Southeast European Law Enforcement Center

CRIME STEERS ONLINE

OCTA SEE 2018
ORGANIZED CRIME THREAT ASSESSMENT FOR SOUTHEAST EUROPE
PUBLIC VERSION
Foreword

I am pleased to present the public version of the Organized Crime Threat Assessment for Southeast Europe 2018 (OCTA SEE 2018), one of the most comprehensive strategic reports drafted by our organization.

The document is encompassing key findings from the restricted version OCTA SEE 2018 which is available for law enforcement and judicial authorities from the SELEC Member States and partners.

The Organized Crime Threat Assessment for Southeast Europe 2018, covering a period of 5 years, is a qualitative assessment, a strategic report illustrating the current situation and trends, identifying threats in SELEC Member States, highlighting vulnerabilities and opportunities revealed by various types of crime.

From the information gathered, it’s obvious that all forms of trans-border crimes remain a threat to the security of the region. In view of today’s criminality, more than ever, the competent authorities must have a proactive approach and a common strategy in order to coordinate their endeavors and join efforts for an effective and enhanced fight against organized crime.

Preventing and countering trans-border organized crime is of crucial importance, thus the regional cooperation should focus on common challenges that can be best tackled through a common approach, enhanced cooperation and strengthened partnership.

Working in partnership, exchanging information on perpetrators, patterns and criminal profiles, setting joint investigations, organizing regional operations in a coordinated manner will adapt the actions and increase the efficiency of the efforts of the countries, through a tailored approach considering the particularities of the region as regards the criminal phenomena.

The organized criminal groups (OCGs) are increasingly incorporating technology and the Internet into their criminal activities, either by committing cybercrimes or by using them to commit other crimes. For all these reasons the report carries the motto “Crime Steers Online” and it applies to all the major crime areas today.

Snejana MALEEVA
Director General
Overview

The globalization of crime is a process that has started many years ago and its outcome can be easily seen today. Nowadays, organized crime spreads out its actions in any geographical areas that would bring benefits. The OCGs from the region collaborate easily, as the EU and non-EU borders do not represent a challenge.

In the region, organized crime threatens the society on many levels, from economy to security, with a negative impact on the citizens’ general safety and health.

The Internet and technology are the emerging actors in the play. In line with traditional crime becoming more connected to cyberspace and criminals becoming more aware of its added value, we can expect to see more and more specialists hired to carry out cyber-attacks to complement the main criminal activity.

The markets are shifting towards the low-risk online markets. Part of the crime process is moving online, so the criminals are better protected by anonymity and difficulties in investigations.

Organized crime in the region and the business environment share many features nowadays and follow a similar management based on fast decisions, investment of proceeds, high profits with low risks and costs, as well as permanent readiness to take advantage of opportunities. OCGs, with few exceptions, remain profit-driven.

The last years featured, in terms of expression of criminal activities, an increased impact of terrorist actions, migrants smuggling, as well as more sophisticated cyber-crimes. Furthermore, other types of serious crimes such as drug trafficking, trafficking in human beings, trade and industry crime remained a serious threat in Southeast Europe, while money laundering goes along with all types of criminal activities.

This report encompasses key facts on organized criminal groups, facilitating factors (they were analyzed also in a distinct section due to their importance in shaping the crime, its impact and its development) and main crime areas (the core of the report is the section related to crime areas that encompasses the hands-on threats affecting the region).

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In most of the cases reported in the region, the OCG members operate in all the countries along the smuggling route, as well as in the source and destination countries.

They have the capacity to deploy members and establish contacts with producers or providers directly in the source countries, thus maximizing the profit and enhancing the control of transports from the very beginning to the end.

Most of the poly-criminal groups have included drug trafficking in their area of business due to its high profitability, and they cooperate with OCGs involved in smuggling of other commodities such as tobacco products, counterfeit goods or cultural heritage goods.

Violent crimes targeting rival OCG members sometimes occur in connection with disagreements over territory, influence or payments.

Over the recent years, the Western Balkans region has been facing clashes between opposing OCGs, which prompted an intensification of violence and the commitment of a large number of serious criminal offences against life.

There are also reports that lately the Western Balkans OCGs have changed their *modus operandi* and they commit such crimes to a greater extent through the use of explosive devices.

In the period between 2013 and 2017 a large amount of firearms, explosive devices, vehicles and motorcycles prepared for the commitment of most serious crimes were found and seized by law enforcement authorities in the region.

Recently OCGs started recruiting younger persons, many of them being used to commit single acts in order not to raise suspicions or to jeopardize the position of higher members.

Some of the most dangerous OCGs in the region do not refrain from using violence against law enforcement authorities (LEA) as well.

Depending on the type of crime, the coordination of OCGs at the top is done by persons linked usually by ethnicity, family relations, previous common criminal experience, military background or periods served in prison. Criminals are permanently seeking to upgrade, and their *modus operandi* has evolved through adaptation to the latest technologies.

The surveillance equipment or even drones can be used against law enforcement as well, for instance to counter survey LEAs’ operations, or to check the authorities’ presence at the borders.

The hidden GPS trackers inside the consignment may help the traffickers to permanently supervise the drugs, and the authorities’ intervention over a transport may be easily noticed by the criminals.

3D printing could bring new opportunities for the OCGs.

OCGs use old-style countermeasures (coded language, face-to-face meetings), as well as technical countermeasures (encryption, unregistered phones and subscription). Communication among the members of the OCGs, as well as with associates, is moving increasingly towards encrypted platforms.

To a different extent, the legal business structures (LBSs) play a strategic role in the activity of almost all the OCGs in the region.
Facilitating Factors

Emerging Factors

Technology offers plenty of opportunities for criminals to commit crimes or to take advantage of in committing crimes. The criminals in the region are permanently ready to upgrade. The low-tech devices and applications are easily embraced by OCGs as they are relatively low-priced and easy to procure. The latest devices, for example the terrestrial/sea/air drones, either remotely controlled or autonomous, are expected to be progressively put into use by criminals to transport small quantities of illicit goods on short distances, mainly over green/blue borders, as well as to use them as countermeasure tool.

As artificial intelligence (AI) becomes more accessible, it is expected that criminals will see its potential and may assign to artificial intelligence many tasks that are generally carried out by humans.

Document forgery is evolving and provides enhanced documents that are used for many types of crime.

The Internet provides criminals with many tools, including encrypted communication. Social media have opened for criminals a new door to many potential victims, while offering an easily accessible platform for illicit goods and services.

Illicit goods and services are ever more advertised and traded via online platforms available on Surface Web and Darknet (Cryptomarkets). Criminals may focus on other services such as I2P, Freenet, ZeroNet. Cryptocurrency is a key crime facilitator, and criminals are using it to transfer resources, to hide financial resources, to launder money, to trade illegal items, to initiate extortion actions. Challenges: difficulties to obtain data from exchangers, use of private cryptocurrency, use of Altcoin, less tracing capability for Altcoin, cryptocurrency mixers, decentralized escrow services.

Up-and-Coming Gears

- New generation equipment
- Cloud Computing
- Drones
- Blockchain technology
- 3D printing
- Artificial intelligence

Conventional Factors

- Geographical position, borders and globalization
- Legislation gaps/loopholes
- Geopolitical situation
- Ethnic/family ties and diaspora communities
- Corruption
- Legal business structures (LBSs)
- Economic situation
- Use of transport sector and infrastructure
- Black market
Globalization has led to a flare-up of trafficking of a large variety of drugs as it is much easier to transport and conceal the drugs in the huge traffic flow of goods. The regional market comprises challenges related to plant-based drugs (opium-based drugs, cocaine, cannabis products) and synthetic drugs (amphetamine-type stimulants, new psychoactive substances). The traditional drug markets, including production and distribution, can be substantially influenced by the spreading of new drugs.

The drug routes are permanently interlocked and pivot on the interests and links among the traffickers. The routes are dynamic and can change permanently. Also new routes and sub-routes may emerge. Providing end-to-end services definitely gets the most out of the profit.

OCGs apply clear strategies with regard to the transport, and the concealment practices are more and more innovative and complex. The criminals can use specially-built concealment places and can perform transports without any drugs inside in order to test them. OCGs may use couriers that are normally not positive to risk assessments, such as families with kids.

Many OCGs have mixed membership and accept foreigners as members, mainly from the neighboring countries. The OCGs in the region have the capacity to deploy members along the routes. Some OCGs or individuals in the region may act only as “subcontractors” of international OCGs.

Terrorist organizations may directly or indirectly engage in drug trafficking to generate revenues; in order to upsurge the profit, terrorist organizations may take part in every phase of production and distribution of drugs.

The largest quantities of drugs are linked to real-world trades, but it appears that the online trade (incl. Darknet) that is currently used for smaller quantities is gaining significant importance.

- **Business-like approach for the OCGs**
- **Multi-drug OCGs** - combine transport of drugs in drug-cocktail shipments, conveying different type of drugs in the same vehicle
- **Poly-criminal OCGs** - Many OCGs, primarily dealing with drug trafficking, are involved also in other criminal activities
- **Barter deals** with drugs or other different illicit items

- The region is the shortest corridor between the source and the destination markets. The production is credited to Afghanistan, but also to the neighboring countries such as Pakistan or Iran, and recently to Georgia. OCGs may try moving the production, even at a low level, closer to the consumer markets, as increasing quantities of opium and morphine are shipped along the Balkan route.
- Iraq appears as a new departure point for the heroin entering in the region. The sea pathways along the route may gain in importance.
- Along the route, the heroin can be mixed with other substances to increase the quantity, repacked and divided into several conveyances, and also temporarily stockpiled.
- Shipments of several hundred kilograms often make their way through the region embedded in trucks, while passenger cars are used for smuggling relatively smaller quantities and more frequent loads, thus minimizing the losses in case of seizure. The heroin is concealed in specially-built compartments or among the legal cargo.
- Increasing quantities of acetic anhydride (AA), often concealed in trucks on sea routes (ferryboats), are shipped along the “reverse” Balkan route. The criminals may focus on the pre-precursors that can be transported much more easily.
From a global perspective, the region does not play a strategic role in relation to cocaine smuggling, yet it can offer many opportunities to criminals and it is expected to be targeted by irregular large transports.

- Sea and air transport are used to traffic cocaine in the region. The route may encompass changes of several means of transportation.
- The large-scale smuggling occurs usually at the ports of the region via container shipments from South America.
- The concealment by inventive techniques has never been a missing segment in the criminals' activity.
- The geographical position of the countries with sea ports makes them more likely to be placed on the trafficking itinerary. Routes may not be direct, other ports acting as trans-shipment point (e.g. Africa). There is a risk to have laboratories to process cocaine in the region.
- OCGs from the region have become an important player in the large scale cocaine trafficking from South America to Europe, such as the so-called cell-organized “Balkan Cartel”.
- OCGs in the region may continue to join the international large scale trafficking of cocaine, to establish direct contacts in South America in order to procure cocaine and to transport it to the destination markets.

In the region, cannabis, essentially marijuana, remains the first-ranked drug in terms of production, trafficking and consumption.

- Marijuana is produced extensively in the region to cover the domestic consumption and for trans-border distribution in the neighboring countries and Central and Western Europe, while hashish is sourced externally and has a narrow market.
- The region offers suitable climate conditions for outdoor cultivation of cannabis. In the region, the large-scale cannabis production is commonly linked to outdoor cultivation, however there is an emerging trend related to an increase of indoor cultivation.
- Some OCGs from the Western Balkans have oriented towards skunk, which is cannabis with a higher percentage of active substance, to increase the business attractiveness.
- The OCGs may focus their efforts on many small-to-medium indoor greenhouses located in different places.
- The Balkan Route is recently exploited also in its reverse direction (from West to East).

An upward trend has been noticed in relation to the seized quantities of amphetamine-type stimulants.

- Synthetic drugs may be produced anywhere if the ingredients precursors and pre-precursors are available.
- A number of synthetic drugs laboratories have been dismantled in the region. Amphetamine-based labeled Captagon is also manufactured in the region.
- The OCGs specialized in the production of synthetic drugs may focus on non-controlled pre-precursor chemicals to elude national and international controls.
- The region may also act as a transshipment point for precursors.

The New Psychoactive Substances (NPS) arriving in the region are externally sourced.

- It is not unlikely that OCGs or individuals try to produce such drugs in the region.

In the last three years Khat appears to become increasingly present, large-scale seizures being registered in transit coming from Africa.

- It is not unlikely that the region becomes a more important trans-point to other destinations.
## Trafficking in Human Beings

Southeast Europe continues to represent primarily an area of origin for the victims of trafficking in human beings exploited particularly in Western Europe.

Indicators of trafficking in human beings for Southeast Europe, including the number of identified victims, the number of traffickers investigated, as well as the number of investigations, have been following a descending trend since 2013. However, the general situation appears to remain rather stable.

The main types of exploitation are different from one country to another, from the internal to the external dimension of trafficking, with sexual exploitation prevailing, followed by labor exploitation or forced begging for trans-border trafficking, whilst internally, trafficking for sexual exploitation is the main form of exploitation.

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<th>Type of Exploitation</th>
<th>Characteristics</th>
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| Sexual exploitation  | - the most common type of exploitation for adults, as well as minors exploited both internally and externally, largely in Western European countries;  
- usually gender based, women being the primary victims;  
- the traffickers take advantage of socially and economically vulnerable victims which can be easily controlled;  
- recruitment is primarily achieved through deception concerning false promises of employment opportunities or money sharing along with the so-called “lover boy” modus operandi;  
- fashion agencies are involved in the recruitment of victims for elite prostitution;  
- voluntary involvement of the victims in exploitation has emerged as a new tendency, while the perpetrators are reorienting towards procurement rather than trafficking. |
| Labor exploitation    | - the second most common type of exploitation, victims of trafficking are mainly male adults, and to a lesser extent minors;  
- the exploitation is oriented towards Western European countries as well;  
- victims are forced into labor mainly in the area of agriculture, constructions, restaurants or under the pretext of seasonal work;  
- targeted victims for the traffickers are also belonging to social and economic vulnerable communities recruited through vague promises of employment and motivating income;  
- sometimes the victims are deprived of their personal documents, while several types of mechanisms are used to control the victims, including physical abuse and threat. |
| Forced begging        | - both male and women, adults as well as minors;  
- regarding child exploitation, a significant involvement of the family was noticed, either directly in organizing the exploitation, or indirectly, by agreeing to the exploitation;  
- persons with physical or mental disabilities are highly vulnerable;  
- exploitation typically takes place in large urban areas and popular touristic regions. |
| Trafficking of minor victims | - a significant share of the identified victims of trafficking in human beings are minors;  
- the vulnerability of the minor victims is also gender sensitive, a significant share being females between 12 and 17 years of age, exploited sexually for prostitution, but also for child pornography;  
- facilitating factors: the minors’ specific vulnerability, an increased demand in the destination/exploitation countries, the social media and the Internet, which are increasing the exposure of minors to child pornography. |

Regarding *modus operandi*, a new tendency was noticed which consists in the use in the recruitment process of the Internet in general and of the social media in particular, which facilitate advertising of false employment opportunities, as well as the recruitment of underage victims.

The most common type of exploitation reported and further expected within the following period of time remains the sexual exploitation.

Taking into account that most traffickers are mainly using soft methods of recruitment instead of physical abuse, more vulnerable persons are expected to easily become victims of THB, while the number of self-identified victims will decrease.
Smuggling of Migrants

Southeast Europe is traditionally a transit area used by the migrants travelling towards Western European countries. Most of the routes used by migrants to enter Western Europe, whether by sea, land, or air, are not new.

After a constant increase starting with 2013, the scale of the migratory flows transiting Southeast Europe has reached unprecedented heights in 2015. However, the general pressure experienced by the region has considerably decreased starting with 2016. Nevertheless, the smuggling of migrants remains a serious threat in Southeastern Europe, and there is a potential future increase of the smuggling-related criminality.

Citizens of Syria, Afghanistan, Iraq and Pakistan represent the most important share of the identified migrants transiting the region.

Key factors influencing the migration flows transiting Southeast Europe towards Western European countries:

- ongoing conflicts in the proximity of the region such as the one in Syria;
- the capacity of refugee camps in Syria’s neighboring countries;
- closure of the transit corridor;
- countermeasures undertaken by the authorities at the borders in transit and destination countries.

Criminal networks:

- the basic structure of the OCGs includes leaders (usually share the same citizenship with the groups of smuggled migrants) who strategically coordinate activities along the route, and organizers (mainly citizens of the countries along the route) who manage secondary activities locally (accommodation, transportation, etc);
- Hawala is the most used payment method.

One of the most common ways of crossing the borders is to hide among cargo in trucks while crossing the borders through border crossing points (BCPs). Illegal border crossings using passenger cars, buses and even freight trains have been detected.

The border crossing and the transit are facilitated by criminal networks which have connections in the countries of origin, in the destination countries and in the neighboring countries, thus supporting the migrants through the entire route.

Migrants and smugglers continue to take advantage of the asylum system in order to avoid detention, as well as administrative and penal measures.

Highly depending upon the connections between OCGs in neighboring countries, specific countermeasures implemented by LEA or the weather conditions, within Southeast Europe there is no single route used by the facilitators.

Facilitation by air is currently less frequent than other modi operandi used for transportation, but is likely to become more attractive in the future due to increased controls on land and sea routes.

A general potential threat has been noticed in relation to the channels and routes used by migrants which might as well open the door for the members or supporters of terrorist organizations including foreign terrorist fighters.
The Internet is nowadays rooted in the society at all levels i.e. finance, health, entertainment, education, and business. Along with the benefits, the Internet offers plenty of opportunities for criminals to commit crimes in the online environment, causing serious harm to victims that can be located anywhere around the world, as long as they are connected and have valuable information.

Cybercrime is a continuously growing and evolving white-collar global phenomenon as the criminals are no longer confined to physical boundaries, this form of crime involving primarily virtual elements. In the region, cybercrime had the uppermost boost in the number of cases and the degree of sophistication. Cybercrime has increasingly been commercialized and converted into a business-like concept. Cyber-as-a-service has opened the door to any person looking to commit cybercrimes, regardless of the level of their technical IT skills.

As a result of the expansion of the mobile devices, there is an undeniable recent and emerging cyber-threat to all the Internet-connected mobile devices.

Nowadays, cybercriminals are as diverse as the real world criminals. In the region, cybercrimes are committed by both OCGs and individuals, depending on the type of crime e.g. the online sexual crime is more connected to individuals, while frauds to OCGs. A cybercriminal may be a member of the OCG or may be hired for a specific job. An important role is given to "money mules" that are mainly used to transfer money.

Related to OCGs, there is a wide-range of structures, ranging from hierarchical to horizontal, with cell-like structures located in other countries on the globe according to their operational needs.

A dangerous type of cybercrime has emerged, the cybercrime initiated to support traditional crime (e.g. financial frauds, drug trafficking), which can only pose new threats.

Cybercrime embraces many forms in the region, classified into three main categories: cyber-dependent crime, cyber-enabled crimes, and payment card frauds.
New technologies may be used increasingly by the cybercriminals. For instance, they may task artificial intelligence to study the behavior of the social media users and subsequently initiate social engineering attacks, or we could see in the future “artificial” hackers with a human-like ability to learn to commit cyber-attacks. It is not excluded in the next future to have an overflow of AI-powered malware.

New tools available to criminals such as open source intelligence (OSINT), Social Network Analysis, chat bot, misuse of Linked Data, and profiling may be used to initiate complex attacks against many victims simultaneously.

Blockchain technology has experienced in the last years a notable breakthrough, and, as an outcome of this technology, many cryptocurrencies have emerged recently. The cyber-criminals will definitely continue to use this opportunity, especially the one offered by the privacy coins created to avoid tracking.

The permanent evolving Darknet continues to represent a major challenge. There are dozens of Darknet markets (open or requiring registration, or accessed strictly based on an invitation) linked to cybercrime-as-a-service, offering illegal items, including cybercrime tools, credit card data, services.

SIM BOX frauds are used in the region to bypass the international calls using simbox(s).

The reasons behind hacking are plenty - some do it for fun or notoriety, some do it for financial reasons, or some to make a personal statement.

In line with traditional crime becoming more connected to cyberspace and criminals becoming more aware of its added value, we can expect to see more and more specialists hired to carry out cyber-attacks to complement other criminal activity.

Using mainly DDoS, more and more the targets of the cybercriminals are servers and infrastructure of the public and private sectors.

The attacks and malware against mobile devices are expected to increase in number and complexity.

Ransomware continues to have enormous potential to develop. The ransomware on mobile devices will be most likely one of the major threat.

Cybercriminals will probably focus on techniques to obtain cryptocurrencies through various means, such as cryptojacking or wallet address stealer.

Bearing in mind its nature and the fact that it may be used to commit many other crimes, identity theft can be put in the midpoint of all types of frauds.

Social engineering is a key skill of the criminals involved mainly in frauds, as for example in the increasing number of registered cases of CEO frauds.

Document forgery is a frequent and necessary technique for Internet fraudsters to deceit victims.

Even if it remains a practice of the OCGs in the region, the traditional skimming is replaced more and more with massive and complex cyber-attacks.

The skimmers are becoming smaller and more sophisticated.

Cyber-criminals in the region may exploit hardware and software vulnerabilities to initiate a contact with the ATM, as Blackbox or ATM malware.

OCGs turn to cashing out in these areas with delayed EMV implementation.

Alternative payment systems based on contactless technology, wearables, augmented reality are expected to sustain the growth of non-cash payments, bringing along new form of crimes.

The most prioritized cyber-enabled crimes are those related to child online sexual exploitation. The online environment e.g. files hosting sites, cyberlockers, social media, chat rooms and forums, offers opportunities for sexual offenders to find new victims.

The Internet is used by criminals also to blackmail or disparage people by taking over their social media accounts and/or by publishing photos/videos with compromising content.

The challenges for law enforcement in the field of investigations are enormous since the cybercriminals and evidence may be located anywhere.
Cigarettes smuggling

Documents Forgery

Illicit factories

Online platforms

VAT Frauds

High complexity

For OCGs, cigarettes and tobacco smuggling constitutes a substantial source of income, which is just as profitable as engaging in higher-risk crime, such as drug trafficking.

- Illegal tobacco trade continues to support terrorist organizations by funding their criminal activities.
- A pressing issue in the region, as well as for the entire European Union, is the ongoing trend of the so-called “cheap-whites” or “illicit whites”.
- The dynamic of the illicit tobacco market has changed, with less contraband of the major international producers, while most cases of seized cigarettes in the region consist of cheap-whites and even counterfeit ones, mainly transported by road through trucks.
- The most common modus operandi in the region is the smuggling of cigarettes across the state borders by hiding the goods in trucks with inbuilt false floors, in gas-tank trucks, or vehicles with special storage compartments for concealment.
- Another method is the transshipment of maritime containers from Africa or Middle East to ports in the region with false declaration and under the cover of different goods.
- The countries situated in Southeast Europe are mainly transit countries in relation to cigarette smuggling, but they can also constitute production and destination markets, especially in regards to bulk tobacco illegal trade.
- Another concern in our area is the rise of illegal trade of bulk/cut tobacco. Member States in the region have underlined the challenges presented by the price difference (up to three or even four times lower than the prices of the cheapest legal fine-cut tobacco).
- The mild sanctions applied, together with legislation differences between EU and non-EU Member States are facilitating factors for the illicit trade of tobacco products in the region.
- OCGs and individuals have become better organized, more cautious and even professional in their actions.
- Darknet has become an important tool for criminals all over the world, representing an important facilitator in illicit goods smuggling by enabling innovative ways to buy products and equipment deemed necessary in the process.
- Governments have to strengthen their law enforcement agencies’ capacity of sharing information across border in order to keep up with the quickly evolving and rapidly changing world of illicit trade.
Smuggling of counterfeit goods

- Same as tobacco smuggling, engaging in trafficking of counterfeit goods can be particularly attractive to OCGs because it is a low-risk, high-reward activity.
- The region is affected by the smuggling of counterfeit goods sourcing mainly from People's Republic of China and other Asian economies.
- OCGs from the region are mainly involved in the distribution of the illegal commodities.
- The type of commodities smuggled in Southeast Europe vary from clothing, food products, alcohol, cosmetics, medicines and anabolic steroids, electronic products, auto spare parts, toys and other products.
- There are several ways of smuggling counterfeit goods: unregistered counterfeit goods concealed within shipments of goods declared for customs clearance, false declaration of counterfeit goods at import, subsequent labeling of goods, a/o.
- Smuggling through mail parcels has increased in the recent years due to an easier access to internet platforms.
- The relative anonymity offered by the e-commerce and the quick access to the goods have brought the phenomenon to a serious threat for the governments and the society as a whole.
- Smugglers use social media platforms to advertise their counterfeit products, and with the development of Darknet, there is a possibility for the volume of counterfeit goods sold online to grow even more in the future.
- The demand in the region is given by a low level economic welfare, which is a key facilitating factor for the current extent of illicit trade.
- A comprehensive IPR legal framework must be combined with effective enforcement actions.
- The fight against the criminal groups engaged in fraud and organized crime, searching for easy and rapid benefits from the trade in counterfeit goods, requires specific methods, as well as a joint coordination of all actions.

- Globalization, together with the recent technological developments and the considerable amount of money lost by countries in the region from uncollected taxes and revenues have made countering this criminal activity a top priority on law enforcement authorities' agenda.
- The most common financial fraud in the region is tax evasion, direct and indirect taxes - VAT or excise duty fraud.
- Despite the measures undertaken by authorities in Southeast Europe, VAT fraud remains at a high level in some of the countries in the region, with agricultural and food sectors appearing to be particularly affected by this type of crime.
- The main type of VAT fraud used by OCGs in the region is the so-called "missing trader" or "carousel fraud".
- The “missing trader” method is usually facilitated by legislation loopholes that allow OCGs/individuals to swiftly declare fraudulent bankruptcy or to sell their companies without first having to settle tax liabilities.
- New modus operandi is reported in the region as being conducted by renowned foreign and domestic companies in order to avoid paying VAT and income taxes. They pay large sums of money for fictitious services to newly-established companies, thus diminishing the basis for calculation of income tax.
- Documents forgery has an essential role in the commitment of financial frauds. As technology develops at an unprecedented rate, the preparation of high quality fake documents is now easier than ever, making it almost impossible to detect them.
- OCGs involved in this type of criminal activity rely on the expertise of accountants, legal advisers and persons with professional knowledge of customs and taxation legislation.
- OCGs/individuals are expected to also focus on the market of renewable sources of energy (green energy) and the recycling industry, an area that offers the opportunity of high profits for the investors.
Firearms Trafficking

The past political instability and armed conflicts in the region and the proximity to various conflict zones have a great impact on the routes of firearms trafficking in Southeast Europe. OCGs and individuals are using the proceeds of crime in order to finance different other OCGs engaged in more profitable criminal activities including drugs trafficking, which underlines once more the shifting multi-criminal approach of the OCGs.

Individuals engaged in weapon trafficking take advantage of business entities legally authorized to trade firearms, hunting equipment and ammunition in order to facilitate their criminal activity.

**Key Threats**
- Converted firearms
- 3D metal printing
- Reactivated firearms
- Wide availability in the region

**Trends and modus operandi**
- Illegal weapon traders use cryptocurrencies such as Bitcoin as payment method which is further capitalized;
- The use of sophisticated communication technologies, the Internet in general and Darknet marketplaces and vendor shops in particular have recently brought the trafficking of firearms to a new era;
- Traffickers are less likely to be prosecuted due to the use of tools such as Tor which enable users to hide their unique Internet protocol (IP) address;
- Firearms are dismantled into several parts which are subsequently sent to the buyer through express mail services in different parcels;
- The rise of 3D printing could bring new emerging opportunities for the OCGs involved in the manufacturing and trafficking of weapons and parts. 3D metal printers may be used to manufacture much more efficient 3D printed weapons that may become a serious threat.

**Gas weapons**

While trafficking of weapons in the region is also related to gas weapons further converted into firearms, as well as reactivated neutralized weapons, the support of gunsmiths brings a significant contribution.

The related legal frameworks in part of the Member States appear to have a relevant impact on the trafficking of gas weapons within Southeastern Europe.

Although the number of OCGs engaged in firearms trafficking is rather small, the threat posed by firearms trafficking should continue to be proactively and continuously addressed by law enforcement authorities, having in mind the natural connections with a broad range of other criminal activities, including terrorist attacks.
Organized property crime including thefts, robberies, burglaries or vehicle crime appears to be constantly appealing to the OCGs.

The OCGs engaged are generally composed of 3 to 6 members displaying hierarchic and well organized structure with defined roles. Generally the members of the OCGs are nationals of the country where the criminal acts are committed.

Highly adaptable, the OCGs use modern and sophisticated equipment and devices for communication, including platforms provided by social media and constantly improve their *modus operandi*.

The OCGs are very likely to use weapons (knives, pistols and machine guns), stolen vehicles or vehicles with stolen license plates and to engage in more than one type of crime such as robberies, thefts or burglaries.

The criminal networks engaged in burglaries target private properties, offices or even ATMs.

OCGs engaged in robberies use different types of weapons for intimidation (knives or guns). The robberies may take place in public places such as shops, post offices, or even private apartments.

Organized thefts target private art collections, loaded truck trailers, religious artifacts or collection vehicles.

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### Crimes against cultural heritage goods

Cultural heritage holds a significant social, historical, aesthetic and economic importance for humankind in general and at the same time it stands as testimony of the regional and national cultural identity and evolution through time.

These crimes take different forms, ranging from theft, illegal digging of archeological sites, smuggling of cultural goods, illicit exports, violation of copyright (art forgery) and fraud and may be connected to other criminal activities.

Cultural heritage goods originating from the countries in Southeast Europe are illegally exported and sold in countries all over the world.

The auction houses or galleries act like intermediaries in the benefit of the smugglers; archeological movable cultural goods acquired through illegal digging are sold to local dealers or directly trafficked abroad.

Replacement of original exhibits in museums is another *modus operandi* that has been identified.

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### Vehicle crime

A decline has been noticed in the region with regard to this type of crime; however, the modi operandi are becoming more sophisticated.

The general route for vehicle trafficking in the region continues to be from Western Europe to Southeast Europe.

Considering the recent increase of motorbikes subject to a crime in the region, it may be that the OCGs involved in this type of crime shift their focus from cars to motorbikes.

Transnational organized vehicle trafficking is often linked to other criminal activities such as money laundering, drug trafficking, counterfeiting of documents, burglary, robbery, trafficking in human beings, or even illicit weapons trade.

*Modus operandi* of theft of vehicles from rent-a-car agencies in Western Europe, which are subsequently smuggled into the region and sold under a false identity.

- Theft committed with the use of hacked keyless devices, as well as using GPS signal blockers/jammers for misappropriating cars with anti-theft GPS devices.
Crimes against Environment

Environment-related crimes pose a growing threat, causing serious and irreversible consequences to the ecosystems and public health. Illegal activities affecting the environment are often conducted by OCGs and, like many other types of crime, develop beyond the borders of one country.

Driven by the fast and considerable profits obtained, the individuals engaged in illegal logging take advantage of the geographical position, the corruptive officials, the availability of resources, the black market and social tolerance.

At international level, a new threat has emerged in relation to the illicit trade of Renewable Energy Certificate (green certificates) which is very similar to the one connected with VAT refund frauds. The companies operating in this business area use the indirect taxation system, setting up several companies in order to create a fictitious financial flow or to integrate profits from illicit activities into the legitimate financial system.

Counterfeit Currency Trafficking

Counterfeit currency related crime is conducted both by individuals and by OCGs. Trafficking and manufacturing of counterfeit currency in Southeast Europe is mainly related to Euro, while other currencies such as the US Dollar or the currencies of the countries in the region seem to be much less appealing to the manufacturers.

The most common counterfeited Euro banknotes denominations seized in Southeast Europe are the EUR 100 and EUR 50.

Although trafficking and manufacturing of counterfeit currency is a standalone criminal activity, the investigations have revealed connections with other types of crime such as forgery of documents, smuggling of goods and most commonly drug trafficking.

- manufacturing process
  - mainly individuals
  - inkjet printers, offset printers, which prevail in Euro counterfeiting, or a combination of both

- trafficking
  - OCGs generally engaged
  - local distribution is made through remote shops in small towns, gas stations, exchange offices, betting shops, catering facilities
  - trafficking is carried out either through couriers and individuals travelling to Western European countries or through online trade using surface Web or Darknet marketplaces
  - high level of flexibility and cooperation between individuals and OCGs engaged along the trafficking routes and countries of destination
- All the countries in the region consider terrorism as a priority on their political agenda, which requires the highest level of involvement from law enforcement agencies in addressing this particular threat.
- In the region, terrorism remains a serious threat and it appears to be mainly linked to the foreign fighters' phenomena, or to citizens who self-radicalize and may commit “lone wolf” attacks.
- Terrorist groups/organizations are directly involved, or they are connected with OCGs engaged in other criminal activities affecting Southeast Europe, such as drug trafficking, smuggling of firearms, migrants smuggling or illicit trade.
- In some cases, in order to be allowed to continue their activity, the OCGs must pay terrorist groups a share of profit as a so-called “taxation”.
- A risk factor for the region is that some countries are part of the irregular migration route starting from conflict areas towards Western Europe.
- The main modi operandi used in this criminal activity are: acts of violence, armed attacks, use of explosives, sabotage and arson, kidnapping, road blocking, looting, bombed vehicle / human suicide attacks and threatening actions.
- The geopolitical situation in the world, more specifically the war conflicts in Syria and Iraq, is the main driver for the rise of extremism, and it directly leads to the increase of the terrorism threat level in the region.
- Darknet and social media platforms may be used to promote radical ideas and attitudes; they could also facilitate the recruitment of new members and the obtaining of financial resources.
- Illegal smuggling of migrants can be a perfect environment for recruiting new members and sympathizers.
- Having in mind that radical Islamic movement is spreading in the region, individuals or groups can be expected to commit other terrorist attacks.
- “Lone Wolf” terrorist attacks and attempts have surged in the recent years in Europe, with cases being registered in the Western Balkans as well. As with most of the Lone Wolf attacks, there were no indications that the perpetrators were following instructions from a person or a cell.
Money Laundering

Money laundering, the process used by OCGs to conceal and introduce the proceeds of crime into the legitimate economy, is in some cases a standalone criminal activity, but in general is inherent to almost all types of criminal activities. Depending on the amount of money to be laundered and on the complexity of the money laundering scheme, this criminal activity is conducted either directly by the individuals or the OCGs engaged in the predicate crime or by specialized OCGs and individuals such as experts in law, finance, IT, etc.

The most common businesses and financial sectors used for money laundering are the banking sector, real estate companies, the stock exchange, the insurance sector and private companies in the areas of tourism, construction, trade, restaurants, shops, casinos, factories, a/o.

The methods generally used by the criminal organizations engaged in money laundering business in Southeast Europe are diverse:

- investments in real estate;
- multiple wire transfers to bank accounts within the country and in foreign countries;
- the use of so-called money mules.

**sophisticated methods:**

- the use of shell companies to cover fictitious commercial activities;
- wire transfers to and from off-shore companies;
- use of cryptocurrency, method which consists in several steps and which requires specialized software and highly skilled support;

The use of fraudulent documents especially in order to open bank accounts or to establish companies is highly connected with the money laundering. Additionally, false invoices are used by shell companies in order to dissipulate commercial activities and to finally transfer funds.

*Modus operandi* related to intra-community transactions: the use of shell companies in order to cover up VAT frauds, wire transfers to companies from intra-community or outside the community without being followed by the actual delivery of goods, or wire transfers based on documents falsely justifying commercial operations.

**In order to successfully conclude the criminal activity, the money launderers are taking advantage of:**

- fraudulent documents;
- false invoices;
- widely accepted use of cash which constitutes a barrier for the law enforcement in tracking down the proceeds of crime;
- new technologies such as the Internet facilitated payment methods;
- electronic trade;
- virtual credit cards;
- cryptocurrency and anonymisation software.
Efficient fight against trans-border crime

**Priority crime areas**
LEAs must prioritize the resources on countering the emerging crimes with the highest impact on society's safety. OCTA SEE 2018 calls for 5 (five) key priorities, as follows:
- Terrorism
- Cybercrime
- Drug trafficking
- Trade and industry crime
- Trafficking in human beings and smuggling of migrants

*A special focus is on money laundering and the adaptability of the criminals to technology and the Internet.*

**A common strategy and interoperability**
The challenges of nowadays crime cannot be addressed by each country individually, but through a synergy of actions from all the actors involved in fighting organized crime. Moreover, the international bodies require a joint approach and a common strategy.

**Special investigative techniques**
The special investigative techniques must evolve and adapt with the crime. To respond to nowadays crimes in a proactive manner, law enforcement authorities have to adapt their investigative means and apply special investigative techniques.

**Actions against criminals' wealth**
Clear actions against criminals' wealth by cutting off the money flows and the profit will lessen OCGs' influence, while increasing LEA’s overall capacity. Assets recovery and financial investigation capacity must be reinforced.

**Public-private partnership**
The public-private partnership is important to public safety and is a key to LEAs' fast response to organized crime, as the private sector can offer expertise, high-tech and innovative tools, real-time sharing of valuable information and financial resources.

**Awareness**
The public is exposed to organized crime, therefore a clear strategy on prevention, including awareness campaigns about the risks and the impact of organized crime, should be implemented at a national and regional level.

**Technology as a partner**
Because *Crime Steers Online*, a more innovative approach is required and LEAs must be equipped with the latest technologies available, *inter alia* big data analysis tools and artificial intelligence.

Considering that nowadays crime uses technology, hands-on trainings on the latest technologies (e.g. Darknet, Cryptocurrency, drones) developed for the field officers tackling all crime areas will teach the law enforcement sector to go deeper into crime and to discover the hidden areas of crime. The fast and legal international collection of digital evidence must represent a joint objective of the utmost importance.