

SUMMARY

English summary of Brå report No 2007:4

Where did all the money go?

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Where did all the money go?

Summary of a study on the financial management of
organized drug crime

English summary of Brå-report 2007:4

The Swedish National Council for Crime Prevention – centre for knowledge about crime and crime prevention measures.

The Swedish National Council for Crime Prevention works to reduce crime and improve levels of safety in society by producing data and disseminating knowledge on crime and crime prevention work.

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Unseen but frequently discussed money

Over the course of the last decade, the money produced by organized drug trafficking has been depicted as a threat to the social order. Posited astronomical sums of “narco dollars” have been viewed as constituting a threat to financial and political functions in free, modern democracies (van Duyne and Levi, 2005; Naylor, 2004; van Duyne et al., 2003). Criminal entrepreneurs are believed to use this money to infiltrate and corrupt politics and the business community in order to gain positions of power in society. In addition there is a risk of damage to the moral fabric of society at large as a result of individuals growing rich from criminal activities.

Previous international studies, however, do not describe surges of crime money “taking over” the legal market. Instead, these rather indicate that such money is spent in, or spills over into, the legal market in fairly modest amounts (see, for example, van Duyne and De Miranda, 1999).

There are a great many widely varying (and more or less questionable) estimates of the amount of money that originates from organized drug trafficking. These estimates have tended to “take on a life of their own” in the debate surrounding this issue, a factor that has been criticized by many researchers (Naylor, 2004; Levi, 2002; van Duyne and De Miranda, 1999; cf. also Reuter and Truman, 2004; Gilligan, 2001). In other words, money from drug crime constitutes an unknown, but often discussed, fraction of the criminal money in circulation within the economy. There are, however, several researchers who argue that larger amounts of money are in fact produced by non-drug crimes, primarily by financial and tax-related offences including fraud and counterfeiting (Arlacchi, 1993; Skinnari and Korsell, 2006; cf. van Duyne and Levi, 2005; cf. Naylor, 2004).

Since money, or rather financial gain, is one of the most important motives for distributors and financiers in the drug market (Brå 2005:11; Brå 2007:7), there is an urgent need to improve our knowledge of the economics of drug crime in order to design more effective crime fighting and crime prevention strategies. The study presented in this paper is explorative, and rather than focusing on the amount of money involved, it investigates how this money is handled and where it goes.

Even though income from crime and the way the proceeds of crime are handled constitute a prioritized area for the judicial system – both in Sweden and in other countries – knowledge on the structure of the criminal economy and how this economy functions remains limited (cf. van Duyne et al., 2003; Naylor, 2004). Many people speak of the importance of “following the money” and of focusing on the core of the criminal enterprise, i.e. the proceeds of crime, but a surprisingly small amount of systematic research has yet been conducted in this area.

The aims of the current study are thus to improve upon the existing knowledge of the financial management of drug crime in Sweden, and on the basis of this knowledge to identify crime prevention and crime fighting strategies and methods. The following section presents the methods employed to investigate the way this unseen money is handled.

Method

Four qualitative methods were selected for the study. The methods complement one another and were therefore assessed likely to produce a good picture of the financial management of drug crime. These are:

- A census survey of court judgments including a sample of related criminal investigation reports
- A review of the National Criminal Investigation Department's special investigation register (known in Swedish as the "särskilda undersökningsregistret", [SUR])
- Register checks of individuals convicted of aggravated drug offences
- Interviews with individuals who have been active in the drug market.

Census survey of court judgements including a sample of related criminal investigation reports

The first method, which also produced the largest amount of data, comprised a census survey of district court judgements relating to aggravated drug offences or aggravated drug smuggling offences from 2004. The survey includes a total of 284 court judgements relating to 496 convicted individuals. From among the cases referred to in these court judgements, 68 criminal investigation reports were also selected for a more in-depth review. These reports were selected because they contain data about the financial management of drug crime, but care was also taken to ensure that criminal cases were included from across the country and that the criminal investigation reports related to all kinds of drugs, since previous research indicates that regional drug markets can differ from one another (cf. Naylor, 2004).

A review of the National Criminal Investigation Department's special investigation register

A review was also conducted of the special investigation register (SUR) maintained by what was formerly the drug squad at the National Criminal Investigation Department's newly formed criminal intelligence division. Special investigation registers can be described as registers for storing information from ongoing investigations. This study took an in-depth look at several drug cases that were assessed to contain information relating to the financial management of drug crime. The information deemed to be relevant to the study was extracted from the register.

Register checks

Register checks were conducted relating to a total of 1,715 individuals convicted of aggravated drug offences between 2001 and 2005 in order to gain an idea of what their legal and illegal incomes were (other than from drug crime). Three registers were examined:

- The national Register of Suspected Offenders administered by the Swedish National Council for Crime Prevention (Brå)
- The national Register of Convicted Offenders, also administered by Brå
- The Tax Register administered by the Swedish National Tax Agency.

Information about the criminal activity of suspected and convicted offenders was obtained from the National Council's *Registers of Suspected and Convicted Offenders* respectively. The Register of Suspected Offenders contains information about people who are suspected "on reasonable grounds" for the commission of one (or more) offences. Individuals remain in the Register of Suspected Offenders irrespective of whether they are later convicted of an offence. Data from the Register of Suspected Offenders relating to the individuals convicted of aggravated drug offences was collected for the period 1991–2005. Data were collected from the Register of Convicted Offenders for the period 1973–2005. The objective of these register checks was to determine whether people convicted of aggravated

drug offences also committed other crimes, and in particular crimes that generate money directly.

The population was also examined in the *Tax Register* administered by the *Swedish National Tax Agency*. The information examined in this case pertains to the year prior to the court judgement being issued. For people who were convicted in 2003, for example, income information was collected for the year 2002. The objective of these register checks was to determine whether these individuals had received any income from legal employment or business transactions. Other information was also collected relating to whether the individuals had been in arrears, what types of business possible companies were involved in, or whether the convicted drug offenders had received income in the form of interest, for example. The information from the National Tax Board's register is based to a large extent on what the individuals themselves, or their employers, have reported in their tax statements.

Interviews

The three methods described above are all limited in the sense that they are based on official sources, i.e. on what the authorities know about drug entrepreneurs. They contain a limited amount of data on the financial management of drug crime since this issue is not of major importance in relation to the arrest or conviction of drug offenders. Thus, thirteen interviews were conducted with individuals who have been active in the drug market.

The interviews were qualitative, and the individuals were not asked about their criminal activities. Rather, they were asked, in the capacity of experts, to describe how the finances of the drug market are organized. While all of the interviewees talked about their experiences, posing the questions in this manner means that they are perceived as less sensitive than if the interviewees had been asked about their experiences more directly. The model presented below was shown at the end of the interviews, and the interviewees were asked to comment upon the results of previous research based on their own knowledge of the Swedish drug market.

Eleven of the interviews were conducted with prison inmates convicted of aggravated drug crimes or aggravated drug smuggling offences. They talked about financial management arrangements that had never previously been investigated by the police since, as has already been noted, financial management is of little importance in terms of obtaining convictions in drug cases. Two of the interviewees were individuals who had been active in the drug market, but who had escaped being convicted of drug crimes. The information these provided about the financial management of drug crime is of particular interest. The majority of the thirteen interviewees have distributed drugs, and together they have dealt in the most common substances.

Results

An analytical model was employed as the basis of the empirical analysis. Figure 1 presents a model that may be considered as a chart of expenses and income. Since no existing studies with a similar research objective to that of the current project could be found, the model is based on previous Swedish and international research into the financial aspects of drug crime. The model was developed while processing the results, and some of the elements were added in the course of this process. It can be read from top to bottom, from organizationally focused to more private expenses and income. The model includes different possible forms of expenses and income; only very few individuals or networks include elements from the entire model.

Expenses	Income
Production and logistics - Production material - Operations and stock - Transportation - Storage	Income from drug related activities
Additional costs for criminal activity - Concealment cargoes and hidden compartments - Transferring property - Handling cash and money laundering - Providing for arrested members' families - False documents - Debt collecting - Corruption and other influences - Weapons - Waste and theft	Income from other illegal activities
Salaries and remuneration	Income from black market employment
PR - Advertising - Samples - Entertainment	Legal income - Employment or business - Social welfare benefits
Expansion of the business	
Research and development	
Reinvestment in drug related activities	
Short and long-term credit	
Private expenses - Food and accommodation - Entertainment - Illegal substances and goods - Gambling - Prostitution - Reserving capital - Savings for pension and sickness benefit	

Figure 1. An analytical model of the financial management of organized narcotics crime.

The central results from the study will be presented under the headings: Expenses Related to Business, Other expenses and Income.

Expenses related to business

Expenses related to business are those found at the top of the model. They begin with production and logistics and conclude with short and long-term credit.

As opposed to the Netherlands, for example, Sweden is not a drug producing country (cf. Politie, 2005). The court judgement and criminal investigation report material do contain cases which constitute exceptions, where individuals have grown cannabis or produced GHB, but these exceptions comprise people who grow or produce for personal use, or who sell at more or less cost price to a close circle of friends. More or less all actors, however, incur costs for transportation and storage, although these costs vary greatly, a factor that we will return to below. This variation depends in part on the amount of drugs involved and in

part on the extent of the security measures taken. Security permeates most of the expense items, and is therefore examined separately in the following section.

Safety first

Issues of security are assigned a high priority in the legal market, but they are often handled by security personnel and thus have a limited effect on daily operations. Among drug entrepreneurs who wish to remain active on the drug market, however, the issue of security permeates the entire organization. The drug trade is characterised by a very large number of risks. The most obvious of these is that the authorities can step in and make arrests, and seize drugs and money. However, it is not only the authorities that may cost the entrepreneur money. The interviewees reported that competitors might themselves tip off the police or seize drugs and money. Colleagues may also embezzle the property of actors on the drug market. According to data collected both from criminal investigation reports and at interview, drugs may be destroyed as a result of improper storage or handling and as a result of poor methods of concealment. One concrete example involved a person who cut amphetamines incorrectly, thus destroying the batch. Another example involved cocaine that was difficult to sell since it smelled strongly of the agent that the smuggler had sprayed the bags with in order to evade the dogs in customs.

Thus for understandable reasons, drug entrepreneurs devote a large amount of resources to security issues. In order to create a protective filter between the drug entrepreneur and the drugs, middlemen are engaged to carry out various services or to make different types of contacts. The interviews and criminal investigation reports indicate that middlemen carry out tasks as varied as recommending potential customers, allowing their bank accounts to be used for payments, collecting money from customers, driving drugs between two Swedish towns or temporarily storing drugs at home. These individuals are not always compensated with cash; such services are often provided as an act of friendship or in order to pay off a debt. The explanation for this is that actors, who conduct business with people they know well, trust and perhaps even spend time with privately, naturally pay debts with gifts, symbolic amounts or by returning favours. This occurs in the context of drug crime as demonstrated by this report, but could just as easily pertain to working illegally or small-scale receiving activities (see Henry, 1978; Renooy, 1990; Larsson, 1995). Data from court judgements, criminal investigation reports and interviews all indicate, however, that couriers are often paid in cash. One explanation is that the risk of discovery is relatively substantial for these individuals. For this reason, people external to the organization and who cannot be linked to those responsible for the smuggling operation are often engaged. This excludes the possibility of providing services and favours in return and cash payments are made instead, with the vehicle used for smuggling possibly comprising a part of this payment. The amount of money paid to couriers varies greatly. The most decisive factor for the amount paid is the extent to which the courier is integrated into the legal community. A lorry driver who transports drugs together with a legal load or an elderly Swedish woman with no criminal ties will be more expensive than individuals with criminal records or desperate couriers from impoverished conditions.

Special attention is paid to smuggling operations that involve crossing national borders, something which emerges in the material drawn from interviews, court judgements, criminal investigation reports and intelligence data. Entrepreneurs construct hidden compartments, buy vehicles that will not attract attention and reconnoitre and test routes in advance. Some actors also attempt to engage individuals with established positions in the legal economy to perform tasks as-

sociated with the drug trade. There are also instances of drugs being sent by post.

Security permeates this form of criminal activity, and it costs a great deal of money. Expenses related to security increase in line with the extent to which the legal economy is integrated into criminal activities, e.g. when an entrepreneur recruits people with no criminal record from outside criminal networks for certain tasks such as storage or transportation. These individuals require a completely different level of compensation than people with a criminal background. In some situations, costs for security may exceed income from drug sales. However, several actors in the study calculate how high sales prices would have to be to cover all their expenses, and then decide whether a given security measure can be taken.

The material also indicates that it is not security measures alone that cost money. The focus on security means that in addition to concrete security measures, operations are cancelled, goods are dumped, profitable transactions are interrupted, middlemen are engaged and drugs are sold at “bargain” prices. A common example found in the court judgements involves the police having identified drug dealers and then followed them by car. In order to avoid being convicted of drug offences, the suspects throw the drugs out of the car window; however, since the courts had convicted the individuals involved in these cases, the method is not very effective.

Security need not always be expensive, however. One strategy utilized by primarily high-level distributors is to avoid being in the same place as the drugs. According to interviewees, the reason for this is that possession of large amounts of drugs results in more severe sanctions if the authorities seize the drugs. In an effort to minimize risk, goods are distributed in small consignments, stored by other people and quickly sold. Even if the material contains more data relating to drugs, it would appear that greater trust and closer ties are required in relation to people who safeguard money than in relation to those who store drugs. Money is extremely vulnerable to theft. The material includes one or two individuals who safeguarded money, but very high levels of trust are required when handling large amounts of money. It is for this reason that the people who safeguard money are often family members or close friends, preferably without any ties to criminal environments. According to interviewees, these individuals offer assistance as an act of friendship or in return for the payment of some symbolic amount. In some cases, relatives are not aware that money is being stored in their homes or that the minor services they perform have ties to criminal activity. Relatives can take an active part in drug crime even if they only devote a limited amount of time to such activity. One important aspect is that it is not possible to gauge the value of a service in terms of the time it takes to perform it or the extent to which it is compensated. Rather, it is the quality of the services that matters. Thus relatives might perform services that are few in number but nonetheless highly significant. It might be a matter of collecting money from someone at a specific place, allowing their bank account to be used for deposits or making certain payments. Thus, it is not only individuals in the criminal network who are of central importance for drug crimes.

Another example of security thinking that does not necessarily incur any expense is deciding not to expand the enterprise. Additional risk is involved when an enterprise becomes more visible to competitors and to the agencies of the justice system (cf. Paoli, 2003; Reuter and Haaga, 1989; Brå 2005:11). This problem has yet another dimension. Since the business is criminal, actors do not have access to the legal community’s legal, court and enforcement services institutions that might otherwise have protected them against theft, deceit and interventions from the authorities. This means that it is even more important to con-

duct business with trusted individuals than it is when pursuing legal activities. Trust is important for more reasons than just the friction-free functioning of the enterprise. It is also important that actors protect themselves from informants and leaks to the authorities. The difficulty involved in finding loyal colleagues constitutes an impediment to the growth of business activities, which obstructs expansion. According to the interviewees, it is difficult to recruit new colleagues that fulfil the requirements for trust. This is supported by the court judgements, where less reliable middlemen were apprehended as they drove under the influence, thus attracting the attention of the police, with consignments of drugs in the car. One of the interviewees described how he only used one particular courier for short trips since he knew he would drink himself into a stupor if the trip took a long time.

Despite these difficulties, the material does contain examples of an expansion of drug activities; this expansion involved actors both expanding the number of substances they supplied and the size of the consignments of drugs. This may occur as part of a more or less conscious strategy or completely coincidentally, where an opportunity for expansion has arisen due to a competitor exiting the market. When expansion is based on credit, drug seizures or theft can have a devastating effect on the actor concerned.

Security costs constitute an important factor in the work to prevent and combat crime. When entrepreneurs perceive an increase in the risk of being detected, they feel compelled to devote even more resources to security. This reduces profit margins and thus the motivation to commit crime. Thinking in terms of increased security also leads drug market actors to become even more inclined to involve the legitimate community and its structures. When banking systems are utilised, traces are left in the form of account statements and transfer orders; if drugs are sent via messenger services, there will be orders and invoices. By collaborating with travel agencies, banks, money exchange centres and other businesses with which drug entrepreneurs are in contact, the authorities can receive tips on less visible actors in the market.

Unlawful influence¹ and violence – uncommon but menacing strategies

Drug entrepreneurs endeavour to conceal their activities. As has been described above, they avoid confrontation with the authorities by being flexible and staying concealed. Operating on a small-scale also enables activities to be pursued discretely. One method used to escape the attention of the authorities is to stay informed of the work of the police and customs. Social contacts, gambling and criminal meeting locations, such as certain bars and restaurants, constitute the news service of the criminal world. One interviewee emphasised that it is important to “keep tabs on plain-clothes police officers” by exchanging information with other criminals.

Weapons can be purchased on the illegal market for what some interviewees considered modest sums of money. Many actors completely dissociate themselves from weapons and violence, whereas others keep or borrow weapons for protection, primarily against other actors on the drug market. Some actors own guns whose primary function is to serve as a status symbol. This is illustrated quite clearly by the fact that photos of arrested individuals posing with weapons are sometimes found by police during house searches.

In some situations, certain entrepreneurs may choose to be more active and may attempt to exert unlawful influence over persons working for public sector agencies. In addition to incidents of serious harassment, threats and violence,

¹ Unlawful influence is a collective term for serious harassment, threats, violence and corruption which are exercised in order to influence another person to behave to one's own advantage.

such individuals may also turn to corruption to influence the actions of such agency staff. Even if unlawful influence is not common, quite simply because it is not perceived as necessary, it does occur. The material collected in the current study includes cases where attempts had been made to influence customs agents not to take action or to obtain confidential information from the police.

Despite all the security measures that are taken to reduce the risk of detection, many people who have been active in the drug market are serving prison sentences. Some of them continue to be involved in drug transactions from inside prison. In order to pursue these activities, some inmates may attempt to gain the support of prison staff, for example to smuggle in a phone. One interviewee emphasized cases where guards were convicted of smuggling drugs and other items to inmates. It is important to be aware that customs agents, police and Prison and Probation Service staff all constitute groups at risk of being subjected to attempts at unlawful influence.

Dirty money need not be laundered

Previous research emphasizes that more rigorous money laundering legislation and improved routines for reporting suspected cases leads criminals to look for new ways of circumventing the system (Reuter and Truman, 2004; Brå web report 2006:2). It is thus not possible to avoid some expenses for handling cash. When the time comes to pay for drugs, Swedish kronor need to be exchanged into other currencies, often into euros, and thus according to those interviewed, it is important for drug entrepreneurs to monitor exchange rates. Simply finding a favourable exchange rate can save money. In the context of this process, it may become necessary to engage individuals who can exchange or send money through various payment intermediaries. If large amounts of money are to be exchanged in a very short space of time, several people may be employed to exchange relatively small amounts at different exchange centres in order to avoid arousing suspicion. One interviewee reported that if there was sufficient time, he would himself change his money. The criminal investigation material also includes a case where an employee at an exchange centre converted Swedish kronor into euro after closing time. This case also illustrates the high level of risk that drug entrepreneurs run of being deceived by their colleagues. The person who exchanged this money naturally retained no receipts, but rather wrote down the amounts and exchange rates on a post-it. It later emerged however that he had converted the money at an inferior exchange rate, and had thus cheated the drug entrepreneur out of a considerable amount of money over the longer term.

The interviews and criminal investigation reports also contain examples of individuals smuggling cash and exchanging it abroad in order to avoid reports being made by Swedish exchange centres. This applies both to payments for drugs and to the transport of the proceeds from crime for the purposes of legal investment or consumption. However, there were very few cases in the material that can be called true money laundering, i.e. where a false legitimate source was created for the drug money (compare definitions in van Duyne et al. 2003, Reuter and Truman, 2004).

For drug entrepreneurs, it is important that their lifestyle does not attract too much attention. They attempt to avoid attention by taking out small bank loans or by simply hoping the authorities will not question their stories about inheritances or gambling profits that often cannot be verified. In other words, it is a matter of being able to explain the cash they have in their possession at the time, and relatively few of the entrepreneurs in the study material made a significant effort to verify their stories of where money originated; it is not likely that cases of this kind involve money laundering.

One explanation for money laundering not being more common in the study material is that the amounts that remain for most of the actors in the Swedish drug market once all the expense items have been covered are not very large. When signs of qualified money laundering were identified in the material, there was often other criminal activity involved in addition to the drug crime, which is not to be considered surprising. Interviewees reported that the money they laundered originated from robberies, trafficking or trading in weapons. In the court judgement and criminal investigation material, money laundering was found to be involved in cases that included economic crime, tax evasion and boat, alcohol and cigarette smuggling. Economic crime was involved in a few cases where the criminals' own businesses had been used to launder money. The set-up was very simple in one case: the buyer deposited drug payments into the seller's company account. In this way, revenues appeared to be legal income from business transactions. When anti-crime authorities found drugs in the possession of buyers, however, it was not particularly difficult to trace where money had gone. In another case, a principal had acquaintances that functioned as straw men for economic crime; in yet another case, the defendant had owned bankrupt companies where records of transactions were missing to a certain extent. In these cases there were signs of more qualified money laundering attempts. Furthermore, one drug entrepreneur in the material had a background in banking; it is not surprising that this individual also utilized the banking system to a relatively large extent. These examples are relatively few in number, but other researchers have also noted that extensive knowledge of the financial system is required in order to launder money, and that this type of knowledge is not gained through drug trafficking (see e.g. Reuter and Truman, 2004).

Since money laundering is an expensive and complicated process, drug entrepreneurs benefit from the fact that they rarely need to construct false legitimate sources for their money. At the same time, the authorities benefit from the fact that money laundering does not occur more frequently, since in the final analysis it is not as difficult to trace consumption and investments based on money that has not been laundered. If the authorities become more interested in tracing criminal money, the need to launder such money will increase. The same applies to entrepreneurs' costs for protecting their assets, which reduces profitability for actors on the drug market.

The drug economy rests to a large extent on credit

The drug market is characterized by consumers who have a weak financial situation and a great need for credit in order to purchase drugs. This constitutes an important difference by comparison with customers in the legal economy. At the same time, this study shows that drug entrepreneurs are very interested in selling their goods quickly, since this constitutes part of their strategy to minimize the risk of theft by other criminal actors and of seizure by the authorities. Having loyal customers, which the provision of credit may contribute to, is also an advantage in terms of risk reduction, since soliciting new customers results in visibility. There is also the additional pressure of competition, which leads drug entrepreneurs to compete with one another by offering advantageous terms of payment. Together these circumstances mean that credit is common in Sweden, as it is in other countries (see also Paoli, 2003; van Duyne et al., 2003). Since credit is not always paid back, finances become disrupted, which may lead to subsequent disruptions of the chain of distribution, since bad credit at lower levels can cause credit at higher levels to collapse. This is a problem that was primarily found in the data from interviews and criminal investigation reports.

In the regular economy, banks and finance companies grant credit. Credit checks and securities sustain the system. This means that credit problems do not

have the same impact on the trade chain or produce the same disruptions as in the drug market. Even if the drug economy is not as well developed as the legal market, an informal credit checking system has been created. However, it is not as reliable and effective as that of the legal economy since it is based on rumour and on concrete experiences of various individuals' ability to pay. According to interviewees, even if rumours about people who have a habit of "blowing off" their suppliers move slowly, they always catch up with them eventually. Since it is for the most part unreliable individuals who are talked about, there are also security reasons for making payments, since it diminishes the risk of the authorities discovering that an individual is active on the drug market.

Credit failures also occur further up the distribution chain, above the level of the drug user. "Drug money is like petrol, it is consumed quickly", as one of the interviewees put it. Rather than paying off credit on drug consignments that have been delivered, money can disappear into other expenses that are seldom related to the business. Thus, one strategy practised by some interviewees was to collect money from customers on a regular basis before it was spent on something else. Prioritizing other forms of expenses also creates disruption in the credit system and payment flows, and leads to contacts being established in a unconventional and less security-conscious manner.

Many actors on the drug market endeavour to resolve credit problems in a smooth and diplomatic manner. Payment plans, temporarily halting the purchase of drug or breaking off collaborations are all normal consequences of debt problems that were found in the material from court judgements, criminal investigation reports and interviews. In some cases, however, debt collectors are engaged, with these either being paid in cash or being allowed to purchase the debt for a smaller sum than that which is to be collected. A professional debt collector is well paid by comparison with many of the categories of work conducted on the drug market. Threats are not uncommon in such situations, and in some cases these threats have been realised. However, most drug entrepreneurs avoid violence since it attracts the attention of the authorities.

The credit system certainly leads to an increase in the number of drug transactions, but it may also be exploited to combat crime. The authorities could make greater use of the opportunities to disrupt sensitive credit systems, which would result in the abandonment of normal security routines and in the actors involved thereby exposing themselves to the authorities. Low-level distributors and borrowers have to pacify higher-level creditors, deliveries are not made, unplanned business meetings take place, risky contacts are established, conflicts flare up and drugs are sold at a loss. The credit system would be exposed to even greater strain if society's strategy to combat drug crime were to focus more on payment flows and not exclusively on perpetrators and drug seizures.

Other expenses

The expenses in the lower part of the model's expense section relate to private expenses and investments. Previous research indicates that substance abuse is a strong motivation for individuals beginning to sell drugs, particularly at the lower levels of the distribution chain (cf. Svensson, 1996; Snertingdal, 2006; Blanken, Barendregt and Zuidmulder, 2000). Substance abuse also emerged as a motive for drug sales in the current study, particularly in the court judgement and criminal investigation materials, which are more closely focused on the lower levels of the sales chain than the intelligence data.

However, the expenses that interviewees preferred to talk about related to the consumption of legal goods. Previous research also indicates that a hedonistic lifestyle with high levels of consumption may constitute part of a criminal life-

style (Naylor, 2004; Junninen, 2006; Zaitch, 2002; Adler and Adler, 1992). Drug crime may be about money, but money has no value unless it is used. Not all consumption is visible, even if some entrepreneurs do spend time at expensive restaurants drinking champagne, drive expensive cars and wear watches and jewellery that are worth a great deal of money. Less visible forms of consumption may involve eating out at less expensive restaurants, improving one's housing situation or buying clothes or furniture. Cautious and successful actors are discrete in their consumption in Sweden in order to avoid arousing suspicion, something that has also been found among drug entrepreneurs in the Netherlands (see Zaitch, 2002). These actors spend large amounts of money abroad instead.

Investments are also made abroad in the form of properties for personal use or the establishment of privately owned companies. A house in another country can serve as security when the entrepreneur decides to leave the drug market and "retire". Several interviewees stated that it was safest to invest money since it otherwise tends to disappear on entertainment.

One threat that is sometimes described is that of organized crime infiltrating the legal economy with criminal money. It is said that the income from drug activities may be invested in legal companies, and that such investments produce an unhealthy influence. For example, criminal methods such as threats and violence may become a part of legal businesses (cf. Kelly, Schatzberg and Chin, 1994). The described threat may then be expanded to include the media and politics, where first and foremost corruption can lead to news coverage, debates and politics being adapted to accommodate criminal interests.

A different picture emerges from our own study, however. The interviewees emphasized that while drug money may indeed be invested in legal businesses, it is much more common for criminal and legal activities to be kept separate. The reason is that the legal business represents the future, and the aim is to assign criminality to the past. Unlike the drug trade, a legal business must fulfil a number of formal demands; books must be kept, for example, and income tax returns completed on time. Running a legal business sometimes turns out to be easier said than done. Thus, some entrepreneurs retain a foot in the old environment as a sort of criminal security system in case the legal company does not make a profit.

While the current study has not focused on how the business community may be affected by criminal money, there is no information to confirm the occurrence of infiltration. The material from both the court judgements and interviews indicates that legal investments are made as a result of a desire to leave the criminal world rather than a desire to take over the legal one.

To summarize, the desire to consume is apparent for most drug entrepreneurs, and the disorderly life led by some actors leaves its mark. The authorities can take advantage of contacts made at restaurants, jewellers and other types of business that provide the goods desired by drug entrepreneurs, where the entrepreneurs become visible from time to time. Entrepreneurs who lead a more modest lifestyle are not as visible to the authorities or their competitors. Their consumption patterns and investments must primarily be charted beyond national borders.

Income

Since we have already established that the expenses faced by drug entrepreneurs are substantial, it is not surprising that they have found other ways to earn money outside the drug trade. There are, of course, entrepreneurs who live solely on their drug activities, but it appears to be more common for them to have supplementary sources of income. These sources can be both legal and illegal in na-

ture. This is also in line with international research findings (see Reuter, MacCoun and Murphy, 1990; Brå 2006:6; Svensson, 1996; van de Bunt and van der Schoot, 2003; Mackenzie, 2002; Napoleoni, 2006). The people who are most dependent upon non drug-related sources of income are naturally those who are only engaged in the drug trade on a “project basis” or who perform odd jobs every once in a while.

Register checks indicate that criminal income is earned from theft crime, robbery and economic crime. The credit system also involves drug sales being combined with the lending of money at extortionate rates (usury). There is also an element of the expansion of smuggling activities to or from other items such as alcohol, weapons, cigarettes or even trafficking in human beings as a result of the contacts that are established during the initial smuggling operation. There are examples of individuals moving from less serious to more serious criminality, and vice versa. One entrepreneur who was arrested for drug offences regretted not having restricted himself to the weapons trade, since he found the profits to be greater and the risk of detection smaller, at the same time as the sanctions were less severe than for aggravated drug offences.

Income from drug trafficking or other illegal businesses need not necessarily take the form of money. The drug market, particularly at the lower levels of the distribution chain, offers a relatively large scope for barter. This may involve individuals who sell drugs receiving stolen goods, i.e. accepting payment in the form of stolen goods as well as money (see also Brå 2006:6). There are also examples of individuals who sell drugs swapping substances with one another in order to better fulfil customer demand.

Legal income may provide extra security, since incomes from drugs and other illegal activities are uncertain and vary over time. Legal income may also be used to legitimize a high standard of living.

Income from legal business is sometimes earned from black-market labour, i.e. from tax crime, but the work itself is legal. Social security payments also constitute an income in some cases, particularly among individuals at the lower levels of the distribution system. There are also individuals who are paid by a legal employer and a few receive income from a legal business. A review of the Swedish National Tax Board’s register indicates that many of the people who were convicted did not have any legal income or had very little that was taxed. It is, however, interesting to note that a handful of people in each year studied declared an income of over SEK 250,000 (approx. 26,500 euro).

Virtually all of the individuals who declared legal incomes worked in sectors that are considered to be at risk for economic crime (cf. Swedish National Tax Board 2005). These include the construction, restaurant, cleaning and car repair sectors. Other trades were also represented that have a natural connection to smuggling, such as import and export businesses, hauliers, and to the retail trade, such as various service industries.

Finally, it is important to distinguish between profits and income. There are entrepreneurs in our material who have a high income, at least periodically. Since activities are criminal, the entrepreneur maintains a low profile during certain periods in order to avoid attracting attention; no great amount of income is earned during these periods. As has been noted above, there are a large number of expenses involved some of which are considerable; this means that only a few actors are able to set aside funds earned from the drug trade. Setting aside funds is particularly difficult if the individuals themselves have a significant drug habit. Thus, for the majority, involvement in drugs produces a loss rather than a profit.

Following the money – a challenge for the authorities

The anti-crime authorities are increasingly directing their focus at the money produced by criminal activities. The strategy involves tracing and recovering the proceeds of crime. Our assessment is that this is an important complement to crime fighting. Money, or consumption, – which requires financial means – is a very important motivating force for drug entrepreneurs. This is particularly true of distributors higher up the distribution chain (Brå 2007:7). In other words, it would be of less interest for these actors to commit crime if the authorities were to intensify the focus of the resources directed at criminal money.

Drug entrepreneurs are very aware that their activities are risky. Many interviewees stated that they count on spending time in prison at some point. For this reason, they attempt to save money in the form of cash or investments in property or other goods that can be converted into cash should the need arise, or by running a legitimate business.

Since the individuals who look after money are selected with great care and because the credit system constitutes a weakness in the drug economy, money constitutes a means whereby the authorities can disrupt the financial management of the drug trade. If the authorities are to meet this challenge, new expertise is required, and access to new information and registers, particularly relating to the entrepreneurs' consumption and investments abroad, but also a new mental approach. Questions related to money and other forms of property were seldom posed in the large number of criminal investigations that were reviewed in this study. The interest of the investigating authorities has instead been focused on the drugs, since it is the drugs that lead to convictions.

At the same time, it is reasonable to assume that such changes will have to overcome a number of obstacles. The methods of the anti-crime authorities will result in more sophisticated criminal counter-strategies aimed at concealing money and property. However, the result will nevertheless be that profits earned from crime diminish since this type of procedure increases the costs faced by actors on the drug market. This can result in certain actors deciding to leave the drug market since it is no longer considered sufficiently profitable in relation to the risks involved.

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