

Organised Corruption

(on the successful marriage of organised
crime & corruption)

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*** A bit of theory first...**

Economic approach

Opportunity

Structural Weaknesses

Socio-cultural approach

Personal weaknesses

Cultural values

The corruption network

Internal dynamics of the network

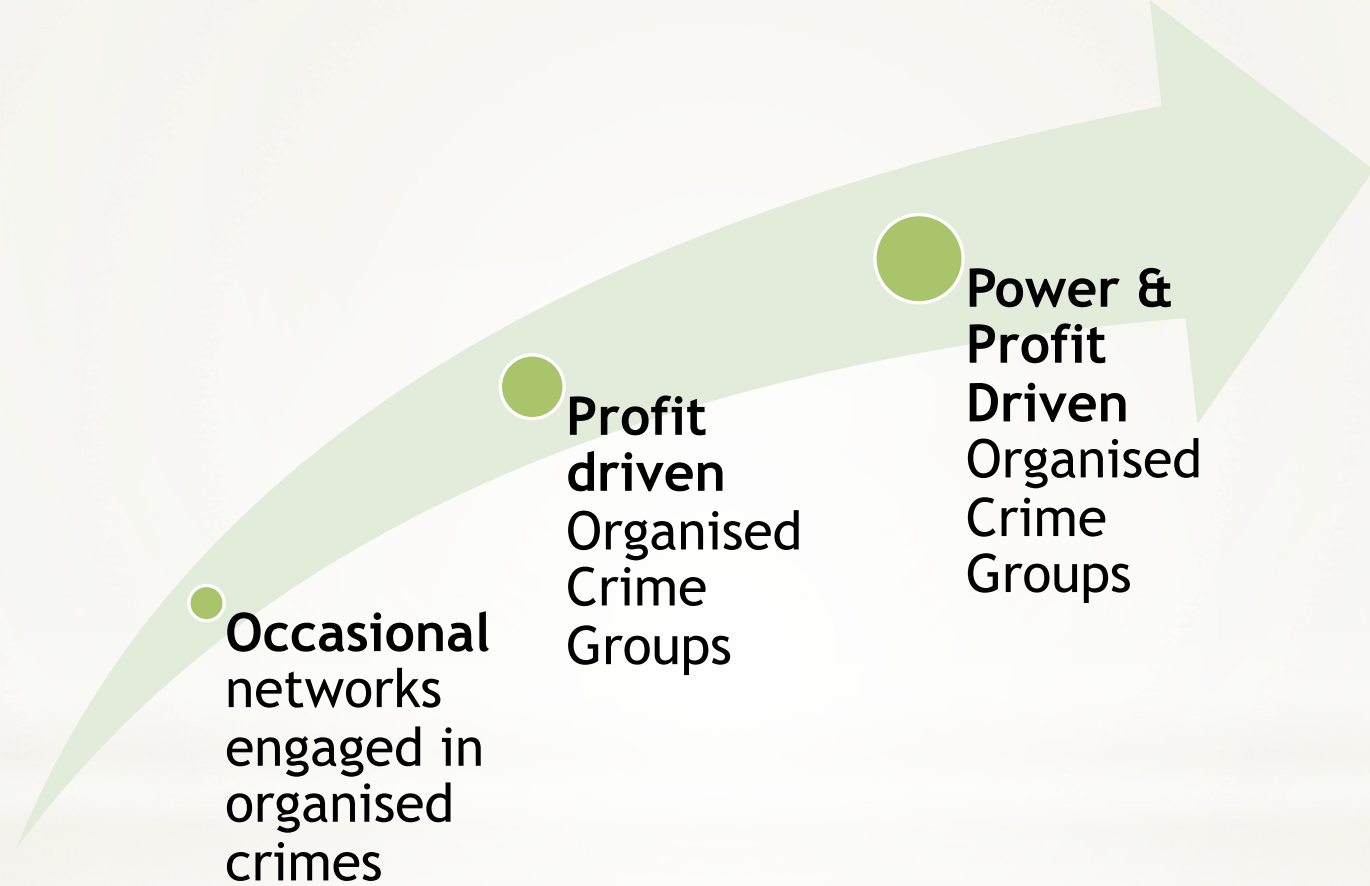
External factors

* **Understanding Corruption**

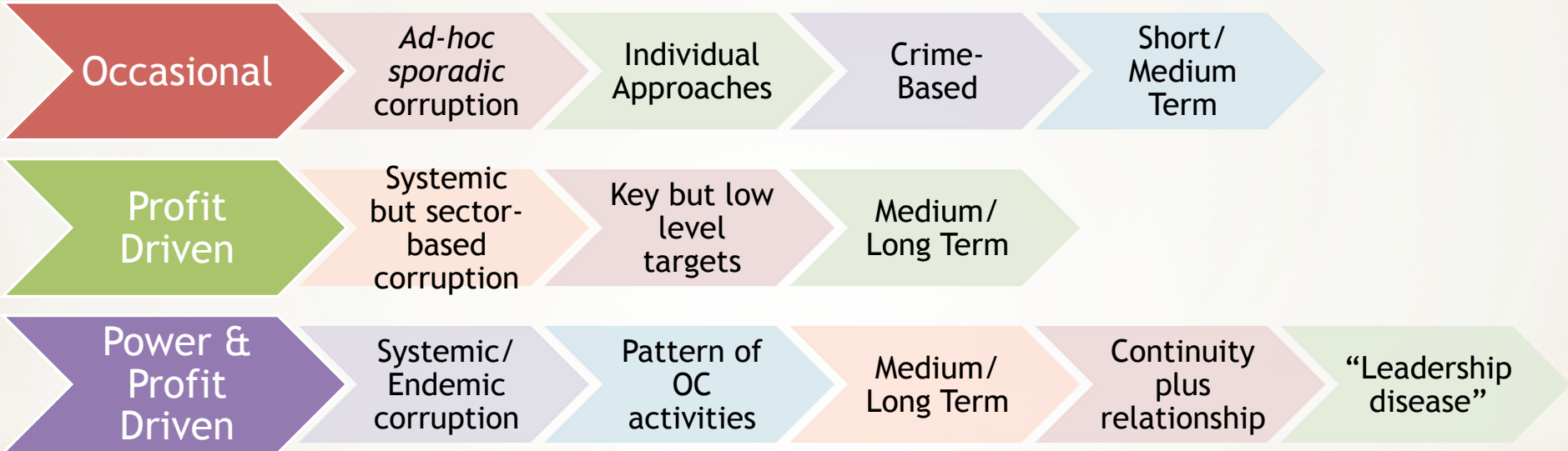
Structural
Weaknesses
(systemic faults)

Cultural
Dynamics
(social values)

* **Organised crime**



* Organised crime on a spectrum



* Organised Crime Corruption



*** Organised Corruption**

*Cases & Examples

***Occasional/Low Level**

- * A Customs and Border Protection (CBP) officer in the US pleaded guilty and was convicted of alien smuggling and bribery.
- * He admitted that while serving as a public official—a Department of Homeland Security CBP officer—he knowingly allowed a 28-year-old female co-conspirator to bring in people and merchandise through his vehicle inspection lane in return for sexual favors.

- * A court clerk was an intimate friend of the Deputy Head of [French City] drugs squad.
- * She used her access to investigation information to monitor on his behalf whether there were any investigations against him or the members of a drug-dealing network he was involved with.
- * She did it a couple of times and asked to be paid for it.

- * A heroin trafficker from Pakistan had established a personal relationship with three border officers in the UK.
- * He was involved in selling big quantities of heroin to customers in the UK.
- * After completing the sale he would pass information to the customs officers, who would then conduct the raid and seize the goods. In that way, he was doing a 'double hit'.
- * On the one hand he was pocketing profits from the drug sales as well as from the awards (running in the tens of thousands of pounds) given by customs for passing information.
- * This happened on 9 occasions

*** Profit driven/ Strategic**

- * Sixteen former XXX **police** officers have pleaded guilty for their roles in a criminal organisation run out of the police department.
- * The officers worked together to conduct traffic stops and enter the homes of suspected criminals to steal money, property and drugs for their own personal enrichment.
- * They planted evidence to make false arrests, and then extorted money from their victims in exchange for their release from custody.
- * In exchange for bribe payments, the officers gave false testimony, manipulated court records and failed to appear in court when required so that criminal cases would be wrongfully dismissed.
- * The officers also sold and distributed wholesale quantities of narcotics.

- * A former **County District Attorney** was sentenced by a federal jury to 156 months in prison, three years of supervised release and ordered to pay \$339,000 in restitution.
- * Convicted on one count of violating the Racketeer Influenced and Corrupt Organizations (RICO) Act, one count of conspiracy to violate the RICO Act and five counts of extortion.
- * He was involved with others in a scheme to illegally generate income for themselves and others through a pattern of bribery and extortion, favoritism, improper influence, personal self-enrichment, self-dealing, concealment and conflict of interest.
- * He had solicited and accepted over \$100,000 in bribes and kickbacks in the form of cash and campaign contributions in return for favorable acts of prosecutorial discretion, including minimizing charging decisions, pretrial diversion agreements, agreements on probationary matters and case dismissals.

- Dr Smith is an accountant who works of the finance office of the an hospital. He starts noticing some minor incongruences in some purchases.
- First, a unit of the hospital has bought a machinery without the necessary equipment, i.e. without the required software
- Second, there is a separate purchase of a software (compatible with the machinery) and another purchase for the maintenance services of the machinery previously bought.
- For all three purchases, which start as three different procedures (while they could have been treated as one by tender) the selection of the provider/seller is **direct because it is below a certain threshold.**

*** Procurement in the Health Sector (I)**

- * The case was one of systemic corruption (where a trafficking of favour was in place at the point in which it was very difficult to establish the link between bribes and favours).
- * The direct selection and allocation of the service favoured a specific company.
- * The owner of that company was actually fictitious as controlled by a crime firm, involved in drug trafficking and extortion, which set up the company to launder the money.
- * Through the purchases by the hospital and by asking the hospital to issue different invoices for each product the company could justify more movements of funds.

* Procurement in the Health Sector (II)

- * 7 lecturers of tax law have been arrested, 59 under investigation overall, on charge of corruption.
- * They systemically had created a “cartel” to favour the recruitment of certain candidates based on their own calculation rather than merit.
- * The recruitment process is public and nationalised.
- * They even used intimidation (they “suggested” to a candidate to withdraw his candidacy as the vacancy had been filled).

***Power & Profit driven -
Political**

- * **Max** is a former right-wing terrorist. He is one of the major underworld figures in the city.
- * In prison he meets **Soul**, sentenced for attempted murder. He is the son of a prominent (left wing) family in the city.
- * They establish an illicit network that little by little conquers every sector of the PA in the city - first profit driven soon becomes interested in power/politics.
- * The criminal reputation of Max is the guarantee of fear and intimidation in the underworld.
- * Soul's contacts in the upperworld are the guarantee of access to investments.
- * They both are “in-betweeners” and they depend on each other.
- * The network forming around them comes from each and every social class, some have criminal pasts, others do not.
- * They had created a **cartel** of companies interested in different public investment – especially the management of refugee and migrant camps – which would act together to exclude any competition-
- * The exclusion of the competitors did not have to be explicit as the competitors were **intimidated** by the mere presence of the network.

La galassia della "banda Carminati"



Massimo **CARMINATI**
"il capo"

**I pubblici ufficiali
a libro paga**



Franco **PANZIRONI**
ex amministratore delegato di Ama



Carlo **PUCCI**
ex dirigente Ente Eur



Riccardo **MANCINI**
ex presidente Eur Spa



Riccardo **BRUGIA**
estremista di destra
"il braccio militare"



Salvatore **BUZZI**
Consorzio Enriches 29
"il braccio imprenditoriale"



Fabrizio Franco **TESTA**
manager
"la testa di ponte"
con la politica
e le istituzioni

**Imprenditori
collusi**



Cristiano **GUARNERA**



Giuseppe **IETTO**



Agostino **GAGLIANONE**



Gianni **ALEMANNO**
"il referente politico"



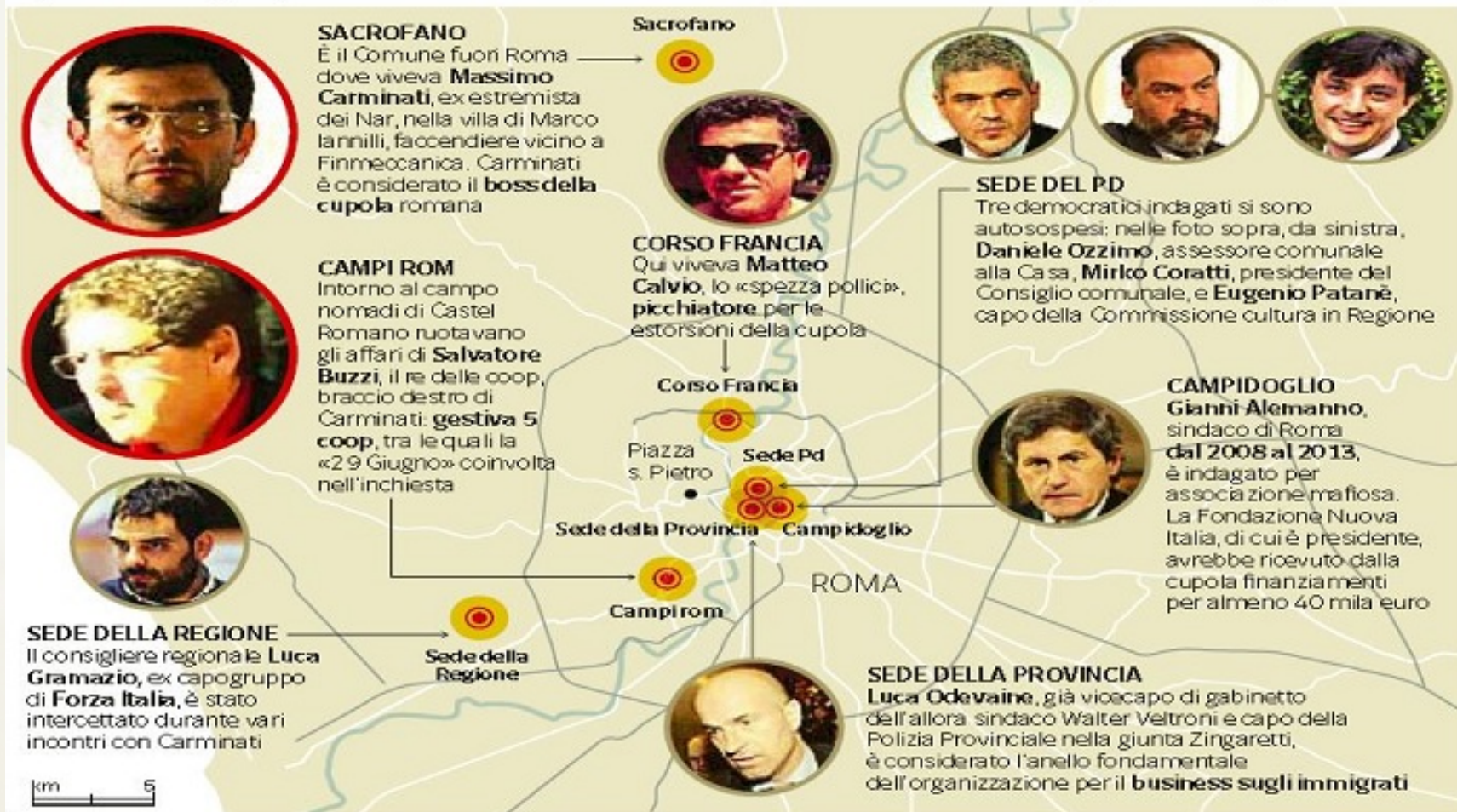
Roberto **LACOPO**
benzinaio, organizza
le estorsioni
e il recupero crediti



Fabio **GAUDENZI**
il riciclatore
dei soldi sporchi

La rete

I pm romani indagano per associazione mafiosa nell'inchiesta «Mondo di mezzo»: arrestate 37 persone e indagate 76



“(…) It is the theory of the world in between mate...there are...how to say...the living above and the dead below and we are in the middle (...) a world in between where everybody meets and you ask...how the hell is this possible that tomorrow I can be at dinner with Berlusconi (...) you understand...all meet, every social class. It’s not a question of social class, it’s about merit, right? (...) in between also the person in the upperworld has interest for someone in the underworld to do something for them that no one else would do”. (**Massimo Carminati**, 2012, convicted to 20 years of prison for unlawful association, corruption, extortion)

“You have to be good at it, as we live through politics; the work I do a lot of people do, so why me? I sponsor newspapers, advertisement, and events. I pay for secretaries, for dinners, for banners. On Monday I have a dinner worth 20,000 euros you know...this is the period you pay the most because there are the local elections, then for 5 years you only pay depending on what they do for you. This is the moment I pay more...with the council elections...we spend a lot of money for the city council” (**Savatore Buzzi**, 2012, convicted to 19 years)

Pre-tender stage

Lobbying

Intimidation

Allocation of public funds

Choice of the tender procedure

Writing of public bidding

Publication of the tender

Tender Stage

Collusion

Intimidation

Designation of evaluation board

Selection procedure

Provisional award

Final award

Post-award

Manpower & resources

Subcontracting

Corruption/Bribery/

Intimidation

Starting work

Work-in-progress audit

Public work conclusion

Testing

End of procedure

COUNCIL DISSOLUTION FOR MAFIA INFILTRATION – REGGIO CALABRIA 2012

- * In the **public works sector** a large number of companies have been found having direct (family) or indirect relationships with clans members; in practice this has meant that conspicuous public works has been repeatedly allocated to companies with ‘red flags’ for mafia and other issues.
- * In the **production activities sector** various economic operators, owners or leaseholders of properties and warehouses in areas of communal markets not only were linked to local clans, but had also been transferred from one municipal market area to another without being authorised or controlled in any way by the Council.
- * In the **treasury department**, controls were omitted in assigning public housing and 75 of them had been assigned to mafia members and their relatives; also, in this department there were cases of buildings confiscated in mafia proceedings but still inhabited by members of the clan instead of being disposed of differently by the Council
- * In the **legal advisory service**, legal cases have been assigned to professionals following unethical and unchecked standards. In particular, cases had been repeatedly assigned to a lawyer whose family ties have been ascertained as being of a mafia-type.
- * In the **social works sector**, substantial amounts of money (around 2,5 million Euros) have been supplied to companies and cooperatives with clear connections to local clans.

***Some considerations**

- * Forget *infiltration* – it is **collusion**, it gets more **bi-directional** the more sophisticated the group is.
- * Forget “weak” / “strong” state – it is a **behaviour** not a status
 - * Corruption of employees is aimed at reducing competition, supplying goods at better price, etc.;
 - * Collusion or cartel agreements are aimed at excluding other companies from the competition;
 - * Corruption of politicians or administrative staff is aimed at obtaining new contracts
- * Corruption is **normal** – it happens **everywhere**
- * Systemic corruption is organised crime (again, collusion)
- * Not all organised crime groups can employ certain levels of corruption
- * Organised corruption is intimidating as much as violent/threatened use of force

Individual Ethics

- Act with appropriate care, courtesy, availability and professionalism to enhance personal and group reputation

Group Ethics

- Economic interests might drive judgements in competition settings

Public Ethics

- Look out for disciplinary misconduct to fix any improper behaviour

* **Ethical dilemmas start with conflicting values**

*The End – Thank you!

Questions?

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