

Transnational Crime

MSCR 640

Regis University

Week 2

Post-Soviet “Russian” Organized Crime – Definition, Players and Global Threat

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**The Need of Define ROC.** One of the greatest difficulties facing those individuals and organizations which must deal with the impact of Russian Organized Crime (ROC) is answering the question, *exactly what is Russian organized crime?* This difficulty derives in part from the extreme secrecy with which ROC members have always functioned; and has been exacerbated by both news media and law enforcement agencies, whose own particular ends are better served by sensationalized and exaggerated accounts of ROC membership, rising numbers of groups, types and frequency of various crimes.

What remains missing is a clear understanding of what exactly Russian organized crime and ROC groups are. Certainly, the media of the 1990s, in reporting incidents of street crime and overall rising crime rates in Russia, utilized a liberal construction of this term, it then being in vogue to blame much on the mafiya. In reality, it will be seen that there are actually many layers of crime in Russia, a number of which are not, and have never been, mafiya controlled.<sup>1</sup> Since the collapse of the Soviet Union in late 1991, news media accounts of an increasing crime rate paralleled rising estimates of the number of actual ROC groups and numbers. Rarely a month went by in the three years after the USSR's collapse that some newspaper, magazine or television show did not proffer a statistic on the number of ROC groups operating across Russia that was not substantially greater than those previously reported. A review of such publications concluded that the U. S. media, in particular, had been engaged in a game of journalistic one-upmanship, each trying to outdo the other with histrionic accounts of the spread of the Russian mafiya.

The lowest estimate of total active gang membership in Russia more than two decades ago was reported by journalist and ROC expert Stephen Handelman at fewer than 100,000 people.<sup>2</sup> Despite that figure, in publications and testimony before the US Congress, Handelman reported far more dire figures. By 1995, US news media accounts of this problem reported that Russian organized crime was comprised of 5,700 different gangs, an estimate which was up from merely 785 in 1991.<sup>3</sup> As well, these many thousands of organized crime groups were reported to employ no fewer than 3 million part-time racketeers; this estimate from the Russian Ministry of Internal Affairs,<sup>4</sup> further evidence that even they ascribed organized crime involvement to anyone possessing a substantial amount of money.<sup>5</sup> While it may seem the worst sort of evidence-less kangaroo court mentality to anyone who has grown up under the Constitution of the United States, the fact remained that in the horrific depression, depravity and poverty of the post-Soviet years, that anyone there with money could only have made it by criminal means.

In order to adequately and accurately understand the organism of Russian organized crime, some commonly accepted standards and parameters must be established. There is a monumental disparity between problems inherent to common street crime from those surrounding true organized crime or mafia activities, and control of various sectors of the economy and political structure. To understand Russian organized crime then, it must first be adequately defined.

This occurs through an examination of its component parts: the people who comprise it; its organizational structure; individual groups; and activities inherent to ROC.

**Russian Organized Crime.** The Financial Crimes Enforcement Network (FinCEN) is a US government-funded international organization based in Vienna, Virginia which tracks the activities of criminal enterprises. In the early years of the study of the Russian *organizatsiya*, it was reported that the term “Russian Organized Crime” (ROC) was often misused and over-applied by both law enforcement and the media, as it was often employed to describe every type of crime committed by former Soviet citizens.<sup>6</sup> Indeed, twenty-plus years ago, Russian organized crime was a phenomenon smaller and more identifiable than believed. However, it was still not an entity which was as easily identifiable as the original Italian mafia groups. The mafiya of Russia was seen as a hydra-headed,<sup>7</sup> hybrid monster,<sup>8</sup> which had come to feed on the emerging market economies of Russia.<sup>9</sup> It was not a monolith, as was often believed, but a “congeries of hundreds of gangs,”<sup>10</sup> according to the U. S. Department of Treasury, Office of Counterintelligence and FBI. Though most often seen as loosely associated or banded criminal groups, Russian mafiya entities were also recognized to exist in organizations identical to that of traditional organized crime entities.<sup>11</sup> For the most part, its various entities or components were not so permanent as was often inferred from the term *organized* crime. ROC “brigades” came and went, group leaders were often transitory, and numerous groups were transient, moving from one area of the former Soviet Union to another.<sup>12</sup> The various groups and organized gangs were often mistaken for traditional mafia in the Italian mold, with everything from Asiatic bandits to Russia’s version of motorcycle gangs being included in media and law enforcement accounts of ROC activity.<sup>13</sup> Various groups, all broadly considered to be “Russian” organized crime, were known solely by nationality. Chechen, Armenian, Azerbaijani, Georgian, Russian, Ukrainian, Uzbek and Ingushi were all commonly identified types of ROCs, many being so categorized more due to their origination in those former Soviet republics than any real identifiable entity with structure and permanence. ROC groups were simultaneously, and seemingly paradoxically, described by occupation as well. Various “mafias” commonly depicted in western publications included the drug mafia, the gambling mafia, the taxi mafia, the gold mafia, the currency mafia, the stolen car mafia, etc.<sup>14</sup>

At times, some enterprising publication would attempt to better define this amorphous concept by cross-categorizing these groups. Most often this could not be done with any acceptable degree of accuracy, and virtually never in a fashion which yielded an accurate organizational understanding of ROC. This problem was exacerbated by the fact that “lines are indistinct between Mafiosi and ordinary swindlers or black marketers. Often there is no discernable line at all between Mafiosi and their political confederates.”<sup>15</sup> It is for all these reasons that the traditional understanding and definition of organized crime, as a “continuing and self-perpetuating criminal conspiracy fed by fear and corruption and motivated by greed”, was often inapplicable.<sup>16</sup>

This is not to say that there was no authentic criminal organization known, or which could be accurately depicted, as *the Russian mafiya*.<sup>17</sup> An analysis of the actual Russian mafiya or Russian organized crime must be careful to not include the myriad “unorganized” gangs and temporary associations and affiliations of criminals throughout the former Soviet Union, engaging in all types of common and sometimes extraordinary criminal activity. The American understanding of organized crime being defined as a “pattern of racketeering activity” through otherwise “legitimate business enterprises” is found in the federal Racketeer Influenced and Corrupt Organizations Act (RICO)<sup>18</sup>, and was based on the structure and activities of La Costa Nostra.<sup>19</sup> True ROC was, and is, an organization with structure and hierarchy, perpetuated with financial objectives.<sup>20</sup> Going back to the 1990s, ROC, or the mafiya, was generally wealthier by far than the law enforcement agencies working against it and far better equipped in high-technology weapons, transportation and communication systems.<sup>21</sup> Today, the Russians, due to a partnering of ROC and Putin government agencies, have grown that ability in the form of peerless computer expertise, expansive hacking enterprises, and other cyber-crime operations for joint criminal and government purposes. Previously, violence, contrary to popular media reports and the histrionics of Russian and U S governmental agencies, was rarely indiscriminant. In those early days, it was used merely to promote the economic objectives of the organized criminal group, i.e., market share and profit.<sup>22</sup> Dr. Louise I. Shelley, then a professor of Public Policy at American University and accepted expert on Russian organized crime, created certain parameters within which true mafiya activities could be defined.

Most organized crime groups make the most significant share of their profits from the exploitation of the market for illicit goods and services (i.e., prostitution, gambling, drugs, contract killing, supply of cheap illegal labor, stolen automobiles). These activities, combined with the extortion of legitimate businesses, provide the primary income sources of organized crime groups in most societies.<sup>23</sup>

Thus, to understand the true nature of the actual organization or entity deserving of the appellation “Russian mafiya” or “ROC”, one must consider all of these elements: (1) it is a perpetuating, “organized” and hierarchical entity; (2) existing for the purpose of attaining financial objectives; (3) most important of which is the yield of revenue and profit from various illicit activities in the market place; and, (4) most often associated with organized crime activities such as bribery, extortion, prostitution, drugs and murder – often through otherwise legitimate business enterprises.<sup>24</sup> However, it must be understood that in the years since this definition and examples were offered, ROC and the many TCOs with which it is engaged in global criminal business, have expanded exponentially. Still, within these general parameters it is crucial to analyze ROC’s component parts to yield an accurate picture of the true size and activity level of this phenomenon, and the magnitude of the threat it represents to America and the world. This

cannot be accomplished without first identifying who and what comprised the Russian mafiya from the early post-Soviet days until today, what organizational and hierarchical structures have been established by them, what the individual mafiya groups really are and how they are organized, what actual number of racketeers work in and for these groups, and, finally what activities in which the mafiya groups are engaged.

**The People Within Russian organized Crime.** As with any “organized” enterprise, the Russian mafiya is comprised of a discernable, if not formalized, hierarchy. At the top are the *Vory*, having survived the transformation from their previous role as communist antagonists to command the upper echelon of Russia’s new free market racketeers.<sup>25</sup> But these *Vory* are new, and indeed different, unlike any kind of criminal seen in Russia before. These mob chieftains have “one foot in the old black market world, the old criminal world, and another foot in the official world, the world of politics and the old structure of the party.”<sup>26</sup> Membership in the upper levels of the Russian mafiya could only be attained through an established and respected member-sponsor, and only then after establishing loyalty and commitment to this lifestyle by killing someone expedient to the organization, usually a friend or relative, in a manner similar to the initiation rites of their Sicilian counterparts, which they studied assiduously.<sup>27</sup> In fact, the post-Soviet Russian mafiya not only admired, but in many ways sought to emulate, the Sicilian mafia which it believed to represent the highest standard of organized crime achievement.<sup>28</sup>

By 1995, the Russian Interior Ministry (MVD) reported that throughout the Commonwealth of Independent States, there were approximately 500 of these high-level crime bosses. More than half were estimated to be Georgian, Russian or Ukrainian.<sup>29</sup> At that time, all of the high-level Mafiosi have served time in prison,<sup>30</sup> though this is no longer an accurate characteristic. By then, at all levels they had already begun to eschew the code of honor of the old thieves’ world, contrary to the romanticization of the media and many experts’ beliefs at the time.<sup>31</sup> Still, they continue to live by an amended code, more practical to the new organization and its aims, including even a code of silence which the threat of arrest and imprisonment cannot break.<sup>32</sup> Members risk this code’s death penalties, communicate in secret vernacular and identify each other through the display of tattoos “marking their eternal membership”: a spider web for drug traffickers; an eight point star for robbers; a broken heart for district bosses.<sup>33</sup> On their knuckles are displayed tattoos of Cyrillic letters marking them as “made men” in the *organizatsiya*.<sup>34</sup>

As with their Sicilian counterparts, their public appearance is that of ultimate respectability. Expensively and tastefully attired at all times, the new racketeers regard themselves as the inheritors of a romantically traditional view of Russia.<sup>35</sup> Originally, they were born and bred under the harshness of the communist regime,<sup>36</sup> and by 1991 most had found themselves supporters of the fledgling Russian democracy. In fact, during the attempted putsch against Gorbachev in August 1991, and the seizure of the Russian White House – within which Boris Yeltsin rose as an icon of freedom and democracy – it was reported that a number of these same

racketeers were identified delivering coffee and manning guns, defenders of Russia's new democracy. Today, however, they can claim no such pedigree. With the Soviet Union being more than a quarter-century dead, these new "godfathers" have no knowledge or recollection of the era from which they were spawned. They are a new generation of criminal, with a new generation's unique perspective on everything, to include any limitations on their own behavior.

Perhaps the political commitment to democracy of these new criminal-businessmen is not the only indication that they are a different breed from the stereotypical racketeer. Many of the new Russian organized crime members are highly intelligent, educated and experienced in various academic and scientific disciplines. Even back in the immediate post-Soviet days, a great number had advanced degrees in science, engineering and mathematics,<sup>37</sup> and many were high-level scientists and professionals in the Soviet system. Yesterday's Russian gangsters played chess<sup>38</sup> and many were multi-lingual.<sup>39</sup> While today's crime lords may not have time for such mundane pursuits as chess when the running of their empires beckons via the internet, they continue to be highly intelligent, well-educated, well-traveled, urbane and sophisticated. But some things have not changed. Usually in public the upper-tier bosses are surrounded by five or six large, muscular men, "with thick necks and vestiges of broken noses."<sup>40</sup> As is traditional with the Sicilian organized crime members, Russian mobsters utilize upscale restaurants as meeting places for public visibility and apparent control. Usually found arranged at the rear tables in such establishments are a large number of enforcers or bodyguards, identifiable by their short, clean-cut professional hair styles, dark sport jackets and black turtleneck shirts, portable cell phones, Italian loafers, and stacks of money.<sup>41</sup> The extreme size of these individuals originally attested to the fact that some Russian mob groups hired former members of the Soviet Olympic weightlifting team,<sup>42</sup> in addition to former heavyweight boxers and wrestlers of national if not Olympic caliber.<sup>43</sup> These former athletes were quite obviously used because of their strength and appearance, being referred to as "pit bulls" and torpedoes."<sup>44</sup> Today, they prefer to hire the former members of Russia's elite spetsnaz – special forces – units, everyone of which is a veteran of the brutal decades-long war in Chechnya. The other remaining consistency from the old days is brutality: the new leaders routinely prove themselves to be every bit the vicious, victimizing thugs as their predecessors.

But the conscription of lower-level employees did not stop at former athletes. From the beginning, there was substantial evidence that certain of the organized crime groups were employing out-of-work KGB agents to run their individual racketeering enterprises,<sup>45</sup> and further evidence that former Soviet intelligence officers of various agencies now run their own criminal enterprises.<sup>46</sup> Today, with the lifelong connections of Russian President Vladimir Putin and the KGB (now FSB), evidence is growing that these connections have resulted in the Russian government using Russian-based organized crime groups to help prosecute its geo-political agendas either through direct action or by destabilization of foreign countries through increased criminality. Nowhere has this been more targeted than at the United States, which

remains the world's number one destination for human trafficking and sex slavery, as well as the number one market for illegal drugs, both criminal enterprises the Russians specialize in.<sup>47</sup> These former intelligence operatives have access to and knowledge of high-technology and can exploit former networks of individuals and groups involved in international trade and black marketeering.<sup>48</sup> Still other ROC groups have been reputed to import former Israeli commandos. In the early years, rising competition among the various ROC groups dictated a corresponding demand for highly trained professionals with combat experience and a willingness to follow any orders given.<sup>49</sup> It was for this reason as well that Afghanistan War veterans and Soviet *Spetsnaz* troops are recruited. And while many of the mafiya-wars of the nascent Russian Federation have calmed, with criminal industries and territories well settled, the need for such "security" has not gone away – nor will it ever.

Police officers, and some leading police officials, are believed to be continually conscripted.<sup>50</sup> Allegations of commanding officers within the Russian police departments acting as directors or consultants for mob-owned front companies and commercial enterprises have been – and continue to be – made.<sup>51</sup> It has also been reported that others moonlight for the gangs as enforcers or consultants, and that one police captain in Vladivostok even came to head his own gang.<sup>52</sup>

**ROC Statistics.** While the numbers of individuals occupying various positions within ROC structures may be discernable, it appears that to this day no one has a realistic approximation of the magnitude of Russian mafiya members in the Russian Federation. It is in this statistic alone, perhaps more than any other, that the news media first painted a picture of a mafiya problem gone out of control. By 1995, the FBI estimated that the number of persons in organized crime groups in Russia actually exceeded the number of La Cosa Nostra members and associates in the United States. But verifiability was always the problem. ROC could well have exceeded Italian mob numbers. It could even have exceeded them exponentially; the problem was that no one knew for certain. Through the 1990s, the estimated numbers of *organizatsia* groups across the Russian Federation ranged from fewer than 800 to almost 6,000. Though these estimates increased consistently from the latter part of 1991, the increase could be attributed as much to recycled news accounts with incrementally increasing sensationalization as to actual increases in number of real organized crime entities. The problem today, is that, with the cancer that is organized crime having metastasized into legitimate businesses and industries as well as governments, it is all the more difficult to differentiate mafiya "thugs" from business executives and even elected officials.

A November 4, 1993 hearing before the U. S. House of Representatives' Subcommittee on International Security, International Organizations and Human Rights, of the Committee on Foreign Affairs, first addressed the issue of the threat of transnational crime. At that hearing it was estimated that between 2,500 and 3,000 criminal formations then operated in Russia,

engaging in the activities typically associated with traditional mafia groups: drug dealing, extortion, kidnapping, bank fraud, counterfeiting, contraband exports, contract murder, trafficking and weapons.<sup>53</sup> Earlier, Russian MVD investigators reported having counted almost 3,000 gangs across Russia.<sup>54</sup> Just a few months later, in early 1994 estimates available in U. S. publications had increased to between 3,000 and 4,000 gangs operating in Russia. This was reported to include several hundred whose activities spanned the breadth of all the C.I.S. (Commonwealth of Independent States) territories, including other parts of eastern, central and western Europe.<sup>55</sup>

That the 4,000 gang figure was being reported in the West is of little surprise. Russian Federation President Boris Yeltsin asserted as early as February 1993 that there were more than 4,000 organized criminal gangs known to be operating in Russia back in 1992. Supposedly, President Yeltsin contended that more than 1,000 of these were operating internationally.<sup>56</sup> Not to be left behind, the US Department of Energy's (DOE) Office of Threat Assessment did President Yeltsin one better, contending that there existed "cited evidence" establishing 4,000 organized crime groups operating in Russia as early as 1991, prior to the dissolution of the Soviet Union.<sup>57</sup> DOE, relying on statistics published in commonly available journals and newspapers, estimated that 40% of private businesses and 60% of state-owned companies had been corrupted by organized crime. Through this agency it became the US government's position and official estimation that the Russian mafiya then owned half of the commercial banks and 50% to 80% of shops, hotels, warehouses, depots and service industries in Moscow alone.<sup>58</sup> Today, it is hard to find a single expert or knowledgeable law enforcement official who does not cite the belief that virtually every single legitimate business enterprise in Russia is controlled to some degree or paying money to ROC.

In early 1993 the Russian MVD reported that there were exactly 4,352 organized crime groups operating in Russia, comprised of an estimated 100,000 members and a leadership of 18,000. The Internal Affairs Ministry further reported 275 intra-regional groups, 168 international, and identified 150 enterprises, consisting of two or more groups in close cooperation, which they termed "criminal communities."<sup>59</sup> The German Republic's Bundeskriminalamt felt that through 1994 there were then approximately 700 of the upper-echelon thieves-in-law or *Vory*, of which 180 operated outside Russia, and the total organized crime groups had merely several tens of thousands of members.<sup>60</sup> Perhaps the Russian MVD's First Deputy, General Mikhail Yegorov, provided the most accurate estimate of the groups alleged to be operating internationally, when he asserted that his organization could identify 174 Russia organized crime entities which were then operating in all 15 republics of the former Soviet Union and in 29 countries, including the United States.<sup>61</sup> Indeed, countless reports from both the media and US government documented the virtual takeover of such areas as New York's Brighton Beach by Russian mafiyas, and the exportation of their activities to other US cities. This included the June 8, 1995 arrest in New York City of Vyacheslav K. Ivankov. Ivankov, known as the godfather of all ROC activities in



the US was found to have a Denver address, the same as that of the owners of Denver's *St. Petersburg* restaurant.<sup>62</sup>

**Early Structure and Hierarchy of ROC.** From the beginning, law enforcement officials attributed most of the murder and violence occurring in Russia to the *organizatsia*. They claimed that in Moscow alone “the action” was divvied up among the eight main organized crime groups operating there. While law enforcement noted similarities between the criminal structure in Russia and the five Italian families that originally divided New York City, the division of crime in Moscow was never so clear, and anything but neat.<sup>63</sup> The FBI concluded that there were four general bases of Russian and Eurasian organized crime activity. At the time the US Department of Justice believed these four foundational structures of crime fell into “the old Soviet-style criminal enterprise categories.”<sup>64</sup> That is, they were identified by the various *Vory*, many of whom were still in prison or at large, running these structures at the highest level as a type of mafiya politburo. Claire Sterling, whose book was specifically referenced in US federal intelligence reports as an excellent source of information on ROC, wrote that “each sphere of influence was under their control,” they met periodically, settled disputes and created illicit operations to undertake.<sup>65</sup>

The US Department of Justice since came to recognize that the *organizatsia* was not nearly so formally structured as the traditional organized crime groups, such as La Cosa Nostra and the Japanese Yakuza.<sup>66</sup> Author Lev Timofeyev, a Russian expert on the subject, described ROC as a “secret government” whose role was, even then, underestimated.<sup>67</sup> His theory was that the Russian mafiya was an undefinable sub-government, often acting as a puppeteer for high-level politicians.<sup>68</sup> What makes ROC so difficult to comprehend structurally is that with many of the groups, actual organization is and always was more a function of expediency than design. Criminal territories may be divided by tribe, region, neighborhood, or as a function of the power and success of the local crimes bosses.<sup>69</sup> Recent US intelligence reports indicate a realization that much of what is called Russian *organized* crime is nothing more than a loosely structured network of criminal groups operating on both a domestic and international level. According to the US Department of Justice, the “typical group included in ROC by media and law enforcement estimates does not have the traditional pyramid structure of other organized criminal groups.”<sup>70</sup> Unlike the mafia of La Cosa Nostra, it has no home seed or central command.<sup>71</sup> Due to the shifting organizational structures, some Russian groups are merely collections of individuals affiliated with a particular leader, while others are composed of criminals based on a distinctive ethnic or family background. Some are temporarily formed only to carry out a particular crime,<sup>72</sup> much akin to a “joint venture” in legitimate business activities. This example reveals a common pattern of Russian criminal organization, formed by individuals associating just to commit a particular offense. This is more along the lines of a criminal conspiracy than true racketeering activity, and the inclusion of these people and their transitory enterprises is partially responsible for high estimates of mafiya entities.

In November 1993, the National Drug Intelligence Center and US Department of Justice/FBI issued a joint report which referenced the ROC organizational structure then believed to exist. This report has not been updated or changed significantly. Much of that may well be a function of all US government agencies and assets that addressed ROC having been diverted to Islamist, jihadist terrorism in the aftermath of 9/11. In 1996, then-director of the FBI Louis Freeh testified before Congress that Russian organized crime represented the single, greatest threat to the long term security of the United States. Through the 1990s the FBI had specialized Russian organized crime squads in eight cities in which ROC presence and former Soviet immigrants were most prolific. Today, there are none.

In 1993's joint NDIC/USDOJ analysis, "Russian Organized Crime – A Baseline Perspective", the FBI presented the configurations of ROC through four general enterprise bases:

1. Old Soviet Style Criminal Enterprise - A circle of corrupt Communist Party Officials, production and distribution bosses, corrupt regional government officials, and involving local and regional criminal bosses and criminal gangs.
2. Ethnic Based Criminal Enterprises - Chechen, Azerbaijan, Georgian, Dagestan, Tatar, etc.
3. Thieves-in-Law (*Vory v Zakonye*) - The "Thief-in-Law" or *Pakhan* is considered to be the top echelon of the criminal hierarchy in the Commonwealth of Independent States. These elite criminals earned their title through an election by the heads of various convict gangs while serving a prison term. Once elected they must take an oath and are crowned in an induction ceremony. These criminal "kings" are termed "hermits" by the MVD Because they keep a very low profile. ....MVD has reported.... 180 ethnic Russian and 500 "other" thieves-in-law in the CIS and at least one who now lives in the US<sup>73</sup>
4. Other Criminal Enterprises - These are groups which either operate in a particular region, are led by a powerful leader, or its members are involved in similar occupations or criminal activities.<sup>74</sup>

However, even then when US assets were assiduously trying to get a handle on this new threat, what the Department of Justice and other law enforcement officials missed was the magnitude of

the structure of the ROC groups. While the groupings are accurate, they lacked precision. No clear understanding was demonstrated as to the various subdivisions and inter-relations of the Russian organized crime hierarchy. An additional factor is that since this analysis in November 1993, the *organizatsia* has continued to develop and evolve, gaining in both sophistication of criminal enterprise and organizational structure. Moreover, much of the initial “looseness” or lack of organization noted by so many experts and law enforcement agencies was more attributable to their ignorance of the real structure of the Russian mafiya than it was to any evidence of such comprising a new type of mob.

A sub-component of the Department of the Treasury, the Financial Crimes Enforcement Network or FinCEN, still gathers intelligence on much of the Russian mafiya’s activities. What the intelligence from even FinCEN missed from the outset, however, was an entire tier which was in the hierarchy one level above ROC controlled street gangs or street criminals. This was known as a “supply” or “security” group. This group served the liaison function, ensuring that orders from above were carried out. It was ordinarily comprised of respectable citizens, from journalists and bankers to artists, athletes and politicians, who provided intelligence, legal aid, social prestige and political cover.<sup>75</sup> This umbrella of respectability of the old and new *nomenklatura*<sup>76</sup> made them, perhaps, the most difficult of the involved racketeers to dislodge or establish evidence against. Most recently, experts and law enforcement have come to recognize that the *organizatsia* groups developed gigantic hierarchical commands,<sup>77</sup> and are now recognized to have several major groups organized in various forms. Still, at the top are the godfathers or *Vory*<sup>78</sup> who, while not absolute rulers, dominate spheres of influence under their control. They continue to meet periodically, settle territorial disputes, make policy and decide on operations.<sup>79</sup> Their edicts are instantly transmitted, and virtually always obeyed,<sup>80</sup> as reported early on by Ivan Pavlovich, Deputy Chief of the Russian Interior Ministry’s Sixth Department. Below these *Vory* are what the Italian mafia would call “capos” or middlemen, with lieutenants and under-lords below them.<sup>81</sup> The lowest level of the mafiya tiers are found in the common street extortionists, enforcers and collectors.<sup>82</sup> All strategy and planning is done only at the topmost level.<sup>83</sup>

FinCEN has provided information to the US Department of Justice and NDIC which expands to some extent the understanding of this hierarchy. Going back to the 1990s, FinCEN has reported that each crime boss or *Vory* generally controls four criminal cells through an intermediary known as a “brigadier.”<sup>84</sup> The *Vor* employs two spies who oversee the actions of the brigadier, ensuring both loyalty and that no brigadier becomes too powerful.<sup>85</sup> This structure is exactly like that utilized by the early Bolsheviks prior to the third Russian Revolution of October 1917, and the earlier Socialist Revolutionaries of the latter 19<sup>th</sup> century,<sup>86</sup> a reality not lost on Russian OC and terrorism expert Lance Alred, in his book *Global Revolutionary Terrorism: The Forgotten Threat of Russia’s Clandestine War Against the United States of America*. In the ROC structure a cell is considered to be the smallest unit of the organization. Identified criminal cells

consist of such categories as “drugs”, “prostitution”, “political contacts” and “fighters”. Each cell had a crime specialty or function within the organization.<sup>87</sup> It was believed that Moscow, itself, was controlled by twenty of these criminal “brigades”. The structure of these twenty groups differed, with some being tribally oriented, others regionally and some organized by specialty or trade.

Much of this underwent radical change in at least Moscow in the early 2000s. At that time, several of the most elite spetsnaz groups were suffering from a tremendous lack of funding. Putin had been changing this gradually since his ascension to power as, first, prime minister in 1999 and, then, president in 2000. These units had no money for ammunition to train, poorly made and outdated equipment, and virtually nothing in the way of the specialized military gear of most other industrial and post-industrial nations’ elite special forces units. Full colonels were paid a mere US\$300 per month. For those units that maintained major contingents in secret bases inside Moscow, and major bases outside – such as Balashikha 30 miles east of Moscow – the answer was simple: take over the mafiya criminal enterprises. Up until then, the mafiya groups had continued to battle openly in the streets, engaging in shootouts and assassinations, often with horrific collateral damage in the way of innocent citizens and even children killed in the crossfire and from stray rounds or bombs. Units like the Alpha Counter Terror Group of the FSB (current iteration of the KGB), the Vypmel group (also FSB) and Vityaz (under the MVD), were better organized, better disciplined, better trained, armed and equipped. They went in hard and took over such crime industries as prostitution, gambling, alcohol and cigarettes. This not only had a stabilizing effect on these enterprises, but put a stop to the ongoing battling for them, thus preserving the safety of the citizenry. An added benefit was that suddenly the commanders of these units were far better paid, and money was available for training, weapons and equipment. What that has left, however, is a natural segue for these elite and experienced commandos into crime operations in places like the US upon separation from the military. Certain highly decorated officers from these units have been known to own property and even mansions in such states as Florida and Colorado.

**The Identified ROC Groups.** The “Russian mafiya” was originally a media label ascribed to all criminal groups whose members came from the republics of the former Soviet Union. Many of these ROC groups were not Russian at all, but originated from the Caucasus regions of Georgia, Azerbaijan, Armenia and Chechnya, as well as the central Asian regions of Uzbekistan, Kazakhstan and others, and what was then Ukraine in eastern Europe.<sup>88</sup> In addition to these traditionally identified groups, new ones emerged in the burgeoning free-market economy in the aftermath of Soviet rule. In September, 1994, the Office of Counter-Intelligence for the U. S. Department of Treasury, and the Federal Bureau of Investigation, identified the newest group; it was formed by members of the former Communist Party *nomenklatura*, many of whom continued to occupy important posts within the new Russian Federation government bureaucracy.<sup>89</sup>

Other labels used by U. S. and Russian law enforcement to describe ROC groups were as follows: the Molina; the Soviet-Jewish Mafiya; and the Odessa Mafiya.<sup>90</sup> In addition, many non-Russian ethnic groups were operating in the Russian Federation. Of these, the four worst in terms of criminal success and violence originated in the Central Asian and Caucasus regions. Again, they were the Azerbaijan, Chechen, Dagestani and Georgian groups.<sup>91</sup> Other U. S. intelligence reports included the Uzbek and Ukrainian/Jewish ethnic mafiyas among the more notorious.<sup>92</sup> An equally prolific group, especially in the US, proved to be the Armenians.

Of the worst of these ethnic mafiya groups, the Chechen were – and remain - the most notorious.<sup>93</sup> They were are hated and feared in Moscow<sup>94</sup> and elsewhere, because they specialize in contract killings<sup>95</sup> among others. As with other ethnic groups, there are many Chechen gangs, not necessarily friendly to one another<sup>96</sup>, but with varying degrees of mutual connection.<sup>97</sup> They have been found in Berlin, Warsaw, Prague<sup>98</sup> and the United States. Considered to be one of the most powerful crime groups, its members descend from the tribe of the Caucasus mountains with a centuries-old reputation as fierce, brutal, plains horsemen whose culture dictates the settlement of any dispute through violence.<sup>99</sup> In Moscow, in addition to a reputation for contract murder, they are known to specialize in bank fraud and extortion.<sup>100</sup> The Chechens were reported to have a virtual army of 600 in Moscow alone and were considered to be one of the most versatile of Russian's Mafiosi, willing to do virtually anything imaginable that was illegal and yielded a profit.<sup>101</sup>

What has made the Chechen mafiya groups particularly concerning is the almost complete interagency between the Chechen Islamist, jihadist terror and crime groups. One of Russia's few areas of good farmland and isolated growth areas, poppy production for heroin in Chechnya is prolific, which is sold for extraordinary amounts of money to fund the Chechens' joint operations with al Qa'ida. This has resulted in such high-magnitude, strategic level attacks as those against the towns and major hospitals of Budyonovsk and Kizlyar in 1995 and 1996, respectively; the Dubrovka Theater siege in Moscow in 2002; and the takeover of the Beslan school in 2004.

Other groups hailing from the Caucasus mountain region include the Azerbaijan mafiya, which controls the farmers' markets and money changing businesses in St. Petersburg.<sup>102</sup> For years they remained prevalent in Moscow as well, maintaining a corner on the drug trade in both cities.<sup>103</sup> Other ethnic mafiya groups, include the Ingushi which specialize in the export-smuggling of contraband leather and exotic skins to Italy.<sup>104</sup> The Lyubertsy<sup>105</sup> control many prostitution rings; the Solntsevo control slot machines and other gambling.<sup>106</sup> Yet one of the most dangerous is considered to be the Tambov gang.<sup>107</sup> This mafiya group was formed by a gangster from Tambov, in Central Russian, and controls much of the restaurant racketeering.<sup>108</sup>

Another categorization of criminal gangs is the commodity mafiyas. Not ethnically based, these often originate from the ethnic organizations. These groups are found to specialize in such areas as black market gasoline, construction materials, housing, cars, currency exchange and cigarette smuggling.<sup>109</sup> One of the major criminal organizations, whose size and activities span all of these efforts at classification, is the Dolgoprudenskaya. Commonly identified by their Volvos with heated seats during Russia's poverty-stricken early years after the USSR's demise, they are considered to have the best protection rackets,<sup>110</sup> specialize in property offenses,<sup>1191</sup> and are known to be supported by racketeer-enforcers who come from the former Soviet boxing and wrestling teams.<sup>112</sup>

**ROC Criminal Activities.** There is no question that upon the collapse of the Soviet Union an expansion of criminal activity occurred. This was the case with regard to new fields of criminal behavior, new domestic and international markets, as well as an increase in the number of crime groups.<sup>113</sup> At its most extreme, this recognized increase in crime was seen in epidemic parasitic terms. It was described as "invading every sphere of life, usurping political power, taking over state enterprises, fleecing the nation of its natural resources...."<sup>114</sup> Emphasis was placed on ROC groups engaged in extortion, theft, forgery, armed assault, contract killing, swindling, drug running, arms smuggling, prostitution, gambling, loan sharking, embezzling, money laundering and black marketing "on a monumental and increasingly international scale."<sup>115</sup>

Upon reading such assessments it would not be unreasonable to conclude that the crime problem, at the hands of ROC, was a virtual tidal wave of illicit behavior, corrupting or victimizing every person, business and government agency in its path, and that this has continued. In fact, in Russia today, if you ask any of the better educated and informed citizens whom the head of all organized crime groups is, they respond unanimously with, "Vladimir Putin." In fact, Putin, himself, is reputed by other nations and their law enforcement and intelligence agencies to be one of the richest men in the world, having deposited billions of dollars into Swiss bank accounts in his own name.

The FBI has condensed the shopping list of all known criminal offenses of these groups into the categories of: drug trafficking; crimes of violence; money laundering; banking and business fraud; terrorism; and the corruption of government officials.<sup>116</sup> Absent from these classifications are prostitution, sex slavery and human trafficking, to include trafficking for organs, a growing problem that the Russians along with other nations' groups have grown increasingly adept at. As well, the newest of the criminal enterprises that Russians lead the world in is cyber-crime. For years at least three of the FBI's most wanted cyber-criminals have come from Russia or other former Soviet republics.

In an effort to prioritize law enforcement efforts, beginning in August 1993, General-Lieutenant Mikhail Konstantinovich Yegorov, head of the MVD's main Directorate for Organized Crime,

identified those criminal activities in Russia which were the most lucrative to the ROC groups: the most common were banking fraud, contract murders and auto theft.<sup>117</sup> That is not to say that the Russian mafiya had not created a profitable business through illicit behavior in other areas, or even that Yegorov was not using his position to protect certain crime groups while shining a spotlight on others. Such questions are reasonable, reflecting the degree to which Russia suffered from official *korruptsiya*. Recent research indicates that of the many criminal activities in which ROCs are most notably affecting the Russian economy and political system, business environment and personal safety to those living in Russian fall into the categories of economic/white collar crime, political corruption, drug trafficking, human trafficking of various kinds, and acts of violence.

Many consider that of all the Russian mafiya's criminal activities, the biggest and most profitable surround the "plundering of the economy through various multi-farious, unbelievable lucrative fraud."<sup>118</sup> The groups so engaged are commonly reported to be the biggest multi-national businesses in the world, with enormous wealth and syndicates which penetrate giant corporations, manipulating world money markets at their whim, with the ability to de-stabilize currencies and buy entire countries.<sup>119</sup> One island nation which has, for years, been believed to be completely owned by the Russian mafiya is the Caribbean island nation of Aruba. This was the very same place from which American teenager Natalee Holloway disappeared in 2005, the authorities and government of which appeared to block immediate efforts to find her. Whether the magnitude of ROC infestation of major corporations and its control of nations and currencies is true is as yet to be definitively determined, although Lance Alred and his book, *Global Revolutionary Terrorism*, make the case that this is not only true, but the current iteration of a century-old plan to destabilize and then dominate the world first hatched by Lenin, Stalin, Trotsky and others. To be sure, the Russians are seen by popular publications as "unrivaled in the art of turning a dishonest dollar" after surviving three-quarters of a century under the strict totalitarian rule of the Soviet Union.<sup>120</sup> They have been accused of figuring out ways to turn a profit in everything from the sale of mismatched shoes to making 100 billion rubles (US \$1.7 billion in 2017) through fake credit card scams.<sup>121</sup>

Russian crime groups began launching lucrative computer attacks on US banks, securities firms and corporations at least as far back as 1995; this at a time when the internet was still a fledgling network of uncertain future. Accused of pilfering US companies through computer hacking or "cyber-crime,"<sup>122</sup> they are believed to have recruited former Soviet computer scientists, once privileged members of the military-industrial complex, suddenly then hardpressed to survive on nothing more than \$50 to \$100 dollars a month.<sup>123</sup> The first steps in this criminal direction were noted in 1992 and 1993 during what was known as the "false advises operations."<sup>124</sup> These were bank frauds estimated to have caused the loss of 1.5 trillion rubles from the Russian Federation's budget.<sup>125</sup> Since then, they have been conscripted into the government to do its

own bidding, while turning a blind eye to their profits from overseas victims, in much the same way the Soviet government ignored and partnered with the original ROC groups from its day.

From the very start it was recognized that the organized crime groups were going after some very high-yield schemes. In 1994, the Russian government, under a directive of President Boris Yeltsin, sold state enterprises (i.e., former commercial type enterprises carved out from the government for operation in the private sector) which yielded \$92 billion dollars in revenues. Tatyana Koryagina, a leading social economist of the Russian Interior Ministry and head of the First Parliamentary Anti-Mafiya Commission, estimated that organized crime purchased more than half of these enterprises, and in so doing infused the banking system with 50 billion rubles in 1994 alone.<sup>126</sup>

It became well known that the rapid invasion of the mafiya into the process for privatizing real property in 1994 gave it enormous amounts of new money with which to fund many other enterprises. When privatization was first announced before the demise of the Soviet Union, it was reported that the highest tiers of the organized crime groups needed time to prepare. They used their considerable political influence to stall the entire program until sufficient money and networks were in place to accomplish their goals. They were successful in stalling this program for an entire year.<sup>127</sup> The privatization of apartments, particularly in high demand market areas as urban Moscow, which quickly became one of the most expensive commercial real estate centers per square foot in the world, provided substantial opportunity for ROC groups to increase their power base through the accumulation of high value real estate.<sup>128</sup> It is alleged that the major groups within Moscow divvied up the city in order to pursue, through a process of mutual cooperation, some 6,000 properties which were coming up for auction.<sup>129</sup> Through various strong-arm tactics they prevented others from engaging in the bidding process, obtaining for a mere 200 million rubles property which they city had valued at an aggregate 1.6 billion.<sup>130</sup> Those apartments in highly desirable areas which did not come up for sale, whether already privately owned or not part of the official program, were reported in the Western press to have resulted in the tenants and owners being murdered.<sup>131</sup>

Without resorting to individual acts or threats of violence to obtain every desired property or apartment, the mafiya was attributed with the development of a system far less messy, and more broadly applicable and profitable. The Yeltsin government had established a voucher system which provided each Russian citizen with an equal opportunity to acquire limited assets of the Soviet state at auction. This was based on the model employed by the Czech Republic where all citizens received non-transferable vouchers. This was to prevent their acquisition by organized crime members and other wealthy citizens, and to further prevent an illicit market of free-trading vouchers. The Russian mafiya subverted this process entirely. Russian organized crime expert Dr. Louise Shelley reported that, first, more vouchers were printed than were authorized. Second, the mafiya acquired the right to purchase additional vouchers from those Russian



citizens who lacked the financial wherewithal to actually purchase state enterprises or property, and were desperate for money. Lastly, vouchers are believed to have been reused by the mafiya groups. Dr. Shelley contended that having controlled such a large block of state issued vouchers, the ROC groups acquired a disproportionate share of businesses, and large shares of greater private enterprises.<sup>132</sup>

By the time the Russian government realized the result of its privatization efforts, experts claim the mafiya had expanded its roots, well entrenching itself in the new infrastructure. The income from its illicit trade in Soviet resources was reinvested in real estate, more privatization vouchers and financial institutions.<sup>133</sup> This made it difficult to separate organized crime entities from legitimate business and government enterprise from the outset of the fledgling Russian Federation. This is not to say, however, that organized crime continued to feel that movement toward democracy and free-market reforms were in its best interest. Several years of political and economic chaos in the poverty-stricken years of the 1990s caused the upper-level crime bosses to question whether Westernization really would be as good for their “business” as once believed. This resulted in organized crime becoming more of a force in Russian politics, by supporting and attempting to control individual candidates.<sup>134</sup> A number of those clearly became “allied with extremist political groups inside Russia.”<sup>135</sup> This new “Coalition of Red-Browns” was a strange association of “neo-imperialists, neo-communists, neo-Stalinists, neo-nationalists, neo-ultranationalists, altogether under one slogan which is, ‘Lets bring order back to Russian society’.”<sup>136</sup> Still, none of the issues surrounding domestic politics and profitability in Russia kept the groups from recognizing the wonderfully lucrative markets western nations such as the US presented, or from quickly moving and expanding their operations there.

The development of Russian organized crime has, thus, followed a discernable cycle. Bred under a harsh totalitarian regime, it was able to exploit the raising of restrictions during the *perestroika* and *glasnost* era of Gorbachev, and to gain wealth and strength in the free-market reforms of the successor Russian Federation. It has since come to recognize that even it cannot survive in any permanent and profitable fashion in a nation which is embroiled politically and economically in utter chaos. Organized crime is parasitic in nature; and as with all parasites requires a viable and healthy host to prosper. But just how much structure and control it was willing to tolerate has been answered with the proliferation of ROC activities, movement into legitimate businesses, partnering with the FSB/KGB, and exportation into nations like the United States where it continues expand its enterprises for untold profits. From the Soviet era and afterward, the magnitude of “Russian” organized crime groups was unprecedented among all criminal organizations in the world. Inextricably interwoven with the financial strength, resources, and intelligence networks of one of the most powerful nations in history, it has resulted in the world today facing a transnational, if not completely global, network of criminal organizations unlike anything it has ever seen. Due to the explosion of Russian criminal enterprises beyond the borders of that nation upon the collapse of the Soviet Union, they have

fostered partnering with and among their foreign counterparts in ways not before seen, and which have resulted in many of those other groups evolving from domestic or regional criminal enterprises to “transnational” ones.

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