Organized Crime Goes Cyber

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Introduction

Criminal cartels have been around since the dawn of history. While Ancient Rome, Greece and the Persian Empire have all withered, organized crime has proved resistant to the forces of history. It has also proved adaptive and resistant to governmental efforts to vanquish it.

Like the one celled amoeba it has outlived those who sought to destroy it; as well as adapting to the technological changes around it. Lest we forget, organized crime, and not the captains of industry, first learned to utilize the marvels of the communication age in the 1930s, to expand and enhance its control over their daily operations of its vast economic holdings.

Today, as in the 1930s, organized crime, both within and outside the Americas, has learned to master the new technologies and now employs cyber-space in its commercial endeavours. Commerce, and not violence, is the prime directive of organized crime. The later is employed, to assure the crime cartels of their monopoly over vast segments of the global economy.

In the United States alone, organized crime is a half-a-trillion dollar business; dwarfing both the auto industry and much of the high tech sector. The heads of organized crime, unlike the chieftains of cyber-space, have managed to maintain a low profile; demonstrating better business acumen than their counterparts in the cyber-sector.

In the final analysis, much of the financial success of the Internet emanates from the successful pornography market and not e-commerce. The crime syndicates and not the dons of Wall Street, can rightfully take the credit for the success of the online entertainment industry. Organized crime is a key player in cyber space; one that may, in the final analysis, determine the form and shape of the Internet; as well as the governmental regulations that may follow.

Scope of the Threat

Organized crime the world over, is a simple social organism. Kinship ties, loyalty to family and friends, even a semblance of religion and ideology, are the cement that hold organized crime together. Geography and territoriality, the very foundations that formulate the existence of the nation-state, play a minor role in the edifice of organized crime. Their traditional markets have simply adapted to cyber-space.

Ovid Joins the Mob

If we are to believe law enforcement sources, the mob’s earnings from its pornography empire in the United States alone, exceed the $100 billion mark.

The Internet has increased its sway over the pornography market dramatically; making global in nature; as well as a 24-hour, 7-day a week business. Its customers now pay by credit card, and not cash; with a Byzantine corporate edifice fronting for the mob and reaping in huge profits.
Pornography in America is truly an egalitarian business. The crime cartels that run it, reflect the rainbow nature of the society that they thrive on. Syndicates of Asian, European, Latino and African descent are found in every major urban centre in America; funnelling money from the drug trade and gambling ventures into their cyber-pornography empire. Italian-American crime syndicates work daily hand-in-hand with their Balkan-American crime counter-parts, expanding their stranglehold over lucrative cyber-pornography businesses. Enforcing their sway with brute force when necessary. At the same time, ensuring the financial success of the Internet.

Las Vegas in Cyber-Space

Gambling is a multibillion-dollar industry in the United States; with Las Vegas at its pinnacle. A motley of groups and businesses – some legitimate and others not so legitimate – have ventured into this realm. But Las Vegas, and much of the current gambling edifice in the USA, is the end product of the toils of organized crime. The Mafia, and not the DuPonts, constructed the first casinos in Las Vegas. Organized crime, and not Wall Street, bears credit for founding one of America’s largest industries.

Neither has the Mafia been slow in employing technology to assist in its gambling endeavours. The telephone and telegraph have now given way to the Internet and cellular communications. Intranets have also been established by the Mafia syndicates to exert control over their multibillion-dollar gambling empire. The roulette wheel and the roll of dice have given way to Internet gambling; which has fast become a multibillion-dollar industry in its own right. Cyber-space is replacing Las Vegas as the locale of choice for gamblers; with organized crime behind it, pulling the strings. New laws, aimed at containing the problem, may be needed.

The Cyber-Drug Trade

America’s illicit affair with drugs is not the creation of the syndicate, but rather that of well meaning individuals, who in an effort to curtail drug abuse in China at the turn of the century, wreaked havoc on their own fellow citizens back home. Drug addiction is as ancient as the first dawn of civilization. The ancient Greeks, Persians and Romans were well-versed in drugs.

But it was not until America’s Civil War in the 1860s, that drugs became widely used to treat the wounded and maimed. Morphine was widely used, and the growing problem of addiction that it created, came to be called the “soldiers’ disease.” Heroin, an artificial drug first manufactured at the turn of the 20th century by the Bayer Company, was developed as a cure for morphine addiction. More potent and addictive than morphine, it soon became the drug of choice with addicts both within and outside America.

However, the real impetus to outlaw heroin and related drugs, came from the American missionaries in China. In an effort to curtail the drug epidemic in China, the missionaries lobbied back home to do the same in the United States. The latter, they felt, could serve as a model for the former by outlawing the use of addictive drugs, save for under strict medical controls. The ensuing efforts to regulate, and in some case ban, controlled substances in America, gave rise to a thriving market for organized crime.

The Mafia proved both able and capable in controlling America’s lucrative drug trade. The domestic crime families allied with Latino, Asian, European and Middle Eastern crime syndicates, and soon came to dominate a hundred billion-dollar annual drug market in America. Employing an army of men and women, from all sectors of American society, the drug trade is one of America’s largest industries; as well as employers. The Internet, e-commerce and the other appendages of cyber-space, have served it well.

Making use of the Internet, the syndicates have been able to foil efforts by the government to track down their operations; and evade detection. The Internet has also provided them with a new vehicle to sell their illicit contraband, from the save havens of the Caribbean and Latin America. The illicit drug trade, has now become a truly global market; evading the ire of the nation-state.
Selling Hot Goods

The Internet is fast replacing the local fence. Stolen goods and valuables are now sold over the Internet; to an army of willing buyers. Stolen PCs, jewellery, artifacts, and other valuables are now sold electronically; paid by credit card. Since many of these high tech fences are based outside the reach of American law enforcement, prosecutions are few and far apart.

The traditional ‘hot goods’ market, and $50 billion annual business, has become dominated by well organized global crime syndicates; with shell banks accounts in the many safe-banking havens. It is unlikely to be contained in the near future, without an international effort. Since many of the safe haven countries reap large economic benefits from the current situation; cyber-fencing appears to have a promising future.

Financial Frauds

Traditional embezzlements, pilferage and other financial scams cost the American economy hundreds of billions of dollars in annual losses. The advent of cyber-space has served to facilitate these scams. Embezzlements can now be carried out electronically; with millions of dollars wired to accounts overseas.

The pilferage of goods and data can, likewise, be carried out with the assistance of the Internet and data systems, at the push of a button. This is so easy to do, that the crime syndicates turn these tasks over to their affiliates and underlings; frequently, men and women with lesser experience.

Neither has Wall Street escaped the wrath of the Mafia. Crime groups have found easy pickings in America’s financial sectors. Drugs, prostitution and pornography have proved to be ideally suited vehicles gain a foothold inside Wall Street. Brokers with serious drug and gambling problems are easy prey for the mob. In return for their needs, they provide the Mafia with easy access to financial data, client accounts, insider information – which the Mafia uses, with great proficiency, to trade in securities – and to access public offerings.

One captain of Wall Street, who is now cooperating with the FBI, while in hiding for fear of being killed, provided his Mafia contact with insider information on securities; in return for drugs and women. Another Wall Street favourite, while engaged in a sexual liaison with a Mafia connected female dancer, provided her with confidential data on public offerings. She in turn shared the information with her Mafia friends.

Blackmail and Extortion

With the voluminous data now communicated daily over the Internet, privacy can aptly be called a relic of the 19th century. Medical and financial records are being communicated over cyber-space. Unfortunately, much of this data is far from secure; at the prey of hackers and criminals.

America’s crime syndicates have proved successful in tapping into the data banks that store this information. With the assistance of dishonest insiders and fellow criminals, they have been able to use sensitive data to blackmail and extort money from business sources, professionals and other community pillars that fear exposure.

Fearing that e-mail communications between himself and his mistress – tied to the syndicate – might make its way to his wife, an accountant with a large financial institution is said to have assisted thieves, with mob ties, in a well orchestrated embezzlement. A female VP, with one of America’s largest financial institutions, fearing her husband would discover communications of a sensitive nature between her and a paramour, provided members of a Mafia family with insider information on a publicly traded company.

Dons Turned Bankers

In the good old days, loansharking was both simple and extremely lucrative for the mob. Loansharks frequented bars, sports arenas, and even worksites; ready to extend a helping hand to those in need. In return, they charged exorbitant interest rates and those who failed to pay met with ‘accidents.’ Loansharking is said to have been a multibillion-dollar business in the ‘old
days’; providing the syndicates with footholds in the movie and garment industries.

Hollywood’s movie moguls, in need of quick money, turned to the Mafia; sharing the proceeds with gangsters. The Godfather movies provided a real life portrayal of those golden days. But loansharks continue to be active; with Silicon Valley and Wall Street replacing Hollywood and Las Vegas. The high tech sector – and many of the now failed dot coms – proved to be a ready made market for the Mafia’s loansharks. In return, they cashed in stock and other valuables; leaving the average investor with losses on their hands. To quote one of my former law enforcement students: “the smart boys cashed in.”

Electronic Money
In the old days, counterfeiting proved to be a lucrative market for the crime syndicates. Through their vast business networks, the Mafia families proved more than able to print counterfeit money at will; finding easy outlets for it. But cyber-space, while changing the nature of counterfeiting, has not put the mob out of business. The creation of electronic money has replaced the counterfeiting of paper currency.

At the press of a button, syndicates controlled operatives, operating inside banks and other financial institutions, have created bogus bank and brokerage accounts which they have then used to funnel large sums of moneys into the syndicates. Electronic banking and related financial transactions have proved easy avenues to counterfeit electronic money.

The Future of Organized Crime
In the pre-Internet days, traditional criminologists thought that the advent of the cashless-paperless society would also mark the decline and fall of crime in America; possibly the world over. The reasoning being that, without paper currency and paper-based transactions, thieves would be hard pressed to steal. The Internet, it was thought, would bring crime to its heels.

Yet the crime syndicates, both within and outside America, have adapted to the changes in their environment. The mob has been quick to seize the many opportunities the Internet has opened for its operatives. Cyber-space, far from stifling the syndicates operations, has served to enhance them; stifling, instead, efforts by law enforcement to bring the syndicate to prosecution.

Neither has cyber-space limited the pool of recruits for the mob. The local blue collar thugs have given way to the computer nerd and hacker. America’s prisons, with their computer and high tech training programs, have also assisted the mob; providing trained recruits for its efforts in cyber-space. Drugs on Wall Street and America’s amoral society, have, likewise, facilitated the mob’s efforts to find recruits.

Glorified on the movie screen by Hollywood, the Mafia is indeed doing well. America’s young strive to emulate the movie image of Hollywood’s Godfather; rather than the achievements of Einstein. Rap singers and drug dealers have become figures for America’s young to emulate, rather than pursuing an ethical profession or career. Little wonder then, that the Internet; with the entire fanfare that surrounds it, has proved to be a conducive environment for the Electronic Godfathers that reign the world of crime. Organized crime has not withered in the age of cyber-space; rather, it has adapted these new technologies, to convert itself into a more formidable opponent. A threat that, unfortunately, we have yet to adequately address.