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## **Organised crime in the Czech Republic III<sup>1</sup>**

2000 – 2003

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### **Extended summary**

At the beginning of the 21st century, organised crime represents one of the greatest security risks for today's world. Not only is it detrimental in that it sometimes directly threatens ordinary citizens, but the greatest threat it poses is to the entire social system, both the public and the private sector. It undermines the authority of state institutions, introduces illegal practices into the economy, and implants pathological effects in people's lives. In today's global world supranational organised crime threatens the entire human race.

The international community, in particular the United Nations (UN), the Council of Europe (CoE), and the European Union (EU), has initiated a number of counter-measures. These organisations are also coordinating national initiatives in individual countries. The reason is that crimes such as money laundering, corruption, human trafficking, arms smuggling, and the drugs trade represent serious problems. These problems are intensified by the globalisation process and the use of modern technology. Organised groups grow stronger and have a transnational character. All this then requires transnational solutions. A whole series of international initiatives is being brought to bear in the fight against organised crime. The UN has approved a convention against illegal drug trafficking (the Vienna Convention of 1988), and attempts have been made to adopt a convention against terrorism. In 1994 a world ministerial conference on effective measures against organised crime was held in Naples. This gave rise to the Global Action Plan against Organised Transnational Crime. In 1996 work was started on preparing a Convention against Transnational Organised Crime. The UN General Assembly approved this Convention on 15 November 2000. This was followed by a conference in Palermo, where the Convention was signed by 120 UN member states. By the end of 2002 it had been signed by a total of 147 countries. (The Czech Republic signed the Convention and its two protocols at the ceremony in Palermo, but they have not yet been ratified.)

The UN has prepared a number of other documents that deal with selected specific organised crime activities. These include the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988), the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (1990), and the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997). (These UN conventions have all been signed and ratified by the Czech Republic.)

The countries of Europe play their part in the activities of the UN. In addition, they also develop their own initiatives. In 1990 the ministers of justice of the CoE member countries adopted the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime. At the 21st conference of the European ministers of justice, which took place

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<sup>1</sup> Cejp, M., Baloun, V., Karabec, Z., Marešová, A., Scheinost, M., Trávníčková, I., Trdlicová, K. Organizovaný zločin v České republice. Praha : IKSP, 177 stran.

in Prague in 1997, the recommendation was made that an International Convention against Corruption be drawn up. This Convention came into force for the Czech Republic on 1 July 2002. In 1988 the EU prepared a common approach against involvement in criminal organisations. Tasks relating to organised crime were specified for EU member states and for countries who were planning to join the EU in the Pre-Accession Pact on Organised Crime. The pact was approved on 28 May 1998. One of the most recent initiatives for the time being was a conference held in Dublin towards the end of 2003, at which agreement was reached on cooperation between the public and private sectors in the fight against organised crime.

Before 1989 organised crime was not registered on the territory of the Czech Republic in a developed form. After 1990 it certainly appeared: it has been recorded by the police and since 1993 by criminological research, journalists have devoted considerable attention to it, and evidently as a consequence the public, too, has become concerned. It has to be said that at the beginning politicians underestimated the danger posed by organised crime. A change in their attitude only began to take place in the mid-1990s as a result of the activities of the international community. Politicians and state agencies started to regard organised crime as a dangerous phenomenon and started to undertake specific steps against it. In 1996 the need to fight against organised crime was explicitly mentioned in the government manifesto. Subsequent to this a government strategy was adopted which included a wide range of legislative and administrative measures and in which the importance of criminological research was repeatedly mentioned. It was stressed that in order to prepare appropriate measures a comprehensive analysis of the state of organised crime and trends within it must be available. A coordinating role was entrusted to the Security Council of the Czech Republic. This coordination consisted not only in linking up Czech forces, but in particular in tasks arising out of the country's international obligations towards the CoE, the EU, and the UN. In connection with this, a number of special sections of the Police Force of the Czech Republic were established. On 1 January 1994 the Police Service for Uncovering Corruption and Serious Economic Crime (Czech acronym SPOK) was set up. On 1 January 1995 the Section for Uncovering Organised Crime (ÚOOZ) commenced operations. One of its subsections was the National Anti-Drugs Central Office, which was made an independent section in 2001. On 1 January 1995 a special section aimed at investigating organised crime was created within the Office for Investigation of the Czech Republic. Also connected with the organised crime issue is the activity of the International Anti-drugs Commission, which operated in 1993-1994 under the control of the Ministry of the Interior, and which has functioned since 1 January 1996 as a direct advisory body to the government. In 1996 a Financial Analysis Section was set up at the Ministry of Finance to deal with unusual financial operations.

An amendment to the Law on the Police Force of the Czech Republic in 2002 introduced several important changes to the organisational structure of the Force. The previously autonomous Offices for Investigation were incorporated into the newly created Service of Criminal Police and Investigation. The Section for Uncovering Organised Crime and the National Anti-Drugs Central Office were also integrated into this Service. In 2002 the Section for Uncovering Corruption and Financial Crime also became part of the Service. After 2000 special departments for serious economic crime were created at the level of the Supreme Public Prosecutor's Office and the High Public Prosecutor's Office. An important role is played by the Czech Security Information Service, which deals with organised crime from the viewpoint of the security interests of the country. The Financial Analysis Section of the Ministry of Finance monitors unusual financial operations.

The Customs Service cooperates, in particular, in the fight against smuggling, including drug smuggling.

In line with the policy of the international community, important legislative changes have been introduced in the Czech Republic since 1995. In 1995, for example, the new crime of complicity in a criminal conspiracy was added to the Criminal Code, and provisions on effective repentance, backed up by immunity from prosecution for undercover agents, and the concept of anonymous witnesses were introduced. In 1995 the government of the Czech Republic signed the CoE Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime. An amendment to the law on the Police Force of the Czech Republic extended the possibilities of using special detection methods including the use of undercover agents and the feigned transfer of items. In 2001 a law on the protection of witnesses was adopted.

In applying these legal provisions, we encountered a number of problems. It has proved to be difficult to demonstrate the existence of a „criminal conspiracy“, the possibility of confiscating profits has turned out to be limited (attempts to resolve this problem have only started in 2004), and the use of undercover agents has also presented difficulties, especially as regards the extent of their authorisation. There are also flaws in the concept of anonymous witnesses. On the basis of these experiences, it will be necessary to introduce further amendments. It is planned that this will take place as part of the planned recodification of the Criminal Code.

One of the most important elements in policies directed against organised crime is criminological research. Since organised crime has a largely international character, this research is also based on international cooperation. Individual countries map out the situation on their territory and the data are compared on the European level, and eventually on the world level. In this way it is possible to ascertain which features are general and which are specific to particular countries or groups of countries.

Systematic research activity has been taking place in the Czech Republic, too, since 1993. It is carried out almost exclusively by the Institute for Criminology and Social Prevention. Since 1993 a number of publications have been issued on both general and specific aspects. The Institute has held two international seminars on the theme of organised crime and the results have been presented at conferences both in the Czech Republic and abroad. Staff from the Institute have been involved in the work of the Group of Specialists on Criminal Law and Criminological Aspects of Organised Crime attached to the CoE, have provided data for UN expert enquiries, and have taken part in negotiations on the EU Pre-Accession Pact in Brussels and on the text of the UN Convention.

In a concluding report we present the results of the third stage of this research, carried out in 2000-2003. In this stage we concentrated on monitoring the basic indicators relating to the structures of groups and their activities. We analysed in more detail some of the most common activities in the Czech Republic: drugs, trafficking with women, the theft of motor vehicles, and economic and financial crime. We covered several themes that are common to all these areas: the use of violence, and the movement of funds within the group, within the criminal world, and between the criminal and non-criminal worlds. Last but not least, we evaluated the effectiveness of legal instruments against organised crime, compared Czech legal norms with those in other countries, and proposed some changes.

In researching organised crime we cannot make use of the full range of research methods. This is a milieu which is inaccessible in terms of direct information and so we are to a large extent dependent on indirect information. In the Czech setting the situation is further complicated by the fact that up until 1998 no cases of complicity in a criminal conspiracy were recorded under § 163 a) of the Criminal Code. The number of people prosecuted and charged with this crime after this could be numbered in dozens, and by 2002 the figure was approaching 100, but the only ones to be convicted were one person in 1999 and two in 2001.

In analysing some specific organised crime activities we tried to base ourselves on concrete cases that had been closed, relating to violence, trafficking with women, and car theft. So far as violent crime went, in particular, we made use of 32 cases relating to the crimes of murder and extortion, which is quite a reasonable number. Even here, however, we were only able to obtain additional data to flesh out hypothetically expressed model situations, but we were unable to get a total picture. We knew too little of the overall reality for that.

The statistics were subject to similar limitations. If only a very small proportion of cases is recorded, we must be aware of this considerable limitation to our knowledge when interpreting the statistical data. Nevertheless, we were able to acquire some partial data on specific activities from the Police Headquarters of the Czech Republic and on „realisation" from the Section for Uncovering Organised Crime, and we made use of these sources. In terms of documents we were also able to use official analyses, in particular the report on the security situation. A further valuable source of information are the proceedings of the international conferences and the summary data of the CoE, the EU and the UN. In assessing the effectiveness of legal instruments we made use of comparison with other countries and with the aims of international organisations. To some extent it was possible to use information from studies dealing with the analysis of and predictions for developments in society. Some results of public opinion surveys could also be used. (For example, from surveys of victims of crime it is possible to obtain a picture of latent crime.)

Although we are aware of certain limitations on expert investigations, a large part of our research activity (about half of it) concentrated on expert reports. We worked on the assumption that people who come into direct contact with organised crime as part of their work can provide us, through their own experience, with facts that are inaccessible for us. They can also give general information acquired from documents to which we, as researchers, do not have access. In the third stage of our research into organised crime we worked together with several teams of experts. By using a questionnaire for experts we obtained information about the structures of criminal organisations and their activities. (The number of experts consulted was around 25-30.) We have been monitoring these data regularly since 1993 and so are able to identify trends. We can thus observe changes or forecast possible future developments. For specific forms of organised crime activity we set up small groups of experts, in which direct discussions took place. This approach is more advantageous in that it is possible to direct the course of the discussions and pay more attention to details and to the justification and development of the opinions given, which is not possible with an anonymous written questionnaire circulated among a larger group of experts. We are aware that expert investigations only provide estimates and express opinions, which can have a fairly subjective motivation. Although this subjective element can be eliminated by taking the opinions of 20-30 experts, we do not present these opinions as reality, but simply as an estimate of reality. (Incidentally, the corruption index drawn up by

Transparency International is also an estimate, and international expert investigations are likewise based on estimates.) At the same time we want as far as possible to combine estimates with concrete, irrefutable facts. But as we only have a mere fraction of the facts available, we cannot pretend that this fraction represents the entire picture.

Part of the methodological approach is to delimit organised crime and determine its relationship to other forms of crime that have some similar features. Both in the initial study in 1992 and in working on this third stage of the study, we took into account how organised crime has been and is defined by criminologists in other countries and in the official documents published by international bodies.

The criminological and legal definitions of organised crime have developed since 1992, when we started to examine the issue. However, a combination of two approaches has always been used. Organised crime has been delimited, on the one hand by certain characteristic features of the criminal (or security) activities perpetrated, and on the other by certain characteristic features of the group or organisation carrying out these activities. The activities can be broken down into basic (profit-making) activities; security and concealment; and activities aimed at legalising the income from the criminal activities. From a qualitative point of view, repeated, systematic crime of a serious nature must be involved. In terms of the structure of the group, the following features should be evident: a division of roles, a certain hierarchy (in the more developed form on three levels, with the top level not being involved in the criminal acts themselves in any way), and an authoritarian way of running the group with carefully defined norms for behaviour backed up by the use of sanctions.

For the third stage of our study we have drawn up this working definition: organised crime is the repeated and systematic perpetration of deliberately targeted, coordinated, serious criminal acts (and activities supporting these acts), carried out by criminal groups or organisations (mostly with a vertical organisational structure on several levels), whose principal objective is to obtain the maximum illegal profit while minimising the risk (achieved through contacts with the decision-making structures in society).

While this task was being carried out, a certain shift in the international context occurred. The UN Convention effectively expanded the characteristics of organised crime to include all serious crimes perpetrated in an organised group. In this way it extended the possibilities for including in the domain of organised crime units with a less structured organisation. In extreme cases it would be possible to include loose networks of individuals, provided their activities were organised and provided serious crime was involved. A certain freedom in this respect also came with the conference held in Dublin in 2003. The declaration issued by this conference went so far as not to include a definition of organised crime in the preamble, on the grounds that an exact definition could be limiting and could give a signal to organised criminal groups as to where the civilised world drew the dividing line.

The question of what organised crime has in common with other forms of crime and in what ways it differs is a complicated one. Here, too, we have noted a substantial development. For example, organised crime and economic crime are both systematic, serious, organised criminal activity, which cause substantial financial harm and damage the social system. So far as the differences are concerned, we can accept one of the conclusions of our report, where the difference is seen in the fact that organised crime penetrates the economic system in order to expand the supply of illegal goods and services. By contrast,

economic crime affects the economic system of the customer and is merely parasitic, but does not offer any goods or services.

Organised crime has a number of points of contact with and similar features to terrorism. The essential difference is that the basic motive for organised crime is to obtain the maximum profit with the minimum risk, whereas for terrorism the primary motive lies in ideological or political causes. Terrorism needs to make money as a means to attain its ideological and political ends, while for organised crime making money is the primary end in itself. For organised crime violence is a means, for terrorism it is an end. Organised crime tries to proceed in secret, terrorism usually seeks publicity. Organised crime seeks to take advantage of the existing social system, terrorism seeks to destroy it. A whole series of very different characteristics has not prevented organised crime from joining forces with terrorism at times. In view of the fact that organised crime does not want to operate openly, and publicised violence would tend rather to reduce its profits, it seems unlikely that attempts to ally itself with terrorism will be of a permanent nature. It is more probable that terrorism will make use of organised crime practices in order to gain funds for its main activities. It can acquire funds, for example, by distributing drugs, selling arms, human trafficking, etc.

When distinguishing organised crime from other groups in terms of structure it is important to keep separate, in particular, those groups that are admittedly organised but whose activity is not based on the systematic supply of illegal services, that do have a division of tasks but are not organised in a hierarchical way, and whose activity is not very sophisticated, and takes place on an ad hoc basis and is not limited to a certain territory. It is often quite difficult to distinguish these groups and in practice groups with a lower degree of organisation are sometimes included in the sphere of organised crime. (For example, the Section for Uncovering Organised Crime devotes quite a lot of attention to them.) In the same way, gangs can be considered to be a somewhat lower form of organised crime.

According to expert estimates there are some 50 to 70 groups of organised criminals operating on the territory of the Czech Republic. Altogether they have about 2000 members. Slightly more than one third of them are fully developed groups with a hierarchical structure on three levels, where there are several sub-groups (known as the middle link) between the top leadership and the ordinary members. Roughly half of the members are „external”, and are called in to carry out specific tasks. It is estimated that approximately 15% of members are women. Women are most often involved in trafficking with women, trafficking in narcotic and psychotropic substances, and illegal migration. They often appear in cases of corruption, setting up fraudulent companies, money-laundering, financial fraud, and customs fraud. They also take part in theft of all kinds and in particular the theft of works of art. Women are also involved in back-up services: in finding accommodation, mediating contacts, in contacts with state agencies, and in providing documents. Minors are often made use of in organised crime. The involvement of children under 15 most often takes place (knowingly) in connection with child pornography and child prostitution. Children also take part in theft and in distributing drugs.

Both Czech citizens and foreign nationals are involved in the organised crime that is carried out on the territory of the Czech Republic. The proportion of international and domestic elements has remained about the same since 1993, with the international element representing slightly more than half, and the Czech element slightly less. Among foreign nationals the largest number are Ukrainians, followed by Russians. (Until 1999 citizens from the former Yugoslavia also figured in this group of those foreign nationals who

were most heavily involved in organised crime activities, and until 1997 so did Chinese citizens.) After the Ukrainians and the Russians comes a second group consisting of Vietnamese, Chinese, and Albanians. These are followed by Arabs and then at some distance by Bulgarians (who were very heavily represented until 2000) and Belorussians. Among other nations occasionally involved in organised crime are Israelis, Croatians, Romanians, Germans, Afghans, Poles (also strongly represented up until 1997), Austrians, Italians, Turks, Serbs, and Dagestanis.

So far as the activities carried out by organised crime groups in the Czech Republic are concerned, among the most widespread have consistently been the theft of motor vehicles, the organisation of prostitution and trafficking with women, and the manufacture, smuggling and distribution of drugs (during the first investigation in 1993 this last activity was not too widespread, only becoming part of the group of most widespread activities in 1995). Since 1997 the organisation of illegal migration has also figured among the most widespread activities. At times tax fraud also falls into this category. By contrast, the theft of works of art, which was one of the most widespread forms in 1993-94, is now less common.

Other widespread organised crime activities in the Czech Republic include the resale of stolen goods, the illegal manufacture of CDs and videocassettes, extortion, customs fraud, setting up fictitious companies, illegal debt recovery, and the theft of works of art. Other activities include burglary, the theft of goods from lorries, bank fraud, money laundering, and obtaining money by fraud. Less widespread are murder and other acts of violence, corruption through organised criminals, the forgery of documents, cheques, money and coins, trafficking with arms and explosives, bank robbery, and gambling.

Since 1999 we have been systematically monitoring which groups of foreign nationals have concentrated on which activities. Characteristic activities for Ukrainian and Russian groups are: extortion, violent crime, illegal trafficking with arms and explosives, organising prostitution, stealing cars, and in the last two or three years dealing in drugs. Belorussians concentrate on the same areas as Ukrainians and Russians, but to a lesser extent. Russian groups differ from Ukrainian ones in that they lay greater emphasis on economic crime. The Vietnamese specialise in fraudulent business activities with counterfeit goods. They are also involved in smuggling and the violation of trade mark rights. They also concentrate on extortion, drugs, violence and organising prostitution. For the Chinese the main activity is organising illegal migration, especially for their compatriots. They also use the networks they have set up for drug-smuggling and human trafficking. Afghans also concentrate on migration. Albanian, Arabic and Turkish groups are oriented towards drugs, prostitution, and the arms trade, and Bulgarian and Polish groups towards stealing cars. (Although in recent years Czech groups have taken over this activity from the Poles and Bulgarians.)

During the third stage of our research in the period 2000-2003 we dealt with two partial aspects that cut across the spectrum of organised crime activities: the flow of funds and the use of violence and extortion. In both cases we examined their use within the group, within the world of organised crime, and in the links between that world and the rest of the world.

We need to be aware that the way in which the flow of funds takes place varies according to the type of activity the group is involved in. Generally speaking, however, the flow of funds within criminal organisations and externally to them occur in a similar way to normal practice in legal business activities. The basic pattern is derived from the economics

of operation and sales and consists of the following items: the sale of goods and services, the purchase of materials, wages and other expenditure on personnel, the purchase of services, energy consumption, depreciation, and profit and loss.

A specific problem relating to the flow of funds is that of the proceeds from criminal activity. Organised crime keeps its profits secret and therefore needs to legalise them in some way. In addition it can be assumed that price wars may take place between criminal groups. These may involve not only conflicts, but also attempts to limit spheres of influence and to reach agreements on prices. With the „purchase of materials" item, much depends on how expensive is the purchase and export of goods. Organised crime aims to make a lot of money, and therefore purchases as cheaply as possible and sells at an enormous profit. The size of wages and other expenditure on personnel depends on the degree to which the group is organised. Regular members of the group are paid directly, while external workers, who form more than half of the group, are probably paid for the specific external services they provide.

The economy of criminal organisations differs from that of legal ones in that the goods and services they sell meet a demand that is to a large extent pathological (drugs, prostitution, gambling) or arises out of necessity (money-lending) or extreme necessity (illegal migration). The illegal goods and services that are supplied by criminal organisations do meet a need. It is in other words a normal case of supply and demand. However, in order to achieve the highest possible profits, it is necessary to artificially stimulate a high demand for these goods and services.

Organised crime uses its enormous profits to purchase luxury consumer goods, cars, real estate, hotels, and antiques. Some of their available funds are accumulated in banks. Criminal organisations invest large sums in corruption. Substantial bribery of state, public, and elected officials by criminal organisations would appear to take place. By this means they acquire a number of advantages: information about police or customs operations, speeding up administrative procedures, lobbying, etc.

It is difficult to discover where these profits have been placed, in particular because the criminal world has penetrated the worlds of big business and politics. In addition, ownership by shares makes it possible to conceal who actually controls a given company. Organised crime has a surplus of available funds, whereas in legal economic structures they are lacking. The result of this imbalance will be that organised crime will come increasingly to invest in the legal economy, with the acquiescence of governments, who will thus be helped to resolve economic and social crises that might otherwise develop into political ones.

Violence is not one of the main activities of organised crime. It is used as a means to help make organised crime activities more effective. If physical liquidation takes place, then it is usually the liquidation of members of the group or of rival groups. The liquidation of witnesses to crimes can also occur. Outside the group, however, violence is most often used as a form of intimidation.

With contract killings the perpetrators or their abettors are mostly Czech citizens. But although there are fewer foreign nationals than Czechs who act as hired killers, foreign nationals carry out contract killings more often than other crimes. The same applies to the victims. Both perpetrators and victims are almost exclusively young men. There are also cases of attacks by more than one perpetrator on more than one victim. If the victims



are businessmen, then very often they are people who have connections with individuals or groups that are involved in organised criminal groups or directly in organised crime. The victims are often what are known in Czech as „white horses" (people who are made use of for dishonest business practices and then eliminated).

The murders that were investigated were always murders that had been prepared beforehand (though not always very well) and often made use of firearms. Since most of the cases examined were contract killings, the profit motive was the most common motive for carrying out the killings. This was followed by resolving problems with unpaid debts, and the liquidation of „white horses" and troublesome people. The research revealed an increasing brutality in the murderous attacks, the use of a combination of methods and types of attack, and the attempt to increase the suffering of the victim before he died. The perpetrators were characterised by a substantial lack of feeling and compassion for the victim. Most of the perpetrators had an average or high IQ and had been educated beyond the basic level. If witnesses were present at the murders, they usually tried to avoid testifying afterwards, not only because they were afraid for their own safety, but also because their role during the attack was not always very clear.

In cases of extortion the sums involved, whether profits or debts, were always numbered in millions. Here, too, violence was used, which might escalate into murder, and in one case did so. The victims were physically ill-treated. Cases of extortion and of murder carried out by criminal organisations do not differ a great deal from one another in terms of the methods used and the character of the perpetrators and the victims.

In the research into organised crime that we carried out in 2000-2003 we concentrated on some of the commonest activities in more detail. These were the manufacture, smuggling and distribution of drugs, the theft of motor vehicles, trafficking with women and organised prostitution, and organised financial crime.

Organised crime directed at narcotics and psychotropic substances is one of the priorities of criminal organisations in the world and in the Czech Republic. Many features of the Czech drug scene have changed since the 1990s, and at the beginning of the 21st century a whole series of new facts can be noted. The distribution of drugs is expanding into smaller towns. There is an increase in virtually all types of drugs, in particular synthetic drugs linked to the music and dance scene. The differences in quality of individual drugs is more marked, often related to a reduction in the concentration of the active components. There is an increase in cases of experimentation with volatile substances. The perpetrators concentrate on certain sectors of the market, often depending on their ethnic group. Some specialise in the distribution of pervitin, others on other drugs. More and more young people aged under 15 (who are under the age of criminal responsibility) are becoming involved in drug trafficking. What is known as procurement crime is on the increase.

Changes are also taking place in the way drugs are smuggled and distributed. As a result of the stricter laws on possession of a certain quantity of a drug, the quantities distributed across the borders and in particular those held by street dealers have decreased. In selling drugs pre-paid cards and mobile phones are mostly used, considerable use is made of the internet, and internet cafes are also used. Hired cars are used much more frequently for distribution.

Many foreign nationals are involved on the drugs scene. The drugs trade in the Czech Republic is dominated by Kosovo Albanians, Macedonians, Bulgarians, Turks, Arabs, and Vietnamese. Russian-language groups are increasingly trying to gain greater control over the manufacture of and trade with metamphetamine. Members of the Romany ethnic group are involved in distribution on the streets, especially Olah Romanies.

Most of the organisers of criminal groups have their place of residence in the Czech Republic or have been granted asylum there. This is due to the relatively easy conditions for being granted legal residence status, the low risk associated with legalising profits, and the fact that it is easy to set up a covering company and the costs of operating it are low.

Since the beginning of the 1990s car theft and trafficking with stolen vehicles or with their parts has consistently been one of the most widespread organised crime activities. This activity is spread throughout Europe. It is particularly profitable for organised crime because new markets have now opened up in Eastern Europe and in the Near and Middle East. In addition, border formalities are less strict than they were.

There are quite a large number of groups that concentrate on stealing and smuggling cars. In cases where organised crime is involved, the division of tasks within the group is fairly well developed. They usually include people who provide tip-offs, specialists in repairing and converting cars, and those who take them across the borders. The organisers hire the members of the group and maintain contacts with customers. They often have contacts with police and customs officers, too. Those who perpetrate this type of crime are usually aged under 30, with 15- to 17-year-olds being heavily involved. The organisers are usually older. Foreign nationals are frequently involved in stealing cars: most often Slovaks, Ukrainians, Poles and Bulgarians. (The proportion of Poles and Bulgarians went down in the second half of the 1990s.) In some cases police or customs officers have been recorded as members of groups.

The vehicles are usually acquired by stealing them, and in some cases by taking them from the owner by force. Then they are transferred to their destination, either being driven directly or in special container vehicles. Often the theft of a vehicle is faked for the purpose of insurance fraud. The „theft” of vehicles leased from leasing companies can be faked in the same way. Vehicles stolen in the Czech Republic – or their parts – are sold either on the domestic market or abroad. Often forged documents are provided for the vehicles. Special forgery workshops exist in which the following documents are forged: vehicle registration documents, certificates of roadworthiness, customs documents, sales agreements and deeds of gift, and authentication by notaries.

Together with drug trafficking and car theft, trafficking with women for the purpose of sexual exploitation is one of the three most widespread activities of organised crime in the Czech Republic. Women are often acquired for this activity by fraudulent means, such as the promise of work or a lonely hearts advertisement. Usually they are taken out of the country. Women who become the victims of trafficking are subjected to a total lack of freedom. They are unable to move around freely, their documents are taken away from them, they have to give up the money they earn, they are constantly under surveillance and control, intimidated and forced into prostitution.

Organisations that are involved in trafficking with women are usually organised in a hierarchical way. Some of them specialise in recruitment, some in operation, and others

cover both. It is a well-organised industry that has substantial financial resources at its disposal and makes considerable use of corruption. Fictitious cover companies are often set up to launder the proceeds and legalise illegal activities. The organisers are mostly foreign nationals: Yugoslavians, Germans, Greeks, Italians, Poles, and Russians. Czechs are involved as co-workers. Among women operating as prostitutes in the Czech Republic the largest groups are Slovaks, Ukrainians, Bulgarians and Thais.

In order to eliminate prostitution it is necessary above all to make a long-term effort to reduce the imbalance in the economic and social conditions in different countries. Sufficient political will and cooperation between the relevant institutions on a national and international level are also called for. A systematic attempt should be made to eliminate corruption, by means of which the organisers of illegal trafficking with women achieve everything that they want to. The women (and in some cases men) who have been exploited should be provided with sufficient legal protection and health and therapeutic care, and also help with re-socialisation and compensation.

Organised crime in the Czech Republic has penetrated into the economic sphere as well. The restructuring that took place in the country during the 1990s, in particular in the form of privatisation and the restitution to its original owners of property nationalised by the Communists, provided a good opportunity for organised crime to become active in this area. It made use of standard methods and means. Among other frequently-occurring practices were dubious bankruptcy proceedings, siphoning off the assets of companies and banks, fraudulent tender procedures connected with corruption, and the existence (and not infrequently liquidation) of „white horses“.

The total profit made by criminal organisations in 2001, according to police estimates, came to 418 billion CZK, i.e. 20% of the country's GDP. The Ministry of Finance estimates the average annual proceeds from economic crime at 170-180 billion CZK. One of the main problems is non-standard financial transactions. The value of the financial transactions represented by crimes reported to the police alone came to 15 billion CZK. Considerable losses are caused by the manufacture and import of illegally manufactured goods. Secret factories have been discovered in the Czech Republic for the production of cigarettes from raw materials, the manufacture of clothing by seamstresses, burning CDs, and copying videocassettes. Experts estimate that the illegal import, production and sale of tobacco products costs the state 10 billion CZK a year. Furthermore, it is estimated that illegal trading of this kind deprives 15,000 people in the textile industry of work. Tax evasion for smuggled and confiscated cigarettes comes to over 70 million CZK.

Some international economic transfers are also connected with organised crime. The opportunity for this arises in connection with the activities of transnational corporations. The main reason for problems associated with these activities is that so far the laws of different countries regulate international business activities in different ways and effective legislative measures are lacking. Particular problems are related to the pharmaceutical industry, the production and distribution of tobacco products, and banking.

Organised crime makes widespread use of corruption. Corrupt practices lead to unfair competition. The enormous sums that organised crime is able to invest in obtaining illegal advantages facilitate access to information, exemption from punishment, and the creation of various favourable connections in suitable places.

Financial crime is always organised in some way. However, it cannot always be classified under the heading of organised crime. (The dividing line fluctuates and will probably continue to fluctuate due to changes in the definition of organised crime.) On the one hand groups of organised criminals take advantage of the existing structures for legal business activities. They try to legalise the proceeds from crime by means of legal institutions. On the other hand organised crime itself is engaged in illegal business activities. Among the most widespread examples are money-lending, illegal brokerage firms, and pyramid games.

Money-lending is effectively an illegal banking system in embryo form. Organised crime makes use of it on the assumption that banks will refuse to grant credit to less solvent clients, who in cases of extreme need can turn to organised crime groups. Illegal brokerage firms carry out dishonest machinations with currency exchange and with securities. More extensive pyramid games require a substantial degree of organisation.

In Czech conditions the bankruptcy of small private banks, consumer cooperative societies, and credit associations occurs too often. Similar tendencies are to be seen on the capital market. Banks and investment companies have a certain form of organisation. If they deliberately commit offences, then there can be no doubt that this is a case of organised financial crime. We can also include so-called „Nigerian cases" under the heading of financial crime. Nigerians and nationals of other African countries offer a certain percentage of considerable sums of money that are to be fraudulently transferred to Europe. But first of all they ask the Czech client for a deposit to cover the costs of the transaction or for a bribe.

As organised crime is continuing with its activities in the Czech Republic, so we, too, are continuing in the research that we began in 1993. The results of this research are used both in Czech policy planning in the criminal sphere and in the work of special sections of the Ministry of Justice and the Ministry of the Interior. The attempts of international organisations to counter organised crime, as one of the greatest security risks of the 21st century, are also continuing. A significant component of this coordinated endeavour consists of analysis carried out in research centres in Europe and throughout the world. We would also like to play our part in this.

In the period 2004-2007 we want to examine organised crime together with economic crime, corruption and terrorism as serious forms of criminal activity. In addition to ongoing monitoring of tendencies and analysis of specific cases we want to concentrate primarily on the threat posed to society by organised crime and the measures that society can adopt against it. Under the threat category we want to examine the factors that can be taken advantage of by organised crime in different areas of the life of society. We hope to ascertain how and why organised crime threatens different sections of the social system. In terms of defence against organised crime we intend to analyse the programmes and strategies of different parties involved in combating organised crime. We want to compare the current and real state of affairs and likewise where appropriate to recommend new and more effective solutions.