

Many experts believe that this decrease is actually due to concealment of the real statistical data or inadequate recording of reported crimes. But there are also researchers who see this as a part of a worldwide change in the dynamic of criminality (especially in the case of homicide). Criminality grew constantly from the 1950s. However this tendency changed at the beginning of the twenty first century when the number of crimes committed started falling again.<sup>6</sup>

It is also possible that what we see in the tables is the combined result of a real reduction and the concealment or under reporting of a certain amount of crime.

### A Short History of Organized Crime in Russia \*

The best way to analyze and understand contemporary Russian criminality is to take a look at its history.<sup>7</sup> Several periods in the development of Russian criminality can be distinguished.

#### *The second half of the 1970s – the first half of the 80s*

It is believed that Russian organized crime in its more or less contemporary shape emerged during this period of time. This was quite a controversial time of small illegal businesses, newly emerging “cooperative societies,” speculative enterprises (“farcovka”) and the illegal exchange of foreign currency. There were also a number of cases of large illegal business ventures carried out under the protection and with the participation of highly placed Communist party leaders.

The scandals regarding illegal manufacturing and the sale of cotton, fruit, caviar and fish in the 1970s and 80s revealed how strong were the

<sup>6</sup> Stefan Harrendorf, Markku Heiskanen, Steven Malby, eds., *International Statistics on Crime and Justice* (Helsinki: European Institute for Crime Prevention and Control, affiliated with the United Nations (HEUNI); United Nations Office on Drugs and Control (UNDOC), 2010).

<sup>7</sup> Yakov Gilinskiy, “Organised Crime: The Russian and World Perspective,” in Kauko Aromaa, ed., *The Baltic Region. Insights in Crime and Crime Control* (Oslo: Pax Forlag, 1998), pp. 168–82; Yakov Gilinskiy and Yakov Kostjukovsky, “From Thievish Artel to Criminal Corporation: The History of Organised Crime in Russia,” in Cyrille Fijnaut, Letizia, eds., *Organised Crime in Europe: Concepts, Patterns and Control Policies in the European Union and Beyond*, Vol. 4 (The Netherlands; Norwell, MA: Springer, 2004), pp. 181–202; Yakov Gilinskiy, “Crime in Contemporary Russia,” *European Journal of Criminology*, Vol. 3, No. 3 (2006), pp. 259–92.

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\* From Yakov Gilinsky “Russia” in Kego et al, Organized Crime and the Financial Crisis, Stockholm: Institute for Security and Development Policy, 2011.

ties between “tenevics” (shady dealers), professional criminals and some communist leaders. There were several investigations that proved the deep involvement of the First Secretaries of the Central Committees of the Communist Party in some Soviet republics (Uzbekistan, Azerbaijan, Moldova, Georgia and Kazakhstan), officials from the Central Bureau of the Communist Party and even some high officials from law enforcement bodies.

*The second half of the 1980s – the first half of the 90s*

This period of time has been characterized as a stage of consolidation and shaping of organized crime in Russia. At the beginning of the 1990s, there were four criminal communities of the “mafia” type in St. Petersburg (the Tambov, Azerbaijan, Chechen and Kazan gangs), some dozens of criminal associations (such as the Komarov gang) and hundreds of criminal groups. All these organized crime groups were involved mainly in illegal activities such as racketeering, drug trafficking, the “protection” of small and medium sized businesses, prostitution, the stealing and reselling of cars, gambling, illegal trading and smuggling of non-ferrous metals over the border. Another area in which organized crime was deeply involved was the production of strong alcoholic beverages, counterfeit branded spirits and liqueurs. It was a period when the shelves in Russian shops were full of “Absolut” vodka, “Napoleon” cognac and “Amaretto” liqueur, which had been produced in basements.

Since 1993, the Center of Deviantology (Sociology of Deviance) of the Sociological Institute of the Russian Academy of Sciences has been involved in a criminological study of the black market, the economy and organized crime. Business in St. Petersburg and other regions of Russia were at that time divided up between the various criminal organizations. Extremely well organized informational services have enabled them to track and monitor all commercial structures and the moment when a new commercial structure begins to make a profit, this arouses the interest of criminal groups. As one businessman interviewed asserted during an interview: “100 percent of commercial organizations were affected by racketeering.”<sup>8</sup>

Racketeering penetrated all enterprises except those of the military-industrial complex and some foreign firms. One FSB (Federal Security

<sup>8</sup> Yakov Gilinskiy, *Criminology: Theory, History, Empirical Basis, Social Control*. 2nd ed. (St. Petersburg 2009), pp. 275–88 (in Russian).

Service) officer told me: "Criminal associations control about 90 percent of business."

There were two types of racketeering practiced by organized crime groups: extorting money from kiosks and small shop owners (the black racket) and racketeering which affected medium sized and large commercial enterprises. This latter type took several forms, such as payments for "security services" or debt recovery. In some cases criminal organizations "protected" the enterprises in such a way that eventually their representatives became shareholders.

Most state-owned business enterprises operating at that time found themselves "under the protection" of criminals. They were "protected" by one gang against other gangs and had to pay "tribute" for that and were forced to render services. In particular, criminal organizations placed their "representatives" on boards of directors, the boards of business enterprises, organizations and banks. Thus, legal and illegal businesses merged.

Besides the fact that organized crime was flourishing, all the preconditions were created for businessmen themselves to commit crimes. In fact, they were almost forced to do so. Bribes had to be paid in almost every official encounter: when registering a new business; when renting premises from state bodies; on acquiring licenses for their utilization; for obtaining low-interest bank loans; when reporting to tax inspectors; when completing customs formalities; etc.

Revenues had to be concealed, since with a taxation rate amounting to 80—85 percent, no one could continue doing business in competition with other firms if they honestly declared all revenues. The rigid normative regulations in some areas of economic activity and the absence of such regulations in other fields resulted in businessmen ignoring the law in some cases, and making their own "laws" in others. The merging of legal and illegal elements in the country's economy has engendered such absurdities as fake goods and services.

The growing use of high technology by criminal organizations at that time is also worth mentioning. Initially, the representatives of the Russian criminal world did not pay any attention to new developments in this field, but in a short period of time their attitude changed totally. In an increasing number of cases, criminal organizations made use of computer technology to commit different types of crimes, in particular bank fraud. The newly

developed technologies were also used for the production of counterfeit alcoholic beverages and synthetic drugs, in car thefts and the manufacturing of weapons. The important thing to stress is that organized crime groups not only used the products of technological development but also attracted and enrolled scientists (chemists, programmers, etc.), who worked full time for criminal purposes.

Drug dealing was believed to be well established and the least visible criminal activity in Russia during the 1990s. This was the direct result of the widespread corruption within the law enforcement agencies as well as lack of integration and exchange of information between public institutions and the low level of cooperation with the authorities in the drug producing countries.

The following is extracted from interviews done by Dr. Yakov Kostjukovsky (Center of Deviantology) with representatives of criminal organizations about their activities:

I: (Interviewer) What types of criminal businesses are most popular?

R: (Respondent) I think just for 1994 a half of all the metal produced in Russia was illegally exported, while the rest of it was sold by officials. That was good business! People earned so much in two or three months that it's been enough to keep them going up till now. It was really hard work, 25 hours a day! But it was worth it. The difference in prices between here and in Estonia, for instance, was enormous.

Theft and resale of cars is another area of criminal activity.

I: Do you have contacts with with foreigners?

R: Yes, of course. We have a joint venture in the car business. It is an exchange.

I: Is it?

R: Sure. Somebody drives away a car here, in St. Petersburg, and the car goes to Holland, and from Holland cars come here too ... Generally, there's a whole system which covers Germany, Poland, France, Hungary, Holland, and Russia. Yeah, that's right. There are international contacts.

Prostitution also became quite a profitable activity for criminal organizations. It was carried on through massage salons, public saunas and escort firms. This fact provoked a transformation of "street prostitution" into "hotel prostitution." The last type of prostitution was persistent in the Soviet period too, but at a much lower level. All the hotels in the main cities were shared between criminal gangs, so that each gang controlled the prostitution in "their" hotels. At the same time, after the collapse of the Soviet Union a new type of criminal activity became available to criminal organizations: human trafficking, especially for sexual exploitation.

I: What about the organization of prostitution?

R: Prostitution in St. Petersburg is already an industry. And it didn't just happen yesterday. There are hundreds of "kontor" (illegal agencies of for sex services). It is more developed in Moscow ... In our city the most expensive women are in pubs, hotels, casinos. There are "call girls," girls in saunas, girls in "leisure centers." and...massage salons, make-up salons. Street girls are the cheapest...

I: And what about child prostitution?

R: Sure. That's very expensive. But there are so many drunks, who sell their own children. It's even possible for just a bottle of vodka, quite literally too. When you're talking about prostitution in general, certainly, there's male prostitution and gay prostitution too. And men cost more.

I: What you can say about "business trips"?

R: Yes, it happens. And the girls aren't always whores. It may be the a team of girls for striptease work, or for service in general. But they're exported to, for example, Turkey and they're forced to work as whores. If they can escape they're OK. But there aren't many happy endings...

*The second half of the 1990s – the beginning of 2000s*

This is the period in which traditional organized crime boomed and gradually penetrated state structures and businesses. Criminal organizations played a very active role during the privatization process. One of our respondents said: "Their goal is to take control of the real estate." Using their connections and influence within the state bodies they were always in

possession of the necessary information about forthcoming auctions of state property and stocks and shares. Moreover, by using methods such as coercion and violence they were usually able to convince other potential buyers to abstain from bidding during auctions.

One more specific feature of this period is the arms trade, which became a quite widespread and profitable activity among the Russian organized crime groups. The difficult economic conditions in which the Russian Army found itself in a situation in which systematic larceny or "disappearance" of weapons and technologies became the norm in the majority of military units.

The drug market had undergone substantial changes by the end of the 1990s. Cannabis and poppy straw which had been the most popular "products" on the market were replaced by more exotic drugs like heroin and cocaine. These changes were brought about by cooperation that was established between Russian criminal groups and those from the countries where heroin and cocaine were produced.

At that time, criminal organizations could be characterized by number and size, the amount of influence they had on society and the types of activities they were engaged in, but all of them had one essential thing in common: illegal entrepreneurship. Several facts related to organized crime were specific to that period:

- Organized crime groups managed to establish their influence over 40-60 percent of enterprise and 60-80 percent of banks
- It was a period of high profits derived from criminal activity
- Organized crime groups started to perform some of the the roles that the law enforcement agencies had previously carried out such as "arbitration," enforcement of court decisions, "executive functions" and "protection" ("krysha"), etc.
- There were extremely high level of corruption within the administrative and law enforcement bodies at all levels
- Many preconditions existed for the further development of organized crime such as the high rate of unemployment especially among the younger generation, a widespread criminal mentality, social anomie and the impossibility of doing business and prospering using only legal methods because of corruption and, finally high taxes
- The use of violence on a large scale

- The strong tendency of organized crime groups to legalize their criminal activities through infiltration of legal business and state bodies
- A number of criminal leaders managed to launder their illegally obtained assets and moved into legal or semi legal activities
- During this time organized crime and politics moved closer to each other

*From the beginning of 2000 to the present*

It is quite difficult to explain the processes related to organized crime during this period. The easiest way may be to quote the answer that was given to me in 2005 by a police officer from the Anti-Organized Crime Division when I asked him what he thought about contemporary Russian organized crime: "It does not exist. It's us, the ment. Now we control all the stalls, markets and tochky. Today all small trade enterprises, small and medium sized businesses are under the ment's roof."<sup>9</sup>

Another police officer from the Internal Security Division confirmed that small and medium sized businesses are moving from being "protected" by criminals to police "protection." The biggest problem is that these police officers are involved in criminal activities with the consent and under the control of their bosses. And this is not a problem in just one city or region, it is a problem for the whole country. Nowadays, it is believed that the Russian police is an entire organized criminal group. There are plenty of reports, articles and on-line publications that reveal the scale of criminal activities and schemes carried on by representatives of Russian law enforcement bodies.

So, the police, in exchange for money, "protects" small and medium sized businesses as well as drug dealers and criminal leaders, and is doing nothing to solve the problem of organized crime. Moreover, the police is deeply involved in the so called "black raid" by means of which they try to take control of all profitable legal and illegal businesses. One thing that should be mentioned is that during the financial crisis most small and medium sized enterprises weakened, so that it became even easier for the police to bring them under their control. In the case of organized criminal groups, it must be admitted that despite all the efforts made by the police

<sup>9</sup> Ment is slang used for police officer. Tochka" is slang used for places where drugs can be bought.

to replace them, they still exist. The majority of them depend on or operate under the "protection" of the police, however.

One important and very visible feature of Russian organized crime is its striving to gain influence over state authorities in order to improve or secure its criminal businesses. The most commonly used methods are lobbying, bribery, infiltration of its representatives into the power structures, etc.

There are many cases of criminal leaders who manage to become mayors of big cities (Gennady Konyahin in Leninsk-Kuzneck city, Vladimir Nicolaev "Winnie the Pooh" in Vladivostok city), or deputy heads of local public administration bodies (Alexandr Chabarov, leader of the criminal organization "Uralmash" and Sergey Tsapok, leader of the criminal organization in the Krasnodarsky Region). The two last mentioned also somehow managed to get PhD degrees.

As was stated above, many organized crime groups have operated under the protection and with the help of the police. This gave them the possibility to operate with impunity over a long period of time. The criminal groups of Sergey Tsapok in the Krasnodarsky Region, Kozaev in the Sverdlovsky Region, Alexandr Trunov in the Novosibirsk Region and so on can be mentioned as examples of such "longevity."

It may be easier to understand the real magnitude of the organized crime problem in Russia by examining the "Kushchevskaya case." Kushchevskaya is a large Cossack village ("stanicha") in the Krasnodar Region of Southern Russia. The population of this "stanicha" is more than 35,000 people.

On the November 5, 2010, a horrendous crime was committed in this village. The farmer Serever Ametov was killed in his own house together with eleven other people; his family, including three children, and visitors died with him. Not long afterwards, the police arrested Sergei Tsapok, accusing him of having organized the murders, and several other people of having carried them out. The investigation is ongoing but the evidence is incontrovertible and it is quite clear that the crime was committed by Tsapok's organized crime group which has terrorized the area over a long period of time. Unfortunately this criminal case also says quite a lot about present-day Russian politics and criminality.

The counselor to the Chairman of the Constitutional Court of the Russian Federation, Major General (retired) of the militia, Professor Vladimir



Ovchinsky, told the newspaper *Moskovsky Komsomolets* on November 25, 2010 and the journal *Ogonjok* on November 22, 2010 that "the Kushchevskaya case is not an anomaly, but a mirror of the whole organized crime situation in Russia. The heads of law enforcement bodies are continually reporting about the reduction of criminality, manipulating the statistical data and concealing the real situation in the country. The main question is how is it possible that Tsapok's enormous gang have been able to act with complete impunity for so many years? The population of this village has been kept in a state of continuous fear as if they were in a concentration camp."

Another example concerns Kazbek Kozaev's gang from Berezovsk city, in the Sverdlovckaya Region. This organized crime group was so powerful that it somehow managed to take over the whole city. The extent of the problem was seen only after the slaughter initiated by Kozaev and his gang in one of the cafés in October 2010. During the gun battle Kozaev was mortally wounded by a police officer, who was trying to restore order. The events lead to numerous disturbances which were only brought to an end with the intervention of federal special forces.

There are many other examples that illustrate the inability or unwillingness of the Russian authorities to address the organized crime problem. In most cases, the root cause of their ineffectiveness is the strong connection between representatives of power and the organized crime groups. Sometimes the connections are so strong that state and organized crime seem to be a single entity.

To summarize, we can say that the current developments with regard to crime in Russia are the criminalization of business and politics combined with colonization by crime of the mainstream economy.

The extremely high levels of corruption make the problem of organized crime even worse. More than ten years ago Vladimir Putin came to power promising to wipe out corruption by enacting a "dictatorship of the law." The problem has grown far worse since then, however. A decade-long, oil-fueled economic boom has emboldened the country's bureaucrats to demand even bigger bribes, even after the global financial crisis which sent the economy into a tailspin. In 2009, Transparency International ranked Russia as one of the world's most corrupt countries, 146th out of 180 on its corruption perception index.

Even the governments own figures say that the average bribe has tripled in size since last year, to US\$32,000. Russia's "corruption market," officials say, is estimated at US\$300 billion a year, and inflates the price of everything from real estate to food, as companies pass on the hidden costs of doing business.

On November 19, 2010, the counselor to the Chairman of the Constitutional Court of the Russian Federation, Major General of the militia (retired) , Professor Vladimir Ovchinsky mentioned during his interview to Radio "Liberty": "The situation with organized crime in Russian is critical. In the 1990s, organized crime groups were just trying to get into power, but now they are already inside the public institutions." The Chairman of the Constitutional Court of the Russian Federation himself, Valery Zorkin has stated that "there are all the preconditions for the state (Russia) to shift from criminalized to criminal."<sup>10</sup> Even the President of the Russian Federation, Dmitry Medvedev, admitted that one of the biggest problems that needs to be resolved is "the direct merging of state structures with criminality."<sup>11</sup>

These opinions are supported by the Chairman of the Central Election Commission of the Russian Federation, Vladimir Churov, who recently said that "the authorities must stop the attempts of the representatives of criminal groups to get into the electoral lists of political parties as well as their endeavor to be a part of electoral commissions."

Although all the preconditions exist for organized crime to flourish in Russia, there is also competition and conflict between criminal groups over spheres of influence. As a direct, recent result of these disputes, Vyacheslav Ivankov "Yaponchik" was killed (September 12, 2009) and Aslan Usoyan "Grandparent Hasan" was gravely wounded (September 16, 2010).

### Concluding Remark

It is quite difficult, if not impossible, for those who do not live in Russia and not having studied the phenomenon of organized crime to gain an understanding of its nature and extent in Russia. There is no longer any organized

<sup>10</sup> Валерий Зорькин, "Конституция против криминала," *Российская газета*, No. 5359 (280), December 10, 2010, <http://www.rg.ru/2010/12/10/zorkin.html> (accessed March 14, 2010).

<sup>11</sup> Dmitry Medvedev's Message to the Federal Assembly of Russia, *Российская газета*, No. 5350 (280), December 1, 2010, <http://www.rg.ru/2010/11/30/poslanie-tekst.html> (accessed March 14, 2010).