations in the world, involves organized gambling, causing huge losses to the American economy. It is estimated that these annual losses exceed one billion U.S. dollars.

and especially adaptation to the conditions of countries in transition, a group of which BiH is a member.

Organized crime in BiH is at the same time a security challenge, a risk and a threat for the country. Organized crime in BiH is manifested in its "traditional forms," such as drug trafficking, human trafficking, money laundering, counterfeiting, organized criminal business enterprises, and more. There are also new forms manifesting themselves, which are primarily related to the misuse of modern technology – for example, the manufacture and distribution of child pornography and other forms of misuse of electronic communications. Additional research into organized crime is needed in BiH, particularly scientific research projects to provide systematic and objective answers to questions of the etiology and phenomenology of organized crime. The cognition of the static and dynamic dimensions of organized crime and its typology is particularly important because a society can only confront and combat organized crime if it recognises its occurrence.

#### **Biography**

**Mile Sikman**, PhD in Law, assistant professor, is a head of Police Education Administration within the Republic of Srpska Ministry of Interior. He is also a head of the Department for Crime Studies at the Police College in Banja Luka, where he teaches subjects Organized Crime and Crime Methodology. He also teaches subjects Economic Crime and Organized Crime at the Faculty for Security and Protection in Banja Luka. So far, he has had three textbooks, two monographs and several other papers published. He has also published over 50 scientific and expert studies, and has taken participation in many international and national conferences. He was also a part of several scientific and research projects, and currently is in charge of the one called "Building Integrity in the Republic of Srpska Institutions in Corruption Prevention" which has been initiated in 2009. He has been given a status of educator in the Center for Education of Judges and Prosecutors of the Republic of Srpska". He took participation in the development and implementation of the strategy called "Community Policing in BiH" (2008-2011), and the strategy "Prevention of Juvenile Delinquency in BiH" (2011-2014).